Mortgage Advice Bureau (Holdings) plc

Annual Report 2023

Mortgage Advice Bureau

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For more information please visit our website

www.mortgageadvicebureau.com/investor-relations

"

Against a very challenging backdrop in 2023, MAB continued its exceptional track record of outperformance and market share growth in all market conditions.

"Despite the severe market downturn, we continued our investment across the entire business and remained resolutely focused on long-term growth. Our proposition for growth focused mortgage and protection firms is outstanding, underpinned by best-in-class technology, lead generation and infrastructure, and our aim is to continue to further increase MAB's differentiation versus our competitors and grow market share and profitability.

"2024 has started well, with both purchase and re-financing activity having picked up significantly. We believe this signals the early stages of a market recovery that builds towards a catch-up year in 2025, with pent-up demand continuing to be released as consumer confidence and affordability increase.

"Although we expect organic adviser growth to start building some momentum again in H2 as our AR firms gain more confidence in the sustainability of the recovery, recruitment activity in terms of new AR firms is exceptionally strong, reflecting the significant strides we have made in terms of our technology and lead generation developments, as well as how we have engaged with and supported our partner firms with the introduction and integration of Consumer Duty.

"Following an exceptionally strong year for our most mature investment First Mortgage, strong progress has been made in terms of efficiencies and lead sources in all our other AR investments, with adviser productivity in these firms being significantly higher than our average across the Group. We expect a record performance from our investments this year and believe the portfolio will contribute to accelerated Group profit growth over the medium term.

"

Peter Brodnicki
Chief Executive Officer

Revenue

£239.5m

2022: £230.8m .... +4%

Gross profit

£70.2m

2022: £62.9m .... +12%

Adjusted profit before tax*

£23.2m

2022: £27.2m .... -15%

Adjusted fully diluted EPS*

29.6 pence

2022: 37.4 pence .... -21%

Proposed final ordinary dividends

14.7 pence per share

2022: 14.7 pence per share .... -

* In addition to statutory reporting, MAB reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to improve the comparability of information between reporting periods, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary of Alternative Performance Measures.

Adviser numbers

2,158

2022: 2,254 .... -4%

Average number of mainstream advisers

1,940

2022: 1,988 .... -2%

Market share of new mortgage lending

8.3%

2022: 7.5% .... +11%

Gross mortgage completions[1]

£25.1bn

2022: £27.3bn .... -8%

1 First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.

Who we are and what we do

Mortgage Advice Bureau is one of the UK's leading consumer intermediary brands and specialist appointed representative networks for mortgage intermediaries.

MAB's Appointed Representatives ("ARs") and their advisers specialise in providing mortgage advice to customers, as well as advice on protection and general insurance products.

Our proposition is aimed at high quality mortgage broking firms with high growth and productivity ambitions that MAB supports with our proprietary technology and services, including adviser recruitment and lead generation, learning and development, compliance auditing and supervision, and digital marketing and website solutions.

Approximately 50% of our partner firms trade as Mortgage Advice Bureau, that is the most widely recognised mortgage intermediary brand in the UK. Our proprietary technology platform, delivers operational efficiencies, and is used by all our distribution to capture and nurture customers, manage and distribute leads, support the advice and mortgage application process, manage advice quality, and provide an exceptional AR, adviser and customer experience.

MAB has historically benefited from exceptionally strong lead flow in the estate agency and new build sectors. The acquisition of The Fluent Money Group ("Fluent") in 2022 gives us a leading position with national lead sources such as price comparison websites ("PCWs"), which represent a growing proportion of consumer searches. This gives us a dominant position in the three largest lead sectors.

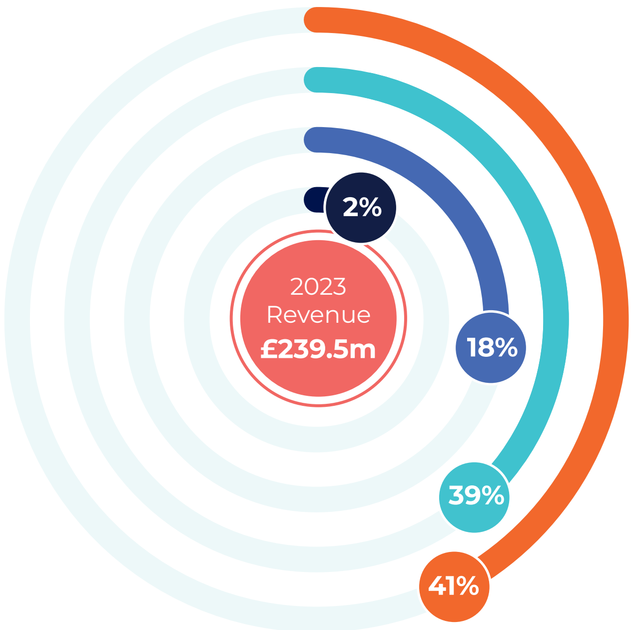
MAB has made a number of strategic investments including Fluent that we expect to significantly escalate our profit growth in the years ahead.

We are a cash generative and capital light business, that delivers strong and consistent year on year growth and returns for our investors.

Approximately 50% of our partner firms trade as Mortgage Advice Bureau, that is the most widely recognised mortgage intermediary brand in the UK.

Our revenue model

MAB retains a revenue share from the following products sold by the Advisers of its AR firms to customers. The average number of advisers in each financial year is one of the key drivers of revenue.



Mortgage Procuration Fees:
These are paid to MAB by lenders either via the L&G Mortgage Club or directly.

Insurance Commissions:
From advised sales of protection and general insurance policies.

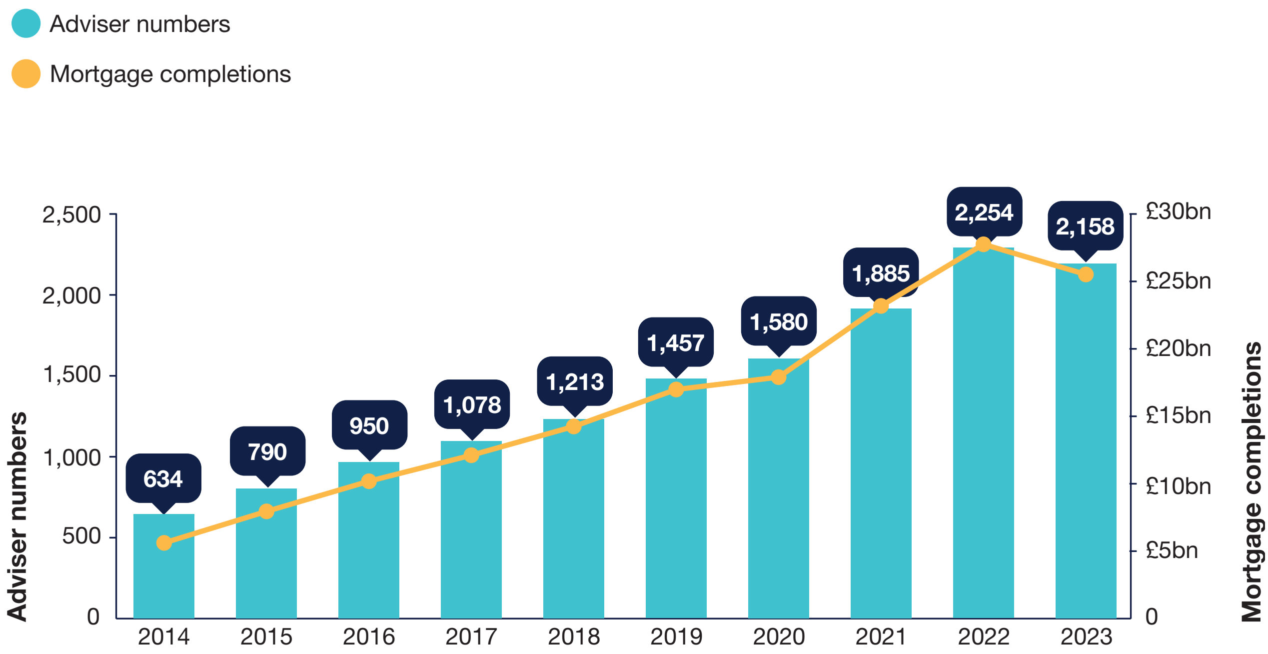
Client Fees:
Paid by the underlying customer for the provision of advice on mortgages, other loans and protection.

Other Income:
From services provided to directly authorised entities, fees in relation to Later Life lending and Wealth and ancillary services such as conveyancing and surveying.

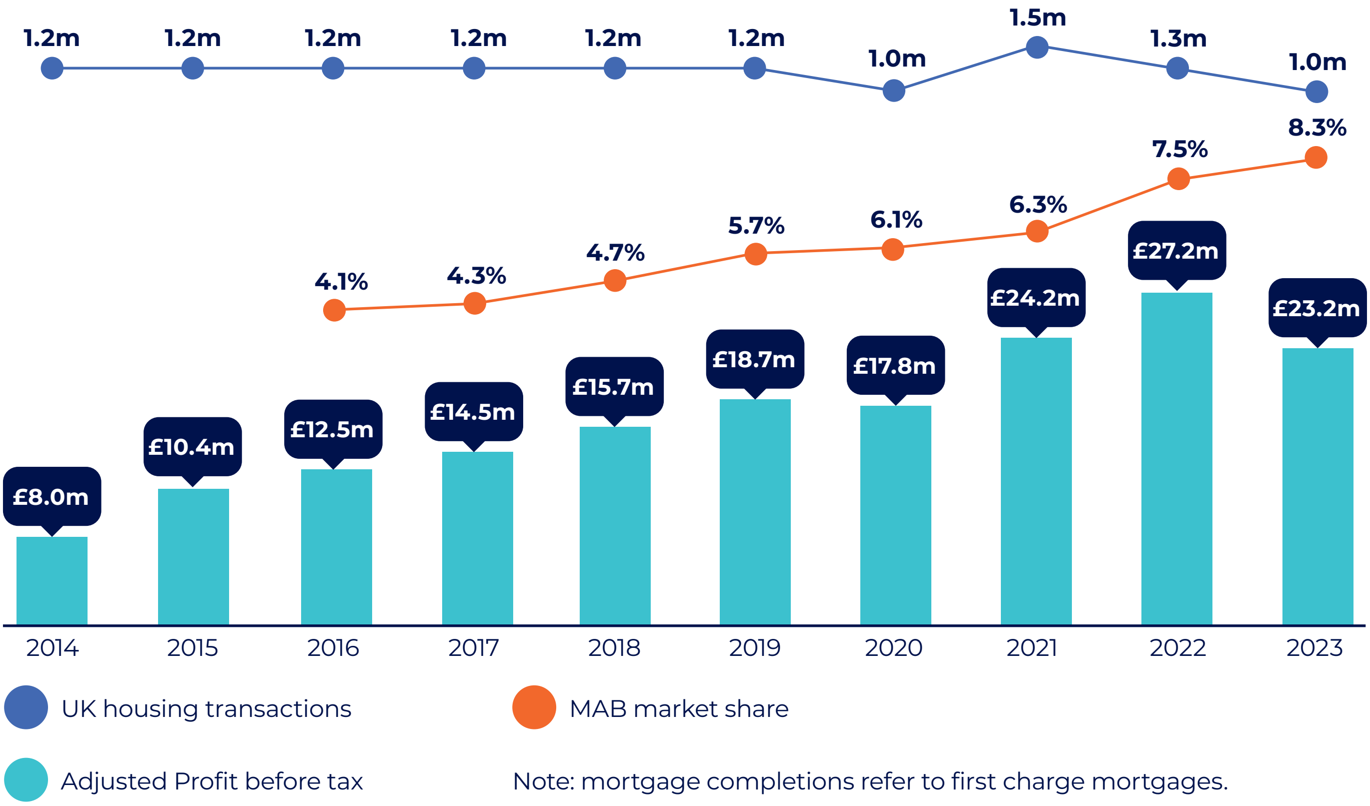
- Mortgage Procuration Fees
- Insurance Commissions
- Client Fees
- Other Income

Our performance since IPO

MAB has performed strongly and consistently in all market conditions since our IPO in 2014. Historic growth trends are expected to continue, boosted by accelerated profit growth as a result of high quality and strategically important investments and acquisitions made.



Our compound annual growth rate ("CAGR") in gross mortgage[1] lending since our IPO in 2014 is 18%. This was achieved in a stagnant UK housing market (-2% CAGR since 2014), and illustrates our ability to grow our market share in all market conditions.

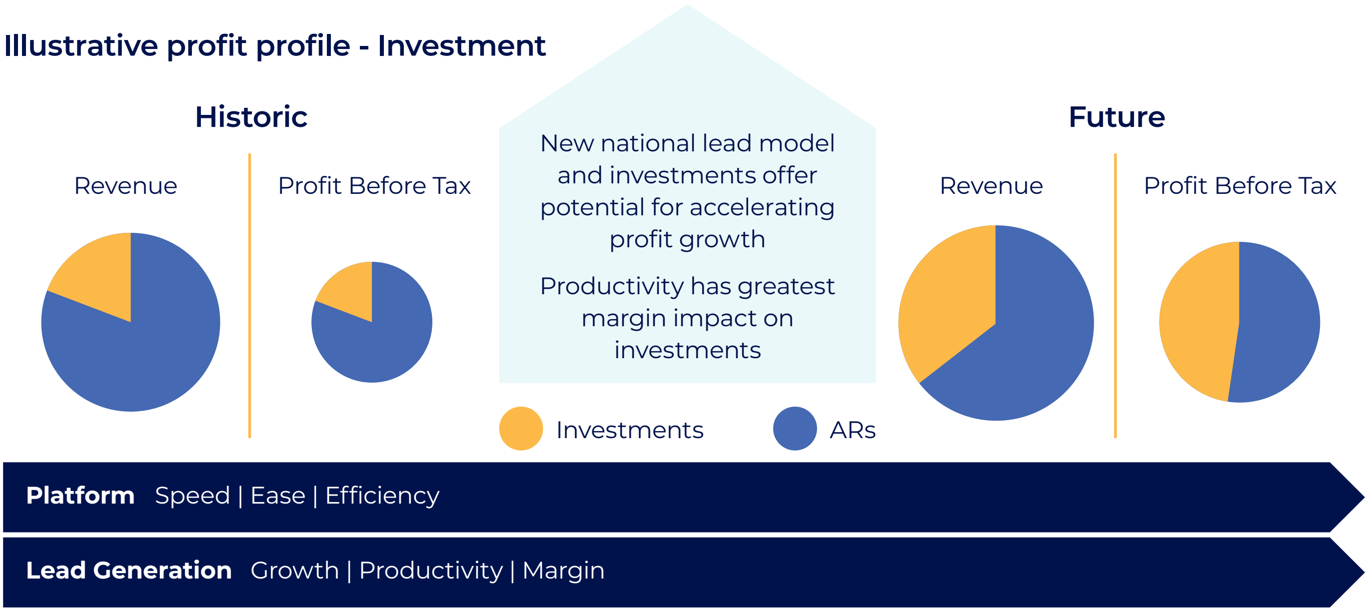


Note: mortgage completions refer to first charge mortgages.

Future growth

We aim to capitalise on maturing and new growth drivers. These, combined with our continuing significant investment, high calibre management, resource, and technology, put MAB in a strong position to start accelerating growth over the next few years.

Illustrative profit profile - Investment



Establishing dominance in lead generation

Since inception MAB has established an exceptionally strong position in lead generation in its core markets of estate agency and new build. Today, the Group has relationships with over 2,000 estate agencies, and a 20%+ market share of the new build sector.

The acquisition of Fluent in 2022 has enabled MAB to enter the price comparison website ("PCW") sector as a leader, thereby significantly increasing its customer reach. PCWs represent a growing proportion of consumer searches and this is therefore a strategically important sector for MAB. This means MAB now has a dominant position in the three largest lead sectors.

In turn, these three sectors all feed into MAB's growing client bank and through Fluent we have gained access to a large additional pool of opportunities. We have also developed and launched new processes and technology to improve customer retention and continue to focus on this strategically important area.

Company headlines

- Exceptional management team and highly engaged employees
- Leading proprietary platform – MIDAS Platform driving enhanced performance
- Leading consumer intermediary brand
- Award winning – over 200 industry awards
- Reputation for innovation and excellence
- Investments play a key part in our plans for accelerated growth
- Focus on exceptional quality and productivity
- Commitment to outstanding service
- High standards of governance and Board oversight
- Diverse and inclusive work environment
- Strong, sustainable returns
- Dividend policy to pay out a minimum of 75% of adjusted earnings
- Meaningful impact on local communities with our foundation, the Mortgage Advice Bureau Foundation
- MAB is a Platinum-rated Feefo member, with a score of 4.9 out of 5 from over 25,000 reviews

2023 in numbers:

- Revenue: £239.5m (2022: £230.8m)
- Adjusted EBITDA: £26.7m (2022: £29.1m)
- 2,158 advisers at 31 December 2023 (2022: 2,254)
- £25.1bn gross mortgage completions[1] in 2023 (2022: £27.3bn)
- Continued strong growth in market share, to 8.3% in 2023 (2022: 7.5%)

[1] First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.

Dear Shareholder

This will be my last statement to you as Chair as I will be retiring from the Board at the Annual General Meeting in May after nearly ten years since MAB listed on AIM in November 2014.

In my first report to you in 2015 the Bank of England Base Rate was 0.5% and had stayed at the same level for six years since March 2009. This long period of very low interest rates came to an end during 2022, when rates were increased eight times in quick succession, from 0.25% at the start of the year to 3.5% by December 2022. After 14 years of very low interest rates this shook consumer confidence and immediately impacted affordability. The turbulent final quarter of 2022, precipitated by the disastrous mini-budget that September, further shattered consumer confidence. Thus, MAB entered 2023 with a significantly lower pipeline of mortgage and protection as consumers delayed their house purchase plans.

During 2023 interest rates continued to rise and there were five further rate increases. Rates reached the current level of 5.25% in August, their highest level for over 15 years. Since then rates have been held and the current expectation is for the next move to be downwards, bar any unexpected deterioration in the economy and/or external market shocks.

Against a very difficult market backdrop in 2023 where UK gross new mortgage lending fell sharply by 29%, MAB delivered another strong performance, achieving revenue growth of 4% to £239.5m and an increase in its market share in new first charge mortgage lending by 11% to 8.5% (2022: 7.3%). At 31 December 2023 total adviser numbers were down 4% to 2,158 (31 December 2022: 2,254). Adviser productivity remained unchanged compared to last year, which is testament to MAB's ambition and continued success in helping its Appointed Representatives and advisers best adapt their focus and resources in all market conditions and deliver the best possible outcomes for consumers.

During 2023 MAB resolutely continued to invest for growth, favouring long-term growth and shareholder value as well as the needs of its employee base and customers, over short-term profitability. MAB's adjusted EBITDA for the year was £26.7m, an 8.1% decrease compared to 2022, and adjusted earnings per share were 29.6 pence on a fully diluted basis, a decrease of 20.9%. The Group remains highly cash generative, with an adjusted cash conversion of 119% (2022: 105%).

Environmental, Social and Governance (ESG)

MAB remains committed to the implementation of its integrated ESG strategy and ensuring that we are a responsible business that grows sustainably and makes a positive contribution to all stakeholders – our customers, shareholders, employees, suppliers, and the local communities in which we operate, whilst minimising our environmental impact.

The ESG section of the Annual Report sets out the excellent progress we have continued to make in 2023. Our Scope 1 (gas) and Scope 2 (electricity) emissions intensity per employee, as calculated using the UK Government's 2023 GHG Conversion Factors for Company Reporting, have continued to decrease, largely thanks to the refurbishment we conducted at head office in Q4 2022 which delivered huge benefits in terms of working environment and energy efficiency.

We also made good progress in relation to diversity, equity and inclusion in the workplace, and MAB is committed to the principle of equal opportunity in employment, regardless of a person's race, creed, colour, nationality, gender, age, marital status, sexual orientation, religion or disability.

FCA Consumer Duty

In 2023 the implementation of the new Consumer Duty requirements was completed ahead of the deadline of 31 July. The new rules require all regulated firms to consider the needs, characteristics, and objectives of their customers, to ensure they are always acting to consider and deliver the right outcome for our customers.

Since implementation, work has continued to ensure the requirements of the FCA's Consumer Duty are embedded into the business-as-usual activities within MAB and owned by senior leaders across the business. We have always been committed to maintaining our standards of high-quality advice and good customer outcomes and believe the implementation of Consumer Duty supports our Group's objectives and has strengthened further our operations and governance framework.

Board changes

■ Chair

Mike Jones will succeed me as your independent non-executive Chair with effect from his re-election at our Annual General Meeting (AGM) on 22 May 2024. Mike joined the Board in March 2021 and has chaired the Group Risk Committee since November 2022. Mike's leadership, vision and strategic thinking at Lloyds Banking Group contributed to shape the mortgage and retail banking markets in the UK. His appointment brought a wide range of experience and skills to the Board and I have every confidence that under his leadership, the Board will continue to ensure that the business prospers whilst maintaining the highest standards of corporate governance.

■ Chief Financial Officer

Lucy Tilley, Chief Financial Officer, submitted her resignation to the Board in January 2024 and is currently serving her six months' notice. Lucy joined the Group in May 2015 having first advised the business on its flotation and admission on AIM in 2014. During those nine years Lucy has overseen a huge increase in the Group's size and complexity and managed the demands on the finance function with great skill and aplomb. We wish her well in her next role. The search for her replacement is well advanced and an update will be provided in due course.

■ Non-Executive Director

A search for an additional independent Non-Executive Director who will complement the Board in terms of profile, skills and experience is well advanced, and we look forward to updating our shareholders in due course.

Dividend

Our dividend policy is to pay out a minimum of 75% of adjusted earnings. Our high cash conversion allows this return to be made to shareholders, whilst at the same time continuing to deliver on our growth strategy.

The Board is pleased to recommend the payment of a final dividend for the year of 14.7 pence per ordinary share. This brings the total proposed dividend for the year to 28.1 pence per ordinary share, reflecting the Group's policy to pay dividends reflecting a minimum pay-out ratio of 75% of the Group's adjusted earnings for the year. If approved, the final dividend will be paid on 29 May 2024 to shareholders on the register on 26 April 2024. Dividends paid during the year amounted to £16.0m and were in respect of the final dividend for the year ended 31 December 2022, and the interim dividend for the year ended 31 December 2023.

Outlook

The Group has seen a very positive start to 2024, with mortgage rates having reduced compared to their peak last year, the availability of mortgage products having increased, and mortgage underwriting criteria having started to reflect a more positive outlook.

Although the current macroeconomic environment remains difficult to predict, we are optimistic that the Group will have a strong year and be able to resume its planned accelerated growth trajectory as we build momentum into 2025. Current trading is in line with expectations.

Katherine Innes Ker

Chair

19 March 2024

Current trading and outlook

Following the modest improvement in trading towards the end of last year, we have seen a very positive start to 2024 across both purchase and re-financing, including a long-awaited recovery in Buy-to-Let activity.

We previously reported our expectation that overall market activity would increase once inflation was under control and the Bank of England base rate had peaked or started to fall back. Although a first reduction in the base rate is not expected until later this year, mortgage rates have reduced notably, the availability of mortgage products has increased, and mortgage underwriting criteria are starting to signal a more positive outlook.

This has all helped consumer sentiment, resulting in increasing house purchase activity, some of which will certainly be driven by the pent-up demand that has built up since the events of September 2022.

Although we expect it will be the second half before we see organic adviser growth recommence, our AR firms are eager to resume their growth plans and are preparing to do so now. New AR recruitment activity started picking up strongly in the latter part of 2023, following an understandable lull in the previous 12 months. That momentum has built strongly, boosted by the significant developments in technology and lead generation we have delivered, as well as further investment in our recruitment resources to ensure we can capitalise on the opportunity our proposition enhancements will bring.

Although the macroeconomic environment remains difficult to predict, we are increasingly optimistic about the Group's prospects for this new financial year, with current trading in line with expectations.

Overview of 2023

2023 started with much depleted mortgage and protection pipelines, following the very turbulent and difficult final quarter of 2022 post the mini-budget. From this very low base, mortgage activity gradually increased through much of H1, as it seemed that inflation was starting to come under control, and mortgage rates were appearing to stabilise at manageable levels for borrowers. However, mid-way through the year, the inflationary backdrop began to disappoint, which took markets by surprise. Consequently, mortgage rates rose quickly and to levels sufficiently high enough to markedly reduce house purchase activity, forcing many borrowers to pause and wait longer before re-financing their existing mortgages, on the hope that mortgage rates would subside later in the year.

As expected, these borrowers started to re-finance in greater numbers much later in the year. We also saw a slight improvement in purchase related mortgage activity right at the end of the year, as mortgage rates became more attractive against a backdrop of lower inflation pointing to a more predictable and better outlook for new business in 2024.

Against this difficult market backdrop where new mortgage lending was down by 29%, MAB grew its market share of new mortgages[1] to 8.3% from 7.5%, once again outperforming the market in difficult trading conditions. Much of this outperformance was a clear reflection of how MAB helped ARs and advisers to successfully pivot and focus their efforts largely towards re-finance and protection opportunities, in the absence of an active purchase market. As a result, adviser productivity remained virtually unchanged despite the significant drop in purchase transactions. The ability to do this on the rare occasion of a major downturn strongly underlines the resilience of MAB's operating model, and of course any drop in property transactions is typically made up once the housing market recovers.

In terms of MAB's strategy, although conditions were very challenging, we continued to invest for growth, as opposed to making short-term cost cuts at the expense of longer-term opportunities. This was to ensure we remain on a path towards establishing even greater differentiation versus our competitors, enabling us to carry on growing market share and profitability.

MAB ARs have more employed advisers than the intermediary sector average, and as a result they understandably reduced adviser numbers quickly in response to a sharp decline in purchase transactions. The 4% fall overall in adviser numbers was expected as firms consolidated and focused on efficiency and productivity rather than growth in such uncertain times. We expect a better outcome in 2024, as existing ARs gradually become more confident in a sustainable recovery.

Despite the 29% drop in UK new mortgage lending, Group revenue for the period was up 4% to £239.5m (2022: £230.8m), with organic revenue (excluding the Fluent, Auxilium and Vita acquisitions) down 4%, and Group first charge mortgage completions down 8% to £25.1bn (2022: £27.3bn). Re-financing transactions accounted for 53% of the Group's first charge mortgage completions by lending value (2022: 42%), driven by a 75% increase in the Group's product transfer completions to £6.5bn (2022: £3.7bn).

MAB's first charge mortgage completions are analysed as follows:

	2023 £bn	2022 £bn	Change
New mortgage lending	18.6	23.6	-21%
Product Transfers	6.5	3.7	+75%
Gross mortgage lending	**25.1**	**27.3**	**-8%**

[1] First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.

Adjusted EBITDA was down 8% to £26.7m (2022: £29.1m), primarily due to a £9.7m or 28.1% increase in administrative expenses, reflecting the planned further investment in the Group's growth strategy.

Lead generation and lifetime customer value

Our investment and developments in early customer capture and nurture, data analytics and customer profiling are helping us build a better understanding of our existing and future customers and how to best service all their likely requirements to generate a larger lifetime value.

This learning is driving the development of our customer and broker platform, apps and tools whilst shaping our entire customer engagement strategy. These optimisations are already delivering early signs of the size of the opportunity we have, including driving an increasing number of opportunities from our existing lead channels, supporting the conversion of all leads, and identifying high propensity for requirements of additional products and services.

Although we are in the early stages of implementation and the learning this strategy will bring, we enter an exciting period as we layer additional opportunities of potential customers and their value to MAB into our existing environment.

MAB's client bank and related retention opportunities grows year after year, as MAB and its ARs continue to generate new lead flows.

Our acquisition of Fluent has added Price Comparison Websites ("PCWs") and other major national lead sources to MAB's market leading position in the estate agency and new build sectors. These are by far the three largest sources of new customers for intermediaries. However, with estate agency and new build in particular, the leads generated have been largely reliant on human referral, which at best can be inconsistent.

Our development of digital customer engagement and research tools enables MAB to reduce that reliance and generate additional opportunities from these existing lead sources, with those potential customers already having had a positive online experience before engaging with an adviser. We see this becoming a major growth opportunity over the medium term, with the same digital engagement and nurture helping MAB to improve retention year-on-year from an ever-increasing client base.

MAB's success has been built on being the leader in providing an exceptional service to introducer lead sources and their customers. Our digital customer engagement and nurture strategy will strengthen our leading position still further and is already starting to provide opportunities for new introducer relationships.

Although MAB is the market leader in customer acquisition and fulfilment from local and national lead sources, we also support our ARs in optimising direct customer engagement and acquisition through organic website traffic and social media.

Lead generation - whether that be new customers, retaining customers, or increasing the lifetime value of a customer - is the major and increasing differentiator for MAB that drives adviser and AR growth, performance, and retention. Technology and Artificial Intelligence (AI) are likely to have an increasing impact on how we acquire, retain, and build extended value for our customers and for MAB, its ARs and their advisers. Accordingly, continued investment in these areas remains a priority, regardless of market conditions, and will continue to underpin our strategy for strong market share and profit growth.

Leveraging existing invested-in partners

The majority of our subsidiaries and associates had significant growth plans in 2023, which have been delayed because of the difficult market backdrop, albeit First Mortgage did deliver an excellent performance, helped partly by the Scottish property market being less affected than the rest of the UK.

All our subsidiaries and associates strengthened their businesses last year, are in a good position to capitalise on a recovering market and are expected to resume some level of adviser growth in 2024. Adviser productivity in this portfolio is significantly higher than the average across MAB and continues to build. We expect a record performance from our investments this year, and for them to increasingly contribute to our plans for accelerated profit growth.

Technology, Automation and AI

Technology remains central to our strategy and our investment in our MIDAS Platform will continue at the levels required to ensure we are always in the strongest possible position to optimise operational efficiency and drive revenue growth from new lead flow, lead nurture, customer retention, adviser productivity, and customer lifetime value.

We are committed to maintaining our differentiation through technological advantage, and our roadmap now incorporates enhanced functionality through the adoption of AI. As with our MIDAS Platform development, automation and AI will significantly contribute to our growth plans and operational efficiency across all areas of the business, as well as future proof our business model and cement our leadership position in the intermediary sector.

Fluent

Fluent had a growing employed salesforce at the time of acquisition. We have worked very closely with the Fluent management team to re-balance the business to better suit the much-reduced levels of new business experienced last year. This process saw significant cost reductions and some key personnel changes. Although adviser numbers were quickly reduced, other cost savings and efficiencies continued throughout the year, ensuring the business is in the best possible shape to capitalise on improving market conditions.

During this period, Fluent also secured a new long-term contract with its largest provider of mortgage leads, whilst adding new lead sources that will support new business growth in 2024/25.

With a better-balanced cost base, new lead sources and processes, and a strong management team, Fluent is well-positioned for a good recovery in revenue and profits in 2024.

Consumer Duty

In 2023, the deadline for the implementation of the Consumer Duty requirements came into effect. The Financial Conduct Authority's ("FCA") new rules require all regulated firms to consider the needs, characteristics, and objectives of their customers, and to ensure they are always acting to consider and deliver the right outcome for customers.

The new requirements also include the need to show consideration, flexibility and attention to customers with characteristics of vulnerability. The Consumer Duty sets clear standards of consumer protection across financial services and requires all firms to put the needs of their customers first, and central to all they do.

The Group's Board closely monitored the preparations for the introduction of the Consumer Duty and could confirm it was satisfied that the firm was prepared for the new requirements by the 31 July 2023 deadline.

Since implementation, work has continued to ensure the Consumer Duty requirements are embedded into all MAB's activities and owned by senior leaders across the business. This helps us to ensure that good customer outcomes are considered as a matter of course, and at all times.

Good customer outcomes have always been, and continue to be, central to MAB's strategy and culture, and so we see the implementation of Consumer Duty as hugely complementary and supportive of our objectives as a Group.

Board changes

■ Non-executive chair

Katherine Innes Ker, non-executive chair, will retire from the Board at the conclusion of the Annual General Meeting on 22 May 2024. Katherine joined us as Chair at our IPO nearly 10 years ago and has been an integral part of our success since then. Mike Jones, non-executive director, will succeed Katherine as chair with effect from his re-election at the AGM. Mike joined the Board in March 2021 and has chaired the Group Risk Committee since November 2022. His vision and strategic thinking have made an immediate impact and we look forward to his continued contribution as Group chair.

Chief Financial Officer

Lucy Tilley, Chief Financial Officer, submitted her resignation to the Board in January 2024 and is currently serving her six months' notice. The search for her replacement is well advanced and an update will be provided in due course.

Non-Executive Director

A search for an additional independent non-executive director who will complement the Board in terms of profile, skills and experience is also well advanced, and we look forward to updating our shareholders in due course.

Summary

It is very rare to see such a severe downturn in UK purchase related mortgages as the one we have experienced, and it significantly affected what would otherwise have been an incredibly strong year for MAB. This was clearly a setback for the business but only one of timing.

The investment in our AR and customer proposition continued as planned, as we strengthened across all business areas, whilst ensuring we were fully prepared for implementation of the Consumer Duty.

We also made good progress on our ESG strategy, as we explore how we can become a real influencer in terms of helping the UK housing stock to become more carbon efficient, and how we can be at the forefront to set the standard within the intermediary sector.

The acquisition of Fluent was strategically important, however the timing of the downturn could not have come at a worse time for the expected growth of the business. Despite an understandably challenging first 18 months, the work we have done together will ensure a better performance this year as Fluent starts to build back towards our original expectations.

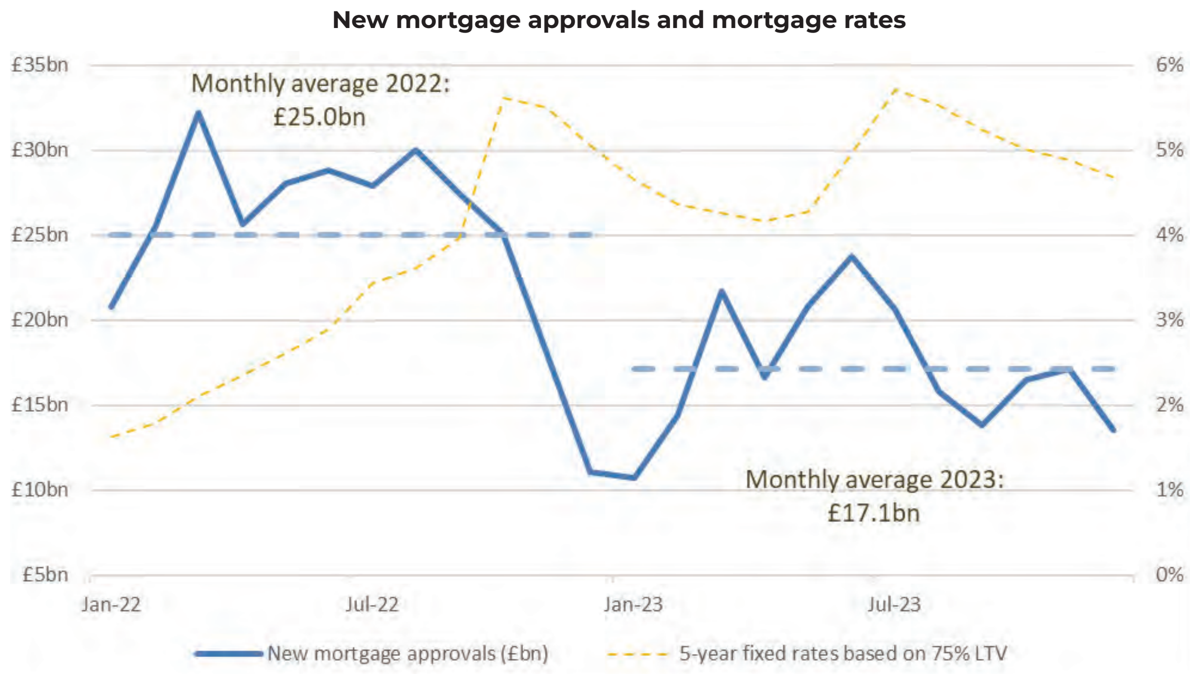
We expect a strong contribution from all our investments this year, and that they will play an increasingly important part in our plans to deliver accelerated profit growth.

Although we do not see normal growth in organic adviser numbers resuming until 2025, AR recruitment activity is building very strongly and reflects the significant technology and lead generation developments seen at MAB over the last 12 months. We believe our approach and implementation of the Consumer Duty across the business is also a major consideration for firms looking at MAB's overall proposition.

Although much of the last quarter of 2023 was challenging in terms of written activity levels, which will have some impact on this year, purchase and re-financing activity since then has picked up notably driven by reducing mortgage rates and inflation. We believe this signals the early stages of a recovery in 2024 that will build towards a catch-up year in 2025 with pent up demand continuing to be released as consumer confidence and affordability increase.

Market review

The fall in new mortgage approval volumes in the aftermath of the September 2022 mini-budget continued throughout 2023, as the rising costs of living and higher interest rates created further affordability constraints and reduced consumer confidence. After a much-depressed Q1 2023, with mortgage approvals 40% down year-on-year, Q2 saw a slight improvement (down 26% year-on-year). However conditions toughened further in Q3 2023 (down 41% year-on-year) and this continued into Q4 (down 13% year-on-year despite Q4 2022 being heavily affected by the mini-budget). Overall, new mortgage approvals were down 32% for 2023, as summarised in the graph below.



Source: UK Finance

This led to gross new mortgage completions[1] being down 29% to £223.5bn (2022: £313.2bn[2]). The purchase segment was down 30% and the re-mortgaging segment down 29%, as illustrated in the table and graph below.

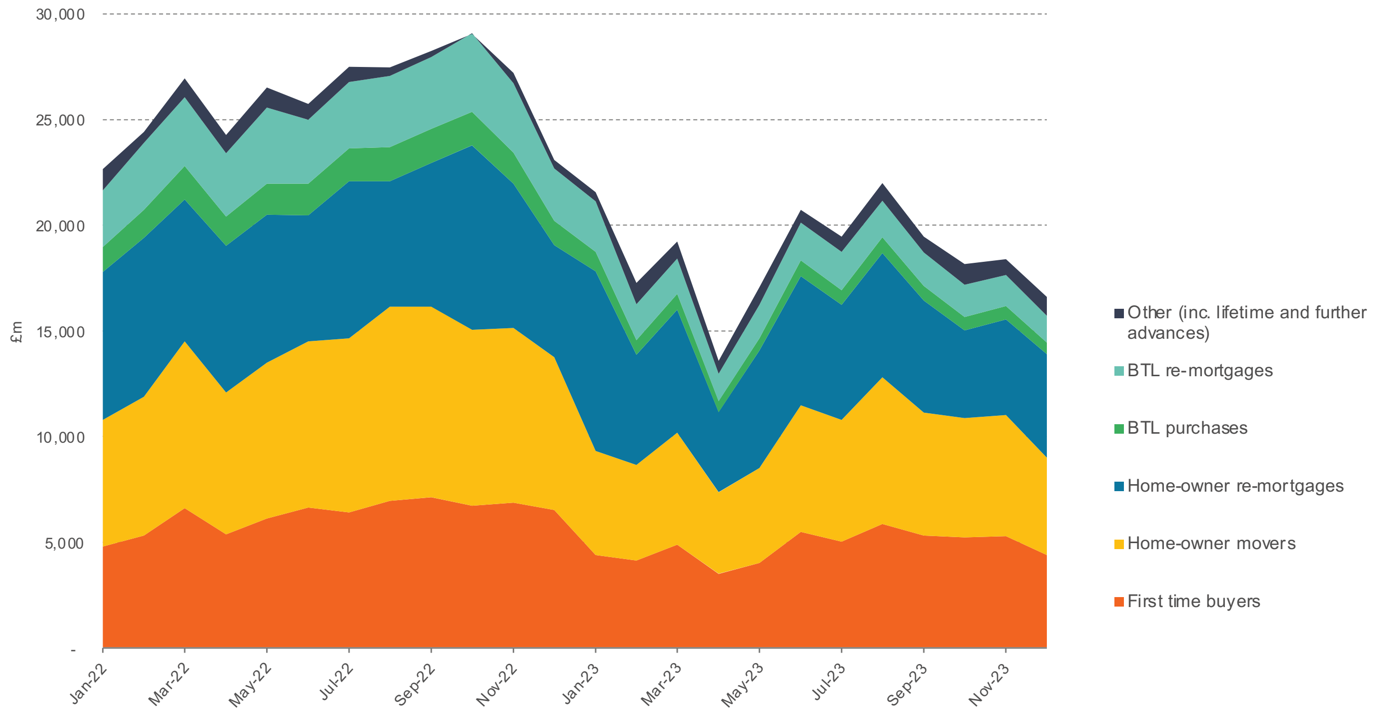
UK Gross new mortgage lending by segment, £bn	**2023**	**2022**	**%**
Residential purchase	121.1	168.2	-28%
Buy-to-let purchase	8.2	17.4	-53%
Purchase segment	**129.3**	**185.6**	**-30%**
Residential re-mortgage	65.2	82.2	-21%
Buy-to-let re-mortgage	19.8	38.0	-48%
Re-mortgage segment	**85.0**	**120.2**	**-29%**
Buy-to-let segment	**28.0**	**55.4**	**-50%**

Source: UK Finance

[1] First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.

[2] UK Finance regularly updates its estimate of gross new mortgage lending, and previously reported £313.9bn at the time of our 2022 results.

New mortgage lending by purpose of loan

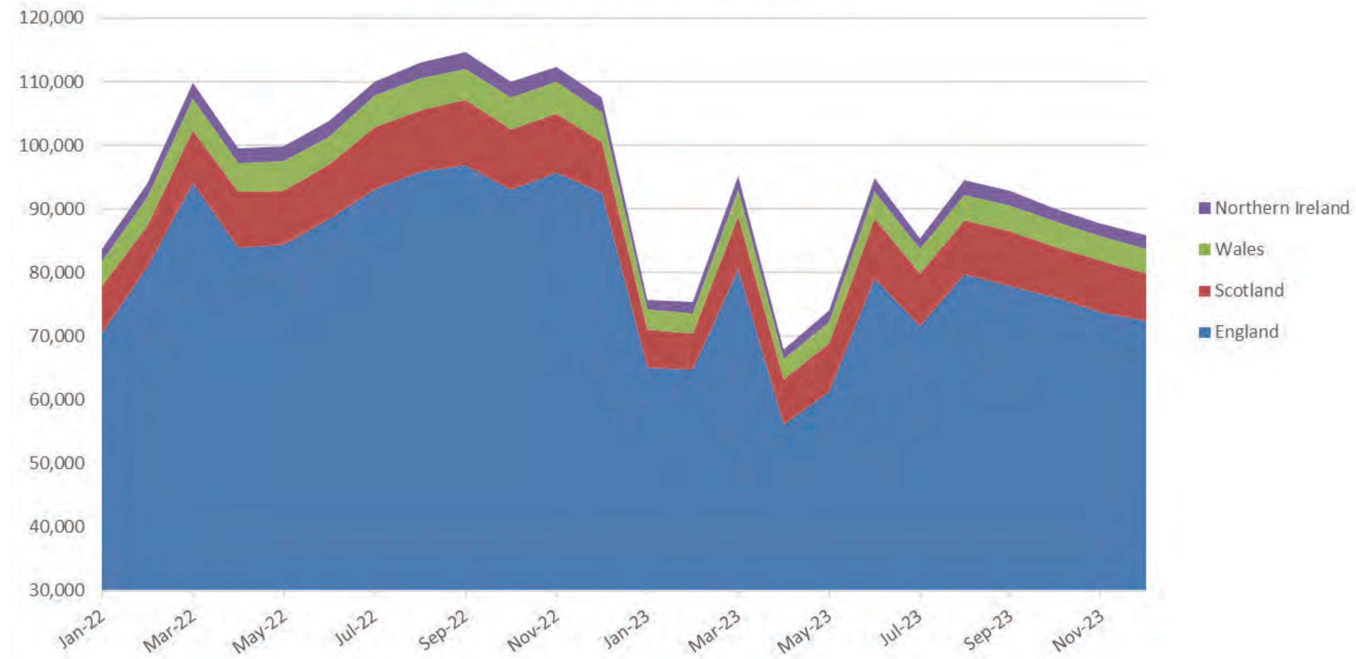


Source: UK Finance

Whilst affordability pressures restricted the external re-mortgaging sector during the period, Product Transfers saw a 21% increase by value.

Property transactions were down 19% in 2023 compared to 2022, as illustrated in the graph below. The smaller contraction relative to mortgage lending volumes indicates an increasing proportion of cash buyers, with higher interest rates putting cash buyers in an increasingly favourable position to those taking out a mortgage.

UK property transactions by volume



Source: UK Finance

The value of mortgage lending was also impacted by average house prices starting to fall from the peak reached in H2 2022. Average house prices in 2023 were down 2% compared to H2 2022, and flat compared to average prices in 2022 as a whole.

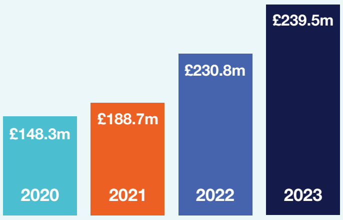
The share of UK residential mortgage transactions via intermediaries (excluding Buy to Let, where intermediaries have a higher market share, and Product Transfers where intermediaries have a lower market share) continued to grow to 87% (2022: 84%), with customers increasingly needing choice, advice and support in a more complex and uncertain macro environment. We expect this increased intermediary market share to remain stable.

UK Finance's and the Intermediary Mortgage Lenders Association's latest estimates of gross new mortgage lending for 2024, published in December 2023, are £215bn and £205bn, down 4% and 8% respectively compared to 2023.

However, the Group's current trading and the latest market data would indicate that actual numbers may end up higher than these forecasts. Despite the continuing headwinds, the underlying level of demand for home ownership and mortgages remains strong, and we expect activity levels to be notably stronger this year. We also expect external re-mortgaging to make up a greater share of re-financing in 2024, even though Product Transfers will remain strong.

We measure the development, performance and position of our business against a number of key indicators:

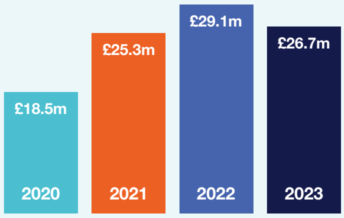
Revenue
£239.5m



Total income from all revenue streams.

Strategy / objective
Shareholder value and financial performance.

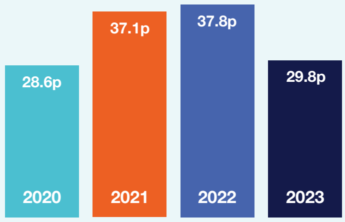
Adjusted EBITDA[1]
£26.7m



Earnings before interest, tax, depreciation and amortisation.

Strategy / objective
Shareholder value and financial performance.

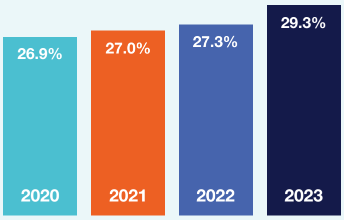
Adjusted earnings per share[1]
29.8p



Total comprehensive income attributable to equity holders of the Company, adjusted for exceptional items, divided by total number of ordinary shares.

Strategy / objective
Shareholder value and financial performance.

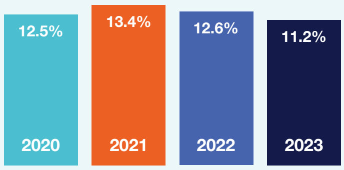
Gross profit margin
29.3%



Gross profit generated as a proportion of revenue.

Strategy/objective
Managing gross margins.

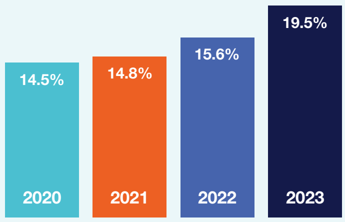
Adjusted EBITDA margin[1]
11.2%



Earnings before interest, tax, depreciation and amortisation as a proportion of revenue.

Strategy/objective
Shareholder value and financial performance.

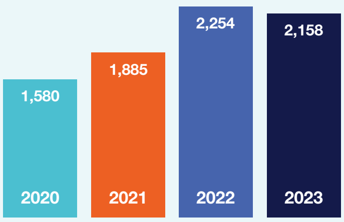
Administrative expenses ratio
19.5%



Administrative expenses, depreciation and amortisation as a proportion of revenue.

Strategy/objective
Operating efficiency.

Adviser numbers
2,158



Average number of mainstream advisers[2] for 2023 was 1,940 (2022: 1,988).

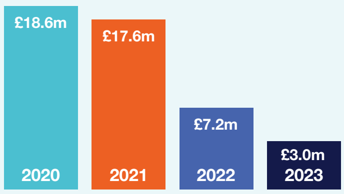
Strategy/objective
Increasing the scale of operations.

Unrestricted cash balances / (Net debt)

Net cash / (debt)

£18.6m	**£17.6m**	**£(16.2)m**	**£(15.2)m**

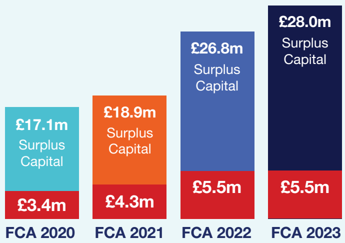
Unrestricted cash balances



Bank balances at 31 December available for use in operations.

Strategy/objective
Financial stability.

Capital adequacy
£28.0m



Surplus capital requirements over amounts required by the Financial Conduct Authority (FCA).

Strategy/objective
Financial stability.

[1] In addition to statutory reporting, MAB reports alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to improve the comparability of information between reporting periods, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in the Glossary of Alternative Performance Measures.

[2] Excludes directly authorised advisers and MAB's later life advisers Includes Fluent's second charge, later life and bridging advisers who have a higher revenue per adviser than first charge advisers.

Revenue

Group revenue increased by 3.8% to £239.5m (2022: £230.8m) despite the average number of mainstream[(1)] advisers during the year down 2.4% to 1,940 (2022: 1,988). Organic[(2)] revenue reduced by 4.3% to £199.6m (2022: £208.6m) driven by a 5% reduction in the average number of organic[(2)] mainstream[(1)] advisers to 1,801 (2022: 1,901) and a 1% increase in revenue per organic mainstream adviser, partly due to a lower proportion of new advisers in the year. Our existing AR firms paused recruitment and focused on efficiency following the September 2022 mini-budget and inflationary pressures causing further increases in interest rates. In addition, we entered 2023 with a lower-than-expected pipeline of written mortgages and new AR firms.

Fluent, which was acquired on 12 July 2022, had 117 (2022: 182) mainstream advisers as at 31 December 2023, and contributed £37.5m (2022: £21.9m) of revenue during the year. Auxilium, which was acquired on 3 November 2022, had 226 (2022: 161) directly authorised advisers as at 31 December 2023, and contributed £1.1m (2022: £0.2m) of revenue. MAB increased its stake in Vita from 49% to 75% on 12 July 2022, with its adviser numbers and revenues already incorporated into the Group's figures due to it having been an AR of the Group since 2016.

The Group continued to generate revenue from three core areas, as set out below.

Income source (£m)	2023	2022	Change
Mortgage procuration fees	98.0	106.6	-8.1%
Protection and General Insurance Commission	93.1	82.1	+13.4%
Client Fees	43.4	36.3	+19.7%
Other Income	5.0	5.8	-14.5%
Total	**239.5**	**230.8**	**+3.8%**

MAB's organic[(2)] revenue across the three core areas was as follows:

Income source (£m)	2023	2022	Change
Mortgage procuration fees	85.5	99.0	-13.7%
Protection and General Insurance Commission	88.6	80.5	+10.1%
Client Fees	21.3	23.7	-10.1%
Other Income	4.2	5.4	-22.9%
Total	**199.6**	**208.6**	**-4.3%**

As a result of the market downturn in 2023, MAB's organic banked mortgage[(3)] mix had a considerably lower proportion of house purchase transactions compared to the prior year at 45% (2022: 51%), driven by a 19% reduction in UK property purchase transactions overall, and an even larger reduction of 30% in mortgage-backed UK property purchase transactions as a result of the fall in consumer confidence. The proportion of re-financing transactions in MAB's organic banked mortgage mix increased to 55% (2022: 49%) of completions by volume, as we saw a further increase in the proportion of product transfer completions by volume to 28% of MAB's mortgages[(3)] (2022: 21%, 2021: 13%). Product transfers have a lower average procuration fee and typically have lower protection, general insurance and client fee attachment rates than other mortgage types.

(1) Excludes directly authorised advisers, MAB's later life advisers and advisers from associates in the process of being onboarded under MAB's AR arrangements. Includes Fluent's second charge, later life and bridging advisers who have a higher revenue per adviser than first charge advisers.
(2) Organic means the Group before the impact of the acquisitions made in 2022 (Fluent, July 2022; Vita, July 2022; and Auxilium, November 2022).
(3) First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.

The Group's organic net mortgage[1] completions by value reduced by 9%, with mortgage procuration fees reducing by 14% as a result of the increased proportion of product transfers. Client fees reduced by 10%. The Group's organic protection and general insurance commissions however increased by 10%, reflecting the strong focus of MAB's advisers on protection when volumes in the mortgage market fall, particularly in our invested businesses, and the strength of MAB's proposition and support in these areas.

MAB's average first charge mortgage size decreased by 7.1% compared to the prior year, with average house prices remaining flat year-on-year, reflecting the increased proportion of re-financing completions where the average mortgage size is lower than for purchase transactions.

Fluent's revenue contribution across the Group's three core revenue streams during the year was as follows, with an additional £1.1m (2022: £0.1m) of revenue synergies realised:

Income source (£m)	2023	12 July 2022 – 31 Dec 2022
Mortgage procuration fees	12.4	7.6
Protection and General Insurance Commission	2.2	1.4
Client Fees	22.1	12.5
Other Income	0.8	0.4
Total	**37.5**	**21.9**

Fluent generates revenue from a wider range of mortgage types than MAB, including first charge mortgages, secured personal loans (second charge mortgages), later life lending mortgages and bridging finance. Fluent earns revenue on first charge mortgages in the same way as MAB. In its other divisions, Fluent predominantly earns procuration and client fees, with a smaller proportion of protection and general insurance commission earned on loans arranged for its customers.

Auxilium, a specialist protection service provider, contributed revenue of £1.1m (2022: £0.2m). Auxilium's revenues are classified under protection and general insurance commission and represent the total income received, with there being no commission payouts to the directly authorised entities serviced by the business.

MAB's overall revenue from re-financing (including both re-mortgages and product transfers) represented circa 35% (35% on an organic basis) of total revenue (2022: 32%, 2021: 25%) due to the Group's organic banked mortgage mix having a higher proportion of re-financing and Fluent having a higher proportion of re-financing in its first charge mortgage mix, with 2021 reflecting a particularly high level of purchase transactions.

The proportion of organic revenue derived from each of the Group's core revenue streams has remained reasonably stable as summarised below, with the movements reflecting the change in banked mortgage mix during the period, as well as the focus on protection.

Income source	2023	2022
Mortgage Procuration Fees	43%	47%
Protection and General Insurance Commission	44%	39%
Client Fees	11%	11%
Other Income	2%	3%
Total	**100%**	**100%**

[1] First charge mortgage completions, excluding secured personal loans (second charge mortgages), later life lending mortgages and bridging finance.

The proportion of total revenue derived from each of the Group's core revenue streams has also changed, due to the dynamics set out above for organic revenue and a full year effect of the Fluent acquisition. Client fees as a proportion of Fluent's revenue are higher than for the organic Group, with protection and general insurance commission being a lower proportion of Fluent's revenue due to lower attachment rates on second charge mortgages, with the Group's revenue mix summarised as follows:

Income source	2023	2022
Mortgage Procuration Fees	41%	46%
Protection and General Insurance Commission	39%	36%
Client Fees	18%	16%
Other Income	2%	2%
Total	**100%**	**100%**

In first charge mortgages we expect client fees to become increasingly dependent upon the type and complexity of the mortgage transaction, as well as the delivery channel, leading to a broader spread of client fees on mortgage transactions, which represent the Group's lowest margin revenue stream.

Gross profit margin

Gross profit margin for the year increased to 29.3% (2022: 27.3%) and MAB's organic gross profit margin also increased to 28.5% (2022: 26.5%). This increase in gross margin is primarily due to the increased proportion of protection revenue in the organic Group in 2023.

The network organic business of the Group receives slightly reduced revenue share as existing ARs grow by increasing their adviser numbers. In addition, larger new ARs typically join the Group on lower-than-average margins due to their existing scale, hence a degree of erosion is expected in MAB's underlying gross profit margin due to the continued growth of our existing ARs and the addition of new larger ARs.

Looking ahead, we expect any further erosion in underlying organic gross margin to be offset by operational leverage reducing the Group's administrative expenses ratio*.

Administrative expenses

Group administrative expenses increased by £10.7m (+29.7%) to £46.7m, mainly reflecting the full year impact of the acquisitions of Fluent and Vita. Organic adjusted administrative expenses increased by £4.5m (+14.9%) to £34.6m, reflecting MAB's continued investment in growth through the market downturn in 2023, and specifically in its technology platform and marketing team through a mix of employee and third-party costs, which we expect to drive enhanced lead generation opportunities and future revenue growth. Head office costs, including those of First Mortgage, and compliance costs also increased to support the Group's growth strategy. MAB's Head office refurbishment at the end of 2022 led to a £0.5m increase in the depreciation charge. All development work on MAB's MIDAS platform continues to be fully expensed. The Group's administrative expenses ratio was 19.5% (2022: 15.6%), and the organic administrative expenses ratio* increased to 17.3% (2022: 14.4%) reflecting the adverse impact of the market downturn on revenue growth in a period where the Board originally expected to deliver operational leverage.

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The Group expects to continue to benefit from the relatively fixed cost nature of much of its cost base, where those costs typically rise at a slower rate than revenue, with the operational leverage offsetting the expected slight erosion of MAB's underlying organic gross margin as the business continues to grow.

Associates and Investments

MAB's share of profits from Associates was £0.8m (2022: £0.7m) with all of the Group's Associates being adversely impacted by the market downturn.

Management believes that the value of a number of its associate investments exceeds their carrying value recognised using the equity accounting method under IAS 28.

Adjusted EBITDA, profit before tax and margin thereon

Adjusted EBITDA* was down 8.1% to £26.7m (2022: £29.1m), with the margin thereon of 11.2% (2022: 12.6%) reflecting the impact of the market downturn and MAB's continued investment through this period.

Organic adjusted EBITDA* was £24.6m (2022: £26.9m), with the margin thereon of 12.3% (2022: 12.9%).

Adjusted profit before tax* was down 14.8% to £23.2m (2022: £27.2m), with the margin thereon being 9.7% (2022: 11.8%), also reflecting a full year of interest charges on MAB's debt facilities. Organic adjusted profit before tax* was £22.2m (2022: £25.5m), with the margin thereon of 11.1% (2022: 12.2%). Statutory profit before tax was £16.2m (2022: £17.4m) reflecting a full year impact of Fluent, Vita and Auxilium ongoing acquisition-related costs, including amortisation of acquired intangibles and non-cash operating expenses associated with the put and call option agreements relating to the minority interests on the Fluent and Auxilium acquisitions. As a result, the margin on statutory profit before tax was 6.8% (2022: 7.5%).

Vita and Auxilium contributed adjusted profit before tax of £0.5m (2022: £0.05m) and £0.7m (2022: £0.1m) respectively. Fluent made an adjusted loss before tax of £1.1m, which was due to Fluent's performance in H1 2023, with an improved performance in H2 2023, and having made an adjusted profit before tax of £1.5m in the period from acquisition to 31 December 2022. These figures exclude the impact of any non-cash charges associated with the put and call options for Fluent and Auxilium.

Adjusted profit before tax* as a percentage of net revenue* was 24.6% (2022: 34.0%) primarily due to the effect of the market downturn and MAB's continued investment in growth.

Finance revenue

Finance income of £0.3m (2022: £0.1m) reflects the uptick in interest rates that prevailed for most of the financial year and the interest income accrued or received on loans to associates and other appointed representatives.

On 28 March 2022 MAB entered into new four-year debt facilities with NatWest, comprising a £20m Term Loan (the "Term Loan") and a £15m revolving credit facility (the "RCF") to be used in connection with the acquisition of Fluent. The RCF is also available for general corporate purposes. There is an option to extend the RCF and the Term Loan for a further year.

Finance expenses of £2.6m (2022: £1.2m) include £1.4m (2022: £0.6m) of interest and non-utilisation fees payable on MAB's debt facilities, the interest expense on lease liabilities and a £1.1m charge (2022: £0.6m) relating to the unwinding of the redemption liability associated with the Fluent Option and a £0.1m charge (2022: nil) relating to the unwinding of the redemption liability associated with the Auxilium Option.

A remeasurement of the redemption liability associated with the Fluent and Auxilium options has been undertaken at the year end. This has resulted in a £4.5m gain (2022: £nil) recognised in the year, split as a £4.7m gain for the Fluent Option, predominantly due to further acquisition of share capital undertaken in the year, and a cost of £0.2m for Auxilium options.

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Taxation

The effective tax rate on adjusted profit before tax* increased to 21.8% (2022: 16.8%), primarily due to the increase in the prevailing UK corporation tax rate from 1 April 2023. The effective rate of tax on reported profit before tax reduced to 23.0% (2022: 26.4%), primarily due to lower acquisition related costs, a gain on redemption liabilities in the current year and write off of the Boomin investment in the prior year, which are all disallowable for tax purposes. This is offset by a higher prevailing tax rate and higher disallowable share option costs linked to acquisitions. We expect the effective tax rate on adjusted profit before tax in future years to be in line with the prevailing UK corporation tax rate.

Earnings per share and dividend

Adjusted fully diluted earnings per share* was 29.6p (2022: 37.4p). Basic earnings per share increased to 23.6p (2022: 21.8p) due to £2.6m lower acquisition-related costs, £4.5m fair value gain on redemption liabilities in 2023 and the £2.8m write off of the Boomin investment in 2022, offset by £2.6m higher amortisation of acquired intangibles due to a full year of amortisation on 2022 acquisitions.

The Board is pleased to propose a final dividend of 14.7p per share (2022: 14.7p). This brings the total proposed dividend for the year to 28.1p per share (2022: 28.1p), reflecting the Group's policy to pay dividends reflecting a minimum pay-out ratio of 75% of the Group's annual adjusted post-tax and minority interest profits. This represents a cash outlay of £8.4m (2022: £8.4m). Following payment of the dividend, the Group will continue to maintain significant surplus regulatory reserves.

The record date for the final dividend will be 26 April 2024 and the payment date 29 May 2024. The ex-dividend date will be 25 April 2024.

Balance sheet

In connection with the acquisitions of Fluent, Vita and Auxilium in 2022, the Group recognised separately identifiable intangible assets with a fair value on acquisition of £55.4m and goodwill totalling £38.7m. The carrying value of the intangible assets after amortisation at 31 December 2023 was £50.1m (2022: £55.2m). In addition, redemption liabilities of £2.4m (2022: £7.0m) and £0.4m (2022: £0.2m) in respect of the put and call options relating to the Fluent and Auxilium acquisitions respectively, are included in other payables as at 31 December 2023.

A clawback liability is recognised on the balance sheet. Life insurance commissions are paid upfront on an indemnity basis, mainly over a four-year period. If a policy is cancelled during the indemnity period, part of the commission received may have to be repaid to the policy provider. The clawback liability estimates the value and timing of repaying commission received on an indemnity basis for policies that may lapse in a period of up to four years following inception.

In 2022, the Group entered into an agreement on 28 March 2022 with NatWest, in respect of a new term loan for £20m and a revolving credit facility for £15m (the "Facilities Agreement"), in order to part fund the cash consideration payable in relation to the Fluent acquisition. As at 31 December 2023, the Group had drawn down £1.6m (2022: £3.2m) on the revolving credit facility, in addition to a remaining balance of £16.3m (2022: £20.0m) on the term loan, and had £0.4m (2022: £0.2m) of accrued interest net of prepaid loan arrangement fees. Net debt (adjusting only for unrestricted cash balances of £3.0m (2022: £7.2m)) was £15.2m (2022: £16.2m).

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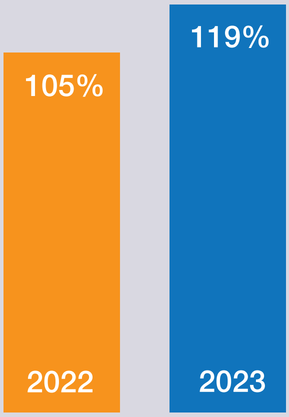
Cash flow and cash conversion

The Group's operations produce positive cash flow, which is reflected in the net cash generated from operating activities of £23.7m (2022: £24.3m).

Adjusted cash conversion* was:



Other than the £2.8m refurbishment of the Group's head office in Derby in 2022, the Group's operations are typically capital-light, with the most significant ongoing capital investment being in computer equipment. A further £0.4m was spent on the final elements of the head office refurbishment project in early 2023, and only £0.5m of general capital expenditure on office and computer equipment was required during the year (2022: £0.4m). Group policy is not to provide company cars and no other significant capital expenditure is foreseen.

The Group's regulatory capital requirement represents 2.5% of regulated revenue and totalled £5.5m at 31 December 2023 (2022: £5.5m), with the Group reporting a surplus of £28.0m (2022: £26.8m).

The following table demonstrates how cash generated from operations was applied:

	£m
Unrestricted bank balances at the beginning of the year	**7.2**
Cash generated from operating activities excluding movements in restricted balances and dividends received from associates	28.6
Dividends received from associates	0.4
Dividends paid	(16.0)
Dividends paid to minority interest	(0.8)
Tax paid	(5.4)
Investment in associates (including payment of contingent consideration)	(0.5)
Repayment of borrowings	(5.4)
Net interest paid and principal element of lease payments	(1.9)
Acquisition of minority interest in subsidiaries	(1.2)
Capital expenditure	(2.0)
Unrestricted bank balances at the end of the year	**3.0**

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The Board is ultimately responsible for risk management and regularly considers the most significant and emerging threats to the Group's strategy, as well as establishing and maintaining the Group's systems of internal control and risk management and reviewing the effectiveness of those systems. The Board and senior management are actively involved in a regular risk assessment process as part of our risk management framework, supported by TriLine Governance, Risk and Compliance software (TGRC) to enable consistency and ownership by risk owners across MAB. The Group's risk assessment process considers the impact and likelihood of risk events that could materialise and affect the delivery of the Group's strategic goals. Risk owners regularly review and update where needed the controls in place to mitigate the impact of the risks, with the output of these reviews being reported to the Risk & Compliance Committee (RCC) and secondly the Group Risk Committee (GRC) to ensure appropriate oversight is provided and that actions are in place to mitigate any areas of concern. Throughout the Group, all employees have a responsibility for managing risk and adhering to our control framework.

There are a number of potential risks that could hinder the implementation of the Group's strategy and have a material impact on its long-term performance. These arise from internal or external events, acts or omissions that could pose a threat to the Group. The principal risks identified as having a potential material impact on the Group are detailed below, together with the principal means of mitigation. These risks have been assigned a rating based on: (a) *likelihood* of the risk materialising to a point where it will impact MAB's strategic objectives; and (b) perceived *impact* to MAB that the crystallised risk may cause. The risk factors mentioned do not purport to be exhaustive as there may be additional risks that materialise over time that the Group has not yet identified or deemed to have a potentially material adverse effect on the business.

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Strategic & Market Risks			
Geo-political issues resulting in increasing global conflict.	In 2022, the major concerns related to the Russia-Ukraine conflict and the deteriorating relationship between the USA and China. However, in the last 12 months there has been an increase in the number of conflicts arising across the globe. Active conflicts are at their highest levels in decades.	It is anticipated that the conflict in Ukraine and the Middle East will continue with the outcome remaining uncertain. Should these conflicts escalate further it is expected to further reduce household expenditure and consumer confidence. The UK funding markets however continue to be notably liquid, with Lenders having access to significant resources. The wider capital markets remain open and active too.	Medium	High	Increased

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
	Currently, there are three main conflicts where escalation is considered possible: Ukraine; the Middle East; and Taiwan. The recent escalation with the US and UK targeting Houthi rebels in Yemen is one example of a materialisation of this and the risk of the conflict expanding outside of Israel across the wider region of the Middle East appears to be increasing. Previous conflicts have had a knock-on negative domestic impact in the UK, in particular due to rising energy prices, cost-of-living increases, and political uncertainty. Specific risk can be felt from the resulting upward pressure placed upon mortgage rates due to higher inflation. Consumer confidence levels, and consequently the housing and mortgages markets, have been disrupted and this is likely to continue or increase, should conflicts escalate or persist.	The Bank Base Rate increases appear to have slowed while the market recovers, but the impact these conflicts could have on inflation remains unclear. MAB has no presence in the impacted regions, so the conflict does not present a direct physical risk to the continuity of services. However, it has outsourced some small technology-related activities within Poland but continues to monitor the situation with a view to implementing mitigation measures should this neighbouring country become more directly affected by the conflict. The impact of the UK's involvement in the Israeli and Palestinian conflict is uncertain. However, it is possible that this could result in increasing divides across the population and disruption to supply chains across the world.			

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Macroeconomic	MAB's performance is subject to macroeconomic conditions surrounding the UK housing market, which impact on property transaction levels. The risk of regular and meaningful increases in interest rates is likely to have a detrimental impact on the housing market and customers' financial situations.	MAB regularly stress tests its forecast and considers this against housing market changes and movements in Bank Base Rate. It is also notable that MAB has a highly cash generative business model. Throughout 2023 the impact of the Autumn 2022 mini budget was felt. Rising costs of living and inflation, resulting in sequential rises in the Bank Base Rates to levels not seen for several years. Lenders have much greater levels of liquidity to enable borrowing, albeit at rates that borrowers may not have been used to in recent years. It is anticipated that the costs of borrowing will reduce as market competition intensifies, with lenders aiming to maintain their market shares in 2024. The mortgage market has seen delays in transactions, and in many instances, borrowers seeking to remortgage before their rates increased further. MAB is well positioned to help its customers and maximise new opportunities in such an environment.	Low	High	No change
Availability of Mortgage Lending	MAB's offering would be at risk in the event of a significant reduction in the availability of mortgage lending.	The macroeconomic volatility of Autumn 2022 steadied during 2023, with inflation continuing its downward trend and the Bank Base Rate consequently stabilising. There is now even a chance of a rate reduction at some point in 2024. Confidence has therefore returned to lenders and customers alike.	Low	Medium	Decreased

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Affordability has eased which is providing many customers with good purchase and remortgage opportunities. Lenders have responded with greater competition through pricing and less stringent underwriting criteria. With UK banks remaining very well capitalised and funded, and greater interest and activity in the securitisation market, the future for lenders is positive. For 2024, market expectations are that c1.5m existing mortgage borrowers will be coming off existing fixed rate mortgage deals. With mortgage rates at least 1% lower than at this time last year, customer choice is significantly better. When taking on new mortgage borrowers, lenders must assess affordability. Whilst many borrowers are still faced with increasing mortgage rates, more are able to meet these tests. The result is that fewer borrowers will therefore rely on Product Transfers this year compared to 2023, which presents an improved outcome for MAB. MAB expects mortgage availability to continue to further stabilise, and as a result ARs and Advisers will be able to provide a highly competitive range of products for customers, enabling them to re-finance and move home more freely.			

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Climate Change impact and attitudes of consumers, investors, and other stakeholders	The impact of climate change is at the forefront of the minds of many in terms of the role businesses have in meeting the challenges set by global leaders to drive change and transition to lower carbon economies. Businesses that do not embark on a journey to reduce their emissions are likely to be prejudiced or penalised.	Whilst MAB's day to day operations are non-energy intensive, it has assessed the direct environmental impact of its business and continues to monitor the risks identified. MAB is further committed to reducing its environmental impact where feasible. A new post of Head of ESG was created in 2023 and an appointment to the role was made.	Low	Low	No change
	Given the rising frequency in climate change related events, particularly floods, it is paramount for businesses to conduct a thorough assessment of potential climate events in respect of potential damages to its own premises and that of critical suppliers.	Whilst none of MAB's facilities are located in areas at risk from climate related events, the business has re-evaluated its business continuity and disaster recovery plans to ensure that even if MAB's facilities were to be impacted, a seamless continuity of its business operations is ensured. Given MAB's critical IT infrastructure is now also 100% Cloud hosted, any potential business disruption resulting from damages to facilities of its IT supply chain has been minimised.	Low	Low	New Risk
	Investors and consumers are increasingly looking towards sustainability related credentials of the companies they interact with. Businesses failing to address rising expectations in this respect are likely to be materially prejudiced.	MAB recognises that it has an important part to play in attending to the issues of climate change through its role as a leading financial services intermediary. MAB continues to invest in its ESG strategy and is currently developing a new 'Green Mortgage' service via its preferred lenders who similarly recognise the shift in consumer and investor perspectives, and the corresponding potential for good outcomes for customers in this area.	Low	High	New Risk

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		MAB has consolidated its efforts in respect to ESG (including community support, employee relations and governance) under the remit of the Sustainability Committee, which ensures that progress in this area is appropriately monitored by the Board of Directors.			
		Legal & Regulatory Risks			
Regulatory compliance	Failure to comply with current regulatory requirements, or appropriately anticipate, react to, and embed new legislation, regulation and applicable standards, could result in reputational and financial damage, as well as sanctioning by the relevant regulators such as the FCA (withdrawal of authorisations) and the ICO (imposition of censure and/or financial penalties).	MAB maintains open and effective relationships with regulators and relevant industry associations, in addition to having relevant and appropriate governance structures and controls in place across the business. This ensures MAB complies with current regulatory and legislative requirements and continually monitors emerging changes. This includes the evolving standards relating to the issues of climate change and broader Environmental, Social and Governance ('ESG') compliance. It is anticipated post-Consumer Duty implementation there will be increased engagement by the FCA across varying Firms and Sectors. MAB operates an enhanced risk-based approach to supervision and governance. It continues to undertake a programme of investment in the further development of its 'Risk Profiler System', together with the deployment and integration of external systems, to ensure MAB can evidence that advisers are delivering best advice and outcomes for customers.	Low	High	No change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Appointed Representative (AR) model	MAB has full regulatory responsibility for the actions of its ARs and advisers.	As Principal, MAB assumes overall regulatory responsibility for its ARs. This is reflected in the policies and procedures comprised in its governance and supervision framework. The Appointed Representative Regime requires the relationship between 'Principals' and 'ARs' to continue to be the subject of detailed enquiry and actively monitored. As a consequence, MAB has a control environment and oversight approach to meet the regulatory standards and expectations. MAB also continues to proactively engage with the regulator and industry associations to discuss the dynamics of operational processes and procedures, to ensure best practice is maintained.	Low	Medium	Decreased
Litigation and complaints	MAB could be subject to litigation or complaints not covered by insurance.	MAB has comprehensive advice guidance and compliance processes in place for advisers. These mandate high standards of advice and thorough maintenance of record-keeping at all times. Accordingly, upheld complaint levels remain very low compared to transactional volumes. Furthermore, MAB has not been subject to any actual or threatened material litigation. Appropriate Professional Indemnity Insurance is procured and reviewed regularly.	Low	High	No change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Fraud	There is a risk that MAB is potentially exposed and exploited by fraudulent activity by any of its customers, AR firms, advisers, employees or unknown third parties.	MAB has robust controls in place to monitor and identify potentially fraudulent activity by AR firms, advisers and customers, with the resource available to conduct detailed investigations should the need arise. MAB continues to assess the effectiveness of these controls and identify opportunities to improve, with oversight by the RCC. MAB utilises an Electronic Identity Verification solution to mitigate risks during advisers' engagement with customers, particularly where there is no face-to-face interaction. In addition, regular guidance and support is given to ARs and advisers to ensure awareness of potential risks and trends, with interactive training on best practices. Robust controls are also in place across MAB systems to limit the opportunities for employees to commit fraud, particularly where individuals have access to financial resources.	Medium	High	No Change
		Operational Risks			
Infrastructure and IT systems	MAB's performance would be adversely impacted if the availability and security of its proprietary system, and other IT infrastructure, was compromised.	There has been significant and continued investment into MAB's IT infrastructure. There are two primary line-of-business applications, both of which are located in the Cloud following the transition completed in 2023.	Low	High	Decreased

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Cyber and Information Security	The negative impact of MAB suffering a deliberate cyber-attack on its systems could be significant.	The landscape of cyber threats MAB faces remains diverse: from state-sponsored cyber-attacks on UK businesses and infrastructure, to smaller groups or individual parties attempting to disrupt services and gain financially, and to the growth in Artificial Intelligence (AI) seen in 2023. Through investment in dedicated resource in cyber security, MAB is well placed to prevent ingress, damage, or theft by unauthorised third parties. In the unlikely event of a system being compromised, it has the ability to gain early warning and mitigate the effects of such incidents, through active monitoring of systems and alerts on a continuous basis 24/7. To combat the growing risks AI represents, governments are beginning to roll out new and evolving regulations to target both hosts and creators of online disinformation and illegal content. Regulation of generative AI will likely complement these efforts. MAB's 'Information Security Strategic Vision' has been complemented by a 3-year 'Cyber Security Strategy', establishing a formal framework for cyber security and defining a timetable for ongoing improvements to address known threats, as well as adopting a flexible approach to counter any new ones (including AI), through a combination of prevention, detection and responsive defensive measures. The Cyber Security Strategy will also facilitate MAB in attaining industry-recognised accreditation, demonstrating that all reasonable measures are being taken to prevent cyber incidents, and to protect data.	Medium	High	No Change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Technological advancements	MAB may fall behind its competitors if it does not keep abreast of expectations in relation to the use of technology, or implement solutions accordingly, and otherwise drive change at the pace demanded by the market it operates in, and its existing and prospective customers.	Fundamentally, via its ARs and advisers, MAB provides a comprehensive and thorough advice journey to its customers. The greatest level of trust and confidence during this stems from the in-person interactions between adviser and customer. For this reason, alternative new business models that aim to make mortgage advice to customers more streamlined through the use of new technology, have yet to gain any traction in the UK. However, MAB is aware that newer technologies, such as AI, may significantly impact the market and is certainly not complacent. MAB is focussed on ensuring that the preliminary interactions, advice journeys, and continued relationships with customers are supported through the use of various new technology solutions that are being implemented (such as The Home Buying App and My MAB App), with the associated efficiencies and ease of use that these allow. At the same time, MAB appreciates that demographic groups have subtly different appetites, expectations and skillsets when choosing whether or not to utilise such tools. MAB, is investing heavily in new technologies and continues to monitor such issues closely and is well positioned to innovate or partner with other parties as further technological developments occur.	Low	Low	Decreased

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
AR Size and Concentration	MAB's ARs are spread throughout the UK, a small number of whom have significant numbers of advisers (over 100 per firm). There are possible risks should such larger ARs fail or where there is a heightened concentration of ARs in certain locations.	MAB maintains strong relationships with its ARs to ensure it provides appropriate support for continued growth, whilst being aware of key risks posed within its AR Model. MAB conducts regular monitoring of the ARs, including heightened and close financial scrutiny of those in which it is directly invested. To the extent that certain regions, such as Scotland, have historically had a larger concentration of advisers than other parts of the UK, this has been rebalanced following the addition of advisers via the Fluent acquisition in 2022.	Medium	Low	No Change
Key Employees	The impact of MAB losing key employees and/or otherwise experiencing a substantial number of departures of employees would be significant.	MAB continues to invest in its People & Culture Team and its strategy for pursuit of excellence in this area. This is being effected through increasing employee engagement, promoting MAB's Diversity, Equity and Inclusion related policies, and enhancing the implementation of its ESG standards by appointing a dedicated Head of ESG. Remuneration continues to be reviewed annually, and takes account of the National Minimum Wage and the on-going cost-of-living crisis. MAB continues to successfully retain its senior employees. The recruitment of further leaders continues, and development of future leaders enhances the breadth of management experience and span of control.	Medium	Low	No Change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Succession planning is assessed annually by MAB's Nominations Committee, where the retention and succession of key personnel is discussed and agreed in detail. MAB has succession plans in place for Board members and its Senior Management Team, aiming to improve the roster of internal candidates for key roles. A new role of Chief People Officer was created in 2023 and an appointment made at the beginning of 2024, to oversee and further develop succession planning and talent management throughout the business.			
Supply Chain dependencies	Disruption to MAB's supply chain would likely cause operational, financial and reputational harm.	MAB continues to be reliant on suppliers to ensure the delivery of its services. This is a common trend across all financial services organisation. The increased use of Cloud-based systems and system integrations is notable, bringing associated risks should the relevant suppliers fail. MAB continues to enhance its procurement and supplier management framework. The new Contract and Procurement Manager was appointed in Autumn 2023 to oversee and manage the Procurement process within MAB. The output is an enhanced onboarding and due diligence process and further improved oversight of MAB's contract repository and supplier records. To further strengthen its control framework around suppliers, MAB enhanced its governance structure throughout 2023 with the implementation of the Resilience and Recovery Committee to oversee the risk supply chains present to operations.	Medium	High	No Change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Financial Risks			
Investment & Acquisitions	Poor execution of investment and acquisition strategy. This could apply to: a. New investments or acquisitions b. Poor trading outcomes of existing investments or acquisitions. Increased operational risks could derive from having a broader commercial offering as a result of such corporate activity.	MAB has a deliberate and focussed strategy to deliver year on year growth in market share and positive returns to investors. In part, this is achieved through new acquisitions and investments to support its objectives. All new investments or acquisitions are subject to an appropriate level of operational, financial, and legal due diligence, engaging external specialists as required. Investment and acquisition risks are managed through a set of operating performance metrics and restrictions which are set out in a suite of legal documents drafted by experienced specialists and approved by the Board. MAB has a broad portfolio of investments, which as with all businesses are to some degree impacted by market conditions. There are innate risks associated with managing a more diverse and larger group of entities and ensuring strong performance. To mitigate these, MAB conducts regular performance reviews and financial monitoring, with assistance and expertise offered in the development of growth plans. MAB proactively uses its contacts, technology, support infrastructure and financial expertise to help maximise the performance of its investments. It also continues to embed its Risk Oversight framework to monitor and mitigate the operational risks outlined above in the wider group context.	Medium	Medium	No Change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
Potential loss of a major partnership or contract (lead sources)	MAB has an increasing number of material commercial partnerships with customer lead sources. The loss of one of these contracts, or a reduction in lead volumes could impact revenues and consequently reduce profitability and strategic performance.	The risk of over-reliance on certain partners across the businesses remains, with the impact of the loss of a major lead source still being significant. MAB has an experienced relationship management team in place, with responsibility for key account management and liaison defined at senior management level and supported by members of MAB's Executive Committee. Regular reviews are undertaken with partners to ensure continued focus on performance against service levels and compliance with contractual requirements. The broadening of MAB Group should offer a more attractive proposition to such partners. This also gives MAB the ability to diversify its lead sources, reducing the scope for 'over-reliance' on a particular lead source type. Furthermore, the associated margin impact in relation to a single lead source partner on one part of MAB Group is not anticipated as being critical to MAB's overall commercial performance.	Medium	Low	No Change

Risk Title	Risk Description	Mitigating Factors / Commentary	Likeli-hood	Impact	Change in Risk
		Reputational Risks			
Reputational risk	The quality of MAB's proposition, its continued growth, and the credibility of its ARs and advisers in meeting the obligations to customers are each material factors that directly affect its reputation. Any failures in this regard would present an immediate risk. Indirectly, were another large mortgage intermediary to fail to meet its obligations to consumers there is a risk that this could cause wider reputational harm to the market, and equivalent intermediaries (such as MAB).	MAB prides itself on maintaining the reputation of its advisers as offering the best support to and ensuring good outcomes for their customers. Following the implementation of the AR oversight and Consumer Duty, MAB has further enhanced its control framework to ensure customers are receiving the correct outcomes. MAB also continues to review further opportunities across the Group. MAB is especially mindful of how it responds to customer complaints and interactions with the Financial Ombudsman Service, always seeking to ensure an objective assessment of matters is undertaken, preserving its integrity in doing so. Customer feedback on external portals such as Feefo and Trustpilot is regularly monitored to enable MAB to have broader visibility of the experience's customers are having. Where appropriate customers are encouraged to further interact with MAB if they are concerned or dissatisfied. The membership of, and significant participation in, the Association of Mortgage Intermediaries ('AMI') forum allows MAB to voice its concerns and drive positive change across the market in the interests of all, in particular consumers.	Low	Medium	No Change

MAB remains committed to the implementation of its integrated ESG strategy and ensuring that we are a responsible business that grows sustainably and makes a positive contribution to all stakeholders – our customers, shareholders, employees, suppliers, and the local communities in which we operate, whilst minimising our direct environmental impact.

In 2023, MAB made significant progress on its ESG strategy, having deliberately opted to continue investing in this important area, despite the pressures to cut costs in what was a difficult market. MAB already helps hundreds of thousands of customers every year to find their dream home and re-finance their mortgages. In addition, every customer is offered a proper conversation about protecting their mortgage and their families against unforeseen, unfortunate, and sometimes very sad circumstances.

The Group has therefore a strong social purpose, reflected in its Mission and Vision Statements:

Our Mission: *We help people fulfil their aspirations, by making key financial moments in life a simple, happy and reassuring experience – from home ownership and beyond.*

Our Vision: *We want to become the leading financial partner through life's key moments. By being an amazing place to work, providing an outstanding experience for our customers, transforming the industry with the best mortgage journey, having a positive* ***social and environmental impact.***

The ESG section of this report outlines the activities we have progressed throughout the year to embed and further our integration of core sustainability themes into our operations, and includes:

- details of how the Group continues to build upon the progress made in previous years in implementing and advancing its ESG strategy;
- our stakeholder engagement arrangements, including the section 172 statement of the Companies Act 2006;
- our environmental performance and strategy report;
- how the Group assesses and manages climate-related risks and opportunities, in line with the requirements of Climate-related Financial Disclosure Regulations 2022; and
- our ESG strategy and progress.

Section 172(1) statement

The Directors of MAB consider that in conducting the business of the Company over the course of the year they have complied with Section 172(1) of the Companies Act 2006 (the "Act"), by fulfilling their duty to promote the success of the Company and act in the way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in s172(1)(a-f) of the Act.

■ Engaging with stakeholders

The continued success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is essential to us and working together towards shared goals assists us in delivering long-term sustainable success.

To fulfil their duties, the senior management team and the Directors take care to have regard to the likely consequences on all stakeholders of the decisions and actions they take, with a long-term view in mind and with the highest standards of conduct. Where possible, decisions are carefully discussed with the groups concerned and are therefore fully understood and supported when taken.

Reports are regularly made to the Board by the senior management team about the strategy, performance and key decisions taken, which provides assurance that proper consideration is given to stakeholder interests in decision-making, and the Board uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process.

The Group's governance structure allows the Board and the senior management team to have due regard to the impact of decisions on the following matters specified in Section 172(1) of the Act, as set out in the table below.

Section 172 factor	Approach taken
Consequences of any decision in the long-term	Our core business model and strategy are designed to secure sustainable long-term growth whilst continuing to deliver strong results in the meantime, and as such the long-term is firmly within the sights of the Board when making all material decisions. The business model and strategy of the Company is set out on pages 6 to 10. Any amendment to that strategy is subject to Board approval. At least annually, the Board considers a budget for the delivery of its strategic objectives based on a three-year forecast model. The senior management team reports financial and non-financial key performance indicators to the Board each month, including but not limited to the measures set out in the 'Key performance indicators' section of the Strategic report on page 21, which are used to assess the outcome of decisions made. The Board's commitment to keeping in mind the long-term consequences of its decisions underlies its focus on risk, including risks to the long-term success of the business. Our low financial leverage following our recent acquisitions ensures that the payment of dividends to shareholders and remuneration to employees, are balanced. This is especially important given the ongoing cost-of-living crisis and the heightened geopolitical uncertainty.
Interests of employees	Our employees are fundamental to the delivery of our strategy. We are committed to developing our staff and maintaining the capacity to deliver sustainable growth. How the Directors have had regard to the interests of the Group's employees is set out on page 51 and pages 65 to 70 in the Environmental, Social and Governance section of the Strategic Report.
Fostering business relationships with suppliers, customers and others	Engaging with our stakeholders is very much a part of our ethos as it strengthens our relationships and helps us make better business decisions. How the business has engaged with suppliers, clients and other counterparties is set out on pages 49, 50, 84 and 85. Suppliers and other counterparties are typically our appointed representative firms, mortgage and protection product providers, affinity partners and other professional firms with which the senior management team often has a longstanding relationship. Where material counterparties are new to the business, checks are conducted prior to transacting any business to ensure that no reputational or legal issues would arise from engaging with that counterparty. The Company pays suppliers in accordance with pre-agreed terms.

Section 172 factor	Approach taken
Impact of operations on the community and the environment	We are proud to support our local community, building on the success of the Mortgage Advice Bureau Foundation. More details on our engagement with local communities and charitable activities during the year can be found on pages 72 to 76, in the Environmental, Social and Governance section of the Strategic Report. The Group's impact on the environment is limited due to the nature of the Group's business operations, as set out in the Environmental performance and strategy section of the Strategic report on pages 61 and 62. However, the Board is committed to limiting the impact of the business on the environment where possible.
Maintaining high standards of business conduct	The Board is committed to achieving and maintaining high standards of business conduct, corporate governance, integrity and business ethics. A key to maintaining our reputation for high standards is to treat our customers, partners and employees fairly at all times, and our approach to conducting our business is focused on this outcome. The Group's Risk and Compliance function acts as the second line of defence within MAB to provide appropriate support, oversight and challenge to the activity undertaken by MAB and its appointed representative firms to avoid customer detriment and ensure good outcomes are achieved. Regular reporting is reviewed by the Risk and Compliance Committee (RCC) and the Board Group Risk Committee (GRC) to scrutinise activity and provide assurance to the Board that the Company's strategic and growth objectives can be met within our risk and compliance framework. The Group further strengthened its internal governance framework in 2023 by implementing sub-Committees to RCC. These include the Product & Pricing Committee and the Resilience and Recovery Committee. As part of the ongoing enhancements of the governance, risk and compliance framework, MAB is moving away from a solely outsourced internal audit function. Following the appointment of an Internal Audit Manager in January 2024, MAB will be moving to a co-source model. The Internal Audit Manager will operate as MAB's independent assurance function within the third line of defence, reporting directly into the Chair of the Audit Committee and will challenge the design and effectiveness of our controls whilst using our co-source internal audit supplier when necessary. More details on risk and our internal controls can be found on pages 86 to 97. MAB is focussed on maintaining a positive relationship with our regulators. MAB is a proactive member of the Association of Mortgage Intermediaries (AMI) and supports the trade association's interactions with the government, regulators and policymakers to ensure the mortgage industry meets the needs of our customers and appointed representative firms.

Section 172 factor	Approach taken
	The Group continuously monitors upcoming changes to regulation and is well positioned through our membership with AMI and our relationship with the regulator to understand the implications of and respond to, any changes. More details on the Company's approach to Consumer Duty can be found on pages 16 and 96.
Acting fairly between members	The Board is committed to openly engaging with our shareholders. We recognise the importance of a continuing effective dialogue, whether with major institutional investors, private or employee shareholders. Further details on how we engage with our shareholders can be found on pages 96 and 97. The Board oversees an investor relations programme which involves the Directors routinely meeting with the Company's institutional shareholders. The programme is managed by the Company's brokers and the Board receives prompt feedback on the outcomes of meetings. The Board aims to be open with shareholders and available to them, subject to compliance with relevant securities laws. The Independent Non-Executive Chair of the Company and other Non-Executive Directors make themselves available for meetings as appropriate and all attend the Company's Annual General Meeting ("AGM"). The investor relations programme is designed to promote formal engagement with investors and is typically conducted after each half-yearly results announcement. The Group also has open lines of communication with existing investors, who may request meetings, and with potential new investors on an ad hoc basis throughout the year, including where prompted by Company announcements. Shareholder presentations are made available on the Company's website. The Company has a single class of shares in issue with all members of the Company having equal rights.

Methods used by the Board

The main methods used by the Directors to perform their duties include:

- Board meetings or strategy days to review all aspects of the Group's business model, performance and strategy and assess the long-term sustainable success of the Group, as well as its impact on key stakeholders. Regular senior management team strategy sessions also took place during the year;
- The Board meets regularly throughout the year as well as on an ad hoc basis, as required by time critical business needs, such as acquisitions or other investments;
- The Board is responsible for the Company's ESG activities set out in the Strategic Report on pages 43 to 78. Ben Thompson is the Group's designated executive with responsibility for ESG;
- Specialist advice from external consultancy firms is sought where appropriate, for instance with regards to ESG or executive remuneration;
- The Board's risk management procedures set out in the Corporate governance report identify the potential consequences of decisions in the short, medium and long term so that mitigation plans can be put in place to prevent, reduce or eliminate risks to the Company and wider stakeholders;
- The Board sets the Company's purpose, values and strategy, as detailed in the Strategic Report, and the senior management team ensures they align with its culture;
- The Board carries out direct shareholder engagement via the AGM and the Executive Directors attend shareholder meetings on a regular and an ad hoc basis;
- External assurance is received through internal and external audits and reports from brokers and advisers; and
- Specific training for existing Directors and induction for new Directors as set out in the Corporate governance report.

Engaging with our stakeholders is very much a part of our ethos as it strengthens our relationships and helps us to make better business decisions to enable us to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of customers, suppliers and shareholders' insights into the issues that matter most to them and our business. The below table outlines how we consider these stakeholders and how we engage with them:

Stakeholder	Why we engage	How we engage and outcomes
Consumers	We aim to be at the forefront of providing the best consumer outcomes.	• The quality of consumer outcomes has always been central to MAB's culture, and the implementation of the Consumer Duty has seen us further strengthen our focus and processes in this area. • Our enhanced focus on consumer outcomes encompasses the four pillars of Consumer Duty: (a) products and services; (b) price and value; (c) consumer understanding; and (d) consumer support; with an additional important pillar we decided to add relating to customer vulnerability. • Our digital solutions continue to improve, thus enhancing consumers' choice of how they want to transact, whilst giving our ARs the tools to improve their productivity. • Customer feedback is a core component in our strategy to ensure consumers receive a first-class experience. We continue to monitor the feedback on the service our advisers provide via the online review company Feefo, which has remained at a strong 4.9 (out of 5) throughout the year. • Our website has seen a complete overhaul in 2023 and we have significantly enhanced its content and tools offering with a view to providing consumers with a host of useful information relating to mortgages, sustainable living, first time buying and various other related topics. • We engage with customers via various surveys to better understand any concerns they may have and help shape our strategies, for instance in relation to the changing buy-to-let landscape and legislation around minimum EPC ratings.

Stakeholder	Why we engage	How we engage and outcomes
Appointed Representatives	Maintaining an active dialogue and supporting our AR partners is key to our business.	• We use a collaborative approach in operational matters such as setting goals and objectives and hold regular review meetings with each AR firm. We also work with specialist ARs and providers to explore new ideas and growing markets. • We have continued to broaden our Learning & Development offering to support our advisers' professional development. This included the organisation of specific roadshow events as well as regular adviser "clinics" at which knowhow and supervision matters are discussed; including the launch of our new interactive Masterclasses. • To support the implementation of the FCA's Consumer Duty, we carried out a review of our processes and policies, to ensure they were aligned with the new principle. Through our ongoing programme of training and support, we provide ongoing guidance to AR firms to help them meet their obligations and to ensure good customer outcomes. • We strengthened our Academy adviser induction processes to offer a flexible environment of self-learning with daily trainer interaction discussion-led webinars, activities and case studies. Our onboarding journeys for advisers have been accredited by the Princess Royal Training Awards for the content, feedback and results they have garnered. • We have replaced our communication platform "MABChat" with a more intuitive and flexible system ("Tribe") which allows us to increase our reach and better tailor content to multiple audiences across all marketing channels. • We continued to improve the technology platform at the core of our business, based on the feedback of our ARs and advisers and trends in the market.

Stakeholder	Why we engage	How we engage and outcomes
		• As in the previous year, we issued an adviser-facing green survey to identify any material changes in consumer attitudes toward green mortgages and the energy efficiency of properties, whilst also establishing potential knowledge gaps amongst our adviser community.
Suppliers	Strong and sustainable relationships with our suppliers and providers are fundamental to our long-term success. Similarly, disciplined procurement practices encourage better relationships and greater efficiencies.	• We hold regular roundtable events with our product providers and lead partners where topics such as business process improvements are discussed as a group. • Building on the implementation of standardised procurement processes in 2022, we expanded our team in 2023 in order to bring sourcing under central control, as well as strengthen our supply chain governance. • In 2023 we also enhanced our supplier code of conduct and procurement policies further with added emphasis on environmental matters when procuring goods and services.
Shareholders	As owners of the Group, we rely on our shareholders' support and their opinions are important to us.	• We have an open dialogue with our shareholders through one-to-one meetings, group meetings and the AGM. Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook, governance, environmental, social and ethical practices. • Shareholder feedback along with details of movements in our shareholder base are regularly reported to and discussed by the Board and their views are considered as part of decision-making. • We provide detailed financial reports and presentations on the business at the half year and full year.

Stakeholder	Why we engage	How we engage and outcomes
Employees	Our employees are our most valuable asset. Their immense knowledge, skills and experience are key to our success and are vital to ensuring we maintain the high standards of customer service.	• We focus on creating a working environment in which people thrive and where our core values are communicated effectively and upheld. We believe that a positively engaged workforce is one that is more productive, happier and fulfilled, which in turns leads to improved performance, greater customer satisfaction and reduced employee attrition. • In 2023 we strengthened our People Team through the onboarding of a dedicated Head of Employee Engagement and Development, as well as an Internal Communications Manager. • We launched a new internal communications platform, Chatter, which gives us added control over published content and allows us to better engage with our colleagues via multiple channels. "Chatter" also provides employees with Health and Wellbeing related content as well as discounts on numerous products. • We created and launched our new Performance Excellence Framework, a standardised methodology to evaluate the performance of our colleagues taking into account the MABology DNA behaviours. • 2023 also saw us increase focus on Diversity, Equity and Inclusion, with a number of employees coming together to form a new DEI affinity group 'U'Nity'. • We continued to uphold our regular internal communication events including "MABFest" and "Friday Joy". • We started to introduce ESG-specific responsibilities and objectives as part of job descriptions and performance reviews, starting with the senior management team. • As in previous years, we surveyed our colleagues twice to capture any changes in relation to employee satisfaction, sentiment and engagement.

Stakeholder	Why we engage	How we engage and outcomes
Communities	An important component of being a good corporate citizen is to recognise the role we can play in supporting the communities around us and implementing initiatives to do so.	• We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include: - how we can support local causes and issues, create opportunities to recruit and develop local people; and - partnering with local charities and organisations at an individual office level to raise awareness and funds. • We are proud of the positive impact of our charity, The Mortgage Advice Bureau Foundation ("Foundation"). The Foundation supports charitable projects that create awareness amongst MAB stakeholders of the growing needs of their local communities. • The impact of decisions on the environment both locally and nationally is considered, and comprises a notable focus as part of our wider ESG related activity. • In 2023, 16% of MAB employees took advantage of our volunteering policy and gave some of their time to volunteer.

Stakeholder	Why we engage	How we engage and outcomes
The Government and regulators	The evolving regulatory landscape has a direct and material impact on the day-to-day operation of our business.	• We engage with the Government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. • We have dedicated specialist Legal, Compliance and Risk experts with many decades of combined experience who are focussed on ensuring we meet our regulatory obligations. Most recent examples include: - enhancing the policies and process relating to Appointed Representative oversight, as expected of us by the FCA; and - Reviewing and strengthening our policies and processes as part of the implementation of the Consumer Duty.

Further information on the ways in which the Board engages with stakeholders is set out in the Strategic Report on pages 43 to 48, in the Directors' report on pages 84 and 85 and in the Corporate governance report on pages 96 and 97.

Case Study: Mortgage PA

What Attracted you to MAB?

When I first met with MAB, I was really impressed with the plans that they had for our business, as they had already done some research on our business before we even spoke. Within an hour or so we had a clear vision for our business and understood what we needed to do to hit our goals. Joining MAB has been like rocket fuel for our business.

The support that you get in terms of business consultancy, lead generation, engagement with introducers and technology is really helping us to take our business forward, even if you are not yet a business of a certain size, like with other networks.

What's your experience being part of the MAB Network?

Our experience is that MAB are very organised but also very much like a family. So any time that we have a question or query on what we need as a business, whether it's to do with marketing, technology, compliance or recruitment, there is always someone at the end of the phone – and if they don't know the answer, they know the person who to go to.

They very much want to support and have helped us to develop a solid direction for our business. MAB is very good with technology and continuously invest in developing their tech to stay ahead of the game.

How has MAB helped you with Consumer Duty?

Even when Consumer Duty was only being talked about, MAB was already enhancing its systems and processes to make sure that good customer outcomes continued to be central in what we do. This work meant MAB was prepared and aligned with the FCA's requirements in most areas and the small changes required meant we didn't actually feel like we had to significantly change what we are doing from one day to another in order to meet the Consumer Duty. From the lead up to implementation of the Duty until now, the team have been fantastic at keeping us informed about the latest developments, making sure that we are helping our customers every step of the way.

Why should other businesses join MAB?

Other businesses should join MAB because in a market that is constantly changing, one should work with a business that's got a proven track record of capturing opportunities, managing growth, and responding to challenges.

MAB always want to help you be as successful as possible. If you're an ambitious business that wants to grow, then this is definitely the right place to be. MAB is very entrepreneurial and always looking at new ways to generate new leads, income streams and ways to help you grow your business.

If you need an expert on a particular subject, then there's always someone that you can call to ask for that support and some guidance.

What tools have helped you generate more leads?

Tools and technology are definitely areas where MAB excels. They spend a lot of time on their technology and that really supports our business, whether that's the Home Buying App which has allowed us to recruit and acquire new clients very early on in their research and looking at their options; or Platform, which has allowed us to ingest those clients as they've come back and started looking into their options, through to the Mortgage Monitoring system which gives our clients regular updates on a monthly basis around the value of their property, their options with their mortgage and booking a call with one of our advisers. It's been absolutely brilliant. Our clients feel really well supported and I think it's what sets us apart from all the businesses that are our competitors.


The Group is now within scope of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 ("CRFD"). Such disclosures on how climate change will affect businesses are intended to assist investors and wider stakeholders in understanding how climate-related financial risks are managed.

The Board supports this regulation and the TCFD framework, and has prepared the Group's CRFD disclosures to a level of detail that are reflective of the nature of its business.

The Group's disclosures address the following four pillars:

Governance

The Group views climate-related risks and opportunities as growing in importance. The Board is ultimately responsible for the oversight and compliance with all applicable laws, together with assessment of the impact of climate change on risk to the organisation in line with its reporting obligations.

During 2023 MAB's Sustainability Committee was established to promote all related activities of the Group and ensure appropriate governance. The Sustainability Committee has taken a lead role in assessing the climate-related risks the Group faces, as well as implementing strategic initiatives to mitigate such risks and meet the evolving expectations of our customers and partners.

The Sustainability Committee members includes the following members:

- Head of ESG (Chair)
- Deputy Chief Executive Officer
- Chief Financial Officer
- Chief Risk Officer
- Head of Legal (Deputy Chair)
- Company Secretary
- Chief People Officer
- Financial Accountant

The Sustainability Committee's scope and responsibilities include:

- Identifying and disseminating MAB's Sustainability Goals across the Group
- Developing and implementing the Project Plan(s) for achieving these Goals and related activities ('ESG improvement plan'), including capturing the actions for reporting on the same
- Documenting the corresponding decision making and governance steps in pursuit of the Goals
- Ensuring that risks (including climate-related) and vulnerabilities in achieving the Goals are identified, managed and mitigated across the Group
- Ensuring the efficient removal of any obstructions throughout the implementation of goals and actions
- Giving regard to the consequences of any decision in the long term
- Considering in full the need to maintain a reputation for high standards of business conduct at all times

In terms of CRFD, the Committee reports into: (i) the Group's Audit Committee, and (ii) the Board, whilst also ensuring that significant risks are appropriately disseminated as part of the Group's Risk Management Framework including the Risk and Compliance Committee (RCC) and the Group Risk Committee (GRC). ESG more generally has now been integrated into board discussions as a standing agenda item for its meetings.

Sustainability-related risk management and strategy

The Sustainability Committee is kept abreast of all legal and regulatory developments in connection with ESG and climate-related issues, including actions and reporting obligations via our dedicated In-House legal function, and with support of our external advisers and know-how tools. Other key colleagues also garner intelligence in relation to industry specific political and economic considerations through active collaboration in relevant external forums, such as MCAG ('Mortgage Climate Action Group'), an initiative by the Association of Mortgage Intermediaries which aims to help and shape how intermediaries can support the transition to a net zero economy.

We have ensured that climate-related risks have been identified, assessed and quantified in consultation with colleagues from the Operational Risk function, members of the Sustainability Committee and the Finance team through continuous interaction as well as dedicated scenario analysis workshops with all business functions. The tracking of climate-related risks is fully integrated into the Group's risk management function and processes, supported by the TriLine Governance, Risk and Compliance software which is used across the Group. This allows us to monitor the impact and likelihood of risk events that could materialise and affect the delivery of the Group's strategic goals, to ensure that mitigation strategies for any risks deemed material are implemented quickly and consistently.

The output of our climate-related risk assessment incorporates the common risk methodology of correlating both the likelihood and impact of a risk materialising that applies to all aspects of the Group's risk protocols.

For MAB, the key climate-related risks and opportunities are predominantly driven by sector-related considerations, such as climate-related impact on properties in the UK, government guidelines and legislation regarding the energy efficiency of housing and considerations relating to the value of such assets. Furthermore, we recognise that our supply chain plays an important role in ensuring the seamless operation of our business, including, but not limited to, our technology partners.

To the extent that certain climate-related physical risks could materialise at the Group's operational locations, appropriate mitigation measures are in place. All sites are regularly monitored to ensure they are optimally utilised and increasingly efficient (to the extent possible) from an energy consumption and waste perspective.

In terms of transitional risks, the Group has dedicated teams focused on interacting with key lenders and other stakeholders with a common interest in evolving financial services to support consumers as they, and their homes, face the challenges that climate events may cause.

The Board has not identified any climate-related scenarios that are expected to materially impact the financial position, or resilience, of the Group. Via the Sustainability Committee, the Group will continue to monitor all relevant risks and scenarios.

Metrics and targets

Given the nature of the business, we consider that there are very limited metrics or targets that reflect the climate-related risks that the Group may face, other than physical risks in connection with its footprint from an operating locations perspective. Those risks are appropriately tracked, and the extent of the Group's emissions are set out in this report.

It is, however, anticipated that the Group may start to monitor the emissions and energy performance of the properties of customers it has advised with a view to understanding the extent of this collective impact more fully, and informing the Group's strategy in supporting such customers in the future.

Climate risk assessment – scenario analysis

During 2023 we carefully scrutinised our practices across the Group, as well as reflected on our interactions with customers, lenders, providers and other parties we engage with, to assess the potential impacts of certain climate-related scenarios occurring.

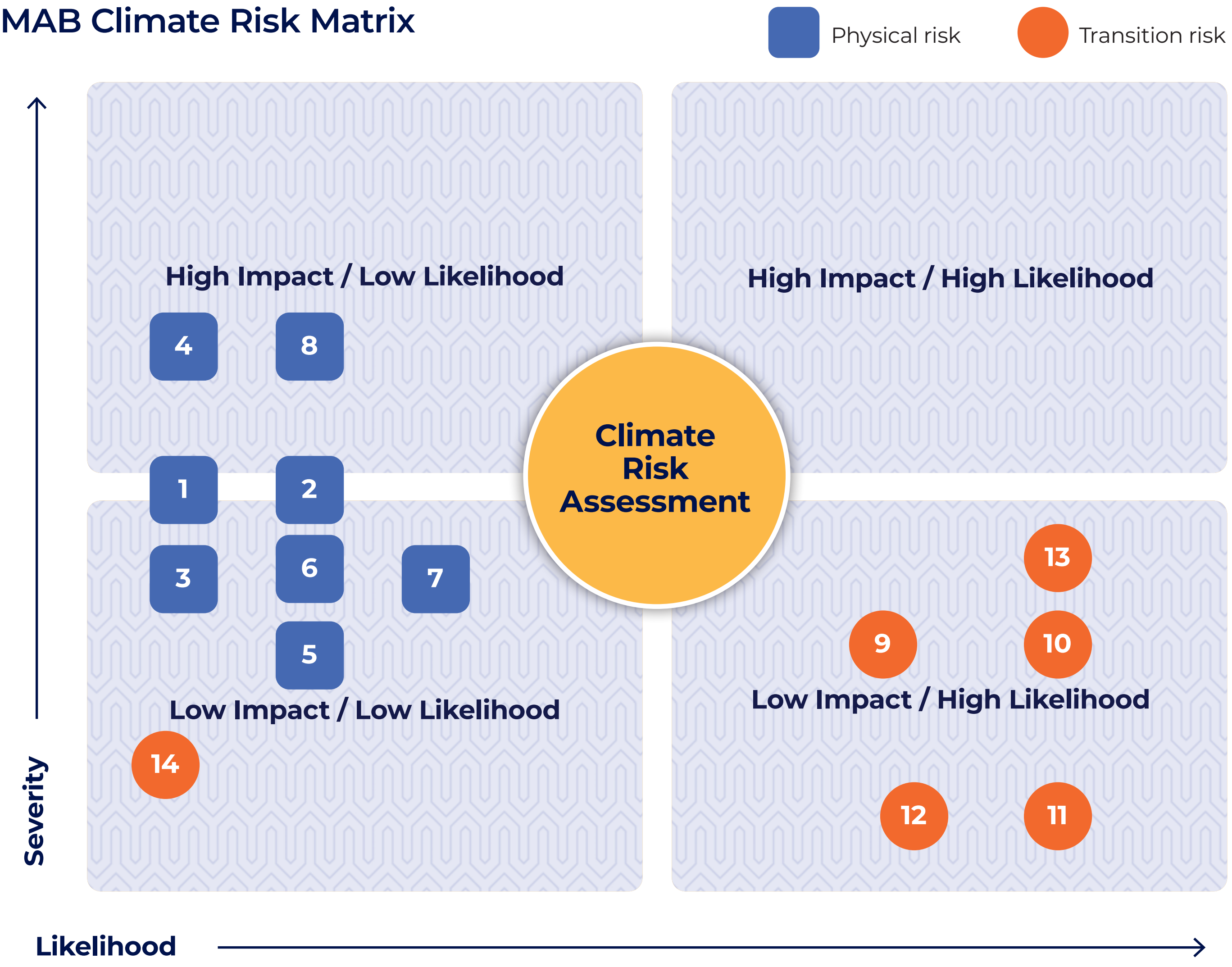
This Group-wide initiative was undertaken in conjunction with our Risk team, the Sustainability Committee, and key colleagues from our Finance, Operations, Sales, and Technology teams.

Our analysis (as summarised in the matrix below) has factored in those tangible 'physical' aspects as well as strategic 'transition' elements – all of which may present certain risks or opportunities.

Primarily, we have considered the scenario of global temperatures rising by up to 2 degrees, as well as the potential resulting events, and the Government strategies and policies towards carbon neutrality that may derive from this, e.g.:

- Changes to frequency and severity of extreme weather events, including (but not limited to) droughts and storms;
- Certain geographic locations being compromised, e.g., via sea-levels rising, coastal erosion, fluvial floods;
- Government, market, and technology shifts; and
- Other changes to expectations of us as a business.

MAB Climate Risk Matrix



No	Risk	No	Risk
1	Facilities - owned	8	Susceptible to failures of utilities providers (telecom & electricity)
2	Facilities - leased	9	Our AR's limited knowledge of green mortgage solutions impacting their ability to provide comprehensive advice
3	Employees (in case of office shut down)	10	Failing to adjust to changing market demands driven by climate change
4	Technology & solution infrastructure (including external suppliers)	11	Lenders not wanting to finance certain properties
5	Contents - buildings	12	Insurances increasing for at risk properties (Specific insurance products)
6	Employees living in areas prone to climate change related events	13	Lack of product availability to finance upgrade works that improve the environmental credentials of properties
7	Customer assets at risk from damage due to climate events	14	Lenders moving to net zero models – MAB not proactively meeting new standards (expected of an intermediary)

Physical Risks

Physical climate risk describes the potential for physical damage and financial losses because of increased exposure to climate hazards.

Given the geographic locations of the Group's operations, acute risks of climate change (flooding, storms etc.) have to date had no impact on financial performance. No chronic (longer term) risks are considered to be relevant.

Given the locations of the offices of our subsidiaries, there is limited risk that these will be exposed to climate-related incidents, such as flooding or subsidence issues. We did assess the impact of possible damage to our physical operations (both owned and leased premises) due to the climate, and whilst it could be costly to repair any damage to our offices, appropriate insurance policies are in place.

A business continuity plan is in place, including a switch to remote working for office-based staff, should our physical infrastructure be compromised. Having completed the cloud migration of our most critical IT infrastructure throughout 2023, we have effectively reduced the risk of an adverse impact resulting from climate-related events to our day-to-day operations further.

In terms of the harm that customers and their properties may face, we do not believe that this will have a direct material impact on the Group's financial position in the short or medium term. However, we are, of course, extremely sensitive to the difficulties such events could cause, and are working on strategies to help mitigate the impact of the UK housing stock on the environment.

Transition Risks

Transition risks result from the relative uncertainty created by the global shift towards a more sustainable, net-zero economy. Transition risks are very broad in nature and can be difficult to quantify or model. Regulatory, geopolitical, and even social pressures may create material impacts on the operations of a business, its reputation, and the value of its assets, amongst other things.

UK homes are responsible for a notable proportion (up to 26%) of emissions. We therefore believe it is imperative for organisations in our industry to actively promote the decarbonisation of the UK housing stock to contribute to achieving the government's 2050 net zero ambitions.

It is critical that our advisers are fully aware and equipped to provide our customers with financial advice that enables them to implement appropriate solutions. We continue to develop our Learning & Development resources with this in mind and work closely with a variety of industry partners in raising awareness of the essential role the housing sector can have in achieving net zero targets.

It is too early to have a view on the impact on the Group of any possible material lenders' responses to climate-related risks to their assets and operations, but it is anticipated that this could have a marginal impact on the Group's finances, for instance where there may be a failure to evolve an adequate product and service offering for those assets that may be most at risk.

We are fully aware of the need to consider the goals that lenders and other providers are setting for themselves and keep closely in touch with them in order to allow us to respond to changing expectations. In 2023 we commissioned further work with our ESG consultants to gain a more detailed understanding of our carbon footprint to guide us in setting credible carbon reduction targets.

With regards to transition risk, we currently do not perceive there to be expectations to change our current business model. Furthermore, we recognise that with rising temperatures causing potential damage to insured customer assets, we may be presented with additional commercial opportunities for our insurance related businesses.

Summary

To date, no climate-related risks have been identified as potentially having a material financial impact on the Group in the short to medium-term (i.e., up to 5 years).

In our role as an intermediary, we believe that it is premature to try and assess further impacts to the Group in the longer term, as they will primarily be a consequence of the decisions by lenders and other providers in the context of evolving government policy, technological advancements, and the wider socio-economic changes.

In the longer term, given our close working relationships with lenders and providers, we believe that the Group is well placed to align with such partners in developing products and solutions that can support customers in tackling any effect that climate change may have on their homes.

Furthermore, we are committed to the decarbonisation of UK housing stock and this may be another critical factor that will help us retain a competitive advantage.

No significant climate-related transactions have occurred during 2023. We confirm that neither MAB nor any member of the Group, has been subject to any corruption or ESG-related controversies, or enforcement action/sanctioning (or equivalent scrutiny), in connection with its operating practices.

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's policy on Streamlined Energy and Carbon Reporting, requiring disclosure of the environmental performance of the Group's assets through calculating the Group's greenhouse gas ("GHG") emissions and subsequently, setting strategies to minimise these emissions. The following information summarises the Group's environmental performance over the year.

Methodology

GHG emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption data has been collated and converted into CO_2 equivalent. To collect consumption data, the Group has reviewed utility invoicing and its staff expense software to track business mileage in employee vehicles. We have used the UK Government's 2023 GHG Conversion Factors for Company Reporting in order to calculate emissions from corresponding activity data.

Our analysis includes the data collected for MAB and other Group subsidiaries: First Mortgage, Fluent and Vita. Auxilium only has two employees and is considered to have minimal impact. As at 31 December 2023, MAB owned 80% of First Mortgage, 84% of Fluent, and 75% of Vita, but we have factored in 100% of the Scope 1, Scope 2, and Scope 3 emissions for these subsidiaries.

We have calculated energy intensity in tCO_2e per employee per year using the average number of employees during the year. We consider this to be a good indicator of the scale of the business and our energy intensity.

As part of the data collection, a materiality assessment was applied to determine which indicators were relevant to the Group. We have assessed each indicator in terms of its impact on the Group and its perceived importance to stakeholders.

This year, we have reported our scope 2 electricity emissions both using a location-based approach, i.e. based on grid average emissions factors, and a market-based approach. Market-based emissions allow for a reduced emission figure where, for example, a renewable energy tariff is used. At MAB we took action to switch electricity suppliers to be powered by 100% renewable electricity at our head office as well as all the First Mortgage offices. We intend for Fluent to follow suit as soon as its existing energy contract ends. As part of the overall refurbishment of our Head Office in 2022, we also moved from dual fuel to a new single fuel high-efficiency Variable Refrigerant system. This significant investment ensures we can best leverage our switch to 100% renewable electricity as well as provide a more consistent and controlled temperature throughout the building. As such, we believe that a market-based approach is a more relevant indicator of the Group's carbon intensity.

Reporting boundaries and limitations

The GHG sources that constitute our operational boundary for the reporting period are:

- Scope 1: Natural gas combustion within boilers. MAB does not provide any company cars;
- Scope 2: Purchased electricity consumption for our own use; and
- Scope 3: Fuel consumption from employee-owned cars for business use.

Fuel connected with employee train and plane travel for business use has been excluded as amounts are likely to be immaterial and we consider it impractical to make estimations. Water usage has also been excluded as amounts are also likely to be immaterial. Fugitive gases from office air conditioning are also considered immaterial. We have estimated Scope 3 emissions based on the split of Diesel vs. Petrol cars in the UK.

Performance

The table below shows our Scope 1, 2 and 3 emissions for 2023 and 2022 on both a market basis and location basis.

Energy consumption and associated GHG emissions (tCO_2e)		MARKET BASIS 2022	MARKET BASIS 2023	MARKET BASIS Change	LOCATION BASIS 2022	LOCATION BASIS 2023	LOCATION BASIS Change
Scope 1	Fuel consumption (gas office heating) (kWh)	692,986	495,556	-28%	692,986	495,556	-28%
	Associated GHG (tCO_2e)	126	91	-28%	126	91	-28%
Scope 2	Electricity consumption (office electricity) (kWh)	742,817	869,352	17%	742,817	869,352	17%
	Associated GHG (tCO_2e)	128	141	10%	144	180	25%
	Total Scope 1 & 2 emissions	255	232	-9%	270	271	0%
Total Scope 1 and Scope 2	**In kWh**	**1,435,803**	**1,364,908**	**-5%**	**1,435,803**	**1,364,908**	**-5%**
	In tCO_2e	**255**	**232**	**-9%**	**270**	**271**	**0%**
	Scope 1 and 2 intensity (tCO_2e/ employee/ yr)	**0.26**	**0.23**	**-11%**	**0.27**	**0.27**	**-2%**
Scope 3	Fuel consumption (own cars for business use) (miles)	450,662	546,827	21%	450,662	546,827	21%
	Fuel consumption (own cars for business use) (kWh)	549,699	661,206	20%	549,699	661,206	20%
	Associated GHG (tCO_2e)	134	158	18%	134	158	18%
	Fuel consumption Scope 3 emissions	134	158	18%	134	158	18%
	Scope 3 emissions intensity (tCO_2e/employee/yr)	0.14	0.16	16%	0.14	0.16	16%
Average employees	Including subsidiaries First Mortgage, Fluent and Vita	983	1,001	2%	983	1,001	2%

Overall, our Scope 1 and Scope 2 emissions in kWh reduced by 5%, which is due to efficiency measures implemented at Head Office as part of the major refurbishment that took place in Q4 2022, including upgrading to a new highly efficient heating and ventilation system. In equivalent tonnes of CO_2, our location-based emissions were flat year-on-year due to a 7% adverse movement in the UK Government's 2023 GHG Conversion Factor for UK electricity. Taking into account the supply of 100% renewable electricity at Head Office and First Mortgage, our market-based Scope 1 and Scope 2 emissions in tCO_2e decreased by 9%, and by 11% on a per employee basis. This follows a 17% reduction year-on-year in 2022.

In terms of fuel consumption for business use, our emissions increased by 18% compared to 2022, or 16% on a per employee basis. This is due to our employees increasingly returning to more face-to-face meetings and pre-coronavirus pandemic ways of working.

Sustainability is embedded into our core values and we have taken a number of steps to reduce our impact on the environment. These are detailed later in the Environmental, Social and Governance section on pages 77 and 78.

We continue to investigate new strategies to make our business more sustainable and through collaboration with all our stakeholders we expect to make further positive steps in this regard in 2024.

The Board recognises the need to ensure that we are a responsible business that grows sustainably and makes a positive contribution to all its stakeholders – our customers, shareholders, employees, suppliers, and the local communities in which we operate.

At MAB we firmly believe that strengthening our positive impact on society will also help us become a better company, with a more engaged workforce and sustainable competitive advantage. ESG remains a priority for MAB and in 2023 we continued to increase our investment in this area. We appointed a new Head of ESG to drive the implementation of our improvement plan across all business functions and continued to work with our ESG consultants to ensure ESG is an integral part of what we do and is embedded within our broader Group strategy.

In 2022, we elected to base our roadmap for ESG improvements on the B-Corp framework. B-Corp is a widely recognised framework to assess a company's social and environmental performance. Whilst we do not seek to achieve B-Corp certification at present, the B-Corp framework delivers best practices with regards to demonstrating accountability for an organisation's impact on the environment, the economy and people, and we aim to leverage it to improve our performance across five impact areas:

- Employees;
- Community engagement;
- Environment;
- Customers; and,
- Governance.

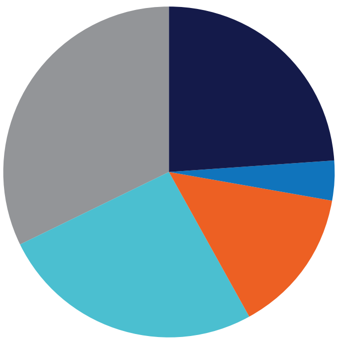
Our ESG roadmap set out 71 individual improvement actions, a number of which are described in detail in the following pages under the headings (i) Employee wellbeing, diversity, equity and inclusion ("DEI"); (ii) Community engagement and charitable activities; and (iii) Minimising our impact on the environment.

The table below sets out a summary of some of the key areas we have progressed throughout the year under ESG.

Employees	• Significantly strengthened our internal Learning and Development offering • Improved our employee engagement methods by hiring an Internal Communications Manager and introducing a new engagement platform • Strengthened our internal policies including maternity leave, flexible working, and in relation to menopause, neurodiversity and bereavement • Launched an Employee DEI group to help us devise our long-term strategy in this area, *MAB U'Nity* • Introduced Pex, a new Performance Excellence and review process
Community	• Improved our volunteering policy • Formalised our financial commitment to the MAB Foundation • Established a process that allows us to donate our decommissioned IT equipment to charity

Environment	• Introduced new supplier policies and enhanced our supplier code of conduct to ensure environmental stewardship throughout the supply chain • Further reduced our carbon intensity due to the installation of a highly efficient single fuel heating and ventilation system at Head Office in late 2022 • Actively promoted the role of retrofit in helping to decarbonise the UK housing stock
Governance	• Incorporated social and environmental impact in our mission statement and vision • Created a Sustainability Committee which reports into the Audit Committee, and feeds into the Group Risk Committee. • Successfully implemented the Consumer Duty into our operations • Added ESG as a standing agenda item to Board meetings • Introduced ESG related objectives to senior management roles • Linked senior management remuneration to ESG performance
Customers	• Strengthened the content on our Green Hub in relation to sustainable living and the role of housing in climate change • Continued to achieve outstanding customer satisfaction ratings of 4.9 (out of 5) from over 25,000 reviews on Feefo, resulting in us being awarded with the "Platinum Trusted Service" and "Exceptional Service" awards • Introduced a new communications platform "Tribe" to enhance the way we communicate with our ARs and advisers

We progressed the majority of the identified 71 actions, with a broad spread across all categories:



Progressed actions by impact area	
Community	24%
Customers	4%
Environment	14%
Governance	26%
Employees	32%

Employee wellbeing, diversity, equity and inclusion

■ Employee wellbeing (financial, emotional and physical)

Our employees are our most valuable asset. Their immense knowledge, skills and experience are key to our success in delivering our business plan and are vital to ensuring we maintain the high standards of customer service and satisfaction which underpin the provision of quality advice. We focus on creating a working environment in which our diverse team can thrive and where our core values are communicated effectively and upheld. We believe that a positively engaged workforce is one that is more productive, happier and fulfilled, which in turns leads to improved performance, greater customer satisfaction and reduced employee attrition.

In January 2023 we were delighted to re-open our newly refurbished headquarters. Employee wellbeing and Diversity, Equity and Inclusion were key considerations during the design phase of this project. We gathered extensive feedback from our employees to understand their diverse requirements. We now have a state-of-the-art office space that caters for hybrid working and offers a wide range of working environments with collaborative spaces, pods and booths, and quiet zones, as well as fixed desking and agile seating so all employees have the option to work in an environment that suits their needs. This has proved to be an enormous success.

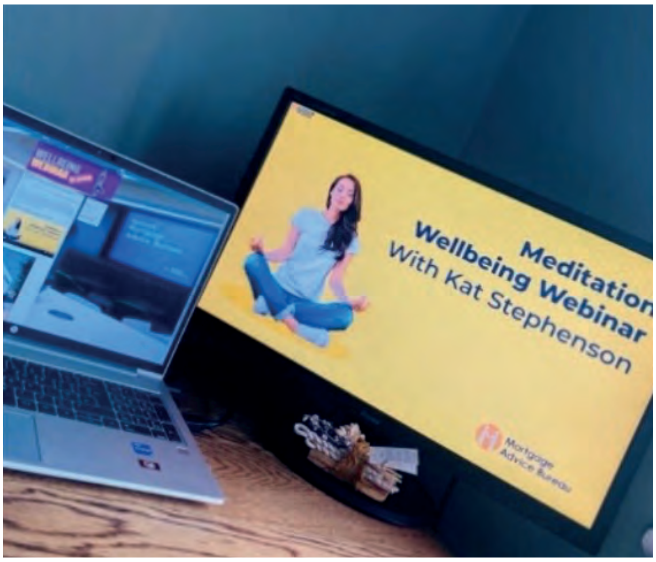
We have now added a designated wellbeing room, which is available for employees to use when they require a moment away from their work or for employees to participate in prayer. The room is also stocked with a range of items to support employees – yoga mats, fans, cold water and a resource library containing information from various health and wellbeing organisations, as well as books on a range of relevant wellbeing topics.

As in previous years, we ran a comprehensive programme of events and awareness campaigns throughout the year to promote a healthy lifestyle, incorporating physical, mental and financial wellbeing. We offered support to our employees on a wide range of topics, via both online and in-person events. We celebrated Employee Appreciation Day with an early finish and letter box brownies in recognition of everyone's hard work.

Once again, we partnered with a number of charities to bring their expertise inhouse, marking occasions such as Mind's 'Time to Talk Day' in the Hub; hosting a cardiopulmonary resuscitation (CPR) training session with British Heart Foundation; raising awareness during Men's Health Week with Prostate Cancer UK, and of course, everyone's favourite the Great MAB Bake Off for MacMillan Cancer Care.

In October, we celebrated Menopause Awareness Month with the publication of a Menopause Support Policy, for those experiencing peri-menopausal or menopausal symptoms. We ran an internal awareness campaign and organised training for ten Menopause Champions, who are now available to support and signpost employees that need help.

The mental health of our workforce continued to be a key focus for us this year. As well as the internal awareness campaigns, our team of Mental Health First Aiders held a number of drop-in sessions in our wellbeing room, and we rolled out our Employee Assistance Programme, which includes a 24/7 telephone and text helpline, to our Appointed Representative network.



In addition to this, we introduced a policy offering support to those with additional learning needs, alongside a Neurodiversity Policy to support our neurodivergent colleagues and offer guidance to their managers. We also updated our Bereavement and Compassionate Leave Policy, to offer employees up to days paid leave, to ensure they are taking the time they need to grieve and process events.

2023 was a difficult year financially for many, so we ran sessions to support our employees, including a financial education webinar with AAG Wealth Management; a first-time buyer's clinic; a mortgage advice surgery; and internal benefits webinars.

We also brought forward the December and January pay dates to help employees manage their expenses around the end of year season.

One important project in 2023 was the introduction of our new intranet platform, Chatter. As well as a tool for engaging and communicating with employees, the site contains a discounts platform to help with the cost of living and a dedicated wellbeing area that offers online exercise classes, healthy recipes and general wellbeing advice.

To best leverage the new platform, our People team also recruited an Internal Communications Manager who is responsible for all communications across the business, ensuring a coherent approach to how we communicate and maximise employee engagement. The introduction of Chatter has been a great success and has made a significant difference to how we communicate as a business.

Recognising the importance of maintaining a healthy work life balance, we continued to offer a hybrid working approach in 2023, and updated our Flexible Working Policy to introduce the concept of "core hours", which enables employees to flex their start and finish times to suit their personal preferences and priorities.

Diversity, Equity and Inclusion (DEI)

MAB is committed to the principle of equal opportunity in employment, regardless of a person's race, creed, colour, nationality, gender, age, marital status, sexual orientation, religion or disability. Employment policies are written in gender neutral language and are fair, equitable and consistent with the skills and abilities of employees and the needs of the business. All of our job advertisements have been updated to reflect this approach to DEI, and we encourage applicants from a diverse talent pool to apply.

Following the launch of our "MABology" in April 2021, we have been working hard to embed the Mission, Vision and DNA behaviours into everything we do at MAB. This has helped us create the foundations of a diverse and inclusive working environment, by encouraging employees to take pride in who they are, celebrate the uniqueness of others and to be open and honest. In 2023 we continued to promote the MABology values through our Team Based Embedding initiative, a series of events which provided the opportunity for MAB teams to fully immerse themselves into the MAB DNA and underpinning behaviours – all aimed at breaking down silos and creating high performing teams. Over 180 colleagues attended a Team Based Embedding event in 2023, with further sessions planned for 2024.

BE AWESOME

DELIVER WOW

BREAK THE MOULD

SEE THINGS THROUGH

USE YOUR VOICE

SHARE THE LOVE

Chatter is a great tool for communication, and I like that the tv's scattered around the offices communicate new and upcoming people/events etc.

Employee Engagement Survey (October 2023)

We've made so much great progress this year on how we communicate. With the launch of Chatter, we're now in a great place to spread the word and communicate across the business to a greater degree than we've done yet

Employee Engagement Survey (October 2023)

Throughout 2023 we continued to seek regular feedback from our workforce and conduct regular Employee Engagement Surveys. For the first time, we included DEI specific questions in our most recent survey. 88% of respondents agreed that they had a good understanding of DEI and 73% believed that MAB was committed to promoting it.

Over the last 12 months we focussed on reviewing our policies, processes and initiatives through a DEI lens. To support working parents, we increased our paid Maternity, Paternity, Adoption and Shared Parental Leave offering by two weeks. We also introduced two paid "guilt free days" for parents returning from Family Leave, to enable them to better manage the transition back to work.

We continue to advertise all our vacancies internally, making use of the additional communication tools now available to us and have simplified the internal application process to encourage more internal applicants. We are pleased with the impact this is having and last year we saw 20% of new Head Office roles filled via internal applicants.

In 2023 we also set up a new initiative, *MAB U'Nity*, which encompasses a diverse group of 20 with the objective of furthering MAB's DEI agenda, and fostering a workplace culture that celebrates diversity, ensures equality and promotes inclusion. This will be achieved by breaking down barriers, championing fair treatment for all and embracing diversity.

Based on feedback from our employees, we continued to offer a mixture of virtual and in person social events, to ensure that everyone feels included. We continued to foster employee connections through a range of social events such as Coffee Roulette, online quizzes and onsite events at our head office. As MAB continues to grow, and particularly in a hybrid/remote set up, it is paramount to maintain an environment where employees are encouraged to meet, interact and share ideas and knowledge with each other.

Learning and Development ("L&D")

The Group is committed to developing its employees to enhance our capacity to deliver sustainable growth and maximise workforce engagement and employee retention.

In 2023, our new L&D initiatives included a new approach to our induction programme for new starters or those employees that are returning from long-term leave. Our new Induction Day kicks off with a tour of our head office, followed by a series of briefings including on the Group's history, its Mission, Vision and DNA, and our wellbeing programme. It also includes an interactive quiz as well as an introduction to our ESG programme. 60 new colleagues attended the Induction Day throughout 2023, with the initiative achieving an overall satisfaction rate of 4.7 / 5.0.

"The induction at MAB is one of the best that I have been involved with throughout my working career. When we were introduced to the MAB Vision and DNA it all made complete sense and was something that I have experienced in my day-to-day working here. I know more about some people here than I did some of my colleagues at my previous employment where I had worked for 13 years. So, thank you to everyone for making me feel so welcome and part of the MAB family" - ***Emma Scarborough (Network Marketing)***

2023 saw the launch of the "Mentoring Gang", a group created to provide the opportunity for colleagues to grow and develop their career goals. We currently have 16 mentors within MAB from a variety of roles and intend to extend this further in 2024 to include professional coaching too.

Developing our internal talent remains a priority, and we pride ourselves for providing a culture that encourages both personal and professional growth. Throughout 2023 there were 43 internal promotions at MAB. Our Learn to Lead programme remains popular. Consisting of a wide range of topics from effective communication to conflict resolution and emotional intelligence to DEI, this internally designed programme is an important means for us to develop talent. Nine aspiring leaders graduated in 2023.

Feedback includes:

"I really loved my experience of the Learn to Lead programme. Not only does it cover some key topics for anyone wishing to develop into a leadership position, but it has been very interesting to discuss these topics with people from different teams that have different experiences and perspectives." – ***Nicola Mawby (Financial Crime Analyst)***

We also have a growing number of colleagues undertaking professional qualifications through taking advantage of the Apprenticeship Levy, and have seven colleagues completing the bespoke Level 3 and Level 5 Women in Leadership Apprenticeship. These are tailored programmes which aim to enable career progression and nurture women into leadership roles and senior positions, and forms part of our strategy to empower women within MAB.

Overall, we won four awards in 2023 for our initiatives in DEI and L&D:

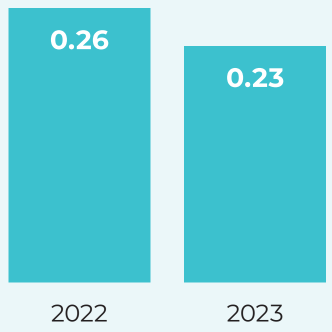
- Barclays D&I Awards – Best Inclusive Culture;
- MoneyAge Mortgage Awards - Diversity Initiative of the Year;
- Women's Leadership Association Awards - Woman in Management; and
- Money Marketing Awards – Diversity Champion.

ESG dashboard

This year we are including the first iteration of an ESG dashboard for MAB. The dashboard will no doubt improve in future years, however we have sought to incorporate the feedback received on our ESG disclosures, for instance by adding data on employee attrition.

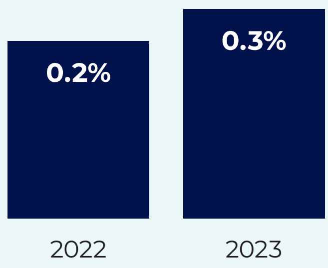
Environment

Scope 1 & 2 emissions intensity (tCO_2e/employee/year)

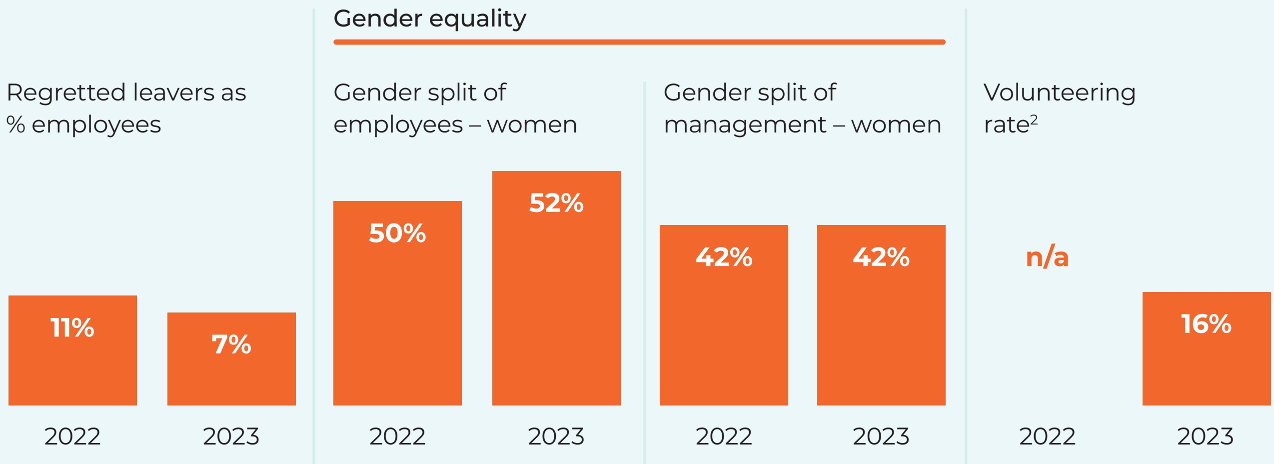


Governance

Customer complaints as a proportion of written volume



Social[1]



1 Data excludes subsidiaries FMD, Fluent, Vita and Auxilium.

2 % of employees having taken advantage of our volunteering policy. Data was only collected from 2023.

Community engagement and charitable activities

■ The Mortgage Advice Bureau Foundation

Corporate Social Responsibility is very important to the Group, and we strive to maximise our positive impact on the communities in which we operate.

Throughout 2023, MAB continued to fund and provide staffing resources to the Mortgage Advice Bureau Foundation, our grant-giving charity. Established to coordinate MAB charitable activity, the Foundation aims to create sustainable, positive change within the local communities of our staff and customers.

Issuing grants from £500 to £5,000 to local community projects the Foundation engages with MAB's employees, customers and business partners to put forward projects for consideration.

The grant giving purposes remain unchanged as the Foundation looks to support charitable activities in the three following areas:

1) Health and Wellbeing – projects that help communities address health and wellbeing issues so that everybody's quality of life can be improved.

2) Preventing and relieving poverty – projects to support communities through financial hardship and social exclusion.

3) Environmental and conservation – practical and educational projects to help communities make green choices and reduce their carbon footprint.

Funding applications are only accepted when nominated by a MAB employee, a business partner or one of our customers.

During 2023:

- the Foundation received 68 nominations for funding, completing on 13 applications which received funding from the Foundation of £47,405, and
- the Foundation helped these 13 projects raise a total of £139,149 through its partnership with Crowdfunder.

This meant that for every £1 donated by the Foundation a further £2 was raised. This is a great outcome which was achieved in part by encouraging other grant funders to support these projects, including British Airways, M&S, Sport England and Aviva.

Trustees

The Trustees responsible for the management and administering of the trust according to its purpose are:-

Name	Mortgage Advice Bureau Foundation role	Other role
Andy Frankish	Trustee and CEO	
Lucy Tilley	Trustee and Chair	Chief Financial Officer at Mortgage Advice Bureau
Peter Brodnicki	Trustee	Chief Executive Officer at Mortgage Advice Bureau
Ali Crossley	Trustee	Managing Director, Distribution at Legal and General
Esther Dijkstra	Trustee	Managing Director, Intermediaries at Lloyds Banking Group
Fabien Holler	Trustee	Company Secretary at Mortgage Advice Bureau
Ben Thompson	Trustee	Deputy Chief Executive Officer at Mortgage Advice Bureau

Tranche Funding

Throughout 2023 the Foundation reviewed its funding model and in December 2023 it moved to a tranche funding model. By making a tranche of money available for charities to apply for by a fixed end date, the Foundation Committee will be able to review a larger number of applications for funding at the same time, thus ensuring that it can apply its robust scoring criteria consistently to select the most appropriate projects, maximise funding for the best projects, and better control the funds available to the Foundation.

Award Winning

We are delighted that in November 2023 the Mortgage Advice Bureau Foundation received an industry award in recognition of its Excellence in Philanthropy and Community Service. The judges commented on how MAB had set standards for other businesses to follow in demonstrating a commitment to Corporate Social Responsibility.

Case Study: Printed by Us

Part of The Archer Project, which has a proven history of transforming the lives of the vulnerable and homeless in Sheffield and the wider region, Printed by Us is a social enterprise that employs people, in a supported environment, who have experienced homelessness or similar adversities and most need help and understanding. Printed by Us uses the craft of screen-printing to give these vulnerable people the opportunity to learn new skills, build confidence and thrive.

The Project was nominated by one of the MAB business owners in Sheffield who has long worked with The Archer Project, volunteering in their soup kitchen.

The project needed new equipment to further develop the programme and set a target of £10,000 which they achieved with the help of a £5,000 grant from the Foundation.

Case Study: Flamingo Chicks

Flamingo Chicks is a multi-award-winning charity and an inclusive community, giving disabled or ill children the opportunity to explore movement through dance. Since the coronavirus pandemic, they have experienced a surge in demand for their support.

Flamingo Chicks delivers ground-breaking, inclusive programmes designed to support disabled children and families through five core pillars:

- inclusive dance classes;
- peer-to-peer support;
- intergenerational volunteering;
- youth-led advocacy; and
- global outreach.

Flamingo Chicks was looking to raise £20,000 to increase its programme's outreach to more children and shine a spotlight on the importance of supporting disabled children's mental and physical health.

Nominated by the MAB business owners in Bristol, the project secured a £5,000 grant from the Foundation and through the Crowdfunder platform it vastly exceeded its fundraising target, raising over £34,000. This included joint grant funding from the British Airways Foundation.

Employee Volunteering

In addition to grant funding the Foundation also assists in organising volunteering days with the projects it supports. MAB gives its employees two fully paid days per year to work with charities of their choice, and the Foundation helps link up the projects that need support with employees. As well as onsite work, the Foundation also coordinates specialist support that MAB staff can carry out from their desks including help with IT, project management, content writing, marketing and social media. This helps deliver support faster and across a greater number of staff.

In 2023, we greatly increased the number of organised volunteering events, enjoying good team participation rates and great feedback from all volunteers. These events included:

- a mock interview day at a school with Making the Leap, a London-based charity that seeks to improve social mobility by raising the aspirations of, and increasing opportunities for, young people;
- helping Derby Kid's Camp turn an empty field into a huge summer camp. Derby Kid's Camp is a children's charity that provides free holidays to Derbyshire-based young people most in need of a break; and
- supporting a local children's mental health charity, Bridge the Gap, with its social media strategy and content creation.

In November 2023, a group of MAB employees spent a day volunteering at Treetops Hospice, a charity that provides nursing care and emotional support for adults and their families in Derbyshire and Nottinghamshire.

Our group of volunteers spent the day at the Treetops Hospice grounds, clearing leaves from the outdoor spaces and redecorating the internal corridors. Their hard work was rewarded with homemade cake and a tour of the brand new building used for counselling and support activities for young people and children that was recently constructed as part of DIY SOS for Children in Need.

As in previous years, one of the highlights of our volunteering calendar is helping Derby City Mission with their Christmas Gift Appeal, helping to provide Christmas presents to Derby's most vulnerable children.

Overall, 16% of MAB employees volunteered throughout the year.

■ Other charitable activities

In 2023, in addition to its commitment to the Mortgage Advice Bureau Foundation in excess of £40,000, MAB helped raise the following amounts for charitable donations:

- £16,334 as part of the MAB Golf Day;
- £8,429 as part of the MAB Awards; and
- £1,792 as part of the Derby Marathon.

Fluent also made charitable donations over the year totaling £40,271 which included £33,205 to the Education for Children Foundation, whose mission is to break the cycle of poverty through education, empowerment and enterprise at the heart of the community. Education for Children Foundation works in partnership with disadvantaged families, children and young adults in Guatemala and Central America.

Finally, MAB now donates its decommissioned mobile phones and laptops to help the local community. Once the devices have been thoroughly wiped and factory reset, they are donated to Derbyshire Refugee Solidarity, where they are redistributed to people who otherwise may not be able to take advantage of modern technology.

MAB Foundation in Numbers

Since launch in September 2022

£139,145 total fund-raising target

£159,149 raised for the projects supported

£59,905 of grants issued

80 different projects reviewed
21 gone to application
26 ongoing
33 declined

21 grant funding applications received
3 still fundraising
10 completed
8 declined

29 projects referred by our AR Partners
Plus 18 referrals by Head Office Staff
Plus 3 referrals by customers
Plus 25 referrals by business partners

Mortgage Advice Bureau Foundation

Minimising our impact on the environment

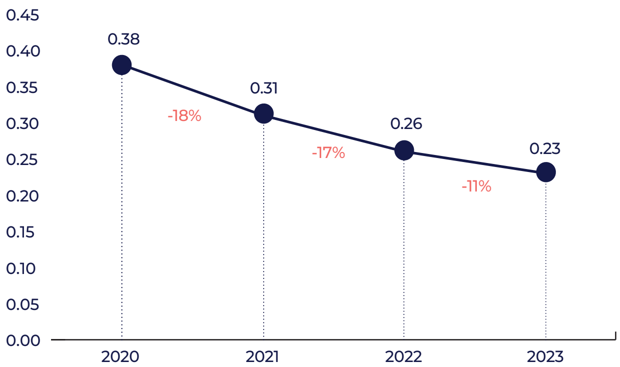
Reducing our environmental footprint remains an important priority for MAB, despite our overall footprint being limited due to the nature of our operations as a mortgage intermediary business.

In January 2023 we re-opened our head office after carrying out a major refurbishment project. Minimising our environmental impact was a central consideration for this project, as was sourcing products from local suppliers where practical, and repurposing furniture.

As part of this refurbishment, we installed a new single fuel high efficiency heating and ventilation system, as well as new high efficiency LED lighting operating 'on motion' sensor activation throughout the building. These measures contributed to reducing the Group's Scope 1 and Scope 2 emissions intensity by a further 11%.

We no longer use a gas supply in our head office, and 100% of our electricity at our head office and First Mortgage offices comes from renewable sources. We commissioned two EPC reports, before and after the refurbishment, with our energy performance rating having improved from 84 (D rating) to 39 (B rating). We will continue to work with specialist consultants throughout 2024 to improve further our carbon reporting framework based on science-based targets and drive the Group's sustainability agenda.

Scope 1 & 2 emissions intensity (tCO2e/employee/yr)



In 2023, we created a supplier code of conduct which outlines our expectations in terms of our suppliers' commitments to environmental and ethical standards. All new suppliers are asked to commit to adhering to our code of conduct and we are working with our already established supply chain to do the same retrospectively.

Where possible, we endeavour to work with local (<50 miles) suppliers in order to minimise the impact of transport-related emissions.

We continue to operate a hybrid working model that allows our colleagues to work from home up to two days per week, and the use of electric vehicles is encouraged through our Electric Vehicle chargers at head office.

■ Waste reduction

MAB continues to monitor the production of waste from its facilities and our waste management supplier only works with "Zero waste to Landfill" partners in its own supply chain. Effectively this means that 95% of our general waste is used for energy production, with the remaining 5% being recycled appropriately. This includes paper, ink and cardboard and we also have recycling stations where our colleagues can discard used batteries.

The adoption of new technology and processes can be an important waste minimisation factor, and improvements to our MIDAS technology platform and to the structure of our compliance function have meant ARs, advisers and their clients are required to print fewer documents. Our focus on reducing the level of printing undertaken by the Group continues.

We no longer use plastic mineral water bottles or single use plastic drinking cups.

■ Promoting energy efficient homes

With an estimated 20%+ of carbon emissions in the UK being attributed to the housing sector and given the UK Government's Net Zero strategy by 2050, we recognise that we are uniquely positioned to influence change and have a significant positive impact on the UK's overall carbon footprint.

In 2023 we continued our work with our adviser community to ensure that all our advisers are kept abreast of legislation changes and industry concerns, whilst working with our lending partners to collaborate on what the future product landscape might look like in this respect. We are currently in the process of building a new proposition that addresses the financing needs of customers who wish to explore energy efficiency retrofit options, and also helps them to navigate the complexities of sourcing and installing the right equipment by having a nationwide solution under which customers can make the desired environmentally-friendly changes to their homes.

Our Head of ESG joined the Mortgage Climate Action Group's steering committee in July 2023, an initiative by the Association of Mortgage Intermediaries designed to help raise awareness of this area. We also continued to enhance the content of our Green Hub to promote cost effective ways to reduce utility bills and educate consumers on the subject of "Green Mortgages".

Modern slavery

MAB recognises that it has a responsibility to take a robust approach to the issues derived from the Modern Slavery Act 2015 and has implemented processes that are aimed at ensuring that there is no slavery or human trafficking in its business or supply chains.

To enable us to assess whether a particular activity is at high risk of facilitating modern slavery or human trafficking:

- MAB holds a Risk Register of all operations, and regularly reviews this in the context of supply chain and business operations.
- There are no high-risk activities identified in relation to modern slavery or human trafficking.

The nature of MAB Group's supply chain reflects the fact that it is primarily a recipient of services, rather than goods and materials. Essentially, it relies on a mix of general business suppliers (ranging from facilities management support to technology solutions), as well as financial services providers, such as mortgage providers and insurance providers. The relationships with many of these key suppliers and outsourcers are well-established, with appropriate governance and oversight procedures in place.

We also review our salaries on an annual basis to ensure our employees are not paid below the national minimum wage. We provide a competitive package of benefits to all employees.

A copy of our Modern Slavery and Human Trafficking Statement can be found on our website at www.mortgageadvicebureau.com/modern-slavery-and-human-trafficking.

Anti-bribery policy

MAB highly values its reputation for ethical behaviour and upholding the utmost integrity. We have a zero tolerance approach to bribery and corruption and ensure that all of our employees and suppliers are adequately trained to limit our exposure to bribery by:

- Setting out clear anti-bribery and corruption policies;
- Providing mandatory training to all employees;
- Encouraging our employees to be vigilant and report any suspected cases of bribery in accordance with the specified procedures; and
- Escalating and investigating instances of suspected bribery and assisting the police or other appropriate authorities in their investigations.

Gender pay reporting

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 requires all employers with 250 or more employees in the UK to publish details of their gender pay gap.

The aim of this legislation is to achieve greater transparency about gender pay difference. The analysis is based on data as at 5 April of each year and shows the differences in the average pay between men and women. More details can be found on our website at https://www.mortgageadvicebureau.com/gender-pay-gap.

Forward looking statements

The strategic report is prepared for the members of MAB and should not be relied upon by any other party for any other purpose. Where the report contains forward- looking statements these are made by the Directors in good faith based on the information available to them at the time of their approval of this report.

Consequently, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risks underlying such forward looking statements and information. The Group undertakes no obligation to update these forward looking statements.

On behalf of the Board

Lucy Tilley
Chief Financial Officer
19 March 2024

The Board comprises three Executive and four Non-Executive Directors. A short biography of each Director is set out below:

Katherine Innes Ker, Aged 63
Non-Executive Chair

Katherine has extensive executive and non-executive director experience. She is Senior Independent Director of Forterra plc and of Stelrad Group plc, Non-Executive Director of Ground Rents Income Fund plc, and Chair of toob ltd. Her experience as a Chair includes The Television Corporation plc, Shed Media plc, Victoria Carpets plc and Sovereign Housing Association, and she was Deputy Chair of Marine Farms S.A. Katherine has been a Non-Executive Director of, amongst others, Vistry plc, St Modwen Properties plc, Taylor Wimpey plc, Taylor Woodrow plc, Fibernet plc, Williams Lea plc, S&U plc and Gyrus Group plc. She is Chair of the Remuneration Committee, Balliol College, Oxford.

Peter Brodnicki, Aged 61
Chief Executive Officer

As one of the founders of MAB in 2000, Peter has more than 35 years' experience in mortgage and financial services. Prior to founding MAB, he was with Legal & General for five years, where he held the position of Head of the Estate Agency Network, and also latterly as Recruitment Director. Peter's experience prior to Legal & General includes sales and management roles at Albany Life, before which he was at John Charcol. Peter has received a number of industry awards over the years, including Business Leader of the Year six times, Mortgage Strategist of the Year twice, and the Industry's Most Influential Person.

Ben Thompson, Aged 54
Deputy Chief Executive Officer

Ben has been in financial services since 1986 and before joining MAB in 2018, he was Chief Executive Officer of ULS Technology, the AIM-listed provider of online B2B platforms for the UK conveyancing and financial intermediary markets. Prior to that, he held senior positions at Legal & General Group Plc, where he ran their market-leading mortgage distribution business, as well as the banking division. Before Legal & General, Ben held roles at Paymentshield, St. James's Place, Winterthur Life and TSB. He also has extensive experience in both retail and private banking, as well as in residential property, in particular estate agency.

Lucy Tilley, Aged 52
Chief Financial Officer

Lucy joined MAB in May 2015 as Finance Director and became Chief Financial Officer in July 2019. She qualified as a Chartered Accountant in 1996 with KPMG. Prior to joining MAB, Lucy was a director in the corporate broking team at Canaccord Genuity Limited, and was part of the team that worked on MAB's admission to AIM in November 2014. At Canaccord Genuity Limited, she advised numerous quoted and unquoted companies predominantly in the financial services sector. Lucy is also Chair of the MAB Foundation.

Nathan Imlach, Aged 54
Senior Independent Non-Executive Director

Nathan is Chief Strategic Adviser to AIM listed Mattioli Woods plc, where his focus is on acquisitions and contributing to its future direction. He qualified as a Chartered Accountant with Ernst & Young, specialising in providing mergers and acquisitions advice to a broad range of quoted and unquoted clients in the UK and abroad. He is a Fellow of the Chartered Institute for Securities & Investment and holds the Corporate Finance qualification from the Institute of Chartered Accountants in England and Wales. Nathan is also a trustee of Leicester Grammar School Trust.

David Preece, Aged 63
Non-Executive Director

David joined MAB as an Executive Director in 2004 and retired as Chief Operating Officer in 2019, remaining on the Board as a Non-Executive Director. He has more than 40 years of experience in financial services and is an Associate of the Chartered Institute of Bankers. Prior to joining MAB, David's roles included Senior Manager at NatWest Group Financial Control, Head of Mortgage Operations at NatWest and Head of Membership Services at the Britannia Building Society.

Mike Jones, Aged 60
Independent Non-Executive Director

Mike joined Lloyds Bank plc in 1985 and retired from Lloyds Banking Group plc (LBG) at the end of 2020. He worked in various roles across the group, with his final role as Managing Director, Intermediaries & Specialist Brands since 2010. He led the Halifax, BM Solutions and Scottish Widows Bank business development teams working with mortgage intermediaries across the UK. Mike chaired the LBG Housing Forum, the LBG Intermediary Conduct Forum and was responsible in the UK for Birmingham Midshires, Scottish Widows Bank and intelligent Finance businesses. He was also responsible from March 2019 for LBG's European retail bank operating in Germany and The Netherlands, a role that sees him continue as Chair of the Supervisory Board of Lloyds Bank GmbH.

Company:	**Mortgage Advice Bureau (Holdings) plc**	
Directors:	**Katherine Innes Ker**	Non-Executive Chair
	Peter Brodnicki	Chief Executive Officer
	Ben Thompson	Deputy Chief Executive Officer
	Lucy Tilley	Chief Financial Officer
	Nathan Imlach	Senior Independent Non-Executive Director
	David Preece	Non-Executive Director
	Mike Jones	Independent Non-Executive Director
Company secretary:	**Fabien Holler**	
Registered office:	**Capital House** Pride Place Pride Park Derby DE24 8QR	
Registered number:	04131569	
Nominated adviser and joint broker:	**Deutsche Numis** 45 Gresham Street London England EC2V 7BF	
Joint broker:	**Peel Hunt LLP** 100 Liverpool Street London England EC2M 2AT	
Auditor:	**BDO LLP** 55 Baker Street London W1U 7EU	
Solicitors:	**Norton Rose Fulbright LLP** 3 More London Riverside London SE1 2AQ	
Principal bankers:	**NatWest Bank plc** Cumberland Place Nottingham NG1 7ZS	
Registrars:	**Equiniti Limited** Aspect House Spencer Road Lancing West Sussex BN99 6DA	

The Directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2023. For the purposes of this report, the expression "Company" means Mortgage Advice Bureau (Holdings) plc and the expression "Group" means the Company and its subsidiaries.

Results and business review

The principal activity of the Group continues to be the provision of financial services, in particular the provision of mortgage advice and advice on protection and general insurance products. The principal activity of the Company is that of a non-trading holding company. The review of the business, operations, principal risks and outlook are included in the Strategic report on pages 4 to 79. The financial statements set out the results of the Group on pages 118 to 193.

In 2023, despite the market downturn the Group continued to deliver its strategy to achieve year-on-year growth in market share, irrespective of prevailing market conditions. In a market where gross new first charge mortgage lending was down 29%:

- Group revenue increased by 4% to £239.5m; and
- our market share of new first charge mortgage lending increased by 11% to 8.3%.

As expected given the prevailing market conditions during the year, adviser numbers at 31 December 2023 decreased by 4% to 2,158 (2022: 2,254), and adjusted EBITDA decreased by 8% to £26.7m (2022: £29.1m). Group profit after taxation for the year amounted to £12.5m, down 3% on the previous year. Income tax expense for the year was £3.7m, an effective rate of 23.0% (2022: 26.4%).

Dividends

The Board is pleased to propose a final dividend of 14.7p per share (2022: 14.7p). This brings the total proposed dividend for the year to 28.1p per share (2022: 28.1p), reflecting the Group's policy to pay dividends reflecting a minimum pay-out ratio of 75% of the Group's annual adjusted post-tax and minority interest profits. This represents a cash outlay of £8.4m (2022: £8.4m).

This has not been included within the Group financial statements as no obligation existed at 31 December 2023. If approved, the final dividend will be paid on 29 May 2024 to ordinary shareholders whose names are on the register on 26 April 2024. Dividends paid during the year amounted to £16.0m and were in respect of the final dividend for the year ended 31 December 2022 and the interim dividend for the year ended 31 December 2023.

Going concern

The Directors have assessed the Group's prospects until 31 December 2025, taking into consideration the current operating environment, including the impact of the ongoing geopolitical and macroeconomic uncertainty and inflationary pressures on property and lending markets. The Directors' financial modelling considers the Group's profit, cash flows, regulatory capital requirements, borrowing covenants under its current debt facility and other key financial metrics over the period.

These metrics are subject to sensitivity analysis, which involves flexing a number of key assumptions underlying the projections, including the effect of the ongoing geopolitical and macroeconomic uncertainty and inflationary pressures and their impact on the UK property and lending markets and the Group's business volumes and revenue mix, which the Directors consider to be severe but plausible stress tests on the Group's cash position, banking covenants and regulatory capital adequacy. The Group's financial modelling shows that the Group should continue to be cash generative, maintain a surplus on its regulatory capital requirements and be able to operate within its current financing arrangements.

Based on the results of the financial modelling, the Directors expect that the Group will be able to continue in operation and meet its liabilities as they fall due over this period. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Events after the reporting date

There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

Directors

A list of the current serving Directors and their biographies is given on page 80. Katherine Innes Ker, Non-Executive Chair, and Lucy Tilley, Chief Financial Officer, will step down after the 2024 Annual General Meeting and accordingly will not seek re-election. The other Directors will all stand for re-election at the 2024 Annual General Meeting.

Directors' indemnity

All Directors and Officers of the Company have the benefit of the indemnity provision contained in the Company's Articles of Association and have received a deed of indemnity from the Company. The Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors and Officers, although no cover exists in the event Directors or Officers are found to have acted fraudulently or dishonestly.

Share capital

Mortgage Advice Bureau (Holdings) plc is a public limited company incorporated in England and Wales and its shares are quoted on the AIM market of the London Stock Exchange plc. The Company's issued share capital during the year and as at 31 December 2023 is shown in note 25. Save as agreed at the Annual General Meeting of the shareholders, the ordinary shares have pre-emption rights in respect of any future issues of ordinary shares to the extent conferred by section 561 of the Companies Act 2006.

Rule 9 of the City Code

Under rule 9 of the City Code, where any person acquires an interest in shares which carry 30% or more of the voting rights that person is normally required to make a general offer to all remaining shareholders of the Company to acquire their shares.

The Panel on Takeovers and Mergers ("the Panel") considers two of the Directors (Peter Brodnicki and David Preece) as persons acting in concert for the purposes of the City Code. At 31 December 2023 the Concert Party held ordinary shares, in aggregate, representing 19.8% of the issued share capital of the Company.

Substantial shareholdings

At 31 December 2023, the Company had been notified of the following interests representing 3% or more of its issued share capital:

Shareholder	Holding
Liontrust Investment Partners	19.48%
Peter Brodnicki	18.21%
abrdn plc	9.88%
Kayne Anderson Rudnick Investment Management	8.06%
Octopus Investments Ltd	5.05%
M&G Plc	4.90%
SEB Investment Management AB	3.33%
Wasatch Advisors, Inc	3.10%
SEB Investment Management AB	3.01%

Directors' interests

Directors' emoluments, beneficial interests in the shares of the Company and their options to acquire shares are disclosed in the Directors' Remuneration Report. During the period covered by this report, no Director had a material interest in a contract to which the Company or any of its subsidiaries was a party (other than their own service contract), requiring disclosure under the Companies Act 2006. There are procedures in place to deal with any Directors' conflicts of interest arising under section 175 of the Companies Act 2006 and such procedures have operated effectively.

Related party transactions

Details of related party transactions are given in note 28.

Employee engagement

At MAB, we are committed to investing in and developing our employees to build the expertise and capacity to deliver sustainable growth over the long term. We maintain a culture that is based on knowledge, professionalism and diversity, putting customers first and adopting a team-based, collegiate approach. Retaining the commitment, integrity, expertise and passion of our people is vital to our success and remains a priority of the Board.

More details on how we have engaged with employees in 2023 can be found on in the Environmental, Social and Governance section of the Strategic Report on pages 63 to 70.

We continue to share the success of the Group with our employees. MAB operates a WorkSave Pension Plan available to all employees and contributes to the pension schemes of Directors and all employees. The Group operates an Unapproved Incentive Plan and a Share Incentive Plan, details of which are given in the Directors' Remuneration Report and the financial statements.

The Mortgage Advice Bureau (Holdings) plc Share Incentive Plan ("the SIP") enables eligible employees to buy shares in the Company in a tax advantageous manner by having an amount deducted from pre-tax salary each month. In addition, the Company grants participating employees matching shares. The SIP is continuing to prove popular among our employees despite the cost-of-living crisis, with MAB employee participation now standing at 47% (2022: 48%), with an average monthly contribution of £107 (2022: £111).

Engagement with customers and suppliers

Engaging with our stakeholders is very much a part of our ethos as it strengthens our relationships and helps us to make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of customers, suppliers and shareholders' insights into the issues that matter most to them and our business.

In particular, maintaining an active dialogue and supporting our ARs is key to our business and in 2023 we continued to invest in this area. We use a collaborative approach in operational matters such as setting goals and objectives and hold regular review meetings with each AR firm. We also work with specialist ARs and providers to explore new ideas and growing markets.

We offer two leadership programmes to our ARs. These were originally designed for our internal management team but in 2022 we decided to open them to our ARs' business leaders. The *Leadership Programme* is a 9-month long course for business owners and their established leadership teams which covers a broad range of topics including Emotional Intelligence, Succession Planning and Conflict Resolution. The *Learn to Lead* programme is an 8-month long course aimed to support new or aspiring future leaders by providing them with the knowledge and tools to become effective leaders. Both programmes are proving very popular.

All of our ARs also enjoy the support of MAB's Regional L&D consultants, a dedicated resource to create bespoke learning solutions based on the needs of the advisers and market conditions. The aim of our L&D consultants is to create and deliver content on a wide range of topics from lead generation to mindset - all with the aim to improve results and knowledge across the board and ensure we remain best-in-class when it comes to servicing our customers.

Several initiatives were introduced and built upon throughout the year to maximise engagement with our ARs and advisers, as we continued our investment across all of our major support functions, including sales, recruitment, marketing, regulatory and compliance.

More details on how we have interacted with our ARs in 2023 are set out in the Stakeholder section of the Strategic Report on pages 49 and 50.

In recognition of our approach to learning and development, MAB is proud to have achieved the City & Guilds Princess Royal Training Award. The award is an honour for UK employers across all industries that have created lasting impact by successfully linking their skills development needs to business performance.

Strong and sustainable relationships with our product providers are also fundamental to our success. We hold regular roundtable events with them where topics such as business process improvements are discussed as a group. This open dialogue has for instance contributed to the implementation by our technology team of a more seamless mortgage submission process. We continue our plans to extend our direct-to-lender submission routes further for mortgage applications.

Fluent also holds regular meetings with its key lead partners, ranging from weekly to monthly depending on the partner. Fluent produces a detailed suite a reporting KPIs for its lead partners, with KPIs including lead volumes, sales conversions, product choice, rate, payment, revenues, and many other customer data points. This KPI pack can also be automated and delivered directly into partner platforms in a timing schedule to suit them.

Maintaining good relationships with suppliers is also important to us. In 2023 we paid 74% of all our invoices within 30 days and won a Fast Payer Award.

Community engagement and charitable donations

Corporate Social Responsibility is important to the Group, and we try to engage with the communities in which we operate in a meaningful and impactful manner.

More details on our community engagement and charitable donations can be found in the Environmental, Social and Governance section of the Strategic Report on pages 72 to 76.

Political donations

The Group has made no political donations during the year (2022: £nil).

Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held on 22 May 2024. The notice of meeting is included with this document and contains further information on the ordinary business to be proposed at the meeting.

Principal risks and uncertainties

The Directors' view of the principal risks and uncertainties facing the business is summarised in the Strategic report on pages 28 to 42. A full review of financial risk management can be seen on pages 168 to 172.

Corporate governance

A full review of Corporate governance appears on pages 86 to 97.

Auditors

BDO LLP, who were appointed as auditors during 2014, have confirmed their willingness to continue in office as auditor in accordance with Section 489 of the Companies Act 2006. The Group is satisfied that BDO LLP are independent and there are adequate safeguards in place to safeguard their objectivity. A resolution to re-appoint BDO as the Company's auditor will be proposed at the AGM on 22 May 2024.

As set out in the Audit Committee report on page 93, the Audit Committee intends to decide on a policy on the frequency of tendering and the length of tenure of external auditors to ensure that the independence of the external auditor is, and is seen to be, safeguarded, in light of the revised QCA Corporate Governance Code published in November 2023.

Directors' statement as to disclosure of information to the auditor

All of the Directors who were members of the Board at the time of approving the Directors' Report have taken all the steps they might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. To the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware.

On behalf of the Board

Lucy Tilley

Chief Financial Officer

19 March 2024

Introduction

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. Under the AIM Rules the Group is required to apply a recognised corporate governance code. The Board adopted the Quoted Companies Alliance ("QCA") corporate governance code, which requires the Group to apply 10 principles focused on the pursuit of medium to long-term value for shareholders and also to publish certain related disclosures.

As a Board we believe that good governance is crucial to the delivery of our strategic objectives. We aim always to remain abreast of best practice and of developments in the regulatory framework within which we operate, and in the way in which we seek to serve the needs of our customers.

Further details on MAB's corporate governance are contained in the section entitled 'Corporate Governance' on MAB's investor website (www.mortgageadvicebureau.com/investor-relations).

Board composition and independence

The composition of the Board changed during 2023, with the resignation of independent Non-Executive Director Stephen Smith, who stood down at the 2023 AGM in May. Prior to this the Board of Directors comprised three Executive Directors, four independent Non-Executive Directors and one non-independent Non-Executive Director. There remain three independent Non-Executive Directors. The Directors' biographies on page 80 demonstrate a range of experience which is key to the success of the Group.

Three Non-Executive Directors are considered by the Board to be independent of management and free from any relationship which might materially interfere with the exercise of independent judgement. As such, they provide a strong independent element to the Board. The Board does not consider the independent Non-Executive Directors' shareholdings to impinge on their independence. Nathan Imlach is the Senior Independent Director.

All the Non-Executive Directors bring a mix of skills and experience at a senior level of business operations and strategy. Together they bring the skills and experience which support our strategic direction and our culture.

All Directors have access to the Company Secretary, Fabien Holler, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. The Board meets at least seven times each year, and additional meetings are held as required. The Board is the principal forum for directing the business of the Group.

Operation of the Board

The Board is responsible to shareholders for the proper management of the Group, sets its long-term objectives and commercial strategy, and approves its business plans, operating and capital budgets, and the interim and annual accounts.

The Board considers and approves the Group's dividend policy, changes in the Group's capital and financing structure, and significant transactions including acquisitions and disposals. The Board is responsible for ensuring the maintenance of a sound system of internal control and risk management, for Board appointments and succession planning, the approval of the Remuneration Policy and remuneration arrangements for the Directors and other senior managers, and for setting the terms of reference for Board Committees. Other matters are delegated to management, supported by policies for reporting to the Board.

The Company maintains appropriate insurance cover in respect of legal action against the Company's Directors, but no cover exists in the event that a director is found to have acted fraudulently or dishonestly.

The agenda and papers for Board meetings are distributed by the Company Secretary on a timely basis, usually five days before each Board meeting.

The roles of Chair and Chief Executive Officer are distinct with clear division of responsibilities. The Chair's role is to ensure good corporate governance, and her responsibilities include leading the Board, ensuring the effectiveness of the Board in all aspects of its role, setting the Board's agenda, ensuring that all directors participate fully in the activities and decision making of the Board, and ensuring communication with shareholders. As part of the Senior Managers and Certification Regime (SM&CR) which applies to the Company as an FCA-regulated firm, the Chief Executive Officer, Deputy Chief Executive Officer and Chief Financial Officer each have a specific role clearly set out in a statement of responsibilities. Together, they are responsible for overseeing the development and the delivery of the strategy approved by the Board, and the day-to-day operational and commercial management of the Group by the senior executive team. The Board is committed to developing the corporate governance and management structures of the Group to ensure they continue to meet the ongoing needs of the business.

On appointment, Board members, in particular the Chair and the Non-Executive Directors, disclose their commitments and agree to allocate such time as is necessary to the Company in order to discharge their duties effectively. The Board has considered the time commitments of each director and is comfortable that each has sufficient available capacity to carry out the required duties for the Company. Any conflicts of interest are dealt with in accordance with the Board's conflict of interest procedures.

All Executive and Non-Executive Directors retire and put themselves forward for re-election annually at each Annual General Meeting.

The Board aims to lead by example and do what is in the best interests of the Company. We have a strong set of values as part of our MABology behaviours framework, that we communicate as fundamental to achieving good customer outcomes and promoting business success, and this is core to our culture. The Board is committed to ensuring MAB has a healthy corporate culture and conducts an annual staff survey as part of this.

Induction, training and performance evaluation

All the Directors keep abreast of key issues and developments pertaining to industry, financial, regulatory and governance matters. The Directors regularly attend briefing seminars, conferences and/or industry forums, read trade publications and undertake training courses or online learning to keep up-to-date on relevant matters. Where appropriate, the Board receives presentations from industry and professional experts. The Chief Executive Officer and Deputy Chief Executive Officer are regular participants at a number of industry specific conferences, and the Chief Financial Officer regularly participates in seminars on accounting, other financial and governance matters.

In addition, the Non-Executive Directors hold other directorships and continually add to their skillset through those connections. Regular and open communication ensures that relevant information is disseminated effectively to the Board as a whole. Any Director, on appointment and throughout their service, is entitled to receive any training they consider necessary to fulfil their responsibilities effectively.

As required by SM&CR, the non-executive Chair regularly assesses the continuing fitness and propriety of each Board member and their individual contributions to ensure amongst other things that:

- their contribution is relevant and effective;
- they are committed; and
- where relevant, they have maintained their independence.

Board evaluation

In 2023 a Board evaluation was undertaken. This assessed the progress made since the 2020 assessment and areas for further improvement in the operation and performance of the Board, and of the Board Committees. A summary of the findings of the review of the Board's, Committee's and Chair's performance and overall effectiveness is detailed below. The Terms of Reference for each of the committees of the Board were updated to reflect changes required by developments in governance standards and practices. The Schedule of Matters Reserved for the Board was reviewed and approved with minor changes.

The effectiveness evaluation process focused on the following areas:

- composition, mix of skills and experience, diversity and inclusion;
- procedures and operation of the Board and Committees;
- culture and tone from the top;
- stewardship and governance; and
- strategy.

The evaluation confirmed that the Board understands its strengths and weaknesses, and can respond appropriately according to changing market and business needs. The Board concluded that the composition of the Board and its Committees are appropriate, procedures in place are effective, responsibilities are divided clearly, and the Directors have the skills and experience, independence and knowledge to allow the Board and its Committees to effectively discharge their duties. The Senior Independent Director conducted a separate review with each of the Directors to assess the performance of the Chair and compiled a detailed report on these areas, shared with the Chair, and which concluded that the Chair was effective, and had the requisite skills, experience and knowledge required.

Induction programme

The Board has an induction programme so that new directors receive a formal induction on their appointment covering the activities of the Group, its key business, governing law and corporate governance codes, strategy, financial and regulatory risks, the terms of reference of the Board and its Committees, and the latest financial information. The induction programme includes meetings with the Executive Directors, Company Secretary, members of the Executive board and other members of management, meetings with external advisers including our Nominated Adviser and auditors as appropriate, and access to Board and Committee papers and minutes.

Board committees

To assist in discharging its duties, the Board has delegated authority to four specialist committees: an Audit Committee, a Group Risk Committee, a Remuneration Committee, and a Nominations Committee. The terms of reference of each committee are approved by the Board and reviewed annually. The Chair of each committee provides a report to the Board of any matters that are considered significant and that lie outside the scope of the committee's delegated responsibility and authority.

Meetings and attendance

All directors are expected to attend all Board meetings and meetings of Committees of which they are members. In 2023, the number of Board meetings held was higher than scheduled as the Group faced the challenges caused by the difficult trading conditions. Directors' attendance at meetings during the year was as follows:

Meetings attended (eligible to attend)	Board	Audit	Remuneration	Nomination	GRC
Katherine Innes Ker	13 (13)	6 (6)	6 (6)	2 (2)	7 (7)
Peter Brodnicki	12 (13)	–	–	0 (2)	5 (7)
Ben Thompson	13 (13)	–	–	–	7 (7)
Lucy Tilley	13 (13)	–	–	–	7 (7)
Nathan Imlach	12 (13)	6 (6)	6 (6)	2 (2)	7 (7)
Mike Jones	13 (13)	6 (6)	6 (6)	2 (2)	7 (7)
Stephen Smith[1]	5 (7)	2 (3)	3 (5)	1 (1)	2 (3)
David Preece[2]	13 (13)	–	–	2 (2)	7 (7)

Notes:
1. Stephen Smith stood down as a director at the 2023 AGM on 24 May 2023 and his attendance is shown up to that date.
2. David Preece stood down as a member of the Audit and Remuneration Committees following the Company's 2020 AGM. He is invited to attend these Committees but in the event of a vote, does not participate.

Audit Committee

The Audit Committee comprises Nathan Imlach (Chair), Katherine Innes Ker and Mike Jones. Nathan Imlach is a Chartered Accountant and the Board is satisfied that all members of the committee have recent and relevant financial experience. We have considered the Financial Reporting Council's guidance that the Committee should have competence relevant to the financial services sector and have concluded that the Committee, as a whole, satisfies this requirement. The Board believes the Committee is independent, with all members being independent Non-Executive Directors.

The responsibilities of the Audit Committee are outlined in the Committee's Terms of Reference, with its key responsibilities being:

- to review the reporting of financial and other information to the shareholders of the Company and to monitor the integrity of the financial statements;
- to review the Group's accounting procedures and provide oversight of significant judgement areas;
- to review the effectiveness of the Group's internal financial systems and controls;
- to review the effectiveness of the external audit process and the independence and objectivity of the external auditor;
- to review audit fees and proposals for future years; and
- to report to the Board how it has discharged its responsibilities.

Committee meetings are normally attended by representatives of the external and internal auditors. The Chief Executive Officer, Chief Financial Officer and Deputy Chief Executive Officer are invited to attend at the Committee's request. The presence of other senior executives from the Group may be requested. The Committee meets the Chief Financial Officer not less than four times a year and with representatives of the external auditors, without management present, at least once a year.

There is a cross membership with the Group Risk Committee, to help ensure that agendas are aligned, and key information is shared appropriately across the Board Committees.

Activities during the year

The Audit Committee met five times during the year, where it considered the significant financial and audit issues, the judgements made in connection with the financial statements and reviewed the narrative within the Annual Report and the Interim Report.

During the year the Audit Committee continued to monitor the operation of the internal audit function, which has been outsourced to RSM Risk Assurance Services LLP since March 2021. In light of an ever-changing regulatory environment, the committee resolved that outsourcing gives the Group access to greater skills externally, while having the ability to expand or reduce our internal audit activities to meet the ongoing demands of the business.

The Audit Committee also considered the appointment of, and fees payable to, the external auditor and discussed with them the scope of the interim review and annual audit.

Specific audit issues the committee discussed included:

- Assessment of whether each entity and the Group as a whole are going concerns, including whether forecast performance would result in an adequate level of headroom over the Group's available cash facilities;
- Fraud risk in recognition of revenues;
- Review of whether any impairment needed to be recognised in respect of the intangible assets of the Group, including the assumptions underlying the calculation of the value in use of the cash generating units tested for impairment;
- Review of the valuation of put and call options associated with recent business combinations;
- Review of provisions recognised in respect of commission on life policies that may be clawed back if the policy lapses within four years of being taken out and management's key assumptions and estimates applied in reaching these recognition and measurement decisions;
- Review and approval of the internal audit plan for the year; and
- Monitoring the progress of previous issues raised by the internal and external auditors, to ensure a satisfactory completion and assurance level.

Significant judgements and estimates

Significant critical accounting judgements and key estimates in connection with the Group's financial statements for the year ended 31 December 2023 and other matters considered by the committee included:

Goodwill and intangible assets	
As set out in Note 14 to the Group financial statements, at 31 December 2023, the Group had goodwill of £53.9m (2022: £53.9m). Under IAS 36, these balances are assessed annually for impairment. Impairment testing requires the application of judgement, largely around the assumptions that are built into the calculation of the value in use of the cash generating unit being tested for impairment.	The committee considered the impairment reviews carried out by management. These reviews focused on the assumptions underlying the calculation of the value in use of the cash generating units tested for impairment. The underlying cash flow assumptions were challenged by management and the committee, having regard to historical performance. This was supported by the challenge to the Group's budgets earlier in the year. The main assumptions reviewed by the committee were the achievability of long-term business plans and the discount rate used as outlined in Note 14. These assumptions were subject to sensitivity analysis by management which was also reviewed by the committee. The committee concluded that the carrying values of goodwill and intangibles included in the financial statements are appropriate.
Valuation of put and call options	
In the year ended 31 December 2022, the Fluent and Auxilium business combinations had put and call options associated with the acquisition of the minority interest at a future date. The valuation of the put and call options gives rise to key inherent risks with respect to management judgements and estimates, such as discount rates and projected financial results.	For investments in subsidiaries with put and call options attached to them, the committee reviewed the most recent valuation report and considered whether the impact had been correctly recognised. The committee concluded that the present values of the put and call options included in the financial statements are appropriate and the impact of changes in valuation have been correctly recognised.

Clawback provision	
As detailed in Note 23, the Group recognises a provision for the estimated cost of repaying commission income received upfront on protection policies that may lapse in the four years following issue. This provision is an estimate and the actual amount and timing of future cash flows are dependent on future events. Management reviews this provision at each reporting date to ensure it is measured at the current best estimate of the expenditure required to refund the liabilities. Any difference between the amounts previously recognised and the current estimate is recognised immediately in the statement of comprehensive income.	The committee considered and challenged the nature of the provision, the potential outcomes and the prior history of cancellations to assess whether the provision recorded is prudent and appropriate. The committee discussed with management the key elements of judgement to assure themselves as to the adequacy and appropriateness of the provision. Following this discussion, the committee was satisfied that the judgements exercised were appropriate and that the provision was fairly stated in the financial statements.
Use of alternative performance measures	
The Group has identified certain measures that it believes will assist in the understanding of the performance of the business. These measures are not defined under IFRS but can be used, subject to appropriate disclosure in the Annual Report and Accounts. These alternative performance measures are net revenue, administrative expenses ratio, adjusted operating profit, adjusted profit before tax, adjusted EBITDA, adjusted EBITDA margin, adjusted fully diluted EPS adjusted earnings per share, headline cash conversion, adjusted cash conversion, and net debt, as set out on pages 190 to 193.	The committee considered the measures and felt that these alternative performance measures are those considered by management to be important comparables and key measures used within the business for assessing performance. They are not substitute for, or superior to, any IFRS measures. The committee was also satisfied that the disclosure of the alternative performance measures was appropriate.

Other matters

In addition to the above matters, the committee assessed whether each entity and the Group as a whole are going concerns.

The committee also reconsidered a number of other judgements made by management including IFRS 2 'Share-based payment', IFRS 9 'Financial instruments' and IFRS 16 'Leases'.

The committee considered whether the forecast financial performance would result in an adequate level of headroom over the Group's available cash facilities. The committee also discussed the key assumptions underpinning the Group's forecast financial performance with management regularly during the year and considered a range of sensitivities to those forecasts, together with the feasibility and effectiveness of mitigating factors. The committee concluded there are no material uncertainties that cast doubt about the Group's ability to continue as a going concern and that the adoption of the going concern basis is appropriate.

The committee considered management's approach, proposed disclosures, assessment of impact on the financials and the judgements made in relation to impairment allowances and the factors considered around expected credit losses on financial instruments.

Internal audit

The internal audit function is responsible for providing assurance over the design and operational effectiveness of the internal controls related to the Group's key activities. Our internal audit activity is based around a strategic, risk-based approach to cyclical internal audit with consideration of the Group's key strategic priorities and risks. This approach is designed to provide assurance over key areas including governance, risk management and control. During the year the internal audit function engaged in a number of activities, including:

- Developing our internal audit plan based on an analysis of the Group's corporate objectives, risk profile and assurance framework, as well as other factors such as emerging issues in our sector;
- Delivering audits providing assurance over the Group's Financial Crime control framework, preparedness for the new Consumer Duty rules, how material IT change programmes are being managed, migration of the MIDAS Pro platform to the cloud, cyber security, complaints handling and oversight of Appointed Representatives; and
- The internal audit function has developed a forward-looking plan to provide the Group with assurance over key risks facing the business and its sector as a whole in 2024 and 2025, including training and competence and outsourcing. The plan is supplemented by additional reviews on core business areas including information technology general controls as well as work due under a cyclical approach.

As the third line of defence, the internal audit function (together with the external auditors in connection with their audit of the financial statements) builds risk awareness within the organisation by challenging the first and second lines of defence to continue improving the internal control framework.

External auditor

An analysis of fees payable to the external audit firm in respect of audit and non-audit services during the year is set out in note 6 to the financial statements. The Company is satisfied the external auditor remains independent in the discharge of their audit responsibilities.

The Committee also reviews the external auditor's management letter and detailed presentations are made to the Committee by the Company's auditor at least once a year.

The QCA published an updated version of its Corporate Governance Code (QCA Code 2023) in November 2023. On auditor tendering, while there are no specific requirements for smaller quoted companies, larger listed companies are required to put their audit out to tender every ten years with an external auditor's tenure being limited to twenty years. In this light, the Committee intends to decide on a policy on the frequency of tendering and the length of tenure of external auditors to ensure that the independence of the external auditor is, and is seen to be, safeguarded.

Remuneration Committee

As at 31 December 2023, the Remuneration Committee comprised Katherine Innes Ker (Chair), Nathan Imlach, and Mike Jones.

The Committee meets not less than twice a year, and more frequently as required. It is responsible for determining and reviewing the Group's policy on executive remuneration and other benefits, ensuring that this is aligned to the delivery of the Group's strategic objectives and terms of employment, including performance-related bonuses and share options. The Committee administers the operation of the share option and share incentive schemes established by the Company.

The members of the Remuneration Committee have no personal interest in the outcome of their decisions and seek to serve the interests of shareholders to ensure the continuing success of the Company. All members of the Remuneration Committee are independent Non-Executive Directors. The remuneration of the Non-Executive Directors is determined by the Executive Directors of the Board. No Director is permitted to participate in decisions concerning their own remuneration.

The Committee met six times during the year, with key items considered including:

- The Group's remuneration policy and its operation;
- Annual review of the Executive Directors' and Senior Managers' base salaries and bonus arrangements;
- The impact of the continuing cost of living crisis and support for employees, with a focus on the lower paid, maintaining for those employees a minimum excess of £1,000 per annum over the National Minimum Wage and the National Living Wage;
- Benchmarking of Executive directors' base salaries and total potential compensation by an external remuneration consultant on behalf of the Committee;
- Awards to be granted under the share option and share incentives schemes operated by the Company; and
- Vesting of executive share options.

The Committee continues to review the Group's long-term incentive plans to ensure it can continue to attract, retain and incentivise appropriately qualified staff to achieve its goals.

Further information about the Committee and the Group's remuneration policy is as set out on pages 98 to 104 in the Directors' Remuneration Report.

Nominations Committee

The Nominations Committee comprises Katherine Innes Ker (Chair), Nathan Imlach, David Preece, Mike Jones and Peter Brodnicki.

The Committee is responsible for:

- reviewing the size, structure and composition (including the skills, knowledge, experience and diversity) of the Board and to make recommendations to the Board with regard to any changes;
- succession planning for both Executive Directors and Non-Executive Board roles, and other Senior Executives in the Group; and
- identifying and recommending to the Board for approval candidates to fill Board and senior management vacancies where required.

The Committee works in close consultation with the Executive Directors, with its main priorities being the Board structure and composition, ensuring that we have the right skills and experience to fulfil our responsibilities, and management development and succession planning.

The Nominations Committee met twice during the year, to consider succession planning for the Executive Directors, to note appointments to and succession planning for the executive team, and to consider the development of succession planning for the Non Executive Directors. The criteria for assessing the level of diversity at the Board and in the senior management team were broadened to include socio-economic background, nationality, educational attainment, gender and age, reflecting key principles within the QCA Code.

The current Board has an equal number of Executive Directors and Independent Non Executive Directors, including the Chair.

Board changes

Chief Financial Officer

Following the resignation of the Chief Financial Officer (CFO) in January 2024, a search for a successor was initiated, and a search consultant with a specialism in Financial Services was appointed. The CFO is currently serving her six-month notice period and a further announcement will be made in due course.

Chair succession

After nearly ten years as Chair, Katherine Innes Ker will retire at the conclusion of the AGM on 22 May 2024. Katherine joined the Board in October 2014 and led it through the successful IPO in November of that year. Katherine will be succeeded by Mike Jones, who joined the Board in March 2021. The Nominations Committee, led by Nathan Imlach as Senior Independent Director, performed an assessment of Mike Jones' suitability as Chair. An external consultant was commissioned to conduct the assessment, and as a result, the Nominations Committee was able to recommend to the Board that Mike Jones be appointed as Chair Elect to succeed Katherine as Chair at the conclusion of the 2024 AGM.

Independent Non-Executive Director

A search consultant was appointed by the Nominations Committee to conduct a search for an additional independent Non-Executive Director. The intention is to identify and appoint a suitable candidate as soon as is reasonably possible and ideally by the time of the 2024 AGM so that the balance of the Board between executive and Non-Executive directors is maintained. The new Non-Executive would chair the Remuneration Committee.

■ Group Risk Committee, and Risk and Compliance Committee

The Group Risk Committee (GRC) comprises Mike Jones (Chair), Katherine Innes Ker, Nathan Imlach, David Preece, Peter Brodnicki, Ben Thompson and Lucy Tilley. In 2022 the Group appointed Paul Gill as Chief Risk Officer (CRO) who attends GRC.

The GRC met seven times in 2023 to review and consider the following:

- All major Group-related existing and potential risks, including a review of the Group Risk Register, Risk Appetite and Management Framework, and any Risk and Compliance Committee escalations;
- The preparation for and implementation of Consumer Duty regulation;
- Regulatory consultation papers and impending legislation changes;
- Senior Managers and Certification Regime (SM&CR);
- General Data Protection Regulation (GDPR);
- Cyber Security;
- Operational Resilience;
- M&A activity
- Environmental, Social and Governance (ESG), vulnerable clients, diversity, and any other relevant regulatory themes;
- The effectiveness of the Group's procedures on whistleblowing, anti-bribery and corruption, and anti money-laundering;
- Restructuring undertaken following the Fluent acquisition; and
- Other major risk considerations and relevant upcoming legislation.

The Risk and Compliance Committee (RCC) is chaired by the Chief Risk Officer. The RCC is a management committee and meets monthly and reports into the GRC. The remit of the RCC include reviewing the adequacy and effectiveness of the Company's internal controls, compliance and risk management systems, ensuring that the Company is fulfilling its regulatory responsibilities. As and when required, the RCC escalates major risk events and seeks guidance from the GRC.

During 2023, two new management committees were established to focus on system resilience and the ability to recover from any incidents, and on product and pricing activity across the business.

- The Resilience and Recovery Committee (RRC) is chaired by the Head of Operational Risk and meets bi-monthly, reporting into the RCC. The remit of the RRC is to review the adequacy and effectiveness of the Company's resilience, internal systems and controls and ensuring that it is fulfilling the relevant regulatory responsibilities in relation to resilience.
- The Product and Pricing Committee (PPC) is chaired by the Chief Transformation Officer. The PPC meets monthly and reports into RCC on a quarterly basis and enables MAB to meet our regulatory obligations under the Consumer Duty in relation to product and pricing activity.

Risk Management Framework

The Group's risk framework is designed to ensure that risks are identified, managed and reported effectively. Since the appointment of the Chief Risk Officer (CRO) in 2022 there has been continued investment from MAB to further enhance the Group's risk management framework. This includes the adoption and development of TriLine Governance, Risk and Compliance solution (TGRC), which offers an effective portal for the tracking of risk-related activity, the appointment of a Risk Data Analyst and the newly developed role of the Risk and Resilience Manager reporting into the Head of Operational Risk.

Following the re-design of the risk taxonomy in September 2022, we have developed and are implementing an enhanced control framework across MAB. This is enabled by an automated solution that will support more proactive identification of key controls, control gaps and enable Control Owners to annual attest to the design and operational effectiveness of controls across MAB.

MAB operate a "three lines of defence" model to support our risk management framework summarised as follows:

- First line: senior management and risk owners accountable for identifying, managing, assessing and treating risks sits within first line. These responsibilities include implementing and operating systems and controls to manage risk, identifying and reporting risks, reducing risk and implementing revisions where risks exceed risk appetite; and regularly assessing of risks within their remit.
- Second line: the second line consists of the following teams: Operational Risk, Compliance Policy & Governance, Quality & Risk Assurance, Supervision and Data Protection & Information Security who all provide a level of independence from the first line. They are responsible for providing oversight and challenge of the first line's day-to-day management, monitoring and reporting of risks to both senior management and in RCC.
- Third line: our external audit partners and Internal Audit Manager are responsible for providing independent assurance to both senior management and the Audit Committee as to the effectiveness of the Group's governance, risk management and internal controls. Internal Audit is managed and delivered by the Internal Audit Manager who manage the relationship with MAB's co-source internal audit supplier.

Output from the three lines of defence model is reported into the Risk & Compliance Committee on a monthly basis.

Statement of Risk Appetite (SORA)

The Statement of Risk Appetite outlines the amount and type of risk that the Group is prepared to accept in pursuit of its strategic objectives. Factors such as market, people, technology, regulation and policies help shape the Group's risk appetite. At least annually the Statement of Risk Appetite is formally reviewed and approved by the Risk & Compliance Committee, Group Risk Committee and the Board.

The Group retains a balanced overall appetite for risk, ensuring that its internal controls support business growth expectations and mitigate risk to appropriate levels.

Risk assessment

All risk owners within MAB are required to identify and assess their departmental risks on a quarterly basis. TriLine has been configured to align with MAB's risk taxonomy and supports risk owners with the following:

- Risk identification
- Assessment of risks and the potential consequences
- Management of significant risks
- Reporting and monitoring of risks
- Ownership of the risk management framework

The Group's risk assessment process includes the assessment of the inherent and residual likelihood and impact of a risk materialising. Reporting is presented to the Risk and Compliance Committee following quarterly reviews with relevant information being presented to GRC and the Board.

Consumer Duty

The Financial Conduct Authority published its final rules on the Consumer Duty in July 2022, with rules taking effect on 31 July 2023. The MAB Board approved the Group's Consumer Duty Implementation Plan in 2022 which set out the intended plan and approach to enable MAB to meet the requirements of the duty by the deadline as established by the FCA. Progress against the plan was overseen by GRC.

The enhanced customer outcomes focus principally encompasses the following four areas:

- products and services;
- price and value;
- consumer understanding; and
- consumer support.

Under the new rules, MAB is required to ensure that customers receive products that provide "fair value" and to challenge product providers where required.

Good customer outcomes have always been central to MAB's strategy. MAB created workstreams based on the four consumer outcomes, with an additional one focused on customer vulnerability in order to ensure that area had appropriate focus throughout the project work.

The MAB team made good progress against the planned activities, which includes reviewing our processes, policies, communications, and customer journey, to ensure we achieve good customer outcomes through our interactions and engagement with customers and that where changes were required, these were implemented across the business ahead of the 31 July 2023 implementation date.

To drive these changes, we appointed a Board Champion and also an Executive Champion for Consumer Duty, the latter is the ultimate sponsor, promoter, and supporter of the new regulation. This was a significant project for MAB, but one we believe furthered strengthen the Group and also the housing and mortgage markets in which we trade.

Since implementation, GRC has received regular updates from the CRO in relation to the on-going Consumer Duty activity within the business, including agreeing the plan in place with regard to the submission and approval of the Annual Consumer Duty Board Report.

MAB has been actively engaged throughout in the work of the Association of Mortgage Intermediaries (AMI) trade body on Consumer Duty and its requirements.

■ Communications with shareholders

The Board is committed to maintaining communication with the Company's shareholders. The principal methods of communication with private investors remain the Annual Report and Financial Statements, the Interim Report, the AGM and the

Group's website (www.mortgageadvicebureau.com/investor-relations).

All Directors will normally attend each AGM and shareholders are given the opportunity to ask questions. In addition, the Chief Executive Officer, Deputy Chief Executive Officer and Chief Financial Officer welcome dialogue with individual institutional shareholders to understand their views and feed these back to the Board. General presentations are also given to analysts and investors covering the annual and interim results, and prompt feedback is received by the Board through the Company's corporate brokers.

The Board aims to be open with shareholders and available to them, subject to compliance with relevant securities laws. The Chair and other Non-Executive Directors make themselves available for meetings as appropriate.

■ Internal control and risk management

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risks and can only provide reasonable not absolute assurance against material misstatement or loss.

The Directors believe that the Group has internal control procedures in place appropriate to the size and nature of the business. In accordance with the guidance of the Turnbull Committee on internal control, an ongoing process is in operation for the identification, evaluation and management of significant risks faced by the Group. The Board routinely reviews the effectiveness of the system of internal control and risk management to ensure controls react to changes in the nature of the Group's operations. There are two Board committees that review various risks: the Audit Committee and the Group Risk Committee. Further details of these committees are described on pages 89 and 94.

The Group maintains appropriate insurance cover and reviews the adequacy of the cover regularly, in conjunction with the Group's insurance brokers.

On behalf of the Board

Lucy Tilley

Chief Financial Officer

19 March 2024

Remuneration committee

The committee is responsible for the Group's policy on executive remuneration, including performance related annual bonus and share option awards, other benefits, and terms of employment. The Committee also administers the operation of the share option schemes and share incentive schemes established by the company, including the Long Term Incentive Plan (LTIP) and Appointed Representative option scheme. The Committee operates under terms of reference approved by the Board.

The members of the Committee as at 31 December 2023 were Katherine Innes Ker (Chair), Nathan Imlach, and Mike Jones.

Remuneration policy

The Group's remuneration policy sets basic salaries at a level which is competitive with comparable AIM-listed businesses, with a substantial proportion of the overall package of compensation linked to performance through participation in short and long term incentive schemes. Executive Directors receive other customary benefits such as pension contributions, death in service insurance, sick pay, and private medical insurance. The objective is to attract, retain and appropriately incentivise high performing executives capable of achieving the Group's objectives and thereby enhance shareholder value.

During the year, the Committee reviewed the operation of the remuneration policy, assessing the appropriateness and effectiveness of the performance measures and the balance between the use of short and long term performance measures, being the annual bonus and the LTIP.

The Committee agreed that from 2023 onwards the Executive Directors' remuneration structure would be rebalanced in favour of longer term objectives. The maximum potential payout under the annual bonus was reduced from 200% to 150% of base salary and the maximum annual award under the LTIP was increased from 100% to 150% of base salary. This structure better aligns the remuneration with best practice and with shareholder interests, and will be maintained in 2024.

The annual bonus performance targets for 2023 were based 90% on adjusted profit before tax, and 10% on personal business objectives (PBOs), including ESG measures related to good customer outcomes. These are detailed below. In 2024 the proportion of the annual bonus linked to PBOs will increase to 20%, with the remaining 80% based on adjusted profit before tax.

The Remuneration Committee will consider including further meaningful ESG-related metrics within the incentive arrangements including the LTIP performance criteria from 2025 onwards.

Remuneration activity in response to the continuing cost-of-living crisis

In 2023 the average pay rise awarded to employees across MAB was 6%. In response to the continuing cost of living crisis and the sustained high rates of inflation, salary raises were weighted towards the lowest paid employees and the premium over the National Minimum Wage and the National Living Wage was maintained.

Salaries and fees

Salaries for Executive Directors are reviewed annually, taking into account increases in base pay for employees, and the effective date for changes in Directors' remuneration is 1 January.

Fees for the Non-Executive Directors are determined by the Executive Directors, having regard to the fees paid to Non-Executive Directors in other AIM-listed companies of a similar size and complexity, the time commitment and the responsibilities of the role. Non-Executive Directors do not receive bonuses and do not participate in the share incentive schemes. No options are held by the Non-Executive Directors. No Director is permitted to participate in decisions about his or her own remuneration.

In Q4 2023 the Committee commissioned an independent review of the current levels of remuneration and benchmarked these against other companies of similar size and complexity. This was the first external benchmarking study that had been commissioned by the Company since IPO.

This review was commenced prior to Lucy Tilley's resignation but this did further highlight the importance of ensuring that the levels of remuneration are appropriately set within the Company to ensure management is fully motivated and retained, especially given the outstanding growth track record of the Company and in a highly competitive talent market.

Following the review of the current levels of remuneration the following changes to the base salaries of the Executive Directors were proposed and implemented with effect from 1 January 2024:

- Peter Brodnicki, CEO - £450,000, an increase of 9.7%; and
- Ben Thompson, Deputy CEO - £360,000 an increase of 32.1%.

Following the review of roles and responsibilities it was determined that setting a salary for Ben Thompson that equated to 80% of Peter Brodnicki's was appropriate. It should be noted that although the benchmarking data was used to inform the Committee's deliberations it only formed one part of a much broader consideration when determining the appropriate salary levels.

Annual base fees for the Non-Executive Directors were increased from 1 January 2024 by 6% in line with the average salary increase across MAB.

Annual bonus

In 2023, the Remuneration Committee introduced Personal Business Objectives ("PBOs") to the Executive Directors' annual bonus structure, in line with best practice. The annual bonus for 2023 was based on adjusted PBT for 90% of the bonus and on the achievement of five PBOs for the remaining 10%.

Out of the five PBOs, three were ESG criteria linked to good customer outcomes, the implementation of the Consumer Duty regulation, and the Group's overall ESG score improvement against the B-Corp framework. Two PBOs were based on the achievement of essential elements of the Group's technology roadmap.

These new performance targets reflect the importance to the Group of a robust governance framework that puts the customer first and the work that has been carried out towards the implementation of the Consumer Duty, as well as our sustainability goals. They were recommended by and measured with input from the Group Risk Committee.

The performance against the PBOs was assessed and the payout on those elements was 12.5% of base salary (out of a maximum of 15% of base salary) for both the CEO, Peter Brodnicki, and the Deputy CEO, Ben Thompson. No bonus was paid to the CFO, Lucy Tilley in consequence of her resignation, submitted in January 2024.

The adjusted profit before tax element of the annual bonus was based on certain adjusted Profit before Tax targets. These were missed and no bonus was paid for this element.

2023	Percentage of annual bonus	Percentage of Base Salary at Maximum Bonus	Bonus paid as percentage of Base Salary
Adjusted PBT	90%	135%	0%
PBOs	10%	15%	12.5%
Total	100%	150%	12.5%

More details are set out in the single total figure of remuneration table below.

Annual Bonus 2024

The balance between the financial objectives and the Personal Business Objectives was changed with more emphasis placed on the achievement of the PBOs, with a weighting of 80% and 20% respectively. The financial objectives are again based on adjusted Profit before Tax and the PBOs include objectives derived from ESG metrics and reflect again the importance of continuing progress and improvement in key areas relating to good customer outcomes and sustainability measures.

Long Term Incentive Plan

The Group has adopted the Mortgage Advice Bureau Executive Share Option plan as the Long Term Incentive Plan (LTIP) to incentivise certain of its senior employees and directors.

On 31 May 2023, 296,375 options over ordinary shares of 0.1 pence each in the company were granted to the Executive Directors and Senior Management of MAB under the Mortgage Advice Bureau Executive Share Option Plan. The exercise of the options is subject to the achievement of a performance condition based on earnings per share (EPS) criteria. Subject to the achievement of the performance condition, these options will vest on 2 April 2026. The exercise price for these options is 0.1 pence, being the nominal cost of ordinary shares.

The 2020 LTIP award vested in April 2023. Half of the award was subject to an EPS performance condition measured over three financial years and the other half subject to a TSR performance condition measured over three years from grant. Both the TSR and EPS performance conditions were fully achieved, and the award therefore vested in full.

Service contracts

It is the Group's policy for all Executive Directors to have contracts of employment that contain a termination notice period not exceeding twelve months. The appointment of the Chief Executive Officer, Peter Brodnicki, continues until terminated by either party giving not less than twelve months' notice to the other party. The appointments of the Deputy Chief Executive Officer, Ben Thompson, continues until terminated by either party giving not less than six months' notice to the other party.

The Non-Executive Directors do not have service contracts. A Letter of Appointment provides for an initial period of 36 months and continues until terminated by either party by giving three months' prior written notice at any time after the initial 36-month period. All Directors are subject to annual re-election at the Annual General Meeting.

Employee incentivisation and reward

MAB is committed to the provision of an inclusive working environment and ensuring the fair reward of all employees, regardless of seniority across the business. In addition to the Executive Directors and senior management, the Committee considers wider workforce remuneration and reward.

Share Incentive Plan

The Mortgage Advice Bureau (Holdings) plc Share Incentive Plan (SIP) enables employees to buy shares in the Company at an effective discount to the London Stock Exchange price by having an amount deducted from pre-tax salary each month. In addition, the Company grants participating employees matching shares.

The Share Incentive Plan is continuing to be popular among our employees despite the cost-of-living crisis, with MAB employee participation standing at 47% (2022: 48%). The average monthly contribution in 2023 was £107 (2022: £111).

Single total figure of remuneration for each director

The Directors' remuneration payable in respect of the year ended 31 December 2023 was as follows:

	Basic salary and fees		Annual bonus		Pension contributions[1]		Benefits[2]		Long-term incentive plan[3]		Total	
	2023 £000s	2022 £000s	2023 £000s	2022 £000s	2023 £000s	2022 £000s	2023 £000s	2022 £000s	2023 £000s	2022 £000s	2023 £000s	2022 £000s
Executives												
Peter Brodnicki	410	373	51	282	41	37	2	2	263	298	769	993
Ben Thompson	272	248	34	282	32	25	3	7	263	298	606	859
Lucy Tilley	268	239	–	242	32	24	2	5	205	232	506	741
Sub-Total	950	860	85	806	106	86	8	14	732	827	1,881	2,593
Non-Executives												
Katherine Innes Ker	100	89	–	–	–	–	–	–	–	–	100	89
Nathan Imlach	49	44	–	–	–	–	–	–	–	–	49	44
Stephen Smith[4]	17	42	–	–	–	–	–	–	–	–	17	42
David Preece[5]	42	68	–	–	–	–	–	–	–	–	42	68
Mike Jones	49	42	–	–	–	–	–	–	–	–	49	42
Sub-Total	257	286	–	–	–	–	–	–	–	–	257	286
Total	**1,207**	**1,145**	**85**	**806**	**106**	**86**	**8**	**14**	**732**	**827**	**2,138**	**2,878**

Notes:

1. Pension includes the cash value of Company contributions to defined contribution pension plans and cash payments in lieu of pension contributions. In previous years we included payments in lieu of pension contributions as part of basic salary and fees, so 2022 has been restated.
2. The benefit package of each Executive Director includes the provision of life assurance, a travel allowance, the option of private medical assurance under a Group scheme, and the option to participate in the Group's Share Incentive Plan which includes a matched element.
3. Total market price of shares under option vesting during the year at their vesting date, less any option exercise price payable.
4. Stephen Smith stepped down after the 2023 AGM on 24 May 2023.
5. For 2022, basic salary and fees figure included Non-Executive Director fees of £38,400 and an additional consultancy fee of £30,000. No consultancy fee was paid in 2023.

Directors' interests in shares

As at 31 December 2023, the interest of the Directors in the Ordinary shares of the Company were:

Director	Ordinary shares of 0.1p	%
Peter Brodnicki	10,401,472	18.21
David Preece	924,800	1.62
Ben Thompson	89,474	0.16
Nathan Imlach	29,576	0.05
Lucy Tilley	22,096	0.04
Katherine Innes Ker	16,304	0.03
Mike Jones	3,000	0.01

Note:
Directors' shareholdings include any shareholdings of trusts or family members deemed to be connected persons.

Interest in options

The Group operates the Mortgage Advice Bureau Executive Option Plan by which certain of the Executive Directors and other Senior Executives are able to subscribe for ordinary shares in the Company. The interests of the Directors during 2023 were as follows:

Director		Date granted	Exercise price £	At 1 Jan 2023 No.	Granted during the year No.	Exercised during the year No.	Forfeited/ Not vested during the year No.	At 31 Dec 2023 No.
Peter Brodnicki	**(1)**	May-23	0.001	–	83,146	–	–	83,146
	(2)	Jun-22	0.001	36,262	–	–	–	36,262
	(3)	Apr-21	0.001	19,766	–	–	–	19,766
	(4)	Jul-20	0.001	37,108	–	–	–	37,108
	(5)	Jul-19	0.001	33,717	–	–	–	33,717
	(6)	Apr-18	0.001	9,957	–	–	–	9,957
				136,810				**219,956**
Ben Thompson	**(1)**	May-23	0.001	–	55,230	–	–	55,230
	(2)	Jun-22	0.001	24,097	–	–	–	24,097
	(3)	Apr-21	0.001	19,766	–	–	–	19,766
	(4)	Jul-20	0.001	37,108	–	–	–	37,108
	(5)	Jul-19	0.001	33,717	–	–	–	33,717
				114,688				**169,918**
Lucy Tilley	**(1)**	May-23	0.001	–	54,236	–	–	54,236
	(2)	Jun-22	0.001	23,231	–	–	–	23,231
	(3)	Apr-21	0.001	17,570	–	–	–	17,570
	(4)	Jul-20	0.001	28,862	–	–	–	28,862
	(5)	Jul-19	0.001	26,223	–	–	–	26,223
	(6)	Apr-18	0.001	9,957	–	–	–	9,957
				105,843				**160,079**

Notes:
(1) Unapproved Option scheme - first date exercisable is 2 April 2026, last date exercisable is 31 May 2031.
(2) Unapproved Option scheme - first date exercisable is 6 April 2025, last date exercisable is 6 June 2030.
(3) Unapproved Option scheme - first date exercisable is 1 April 2024, last date exercisable is 1 April 2029.
(4) Unapproved Option scheme - first date exercisable is 22 April 2023, last date exercisable is 22 July 2028.
(5) Unapproved Option scheme - first date exercisable is 1 July 2022, last date exercisable is 1 July 2027.
(6) Unapproved Option scheme - first date exercisable is 11 April 2021, last date exercisable is 10 April 2026.

All the LTIP awards are subject to a three-year performance period. For the 2021 and 2022 awards, half of the award is subject to a condition relating to the Company's growth in adjusted EPS over three financial years (the EPS Performance Condition), and the other half is subject to a condition relating to the Company's growth in TSR over three years from grant (the TSR Performance Condition). The 2023 award is based solely on an EPS performance condition. Vested and unvested LTIP awards are subject to a formal malus and clawback mechanism.

The following performance conditions apply to the outstanding LTIP awards. Vesting is on a straight-line basis between threshold and maximum.

2021 award:

Metric	Weighting (% of award)	Performance condition	Threshold	Maximum
Vesting (% of maximum)			25%	100%
Adjusted EPS	50%	Absolute growth in adjusted earnings per share over the three-year performance period	40%	70%
Total shareholder return (TSR)	50%	Average absolute annual growth in TSR over the three years from grant	5%	15%

2022 award:

Metric	Weighting (% of award)	Performance condition	Threshold	Maximum
Vesting (% of maximum)			25%	100%
Adjusted EPS	50%	Compound annual growth rate in EPS	15%	26%
Total shareholder return (TSR)	50%	Compound annual growth rate in shareholder value	10%	20%

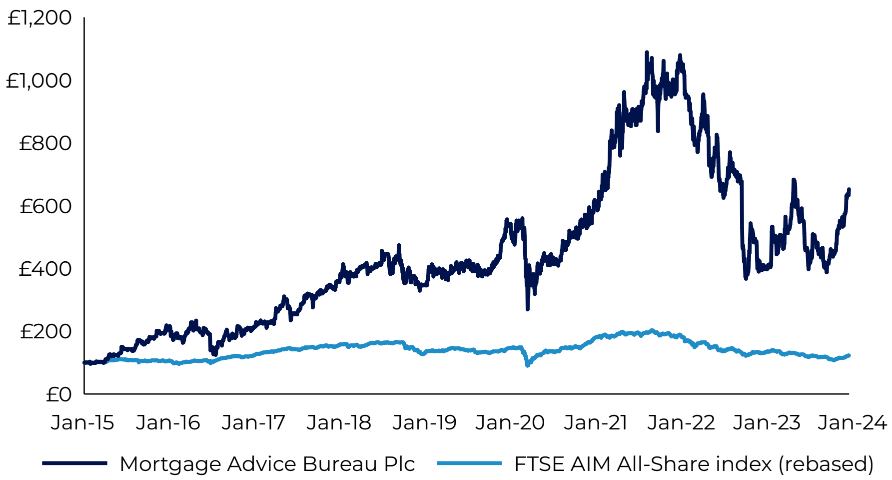
2023 award:

Metric	Weighting (% of award)	Performance condition	Threshold	Maximum
Vesting (% of maximum)			25%	100%
Adjusted EPS	100%	Compound annual growth rate in EPS	5%	10%

Note 30 to the financial statements contains details of all options granted to directors and employees as at 31 December 2023. All of the share options were granted for nil consideration.

■ Total shareholder return performance graph

The graph below illustrates the total shareholder return (TSR) for the period from 1 January 2015 to 31 December 2023 in terms of the change in value of an initial investment of £100 against the corresponding TSR in hypothetical holdings of shares in the FTSE AIM All-Share Index.



The Company is a member of the FTSE AIM All-Share Index and considers this to be the most appropriate broad equity market index for the purpose of measuring the Company's relative performance.

The mid-market closing price of the Company's ordinary shares at 29 December 2023 was 820 pence and the range during the financial year was 500 pence to 880 pence.

None of the Directors had an interest in any contract of significance in relation to the business of the Company or its subsidiaries at any time during the financial year.

■ Shareholder engagement

We take a keen interest in our shareholders' views on executive remuneration and welcome any feedback on the Directors' Remuneration Report. At the 2023 AGM, 55.4% of the votes cast were in favour of accepting the Remuneration Report. Following the AGM we consulted with a number of shareholders and understand that there were concerns with the payment of transaction-related bonuses in 2022. We have set out in the revised remuneration structure adopted from 2023 onwards, a rebalancing of incentives in favour of longer-term objectives, and confirm that in future, bonuses directly related to the completion of a transaction will not be offered.

This Remuneration Report will be subject to an advisory vote at the 2024 AGM. Our goal is to be clear and transparent in the presentation of this report and I look forward to shareholders' support on this resolution.

On behalf of the Board

Katherine Innes Ker
Chair of the Remuneration Committee

19 March 2024

The Directors are responsible for preparing the Directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRSs.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. The maintenance and integrity of the corporate and financial information included on the Group's website is the responsibility of the Directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mortgage Advice Bureau (Holdings) plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the financial statements, including material and significant accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group's financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We have assessed the reasonableness of the assumptions within the Directors' forecast for liquidity and profitability for a period of 12 months from the signing of these accounts, corroborating the inputs to supporting documentary evidence. This involved considering the base and stress scenarios testing undertaken by the Directors to support the Going concern assessment which included assumptions about the potential impact this could have on revenue (mainly from purchase mortgages) and possible cost saving measures.
- We examined the existing agreement of the Revolving Credit Facility and reviewed the nature of the facility, repayment terms, covenants and attached conditions. We assessed its continued availability to the Group through the going concern period and checked the completeness of management's covenant assessment;
- We verified the mathematical accuracy of the going concern model for the period to 31 December 2025;
- We considered whether there were any indicators of other sources of finance not considered by Directors in their assessment;

Conclusions relating to going concern (continued)

- We assessed whether the capital and cash positions are adequate and whether the Group complies with its covenant requirements in both the base and stress scenarios.
- We assessed the appropriateness of the duration of the going concern assessment period to 31 December 2025 and considered the existence of any significant events or conditions beyond this period based on our procedures on the Group's cash flow forecasts and from knowledge arising from other areas of the audit;
- We have reviewed publicly available information on the housing market and house price index to assess any impact on going concern.
- We assessed how the Directors have factored in ongoing economic pressures such as high inflation, cost of living crisis and increasing interest rates on the business, checking these had been appropriately considered as part of the Directors' going concern assessment.
- We reviewed the disclosures made relating to going concern included in the financial statements in order to assess the appropriateness of the disclosures and conformity with reporting standards.

The Directors' assessment forecasts that the Group will maintain sufficient liquidity throughout the going concern assessment period in the base case scenario and will not breach banking covenants. Under the Group's severe but plausible scenario, which includes a significant reduction in performance throughout the going concern period, liquidity remains and there is no breach of covenants.

We have not identified any climate related risks that would materially impact the Group's forecasts to 31 December 2025.

Controllable mitigating actions available to management over the going concern assessment period include reductions to non-declared dividend payments.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report

Overview

Coverage	*99% (2022: 99.1%) of Group profit before tax* *100% (2022: 99.9%) of Group revenue* *99.8% (2022: 99.4%) of Group total assets*		
Key audit matters (KAM)		**2023**	**2022**
	Revenue Recognition	✔	✔
	Clawback Liability	✔	✔
	Valuation of put/call options over the purchase of minority Interests in subsidiaries	✔	✔
	Acquisition of subsidiaries	✘	✔
	Goodwill Impairment assessment in relation to Fluent CGU	✔	✘
	Acquisition of subsidiaries is no longer considered a KAM because there were no subsidiary acquisitions made during the year.		
Materiality	*Group financial statements as a whole* £1,036,000 (2022: £1,006,000) based on 5% of average profit before tax for the last three years (2022: 5% Profit before tax).		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group is made up of the Parent Company and its subsidiaries. The significant components were determined to be MAB Limited and MAB Derby Limited together '(MAB Core'), First Mortgage Direct Limited ('FMD') and Project Finland Topco Limited and its subsidiaries ('Fluent Group'). These three components were subject to full scope audits performed by the Group audit team. In respect of the non-significant components the Group audit team carried out specific procedures on balances that were identified as material to the Group.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of Board and Audit Committee meetings and any other relevant party and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Strategic report may affect the financial statements and our audit.

The Group has explained in the Strategic report how they have reflected the impact of climate change in their financial statements. The Group did not identify any climate risk that would materially impact the carrying values of the Group's assets or have any other impact on the financial statements. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted International Accounting Standards. Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and their climate commitments. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit. We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

An overview of the scope of our audit (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition Management's associated accounting policies are outlined in note 1 and with the detailed disclosure in note 3 to the financial statements. The Group's revenue comprises of commissions (including procuration fees), client fees, protection and general insurance and other income. Group total revenue £240m (2022: £231m). Revenue recognition is a significant audit risk as it is a key driver of the return to investors and there is a risk that there could be manipulation, fraud or omission of amounts recorded in the system. This risk is applicable for all revenue streams across the Group as detailed above. For these reasons we considered revenue a key audit matter.	We performed the following procedures: • We assessed whether the Group's revenue recognition policies are in accordance with the applicable accounting standards. • We performed walkthroughs of each significant stream of revenue and confirmed the existence of key controls around the recognition of revenue. • For a sample of transactions, we independently obtained direct confirmations of the revenue and transactions amounts from third party providers. • For a sample of commission income, we obtained the third-party reports supporting the transactions and traced back to cash receipts. • We recalculated a sample of the procuration fees using third party reports obtained independently and agreed to cash received. • We agreed a sample of client fees to providers' statements and cash receipts. • We performed cut-off testing for the period before and after the year end with reference to underlying documents such as rebate reports, reclaims files and evidence of management's assessment of the point of revenue recognition. • We performed full and specific scope audit procedures over this risk area in components which have revenue. **Key observations:** Based on the procedures performed, we have not identified any material misstatements in the revenue recognised in the year.

An overview of the scope of our audit (continued)

Key audit matters (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
Clawback liability Management's associated accounting policies with detail about judgements in applying accounting policies and critical accounting estimates are outlined in note 2 with the detailed disclosure in note 23 to the financial statements. The clawback liability is an estimate of the commission received up front that is repayable on life assurance policies that may lapse in a period of up to four years following inception of the policies. The Group has recognised a clawback liability of £10.3m (2022: £8.0m). There is significant risk of material misstatement due to fraud or error as result of the estimation uncertainty inherent in the valuation of the clawback liability. The valuation of clawback liability is subject to significant judgements and estimates with specific reference to the determination of the Lapse and Recovery rate applied. The risk is over the clawback liability recorded in the three significant components: MAB Core, FMD and Fluent.	Our procedures included the following: • We assessed whether the accounting treatment adopted for the clawback liability was in line with the applicable accounting standard requirements. • We evaluated the design and implementation of the financial reporting process relevant for the determination of the clawback liability. • We tested the appropriateness of the model and its logical application and then independently recalculated the results. • We compared the data relating to unearned commission and assumptions such as future lapse rates and lapse rate history to third party reports. • For other inputs and assumptions such as age profile of the commission received, the success of the Appointed Representatives in preventing lapses and/or generating new income at the point of a lapse, we validated these to management's supporting analysis of the Group's actual experience based on data gathered from third party providers' statements. • We reviewed the historic payback patterns and performed testing on the historical accuracy of management's estimate by comparing clawbacks during the current financial year to the prior year provision raised. **Key observations:** Based on the work performed we have not identified any material misstatement in the clawback liability.

An overview of the scope of our audit (continued)

Key audit matters (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of put/call options over the purchase of minority interests in subsidiaries Refer to note 5 to the financial statements. The acquisition of Fluent in 2022 had put and call options attached to the purchase of the minority interests exercisable at a future date. The valuation of the put and call is driven by inputs that are subject to management's judgement and estimation uncertainty. We have identified a significant risk of material misstatement due to error over the remeasurement of the redemption liability. The cash flow projections (including the EBITDA projections) used in the remeasurement of the redemption liability are subject to management's judgements. The Group had a redemption liability fair value gain of £4.5m (2022:£nil) of which £4.7m relates to Fluent (loss of £0.2m relates to Auxilium put and call options).	Our procedures included the following: • We evaluated the design and implementation of the financial reporting process relevant for the Valuation of put/call options. • We tested that the valuation methodology is appropriate. • With the assistance from our valuation experts, we assessed the appropriateness of the assumptions being cash flow projections and discount rate against the ones adopted by management as part of the impairment of goodwill assessment where relevant. • We assessed the reasonableness of cashflow forecasts and its assumptions by reviewing the governance process in light of the potential impact of macro-economic factors. • We reviewed the accounting treatment to check that it is in line with accounting standards (IFRS 2/ IAS 19 and IFRS 9). **Key observations:** Based on the work performed we have not identified any material misstatement in the redemption liability.

An overview of the scope of our audit (continued)

Key audit matters (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
Goodwill impairment assessment in relation to Fluent CGU Refer to note 2 with the detailed disclosure in note 14 to the financial statements. The Carrying value of Goodwill is £53.9m (2022: £53.9m). Of this amount, £37.0m relates to the Fluent cash generating unit ('CGU'). We identified a significant risk of fraud and error on the recoverability of the goodwill relating to Fluent CGU because it's trading performance was significantly below budget. In determining the recoverable amount, the value in use calculation is subject to estimation uncertainty due to the significant estimates and judgements involved in determining the discount rate, Long-term growth rates ('LTGR'), and the future cashflows (including EBITDA projections). As a result, we concluded this was a key audit matter.	We performed the following procedures: • With the involvement of our valuation experts, we assessed the appropriateness of the valuation methodology applied and key assumptions. • We inspected the Group's approved strategic plans. • We compared the Group's key assumptions to externally derived data and other macro-economic factors such as interest rates and inflation rates. • We performed a sensitivity analysis which considered reasonably possible changes in the key assumptions and their impact on the valuation. • We independently developed our own estimate of a range of reasonably possible discount rate, EBITDA projections and revenue growth rate for the CGU, based on external market data and our understanding of the business, and compared this to what was used in the model. **Key observations:** We have not identified any indicator that would suggest the assumptions and judgements applied in the valuation model are unreasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken based on the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023 £m	**2022 £m**	**2023 £m**	**2022 £m**
Materiality	£1,036,000	£1,006,000	£332,000	£268,000
Basis for determining materiality	5% of average profit before tax for the last three years	5% of profit before tax, excluding write off of investment in non-listed equity shares	5% of Total investments	
Rationale for the benchmark applied	Average profit before tax was determined to be the most appropriate benchmark as the Group is listed with profitability seen as the main interest of investors.	Profit before tax was determined to be the most appropriate benchmark as the Group is listed with profitability seen as the main interest of investors.	As the Parent Company is a holding company, it was considered appropriate to determine materiality based on Total investments.	
Performance materiality	2023 £777,000	2022 £754,000	2023 £249,000	2022 £201,000
Basis for determining performance materiality	75% of materiality based on our risk assessment and our assessment of expected total value of known and likely misstatements.			

Our application of materiality (continued)

Component materiality

We set materiality for each significant component of the Group, including the parent company, based on a percentage of between 31% and 95% (2022: 43% and 79%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £237,000 to £738,000 (2022: £436,515 to £792,000). In the audit of each significant component, we further applied performance materiality levels at 75% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £51,000 (2022: £20,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from components not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability 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 the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 based on these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, legal counsel and Audit Committee;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be IFRS as adopted by the UK, UK tax legislation, Companies Act 2006 and the AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

We identified such laws and regulations to be the health and safety legislation and the Anti-Bribery Act including fraud, corruption and bribery.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Auditor's responsibilities for the audit of the financial statements (continued)

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance also considered Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue, management override of controls and clawback liability.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- Enquiring of management and the Audit Committee for any instances of non- compliance with laws and regulation and any known or suspected instances of fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance and correspondence with the Financial Conduct Authority to check for any instances of non-compliance with applicable laws and regulations;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments on a sample basis to supporting documentation;
- In respect of the risk of fraud in relation to revenue recognition and in accounting estimates such as the clawback liability and goodwill impairment assessment performing the procedures as set out in the Key Audit Matters section of our report; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- At a component level, our full and specific scope component audit team's procedures included inquiries of component management, journal entry testing and focused testing, including in respect of the key audit matter of revenue recognition.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are

Auditor’s responsibilities for the audit of the financial statements (continued)

Fraud (continued)

inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the Parent Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

David Gonnelli
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

19 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

	Note	2023 £'000	2022 £'000
Revenue	3	**239,533**	230,820
Cost of sales	4	**(169,371)**	(167,873)
Gross profit		**70,162**	62,947
Administrative expenses		**(46,674)**	(36,000)
Share of profit of associates	15	**848**	712
Costs relating to First Mortgage, Fluent and Auxilium options	5	**(4,277)**	(1,999)
Amortisation of acquired intangibles	5	**(5,160)**	(2,582)
Acquisition costs	5	**(159)**	(2,755)
Restructuring costs		**(539)**	–
Non-listed equity investment written off	16	**–**	(2,783)
Profit on disposal of associate	15	**–**	19
Profit on sale of non-listed equity investment	16	**–**	58
Gain on fair value measurement of contingent consideration	15	**–**	884
Loss on fair value measurement of derivative financial instruments	15	**(190)**	(18)
Operating profit	6	**14,011**	18,483
Finance income	8	**291**	108
Finance expenses	8	**(2,610)**	(1,238)
Gain on remeasurement of redemption liability	5	**4,486**	–
Profit before tax		**16,178**	17,353
Tax expense	9	**(3,719)**	(4,574)
Profit for the year		**12,459**	12,779
Total comprehensive income		**12,459**	12,779
Profit is attributable to:			
Equity owners of Parent Company		**13,467**	12,237
Non-controlling interests		**(1,008)**	542
		12,459	12,779
Earnings per share attributable to the owners of the Parent Company			
Basic	10	**23.6p**	21.8p
Diluted	10	**23.5p**	21.6p

All amounts shown relate to continuing activities.

The notes on pages 122 to 182 form part of these financial statements.

	Note	2023 £'000	2022 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	**5,799**	6,128
Right of use assets	13	**2,283**	3,872
Goodwill	14	**53,885**	53,885
Other intangible assets	14	**51,474**	55,823
Investments in associates and joint venture	15	**12,301**	11,387
Derivative financial instruments	15	**302**	320
Trade and other receivables	18	**353**	831
Deferred tax asset	24	**719**	1,797
Total non-current assets		**127,116**	134,043
Current assets			
Trade and other receivables	18	**9,321**	10,288
Cash and cash equivalents	19	**21,940**	25,462
Total current assets		**31,261**	35,750
Total assets		**158,377**	169,793
Equity and liabilities			
Share capital	25	**57**	57
Share premium	26	**48,155**	48,155
Capital redemption reserve	26	**20**	20
Share option reserve	26	**6,045**	4,511
Retained earnings	26	**15,921**	15,154
Equity attributable to owners of the Parent Company		**70,198**	67,897
Non-controlling interests		**4,211**	7,548
Total equity		**74,409**	75,445
Liabilities			
Non-current liabilities			
Trade and other payables	20	**2,642**	2,252
Redemption liability	5	**2,793**	7,186
Lease liabilities	13	**1,805**	3,014
Derivative financial instruments	15	**183**	10
Loans and other borrowings	21	**12,426**	16,598
Deferred tax liability	24	**11,417**	14,659
Total non-current liabilities		**31,266**	43,719
Current liabilities			
Trade and other payables	20	**35,225**	34,397
Clawback liability	23	**10,331**	8,038
Lease liabilities	13	**931**	933
Loans and other borrowings	21	**5,824**	6,809
Corporation tax		**391**	452
Total current liabilities		**52,702**	50,629
Total liabilities		**83,968**	94,348
Total equity and liabilities		**158,377**	169,793

The notes on pages 122 to 182 form part of these financial statements.

The financial statements were approved by the Board of Directors on 19 March 2024.

P Brodnicki
Director

L Tilley
Director

		Attributable to the holders of the Parent Company							
	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000	Non–controlling interests £'000	Total Equity £'000
Balance as at 1 January 2022		53	9,778	20	3,523	25,408	38,782	2,205	40,987
Profit for the year		–	–	–	–	12,237	12,237	542	12,779
Total comprehensive income		–	–	–	–	12,237	12,237	542	12,779
Transactions with owners									
Issue of shares		4	38,377	–	–	–	38,381	–	38,381
Non-controlling interests on acquisition of subsidiaries		–	–	–	–	–	–	5,216	5,216
Acquisition of subsidiaries		–	–	–	–	(6,540)	(6,540)	–	(6,540)
Share-based payment transactions		–	–	–	1,827	–	1,827	–	1,827
Current and deferred tax recognised in equity		–	–	–	(767)	–	(767)	–	(767)
Reserve transfer	30	–	–	–	(72)	72	–	–	–
Dividends paid	11, 31	–	–	–	–	(16,023)	(16,023)	(415)	(16,438)
Transactions with owners		4	38,377	–	988	(22,491)	16,878	4,801	21,679
Balance as at 31 December 2022 and 1 January 2023		**57**	**48,155**	**20**	**4,511**	**15,154**	**67,897**	**7,548**	**75,445**
Profit for the year		–	–	–	–	13,467	13,467	(1,008)	12,459
Total comprehensive income		–	–	–	–	13,467	13,467	(1,008)	12,459
Transactions with owners									
Issue of shares		–	–	–	–	–	–	–	–
Acquisition of minority interests	5	–	–	–	–	942	942	(1,487)	(545)
Share-based payment transactions	30	–	–	–	3,380	–	3,380	–	3,380
Current and deferred tax recognised in equity	9, 24	–	–	–	449	101	550	–	550
Reserve transfer	30	–	–	–	(2,295)	2,295	–	–	–
Dividends paid	11, 31	–	–	–	–	(16,038)	(16,038)	(842)	(16,880)
Transactions with owners		–	–	–	1,534	(12,700)	(11,166)	(2,329)	(13,495)
Balance as at 31 December 2023		**57**	**48,155**	**20**	**6,045**	**15,921**	**70,198**	**4,211**	**74,409**

Mortgage Advice Bureau

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit for the year before tax		**16,178**	17,353
Adjustments for:			
Depreciation of property, plant and equipment	12	**1,225**	591
Depreciation of right of use assets	13	**857**	563
Impairment of right of use assets	13	**428**	–
Amortisation of intangibles	14	**5,470**	2,866
Unwinding of loan arrangement fees	34	**77**	–
Profit from sale of non-listed equity investment	16	**–**	(58)
Profit from disposal of associate	15	**–**	(19)
Loss from disposal of fixed assets	12	**36**	38
Share-based payments	30	**4,429**	2,983
Share of profit from associates	15	**(848)**	(712)
Gain on remeasurement of redemption liability	5	**(4,486)**	–
Non-listed equity investment, amount written off	16	**–**	2,783
Loss/(gains) on fair value movements taken to profit and loss	15	**190**	(866)
Dividends received from associates	15	**403**	910
Finance income	8	**(291)**	(108)
Finance expense	8	**2,610**	1,238
		26,278	27,562
Changes in working capital			
Decrease/(increase) in trade and other receivables	18	**1,432**	(1,317)
(Decrease)/increase in trade and other payables	20	**(283)**	833
Increase in clawback liability	23	**2,293**	1,387
Cash generated from operating activities		**29,720**	28,465
Income taxes paid		**(5,390)**	(4,124)
Acquisition of minority interests	5	**(592)**	–
Net cash generated from operating activities		**23,738**	24,341
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(932)**	(3,229)
Purchase of intangibles	14	**(1,121)**	(615)
Proceeds from sale of non-listed equity investment	16	**–**	115
Net cashflow on acquisition of subsidiaries	18	**–**	(49,157)
Acquisition of associates and contingent consideration for associates	15	**(469)**	(1,327)
Net cash used in investing activities		**(2,522)**	(54,213)
Cash flows from financing activities			
Proceeds from borrowings	21, 34	**–**	22,918
Settlement of loan notes and accrued interest on acquisition	17, 34	**–**	(21,891)
Repayment of borrowings	21, 34	**(5,350)**	(1,500)
Interest received		**304**	102
Interest paid		**(1,312)**	(102)
Principal element of lease payments	34	**(907)**	(547)
Issue of shares	25	**–**	40,000
Costs relating to issue of shares	25	**–**	(1,619)
Acquisition of minority interests	5	**(593)**	–
Dividends paid to Company's shareholders	11	**(16,038)**	(16,023)
Dividends paid to minority interest		**(842)**	(415)
Net cash used in financing activities		**(24,738)**	20,923
Net (decrease) in cash and cash equivalents		**(3,522)**	(8,949)
Cash and cash equivalents at the beginning of year		**25,462**	34,411
Cash and cash equivalents at the end of the year		**21,940**	25,462

The notes on pages 122 to 182 form part of these financial statements.

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented.

The consolidated financial statements are presented in Great British Pounds and all amounts are rounded to the relevant thousands, unless otherwise stated.

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The financial statements have been prepared on a historical cost basis, except for investments in non-listed equities and derivative financial instruments relating to investments in associates that have been measured at fair value.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report as set out earlier in these financial statements. The financial position of the Group, its cash flows and liquidity position are also set out in the Strategic Report as set out earlier in these financial statements.

The Group made an operating profit of £14.0m during 2023 (2022: £18.5m) and had net current liabilities of £21.4m as at 31 December 2023 (31 December 2022: £14.9m) and equity attributable to owners of the Group of £70.2m (31 December 2022: £67.9m).

Going concern

The Directors have assessed the Group's prospects until 31 December 2025, taking into consideration the current operating environment, including the impact of geopolitical and macroeconomic uncertainty and inflationary pressures on property and lending markets. The Directors' financial modelling considers the Group's profit, cash flows, regulatory capital requirements, borrowing covenants and other key financial metrics over the period.

These metrics are subject to sensitivity analysis, which involves flexing a number of key assumptions underlying the projections, including the effect of geopolitical and macroeconomic uncertainty and inflationary pressures and their impact on the UK property and lending markets and the Group's business volumes and revenue mix, which the Directors consider to be severe but plausible stress tests on the Group's cash position, banking covenants and regulatory capital adequacy. The Group's financial modelling shows that the Group should continue to be cash generative, maintain a surplus on its regulatory capital requirements and be able to operate within its current financing arrangements.

Based on the results of the financial modelling, the Directors expect that the Group will be able to continue in operation and meet its liabilities as they fall due over this period. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

The impact of climate risk on accounting estimates

In preparing the financial statements, the Directors have considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with the framework of the Taskforce on Climate-Related Financial Disclosures (TCFD).

The Group has assessed climate-related risks, covering both physical risks and transition risks.

Many of the effects arising from climate change will be longer term in nature with an inherent level of uncertainty and have limited impact on accounting estimates for the current period.

1 Accounting policies (continued)

■ The impact of climate risk on accounting estimates (continued)

Climate change may also have an impact on the carrying value of goodwill but the potential impact of climate related risks on the Group's impairment assessment is considered sufficiently remote at this point in time and therefore no sensitivity analysis has been performed.

■ Changes in accounting policies

New standards, interpretations and amendments effective for the year ended 31 December 2023

New standards, interpretations and amendments applied for the first time

The Group applied a number of standards and interpretations for the first time in 2023 but these did not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

■ New standards with an impact on the Group

- **Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies (Effective 1 January 2023)** The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The Group has ensured that material accounting policy disclosures have been made in the financial statements in line with the amendments to IAS 1 & IFRS Practice Statement 2.

■ New standards with no impact on the Group

- IFRS 17 Insurance contracts (Effective 1 January 2023)
- Amendments to IAS 8 – Definition of accounting estimates (Effective 1 January 2023)
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction (Effective 1 January 2023)

New standards, interpretations, and amendments not yet effective

Future new standards and interpretations

A number of new standards and amendments to standards and interpretations will be effective for future years and, therefore, have not been applied in preparing these Consolidated Financial Statements. These standards are not expected to have a material impact on the Group in the current or future reporting periods, on foreseeable future transactions or disclosures other than as identified below:

Standard or Interpretation	Periods commencing on or after
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2 - Climate-related Disclosures	1 January 2024

IFRS S1 and IFRS S2 are not expected to have a material impact on the results of the Group other than to expand on climate related disclosures within the financial statements. It is anticipated that transition reliefs for comparative information prior to the first year of adoption will be utilised.

■ Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting date.

All other assets are classified as non-current.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables approximates their fair value.

1 Accounting policies (continued)

Basis of consolidation

Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in First Mortgage Direct Limited, Project Finland Topco Limited, Vita Financial Limited and Aux Group Limited, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. There are no other non-controlling interests. See note 1 for the Group's accounting policies for business combinations.

Associates

Where the Group has the power to participate in, but not control the financial and operating policy decisions of another entity, it is classified as an associate where the Group holds between 20% and 49% of the voting rights. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently, associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Accounting policies for equity-accounted investees have been adjusted to conform the accounting policies of the associate to the Group's accounting policies. Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment. More information on the impairment of associates is included in note 2.

Joint ventures

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in the joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment, except freehold land at rates calculated to write off the cost of each asset on a straight-line basis over their expected useful lives, as follows:

Freehold land	not depreciated
Freehold buildings	36 years
Fixtures and fittings	5 and 10 years
Computer equipment	3 years

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income. The Directors reassess the estimated residual values and useful economic lives of the assets at least annually.

Goodwill

Goodwill represents the excess of a cost of a business combination over the Group's interest in the fair value of identifiable assets under IFRS 3 Business Combinations.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Other intangible assets

Intangible assets other than goodwill acquired by the Group comprise licences, the website software, acquired technology, customer and member relationships, lender and introducer relationships and trademarks and brands and are stated at cost less accumulated amortisation and impairment losses.

Software development can include both third party costs and internally generated costs. Internally generated costs are only capitalised once development of the intangible has commenced, where technical feasibility of the project has been confirmed, and where it is probable the asset will generate future economic benefits. All costs prior to this are expensed in the period. Software development assets that are not in use are tested for impairment on an annual basis.

Amortisation is charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the licence agreements or expected useful life of the asset and is charged once the asset is in use. The Group reviews the expected useful lives of assets with a finite life at least annually.

Amortisation, which is reviewed annually, is provided on intangible assets to write off the cost of each asset on a straight-line basis over its expected useful life as follows:

Licences	6 years
Website	3 years
Software development	3 years
Acquired technology	10 years
Customer relationships	5 to 9 years
Trademarks and brands	3 to 11 years
Lender and introducer relationships	14 years
Member relationships	3 years

1 Accounting policies (continued)

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying value of the asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows, its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in consolidated statement of comprehensive income except to the extent that they reverse gains previously recognised in other comprehensive income. An impairment loss for goodwill is not reversed.

Financial assets

In the consolidated statement of financial position, the Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

All other financial assets are classified as fair value through profit or loss.

Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments which arise principally through the Group's trading activities, and these assets arise principally to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed on an individual receivable balance. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for loans to associates and other parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

1 Accounting policies (continued)

Investments in non-listed equity shares

Investments in non-listed shares are non-derivative financial assets, and are carried at fair value, with gains and losses arising from changes in fair value taken directly to the consolidated statement of comprehensive income.

Derivative financial instruments

Derivative financial instruments comprise option contracts to acquire additional ordinary share capital of associates of the Group. Derivative financial assets are carried at fair value, with gains and losses arising from changes in fair value taken directly to the statement of comprehensive income. Fair values of derivatives are determined using valuation techniques, including option pricing models.

Financial liabilities

Trade and other payables are recognised initially at fair value and subsequently carried at amortised cost.

Loans and other borrowings

Loans and other borrowings comprise the Group's bank loans including any bank overdrafts. Loans and other borrowings are recognised initially at fair value net of any directly attributable transaction costs. After initial recognition, loans and other borrowings are subsequently carried at amortised cost using the effective interest rate method.

Leases

The Group's leasing activities and how they are accounted for

The Group leases a number of properties from which it operates and office equipment. Rental contracts are typically made for fixed periods of five to ten years, with break clauses negotiated for some of the properties.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The Group adopted the modified transition approach and from 1 January 2019, all leases are accounted for by recognising a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Payments associated with short-term leases and leases of low value assets will continue to be recognised on a straight-line basis as an expense in the statement of comprehensive income. Low value assets within the Group comprise of IT equipment.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

1 Accounting policies (continued)

Leases (continued)

- where it does not have recent third-party financing, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group; and
- makes adjustments specific to the lease, e.g. term, country and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group does not revalue its land and buildings that are presented within property, plant and equipment, and has chosen not to do so for the right of use buildings held by the Group.

Variable lease payments

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Extension and termination options

Termination options are included in a number of the leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of property, the following factors are normally the most relevant:

- If there are significant penalties to terminate, the Group is typically reasonably certain not to terminate.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to not terminate.
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

Remeasurement

The Group will remeasure a lease when there has been a contractual variation that amends the scope or length of the lease or in cases where there is a change in the Group's intention to exercise a break option or clause that exists in the contract. The lease liability will be remeasured using the new interest rate implicit in the lease or a revised incremental borrowing rate if the interest rate implicit in the lease isn't readily determined.

When the lease liability is remeasured, an equivalent adjustment is made to the right of use asset unless its carrying amount is reduced to nil, in which case any remaining amount is recognised within administrative expenses within the consolidated statement of comprehensive income.

1 Accounting policies (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the fair value on acquisition date, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose 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).

Where goodwill has been allocated to the Group's cash-generating units and part of the operation within the unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the subsequent acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Where a business combination is for less than the entire issued share capital of the acquiree and there is an option for the acquirer to purchase the remainder of the issued share capital of the business and/or for the vendor to sell the rest of the entire issued share capital of the business to the acquirer, then the acquirer will assess whether a non-controlling interest exists and also whether the instrument(s) fall within the scope of IFRS 9 Financial Instruments and is/are measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9.

Options that are not within the scope of IFRS 9 and are linked to service will be accounted for under IAS 19 Employee Benefits and/or IFRS 2 Share-based Payments as appropriate.

1 Accounting policies (continued)

Business combinations and goodwill (continued)

IFRS 3 prohibits the recognition of contingent assets acquired in a business combination. No contingent assets are recognised by the Group in business combinations even if it is virtually certain that they will become unconditional or non-contingent.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

Revenue

The Group recognises revenue from the following main sources:

- ***Mortgage procuration fees*** paid to the Group by lenders either via the L&G Mortgage Club or directly.
- ***Insurance commissions*** from advised sales of protection and general insurance policies.
- ***Client fees*** paid by the underlying customer for the provision of advice on mortgages, other loans and protection.
- ***Other Income*** comprising income from services provided to directly authorised entities, fees in relation to Later Life lending and Wealth and ancillary services such as conveyancing and surveying.

Mortgage procuration fees, insurance commissions and client fees are included at the amounts received by the Group in respect of all services provided. The Group operates a revenue share model with its trading partners and therefore commissions are paid in line with the Group revenue recognition policy and are included in cost of sales.

Mortgage procuration fees are recognised at a point in time when commission is approved for payment by the L&G Mortgage Club or direct from the lender, which is the point at which all performance obligations have been met.

Insurance commissions are recognised at a point in time when the policy is accepted by the insurer. Life insurance commissions are paid on an indemnity basis, mainly over a four year period. If a policy is cancelled during the indemnity period, part of the commission received may have to be repaid to the provider.

A clawback liability is recognised for the expected level of commissions repayable with the liability movement recognised as an offset against revenue recognised in the period. More information on the clawback liability is included in note 2(e).

Client fees and Other income is recognised at a point in time when payment is received or guaranteed to be received, as until this point it is not possible to be certain that the performance obligation has been satisfied.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income. Other than if it relates to items recognised directly in equity in which case it is also recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted by the statement of financial position date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

1 Accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except for when:

- The difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Segment reporting

An operating segment is a distinguishable segment of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the entity's chief operating decision maker (CODM). The Board reviews the Group's operations and financial position as a whole and therefore considers that it has only one operating segment, being the provision of financial services operating solely within the UK. The information presented to the CODM directly reflects that presented in the financial statements and they review the performance of the Group by reference to the results of the operating segment against budget.

Operating profit is the profit measure, as disclosed on the face of the consolidated statement of comprehensive income that is reviewed by the CODM.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders.

1 Accounting policies (continued)

■ Share-based payments

(a) Equity-settled transactions

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition has been satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where options are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of the options at the date of the grant over the vesting period.

(b) Acquisition related Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially at the date of the grant and is subsequently remeasured at each reporting date up to and including the settlement date. The fair value is expensed over the period until the vesting date with a corresponding increase in liabilities. The fair value is determined using a discounted net present value model, with estimates over service and performance conditions updated to reflect management's best estimate of the awards expected to vest at each reporting date.

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The Directors consider that the estimates and judgements that have the most significant effect on the carrying amounts of assets and liabilities within the financial statements are set out below.

(a) Acquisitions and business combinations

When an acquisition arises, the Group is required under UK-adopted International Accounting Standards to calculate the Purchase Price Allocation ("PPA"). The PPA requires companies to report the fair value of assets and liabilities acquired and it establishes useful lives for identified assets. The identification and the valuation of the assets and liabilities acquired involves estimation and judgement when determining whether the recognition criteria are met.

Subjectivity is also involved in the PPA with the estimation of the future value of relationships, technology, brand and goodwill. The fair value of separately identifiable intangible assets acquired during the year was £nil (2022: £55.4m), with the key assumptions used to calculate these fair values being those around the estimated useful lives of the acquired introducer relationships and technology, the estimated future cash flows expected to arise from these relationships and technology and the appropriate discount rate to be used to discount these cash flows to their present value. Residual goodwill totalling £nil (2022: £38.7m) has been accounted for during the year.

2 Critical accounting estimates and judgements (continued)

(b) Fair value of put and call options in connection with acquisitions

When the Group makes an acquisition of less than 100% of the entire issued share capital of an entity, in certain cases it has entered into a put and call option agreement to acquire the remaining share capital of that entity after a certain amount of time. The fair value of the put and call option will need to be determined in accounting for the instrument which involves certain estimates regarding the future financial performance of the entity, including EBITDA or profit before tax, as well as the use of an appropriate discount rate. The fair value of the options are recognised as either a Redemption Liability in Note 5 or within accruals in Note 20.

The carrying value of the liabilities relating to acquisition options, recorded within Note 20 under accruals, are as follows:

	2023		2022	
	IAS19 Service Charge Accrual (£'000)	**IFRS 2 Option Charge Accrual (£'000)**	IAS19 Service Charge Accrual (£'000)	IFRS 2 Option Charge Accrual (£'000)
First Mortgage Direct Ltd	**1,925**	**–**	1,477	–
Project Finland Topco Ltd	**–**	**441**	–	491
Aux Group Ltd	**–**	**138**	–	7
Total	**1,925**	**579**	1,477	498

(c) Impairment of intangible assets

For the purposes of impairment testing, acquired relationships, technology, brands, goodwill and other intangibles 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).

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the assets is the higher of an asset's or CGU's fair value less cost of disposal and its value in use.

Value in use calculations are utilised to calculate recoverable amounts of a CGU. Value in use is calculated as the net present value of the projected pre-tax cash flows of the CGU in which the relationships, technology and brand is contained. The net present value of cash flows is calculated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and expenses during the period covered by the calculations. Changes to revenue and expenses are based upon management's expectation and actual outcomes may vary. Forecast cash flows are derived from the Group's forecast model, extrapolated for future years, and assume a terminal growth rate of 3.5% (2022: 5.0%), which management considers reasonable given the Group's historic growth rates and its market share growth model.

2 Critical accounting estimates and judgements (continued)

(c) Impairment of intangible assets (continued)

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 14.

(d) Impairment of trade and other receivables

Judgement is required when determining if there is any impairment to the trade and other receivable balances, and the Group uses the simplified approach for trade receivables within IFRS 9 using the lifetime expected credit losses. During this process judgements about the probability of the non-payment of the trade receivables are made.

In considering impairment provisions for loans to associates the forward-looking expected credit loss model is used. In determining the lifetime expected credit losses for loans to associates, the Group has taken into account the effect of geopolitical and macroeconomic uncertainty and inflationary pressures and their impact on the UK property and lending markets, and considered different scenarios for repayments of these loans and have also estimated percentage probabilities assigned to each scenario for each associate where applicable. More information is included in note 18.

(e) Clawback liability

The liability relates to the estimated value and timing of repaying commission received up front on protection policies that may lapse in a period of up to four years following inception. The liability balance is calculated using a model that has been developed over several years. The model uses a number of factors including the total 'unearned' commission (i.e. that could still be subject to clawback) at the point of calculation, the age profile of the commission received, estimates of future lapse rates, and the success of the Appointed Representatives in preventing lapses and/or generating new income at the point of a lapse.

The key uncertainties in the calculation are driven by lapse rates and recovery rates. A 0.5% change (absolute) in lapse rates causes a £0.5m change in the liability. A 2% change (absolute) in the recoveries rate causes a £0.2m change in the liability. More information is included in note 23.

(f) Investments in associates

The Group is required to consider whether any investments in associates have suffered any impairment.

The Group uses two methods to test for impairment:

- Net Present Value of the next 5 year's projected free cash flow and terminal value; and
- Valuation of business on a multiple basis.

The use of both methods requires the estimation of future cash flows, future profit before tax and choice of discount rate. Actual outcomes may vary. Where the carrying amount in the consolidated statement of financial position is in excess of the estimated value, the Group will make an impairment charge against the investment value and charge this amount to the consolidated statement of comprehensive income under impairment and amount written off associates.

The Group continues to make investments in associates, with elements of contingent consideration in some cases, as well as enter into commitments or option agreements to increase its stake or fully acquire certain associates. In accounting for these, the Group has had to make certain estimates on the amounts of contingent consideration likely to be payable and also the future performance and value of these businesses in determining the fair value of the options.

2 Critical accounting estimates and judgements (continued)

(g) Share options, employer's National Insurance Contributions and Deferred Tax

Under the Group's equity-settled share-based remuneration schemes (see note 30), estimates are made in assessing the fair value of options granted. The fair value is spread over the vesting period in accordance with IFRS 2. The Group engages an external expert in assessing fair value, both Black-Scholes and Stochastic models are used, and estimates are made as to the Group's expected dividend yield and the expected volatility of the Group's share price.

In addition, the Group estimates the employer's National Insurance Contributions that will fall due on exercise of options and provides for this over the vesting period. In doing so, estimates as to the share price at vesting and the proportion of options from each grant that will vest are made with reference to the Group's prospects.

Deferred tax assets include temporary timing differences related to the issue and exercise of share options. Recognition of the deferred tax assets assigns an estimate of the proportion of options likely to vest and an estimate of share price at vesting. The carrying amount of deferred tax assets relating to share options as at 31 December 2023 was £1.4m (2022: £1.0m). This has been presented net of other Group deferred tax liabilities in the consolidated statement of financial position.

3 Revenue

The Group operates in one segment being that of the provision of financial services in the UK. Revenue is derived as follows:

	2023 £'000	2022 £'000
Mortgage procuration fees	**98,033**	106,615
Protection and general insurance commission	**93,144**	82,095
Client fees	**43,325**	36,257
Other income	**5,031**	5,853
	239,533	230,820

4 Cost of sales

Costs of sales are as follows:

	2023 £'000	2022 £'000
Commissions paid	**130,934**	142,769
Fluent affinity partner payments	**14,481**	8,000
Impairment of trade receivables	**(22)**	102
Other cost of sales	**1,214**	601
Wages and salary costs	**22,764**	16,401
	169,371	167,873

4 Cost of sales (continued)

Wages and salary costs	**2023 £'000**	2022 £'000
Gross wages	**19,633**	14,001
Employers' national insurance	**2,046**	1,530
Defined contribution pension costs	**734**	570
Other direct costs	**351**	300
	22,764	16,401

5 Acquisition related costs, acquisition of minority interests and redemption liability

First Mortgage Direct Limited

On 2 July 2019 Mortgage Advice Bureau (Holdings) plc acquired 80% of the entire issued share capital of First Mortgage Direct Limited ("First Mortgage").

Costs relating to the amortisation of acquired intangibles amounted to £367,000 (2022: £367,000) in the year ended 31 December 2023. There is a put and call option over the remaining 20% of the issued share capital of First Mortgage which has been accounted for under IAS 19 Employee Benefits and IFRS 2 Share-based Payments due to its link to the service of First Mortgage's Managing Director.

The costs relating to this acquisition for the year are made up as follow:

	2023 £'000	2022 £'000
Amortisation of acquired intangibles	**367**	367
Option costs (IAS 19)	**448**	436
Option costs (IFRS 2)	**409**	409
Total costs	**1,224**	1,212

The Fluent Money Group Limited

On 28 March 2022 Mortgage Advice Bureau (Holdings) plc acquired 75.4% of the entire issued share capital of Project Finland Topco Limited which indirectly owns 100% of The Fluent Money Group Limited ("Fluent").

Further acquisitions of minority interests

April 2023

On 11 April 2023, Mortgage Advice Bureau Ltd acquired a further 0.8% of the ordinary share capital of Project Finland Topco Limited for £188,967 taking its shareholding to 76.2%. This resulted in a reduction in the redemption liability of £94,484 relating to the consideration element of the transaction. The equity settled remuneration element resulted in an acceleration of equity settled option costs of £151,674 and reduction in parent equity of £47,242. The cash settled remuneration element resulted in additional option costs of £36,549. Further to this, £140,067 of accumulated non-controlling interest was transferred to retained earnings representing the relevant proportion of non-controlling interest at the purchase date.

5 Acquisition related costs, acquisition of minority interests and redemption liability (continued)

The Fluent Money Group Limited (continued)

Further acquisitions of minority interests (continued)

December 2023

On 19 December 2023, Mortgage Advice Bureau Ltd acquired a further 8.1% of the ordinary share capital of Project Finland Topco Limited for £1,991,616 taking its shareholding to 84.3%. Half of the payment was made in 2023, with the balance deferred, split equally and payable in December 2024 and December 2025. This resulted in a reduction in the redemption liability of £995,808 relating to the consideration element of the transaction. The equity settled remuneration element resulted in an acceleration of equity settled option costs of £1,598,566 and reduction in parent equity of £497,904. The cash settled remuneration element resulted in additional option costs of £385,205. Further to this, £1,346,893 of accumulated non-controlling interest was transferred to retained earnings representing the relevant proportion of non-controlling interest at the purchase date.

A summary of the cash flows and deferred elements relating to the acquisition of minority interests in the year is as follows:

	Paid in cash £'000	Deferred £'000	Total £'000
Consideration – financing activities	593	498	1,091
Remuneration – operating activities	592	498	1,090
Total costs	**1,185**	**996**	**2,181**

The deferred amounts are recognised in accruals within trade and other payables.

Put and call options

There is a put and call option over the remaining 15.7% of the issued share capital of Fluent which has been accounted for under IAS 32 Financial Instruments and IFRS 2 Share-based Payments, as respectively a proportion is treated as consideration under IAS 32, with the balance treated as remuneration under IFRS 2, because the amount payable on exercise of the option consists of a non-contingent element, and an element that is contingent upon continued employment of the option holders within the Group. There is also a put and call option over certain growth shares that have been issued to Fluent's wider management team that has been accounted for under IFRS 2 Share-based Payments as exercise is solely contingent upon continued employment.

The costs relating to this acquisition for the period are made up as follow:

	2023 £'000	2022 £'000
Amortisation of acquired intangibles	**4,399**	2,127
Option costs (IFRS 2)	**3,289**	1,147
Acquisition related costs	**159**	2,610
Total costs	**7,847**	5,883

5 Acquisition related costs, acquisition of minority interests and redemption liability (continued)

Vita Financial Limited

On 12 July 2022 Mortgage Advice Bureau (Holdings) plc increased its stake in Vita Financial Limited ("Vita") from 49% to 75% of the entire issued share capital.

The costs relating to this acquisition for the period are made up as follow:

	2023 **£'000**	2022 £'000
Amortisation of acquired intangibles	**65**	33
Acquisition related costs	**–**	15
Total costs	**65**	48

Aux Group Limited

On 3 November 2022 Mortgage Advice Bureau (Holdings) plc acquired 75% of the entire issued share capital of Aux Group Limited ("Auxilium").

Put and call options

There is a put and call option over the remaining 25% of the issued share capital of Aux Group Limited which has been accounted for under IAS 32 Financial Instruments and IFRS 2 Share-based Payments, as respectively a proportion is treated as consideration under IAS 32, with the balance treated as remuneration under IFRS 2 because the amount payable on exercise of the option consists of a non-contingent element, and an element that is contingent upon continued employment of the option holder within the Group.

The costs relating to this acquisition for the period are made up as follow:

	2023 **£'000**	2022 £'000
Amortisation of acquired intangibles	**329**	55
Option costs (IFRS 2)	**131**	7
Acquisition related costs	**–**	130
Total costs	**460**	192

5 Acquisition related costs, acquisition of minority interests and redemption liability (continued)

Redemption liability

At 31 December 2023, the expected cash flows relating to the redemption liability were remeasured resulting in gain of £4.5m included within the consolidated statement of comprehensive income. £1.2m has been included within finance expenses relating to the unwinding of the redemption liability from the end of the prior year.

Carrying value of redemption liability

	2023 £'000	2022 £'000
Balance as at 1 Jan	**7,186**	–
Redemption liability arising on acquisition	**–**	6,540
Purchase of additional minority interest in Fluent	**(1,090)**	–
Gain on remeasurement	**(4,486)**	–
Unwinding of redemption liability	**1,183**	646
Balance as at 31 Dec	**2,793**	7,186

Redemption liabilities are in respect of the put and call options relating to the Fluent and Auxilium acquisitions and are £2.4m (2022: £7.0m) and £0.4m (2022: £0.2m) respectively.

Total acquisition costs

The total costs relating to the four acquisitions above that are included in the consolidated statement of comprehensive income are as follows:

	2023 £'000	2022 £'000
Amortisation of acquired intangibles	**5,160**	2,582
Option costs (IFRS 2 and IAS 19)	**4,277**	1,999
Acquisition related costs	**159**	2,755
Total costs	**9,596**	7,336

The Fluent minority interest purchase during the year resulted in £1.8m accelerated equity settled option costs and £0.4m additional cash settled option costs.

6 Operating profit

Operating profit is stated after the following items:

	Note	2023 £'000	2022 £'000
Depreciation of property, plant and equipment	12	**1,225**	591
Depreciation of right of use assets	13	**857**	563
Impairment of right of use assets	13	**428**	–
Amortisation of acquired intangibles	5, 14	**5,160**	2,582
Amortisation of other intangibles	14	**310**	284
Costs related to acquisition options	5	**4,277**	1,999
Costs related to acquisitions	5	**159**	2,755
Costs related to restructuring		**539**	–
Impairment and amounts written off non-listed equity investments	16	**–**	2,783
Gain on fair value measurement of contingent consideration	15	**–**	(884)
Loss on fair value measurement of derivative financial instruments	15	**190**	18

Profits from associates are disclosed as part of the operating profit as this is the operational nature of the Group.

	2023 £'000	2022 £'000
Auditor remuneration:		
Fees payable to the Group's auditor for the audit of the Group's financial statements	**571**	312
Fees payable to the Group's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	**66**	288
Audit-related assurance services	**133**	55

7 Staff costs

Staff costs, including executive and non-executive Directors' remuneration, are as follows:

	2023 £'000	2022 £'000
Wages and salaries	**42,753**	32,204
Share-based payments (see note 30)	**4,429**	2,983
Social security costs	**4,585**	3,608
Defined contribution pension costs	**1,736**	1,373
Other employee benefits	**738**	730
	54,241	40,898

Staff costs are included in the consolidated statement of comprehensive income as follows:

	2023 £'000	2022 £'000
Cost of sales (see note 4)	**22,764**	16,401
Administrative expenses	**31,477**	24,497
	54,241	40,898

The average number of people employed by the Group during the year was:

	2023 Number	2022 Number
Executive Directors	**3**	3
Advisers	**285**	216
Compliance	**106**	98
Sales and marketing	**110**	106
Operations	**497**	367
Total	**1,001**	790

7 Staff costs (continued)

Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, which are the Directors of Mortgage Advice Bureau (Holdings) plc.

	2023 £'000	2022 £'000
Wages and salaries	**1,387**	2,047
Share-based payments	**159**	441
Social security costs	**181**	280
Defined contribution pension costs	**11**	2
Other employment benefits	**4**	4
	1,742	2,774

During the year retirement benefits were accruing to 2 Directors (2022: 2) in respect of defined contribution pension schemes.

The total amount payable to the highest paid Director in respect of emoluments was £580,161 (2022: £858,176). The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2022: £nil).

8 Finance income and expenses

Finance income	**2023 £'000**	2022 £'000
Interest income	**291**	102
Interest income accrued on loans to associates	**–**	6
	291	108

Finance expenses	**2023 £'000**	2022 £'000
Interest expense	**1,320**	515
Interest expense on lease liabilities	**107**	77
Unwinding of redemption liability	**1,183**	646
	2,610	1,238

During the year, interest accrued in previous years of £426,000 was paid (2022: £nil).

The interest expense mainly relates to the term loan and the revolving credit facility (see note 21).

9 Income tax

	2023 £'000	2022 £'000
Current tax expense		
UK corporation tax charge on profit for the year	**5,434**	4,184
Total current tax	**5,434**	4,184
Deferred tax expense		
Origination and reversal of timing differences	**(1,766)**	291
Temporary difference on share-based payments	**51**	128
Effect of changes in tax rates	**–**	(29)
Total deferred tax (see note 24)	**(1,715)**	390
Total tax expense	**3,719**	4,574

The reasons for the difference between the actual charge for the year and the standard rate of corporation tax in the United Kingdom of 23.52% (2022: 19.00%) applied to profit for the year is as follows:

	2023 £'000	2022 £'000
Profit for the year before tax	**16,178**	17,353
Expected tax charge based on corporation tax rate	**3,805**	3,297
Expenses not deductible for tax purposes	**115**	495
Research & Development	**(48)**	(139)
Tax on share options exercised	**(89)**	(27)
Other share option differences	**1,099**	652
Adjustment to deferred tax charge due to change in tax rate	**–**	25
Other differences	**12**	(5)
Fair value loss/(gain) on derivative financial instruments	**45**	(70)
Fair value gain on contingent consideration	**–**	(168)
Redemption liability movements	**(777)**	123
Profits from associates	**(199)**	(135)
Amounts written off investments	**–**	529
Fixed asset differences	**(207)**	55
Short term timing differences at different tax rates	**(22)**	(54)
Chargeable gains	**–**	(4)
Utilisation of brought forward tax losses	**(22)**	–
Adjustments to prior years	**7**	–
Total tax expense	**3,719**	4,574

9 Income tax (continued)

Options exercised during the period resulted in a current tax credit of £0.1m (2022: nil) recognised directly in equity relating to the current tax deduction in excess of the cumulative share-based payment expense relating to these options.

For the year ended 31 December 2023 the deferred tax credit relating to unexercised share options recognised in equity was £448,826 (2022: £783,556 - charge). A charge of £nil (2022: £16,568) was recognised in deferred tax in equity as a result of remeasurements arising from changes to UK corporation tax rates.

10 Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Basic earnings per share	**2023 £'000**	2022 £'000
Profit for the year attributable to the owners of the parent	**13,467**	12,237
Weighted average number of shares in issue	**57,090,793**	56,081,853
Basic earnings per share (in pence per share)	**23.6p**	21.8p

For diluted earnings per share, the weighted average number of ordinary shares in existence is adjusted to include potential ordinary shares arising from share options.

Diluted earnings per share	**2023 £'000**	2022 £'000
Profit for the year attributable to the owners of the parent	**13,467**	12,237
Weighted average number of shares in issue	**57,434,053**	56,528,515
Diluted earnings per share (in pence per share)	**23.5p**	21.6p

The share data used in the basic and diluted earnings per share computations are as follows:

Weighted average number of ordinary shares	**2023**	2022
Issued ordinary shares at start of year	**57,030,995**	53,204,620
Effect of shares issued during year	**59,798**	2,877,233
Basic weighted average number of shares	**57,090,793**	56,081,853
Potential ordinary shares arising from options	**343,260**	446,662
Diluted weighted average number of shares	**57,434,053**	56,528,515

10 Earnings per share (continued)

The reconciliation between the basic and adjusted figures is as follows:

	2023 £'000	2022 £'000	**2023 Basic earnings per share pence**	2022 Basic earnings per share pence	**2023 Diluted earnings per share pence**	2022 Diluted earnings per share pence
Profit for the year	**13,467**	12,237	**23.6**	21.8	**23.5**	21.6
Adjustments:						
Amortisation of acquired intangibles	**3,575**	2,582	**6.3**	4.6	**6.2**	4.6
Costs relating to the First Mortgage, Fluent and Auxilium options	**3,477**	1,715	**6.1**	3.1	**6.1**	3.0
Costs relating to Fluent and Auxilium acquisitions	**159**	2,755	**0.3**	4.9	**0.3**	4.9
Gain on contingent consideration	**–**	(891)	**–**	(1.6)	**–**	(1.6)
Loss on derivative financial instruments	**190**	18	**0.3**	–	**0.3**	–
Amount written off non–listed equity investment	**–**	2,783	**–**	5.0	**–**	4.9
Restructuring costs	**412**	–	**0.7**	–	**0.7**	–
Unwinding of redemption liability	**(3,303)**	646	**(5.8)**	1.1	**(5.8)**	1.1
Profit on sale of assets	**–**	(19)	**–**	–	**–**	–
Tax effect of adjustments	**(966)**	(609)	**(1.7)**	(1.1)	**(1.7)**	(1.1)
Adjusted earnings	**17,012**	21,217	**29.8**	37.8	**29.6**	37.4

The Group uses adjusted results as key performance indicators, as the Directors believe that these provide a more consistent measure of operating performance. Adjusted profit is therefore stated before one-off acquisition costs and one-off restructuring costs, ongoing non-cash items relating to the acquisitions of First Mortgage, Fluent and Auxilium, fair value gains on financial instruments relating to options to increase shareholding in associate businesses and impairment of loans to related parties, net of tax.

11 Dividends

	2023 £'000	2022 £'000
Dividends paid and declared on ordinary shares during the year:		
Final dividend for 2022: 14.7p per share (2021: 14.7p)	**8,384**	8,381
Interim dividend for 2023: 13.4p per share (2022: 13.4p)	**7,654**	7,642
	16,038	16,023

	2023 £'000	2022 £'000
Equity dividends on ordinary shares:		
Proposed for approval by shareholders at the AGM:		
Final dividend for 2023: 14.7p per share (2022: 14.7p)	**8,398**	8,384
	8,398	8,384

The record date for the final dividend is 26 April 2024 and the payment date is 29 May 2024. The ex-dividend date will be 25 April 2024. The Company statement of changes in equity shows that the Company had positive reserves as at 31 December 2023 of £5.7m. There are sufficient distributable reserves in subsidiary companies to pass up to Mortgage Advice Bureau (Holdings) plc in order to pay the proposed final dividend. The proposed final dividend for 2023 has not been provided for in these financial statements, as it has not yet been approved for payment by shareholders.

The final dividends paid and declared can differ from the proposed total dividends for approval due to (1) additional shares issued after the publication of these accounts but before the record date and (2) the number of unallocated shares within the Group's Share Incentive Plan that do not receive a dividend.

12 Property, plant and equipment

	Freehold land and building £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2023	2,536	3,681	1,515	7,732
Additions	–	535	397	932
Disposals	–	(55)	(262)	(317)
As at 31 December 2023	**2,536**	**4,161**	**1,650**	**8,347**
Depreciation				
As at 1 January 2023	407	404	793	1,604
Charge for the year	54	666	505	1,225
Eliminated on disposal	–	(20)	(261)	(281)
As at 31 December 2023	**461**	**1,050**	**1,037**	**2,548**

	Freehold land and building £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2022	2,536	1,050	1,417	5,003
Additions	–	2,903	326	3,229
Acquisition of subsidiaries	–	348	513	861
Disposals	–	(620)	(741)	(1,361)
As at 31 December 2022	**2,536**	**3,681**	**1,515**	**7,732**
Depreciation				
As at 1 January 2022	349	823	1,164	2,336
Charge for the year	58	164	369	591
Eliminated on disposal	–	(583)	(740)	(1,323)
As at 31 December 2022	**407**	**404**	**793**	**1,604**
Net Book Value				
As at 31 December 2023	**2,075**	**3,111**	**613**	**5,799**
As at 31 December 2022	**2,129**	**3,277**	**722**	**6,128**
As at 31 December 2021	**2,187**	**227**	**253**	**2,667**

Office refurbishment

During the prior year, the Group undertook a refurbishment project of its head office premises located in Derby costing £2.8m, which is included within Fixtures and fittings. As a result of this project, the Group disposed of assets with an original cost of £1.4m and a net book value of £0.04m for nil consideration.

13 Right of use assets

Leases

This note provides information for leases where the Group is a lessee. The consolidated statement of financial position shows the following amounts on leases:

Right of use assets	Land and Buildings £'000	Office equipment £'000	Total £'000
As at 1 January 2023	3,747	125	3,872
Additions	–	13	13
Remeasurement	(317)	–	(317)
Impairment	(423)	(5)	(428)
Depreciation	(821)	(36)	(857)
As at 31 December 2023	**2,186**	**97**	**2,283**

Lease liabilities	Land and Buildings £'000	Office equipment £'000	Total £'000
As at 1 January 2023	3,822	125	3,947
Additions	–	13	13
Remeasurement	(317)	–	(317)
Interest expense	102	5	107
Lease payments	(973)	(41)	(1,014)
As at 31 December 2023	**2,634**	**102**	**2,736**

Right of use assets	Land and Buildings £'000	Office equipment £'000	Total £'000
As at 1 January 2022	2,457	–	2,457
Additions	950	–	950
Acquisition of subsidiary	919	142	1,061
Depreciation	(546)	(17)	(563)
Disposals	(33)	–	(33)
As at 31 December 2022	**3,747**	**125**	**3,872**

13 Right of use assets (continued)

Leases (continued)

Lease liabilities	Land and Buildings £'000	Office equipment £'000	Total £'000
As at 1 January 2022	2,596	–	2,596
Additions	919	–	919
Acquisition of subsidiary	874	142	1,016
Interest expense	74	3	77
Lease payments	(604)	(20)	(624)
Disposals	(37)	–	(37)
As at 31 December 2022	**3,822**	**125**	**3,947**

The present value of the lease liabilities is as follows:

31 December 2023	**Within 1 year**	**1-2 years**	**2-5 years**	**After 5 years**	**Total**
Lease payments (undiscounted)	997	792	1,005	81	2,875
Finance charges	(66)	(37)	(36)	–	(139)
Net present values	**931**	**755**	**969**	**81**	**2,736**

31 December 2022	Within 1 year	1-2 years	2-5 years	After 5 years	Total
Lease payments (undiscounted)	1,048	994	1,857	345	4,244
Finance charges	(115)	(83)	(94)	(5)	(297)
Net present values	**933**	**911**	**1,763**	**340**	**3,947**

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2023 £'000	2022 £'000
Depreciation of right of use assets	**857**	563
Impairment of right of use assets	**428**	–
Interest expense	**107**	77
Short term lease expense	**79**	40
Low value lease expense	**2**	3

The total cash flow for leases during the period was £1.1m (2022: £0.7m).

13 Right of use assets (continued)

Variable lease payments

One property lease contains variable lease payments linked to current market rental from January 2023, August 2023 and December 2024. A 1% fluctuation in market rent would impact total annual lease payments by approximately £1,000.

Extension and termination options

During the year, a break clause was exercised on one property. This resulted in a remeasurement of the associated lease liability of £317,000. An impairment assessment of the impacted right of use asset resulted in an impairment of £428,000 recognised in the consolidated statement of comprehensive income.

As at 31 December 2023, the carrying amounts of all other lease liabilities are not reduced by the amount of payments that would be avoided from exercising a break clause because it was considered reasonably certain that the Group would not exercise its right to break the lease. Total lease payments of £85,320 are potentially avoidable were the Group to exercise break clauses at the earliest opportunity.

14 Intangible assets

Goodwill and identified intangible assets arising on acquisitions are allocated to the cash-generating unit of that acquisition. The Board considers that the Group has only one operating segment and now has five cash-generating units (CGUs). The goodwill relates to the following acquisitions:

- Talk Limited in 2012, and in particular its main operating subsidiary Mortgage Talk Limited ("Mortgage Talk")
- First Mortgage Direct Limited ("First Mortgage") in 2019
- Project Finland Topco Limited ("Fluent") in 2022
- Vita Financial Limited ("Vita") in 2022
- Aux Group Limited, and in particular its main operating subsidiary Auxilium Partnership Limited ("Auxilium") in 2022

Goodwill	**2023 £'000**	2022 £'000
Cost		
As at 1 January	**54,038**	15,308
Acquisition of subsidiaries	**–**	38,730
As at 31 December	**54,038**	54,038
Accumulated impairment		
As at 1 January and 31 December	**153**	153
Net book value		
As at 31 December	**53,885**	53,885

14 Intangible assets (continued)

Where the goodwill allocated to the CGU is significant in comparison with the entity's total carrying amount of goodwill this is set out below:

Goodwill	Mortgage Talk £'000	First Mortgage £'000	Fluent £'000	Other[1] £'000	Total £'000
Cost					
As at 1 January and 31 December 2023	4,267	11,041	36,974	1,756	54,038
Accumulated impairment					
As at 1 January and 31 December 2023	**153**	**–**	**–**	**–**	**153**
Net book value					
At 31 December 2023	**4,114**	**11,041**	**36,974**	**1,756**	**53,885**

1 'Other' comprises Vita and Auxilium.

The goodwill is deemed to have an indefinite useful life. Under IAS 36, "Impairment of assets", the Group is required to review and test its goodwill for impairment annually or in the event of a significant change in circumstances. The impairment reviews conducted at the end of 2023 concluded that there had been no further impairment of goodwill.

The key assumptions set out below and used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and costs during the period covered by the calculations, based upon management's expectations, with the discount rates reflecting current market assessments of the time value of money and the risks specific to these assets, based on the Group's WACC. Revenue growth is based on past performance and management's expectation of growth rates in the markets in which it operates, and forecast costs are based on management's expectations of changes to the current structure of each CGU. The terminal value growth rate of 3.5% reflects the Group's market share growth model.

Goodwill arose on the acquisition of Mortgage Talk Limited and has since been allocated to the CGU of the Group as it existed prior to the impact of the subsequent four acquisitions listed above. Impairment testing for this CGU is carried out by determining recoverable amount on the basis of value in use, which is then compared to the carrying value of the assets of the CGU including goodwill. The value in use that has been determined exceeds the £4.1m (2022: £4.1m) carrying value of goodwill for this CGU and therefore no impairment of goodwill is required. Management has estimated future cash flows over a five-year period, which are based on extrapolated budget models which have been approved by the Board, and applied a discount rate of 13.2% (2022: 11.3%) and then applied a terminal value calculation, which assumes a growth rate of 3.5% (2022: 5%) in future cashflows, in order to estimate the present value of those cash flows in determining the value in use. Management believes that any reasonably possible changes to any of the key assumptions applied in determining the value in use would not cause the carrying amount of goodwill to exceed the present value of the estimated future cashflows.

14 Intangible assets (continued)

Goodwill arose on the acquisition of First Mortgage and has since been allocated to this CGU of the Group. Impairment testing for this CGU is carried out by determining recoverable amount on the basis of value in use, which is then compared to the carrying value of the assets of the CGU including goodwill. The value in use that has been determined exceeds the £11.0m (2022: £11.0m) carrying value of goodwill for this CGU and therefore no impairment of goodwill is required. Management has estimated future cash flows over a five-year period, which are based on extrapolated budget models which have been approved by the Board, and applied a discount rate of 13.2% (2022: 20.7%) and then applied a terminal value calculation, which assumes a growth rate of 3.5% (2022: 5%) in future cashflows, in order to estimate the present value of those cash flows in determining the value in use. Management believes that any reasonably possible changes to any of the key assumptions applied in determining the value in use would not cause the carrying amount of goodwill to exceed the present value of the estimated future cashflows.

Goodwill arose on the acquisition of Fluent and has since been allocated to this CGU of the Group. Impairment testing for this CGU is carried out by determining recoverable amount on the basis of value in use, which is then compared to the carrying value of the assets of the CGU including goodwill. The value in use that has been determined exceeds the £37.0m carrying value of goodwill for this CGU and therefore no impairment of goodwill is required. Management has estimated future cash flows over a five-year period, which are based on extrapolated budget models which have been approved by the Board, and applied a discount rate of 13.2% and then applied a terminal value calculation, which assumes a growth rate of 3.5% in future cashflows, in order to estimate the present value of those cash flows in determining the value in use. Management believes that any reasonably possible changes to any of the key assumptions applied in determining the value in use would not cause the carrying amount of goodwill to exceed the present value of the estimated future cashflows.

The sensitivity of the value in use for all acquisitions to changes in the key assumptions are as follows:

Assumption	Base assumption	Change in base assumption	(Decrease) in value in use, £m
Discount rate	13.2%	+1.0% (absolute)	(26.8)
Years 1-5 cash flows	Various	-5.0% (proportionate)	(42.3)
Long-term growth rate	3.5%	-1.0% (absolute)	(19.9)

14 Intangible assets (continued)

Other intangible assets	Licences £'000	Website £'000	Internally Generated Technology/ Software £'000	Technology/ Software £'000	Customer contracts £'000	Trademarks and brands £'000	Other relationships £'000	Total £'000
Cost								
As at 1 January 2023	108	223	1,105	16,824	2,337	5,089	34,568	60,254
Additions	–	133	988	–	–	–	–	1,121
Disposals	–	(140)	(554)	–	–	–	–	(694)
As at 31 December 2023	**108**	**216**	**1,539**	**16,824**	**2,337**	**5,089**	**34,568**	**60,681**
Accumulated Amortisation								
As at 1 January 2023	108	140	610	842	797	680	1,254	4,431
Charge for the year	–	51	258	1,683	273	483	2,722	5,470
Disposals	–	(140)	(554)	–	–	–	–	(694)
As at 31 December 2023	**108**	**51**	**314**	**2,525**	**1,070**	**1,163**	**3,976**	**9,207**

Other intangible assets	Licences £'000	Website £'000	Internally Generated Technology/ Software £'000	Technology/ Software £'000	Customer contracts £'000	Trademarks and brands £'000	Other relationships £'000	Total £'000
Cost								
As at 1 January 2022	108	140	571	–	1,980	1,470	–	4,269
Additions	–	83	534	–	–	–	–	617
Acquisition of subsidiaries	–	–	–	16,824	357	3,619	34,568	55,368
Disposals	–	–	–	–	–	–	–	–
As at 31 December 2022	**108**	**223**	**1,105**	**16,824**	**2,337**	**5,089**	**34,568**	**60,254**
Accumulated Amortisation								
As at 1 January 2022	108	140	399	–	550	368	–	1,565
Charge for the year	–	–	211	842	247	312	1,254	2,866
Disposals	–	–	–	–	–	–	–	–
As at 31 December 2022	**108**	**140**	**610**	**842**	**797**	**680**	**1,254**	**4,431**
Net book value								
As at 31 December 2023	**–**	**165**	**1,225**	**14,299**	**1,267**	**3,926**	**30,592**	**51,474**
As at 31 December 2022	**–**	**83**	**495**	**15,982**	**1,540**	**4,409**	**33,314**	**55,823**
As at 31 December 2021	**–**	**–**	**172**	**–**	**1,430**	**1,102**	**–**	**2,704**

14 Intangible assets (continued)

Assets which are internally generated are solely within asset categories; Website and Internally Generated Technology/Software. Technology/software contains only acquired technology assets. Other relationships include lender and introducer relationships and member relationships assets.

Individually Material Intangible Assets

Asset Description	Asset Category	NBV as at 31 December 2023 £'000	NBV as at 31 December 2022 £'000	Amortisation End Date
Fluent Money Limited – Technology	Technology/Software	14,305	15,988	July 2032
Fluent Mortgages Limited – Introducer Relationships	Other relationships	11,149	12,041	July 2036
Fluent Lifetime Limited – Introducer Relationships	Other relationships	6,985	7,543	July 2036
Fluent Money Limited – Lender Relationships	Other relationships	6,254	6,754	July 2036
Fluent Bridging Limited – Introducer Relationships	Other relationships	5,614	6,063	July 2036
Fluent Money Limited – Brand	Trademarks and brands	2,997	3,313	July 2033
First Mortgage Direct Limited – Customer Relationships	Customer contracts	990	1,210	July 2028
First Mortgage Direct Limited – Brand	Trademarks and brands	809	956	July 2029

15 Investments in associates and joint venture

The Group holds investments in associates and a joint venture, all of which are accounted for under the equity method, as follows:

Company name	Registered office	Percentage of ordinary shares held	Description
CO2 Commercial Limited	Profile House, Stores Road, Derby DE21 4BD	49	Property surveyors
Sort Group Limited	Burdsall House, London Road, Derby DE24 8UX	43.25	Conveyancing services
Buildstore Limited	NSB & RC Lydiard Fields, Great Western Way, Swindon SN5 8UB	25	Provision of financial services
Clear Mortgage Solutions Limited	114 Centrum House, Dundas Street, Edinburgh EH3 5DQ	49	Provision of financial services
MAB Broker Services PTY Limited	Level 5, 2 Elizabeth Plaza, North Sydney, NSW 2060	48.05	Provision of financial services
The Mortgage Broker Group Limited	Prospect House 1, Prospect Place, Derby, DE24 8HG	25	Provision of financial services
Meridian Holdings Group Limited	68 Pullman Road, Wigston, Leicester, LE18 2DB	40	Provision of financial services

15 Investments in associates and joint venture (continued)

Company name	Registered office	Percentage of ordinary shares held	Description
Evolve FS Ltd	Unit 26-28 Brightwell Barns, Waldringfield Road, Brightwell, Ipswich, Suffolk, IP10 0BJ	49	Provision of financial services
Heron Financial Limited	Moor Park Golf Club, Moor Park, Rickmansworth, Hertfordshire, England, WD3 1QN	49	Insurance agent and broker
M & R FM Ltd(1)	14 Kensington Terrace, Gateshead, NE11 9SL	37	Provision of financial services

The reporting date for the Group's associates, as listed in the table above, other than Clear Mortgage Solutions Limited and MAB Broker Services PTY Ltd, is 31 December and their country of incorporation is England and Wales. The reporting date for Clear Mortgage Solutions Limited is 30 December and its country of incorporation is England and Wales. The reporting date for the Group's joint venture, MAB Broker Services PTY Limited, is 30 June and its country of incorporation is Australia.

(1) 37% of the ordinary share capital of M & R FM Ltd is held by First Mortgage Direct Ltd.

The investment in associates and the joint venture at the reporting date is as follows:

	2023 £'000	2022 £'000
As at 1 January	**11,387**	12,433
Additions	**469**	–
Disposals	**–**	(848)
Credit to the consolidated statement of comprehensive income:		
Share of profit	**848**	712
	848	712
Dividends received	**(403)**	(910)
As at 31 December	**12,301**	11,387

The Group is entitled to the results of its associates in equal proportion to its equity stakes.

The carrying value of the Group's joint venture, MAB Broker Services PTY Limited, as at 31 December 2023 is £nil (2022: £nil). In the year ended 30 June 2023, MAB Broker Services PTY Limited reported a profit of AUD0.01m (2022: loss of AUD0.38m).

15 Investments in associates and joint venture (continued)

Acquisitions and disposals

2023

On 26 May 2023, First Mortgage Direct Limited, an 80% owned subsidiary of the Group, acquired a further 12% of M & R FM Limited for a consideration of £469,454, bringing its total stake to 37%.

2022

On 14 April 2022, Mortgage Advice Bureau Limited paid a further £277,600 in contingent consideration in respect of its acquisition of a 49% stake in Heron Financial Limited in November 2021.

On 27 April 2022, Mortgage Advice Bureau Limited paid a further £179,252 in contingent consideration in respect of its acquisition of a further 29% interest in Vita Financial Limited in May 2021.

On 21 July 2022, Mortgage Advice Bureau Limited paid a further £625,567 in contingent consideration in respect of its acquisition of a 49% stake in Evolve FS Limited in July 2021.

On 12 July 2022, Mortgage Advice Bureau Limited acquired a further 26% of Vita Financial Limited having previously held 49% of the share capital of Vita Financial Limited. As a result, the Group now exercises control over Vita Financial Limited and so the investment is considered a subsidiary of the Group. The carrying value of the 49% holding in Vita Financial Limited was £848,022. The fair value of the previously held equity interest was established to be £867,500, therefore a gain of £19,478 is recognised in the consolidated statement of comprehensive income as this previously held interest is treated as though it has been disposed of.

On 15 July 2022, First Mortgage Direct Limited, an 80% owned subsidiary of the Group, paid a further £244,858 in contingent consideration in respect of its acquisition of a 25% stake in M & R FM Limited in January 2021.

On 19 October 2022, Mortgage Advice Bureau Limited disposed of its 49% stake in Lifetime FS Limited for nil consideration.

A total net gain of £884,000 was recognised in the consolidated statement of comprehensive income in respect of the actual contingent consideration paid or expected to be paid on the above associate businesses in 2022.

15 Investments in associates and joint venture (continued)

Summarised financial information for associates

The tables below provide summarised financial information for those associates and joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the unaudited financial statements or management accounts of the relevant associates and joint ventures and not the Group's share of those amounts:

2023	Evolve FS Ltd £'000	Heron Financial Ltd £'000	Meridian Holdings Group Ltd £'000	Sort Group Limited £'000	Clear Mortgage Solutions Ltd £'000	M & R FM Limited £'000
Non-current assets	29	221	1,974	649	24	53
Cash balances	420	522	1,076	2,295	1,097	1,073
Current assets (excluding cash balances)	349	873	675	567	384	485
Current liabilities	(614)	(455)	(652)	(642)	(404)	(377)
Non-current liabilities and provisions	(8)	(419)	(380)	(84)	(600)	(410)
Revenue	4,237	2,409	7,129	11,794	4,974	3,874
Profit before taxation	60	600	385	788	507	1,000
Total comprehensive income	48	497	289	673	416	802
Carrying value of investment						
As at 1 January 2023	2,882	2,638	1,497	1,936	864	906
Increase in investment	–	–	–	–	–	469
Profit attributable to Group	23	244	69	259	213	249
Dividends received	–	(125)	–	–	(56)	(222)
As at 31 December 2023	2,905	2,757	1,566	2,195	1,021	1,402

15 Investments in associates and joint venture (continued)

Summarised financial information for associates (continued)

2022

	Evolve FS Ltd £'000	Heron Financial Ltd £'000	Meridian Holdings Group ltd £'000	Sort Group Limited £'000	Pinnacle Surveyors (England & Wales) Limited £'000
Non-current assets	45	183	1,927	592	30
Cash balances	502	409	1,700	2,003	316
Current assets (excluding cash balances)	356	266	166	605	708
Current liabilities	(493)	(150)	(868)	(1,134)	(569)
Non-current liabilities and provisions	(7)	(161)	(740)	(93)	(49)
Revenue	4,792	2,576	6,873	12,042	5,838
(Loss)/profit before taxation	(26)	275	(78)	976	424
Total comprehensive (loss)/income	(26)	209	(78)	820	345
Carrying value of investments					
As at 1 January 2022	3,143	2,536	1,541	1,628	464
(Loss)/profit attributable to Group	(16)	102	(44)	438	165
Dividends received	(245)	–	–	(130)	(348)*
As at 31 December 2022	**2,882**	**2,638**	**1,497**	**1,936**	**281**

* These dividends are received from CO2 Commercial Limited, the parent undertaking of Pinnacle Surveyors (England & Wales) Limited. All other information disclosed above relates to Pinnacle Surveyors (England & Wales) Limited.

15 Investments in associates and joint venture (continued)

Individually immaterial associates and joint ventures

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates and a joint venture that are accounted for using the equity method. The aggregate of the summarised financial information for these associates is shown below, along with the summarised financial information for the joint venture. The information disclosed reflects the amounts presented in the unaudited financial statements or management accounts of the relevant associates and the joint venture and not the Group's share of those amounts:

	2023 Associates £'000	2022 Associates £'000	**2023 Joint Venture £'000**	2022 Joint Venture £'000
Non-current assets	**991**	413	**5**	42
Cash balances	**680**	3,287	**26**	25
Current assets (excluding cash balances)	**1,295**	1,561	**1,127**	1,167
Current liabilities	**(1,202)**	(2,155)	**(53)**	(74)
Non-current liabilities and provisions	**(794)**	(1,366)	**(111)**	(109)
Revenue	**8,893**	14,470	**406**	486
(Loss)/profit before taxation	**(645)**	424	**11**	(267)
Total comprehensive (loss)/ income	**(675)**	146	**11**	(213)
(Loss)/profit attributable to Group	**(210)**	67	**–**	–
Dividends received	**–**	188	**–**	–

All associates and joint venture prepare their financial statements in accordance with FRS 102 other than MAB Broker Services PTY Limited who prepare their financial statements in accordance with the Australian Accounting Standards. There would be no material difference to the profit attributable to the Group if the accounts of any of the associates were prepared in accordance with IFRS.

Unrecognised losses

The Group has discontinued recognising its share of losses from its joint venture as these exceed the carrying amount of the investment. The Group had unrecognised profits in the year of £44,186 (2022: losses of £75,948) and cumulative unrecognised losses of £757,458 (2022: 801,644).

15 Investments in associates and joint venture (continued)

Derivative financial instruments

The put and call options are carried at fair value through profit or loss. The carrying values for the call options at 31 December 2023 have resulted in a financial asset of £302,319 (2022: £255,994) for Evolve FS Limited ("Evolve") and £112 (2022: £64,114) for Heron Financial Limited ("Heron"). The carrying value for the put option has resulted in a financial liability of £182,984 (2022: £10,280) for Heron at 31 December 2023.

The fair values of the option contracts have been calculated using an option valuation model. The key assumptions used to value the options in the model are the value of shares in the associate, the anticipated growth of the business, the option exercise price, the expected life of the option, the expected share price volatility of similar businesses, forecast dividends and the risk-free interest rate. The gains and losses relating to the derivative financial instruments is included within 'operating profit'. These financial instruments are categorised as Level 3 within the fair value hierarchy.

Contingent Consideration

The fair value of contingent consideration at 31 December 2023 was £nil (2022: £nil). During the year, no contingent consideration was paid (2022: £1.3m) and a gain of £nil (2022: £0.9m) has been recognised in the consolidated statement of comprehensive income.

16 Investments in non-listed equity shares

	2023 £'000	2022 £'000
As at 1 January	**–**	2,783
Additions	**–**	–
Revaluation	**–**	–
Write-off of investment	**–**	(2,783)
Disposals	**–**	–
As at 31 December	**–**	–

The investment at the start of the prior year represented a shareholding of 2.92% in PD Innovations Limited, trading as Boomin, at a value of £2.8m. This investment was classified as Level 3 for the purpose of disclosure in the fair value hierarchy, with any fair value movements taken to the consolidated statement of comprehensive income. Boomin was put into liquidation in October 2022, having not been able to secure new investors in the challenging economic climate, which lead to a £2.8m non-cash write-off of the investment. The Group originally paid cash consideration of £2.5m on 9 April 2021 for a 3.17% stake in PD Innovations Limited.

In 2022, contingent consideration of £115,000 was received relating to the sale of Yourkeys Technology Limited on 23 April 2021. This was £58,000 higher than estimated, resulting in a gain recognised in the consolidated statement of comprehensive income.

17 Subsidiaries

The subsidiaries of Mortgage Advice Bureau (Holdings) plc at the reporting date have been included in the consolidated financial statements. The trading subsidiaries are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held (effective holding)	Nature of business
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
Mortgage Talk Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Provision of financial services
First Mortgage Direct Limited	Scotland	80	Provision of financial services
First Mortgage Limited	Scotland	80	Provision of financial services
Property Law Centre Limited	Scotland	80	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company
Mortgage Advice Bureau Australia (Holdings) PTY Limited	Australia	100	Intermediate holding company
Mortgage Advice Bureau PTY Limited	Australia	100	Holding of intellectual property
Vita Financial Limited	England and Wales	75	Provision of financial services
BPR Protect Limited	England and Wales	75	Provision of financial services
Company Protection Limited	England and Wales	56.3	Provision of financial services
Aux Group Limited	England and Wales	75	Provision of financial services
Auxilium Partnership Limited	England and Wales	75	Provision of financial services
Project Finland Topco Limited	England and Wales	84.3	Intermediate holding company
Project Finland Bidco Limited	England and Wales	84.3	Intermediate holding company
The Fluent Money Group Limited	England and Wales	84.3	Intermediate holding company
Fluent Mortgages Holdings Limited	England and Wales	84.3	Intermediate holding company
Fluent Mortgages Limited	England and Wales	84.3	Provision of financial services
Fluent Mortgages Horwich Limited	England and Wales	84.3	Provision of financial services
Fluent Lifetime Limited	England and Wales	84.3	Provision of financial services
Fluent Money Limited	England and Wales	84.3	Provision of financial services
Fluent Loans Limited	England and Wales	84.3	Provision of financial services
Fluent Bridging Limited	England and Wales	84.3	Provision of financial services

17 Subsidiaries (continued)

Mortgage Advice Bureau (Holdings) plc also holds a number of dormant subsidiaries which at the reporting date have been included in the consolidated financial statements. The dormant subsidiaries are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau (UK) Limited	England and Wales	100	Dormant
Mortgage Advice Bureau (Bristol) Limited	England and Wales	100	Dormant
MAB (Derby) Limited	England and Wales	100	Dormant
L&P 137 Limited	England and Wales	100	Dormant
Mortgage Talk (Partnership) Limited	England and Wales	100	Dormant
Financial Talk Limited	England and Wales	100	Dormant
Survey Talk Limited	England and Wales	100	Dormant
L&P 134 Limited	England and Wales	100	Dormant
Loan Talk Limited	England and Wales	100	Dormant
MAB1 Limited	England and Wales	100	Dormant
MAB Private Finance Limited	England and Wales	100	Dormant
MAB Financial Planning Limited	England and Wales	100	Dormant
First Mortgage Shop Limited	Scotland	80	Dormant
First Mortgages Limited	Scotland	80	Dormant
Fresh Start Finance Limited	Scotland	80	Dormant

The registered office for Vita Financial Limited and its subsidiary is 1st Floor Tudor House, 16 Cathedral Road, Cardiff CF11 9LJ. The registered office of Mortgage Advice Bureau Australia (Holdings) PTY Limited and Mortgage Advice Bureau PTY Limited is Norton Rose Fulbright, Level 18, 225 George Street, Sydney, NSW 2000, Australia.

The registered office for First Mortgage Direct Limited and its subsidiaries which are incorporated in Scotland is 30 Walker Street, Edinburgh, EH3 7HR. The registered office for Project Finland Topco Limited and its subsidiaries is 102 Rivington House Chorley New Road, Horwich, Bolton, England, BL6 5UE.

The registered office for all other subsidiaries of Mortgage Advice Bureau (Holdings) plc is Capital House, Pride Place, Pride Park, Derby, DE24 8QR, United Kingdom.

Mortgage Advice Bureau (Holdings) plc holds 100% of the ordinary share capital of Mortgage Advice Bureau Limited and Talk Limited.

17 Subsidiaries (continued)

Mortgage Advice Bureau Limited holds 100% of the ordinary share capital of Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited, MABWM Limited and Mortgage Advice Bureau Australia (Holdings) PTY Limited.

Mortgage Advice Bureau Australia (Holdings) PTY Limited has a 100% equity stake in Mortgage Advice Bureau PTY Limited and a 48.05% equity stake in MAB Broker Services PTY Limited.

On 2 July 2019, Mortgage Advice Bureau Limited acquired 80% of the ordinary share capital of First Mortgage Direct Limited. First Mortgage Direct Limited holds 100% of the ordinary share capital of First Mortgage Limited, Property Law Centre Limited, First Mortgages Limited, First Mortgage Shop Limited, and Fresh Start Finance Limited.

On 12 July 2022 Mortgage Advice Bureau Limited acquired 75.4% of the ordinary share capital of Project Finland Topco Limited. On 11 April 2023 Mortgage Advice Bureau Limited increased its stake in Project Finland Topco Limited to 76.2% and further increased its stake on 19 December 2023 to 84.3% (see note 5). Project Finland Topco Limited holds 100% of the ordinary share capital of Project Finland Bidco Limited, which in turn holds 100% of the ordinary share capital of The Fluent Money Group Limited. The Fluent Money Group Limited holds 100% of the issued share capital of Fluent Mortgage Holdings Limited, Fluent Lifetime Limited, Fluent Money Limited, Fluent Loans Limited and Fluent Bridging Limited. Fluent Mortgage Holdings Limited owns 100% of the ordinary share capital of Fluent Mortgages Limited and Fluent Mortgages Horwich Limited.

On 12 July 2022 Mortgage Advice Bureau Limited increased its stake in Vita Financial Limited to 75%. Vita Financial Limited holds 100% of the ordinary share capital of BPR Protect Limited and 75% of the ordinary share capital of Company Protection Limited.

On 3 November 2022 Mortgage Advice Bureau Limited acquired 75% of the ordinary share capital of Aux Group Limited. Aux Group Limited holds 100% of the ordinary share capital of Auxilium Partnership Limited.

Talk Limited holds 100% of the ordinary share capital of Mortgage Talk Limited, L&P 137 Limited, Mortgage Talk (Partnership) Limited, Financial Talk Limited, and Survey Talk Limited.

Mortgage Talk Limited holds 100% of the ordinary share capital of Loan Talk Limited.

L&P 137 Limited holds 100% of the ordinary share capital of L&P 134 Limited.

Three of the Group's subsidiaries, First Mortgage Limited (SC177681), Property Law Centre Limited (SC348791) and Fluent Mortgages Horwich Limited (14127588) are exempt from the audit of individual accounts under section 479A of the Companies Act 2006.

There are no restrictions regarding the utilisation of cash or other resources held by any subsidiary.

18 Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	**2,028**	3,029
Less provision for impairment of trade receivables	**(454)**	(476)
Trade receivables – net	**1,574**	2,553
Receivables from related parties	–	29
Other receivables	**924**	962
Loans to related parties	**201**	559
Less provision for impairment of loans to related parties	**(18)**	(2)
Total non-derivative financial assets other than cash and cash equivalents classified at amortised costs	**2,681**	4,101
Prepayments and accrued income	**6,993**	7,018
Total trade and other receivables	**9,674**	11,119
Less: non-current portion - Loans to related parties	**(77)**	(305)
Less: non-current - Trade receivables	**(276)**	(526)
Current portion	**9,321**	10,288

Reconciliation of movement in trade receivables to cashflow	2023 £'000	2022 £'000
Movement per trade receivables	**(1,445)**	3,679
Accrued interest movement	**13**	(6)
Accrual of contingent consideration for Yourkeys disposal	–	55
Acquired trade and other receivables	–	(2,710)
Intercompany arising on acquisitions	–	299
Total movement per cash flow	**(1,432)**	1,317

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

Included within trade receivables are operational business development loans to Appointed Representatives. The non-current trade receivables balance is comprised of loans to Appointed Representatives.

18 Trade and other receivables (continued)

Also included in trade receivables are amounts due from Appointed Representatives relating to commissions that are refundable to the Group when policy lapses or other reclaims exceed new business. As these balances have no credit terms, the Board of Directors consider these to be past due if they are not received within seven days. In the management of these balances, the Directors can recover them from subsequent new business entered into with the Appointed Representative or utilise payables that are owed to the same counterparties and included within payables as the Group has the legally enforceable right of set off in such circumstances. These payables are considered sufficient by the Directors to recover receivable balances should they default, and, accordingly, credit risk in this respect is minimal.

In light of the above, the Directors do not consider that disclosure of an aging analysis of trade and other receivables would provide useful additional information. Further information on the credit quality of financial assets is set out in note 22.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. As at 31 December 2023 the lifetime expected loss provision for trade receivables is £0.5m (2022: £0.5m). The movement in the impairment allowance for trade receivables has been included in cost of sales in the consolidated statement of comprehensive income.

Impairment provisions for loans to associates are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. In determining the lifetime expected credit losses for loans to associates, the Directors have considered different scenarios for repayments of these loans and have applied percentage probabilities to each scenario for each associate where applicable.

A summary of the movement in the provision for the impairment of receivables is as follows:

	2023 £'000	2022 £'000
As at 1 January	**476**	374
New provisions for impairment losses	**–**	106
Increases in existing provisions for impairment losses	**–**	–
Impairment provisions no longer required	**(22)**	(4)
As at 31 December	**454**	476

18 Trade and other receivables (continued)

A summary of the movement in the provision for the impairment of loans to related parties is as follows:

	2023 £'000	2022 £'000
As at 1 January	**2**	2
Increases in existing provisions for impairment losses	**16**	–
Impairment provisions no longer required	**–**	–
As at 31 December	**18**	2

As at 31 December 2023 the lifetime expected loss provision for loans to associates is £0.0m (2022: £0.0m), with 12 month expected credit losses recognised for remaining associates.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above less collateral held as security. Details of security held are given in note 22.

19 Cash and cash equivalents

	2023 £'000	2022 £'000
Unrestricted cash and bank balances	**3,022**	7,219
Bank balances held in relation to retained commissions	**18,918**	18,243
Cash and cash equivalents	**21,940**	25,462

Bank balances held in relation to retained commissions earned on an indemnity basis from protection policies are held to cover potential future lapses in Appointed Representatives commissions. Operationally the Group does not treat these balances as available funds. An equal and opposite liability is shown within Trade and other payables (note 20).

20 Trade and other payables

	2023 £'000	2022 £'000
Appointed Representatives retained commission	18,918	18,243
Other trade payables	7,644	8,658
Trade payables	26,562	26,901
Social security and other taxes	2,116	2,190
Other payables	169	208
Accruals	9,020	7,350
	37,867	36,649

	2023 £'000	2022 £'000
Current	**35,225**	34,397
Non-current	**2,642**	2,252
	37,867	36,649

20 Trade and other payables (continued)

Should a protection policy be cancelled within four years of inception, a proportion of the original commission will be clawed back by the insurance provider. The majority of any such repayment is payable by the Appointed Representative, with the Group making its own liability for its share of any such repayment as set out in note 23. It is the Group's policy to retain a proportion of commission payable to the Appointed Representative to cover such potential future lapses; these sums remain a liability of the Group. This commission is held in a separate ring-fenced bank account as described in note 19.

The non-current portion of trade and other payables relates to Appointed Representative retained commission and accruals (See note 22).

As at 31 December 2023 and 31 December 2022, the carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Reconciliation of movement in trade payables to cash flow	2023 £'000	2022 £'000
Movement per trade payables	**1,218**	4,723
Contingent consideration on associates	**–**	1,327
Fair value measurement of contingent consideration	**–**	884
Share-based payment accruals	**(505)**	(656)
Accrued amounts relating to minority interest purchase	**(996)**	–
Acquired trade and other payables	**–**	(5,192)
Intercompany arising on acquisition	**–**	(253)
Total movement per cash flow	**(283)**	833

21 Loans and borrowings

	2023 £'000	2022 £'000
Bank loans	**18,250**	23,407
Total loans and borrowings	**18,250**	23,407
Less: non-current portion – Bank loans	**(12,426)**	(16,598)
Current portion	**5,824**	6,809

A summary of the maturity of loans and borrowings is as follows:

Bank loans	2023 £'000	2022 £'000
Payable in 1 year	**5,824**	6,809
Payable in 1-2 years	**3,750**	3,750
Payable in 2-5 years	**8,676**	12,848
Total bank loans	**18,250**	23,407

21 Loans and borrowings (continued)

In connection with the acquisition of Fluent, the Group entered into an agreement on 28 March 2022 with NatWest, in respect of a new term loan for £20m and a revolving credit facility for £15m (the "Facilities Agreement"), in order to part fund the cash consideration payable in relation to the acquisition. It is MAB's intention to repay the drawn down proportion of the revolving element of this debt facility as soon as practicable. In respect of the new facilities, the Group has given security to NatWest in the form of fixed and floating charges over the assets of Mortgage Advice Bureau Limited, Mortgage Advice Bureau (Derby) Limited, Mortgage Advice Bureau (Holdings) plc, First Mortgage Direct Limited, First Mortgage Limited, Project Finland Bidco Limited, Fluent Money Limited and Fluent Mortgages Limited.

Loan covenants

Under the terms of the Facilities Agreement, the Group is required to comply with the following financial covenants:

- Interest cover shall not be less than 5:1
- Adjusted leverage shall not exceed 2:1

The Group has complied with these covenants since the Facilities Agreement was entered into.

22 Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

- Trade and other receivables
- Investments in non-listed equity shares
- Derivative financial instruments
- Cash and cash equivalents
- Trade and other payables
- Loans and other borrowings

A summary of financial instruments held by category is provided below:

Financial assets	2023 £'000	2022 £'000
Cash and cash equivalents	**21,940**	25,462
Trade and other receivables (amortised cost)	**2,681**	4,101
Derivative financial instruments (FVTPL)	**302**	320
Total financial assets	**24,923**	29,883

22 Financial instruments – risk management (continued)

Principal financial instruments (continued)

Financial liabilities	2023 £'000	2022 £'000 (restated*)
Trade and other payables (amortised cost)	**7,812**	8,866
Loans and borrowings (amortised cost)	**18,250**	23,407
Accruals (amortised cost)	**9,020**	7,350
Redemption liability (FVTPL)	**2,793**	7,186
Clawback liability (FVTPL)	**10,331**	8,038
Lease liabilities (amortised cost)	**2,736**	3,947
Derivative financial instruments (FVTPL)	**183**	10
Appointed representative retained commission	**18,918**	18,243
Total financial liabilities	**70,043**	77,047

* The disclosure of financial liabilities incorrectly excluded the clawback liability, which is a financial instrument, and included £2.2m of social security and other taxes, which are not financial instruments. The disclosure is therefore restated to make this correction. The correction has no other impact on these financial statements.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies, and designs and operates processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board sets guidelines to the finance team and monitors adherence to its guidelines on a monthly basis.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk of financial loss to the Group if a trading partner or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from loans to its trading partners. It is Group policy to assess the credit risk of trading partners before advancing loans or other credit facilities. Assessment of credit risk utilises external credit rating agencies. Personal guarantees are generally obtained from the Directors of its trading partners.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables are given in note 18.

Financial assets - maximum exposure	2023 £'000	2022 £'000
Cash and cash equivalents	**21,940**	25,462
Trade and other receivables (amortised cost)	**2,681**	4,101
Derivative financial instruments (FVTPL)	**302**	320
Total financial assets	**24,923**	29,883

22 Financial instruments – risk management (continued)

Credit risk (continued)

The carrying amounts stated above represent the Group's maximum exposure to credit risk for trade and other receivables. An element of this risk is mitigated by collateral held by the Group for amounts due to them.

Trade receivables consist of a large number of unrelated trading partners and therefore credit risk is not concentrated. Due to the large volume of trading partners the Group does not consider that there is any significant credit risk as a result of the impact of external market factors on their trading partners. Additionally, within trade payables are Appointed Representative retained commission amounts due to the same trading partners that are included in trade receivables; this collateral of £0.2m (2022: £0.7m) reduces the credit risk.

The Group's credit risk on cash and cash equivalents is limited because the Group places funds on deposit with National Westminster Bank plc (rated A), The Royal Bank of Scotland plc (rated A+), Barclays plc (rated A), HSBC Bank plc (rated AA-) and Bank of Scotland plc (rated A+).

Market risk

Interest rate risks

The Group's main interest rate risk arises from borrowings, both short term facilities and long-term debt, with floating interest rates that are linked to SONIA. The Group manages the risk by continually reviewing expected future volatility in UK interest rates and will consider entering into hedges as deemed appropriate to fix the floating interest rate. A maturity analysis of loans and borrowings is set out in Note 21.

Foreign exchange risk

As the Group does not operate outside of the United Kingdom and has only one investment outside the UK, it is not exposed to any material foreign exchange risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

22 Financial instruments – risk management (continued)

Liquidity risk (continued)

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group's trade and other payables are repayable within one year from the reporting date and the contractual undiscounted cash flow analysis for the Group's trade and other payables is the same as their carrying value. The contractual maturities of financial liabilities are as follows:

31 December 2023 (£'000)	**Within 1 year**	**1 - 2 years**	**2 -5 years**	**After 5 years**	**Total**
Trade and other payables (amortised cost)	7,812	–	–	–	**7,812**
Loans and borrowings (amortised cost)	5,825	3,817	8,608	–	**18,250**
Accruals (amortised cost)	7,305	1,046	669	–	**9,020**
Redemption liability (FVTPL)	–	–	2,793	–	**2,793**
Clawback liability (FVTPL)	10,331	–	–	–	**10,331**
Lease liabilities (amortised cost)	997	792	1,005	81	**2,875**
Derivative financial instruments (FVTPL)	–	183	–	–	**183**
Appointed representative retained commission (amortised cost)	17,991	49	700	178	**18,918**
	50,261	**5,887**	**13,775**	**259**	**70,182**

31 December 2022 (£'000) (restated*)	Within 1 year	1 - 2 years	2 - 5 years	After 5 years	Total
Trade and other payables (amortised cost)	8,866	–	–	–	8,866
Loans and borrowings (amortised cost)	6,809	3,750	12,848	–	23,407
Accruals (amortised cost)	5,644	168	1,538	–	7,350
Redemption liability (FVTPL)	–	–	169	7,017	7,186
Clawback liability (FVTPL)	8,038	–	–	–	8,038
Lease liabilities (amortised cost)	1,048	994	1,857	345	4,244
Derivative financial instruments (FVTPL)	–	10	–	–	10
Appointed representative retained commission (amortised cost)	17,697	30	440	76	18,243
	48,102	4,952	16,852	7,438	77,344

* The disclosure incorrectly excluded the clawback liability, which is a financial instrument, and its maturity analysis as at 31 December 2022. The disclosure is therefore restated to make this correction. The correction has no other impact on these financial statements.

22 Financial instruments – risk management (continued)

Liquidity risk (continued)

Appointed Representative retained commission does not have a definite maturity date and it is not possible to accurately estimate the repayment profile, other than when Appointed Representative firms are in the initial term of their contract. The Directors consider that the disclosed maturity profile is the most appropriate.

The Board receives annual 12-month cash flow projections based on working capital modelling as well as information regarding cash balances monthly. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. Additionally, the Group has financial resource requirements set by its regulator, the Financial Conduct Authority. The Board has set a policy to ensure that adequate capital is maintained to ensure that these externally set financial resource requirements are exceeded at all times. Quarterly reports are made to the Financial Conduct Authority and submission is authorised by the Chief Financial Officer, at which time capital adequacy is re-assessed.

Capital management

The Group monitors its capital which consists of all components of equity (i.e. share capital, share premium, capital redemption reserve, share option reserve and retained earnings).

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders,
- To ensure that capital is maintained at all times to ensure that financial resource requirements set by its regulator, the Financial Conduct Authority, are exceeded at all times, and
- To ensure the Group has the cash available to develop the services provided by the Group to provide an adequate return to shareholders.

23 Clawback liability

	2023 £'000	2022 £'000
As at 1 January	**8,038**	5,716
Acquisition of subsidiary	**–**	935
Charged to the consolidated statement of comprehensive income	**2,293**	1,387
As at 31 December	**10,331**	8,038

The balance relates to refund liabilities for the estimated cost of repaying commission income received upfront on protection policies that may lapse in the four years following issue. Under the Group's revenue contracts with protection providers, if the policy is cancelled by the customer within a four-year period after the inception of the policy, then a proportion of the commission received upfront has to be repaid to the protection provider. While the exact timing of any future repayments (termed 'clawbacks') within the four-year period is uncertain, it has been estimated based on both data from protection providers and internal commission data that £4.4m (2022: £3.4m) of the liability would be payable after more than one year. The liability is based on the Directors' best estimate, using industry data where available, of the probability of clawbacks to be made.

23 Clawback liability (continued)

A liability is recognised in the financial statements of nine of the Group's subsidiaries: Mortgage Advice Bureau Limited, Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited, First Mortgage Limited, Fluent Mortgages Limited, Fluent Mortgages Horwich Limited, Vita Financial Limited, BPR Protect Limited and Auxilium Partnership Limited.

The clawback liability was incorrectly presented as a non-current liability in the prior year. This has been restated in the consolidated statement of financial position as a current liability. The correction has no other impact on these financial statements.

24 Deferred tax

Deferred tax is calculated in full on temporary differences using tax rates of 25% based on when the temporary differences are expected to unwind (2022: 19% and 25%).

The movement in deferred tax is shown below:

	2023 £'000	2022 £'000
Net deferred tax (liability)/asset – opening balance	**(12,862)**	1,114
Acquisition of subsidiary	**–**	(12,820)
Recognised in the consolidated statement of comprehensive income	**1,715**	(389)
Deferred tax movement recognised in equity	**449**	(767)
Net deferred tax (liability) – closing balance	**(10,698)**	(12,862)

The deferred tax balance is made up as follows:

	2023 £'000	2022 £'000
Fixed asset differences	**(13,355)**	(14,659)
Other timing differences	**295**	312
Tax losses	**1,138**	659
Share-based payments	**1,224**	826
Net deferred tax (liability)	**(10,698)**	(12,862)

Reflected in the statement of financial position as follows:	**2023 £'000**	2022 £'000
Deferred tax liability	**(11,417)**	(14,659)
Deferred tax asset	**719**	1,797
Net deferred tax (liability)	**(10,698)**	(12,862)

Deferred tax liabilities have arisen due to capital allowances which have been received ahead of the depreciation charged in the accounts and the recognition of the fair value of acquired assets in business combinations.

25 Share capital

Issued and fully paid	**2023 £'000**	2022 £'000
Ordinary shares of 0.1p each	**57**	57
Total share capital	**57**	57

During the year 96,039 ordinary shares of 0.1p each were issued following partial exercise of options issued in 2019 and 2020 at no premium. As at 31 December 2023, there were 57,127,034 ordinary shares of 0.1p in issue (2022: 57,030,995). See also note 30.

26 Reserves

The Group's policy is to maintain an appropriate capital base and comply with its externally imposed capital requirements whilst providing maximum shareholder value.

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	The capital redemption reserve represents the cancellation of part of the original share capital premium of the company at par value of any shares repurchased.
Share option reserve	The fair value of equity instruments granted by the Company in respect of share-based payment transactions and deferred tax recognised in equity.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

There is no restriction on the distribution of retained earnings.

27 Retirement benefits

The Group operates several defined contribution pension schemes for the benefit of its employees and also makes contributions to self-invested personal pensions ("SIPP"). The assets of the schemes and the SIPP are held separately from those of the Group in independently administered funds. The pension expense represents contributions payable by the Group to the SIPP and amounted to £1.7m (2022: £1.4m). There were contributions payable to the SIPP as at 31 December 2023 of £0.3m (2022: £0.2m).

28 Related party transactions

The following table shows the total amount of transactions that have been entered into with related parties during year ended 31 December 2023 and 2022, as well as balances with related parties as at 31 December 2023 and 31 December 2022.

		Commission received/(paid)		**Balance of retained commissions***		**Loans owed to MAB**	
	Relationship	**31 December 2023 £'000**	31 December 2022 £'000	**31 December 2023 £'000**	31 December 2022 £'000	**31 December 2023 £'000**	31 December 2022 £'000
Buildstore Limited	Associate	**(830)**	(927)	**23**	14	**–**	–
Sort Limited	Associate	**1,512**	1,492	**–**	–	**–**	218
Clear Mortgage Solutions Limited	Associate	**(5,227)**	(4,550)	**595**	652	**–**	–
Evolve FS Ltd	Associate	**(3,976)**	(2,949)	**178**	76	**–**	–
The Mortgage Broker Limited	Associate	**(1,555)**	(1,791)	**67**	67	**5**	20
Meridian Holdings Group Ltd	Associate	**(3,541)**	(4,481)	**550**	546	**81**	319
M & R FM Ltd	Associate	**(3,332)**	(2,826)	**184**	107	**–**	–
Heron Financial Limited	Associate	**(1,776)**	(4)	**41**	–	**–**	–
Pinnacle Surveyors (England & Wales) Ltd	Associate	**–**	–	**–**	–	**100**	–
BPR Protect Limited**	Associate	**–**	(223)	**–**	–	**–**	–
Vita Financial Limited**	Associate	**–**	(717)	**–**	–	**–**	–
MAB Broker Services PTY Limited	Joint venture	**–**	–	**–**	–	**15**	–

* Balances in relation to retained commissions are to cover future lapses.

** Vita Financial Limited and BPR Protect Limited were associated companies of the Group until they became subsidiaries on 12 July 2022 following Mortgage Advice Bureau Limited's acquisition of Vita Financial Limited.

28 Related party transactions (continued)

During the year the Group received dividends from associated companies as follows:

	2023 £'000	2022 £'000
M & R FM Ltd	**222**	187
Heron Financial Limited	**125**	–
Clear Mortgage Solutions Limited	**56**	–
CO2 Commercial Limited	**–**	348
Evolve FS Ltd	**–**	245
Sort Group Limited	**–**	130
Total dividends received	**403**	910

29 Ultimate controlling party

There is no ultimate controlling party.

30 Share-based payments

Mortgage Advice Bureau Executive Share Option Plan

The Group operates two equity-settled share-based remuneration schemes for Executive Directors and certain senior management, one being an approved scheme, the other unapproved, but with similar terms. For options granted before 2023, half of the options are subject to a total shareholder return (TSR) performance condition and the remaining half are subject to an earnings per share (EPS) performance condition. For options granted during 2023, the options are subject to an earnings per share (EPS) performance condition. The outstanding options in the unapproved scheme vest and are exercisable as follows:

For options granted during 2018 and outstanding as at 1 January 2023:
- 100% based on performance to 31 March 2021, exercisable between 11 April 2021 and 9 April 2026.

For options granted during 2019 and outstanding as at 1 January 2023:
- 100% based on performance to 31 March 2022, exercisable between 1 July 2022 and 1 July 2027.

For options granted during 2020 and outstanding as at 1 January 2023:
- 100% based on performance to 31 March 2023, exercisable between 22 April 2023 and 21 July 2028.

For options granted during 2021 and outstanding as at 1 January 2023:
- 100% based on performance to 31 March 2024, exercisable between 1 April 2024 and 31 March 2029.

For options granted during 2022 and outstanding as at 1 January 2023:
- 100% based on performance to 31 March 2025, exercisable between 6 April 2025 and 6 June 2030.

For options granted during the year:
- 100% based on performance to 31 December 2025, exercisable between 1 April 2026 and 30 May 2031.

30 Share-based payments (continued)

Mortgage Advice Bureau Executive Share Option Plan (continued)

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year for the Mortgage Advice Bureau Executive Share Option Plan:

	2023 WAEP £	**2023 Number**	2022 WAEP £	2022 Number
Outstanding as at 1 January	**0.001**	**576,003**	0.001	460,380
Granted during the year	**0.001**	**296,375**	0.001	154,850
Exercised	**0.001**	**(96,039)**	0.001	(16,851)
Lapsed *	**–**	**(20,310)**	–	(22,376)
Outstanding as at 31 December	**0.001**	**756,029**	0.001	576,003

* Due to not fully vesting, retirement or leaving the Group.

As at 31 December 2023, 756,029 options over ordinary shares of 0.1 pence each in the Company were exercisable with a weighted average exercise price of £0.001.

On 31 May 2023, 296,375 options over ordinary shares of 0.1 pence each in the Company were granted to the Executive Directors and senior executives of MAB under the equity-settled Mortgage Advice Bureau Executive Share Option Plan (the "Options") with a fair value of £6.31 per option. Exercise of the Options is subject to the service conditions and achievement of the performance condition based on earnings per share criteria. Subject to achievement of the performance condition, the Options will be exercisable 2 years and 10 months from the date of grant. The exercise price for the Options is 0.1 pence, being the nominal cost of the Ordinary Shares.

Options exercised on 6 and 11 April 2023 resulted in respectively 1,498 and 1,498 ordinary shares being issued at an exercise price of 0.1p per share. The price of the ordinary shares at the time of exercise was respectively £6.80 and £7.05 per share.

Options exercised on 19 May 2023 resulted in 93,043 ordinary shares being issued at an exercise price of 0.1p per share. The price of the ordinary shares at the time of exercise was £8.50 per share.

For the Options outstanding under the Mortgage Advice Bureau Executive Share Option Plan as at 31 December 2023, the weighted average remaining contractual life is 5.9 years (2022: 5.9 years). This is now calculated on the basis of the final date that the options can be exercised, whereas previously it was disclosed on the basis of the first date the options could be exercised, as it is currently the more relevant figure.

30 Share-based payments (continued)

Mortgage Advice Bureau Executive Share Option Plan (continued)

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share-based remuneration scheme operated by the Group.

	2023	2022
Equity-settled		
Option pricing model – EPS	**Black-Scholes**	Black-Scholes
Option pricing model – TSR	**–**	Stochastic
Exercise price	**£0.001**	£0.001
Expected volatility	**n/a**(1)	41.66%
Expected dividend yield	**3.98%**	2.70%
Risk-free interest rate	**n/a**(1)	1.78%

(1) For option awards that are not subject to market conditions, expected volatility and the risk-free interest rate have no impact on the valuation

The options granted during 2023 are subject to performance criteria based solely on earnings per share performance. They have a vesting period of 2 years and 10 months from the date of grant and the calculation of the share-based payment is based on this vesting period.

Expected volatility is a measure of an amount by which the share price is expected to fluctuate during a period. Dividends paid on shares reduce the fair value of an award as a participant does not receive the dividend income on these shares.

The Options offer participants the opportunity to benefit from increasing per share value without risking the current per share price. The risk-free rate used is the rate of interest obtainable from UK government securities as at the date of grant over the expected term.

MAB AR Option Plan

The Group operates an equity-settled share plan, the AR Option Plan, to reward selected Appointed Representative ("AR") of the Group. The AR Option Plan provides for options which have a nominal exercise price of 0.01 pence per share (or, for any individual AR, not less than £1 on each occasion of exercise) to acquire Ordinary Shares subject to performance conditions. Certain criteria must be met in order for ARs to be eligible, including using the Mortgage Advice Bureau brand and being party to an AR Agreement which provides for an initial contract term of at least five years at the date of grant. The AR Options will normally become exercisable following the fifth anniversary of grant subject to the satisfaction of performance conditions based on financial and other targets, including quality of consumer outcomes, compliance standards and continued use of the Mortgage Advice Bureau brand.

There were no options outstanding under the AR Option Plan at 1 January 2023 and there have been no grants of options during the year.

30 Share-based payments (continued)

Share-based remuneration expense

The share-based remuneration costs for the year are made up as follows:

	2023 £'000	2022 £'000
Charge for equity settled schemes	**177**	763
National Insurance on equity settled schemes	**(13)**	324
Share incentive plan costs	**143**	147
Free shares awarded to employees	**293**	186
Charge for equity settled acquisition options	**3,203**	1,064
Charge for cash settled acquisition options	**626**	499
Total costs	**4,429**	2,983

As a result of Fluent minority interest purchases during the period, accelerated equity settled charges of £1.8m and additional cash settled charges of £0.4m relating to the acquisition options were recognised in the consolidated statement of comprehensive income.

Options exercised during the period resulted in a transfer from the Share option reserve to Retained earnings of £0.4m (2022: £0.1m) reflected in the consolidated statement of changes in equity. In addition, £1.9m was transferred from the Share option reserve to Retained earnings for the cancelled acquisition options as a result of the Fluent minority interest purchase.

31 Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has a non-controlling interest that is material to the Group. The amounts disclosed for each subsidiary are their consolidated financial information before inter-company eliminations with Mortgage Advice Bureau Limited.

2023 Summarised balance sheet	**First Mortgage Direct Limited ("First Mortgage") 2023 £'000**	**Project Finland Topco Limited ("Fluent") 2023 £'000**	**Total 2023 £'000**
Current assets	14,585	2,278	16,863
Current liabilities	(7,125)	(3,605)	(10,730)
Current net assets/(liabilities)	**7,460**	**(1,327)**	**6,133**
Non-current assets	3,281	11,021	14,302
Non-current liabilities	(1,410)	(1,805)	(3,215)
Non-current net assets	**1,871**	**9,216**	**11,087**
Net Group assets on consolidation	1,349	35,218	36,567
Net assets	**10,680**	**43,107**	**53,787**
Accumulated NCI	2,386	1,289	3,675

31 Non-controlling interests (NCI) (continued)

2023 (continued)

Summarised statement of comprehensive income	**£'000**	**£'000**	**£'000**
Revenue	22,602	37,521	60,123
Profit/(loss) for the period and total comprehensive income	3,731	(7,772)	(4,041)
Profit/(loss) allocated to NCI	781	(1,345)	(564)
Dividends paid to NCI	692	–	692

Summarised cash flows	**£'000**	**£'000**	**£'000**
Cash flows from operating activities	3,251	550	3,801
Cash flows used in investing activities	(516)	(594)	(1,110)
Cash flows used in financing activities	(3,909)	(875)	(4,784)
Net (decrease) in cash & cash equivalents	(1,174)	(919)	(2,092)

Net Group assets on consolidation included above relate to acquired intangible assets and associated deferred tax liabilities. The profit/(loss) for the period and total comprehensive income includes the amortisation of these acquired intangible assets and the associated movements in deferred tax.

2022 Summarised balance sheet (restated*)	First Mortgage Direct Limited ("First Mortgage") 2022 £'000	Project Finland Topco Limited ("Fluent") 2022 £'000	Total 2022 £'000
Current assets	12,443	3,721	16,164
Current liabilities	(5,213)	(27,395)	(32,608)
Current net assets/(liabilities)	**7,230**	**(23,674)**	**(16,444)**
Non-current assets	3,213	19,094	22,307
Non-current liabilities	(1,838)	(764)	(2,602)
Non-current net assets/(liabilities)	**1,375**	**18,330**	**19,705**
Net Group assets on consolidation	1,630	38,478	40,108
Net assets/(liabilities)	**10,235**	**33,134**	**43,369**
Accumulated NCI	2,297	4,654	6,951

Mortgage Advice Bureau

31 Non-controlling interests (NCI) (continued)

2022 (continued) Summarised statement of comprehensive income	£'000	£'000	£'000
Revenue	18,220	21,883	40,103
Profit/(loss) for the period and total comprehensive income	2,534	(8)	2,526
Profit/(loss) allocated to NCI	507	(2)	505
Dividends paid to NCI	415	–	415

Summarised cash flows	£'000	£'000	£'000
Cash flows from operating activities	6,201	1,261	7,462
Cash flows used in investing activities	(730)	(1,319)	(2,049)
Cash flows used in financing activities	(1,659)	(1,725)	(3,384)
Net increase in cash & cash equivalents	3,812	(1,783)	2,029

* The disclosure has been restated to disclose clawback liabilities within current liabilities, which were incorrectly included within non-current liabilities. The correction has no other impact on these financial statements.

32 Contingent liabilities

The Group had no contingent liabilities as at 31 December 2023 or 31 December 2022.

33 Events after the reporting date

There were no material events after the reporting period, which have a bearing on the understanding of these consolidated financial statements.

34 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2023 £'000	2022 £'000
Cash at bank available on demand	**3,022**	7,219
Bank balances held in relation to retained commissions	**18,918**	18,243
Total cash and cash equivalents	**21,940**	25,462

34 Notes supporting statement of cash flows (continued)

A reconciliation of liabilities from financing transactions is set out as follows:

	Loans and borrowings £'000	Leases £'000	Total £'000
Balance as at 1 January 2022	**–**	**2,596**	**2,596**
Cash flows:			
Principal loan amounts	23,200	–	23,200
Loan arrangement fees	(282)	–	(282)
Settlement of loan notes and accrued interest on acquisition	(21,891)	–	(21,891)
Repayment of borrowings	(1,500)	–	(1,500)
Principal lease payments	–	(547)	(547)
Non-cash flows:			
Acquisition of subsidiaries	23,391	1,016	24,407
New leases	–	919	919
Accrued interest	426	–	426
Unwinding of loan arrangement fees	63	–	63
Disposals	–	(37)	(37)
Balance as at 31 December 2022 and 1 January 2023	**23,407**	**3,947**	**27,354**
Cash Flows:			
Repayment of borrowings	**(5,350)**	**–**	**(5,350)**
Principal lease payments	**–**	**(907)**	**(907)**
Non-cash flows:			
New leases	**–**	**13**	**13**
Accrued Interest	**116**	**–**	**116**
Unwinding of loan arrangement fees	**77**	**–**	**77**
Lease remeasurement	**–**	**(317)**	**(317)**
Balance as at 31 December 2023	**18,250**	**2,736**	**20,986**

The following parent entity financial statements are prepared under FRS 102 and relate to the Company and not to the Group. The statement of accounting policies which have been applied to these accounts can be found on page 80.

The Company is a non-trading holding company and has no employees. As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year of £16.0m (2022: £16.0m).

	Note	**2023 £'000**	2022 £'000
Fixed assets			
Investments	3	**8,565**	5,361
Current assets			
Debtors	4	**45,341**	45,341
Net assets		**53,906**	50,702
Capital and reserves			
Called up share capital	5	**57**	57
Share premium account	6	**48,155**	48,155
Capital redemption reserve	6	**20**	20
Retained earnings	6	**5,674**	2,470
		53,906	50,702

The notes on pages 182 to 187 form part of these financial statements.

The financial statements were approved by the Board of Directors on 19 March 2024.

P Brodnicki
Director

L Tilley
Director

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
Balance as at 1 January 2022	53	9,778	20	1,406	11,257
Profit for the year	–	–	–	16,023	16,023
Total comprehensive income	–	–	–	16,023	16,023
Transactions with owners					
Issue of shares	4	38,377	–	–	38,381
Share-based payments	–	–	–	1,064	1,064
Dividends paid	–	–	–	(16,023)	(16,023)
Transactions with owners	4	38,377	–	(14,959)	23,422
Balance as at 31 December 2022 and 1 January 2023	**57**	**48,155**	**20**	**2,470**	**50,702**
Profit for the year	–	–	–	16,038	16,038
Total comprehensive income	–	–	–	16,038	16,038
Transactions with owners					
Issue of shares	–	–	–	–	–
Share-based payments	–	–	–	3,204	3,204
Dividends paid	–	–	–	(16,038)	(16,038)
Transactions with owners	–	–	–	(12,834)	(12,834)
As at 31 December 2023	**57**	**48,155**	**20**	**5,674**	**53,906**

1 Accounting policies

■ Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006 and have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The FRS 102 reduced disclosure framework has been applied and the Company meets the definition of a qualifying entity. The principal accounting policies are summarised below. They have all been consistently applied to all years presented.

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. Given the nature of the Company's business there are no critical accounting estimates or areas of judgement required in the preparation of the financial statements.

■ Cash flow statement

The cash flows of the Company are included in the consolidated cash flow statement of Mortgage Advice Bureau (Holdings) plc which is included in this annual report. Consequently, the Company is exempt under the terms of FRS 102 from publishing a cash flow statement.

■ Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the accounts.

■ Investments

Investments in subsidiaries are held at historical cost less provision for impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the Company will settle a share-based payment transaction in respect of future consideration payable by a subsidiary for the purchase of a minority stake relating to an acquisition the cost of the share-based payment is capitalised.

■ Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from proceeds.

■ Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders.

■ Financial Instruments

The Company makes little use of financial instruments other than intercompany balances and so its exposure to credit risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position, and profit of the Company. The Directors consider that there is no credit risk on intercompany balances.

2 Profit for the year

During the year the Company's only income was dividends receivable from its subsidiaries. The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements for the Group. Remuneration for the audit of the Company financial statements is borne by a subsidiary entity.

3 Investments

	Subsidiary undertakings £'000
Cost	
As at 1 January 2023	**5,361**
Additions	**3,204**
As at 31 December 2023	**8,565**
Net book value	
As at 31 December 2023	**8,565**
As at 31 December 2022	5,361

The subsidiaries of Mortgage Advice Bureau (Holdings) plc at the reporting date have been included in the consolidated financial statements. The trading subsidiaries are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
Mortgage Talk Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Provision of financial services
First Mortgage Direct Limited	Scotland	80	Provision of financial services
First Mortgage Limited	Scotland	80	Provision of financial services
Property Law Centre Limited	Scotland	80	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company
Mortgage Advice Bureau Australia (Holdings) PTY Limited	Australia	100	Intermediate holding company
Mortgage Advice Bureau PTY Limited	Australia	100	Holding of intellectual property
Vita Financial Limited	England and Wales	75	Provision of financial services
BPR Protect Limited	England and Wales	75	Provision of financial services
Company Protection Limited	England and Wales	56.3	Provision of financial services

3 Investments (continued)

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Aux Group Limited	England and Wales	75	Provision of financial services
Auxilium Partnership Limited	England and Wales	75	Provision of financial services
Project Finland Topco Limited	England and Wales	84.3	Provision of financial services
Project Finland Bidco Limited	England and Wales	84.3	Provision of financial services
The Fluent Money Group Limited	England and Wales	84.3	Provision of financial services
Fluent Mortgages Holdings Limited	England and Wales	84.3	Provision of financial services
Fluent Mortgages Limited	England and Wales	84.3	Provision of financial services
Fluent Mortgages Horwich Limited	England and Wales	84.3	Provision of financial services
Fluent Lifetime Limited	England and Wales	84.3	Provision of financial services
Fluent Money Limited	England and Wales	84.3	Provision of financial services
Fluent Loans Limited	England and Wales	84.3	Provision of financial services
Fluent Bridging Limited	England and Wales	84.3	Provision of financial services

Mortgage Advice Bureau (Holdings) plc also holds a number of dormant subsidiaries which at the reporting date have been included in the consolidated financial statements. The dormant subsidiaries are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau (UK) Limited	England and Wales	100	Dormant
Mortgage Advice Bureau (Bristol) Limited	England and Wales	100	Dormant
MAB (Derby) Limited	England and Wales	100	Dormant
L&P 137 Limited	England and Wales	100	Dormant
Mortgage Talk (Partnership) Limited	England and Wales	100	Dormant
Financial Talk Limited	England and Wales	100	Dormant
Survey Talk Limited	England and Wales	100	Dormant
L&P 134 Limited	England and Wales	100	Dormant
Loan Talk Limited	England and Wales	100	Dormant
MAB1 Limited	England and Wales	100	Dormant
MAB Private Finance Limited	England and Wales	100	Dormant
MAB Financial Planning Limited	England and Wales	100	Dormant
First Mortgage Shop Limited	Scotland	80	Dormant
First Mortgages Limited	Scotland	80	Dormant
Fresh Start Finance Limited	Scotland	80	Dormant

3 Investments (continued)

The registered office for Vita Financial Limited is 1st Floor Tudor House, 16 Cathedral Road, Cardiff CF11 9LJ. The registered office of Mortgage Advice Bureau Australia (Holdings) PTY Limited and Mortgage Advice Bureau PTY Limited is Norton Rose Fulbright, Level 18, 225 George Street, Sydney, NSW 2000, Australia. The registered office for First Mortgage Direct Limited and its subsidiaries which are incorporated in Scotland is 30 Walker Street, Edinburgh, EH3 7HR. The registered office of Project Finland Topco Limited and its subsidiaries is 102 Rivington House, Chorley Road, Bolton, BL6 5UE.

The registered office for all other subsidiaries of Mortgage Advice Bureau (Holdings) plc is Capital House, Pride Place, Pride Park, Derby, DE24 8QR, United Kingdom.

Mortgage Advice Bureau Australia (Holdings) PTY Limited has a 100% equity stake in Mortgage Advice Bureau PTY Limited and also a 48.05% equity stake in MAB Broker Services PTY Limited.

Mortgage Advice Bureau (Holdings) plc holds 100% of the ordinary share capital of Mortgage Advice Bureau Limited and Talk Limited.

Mortgage Advice Bureau Limited holds 100% of the ordinary share capital of Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited, MABWM Limited and Mortgage Advice Bureau Australia (Holdings) PTY Limited. On 2 July 2019, Mortgage Advice Bureau Limited acquired 80% of the ordinary share capital of First Mortgage Direct Limited.

First Mortgage Direct Limited holds 100% of the ordinary share capital of First Mortgage Limited, Property Law Centre Limited, First Mortgages Limited, First Mortgage Shop Limited and Fresh Start Finance Limited.

On 12 July 2022 Mortgage Advice Bureau Limited acquired 75.4% of the ordinary share capital of Project Finland Topco Limited. On 11 April 2023 Mortgage Advice Bureau Limited increased its stake in Project Finland Topco Limited to 76.2% and further increased its stake on 19 December 2023 to 84.3% (see note 5). Project Finland Topco Limited holds 100% of the ordinary share capital of Project Finland Bidco Limited, which in turn holds 100% of the ordinary share capital of The Fluent Money Group Limited. The Fluent Money Group Limited holds 100% of the issued share capital of Fluent Mortgage Holdings Limited, Fluent Lifetime Limited, Fluent Money Limited, Fluent Loans Limited and Fluent Bridging Limited. Fluent Mortgage Holdings Limited owns 100% of the ordinary share capital of Fluent Mortgages Limited and Fluent Mortgages Horwich Limited.

On 12 July 2022 Mortgage Advice Bureau Limited increased its stake in Vita Financial Limited to 75%. Vita Financial Limited holds 100% of the ordinary share capital of BPR Protect Limited and 75% of the ordinary share capital of Company Protection Limited.

On 3 November 2022 Mortgage Advice Bureau Limited acquired 75% of the ordinary share capital of Aux Group Limited. Aux Group Limited holds 100% of the ordinary share capital of Auxilium Partnership Limited.

Talk Limited holds 100% of the ordinary share capital of Mortgage Talk Limited, L&P 137 Limited, Mortgage Talk (Partnership) Limited, Financial Talk Limited, and Survey Talk Limited.

Mortgage Talk Limited holds 100% of the ordinary share capital of Loan Talk Limited.

L&P 137 Limited holds 100% of the ordinary share capital of L&P 134 Limited.

Three of the Group's subsidiaries, First Mortgage Limited (SC177681), Property Law Centre Limited (SC348791) and Fluent Mortgages Horwich Limited (14127588) are exempt from the audit of individual accounts under section 479A of the Companies Act 2006.

There are no restrictions regarding the utilisation of cash or other resources held by any subsidiary.

4 Debtors

	2023 £'000	2022 £'000
Amounts due from Group undertakings	**45,341**	45,341

Amounts due from Group undertakings are unsecured, interest free and have no fixed repayment term.

5 Share capital

Issued and fully paid

	2023 £'000	2022 £'000
Ordinary shares of 0.1p each	**57**	57
Total share capital	**57**	57

During the year 96,039 ordinary shares of 0.1p each were issued following partial exercise of options issued in July 2019 and July 2020 at no premium. As at 31 December 2023, there were 57,127,034 ordinary shares of 0.1p in issue (2022: 57,030,995).

6 Reserves

The following describes the nature and purpose of each reserve within equity.

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	The capital redemption reserve represents the cancellation of part of the original share capital premium of the Company at par value of any shares repurchased.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

There is no restriction on the distribution of retained earnings.

7 Financial instruments and risk

The only financial asset of the Company is an amount due from other Group undertakings and therefore the Company is exposed to minimal financial risks. Details of the Group's management of the financial risks to which it is exposed are set out in note 22 to the financial statements for the Group.

8 Related party transactions

The Company has taken advantage of the exemption in s33.1A of FRS102 not to disclose transactions with group companies which are 100% owned.

Glossary of Alternative Performance Measures ("APMs") for the Group report and financial statements

Certain numerical information and other amounts and percentages presented have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

APM	Closest equivalent statutory measure	Definition and purpose
Income statement measures		
Net revenue	Gross profit	Net revenue is revenue less commissions paid to Appointed Representative firms and payments to Fluent affinity partners.

£m	**2023**	2022
Revenue	**239.5**	230.8
Commissions paid	**(130.9)**	(142.8)
Payments to Fluent affinity partners	**(14.5)**	(8.0)
Net revenue	**94.1**	80.0

APM	Closest equivalent statutory measure	Definition and purpose
Administrative expenses ratio	None	Calculated as administrative expenses (which exclude amortisation of acquired intangibles, acquisition costs incurred in the year and non-cash operating expenses relating to put and call option agreements) divided by revenue.
Adjusted EBITDA	None	Calculated as EBITDA before charges associated with acquisition and investments, and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner. Charges associated with acquisition or investments in businesses include: • non-cash charges such as amortisation of acquired intangibles and the effect of fair valuation of acquired assets, • non-cash operating expenses relating to put and call option agreements and cash charges including transaction costs, • fair value movements on contingent consideration, and • fair value movements on derivative financial instruments.

£m	**2023**	2022
Gross Profit	**70.2**	62.9
Administrative expenses	**(46.7)**	(36.0)
Depreciation	**2.1**	1.2
Amortisation of other intangibles	**0.3**	0.3
Share of profits from associates	**0.8**	0.7
Adjusted EBITDA	**26.7**	29.1

<table>
<tr><th>APM</th><th>Closest equivalent statutory measure</th><th>Definition and purpose</th></tr>
<tr><td>Adjusted EBITDA margin</td><td>None</td><td>Calculated as Adjusted EBITDA divided by revenue.</td></tr>
<tr><td>Adjusted operating profit</td><td>Operating profit</td><td>Calculated as operating profit before charges associated with acquisition and investments, and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner.

Charges associated with acquisition or investments in businesses include:
• non-cash charges such as amortisation of acquired intangibles and the effect of fair valuation of acquired assets,
• non-cash operating expenses relating to put and call option agreements and cash charges including transaction costs,
• fair value movements on deferred consideration, and
• fair value movements on derivative financial instruments.</td></tr>
</table>

£m	**2023**	2022
Operating profit	**14.0**	18.5
Acquisition of acquired intangibles	**5.2**	2.6
Acquisition costs	**0.2**	2.8
Non-cash operating expenses relating to put and call option agreements	**4.3**	2.0
Impairment losses	**–**	2.8
Non-cash fair value losses/(gains) on financial instruments	**0.2**	(0.9)
Restructuring Costs	**0.5**	–
Rounding difference	**–**	(0.1)
Adjusted operating profit	**24.4**	27.7

Glossary of Alternative Performance Measures ("APMs") for the Group report and financial statements (continued)

APM	Closest equivalent statutory measure	Definition and purpose
Adjusted profit before tax	Profit before tax	Calculated as profit before tax before charges associated with acquisition and investments, and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner. Charges associated with acquisition or investments in businesses include: • non-cash charges such as amortisation of acquired intangibles and the effect of fair valuation of acquired assets, • non-cash operating expenses relating to put and call option agreements and cash charges including transaction costs, • fair value movements on contingent consideration, and • fair value movements on derivative financial instruments.

£m	2023	2022
Profit before tax	**16.2**	17.4
Amortisation of acquired intangibles	**5.2**	2.6
Acquisition costs	**0.2**	2.8
Non-cash operating expenses relating to put and call option agreements	**4.3**	2.0
Impairment losses	**–**	2.8
Non-cash fair value losses/(gains) on financial instruments	**0.2**	(0.9)
Restructuring costs	**0.5**	–
Unwinding of redemption liability	**(3.3)**	0.6
Rounding difference	**(0.1)**	(0.1)
Adjusted profit before tax	**23.2**	27.2

APM	Closest equivalent statutory measure	Definition and purpose
Adjusted profit before tax margin	None	Calculated as Adjusted profit before tax divided by revenue.
Adjusted earnings per share	Basic earnings per share	Calculated as basic earnings per share before charges (net of tax) associated with acquisition and investments, and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner.

APM	Closest equivalent statutory measure	Definition and purpose
Adjusted fully diluted earnings per share	Diluted earnings per share	Calculated as diluted earnings per share (basic EPS, adjusting for the effects of potentially dilutive share options) before charges (net of tax) associated with acquisition and investments, and other adjusting items that the Group deems, by their nature, require adjustment in order to show more accurately the underlying business performance of the Group from period to period in a consistent manner.
Cash flow measures		
Headline cash conversion	None	Headline cash conversion is cash generated from operating activities adjusted for movements in non-trading items, including loans to AR firms and associates and cash transaction costs as a percentage of adjusted operating profit.
Adjusted cash conversion	None	Adjusted cash conversion is headline cash conversion adjusted for increases in restricted cash balances as a percentage of adjusted operating profit.
Balance sheet measures		
Net debt	None	Loans and borrowings less unrestricted cash balances.

Headline cash conversion:

£m	**2023**	2022
Cash generated from operating activities	**29.7**	28.5
Acquisition costs	**0.2**	2.8
Restructuring costs	**0.5**	–
Decrease in loans to AR firms and associates	**(0.8)**	(0.8)
Headline cash generated	**29.6**	30.5

Adjusted cash conversion:

£m	**2023**	2022
Headline cash generated	**29.6**	30.5
Increase in restricted cash balances	**(0.7)**	(1.4)
Rounding differences	**0.1**	–
Adjusted cash generated	**29.0**	29.1

Glossary of terms

AI	Artificial Intelligence
Appointed Representative, AR, or AR firm	An intermediary firm or person who is party to an agreement with a FCA regulated firm permitting them to carry out certain regulated activities
AR Agreement	Agreement governing the terms of the commercial relationship between MAB and an AR firm, and setting out how income from products sold by Advisers of the AR is split between MAB and the AR
Adviser	A person employed or engaged by an AR firm, carrying out mortgage and/or general or protection insurance advisory services to customers
Base Rate	The Bank of England base rate is the interest rate that the Bank of England charges banks for secured overnight lending. It is the UK Government's key interest rate for enacting its monetary policy
Bridging Finance	Short-term borrowing used to bridge a gap in funding until a property transaction completes
Clawbacks	The right of insurers to reclaim some or all of the commission paid to an intermediary in the event premiums are not paid by the policy holder in the period during which the policy holder pays monthly premiums, typically 48 months for protection products for MAB
Client fee	A fee paid by the consumer to the intermediary who has arranged the consumer's mortgage with a lender
Consumer Duty	The policy statement published by the FCA in July 2022, which aims to set higher and clearer standards of consumer protection
Corporate Social Responsibility	A type of business self-regulation that aims to contribute to societal goals by engaging in or supporting ethically-oriented practices (e.g. fundraising for charity)
Directly Authorised	An entity that is directly authorised by the FCA to carry out regulated activities
ESG	Environmental, Social and Governance
Execution only	Refers to a customer entering into a regulated mortgage contract without being given advice, or where the advice given by a firm has been rejected. This is effectively a self-service process
FCA	Financial Conduct Authority
FSCS	The Financial Services Compensation Scheme is the UK's statutory deposit insurance and investors compensation scheme for customers of authorised financial services firms
FTB	First Time Buyer
GDPR	The General Data Protection Regulation, a regulation in EU law on data protection and privacy

General insurance	Buildings and contents insurance and certain other non-life insurance products but excluding protection
Gross mortgage lending	New mortgage lending and product transfers
Help-to-Buy	UK Government incentives that aim to help first time buyers and those looking to move homes purchase a residential property. Help-to-Buy schemes include Equity Loans and Shared Ownership schemes
Intermediary, intermediary firm, or mortgage intermediary	A firm or individual who arranges mortgages with lenders on behalf of customers, (as opposed to a lender that the customer approaches directly). An intermediary is either directly authorised by the FCA or is an appointed representative of a directly authorised firm
IMLA	The Intermediary Mortgage Lenders Association is a trade association that represents the views and interests of UK mortgage lenders who are involved in the generation of mortgage business via professional financial intermediaries
Insurance or insurance products	Includes protection and general insurance
IR35	The UK's anti-avoidance tax legislation designed to tax disguised employment at a rate similar to employment
Later Life Lending	Refers to mortgage products aimed at those approaching or already in retirement, who are looking to release some of the equity in their home for a variety of reasons
Lifetime Mortgage	A type of Later Life Lending whereby no capital or interest repayments are made. Compounded interest is added to the capital throughout the term of the loan, which is then repaid by selling the property when the borrower dies or moves out
Mortgage Advice and Selling Standards	Policy statement issued by the FCA in February 2020 which sets out a package of remedies aiming to help consumers make better informed choices with regard to mortgages
Mortgages Market Study	Market study conducted by the FCA in 2019 as a precursor to the Mortgage Advice and Selling Standards policy statement
Mortgage panel or lender panel	A panel of mortgage lenders used by intermediaries
New build	Encompasses properties built by developers, custom build, self-build and affordable housing
New mortgage lending	Lending resulting from a mortgage completion in connection with a house purchase or a re-mortgage with a different lender to the customer's existing lender

Glossary of terms (continued)

PCW	Price Comparison Website
PPC	Pay-Per-Click
Procuration fee, or Mortgage procuration fee	A fee paid by a lender to the intermediary who has arranged a mortgage with the lender
Product transfer	The process of switching an existing mortgage product to a new one with the same lender
Protection insurance	Life insurance (including critical illness), family income protection and certain other insurance products (but excluding general insurance)
Secured Personal Loan	A loan that uses a property as security, also known as second charge mortgage
Service centres or telephone centres	MAB's regional telephone service centres operated by certain AR firms. The services provided by these centres include reviews of mortgage and related insurance products on an on-going basis with replacement or new products offered to customers, as appropriate
SM&CR	The Senior Manager and Certification Regime, a regime that aims to raise standards of governance, increase individual accountability and help restore confidence in the financial services sector

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