ASX Announcement

20 February 2024

The Manager
Market Announcements Office
Australian Securities Exchange Ltd
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Appendix 4D and Half Year Financial Report

Please find attached for immediate release in relation to AUB Group Limited (**AUB**) the following documents:

- Appendix 4D – Half-Year Report for the period ended 31 December 2023; and
- Financial Report for the half year ended 31 December 2023.

The release of this announcement was authorised by the AUB Board.

For further information, contact Richard Bell, Chief Legal and Risk Officer, on +61 2 9935 2222 or richardb@aubgroup.com.au.

About AUB Group
AUB Group Limited (ASX: AUB) is an ASX200 listed group of retail & wholesale insurance brokers and underwriting agencies operating in ~570 locations globally. Over 5,000 team members work with ~950,000 clients to place ~AUD 9.5bn in insurance premiums with local and foreign insurers.

AUB Group Limited
ABN 60 000 000 715
ASX Disclosure – Appendix 4D

ASX DISCLOSURE – APPENDIX 4D
Half-Year report – 31 December 2023

Under Listing Rule 4.2.A.3 of the Australian Securities Exchange Limited (the "ASX"), the following information must be given to the ASX. The information should be read in conjunction with the financial report for the year ending 30 June 2023.

1. Reporting Period

Current reporting period – six months ended 31 December 2023

Previous corresponding period – six months ended 31 December 2022

2. Results for Announcement to the Market

				$'000
2.1 Revenue from ordinary activities[1]	up	54.2%	to	505,097
2.2 a) Profit (loss) from ordinary activities after tax attributable to members	up	2,311.4%	to	53,124
b) Total comprehensive income after tax attributable to members	up	27.4%	to	33,598
2.3 Net profit (loss) attributable to members	up	2,311.4%	to	53,124
2.4 Underlying NPAT[2]	up	50.5%	to	70,202

2.5 Dividends

	Amount Per Security	Franking at 30% tax rate	Franked Amount Per Security
Interim Dividend	20.0 cents	100%	20.0 cents

2.6 Record date for determining entitlement to the interim dividend Friday 1st March 2024.

[1] Revenue from ordinary activities includes: Revenue, Other income, and Profits from Associates.
[2] Underlying NPAT is the measure used by management and the Board to assess underlying business performance. Underlying NPAT excludes adjustments to carrying values of associates, profit on sale and deconsolidation of controlled entities, contingent consideration adjustments, impairment charges and amortisation of intangibles. A reconciliation is provided between Reported NPAT and Underlying NPAT in Note 3 of the Financial Report. Underlying NPAT is non-IFRS financial information and as such has not been audited

2.7 A brief explanation of any of the figures in 2.1 to 2.5 necessary to enable the figures to be understood is contained in the Directors' Report section of the Half-Year Report – 31 December 2023 attached as Attachment A.

3. Statement of Comprehensive Income

The Statement of Comprehensive Income is contained in Attachment A – Financial Statements.

4. Statement of Financial Position

The Statement of Financial Position is contained in Attachment A – Financial Statements.

5. Statement of Cash Flows

The Statement of Cash Flows is contained in Attachment A – Financial Statements.

6. Dividends

On 20 February 2024, the Directors determined a fully franked interim dividend of 20.0 cents per share. This dividend is payable on 5 April 2024. Based on issued shares of 108,405,620 shares, this dividend will total $21.7m.

7. Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) remains suspended and will not apply to the interim dividend.

8. Movements in Retained Earnings

An analysis of the movements through Retained Earnings is shown in Attachment A – Financial Statements.

9. Net Tangible Assets Per Security

31 December 2023	$(4.43)
30 June 2023	$(3.73)

10. Entities Over Which Control has been Gained or Lost During the Period

Entities over which control has been gained or lost during the period.

Acquisitions	Date
Allegiant IRS Pty Limited	1/07/2023
Stand Underwriting Pty Limited	1/07/2023
Finzane Group Pty Ltd	30/08/2023
Austbrokers CE McDonald Pty Ltd	1/10/2023
ICIB Brokerweb North Shore Limited[1]	1/10/2023
ICIB Financial Independence Limited	1/12/2023
JC & JD Holding LLC	1/12/2023
Disposals	
HQ Insurance Pty Ltd	30/09/2023

11. Associates and Joint Venture Entities

Acquisitions	Date	Ownership Dec 23	Ownership June 23
F360 IB Pty Ltd	13/07/2023	50%	100%
Claim Central Consolidated Pty Ltd	01/12/2023	36%	0%
Disposals			
Hiller Marine Pty Ltd	01/07/2023	0%	50%

12. Any other Significant Information

Any other significant information needed to make an informed assessment of the financial performance and financial position is included in Attachment A – Financial Statements.

13. Accounting Standards Applied to Foreign Entities

Not Applicable.

14. Commentary on the Results for the Period

A commentary on the results for the period is contained in the Directors' Report section of Attachment A – Financial Statements.

[1] At 30 June 2023, ICIB Brokerweb North Shore Limited, was an associate of the Group, with an effective ownership of 36.1%. On 1 October 2023, the Group acquired a further 7.2%, at which point the Group obtained control of the company, and the entity ceased to be an associate.

15. Audit Dispute or Qualification

There is no audit dispute or qualification. Refer to the Independent Auditor's Report to the members of AUB Group Limited dated 20 February 2024 prepared by Ernst & Young and included in the Half-Year Report- 31 December 2023 attached as Attachment A.

ATTACHMENT A

AUB GROUP LIMITED
A.B.N. 60 000 000 715

FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2023

CONTENTS

DIRECTORS' REPORT

HALF YEAR ENDED 31 DECEMBER 2023

Your Directors present their report with the consolidated financial statements of AUB Group Limited (the 'Company') for the six months ended 31 December 2023.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. The Directors were in office for the whole period unless otherwise stated.

D. C. Clarke (Chair)
M. P. C. Emmett (Chief Executive Officer and Managing Director)
R. D. Deutsch
P. G. Harmer
A. J. Kendrick
P. A. Lahiff (Resigned 23 August 2023)
M. S. Laing (From 2 November 2023)
R. J. Low (Resigned 2 November 2023)
C. L. Rogers

REVIEW AND RESULTS OF OPERATIONS

OPERATING RESULTS FOR THE HALF YEAR

Reported Net Profit After Tax attributable to equity holders of the parent ('Reported NPAT') was $53.1m for the 6 months to 31 December 2023 (1H23: $2.2m). The increase in Reported NPAT was due to a mixture of strong organic and acquisition growth (particularly holding Tysers for the full period versus 3 months in the comparative period) as well as non-recurring items, such as movement in contingent consideration and reduced acquisition related expenses.

On a Reported NPAT basis, earnings per share was 49.00 cents for the half year (1H23: 2.27 cents).

Underlying Net Profit After Tax ('Underlying NPAT') is a key measure used by management and the board to assess and review business performance. Underlying NPAT excludes non-controlling interests and the impact of fair value adjustments to the carrying value of associates, profits on sale and deconsolidation of controlled entities, contingent consideration adjustments, amortisation of intangibles, impairment charges and acquisition related costs.

Underlying NPAT was $70.2m (1H23: $46.7m). The increased Underlying NPAT was due to a mixture of strong organic and acquisition growth (particularly holding Tysers for the full period versus 3 months in the comparative period).

On an Underlying NPAT basis, earnings per share was 64.76 cents per share (1H23: 48.18 cents).

Please refer to Note 3 of the financial statements for the reconciliation from Reported NPAT to Underlying NPAT.

RESULTS BY OPERATING SEGMENT

Australian Broking

- Underlying pre-tax profit for the period increased by 18.3% to $59.1m (1H23: $49.9m).
- EBIT Margin of 36.9% up 170bps from 1H23.
- Driven by organic growth from increased commercial lines premiums, supported by bolt-on acquisitions.

Bizcover

- Underlying pre-tax profit for the period increased by 17.3% to $6.7m (1H23: $5.7m).
- This increase was due to organic profit growth assisted by operating leverage and scalability of the platform.
- EBIT Margin of 39.7% up 130bps from 1H23.

Agencies

- Underlying pre-tax profit for the period increased by 102.3% to $24.9m (1H23: $12.3m).
- Strong organic growth in gross written premium (GWP) across most agencies complimented by acquisitions including Strata Unit Underwriters (1 September 2022).
- EBIT Margin of 40.3% up 380 bps from 1H23 excluding profit commissions in both periods.

RESULTS BY OPERATING SEGMENT (CONTINUED)

New Zealand Broking

- Underlying pre-tax profit for the period increased by 128.7% to $10.9m (1H23: $4.8m).
- Revenue and profit growth for all businesses, supported by increased commercial lines premiums, and reduced technology spend.
- EBIT Margin of 36.6% up 1,390bps from 1H23.

Tysers

- Underlying pre-tax profit contributed by Tysers for the 6 months to 31 December 2023 was $38.2m vs 3 months for 1H23 of $18.0m.

CAPITAL MANAGEMENT

- The leverage ratio was 2.02 at 31 December 2023.
- AUB Group had cash and undrawn debt facilities of $122.0m at 31 December 2023.
- AUB Group refinanced its debt facility on 24 January 2024 and at 31 January 2024 had accessible cash and undrawn debt facilities of $267.7m.

DIVIDEND PAYMENTS

The Directors have determined a fully franked interim dividend of 20 cents per share totaling $21.7m which will be paid to shareholders on 5 April 2024 (record date 1 March 2024). The Dividend Reinvestment Plan ('DRP') remains suspended and will not apply to the interim dividend.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 24 January 2024, the Group refinanced its existing $675m syndicated debt facility. The new $850m debt facilities comprise $550m of term loan facilities and a $300m multi-currency revolving credit facility, with tenors being a blend of 3, 4 and 5 years.

ROUNDING

The financial report is presented in Australian dollars ($) and all values are rounded to the nearest $1,000 (where rounding is applicable), unless otherwise stated, under the option available to the Company under ASIC instrument "Rounding in Financial / Directors' Reports" 2016/191. The Company is an entity to which the legislative instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Directors.

D. C. Clarke	**M. P.C. Emmett**
Chair	*Chief Executive Officer and Managing Director*

Sydney, 20 February 2024

AUDITOR'S INDEPENDENCE DECLARATION
HALF YEAR ENDED 31 DECEMBER 2023

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Auditor's Independence Declaration to the Directors of AUB Group Limited

As lead auditor for the review of the financial report of AUB Group Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
b) No contraventions of any applicable code of professional conduct in relation to the review; and
c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of AUB Group Limited and the entities it controlled during the financial period.

Ernst & Young

Michael Wright
Partner
20 February 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
HALF YEAR ENDED 31 DECEMBER 2023

	Notes	HY24 $'000	HY23 $'000
Revenue from Contracts with Customers	4 (a)	459,466	302,173
Other Income		24,759	8,902
Share of Profit of Associates	4 (b)	20,872	16,565
Cost to Provide Services and Administrative Expenses*	4 (c)	(403,764)	(288,756)
Finance Costs	4 (d)	(45,986)	(24,336)
		55,347	14,548*
Adjustments to Carrying Value	4 (e)	27,482	1,802
Profit from Sale or Dilution of Interests in Associates, Controlled Entities, and Broking Portfolios	4 (f)	5,958	11,893
Profit before Income Tax*		88,787	28,243
Income Tax Expense*		(20,958)	(15,395)
Profit After Tax*		**67,829**	**12,848**
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to Profit or Loss in subsequent periods:			
Exchange Differences on Translation of Foreign Operations		(14,474)	6,853
Gains/(Losses) on Cash Flow Hedges		(1,106)	13,598
Tax on Other Comprehensive Income to be reclassified to Profit or Loss in subsequent periods		146	(3,152)
Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods:			
Remeasurements of Post-Employment Benefit Obligations and Other		(3,794)	7,168
Tax on Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods		813	(59)
Other Comprehensive Income after Tax for the period		(18,415)	24,408
Total Comprehensive Income after Tax for the period*		**49,414**	**37,256**
Profit after Tax for the period attributable to:			
Equity Holders of the Parent*		53,124	2,203
Non-Controlling Interests		14,705	10,645
		67,829	**12,848***
Total Comprehensive Income after Tax for the period attributable to:			
Equity Holders of the Parent*		33,598	26,373
Non-Controlling Interests		15,816	10,883
		49,414	**37,256***
Basic Earnings Per Share (cents per share)*		49.00	2.27
Diluted Earnings Per Share (cents per share)*		48.45	2.27

* The following comparative balances have been restated by reducing amortisation by $2.27m, as a result of the purchase price allocation of the Tysers acquisition being provisionally accounted for during the prior period.

The above Consolidated Statement of Comprehensive Income (SOCI) should be read in conjunction with the notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	HY24 $'000	FY23 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents		208,776	260,352
Cash and Cash Equivalents - Trust		884,351	936,369
Trade and Other Receivables		235,280	313,079
Lease Net Investment		13	1,804
Financial and Other Assets		13,394	11,718
Deferred Acquisition Costs		12,627	13,822
Total Current Assets		1,354,441	1,537,144
Non-current Assets			
Trade and Other Receivables		16,744	17,286
Right of Use Asset and Lease Net Investment		69,818	70,360
Financial and Other Assets		29,409	29,891
Property, Plant and Equipment		12,484	12,885
Investment in Associates	8	248,784	238,526
Intangible Assets and Goodwill		2,005,427	1,956,841
Deferred Tax Asset		20,015	21,385
Total Non-current Assets		2,402,681	2,347,174
Total Assets		**3,757,122**	**3,884,318**
LIABILITIES			
Current Liabilities			
Trade and Other Payables		969,679	1,050,117
Deferred Revenue from Contracts with Customers		30,418	30,827
Income Tax Payable		17,708	26,482
Provisions	10	120,451	204,547
Lease Liabilities		14,532	14,743
Interest-bearing Loans and Borrowings	6	16,940	19,769
Financial Liabilities	11	17,529	36,138
Total Current Liabilities		1,187,257	1,382,623
Non-current Liabilities			
Provisions	10	18,154	5,475
Lease liabilities		59,463	62,134
Interest-bearing Loans and Borrowings	6	662,869	564,461
Financial Liabilities	11	227,431	237,940
Deferred Tax Liabilities		116,109	118,317
Total Non-current Liabilities		1,084,026	988,237
Total Liabilities		**2,271,283**	**2,370,950**
Net Assets		**1,485,839**	**1,513,368**
EQUITY			
Issued Capital	12	945,687	945,687
Retained Earnings		244,553	258,399
Foreign Currency Translation Reserve		41,755	57,340
Hedge Reserve		11,602	12,562
Defined Benefits Plan and Other Reserves		(9,468)	(6,617)
Put Option Reserve		(10,318)	(11,781)
Share-based Payments Reserve		28,868	24,263
Equity attributable to equity holders of the parent		**1,252,679**	**1,279,853**
Non-Controlling Interests		233,160	233,515
Total Equity		**1,485,839**	**1,513,368**

The above Consolidated Statement of Financial Position (SOFP) should be read in conjunction with the notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2023

	Attributable to equity holders of the parent								Non-controlling interests	**Total equity**
	Issued capital	Retained earnings	Foreign currency translation reserve	Put option reserve	Hedge reserve	Defined benefit plan and other reserves	Share-based payment reserve	**Total**		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**	$'000	**$'000**
At 1 July 2023	**945,687**	**258,399**	**57,340**	**(11,781)**	**12,562**	**(6,617)**	**24,263**	**1,279,853**	**233,515**	**1,513,368**
Profit after tax for the period	-	53,124	-	-	-	-	-	**53,124**	14,705	**67,829**
Other comprehensive income for the period	-	-	(15,585)	-	(1,106)	(3,794)	-	**(20,485)**	1,111	**(19,374)**
Tax on other comprehensive income	-	-	-	-	146	943	(130)	**959**	-	**959**
Total comprehensive income after tax for the period	**-**	**53,124**	**(15,585)**	**-**	**(960)**	**(2,851)**	**(130)**	**33,598**	**15,816**	**49,414**
Ownership changes without gaining / losing control	-	(14,556)	-	-	-	-	-	**(14,556)**	(29,018)	**(43,574)**
Non-controlling Interests relating to new acquisitions (Note 7(a))	-	-	-	-	-	-	-	**-**	28,681	**28,681**
Non-controlling Interests relating to disposals (Note 7(b))	-	-	-	-	-	-	-	**-**	(4,582)	**(4,582)**
Transfer to put option reserve	-	(1,463)	-	1,463	-	-	-	**-**	-	**-**
Net cost of share-based payment	-	-	-	-	-	-	4,735	**4,735**	-	**4,735**
Issue of shares, net of issue costs	-	-	-	-	-	-	-	**-**	3,017	**3,017**
Equity dividends (Note 5)	-	(50,951)	-	-	-	-	-	**(50,951)**	(14,269)	**(65,220)**
At 31 December 2023	**945,687**	**244,553**	**41,755**	**(10,318)**	**11,602**	**(9,468)**	**28,868**	**1,252,679**	**233,160**	**1,485,839**

The above Consolidated Statement of Changes in Equity (SOCIE) should be read in conjunction with the notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2022

	Attributable to equity holders of the parent								Non-controlling interests	**Total equity**
	Issued capital	Retained earnings	Foreign currency translation reserve	Put option reserve	Hedge reserve	Defined benefit plan and other reserves	Share-based payment reserve	**Total**		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**	$'000	**$'000**
At 1 July 2022	**608,520**	**247,278**	**(6,179)**	**(8,161)**	**1,122**	**(867)**	**12,781**	**854,494**	**143,183**	**997,677**
Profit after tax for the period*	-	2,203	-	-	-	-	-	**2,203**	10,645	**12,848**
Other comprehensive income for the period	-	-	6,519	-	13,598	7,264	-	**27,381**	238	**27,619**
Tax on other comprehensive income	-	-	-	-	(3,152)	(59)	-	**(3,211)**	-	**(3,211)**
Total comprehensive income after tax for the period	**-**	**2,203**	**6,519**	**-**	**10,446**	**7,205**	**-**	**26,373**	**10,883**	**37,256**
Ownership changes without gaining / losing control	-	(7,483)	-	-	-	-	-	**(7,483)**	(7,564)	**(15,047)**
Non-controlling interest relating to new acquisitions (Note 7(a))	-	-	-	-	-	-	-	**-**	50,279	**50,279**
Non-controlling interest relating to disposals (Note 7(b))	-	-	-	-	-	-	-	**-**	-	**-**
Transfer to put option reserve & impact of put option release	-	117	-	(117)	-	-	-	**-**	-	**-**
Net cost of share-based payment	-	-	-	-	-	-	3,394	**3,394**	-	**3,394**
Issue of shares, net of issue costs	175,545	-	-	-	-	-	-	**175,545**	-	**175,545**
Equity dividends (Note 5)	-	(35,154)	-	-	-	-	-	**(35,154)**	(10,382)	**(45,536)**
At 31 December 2022*	**784,065**	**206,961**	**340**	**(8,278)**	**11,568**	**6,338**	**16,175**	**1,017,169**	**186,399**	**1,203,568**

* The following comparative balances have been restated, as a result of the purchase price allocation of the Tysers acquisition being provisionally accounted for during the prior period.

CONSOLIDATED STATEMENT OF CASH FLOWS

HALF YEAR ENDED 31 DECEMBER 2023

	Notes	HY24 $'000	HY23 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		598,454	320,705
Dividends / trust distributions received from associates		21,144	20,456
Management fees received from associates/ related entities, and interest received		29,286	12,990
Payments to suppliers and employees		(504,212)	(279,179)
Income tax paid		(34,890)	(17,715)
Interest paid		(25,831)	(32,456)
Net Settlement with Department of Justice*		(38,497)	-
Interest paid - lease liabilities		(2,672)	(1,193)
Net cash from operating activities before customer trust account movements		42,782	23,608
Net (decrease) / increase in cash held in customer trust accounts		(60,103)	40,769
NET CASH FLOWS FROM OPERATING ACTIVITIES		(17,321)	64,377
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of consolidated entities, net of cash acquired	7(a)	(30,498)	(117,772)
Cash inflow from sale of controlled entity (leading to loss of control)	7(b)	16,098	-
Payment for new associates and increases in holdings in associates		(11,466)	(7,207)
Proceeds from reduction in interests in associates		1,750	13,184
Payment for contingent and deferred consideration on prior year acquisitions		(26,618)	(13,958)
Net payment for new broking portfolios purchased / broking portfolios sold		(5,134)	(1,160)
Net payments from purchases / sales of plant and equipment, capitalised projects, and other assets		(3,026)	(1,567)
Net (advances) / repayment of loans to associates / related entities		(341)	4,749
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(59,235)	(123,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of the Group	5	(50,951)	(35,154)
Dividends paid to shareholders of non-controlling interests		(14,269)	(10,382)
Distributions paid outside the group to unitholders of controlled trusts		(7,976)	(5,105)
Increase in borrowings		132,255	653,918
Repayment of borrowings	10	(36,943)	(4,316)
Payments of principal for lease liabilities	10	(7,409)	(4,186)
Payment of financial liabilities resulting from acquisition of controlled entity		-	(92,977)
Proceeds from reduction in interests in controlled entities		7,257	8,371
Payment for increase in interests in controlled entities	9	(50,733)	(18,683)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(28,769)	491,486
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(105,325)	432,132
Cash and cash equivalents at beginning of the period		1,196,721	592,460
Impact as a result of foreign exchange		1,731	2,786
Cash and cash equivalents at the end of the period		**1,093,127**	**1,027,378**

* Please refer to Note 10 for further detail in relation to the settlement with the Department of Justice. Further contractual protections will be settled at the same time as the earn out of the Tysers acquisition.

The above Consolidated Statement of Cash Flows should be read in conjunction with the notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

The consolidated financial statements are those of AUB Group Limited (the parent 'Company') and all entities that AUB Group Limited controlled (together the 'Group') during the half year and at the reporting date.

The interim financial report of AUB Group Limited for the six months ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 20 February 2024.

AUB Group Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activities of entities within the consolidated Group for the half year were the provision of services globally across insurance broking, agencies, and distribution of ancillary products within the support services businesses.

The registered office and principal place of business of the Company is Level 14, 141 Walker Street, North Sydney NSW 2060, Australia.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of the financial report

The general purpose condensed financial report for the half year ended 31 December 2023 has been prepared in accordance with AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board. The financial report has been prepared on a historical cost basis, except where otherwise stated.

The financial report is presented in Australian dollars ($) and all values are rounded to the nearest $1,000 (where rounding is applicable), unless otherwise stated, under the option available to the Company under ASIC instrument "Rounding in Financial / Directors' Reports" 2016/191. The functional currency of the Group and all segments other than New Zealand Broking and Tysers is Australian Dollars. The New Zealand Broking segment's functional currency is New Zealand dollars. The Tysers segment's functional currency is Great British Pounds.

The financial statements have been prepared on a going concern basis.

There are no changes to significant accounting judgements, estimates and assumptions from those used at 30 June 2023. The accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and the corresponding interim reporting period.

Certain comparative information has been revised in this financial report to conform with the current period's presentation.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated group as the full financial report. It should be read in conjunction with the Group's Annual Consolidated Financial Statements as at 30 June 2023.

Fair value

The carrying value of most of the Group's financial assets and financial liabilities approximate their fair value. There were no material differences between the book value and the fair value of the Group's financial assets and liabilities.

Please refer to the Group's Annual Consolidated Financial Statements as at 30 June 2023 for further information on the Group's measurement of fair value of recognised assets and liabilities, and their classification in the fair value hierarchy.

b) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions are found in the relevant notes to the financial statements.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of goodwill / intangibles and investments in associates

The Group determines whether goodwill is impaired at least on an annual basis and for any identifiable intangibles and investments in associates that have an indicator of impairment. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. The resulting recoverable amounts derived from the appropriate measures described in Note 13 to the Group's Annual report as at 30 June 2023 are compared to the carrying value for each CGU and in the event that the carrying value exceeds the recoverable amount, an impairment loss is recognised. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in Note 14 to the Group's Annual report as at 30 June 2023. At half year the Group performs a review for impairment indicators. If such indicators exist, further assessment is performed.

Measurement of contingent considerations

The Group recognises contingent consideration at fair value through profit or loss. Contingent consideration terms vary between transactions but generally involves either (1) an EBIT or Revenue (fixed) performance hurdle (generally 2-3 years) post the acquisition date (i.e. high water mark) or (2) future dated (generally 2-3 years) EBIT or Revenue times a fixed multiple less historic payments made.

See Note 7 and Note 8 for further details on current year transactions and Note 11 for movements in contingent and deferred consideration.

Re-estimation of financial liability at amortised cost

A financial liability at amortised cost has been recognised representing an estimate of the value the Group could be required to pay on the future exercise by holders of put options over non-controlling interests and the value of units held by others for consolidated trusts. The Group re-estimates the financial liability at the reporting date, taking into account the estimated future outcomes for income or profit. For put options, generally this involves projecting the EBIT of the entity to the first exercise date multiplied by the expected EBIT multiple and projected net debt (based on known information and the Company's gearing targets). Historical trends and any relevant external factors are taken into account in determining the likely outcome. See Note 18 to the Group's Annual report as at 30 June 2023 for further details and Note 11 for the current period movements.

Deferred tax assets

Deferred tax assets ('DTA') are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Judgement is required in relation to DTAs recognised in connection to carry forward losses. The future profitability of each entity or tax consolidation group (if a part of a tax consolidation group) needs to be assessed including where a capital loss is made, the probability of a future capital gain to offset the carry forward capital loss. See Note 5 to the Group's Annual Report as at 30 June 2023 for further details.

Pensions

Tysers operates two defined benefit pension schemes, which require contributions to be made to separately administered funds. The cost of the defined benefit pension schemes and the present value of the pension obligation are determined using actuarial valuations.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in a valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Remeasurements, comprising actuarial gains and losses, the effect of any asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the Statement of Financial Position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Capital Risk Management

AUB Group's risk management policy is to identify, assess, and manage risks, which are likely to adversely impact on its financial performance, continued growth and its survival. In terms of financial risk management, the Group takes a risk-averse approach, and seeks to minimise risk, whilst bearing in mind cost effectiveness.

AUB does not engage in speculative activity, nor will it explicitly seek opportunities to profit from expected movements in the financial markets. The Group hedges cash flows where there is a mis-match in receipts compared to the functional currency of an entity.

As at 31 December 2023, AUB Group's hedge program includes foreign currency hedges, to mitigate the risk of variability of operating cash flows caused by foreign currency fluctuations. The current hedges are designed to ensure that USD revenue exposures are hedged to GBP, the Tysers operating currency.

Where possible the Group takes advantage of natural hedges offsetting foreign currency assets and liabilities.

Hedge Accounting

The Group uses derivative financial instruments, such as forward currency contracts to hedge its exposure to foreign currency risk in forecast transactions.

At the inception of a hedge relationship, AUB Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve. If there is any ineffective portion of the hedge, that portion is recognised immediately in profit or loss.

Climate change

Climate change is a material risk to the global economy, including the insurance sector. As a result of an increased frequency and severity of climate related events, the availability and cost of insurance coverage for some of our customers may be materially impacted.

Our decentralised operating approach and diversified investment strategy helps manage concentration risk to locations, industries and products. As a result, we are not materially exposed to industries expected to be significantly impacted by climate change.

There are opportunities for the Group to facilitate alternative insurance cover for customers impacted by climate change. There are also opportunities for the Group within new and emerging markets such as renewable energy.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and methods of computation are the same as those adopted at 30 June 2023, except for those new and amended standards which are outlined below.

The 31 December 2023 financial statements, and respective notes to the financial statements have been prepared in accordance with the new and amended accounting standards.

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2023:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as current or non-current;

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates;

- AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;

- AASB 2021-6 Amendments to AASs –Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards;

- AASB 2022-1 Amendments to AASs –Initial Application of AASB 17 and AASB 9 – Comparative Information; and

- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. OPERATING SEGMENTS

The Group's corporate structure is organised into five business units which have been identified as separate reportable segments as follows:

1. **Australian Broking**: assesses the insurable risks and risk appetite of customers and sources relevant insurance products from insurers and underwriters to meet the needs of the customer. Post policy-binding services primarily include claims handling on behalf of the customer (claims preparation). Customers generally comprise Small and Medium Enterprise ('SME') businesses, however services are also provided to larger institutions and to individuals.

2. **Agencies:** assesses, on behalf of the insurer, the risk profile of the end customer and pricing of policies requested by brokers. Post policy-binding services primarily include claims handling on behalf of the insurer (claims processing). Business is largely generated by brokers operating within the SME insurance sector. Agencies do not assume any underwriting risk and accordingly do not incur or hold policy liabilities.

3. **New Zealand Broking:** provides broking services within the New Zealand market. Operations are centrally monitored and managed by AUB Group NZ head office. As a distinct overseas operation and investment, performance of the segment is separately monitored.

4. **Tysers**: includes Wholesale and Retail broking and Managing General Agents ('MGA') and is headquartered in London. This is a separately reportable segment given Tysers is largely UK based operating mainly in markets outside Australia. Tysers operates across:

    - Wholesale broking: wholesale broker to the Lloyd's marketplace with global distribution largely through retail brokers;

    - Retail broking: provides retail broking services within the UK market; and

    - Managing General Agents: operates insurer delegated authorities, both in-house and through third parties.

5. **Support Services:** provides a diversified range of services to support the Broking, Agencies, New Zealand and Tysers segments, and external clients. Services include post claim rehabilitation, investigation, loss adjusting, legal, white labelling, Group captive insurance and AUB Group head office support. These sub segments are not individually reportable.

Discrete financial information about each of these segments is reported to management on a regular basis and the operating results are monitored separately for the purposes of resource allocation and performance assessment.

Each segment, except Support Services, contains entities which contains similar characteristics in relation to customer profile and operational risks.

Underlying Net Profit Before Tax

Performance of segments is reviewed by the Chief Operating Decision Maker ('CODM') on an Underlying net profit before tax ('UNPBT') basis. UNPBT excludes the effects of non-recurring events or other items not representative of the underlying operations of the Group. Items of income and expenditure which do not represent the underlying performance of the Group and segments include restructuring costs, acquisition related costs, fair value gains / losses, profits / losses on sale, amortisation of broking registers and impairments. Such items are considered to be a result of non-recurring events or non-representative of the underlying operations of the Group and segments of the Group. UNPBT also excludes non-controlling interests to reflect the performance attributable to the shareholders of the Group.

3. OPERATING SEGMENTS (CONTINUED)

Underlying net profit after tax ('UNPAT') reconciles to the Profit after income tax attributable to equity holders of the parent ('Reported NPAT') within the Statement of Comprehensive Income ('SOCI') as follows:

	Notes	HY24 $'000	HY23 $'000
Net Profit After Tax attributable to equity holders of the parent*	SOCI	53,124	2,203
Add back / (less) net impact (net of NCI and income tax):			
- Amortisation of broking registers*		19,015	14,426
- Adjustments to value of entities (to fair value) on the day they became controlled entities		(726)	(1,814)
- Remeasurement of put option liability (net of Interest unwind)		(1,463)	117
- Impairment charge		-	-
- Movements in contingent consideration, net of impairment charge		(18,197)	3,560
- Loss / (Profit) on deconsolidation of controlled entity, sale / dilution of associates and portfolios		913	(7,586)
- Impairment of the Right of Use Asset and Onerous Lease Expense		63	-
- Acquisition related expenses		17,473	35,752
Underlying Net Profit After Tax		**70,202**	**46,658**
Represented by:			
Underlying profit before tax		100,993	65,948
Tax expense		(30,791)	(19,290)
Underlying Net Profit After Tax		**70,202**	**46,658**

* The following comparative balances have been restated by reducing amortisation by $2.27m, as a result of the purchase price allocation of the Tysers acquisition being provisionally accounted for during the prior period.

	6 months ended 31 December 2023					
Segment Financial Performance	Australian Broking $'000	Agencies $'000	New Zealand Broking $'000	Tysers $'000	Support Services $'000	Total $'000
Inter-segment revenue	-	1,831	-	-	-	1,831
Revenue from external customers	165,344	81,022	38,369	197,777	1,713	484,225
Total revenue and other income	**165,344**	**82,853**	**38,369**	**197,777**	**1,713**	**486,056**
Share of Net Underlying Profits of Associates accounted for using the equity method before amortisation on broking registers and income tax expense	20,106	1,375	571	47	6,650	28,749
Total income	**185,450**	**84,228**	**38,940**	**197,824**	**8,363**	**514,805**
Less: Expenses						
Total underlying cost to provide services and administrative expenses**	(104,850)	(49,708)	(24,343)	(156,880)	(14,973)	(350,754)
Inter-segment expenses	-	(1,831)	-	-	-	(1,831)
Interest paid and other borrowing costs	(2,374)	(218)	(981)	(1,725)	(24,437)	(30,735)
Non-controlling interest	(19,167)	(7,607)	(2,697)	(1,021)	-	(30,492)
Underlying Net Profit Before Tax	**59,059**	**24,864**	**10,919**	**38,198**	**(32,047)**	**100,993**

**Excludes non-operating expenses, refer to preceding table for reconciliation between statutory profit and underlying profit before tax.

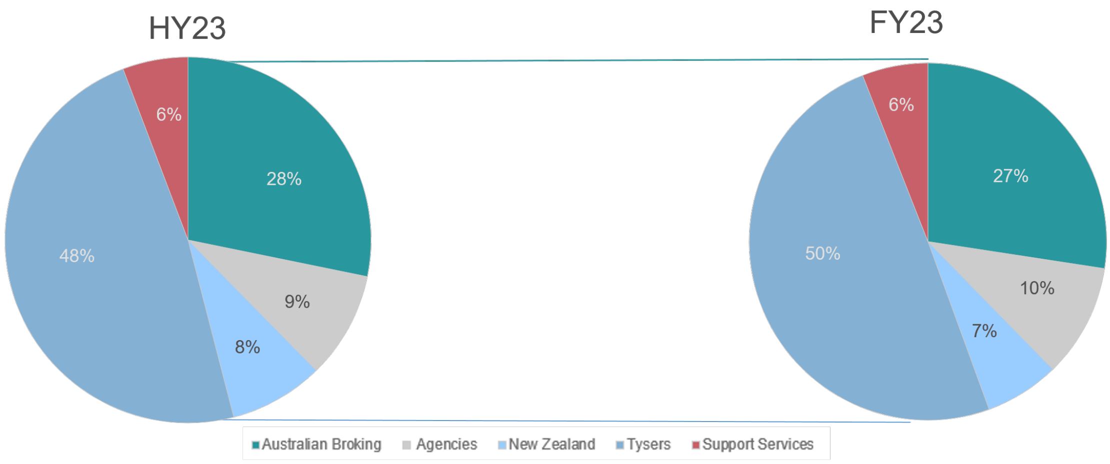
3. OPERATING SEGMENTS (CONTINUTED)

	6 months ended 31 December 2022					
Segment Financial Performance	Australian Broking $'000	Agencies $'000	New Zealand Broking $'000	Tysers $'000	Support Services $'000	Total $'000
Inter-segment revenue	-	1,825	-	-	-	1,825
Revenue from external customers	131,672	57,294	27,177	93,944	988	311,075
Total revenue and other income	**131,672**	**59,119**	**27,177**	**93,944**	**988**	**312,900**
Share of Net Underlying Profits of Associates accounted for using the equity method before amortisation on broking registers and income tax expense	22,066	1,248	490	-	5,671	29,475
Total income	**153,738**	**60,367**	**27,667**	**93,944**	**6,659**	**342,375**
Less: Expenses						
Total underlying cost to provide services and administrative expenses*	(84,462)	(41,378)	(21,423)	(75,562)	(15,345)	(238,170)
Inter-segment expenses	-	(1,825)	-	-	-	(1,825)
Interest paid and other borrowing costs	(4,700)	(20)	(451)	(29)	(10,307)	(15,507)
Non-controlling interest	(14,673)	(4,856)	(1,018)	(378)	-	(20,925)
Underlying Net Profit Before Tax	**49,903**	**12,288**	**4,775**	**17,975**	**(18,993)**	**65,948**

*Excludes non-operating expenses, refer to preceding table for reconciliation between statutory profit and underlying profit before tax.

Segment Non-Current Assets

The total of non-current assets other than financial instruments and deferred tax assets are provided in the following graphs. The measurement of segment non-current assets follows the accounting policies of the Group.



Intangible assets such as goodwill, and investment in associates have been presented within the segment the respective underlying operations is contained.

4. REVENUE AND EXPENSES

The Group will recognise as revenue the amount of the transaction price that is allocated to the performance obligation, excluding any amounts highly probable of significant reversal, when the performance obligation has been satisfied.

Expenses including salaries and wages, business technology and software costs, insurance, advertising and marketing, and interest are recognised as incurred or as services are provided to the Group.

For further information on the Group's policies, please refer to the 2023 Annual Report.

	HY24 $'000	HY23 $'000
a) Revenue from contracts with customers		
Commission, brokerage and fee Income	435,383	293,083
Management fees from related entities	4,056	3,717
Other revenue	20,027	5,373
Total revenue from contracts with customers	459,466	302,173
Recognised at a point in time	441,088	281,170
Recognised over time	18,378	21,003
b) Share of profit of associates		
Share of profit of associates after tax but before amortisation	23,991	19,742
Amortisation of intangibles – Associates	(3,119)	(3,177)
Total share of profit of associates	20,872	16,565
c) Cost to provide services and administrative expenses		
Salaries and wages	242,373	158,627
Business technology and software costs	26,727	21,071
Commission expense	15,606	15,789
Amortisation / impairment of right of use asset and rent expense	10,608	7,132
Amortisation of broking registers and other financial assets*	24,842	16,314
Amortisation / depreciation of software and fixed assets	3,295	2,211
Insurance	11,371	9,914
Advertising, marketing, and travel costs	18,025	12,275
Consulting, accounting, and audit fees	17,331	8,240
Legal fees / acquisition costs	9,249	26,616
Share-based payments	9,811	2,358
Other expenses	14,526	8,209
Total cost to provide services and administrative expenses*	403,764	288,756

* The following comparative balances have been restated by reducing amortisation by $2.27m, as a result of the purchase price allocation of the Tysers acquisition being provisionally accounted for during the prior period.

4. REVENUE AND EXPENSES (CONTINUED)

	HY24 $'000	HY23 $'000
d) Finance Costs		
Interest paid and other borrowing costs	28,076	14,315
Interest unwind on lease liability	2,659	1,192
Interest unwind on put option liability	148	117
Interest unwind on contingent consideration	7,167	3,552
Finance charge on movement in trust minority	7,936	5,160
Total finance costs	45,986	24,336
e) Adjustments to carrying value		
Adjustment to contingent consideration on acquisitions	24,850	(12)
Remeasurement of put option liability	1,611	-
Fair value adjustment relating to the carrying value of associates and goodwill	1,021	1,814
Total adjustments to carrying value	27,482	1,802
f) Profit from sale or dilution of interests in associates, controlled entities, and broking portfolios		
Profit on sale of controlled entities leading to deconsolidation	4,169	-
Profit from sale or dilution of interests in associates and broking register	1,789	11,893
Total profit from sale or dilution of interests in associates, controlled entities and broking portfolios	5,958	11,893

5. DIVIDENDS PAID AND PROPOSED

	HY24 $'000	HY23 $'000
Dividends paid or recognised as a liability during the period		
Final franked dividend for financial year ended 30 June 2022: 38.0 cents	-	35,154
Final franked dividend for financial year ended 30 June 2023: 47.0 cents	50,951	-
Total dividends paid / provided in current period	50,951	35,154

In addition to the above, dividends paid to non-controlling interests totalled $14.27m (HY23: $10.38m).

Dividends proposed and not recognised as a liability		
Interim franked dividend for financial year ended 30 June 2023: 17.0 cents	-	17,260
Interim franked dividend for financial year ended 30 June 2024: 20.0 cents	21,702	-
	21,702	17,260

The tax rate at which paid dividends have been franked is 30% (HY23: 30%).
Dividends proposed will be franked at 30% (HY23: 30%).
The Dividend Reinvestment Plan ('DRP') remains suspended and will not apply to the interim dividend.

6. INTEREST BEARING LOANS AND BORROWINGS

Group Borrowing facilities as at 31 December 2023

AUB Group entered into a Syndicated Debt Facility totaling $675m to fund the completion of the Tysers acquisition. The facility has a maturity date of 30 September 2027. The total facility consists of:

- Tranche A: AUD term facility of $525m (amortising $1.5m per quarter); and
- Tranche B: multi-currency facility of $150m.

At 31 December 2023 the total outstanding facility balance is $585.0m.

AUB Group Limited's borrowing facilities are subject to financial undertakings and warranties typical of facilities of this nature and have sub-limits for various purposes including acquisitions.

A small number of controlled entities within the Group in Australia and New Zealand have negotiated facilities with other banks.

During the current and prior periods, there were no defaults or breaches of terms and conditions of any of these facilities.

On 24 January 2024, the Group refinanced its syndicated debt facility. Please refer to Note 14 for further details.

Group leverage ratio

The Group monitors capital using the leverage ratio. Leverage is calculated as Net Debt divided by Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA'), as defined below.

- Net Debt contains the Group's interest-bearing loans and borrowings, plus other debt (including guarantees), the Group's contingent consideration**, the Group's share of borrowings and contingent consideration in relation to associates less uncommitted cash and cash equivalents***.
- EBITDA includes the Group's share of associate EBITDA plus an annualised EBITDA of entities acquired during the period less contribution of EBITDA for any entities disposed during the period.

The leverage ratios at 31 December 2023 and 30 June 2023 were as follows:

	Dec 23*	June 23
Leverage ratio	$'000	$'000
Interest-bearing loans and borrowings	679,809	584,230
Debt like items	17,767	16,552
Contingent consideration	162,125	193,060
Interest-bearing loans, borrowings and contingent consideration payable - associates (AUB Group share)	29,931	25,522
Contingent consideration payable for obligors**	(155,759)	(192,859)
Uncommitted cash and cash equivalents***	(80,133)	(152,870)
Total Net Debt	653,740	473,636
EBITDA - controlled entities	241,555	164,500
Normalisation due to M&A	18,909	50,469
EBITDA - associates (AUB Group share)	62,861	61,571
Total Normalised EBITDA	323,325	276,540
Leverage Ratio - Net Debt / EBITDA	2.02	1.71

*EBITDA is based on the 12 months ended 31 December 2023.

**Contingent consideration excludes contingent consideration recgonised by wholly owned Group entities.

***Uncommitted cash and cash equivalents excludes trust accounts, and restricted cash such as to meet regulatory obligations.

7. BUSINESS COMBINATIONS AND TRANSACTIONS INVOLVING LOSS OF CONTROL

a) Business combinations

A major strategy of the Group is to acquire ownership in insurance broking, agency and other complementary services, businesses or portfolios. The terms of these acquisitions vary in line with negotiations with individual vendors but are structured to achieve the Group's benchmarks for return on investment.

The business combinations in the current period relate to insurance broking, agency and wholesale insurance businesses in Australia, New Zealand and the United Stated of America.

For further information on the Group's policies, please refer to the 2023 Annual Report.

i) During the current period, the following transactions occurred:

There were no significant business combination transactions during the period.

The total Revenue and Net Profit After Tax recognised during 6 months ended 31 December 2023 in relation to the current period acquisitions were $1.4m and $0.3m respectively. Group revenue and Net Profit After Tax in relation to the current period acquisitions would have been $9.8m and $1.8m respectively, had all of the below transactions closed on 1 July 2023.

Business Acquired	Transaction date(s)	HY24	FY23
		% / $'000	% / $'000
All transactions	Various	Various	Various
Total consideration paid for all additional interest acquired		**78,079**	**1,101,779**
Less contingent/deferred consideration		(19,062)	(154,912)
Less shares issued by Parent (AUB Group Limited)		-	(175,870)
Less shares issued by a subsidiary		(13,273)	(39,146)
Less cash acquired		(2,916)	(95,131)
Less trust cash acquired		(12,330)	(476,521)
Payments for acquisition of consolidated entities, net of cash acquired		**30,498**	**160,199**
Goodwill arising on acquisition related to the Group		43,446	801,739
Goodwill arising on acquisition relating to non-controlling interests		26,308	48,967
Total Goodwill arising on acquisition		69,754	850,706
Other intangibles including deferred taxes		14,468	340,484
Net increase in non-controlling interest		28,681	84,046

ii) During the prior period, the following transaction occurred:

Effective 30 September 2022, the Group acquired 100% of Integro Insurance Brokers Holdings Limited and its controlled entities (collectively 'Tysers') for GBP 520m, comprising GBP 320m in cash, GBP 100m in AUB shares, and GBP 100m in contingent consideration. The contingent consideration is subject to Tysers meeting revenue growth hurdles within 24 months of completion. The fair value of the contingent consideration at acquisition date is based on the probability weighted outcome discounted over 24 months at 9.88%.

b) Loss of Control

During the current and previous period there were no significant transactions which resulted in the Group losing control of any of its subsidiaries.

8. INVESTMENT IN ASSOCIATES

The Group's investments in its associates are accounted for under the equity method of accounting in the Consolidated Financial Statements. These are entities in which the Group has significant influence and which are not controlled entities. The Group deems they have significant influence if they have more than 20% of the voting rights.

For further information on the Group's policies, please refer to the 30 June 2023 Annual Report.

There were no significant transactions related to associates during the period.

Other information in respect of associated entities which carry on business directly or through controlled entities:

a) The principal activity of each associate is insurance broking or agency business, except The Procare Group Pty Limited which offers investigation and loss adjusting services.

b) There have been nil impairments relating to the investment in associates during the current or previous period.

c) All associates, including unit trusts, were incorporated, or established in Australia, except for associates owned by AUB Group NZ Limited, which are entities incorporated in New Zealand, and associates owned by Tysers Insurance Brokers Limited, which are entities incorporated in the UK.

9. SHARES IN CONTROLLED ENTITIES

New acquisitions of controlled entities or transactions which lead to the Group obtaining or losing control in an entity during the current and previous period are disclosed in Note 7. The following transactions involve transactions between owners where there is no change in the control assessment.

i) During the current period, the following transaction occurred:

Effective 1 July 2023, the Group acquired a further 16.9% of AUB Three Sixty Pty Limited for $46.7m cash which increased its ownership to 66.55%.

Entity	**Transaction date(s)**	**31 Dec 2023**	**30 June 2023**
Increase in voting shares		%	%
AUB Three Sixty Pty Limited	01-Jul-23	66.55	49.65
All other transactions	Various	Various	Various
Decrease in voting shares			
All other transactions	Various	Various	Various

ii) During the prior period, the following transaction occurred:

Effective 1 July 2022, the Group acquired a further 10.7% of AUB Group NZ Limited for NZD 16.2m cash. On this date, the entity became wholly owned by the Group.

10. PROVISIONS

As previously announced, on 2 of November 2023, the Group entered into a resolution with the U.S. Department of Justice ('DOJ') in terms of which Tysers Insurance Brokers Limited ('Tysers') agreed to pay the DOJ a total of USD 46.59m in connection with the DOJ's investigation into Tysers and/or its employees, agents and associated persons in relation to the conduct of business in Ecuador between 2013-2017. The agreement was subsequently entered into record by the U.S. District Court for the Southern District of Florida, and the agreed payment settled by the Group with the DOJ.

The conduct occurred prior to AUB's ownership of Tysers and, as a result of the previously reported contractual protections and amounts provided for upon acquisition of Tysers in AUB's Financial Report for the year ended 30 June 2023, the settlement payment had no material impact to the current period Net Profit After Tax.

11. FINANCIAL LIABILITIES

The Group's financial liabilities comprise deferred and contingent consideration, financial liability at amortised cost, put options and actuarial liability. For information on the Group's policies, please refer to the 30 June 2023 Annual Report.

Included in financial liabilities at 31 December 2023 are the following:

	HY24	FY23
	$'000	$'000
Contingent and Deferred Considerations	162,125	193,060
Financial Liability at Amortised Cost	59,592	58,697
Actuarial Liability	12,925	10,540
Put Options	10,318	11,781
Balance at the end of the period	244,960	274,078

12. ISSUED CAPITAL

	HY24	FY23
	$'000	$'000
Issued Capital opening balance	945,687	608,520
Issue of shares net of issue costs	-	337,167
Issued Capital closing balance	945,687	945,687

	Shares No.	Shares No.
Number of Shares on Issue (ordinary shares fully paid)	108,405,620	108,405,620
Movements in number of shares on issue		
Beginning of the financial period	108,405,620	92,409,126
Issue of shares	-	6,875,102
Issue of shares - acquisition	-	9,018,974
Number of shares issued during period - options exercised	-	102,418
Total Shares on Issue	108,405,620	108,405,620
Weighted average number of shares on issue at end of period	108,405,620	99,836,672

Ordinary shares have the right to receive dividends and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary share capital is recognised at the fair value of the consideration received by the company, net of issue costs.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

13. SHARE-BASED PAYMENT PLANS

The Group provides benefits to employees (including Executive Directors) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The share-based payments expense is recognised in the Consolidated Statement of Comprehensive Income.

For further information on the Group's policies, please refer to the 2023 Annual Report.

The following Performance Share Rights ('PSRs') were granted during the period:

- Achieved in FY23:
  - On 1 September 2023, employees including the CEO, were granted 29,353 PSRs as a result of deferring 30% of their FY23 short-term incentive. 50% of the PSRs vest in 12 months and the remaining 50% will vest in 24 months;
  - On 1 September 2023, a senior executive was granted 11,496 sign on PSRs which will vest on 31 August 2026.

No additional performance conditions apply to the vesting of the PSRs other than continuing employment by the relevant Group Executive.

- Annual Grant FY24:
  - 69,989 PSRs granted to the CEO in November 2023 with similar performance hurdles as PSRs granted in FY23; and
  - 99,810 PSRs granted to members of the Group Executive during the period with similar hurdles as PSRs granted in FY23.

Both sets of PSRs will be measured based on the outcome of the FY26 year against the base year FY23.

- Tysers Incentive Scheme:
  - On 1 September 2023, the Group granted 1,812,000 PSRs to employees of Tysers as part of a retention programme for Tysers key producers. The performance hurdles for the PSRs will be tested over the 3-year period 1 July 2023 to 30 June 2026.

  Vesting of PSRs will be tested against Tysers Underlying Net Profit After Tax ('TUNPAT') growth targets for the Performance Period, as follows:

    - TUNPAT follows the same principles as AUB's UNPAT, however the base year (FY23) is normalised to represent 12 months of AUB ownership;
    - 25% of PSRs will vest if TUNPAT Compound Annual Growth Rate (CAGR) of 7.5% is achieved over the performance period;
    - 100% of PSRs will vest if TUNPAT CAGR of 12.5% is achieved over the performance period; and
    - TUNPAT growth of greater than 7.5%, but lower than 12.5%, will result in vesting calculated on a straight-line basis between 7.5% and 12.5%.

14. SUBSEQUENT EVENTS

On 24 January 2024, the Group refinanced its existing $675m syndicated debt facility. The new $850m debt facilities comprise $550m of term loan facilities and an $300m multi-currency revolving credit facility, with tenors being a blend of 3, 4 and 5 years.

On 20 February 2024, the Directors of AUB Group Limited determined an interim dividend on ordinary shares in respect of the 2023 financial year. The total amount of the dividend is $21.7m which represents a fully franked dividend of 20.0 cents per share. The dividend has not been provided for in the 31 December 2023 financial statements.

DIRECTORS DECLARATION
HALF YEAR ENDED 31 DECEMBER 2023

In accordance with a resolution of the directors of AUB Group Limited, we state that:

In the opinion of the directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the 6 month period ended on that date;

ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

D.C. Clarke Chair Sydney, 20 February 2024	M. P. C. Emmett Chief Executive Officer and Managing Director Sydney, 20 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT
HALF YEAR ENDED 31 DECEMBER 2023

Building a better working world

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Independent Auditor's Review Report to the Members of AUB Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of AUB Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half year ended on that date; and

b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Michael Wright
Partner
Sydney
20 February 2024

Stacey Hooper
Partner
Sydney
20 February 2024

AUB GROUP