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FSA Group
AGM Presentation
24 November 2023

Agenda



- Overview
- 2023 Financial Year
- Strategy and Outlook

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Overview

What we do



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**Direct lender to individuals and businesses
Australia's largest provider of debt solutions**

What we do

FSA Group has helped thousands of Australians for more than 20 years. Our large and experienced team of professionals offer a range of lending products and debt solutions, which we tailor to suit individual circumstances to achieve successful outcomes for our clients.

Segments

Operates across 2 segments:

- Lending
- Services

Lending



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Home Loans	Offers home loans to assist clients wishing to purchase a property or consolidate their debt.
Personal Loans	Offers secured personal loans to assist clients wishing to purchase a motor vehicle and unsecured personal loans for any approved purpose.
Asset Finance	Offers asset finance to assist SMEs wishing to purchase a vehicle and business-critical equipment.

Services



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Informal Arrangements and Debt Agreements

PIAs and Bankruptcy

Offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. These services include informal arrangements, debt agreements, personal insolvency agreements and bankruptcy.

History



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2000	Founded with director loans of \$50,000. Offered debt agreements, PIA's, bankruptcy, then home loan brokering
2002	Back door listing raised \$600,000 for shareholder spread
2006	Commenced home loan lending
2009	Raised \$5.2m to underpin home loan pools
2015	Commenced personal loan lending
Sept 2021	Acquired asset finance lending business
2023	PAT \$13.0m, Shareholder equity \$88.0m, ROE 15%
2011 to 2023	\$98m returned to shareholders in buybacks and dividends
2002 to 2023	Shareholder return of 12% pa assuming dividends are re-invested

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2023 Financial Year

At a Glance



Lending

- Developed and enhanced our broker channels.
- Origination \$314m (up 38%) and loan pools increased to \$639m (up 18%).
- Invested in end-to-end automation.
- Two Australian banks providing warehousing facilities.

Services

- Financial institutions and government entities gradually eased COVID-19 related measures.
- Consumer stress due to cost of living pressures and increasing interest rates, resulted in an increase in Services enquiries.
- We moved Services out of “hibernation” in June 2023.

At a Glance



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Profitability

- Impacted by
 - an increase in the cost of funding (cash rate) which materially impacted our margin on our fixed rate Lending products,
 - a decrease in the number of clients under administration in the Services segment.

Lending - Loan Pools



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Loan Pool Data	Home loans	Personal loans secured	Personal loans unsecured	Asset finance
Weighted average loan size	\$440,068	\$26,928	\$15,347	\$28,473
Security type	Residential home	Motor vehicle	Unsecured	Vehicles and equipment
Weighted average loan to valuation ratio	65%	100%+ on settlement	Unsecured	100%+ on settlement
Variable or fixed rate	Variable	Fixed	Fixed	Fixed
Geographical spread	All states	All states	All states	All states

Lending - Loan Pools



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Loan Pools	FY2021	FY2022	FY2023	% Change
Home loans	\$382m	\$389m	\$377m	-3%
Personal loans secured	\$64m	\$68m	\$98m	+44%
Personal loans unsecured	\$1m	\$4m	\$6m	+42%
Asset finance		\$81m	\$158m	+95%
Total	\$447m	\$541m	\$639m	+18%

Arrears > 30 day	FY2021	FY2022	FY2023
Home loans	1.04%	1.95%	3.66%
Personal loans secured	1.82%	1.91%	2.94%
Personal loans unsecured		0.25%	6.92%
Asset finance		2.55%	2.62%

Losses	FY2021	FY2022	FY2023
Home loans	\$384,098	\$198,805	\$190,021
Personal loans secured	\$656,964	\$550,831	\$887,205
Personal loans unsecured	\$22,531	\$36,971	\$171,054
Asset finance		\$580,009	\$1,810,167

Lending - Funding



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Borrowings	Facility type	Provider	Limit	Maturity date	Drawn
Home loans	Non-recourse warehouse	Westpac	\$350m	Oct-24	\$293m
	Securitised	Institutional	-	Mar-51	\$57m
Personal loans	Limited recourse warehouse	Westpac	\$75m	Apr-26	\$54m
	Corporate	Westpac	\$15m	Mar-24	-
Asset finance	Non-recourse warehouse	Bank	\$200m	May-24	\$116m

* The senior non-recourse and limited recourse warehouses and securitised facilities are supported by mezzanine non-recourse facilities provided by institutional fund managers.

Services - Clients



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Debt Agreements	FY2021	FY2022	FY2023	% Change
New clients	1,463	620	568	-8%
Clients under administration	15,780	11,252	6,316	-44%
Debt managed	\$209m	\$109m	\$52m	-52%
Dividends paid	\$85m	\$65m	\$41m	-36%

PIA's and Bankruptcy	FY2021	FY2022	FY2023	% Change
New clients	89	97	100	+3%
Clients under administration	1,025	844	633	-24%

PBT by segment



	FY2021	FY2022	FY2023	% Change
Lending				
Home loans and Asset finance	\$9.7m	\$10.0m	\$9.2m	-7%
Personal loans	\$7.5m	\$9.9m	\$9.0m	-5%
Services	\$12.1m	\$7.3m	\$2.8m	-64%
Other/unallocated	\$0.4m	(\$0.2m)	(\$0.1m)	-
Profit before tax	\$29.7m	\$26.9m	\$21.0m	-22%

Impacted by

- an increase in the cost of funding (cash rate) which materially impacted our margin on our fixed rate Lending products,
- a decrease in the number of clients under administration in the Services segment.

Group financials



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	FY2021	FY2022	FY2023	% Change
Operating income	\$61.4m	\$55.6m	\$54.6m	-2%
Profit before tax	\$29.7m	\$26.9m	\$21.0m	-22%
Profit after tax attributable to members	\$20.1m	\$17.2m	\$13.0m	-25%
EPS basic	16.12c	13.72c	10.63c	-23%
Net cash inflow from operating activities	\$29.5m	\$26.2m	\$22.3m	-15%
Dividend/share	6.00c	7.00c	7.00c	
Shareholder equity attributable to members	\$72.0m	\$84.4m	\$88.0m	+4%
Return on equity	31%	22%	15%	

Balance Sheet



Strong financial position

as at 30 June 2023	Consolidated Entity	
	2023	2022
	\$	\$
Assets		
Cash and cash equivalents	\$16.4m	\$16.6m
Restricted cash	\$20.0m	\$19.3m
Trade and other receivables	\$14.8m	\$17.4m
Loans and advances	\$638.7m	\$541.5m
Other assets	\$0.3m	\$0.6m
Right of use assets	\$8.2m	\$9.2m
Plant and equipment	\$1.8m	\$1.9m
Intangible assets	\$14.6m	\$14.3m
Deferred tax assets	\$2.4m	\$1.6m
Total Assets	\$717.2m	\$622.4m
Liabilities		
Trade and other payables	\$3.7m	\$3.5m
Current tax liabilities	\$5.4m	\$4.2m
Financing liabilities	\$591.0m	\$501.7m
Lease liabilities	\$9.1m	\$9.9m
Contract liabilities	\$0.3m	\$0.7m
Provisions	\$3.2m	\$3.0m
Deferred tax liabilities	\$3.2m	\$3.5m
Total Liabilities	\$615.9m	\$526.4m
Net Assets	\$101.3m	\$96.1m

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Strategy and Outlook

Our Focus



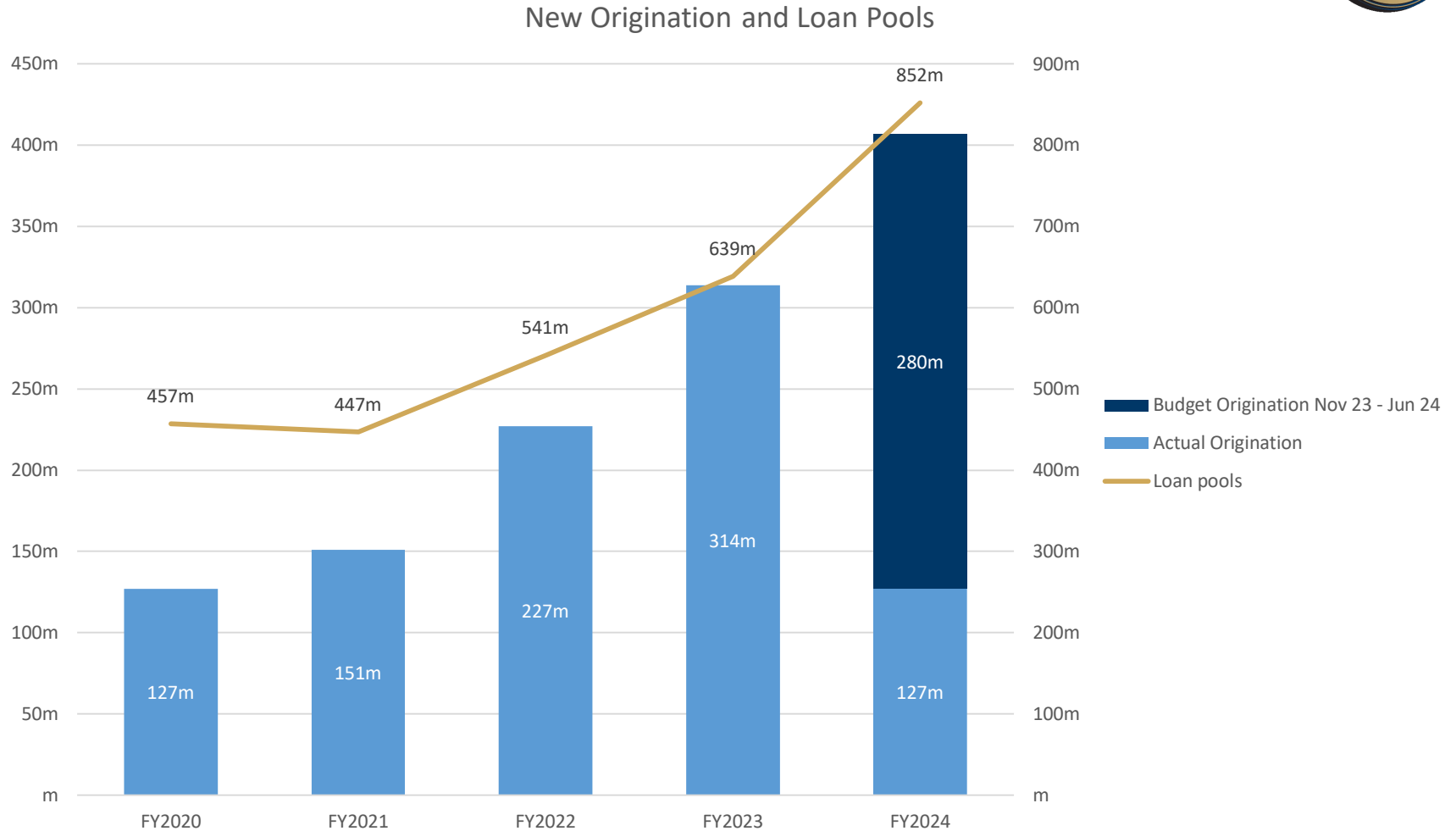
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Lending Origination and Loan Pools	Aiming to double new origination from our current \$300m to over \$600m per annum. This should see our loan pools grow to around \$1.5b.
Lending Costs and Profitability	<p>Aiming to grow through automation which will likely see staff numbers hold at around current levels. Our business will benefit from higher incremental margins due to operating leverage. Our objective is to double 2023 Lending PBT at loan pools of around \$1.5b.</p> <p>HEADWIND: Rising cost of funding (cash rate) continues to materially impact our margin on our fixed rate Lending products.</p>
Services	Regrow as demand returns.

2024 Forecast - Origination up 30%, Loan Pools up 34%



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Capital Management



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Capital Management

We restructured our funding facilities to provide greater access to liquidity. This will allow us to execute our capital management strategy:

1. Invest in the growth of our loan pools where we see the highest risk adjusted return on capital.
2. Return capital to shareholders in the form of an on market buy-back when price to value opportunities arise.
3. Subject to business performance, a minimum annual dividend of 7c to 8c per share.

Investor Relations Contacts



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Mr. Tim Odillo Maher

Executive Director

FSA Group Limited

Level 13, 1 Oxford Street

Darlinghurst NSW 2010

T: 02 8985 5090

F: 02 8985 5310

E: tmaher@fsagroup.com.au

Ms. Deborah Southon

Executive Director

FSA Group Limited

Level 13, 1 Oxford Street

Darlinghurst NSW 2010

T: 02 8985 5091

F: 02 8985 5333

E: dsouthon@fsagroup.com.au

Further information can be accessed from

fsagroup.com.au

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This release may contain forward-looking statements, including statements about FSA Group Limited's (**Company**) financial condition, results of operations, earnings outlook and prospects. Forward-looking statements are typically identified by words such as "plan," "aim", "focus", "target", "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project" and other similar words and expressions.

The forward-looking statements contained in this release are predictive in character and not guarantees or assurances of future performance. These forward-looking statements involve and are subject to known and unknown risks and uncertainties many of which are beyond the control of the Company. Our ability to predict results or the actual effects of our plans and strategies is subject to inherent uncertainty.

Factors that may cause actual results or earnings to differ materially from these forward-looking statements include general economic conditions in Australia, interest rates, competition in the markets in which the Company does and will operate, and the inherent regulatory risks in the businesses of the Company, along with the credit, liquidity and market risks affecting the Company's financial instruments described in the Company's latest Annual Report.

Forward-looking statements are based on assumptions regarding the Company's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate. Those assumptions may not be correct or exhaustive.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. **You are cautioned not to place undue reliance on any forward-looking statements.**

Forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed. The Company disclaims any responsibility to and undertakes no obligation to update or revise any forward-looking statement to reflect any change in the Company's circumstances or the circumstances on which a statement is based, except as required by law.

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