



FSA Group
AGM Presentation
22 November 2024



Overview

What we do



Direct lender to individuals and businesses

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, which we tailor to suit individual circumstances to achieve successful outcomes for our clients.

Lending



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



2024 Financial Year

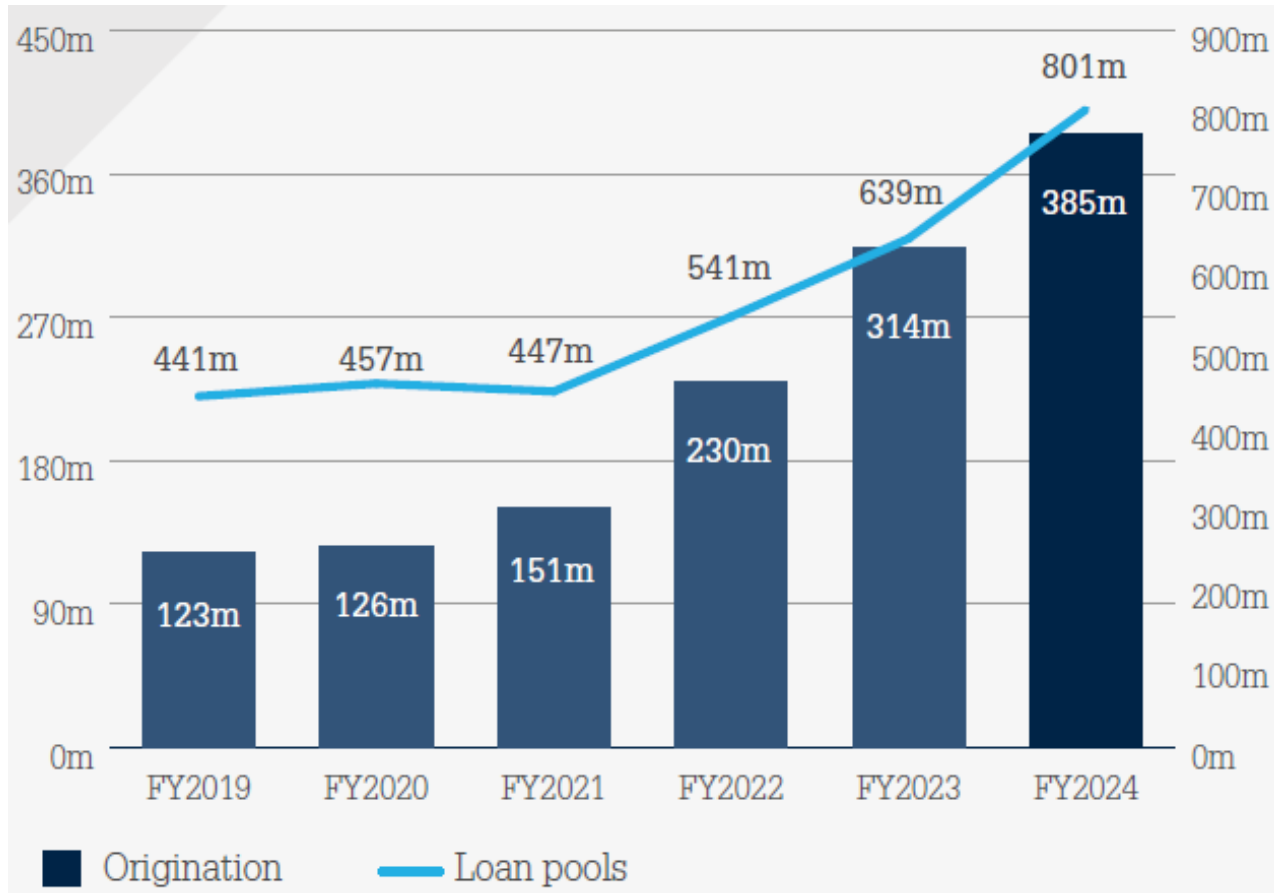
Our Achievements



Completed our transition to a lending business

- Continued to expand our broker channels.
- Further invested in our systems.
- Increased and renewed our warehouse facilities.
- Increased new origination to \$385m, up 23%
- Increased our loan pools to \$801m, up 25%.

New Origination and Loan Pools



Loan Pool Data



Loan Pool Data	Home loans	Car loans	Unsecured personal loans	Asset finance
Weighted average loan size	\$459,553	\$27,678	\$15,723	\$53,997
Security type	Residential home	Motor vehicle	Unsecured	Vehicles and equipment
Weighted average loan to valuation ratio	64%	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

New Origination and Loan Pools



Loan Origination	FY2022	FY2023	FY2024	% Change
Home loans	\$128m	\$133m	\$129m	∨ 3%
Car loans	\$38m	\$63m	\$76m	∧ 21%
Unsecured personal loans	–	\$1m	\$11m	∧ >100%
Asset finance	\$64m	\$117m	\$169m	∧ 44%
Total	\$230m	\$314m	\$385m	23%

Loan pools increased to \$801m, up 25%.

Growth came from car loans, up 35%, asset finance up 64%, which are fixed rate loans.

% of fixed rate loans increased to 51% in 2024.

Loan Pools	FY2022	FY2023	FY2024	% Change
Home loans	\$389m	\$377m	\$395m	∧ 5%
Car loans	\$72m	\$103m	\$139m	∧ 35%
Unsecured personal loans	–	\$1m	\$9m	∧ >100%
Asset finance	\$81m	\$158m	\$259m	∧ 64%
Total	\$541m	\$639m	\$801m	25%
% of fixed rate loans	28%	41%	51%	

Arrears and Losses



Arrears > 30 day	FY2022	FY2023	FY2024
Home loans	1.95%	3.66%	4.24%
Car loans	1.91%	2.94%	2.42%
Asset finance	2.55%	2.62%	3.43%

During 2024, arrears were impacted by cost of living pressures and rising rates. We continue to work closely with our clients to ensure we achieved positive outcomes.

Losses	FY2022	FY2023	FY2024
Home loans	\$198,805	\$190,021	–
Car loans	\$550,831	\$ 887,205	\$896,306
Asset finance	\$580,009	\$1,810,167	\$3,198,871

* Losses are realised losses less recovery. ECL is not reflected in these numbers.

** The asset finance loss of \$3,198,871 excludes a loss of \$463,989 on loans originated between April 2021 and May 2022. These loans were part of a discontinued pilot lease product offering.

Warehouse Facilities



We have two Australian banks providing warehousing facilities.
During the year we increased and renewed our warehouse facilities.
As our loan pools grow, we expect to further increase these facilities.
Plan to use the debt capital markets, as we did in 2019, to diversify our funding from time to time.

Borrowings	Facility type	Provider	Limit	Maturity date	Drawn
Home loans	Non-recourse warehouse	Westpac	\$375m	Oct-25	\$359m
Personal loans	Non-recourse warehouse	Westpac	\$125m	Apr-26	\$86m
Asset finance	Non-recourse warehouse	Bank	\$260m	May-25	\$193m
FSA Group Ltd	Corporate	Westpac	\$15m	Mar-26	–

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

** The home loan facility was increased to \$400m in July 2024.

Operating Income



Operating income	FY2022	FY2023	FY2024	% Change
Home loans and Asset finance	\$18.6m	\$21.9m	\$25.4m	^ 16%
Car loans	\$15.4m	\$16.7m	\$16.3m	v 2%
Unsecured personal loans	–	–	\$1.2m	
Other	\$21.6m	\$16.0m	\$9.2m	v 43%
Operating income	\$55.6m	\$54.6m	\$52.1m	v 5%

Our net margin %, calculated as the percentage of net finance income to finance income, declined from 74% in 2022 to 47% in 2024, primarily due to the rising cash rate.

Since May 2022 the cash rate has increased by 4.25%, which impacted the net margin on these fixed rate loans. The greatest impact has been on fixed rate loans originated prior to May 2022. This impacted the profitability of our lending business.

Lending – Revenue and other income	FY2022	FY2023	FY2024	% Change
Finance income	\$45.4m	\$67.4m	\$91.7m	^ 36%
Finance expense	\$15.1m	\$29.1m	\$48.9m	^ 68%
Net finance income	\$35.6m	\$38.3m	\$42.8m	^ 12%
Net margin %	74%	57%	47%	

Profitability



Profit before tax by segment	FY2022	FY2023	FY2024	% Change	
Home loans and Asset finance	\$10.0m	\$9.2m	\$8.5m	∨	8%
Car loans	\$9.9m	\$9.0m	\$7.5m	∨	17%
Unsecured personal loans	–	–	(\$1.2m)		
Other	\$7.1m	\$2.7m	(\$2.2m)		
Profit before tax	\$26.9m	\$21.0m	\$12.6m	∨	40%

- Generated a PBT of \$12.6m, a 40% decrease compared to 2023.
 - Our lending business generated a PBT of \$14.8m.
 - Our services business, now classified under “Other”, generated a loss of \$2.2m. We placed Services into “hibernation” due to Covid-19. It is expected Services will be profitable but will not make a material contribution to profit for the next few years.
- Profitability of our lending business was impacted by the rising cash rate which materially impacted the net margin on our fixed rate loans.
 - Our fixed rate loans have an average life of approximately 3.5 years.
 - Over time our net margin will improve as new originations are originated at higher risk adjusted fixed rates.

Group financials



	FY2022	FY2023	FY2024	% Change	
Operating income	\$55.6m	\$54.6m	\$52.1m	∨	5%
Profit before tax	\$26.9m	\$21.0m	\$12.6m	∨	40%
Profit after tax attributable to members	\$17.2m	\$13.0m	\$7.3m	∨	43%
EPS basic	13.72c	10.63c	6.05c	∨	43%
Net cash inflow from operating activities	\$26.2m	\$21.6m	\$14.9m	∨	31%
Dividend/share	7.00c	7.00c	7.00c		
Shareholder equity attributable to members	\$84.4m	\$88.0m	\$87.1m	∨	1%
Return on equity	22%	15%	8%		

Balance Sheet



Strong financial position

as at 30 June 2024	Consolidated Entity	
	2024	2023
	\$	\$
Assets		
Cash and cash equivalents	\$5.4m	\$16.4m
Restricted cash	\$22.4m	\$20.0m
Trade and other receivables	\$11.6m	\$14.8m
Loans and advances	\$801.4m	\$638.7m
Right of use assets	\$7.1m	\$8.2m
Intangible assets	\$14.0m	\$14.6m
Other assets	\$5.3m	\$4.5m
Total Assets	\$867.1m	\$717.2m
Liabilities		
Trade and other payables	\$3.6m	\$3.7m
Financing liabilities	\$748.0m	\$591.0m
Lease liabilities	\$8.1m	\$9.1m
Other liabilities	\$7.2m	\$12.1m
Total Liabilities	\$766.9m	\$615.9m
Net Assets	\$100.3m	\$101.3m

Liquidity:

- Loans and advances funded on balance sheet, not assigned to warehouses \$23m
- Undrawn corporate facility \$15m



Strategy

Strategy



1 **Improve our net margin %**

Our fixed rate loans have an average life of approximately 3.5 years. Over time our net margin will improve as new originations are originated at higher risk adjusted fixed rates.

2 **Grow new origination and loan pools, supported by automation**

We have invested significantly in our systems and developed end-to-end automation. Our aim is to increase annual new origination, through our broker channels, to over \$600m per annum. Automation will play a key role in supporting this growth, growing our loan pools to around \$1.3b. Achieving this growth target depends on broker take up of our product offering and funding, both of which are potential risks.



3 Grow while containing employee benefit expense, through automation and expanding our offshore office

We aim to increase new origination and our loan pools while containing our largest expense being employee benefit expense. We aim to achieve this through automation and expanding our offshore office.

Employee benefit expense	FY2022	FY2023	FY2024	% Change
Employee benefit expense	\$18.8m	\$20.6m	\$20.7m	^ 1%

4 Benefit from operating leverage

As our loan pools grow to \$1.3b we expect to benefit from operating leverage. We are targeting a profit before tax of around \$36m per annum and a return on equity in excess of 25%.

This target is based on a number of factors, including the percentage of fixed rate loans, net margin, automation, expanding our offshore office and our cumulative losses tracking in line with historical performance.

Investor Relations Contacts



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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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.

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