



FSA Group AGM Presentation 24 November 2022

Agenda



- Overview
- 2022 Financial Year
- Strategy and Outlook



Overview

What we do



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



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

* Asset Finance was acquired September 2021.

Services



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



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
2022	PAT \$17.2m, Shareholder equity \$84m, ROE 22%
2011 to 2022	\$90m returned to shareholders in buybacks and dividends
2002 to 2022	Shareholder return of 12% pa assuming dividends are re-invested



2022 Financial Year

Summary



Lending

- Historically operated as a direct-to-consumer business.
- Asset finance was acquired September 2021. This allows us to assist SMEs and therefore has broadened our client base.
- Our focus is on further developing our broker channel and growing our loan pools.

Services

- The various COVID related remedies are slowly being unwound by financial institutions and governments.
- Services earnings will continue to be under pressure until demand returns.

Lending - Loan Pools



Loan Pool Data	Home loans	Personal loans	Asset finance
Weighted average loan size	\$402,732	\$22,494	\$28,473
Security type	Residential home	Motor vehicle	Vehicles and equipment
Weighted average loan to valuation ratio	67%	100%+ on settlement	100%+ on settlement
Variable or fixed rate	Variable	Fixed	Fixed
Geographical spread	All states	All states	All states

Lending - Loan Pools



Arrears and hardships back at Pre-COVID levels

Loan Pools	FY2020	FY2021	FY2022	% Change
Home loans	\$394m	\$382m	\$389m	+ 2%
Personal loans	\$63m	\$65m	\$72m	+ 11%
Asset finance			\$81m	
Total	\$457m	\$447m	\$541m	+ 21%

Arrears > 30 day	FY2020	FY2021	FY2022
Home loans	2.55%	1.04%	1.95%
Personal loans	2.41%	1.82%	1.91%
Asset finance			2.55%

Losses	FY2020	FY2021	FY2022
Home loans	\$171,265	\$384,098	\$198,805
Personal loans	\$1,155,536	\$679,495	\$587,802
Asset finance			\$580,009

* The loss of \$1,155,536 is distorted by a loss of \$371,350 from the discontinued pilot product offering which we ran during the 2018 calendar year.

*Asset Finance losses are for the entire 12 month period.

Lending - Funding

Funding facilities renewed



Borrowings	Facility type	Provider	Limit	Maturity date	Drawn
Home loans	Non-recourse warehouse	Westpac	\$350m	Oct-23	\$272m
	Non-recourse warehouse	Institutional	\$20m	Oct-23	\$20m
	Securitised	Institutional	-	Mar-51	\$90m
Personal loans	Limited recourse warehouse	Westpac	\$75m	Apr-26	\$44m
	Corporate	Westpac	\$15m	Mar-24	-
Asset finance	Non-recourse warehouse	Bendigo	\$68m	Jul-22	\$62.5m
	Non-recourse warehouse	Institutional	\$3.5m	Jan-23	\$3.5m
	Non-recourse warehouse	Institutional	\$6m	Jun-23	\$6m

*On 30 June 2022 an Australian “big four” bank approved a \$100m non-recourse warehouse asset finance facility. This senior facility will replace the Bendigo facility. The senior facility is supported by a non-recourse mezzanine facilities provided by institutional fund managers.

Services - Clients



New clients impacted by COVID

Informals and Debt Agreements	FY2020	FY2021	FY2022	% Change
New clients	4,327	1,463	620	- 58%
Clients under administration	19,736	15,780	11,252	- 29%
Debt managed	\$363m	\$209m	\$109m	- 48%
Dividends paid	\$89m	\$85m	\$65m	- 24%

PIA's and Bankruptcy	FY2020	FY2021	FY2022	% Change
New clients	347	89	97	+ 9%
Clients under administration	1,304	1,025	844	- 18%

PBT by segment



Positively impacted by long term annuity income from clients, a material reduction in costs and in the cost of funding

	FY2020	FY2021	FY2022	% Change
Lending				
Home loans and Asset finance	\$7.4m	\$9.7m	\$10.0m	+3%
Personal loans	\$5.2m	\$7.5m	\$9.9m	+32%
Services	\$11.7m	\$12.1m	\$7.3m	-39%
Other/unallocated	\$0.4m	\$0.4m	(\$0.2m)	
Profit before tax	\$24.8m	\$29.7m	\$26.9m	-9%

Group financials



	FY2020	FY2021	FY2022	% Change
Operating income	\$68.2m	\$61.4m	\$58.3m	-5%
Profit before tax	\$24.8m	\$29.7m	\$26.9m	-9%
Profit after tax attributable to members	\$16.3m	\$20.1m	\$17.2m	-14%
EPS basic	13.05c	16.12c	13.72c	-15%
Net cash inflow from operating activities	\$19.4m	\$29.5m	\$26.2m	-11%
Dividend/share	6.0c	6.0c	7.0c	+17%
Shareholder equity attributable to members	\$59.4m	\$72.0m	\$84.4m	+17%
Return on equity	30%	31%	22%	

Balance Sheet



Strong financial position

	FY2021	FY2022
Assets		
Cash and equivalents	\$18.9m	\$16.6m
Restricted Cash	\$16.2m	\$19.3m
Personal loan assets	\$64.9m	\$71.8m
Home loan assets	\$382.5m	\$388.9m
Asset finance assets	-	\$80.8m
Trade and other receivables	\$22.7m	\$17.4m
Right of use assets	\$10.3m	\$9.2m
Other assets	\$4.3m	\$4.1m
Intangible assets	\$2.2m	\$14.3m
Total Assets	\$521.9m	\$622.4m
Liabilities		
Payables, provisions and contract liabilities	\$8.3m	\$7.1m
Lease liability	\$10.6m	\$9.9m
Other liabilities	\$7.1m	\$7.9m
Borrowings	-	\$3.2m
Warehouse facilities	\$290.2m	\$408.3m
Securitised facilities	\$130.2m	\$89.9m
Total Liabilities	\$446.3m	\$526.4m
Net Assets	\$75.7m	\$96.1m



Strategy and Outlook

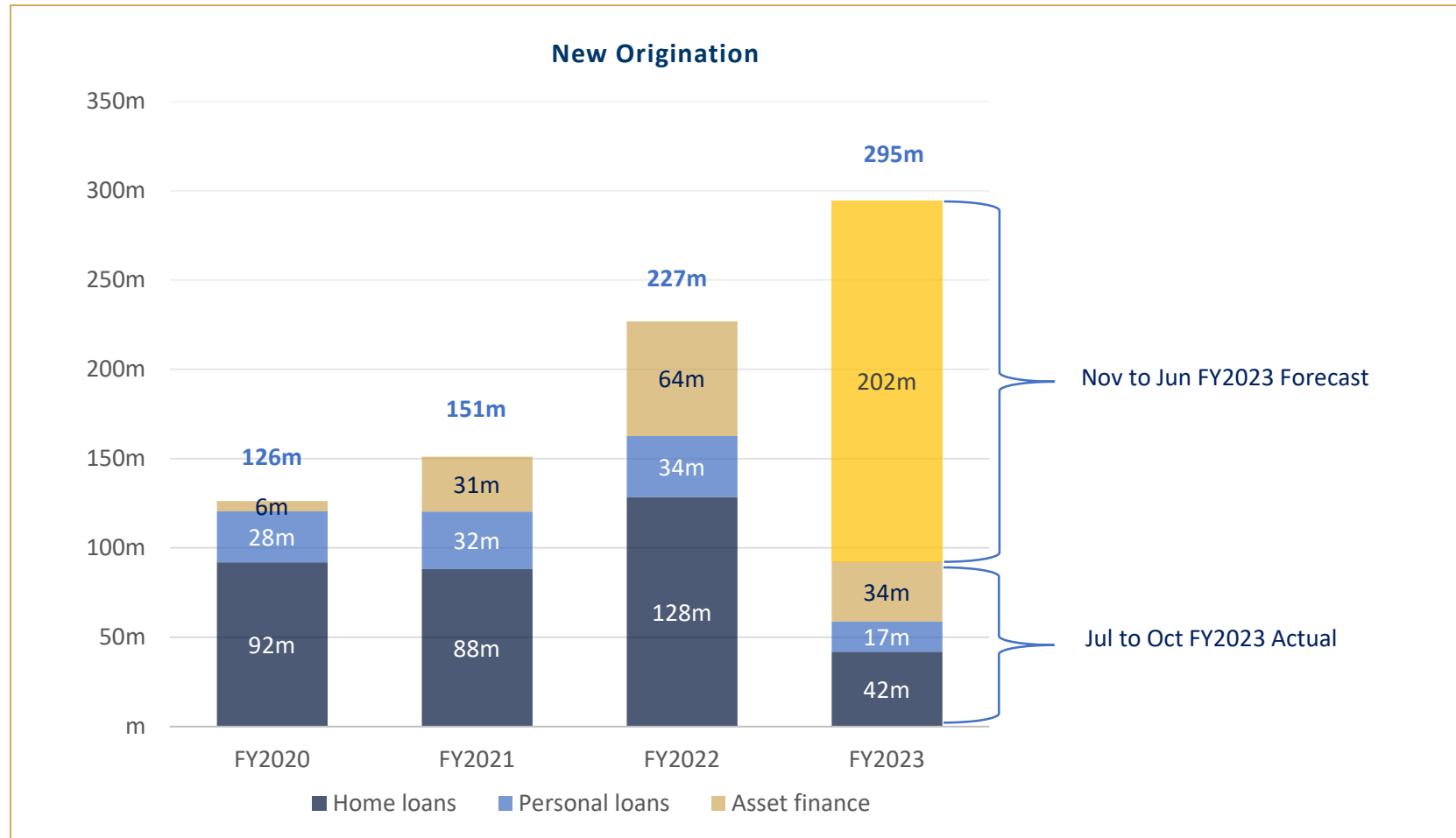
Our plan over the next 3 to 5 years

Further developing our broker channel and growing our loan pools



Home loans	Increase new origination to around \$40m per month Grow our loan pool to around \$1.2b
Personal loan	Increase new origination to around \$7m per month Grow our loan pool to around \$200m
Asset finance	Increase new origination to around \$12m per month Grow our loan pool to around \$300m
Services	Regrow as demand continues to increase

2023 New origination



2023 Earnings and Capital Management



Earnings

Services earnings will continue to be under pressure until demand returns. Lending earnings are being impacted by an increase in the cost of funding.

Expect 2023 earnings to be down around 10% when compared to 2022.

Capital Management

Expect our full year dividend to be 7 to 8 cents per share. Balance of earnings to be re-invested to support the growing loan pools.

We plan to continue with our on market share buy-back as opportunities arise.

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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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.

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