#### SYDNEY: ASX RELEASE

Finexia Financial Group Ltd (FNX:ASX) provides the following strategic update and earnings guidance for financial year 2023\*.

Notwithstanding the challenging backdrop of accelerated inflation coupled with rising interest rates facing consumers and businesses, Finexia sees 2023 as an opportunity to consolidate on the solid financial performance in FY22. Finexia expects to grow topline revenue by approximately 5.0% (A\$11.M). This marginal revenue increase is expected to result in equivalent growth in operating profit before tax, depreciation and amortisation (A\$4.3M in 2023 –v- A\$4.1M in 2022).

Approximately 59% of the forecast revenue is deemed recurring due to the contractually mandated nature of the income. Building resilience into the Group's earnings profile through a deliberate and concerted focus on growing recurring, sustainable revenue remains a priority for the Executive.

The forecast revenue and profit are a direct result of expansion of the Group's Private Credit loan book and growth in assets under management within the Funds Management division. These operations have higher elements of recurring revenue and by extension earnings visibility, reinforcing the Board's commitment to resourcing these core divisions.

Increased opportunities in areas of lending that have largely been ignored or abandoned by traditional lenders presents further opportunity for income growth in the current year and beyond. In addition, a program of continuous cost improvement by identifying and extracting operational efficiencies across the Group's operations has been implemented to enhance the net operating profit.

Aspects of the aforementioned forecasts remain contingent on market and macro-economic conditions, access to adequate capital (funding) and the performance of the Group's significant investments.

#### **Neil Sheather**

**Managing Director** 



<sup>\*</sup>The guidance relies on internal forecast modelling based on origination mandates and investor commitments at hand as at this date.

## **Our Business**

### **Private Credit**

36% of Group Income

- Specialised assetbacked secured lending.
- Commercial loan origination
- Net Interest Margin (circa 4%)
- Loan Book size: \$70m
   Direct (FY23)
- \$80m Loan Arranger (FY23)

### Asset & Funds Management

29% of Group Income

Open to retail & wholesale clients:

- Childcare Centre
  Incubation Fund
- Stayco PE style Fund (Domestic Tourism Accommodation)

### **Equity Capital Markets**

35% of Group Income

Retail & Wholesale Clients:

- Prime Broking Services
- Market Trading Services
- Algorithmic Trading (Active FX)
- Crypto Collective

## **Financial Performance**



# **Key Strategic Priorities**



Reduce the Group's overall cost of capital with the aim of expanding operating margins and adequately resourcing the Private Credit and Asset Management businesses.



Accelerate the growth in Assets Under Management (AUM) within the Group's Asset and Funds Management operations to A\$100M. To be achieved through disciplined accretive acquisitions and organic AUM growth.



Implement a dividend policy targeting a minimum payout ratio of 30% of the Group's after tax earnings.



# **Capital Management**

### **RESTRUCTURE**

Consolidate and restructure the current issued equity capital

Equity Capital
Consolidation 1:5
162,107,105 on issue to
32,421,421 post
consolidation.

Reconstructed price **\$0.35**(At time of publication)

#### **CAPITAL RAISE**

Capital Raise via a rights issue and convertible note. The proceeds being utilised to strengthen the Balance Sheet, positioning the businesses to capitalise on opportunities and execute the Group's overall strategic objectives.

- Face Value: \$10.0M
- Coupon Rate: TBC (paid quarterly)
- Conversion Price: \$0.45
- Term: 5-year maturity
- Redeemable

- Total raise \$4,863,213
- Pro rata non-renounceable1:2 rights entitlement
- Exercise Price: \$0.30