

The Manager
Company Announcements Office
ASX Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

FINEXIA FINANCIAL GROUP LIMITED 2024 AGM: CHAIRMAN & CEO ADDRESS

Dear Shareholders,

The 2024 fiscal year for your Company was pivotal in reshaping Finexia's overall strategy towards a solely focused Private Credit and Funds Management business.

While key financial performance metrics were mostly lower than the previous corresponding period, the composition and source of the revenue shifted markedly in step with our overall shift towards private credit and funds management. This was clearly demonstrated by the increase in interest related revenue during the year and a significant increase in total loans under management.

The Company made significant investments in people and technology all designed to future proof the underlying businesses. We are confident that these investments will yield results and rewards for the Company and its shareholders in the coming years. Patrick will provide more details shortly on what the immediate future and beyond looks like for the business.

Earlier this year we welcomed Mr Robert Spano to the Board as a non-executive Director. Mr Spano brings extensive experience and knowledge in areas of debt structuring and corporate finance that have proven invaluable in strengthening the Board's overall performance. Mr Jean Marc Li stepped down from his role as a non-executive Director in March, and I would like to thank him for his contribution to the Group during his time on the Board.

In August 2024, highly regarded Private Equity firm, Factory Capital took a strategic stake in Finexia via a private placement. As you would be aware, Shareholders are being asked to ratify this investment with several resolutions contained on today's agenda related to Factory Capital, including the election of Mr Daniel Ritchie to the Finexia Board.

Finexia Financial Group Limited

1300 886 103 | www.finexia.com.au
Level 18, Australia Square Tower Building
264 George Street, Sydney, NSW, 2000
ABN 52 106 760 418

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Your Board view the involvement of Factory Capital as a resounding endorsement of the Company and its strategy and are excited for what the future holds working closely with the experienced Factory team.

In closing, I would like to thank you, our shareholders for your continued support in the Finexia journey and I would also like to extend my thanks to Pat and his team for their unwavering commitment and hard work executing the Company's strategy. Thank you.

Kind regards



Neil Sheather
Executive Chairman

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Mr PATRICK BELL - CEO

It's a privilege to be here today as we reflect on what has been a transformative year for Finexia and discuss our plans to build on this strong foundation for future growth. As Neil mentioned, the 2024 fiscal year marked a milestone in Finexia's evolution.

This year, we completed our strategic shift from a diversified financial services business—including equities and trading—into a focused enterprise dedicated solely to providing investors with access to the private credit market through our funds management capabilities. This transformation is clearly reflected in our financial results and revenue composition for the year. We achieved a modest 6.27% increase in revenue, rising to \$15.76 million. More importantly, income from lending activities grew by 51%, reaching \$11.37 million, while income from non-lending activities—primarily commission and brokerage—decreased by 71%, now representing only 4% of our total revenue.

This substantial change in our revenue mix is the strongest evidence of our strategic pivot to private credit as our core focus. On the bottom line, net profit was lower than last year, impacted by several factors related to our growth trajectory, most notably investments into our business. Employee, Corporate, and Professional expenses rose by 39% over FY23, with an additional \$1.8 million invested in people and systems.

These essential investments have helped us adequately resource the business, growing our loan book by 43% this year, and positioning us for sustained growth. We intend to increase our investment again in these areas, as I'll outline shortly, as we know these investments will enhance operational efficiency and generate economies of scale, ultimately leading to increased profitability as we continue to expand.

In terms of the balance sheet, since 2022, our loan book has grown by 143%, reflecting both the strength of our lending products and the demand we are seeing. This year alone, our total loan book stands at \$166.8 million, up 43% from the previous year. This includes off-balance-sheet items, such as the Childcare Income Fund, which has been a significant driver of our loan book expansion. This impressive growth validates our strategic focus and commitment to the Childcare sector, where we are establishing ourselves as a key industry participant.

While loan book growth is crucial, it must be paired with strong credit quality and solid interest margins—both of which are priorities for us. I'm pleased to report that the credit quality of our loan book remained high throughout the year, thanks to prudent risk management and deep industry knowledge. We had no new impairments this year and currently have no impairments year to date, reflecting the sound quality of our credit assets.

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On our lending book, our Net Interest Margin, including associated lending fees, was largely preserved despite the rapid growth in loan assets, standing at 4.59% in FY24 compared to 4.77% in FY23. Maintaining our Net Interest Margin as we grow the Childcare Lending business remains a key priority for Finexia.

Looking to the future, our goal is to sustainably grow Finexia into a medium-scale Funds Management and Private Credit business. We plan to scale both through organic growth and, where appropriate, acquisitions. Our primary approach will be to offer investors direct access to the private credit market through our proprietary investment funds, each focusing on specialised lending verticals. As we've demonstrated in the Childcare sector, it's critical that we build genuine expertise in each vertical. By originating loans directly and placing them into our own investment funds, we maintain control and quality and avoid reliance on generalist third parties. These lending verticals will feature similar defensive characteristics to our Childcare strategy, aligning with our focus on having deep expertise as a prerequisite, sectorial stability and value. This journey will take several years.

Before expanding into new sectors, we are committed to first proving our approach by executing our Childcare strategy and establishing Finexia as a leading non-bank lender in this space. In parallel, we will continue to build out the operational and capital infrastructure required to support a significantly larger business. These improvements will position Finexia for sustainable, scalable growth in both our loan book and funds management offerings in the years ahead. Our immediate priorities on this path include increasing our team, improving capital access, and advancing our operational capabilities. In terms of people and capital, we have just doubled our loan origination team to meet rising demand for our Childcare lending and investment products across the country. As the Childcare Fund continues to expand, our cost of capital will improve, making this a critical focus.

We are also in the process of recruiting an experienced Head of Capital, who will be pivotal in enhancing our capital access and expanding our investment offerings—both essential elements for any private credit and funds management business.

Equally important, we are focused on strengthening our operational capabilities. This includes hiring additional accounting, finance, and risk management professionals and implementing new systems to support the infrastructure needs of a growing and larger enterprise. Factory Capital's financial investment allows us to accelerate these people and systems investments.

Alongside their proven expertise in scaling businesses, Factory Capital brings valuable qualitative capability and strategic insight, strengthening Finexia considerably and aligning well with our strategy for sustainable growth.

It's a critical milestone for Finexia.

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In line with this focused strategic direction, we intend, as announced elsewhere, to prudently dispose of the equity and trading segment of our business in the near term. In closing, I want to thank our dedicated team at Finexia. Their hard work, expertise, and commitment have been instrumental in delivering this year's achievements. To our shareholders, thank you for your trust and belief in Finexia's journey.

As we move forward, our vision is clear: to deliver lasting value for our shareholders by focusing on sustainable growth and high-quality opportunities in the private credit market through our funds management and loan origination functions.

We are committed to building on the solid foundation we've set to responsibly scale up Finexia in the years to come.

Kind Regards



Patrick Bell
CEO & Director

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