

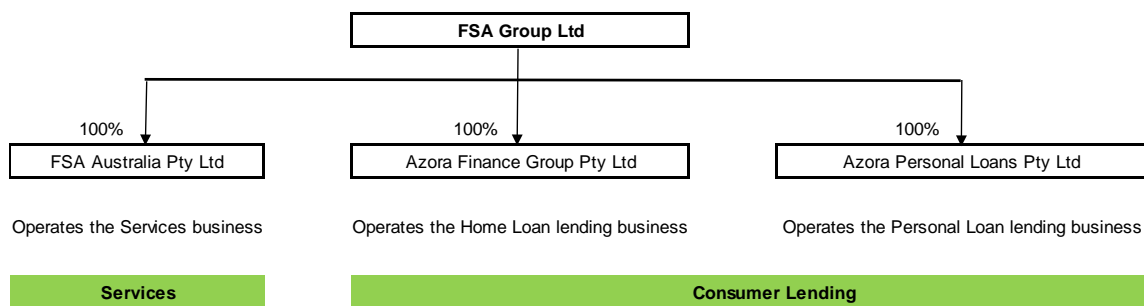


FSA GROUP LIMITED

1 September 2021

FSA Group acquires asset finance business

FSA Group company structure prior to acquisition



Note:

Azora Finance Group Pty Ltd was previously called Fox Symes Home Loans Pty Ltd

Azora Personal Loans Pty Ltd was previously called Fox Symes Personal Loans Pty Ltd

Acquisition

Azora Finance Pty Ltd (AF) was owned by entities associated with Patrick Tuttle, David Holmes and Phil Sullivan (PDP). AF operates an asset finance lending business which lends to SMEs for vehicles and business-critical equipment. The average loan size is around \$27,000. AF is forecasting a PBT of around \$3.3m for the 2022 financial year on a closing loan pool of around \$80m.

Azora Finance Group Pty Ltd (AFG), which operates our home loan lending business has acquired 100% of AF in a 'scrip for scrip' deal.

The combined Azora business will leverage our considerable expertise in lending to Australia's underserved SMEs. It will specialise in residential home loans to self-employed borrowers and asset finance for vehicles and business-critical equipment. We will distribute our products through direct, broker and other third-party intermediary channels. Our focus will be on providing tailored solutions, fast turnaround and first class customer service. The application and approval process will be simple and be driven by smart technology and proprietary loan portals.

We believe that by combining our knowledge and resources we will create a leading non-bank specialist lending business, which will capitalise on new opportunities as we emerge from COVID-19.

AFG, on a merged basis, expects PBT of around \$12.5m for the 2022 financial year, broken down as \$9.2m for home loans and \$3.3m for asset finance.

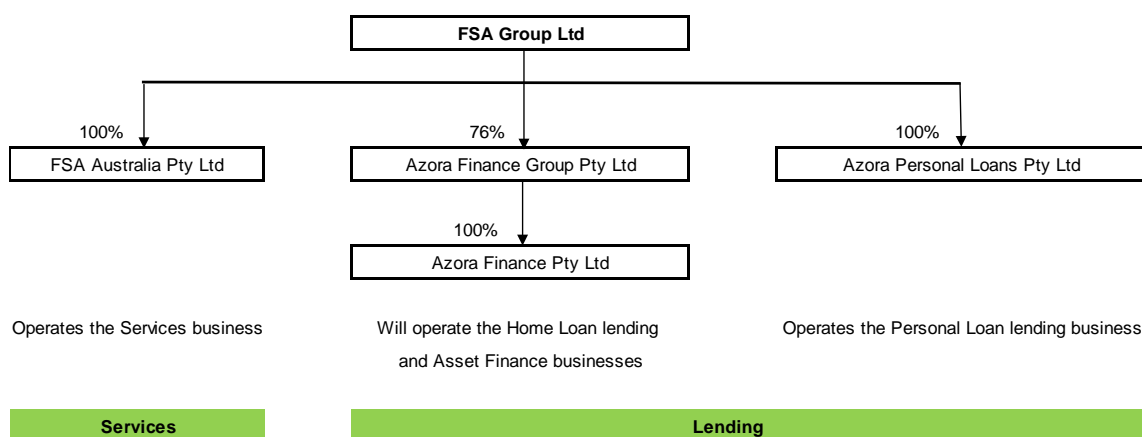
The shareholders of AFG post the AF acquisition will be:

- FSA Group Ltd will own 76% of the ordinary shares in AFG
- PDP will own 24% of the ordinary shares in AFG

PDP have been issued Performance Based Converting Shares (PBCS). The PBCS will progressively convert into ordinary shares in AFG if the business achieves annual PBT of up to and greater than \$30m on or before the 2026 financial year. If all PBCS convert into ordinary shares in AFG, PDP will own 32% (from 24%) of the ordinary shares in AFG.

There are no outstanding conditions precedent.

FSA Group company structure post acquisition



AFG's Management Team

AFG will be led by one of the most experienced management teams in the non-bank sector.

Patrick Tuttle

- Over 30 years' experience in the financial services industry – Price Waterhouse (Sydney & London), Macquarie Bank and Pepper Money Group.
- Australian Managing Director and Global Co-Group CEO of Pepper Money from 2007 to 2017.
- Non-bank consumer and SME lending and debt capital markets specialist.
- Chartered Accountant and Former Deputy Chairman of the Australian Securitisation Forum.
- Current independent chair (non-executive) of Openpay Group Ltd (ASX:OPY) and COG Financial Services Ltd (ASX: COG).

David Holmes

- Over 35 years' experience in senior banking, credit and operational roles. Pioneer of the specialist mortgage lending market in the UK with Preferred Mortgages, senior roles with Citibank and Nationwide UK.
- One of Australia's most renowned credit specialists, pioneer of the Australian non-conforming mortgage market.
- Group Head of Credit and COO of Pepper Money for nearly 17 years.

Philip Sullivan

- Over 20 years' experience in debt and equity capital markets, M&A, structured finance, financial risk management, investment management and financial accounting.
- Chartered Accountant and Chartered Financial Analyst.
- Senior executive and treasury management roles with Macquarie Bank, Virgin Australia, Allco Finance, Fitch Ratings and Arthur Andersen.

This ASX announcement has been authorised for and on behalf of the FSA Group Board by:
Tim Odillo Maher, Executive Director

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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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