

30 November 2021

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

AUSTRALIAN FINANCE GROUP LTD TO ACQUIRE ASSET FINANCE AGGREGATOR FINTELLIGENCE

Please refer to the following information in relation to Australian Finance Group Ltd's (**ASX:AFG**) acquisition of asset finance aggregator, National Finance Alliance Pty Ltd, trading as Fintelligence.

- AFG Market Release
- Investor Presentation

Investor Briefing

David Bailey, Chief Executive Officer and Ben Jenkins, Chief Financial Officer, will give a presentation to analysts and investors via conference call at 12:00pm (AEDT) today.

To participate in the call, please pre-register (with immediate access to the call) here:

[**AFG Investor Call - Fintelligence Acquisition**](#)

Authorised for disclosure by:



Lisa Bevan
Company Secretary

CONTACT DETAILS

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30 November 2021

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AUSTRALIAN FINANCE GROUP TO ACQUIRE ASSET FINANCE AGGREGATOR FINTELLIGENCE

- The combined group creates a considerable asset finance footprint in the Australian market with projected asset finance settlements of more than \$1.7 billion per annum
- Fintelligence's advanced, scalable and proprietary asset finance platform will assist in future recruitment and drive market share in the asset finance sector
- Expected to be EPS accretive (pre-synergies) in first full financial year post integration with a proposed funding structure expected to allow AFG to maintain its dividend policy
- Builds scale for the future establishment of an asset finance warehouse and white label products to drive meaningful revenue synergies
- Delivering on AFG's strategy to expand distribution, and additional margin generating opportunities

Australian Finance Group Ltd (ASX:AFG) has announced the acquisition of a 75 per cent stake in leading asset finance aggregator, National Finance Alliance Pty Ltd, trading as Fintelligence. The combined group will have more than 3,335 brokers and will deliver combined asset finance settlements of more than \$1.7 billion per annum, based on combined, proforma results. The standalone FY22 NPAT for Fintelligence is forecast to be \$6.6 million.

AFG has an exclusive option to acquire the remaining 25% interest in Fintelligence over the next three and a half years with value linked to Fintelligence achieving agreed milestones.

AFG will pay \$52.5 million for the purchase of 75% of Fintelligence, funded primarily by a new corporate debt facility. The transaction is expected to be EPS accretive (pre-synergies) in the first full year post integration and the proposed funding structure is expected to allow AFG to maintain its dividend policy. The acquisition is subject to confirmatory conditions precedent, which AFG expects will be met in the ordinary course and is expected to complete by 31 December 2021.

AFG CEO David Bailey said: "This acquisition represents a significant opportunity to build a fast-growing, technology-enabled asset finance aggregation business of scale. It will drive growth in AFG's asset finance volumes, market share for the combined group, and more lender and product opportunities for brokers and their customers. In addition, the acquisition allows AFG to increase the availability of white label and securitised asset finance products to meet the needs of our brokers and customers.

Mr Bailey said the transaction represents an opportunity for all AFG shareholders to benefit from the diversification and flexibility of the combined group. "The transaction aligns with AFG's strategy to grow distribution and invest in manufacturing capability across multiple asset classes.

For media enquiries, please contact

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"This transaction will increase our existing footprint in the Australian asset finance market further enhancing competition amongst major and non-major lenders.

It will also provide exposure to the retail asset finance market through Fintelligence's retail broking business, Broli. The combined group will feature an in-house referral service for AFG's existing network of residential brokers to provide choice for consumers via a trusted partner.

"Fintelligence will remain as a powerful brand in the marketplace," he said. "There is a strong cultural alignment with the Fintelligence team, and their well-respected management team will remain in the business and ensure a continued focus on delivering value to brokers and their customers.

Co-founder Richard Burgess and Greg Bellchambers Head of Digital at Fintelligence, commented: "The partnership with AFG will enable Fintelligence to create additional value for our partners through the development of a new white label loan product and a continued focus on technology to improve broker efficiencies through our existing technology platform, Ambition Cloud®".

Darren Rumble, Fintelligence Head of Partnerships said: "This represents a great opportunity to become the leading aggregator partner across all sectors allowing AFG and Fintelligence clients to maximize their customers' choices through product, service, innovation and industry leading technology. It's going to be an exciting 2022 and beyond".

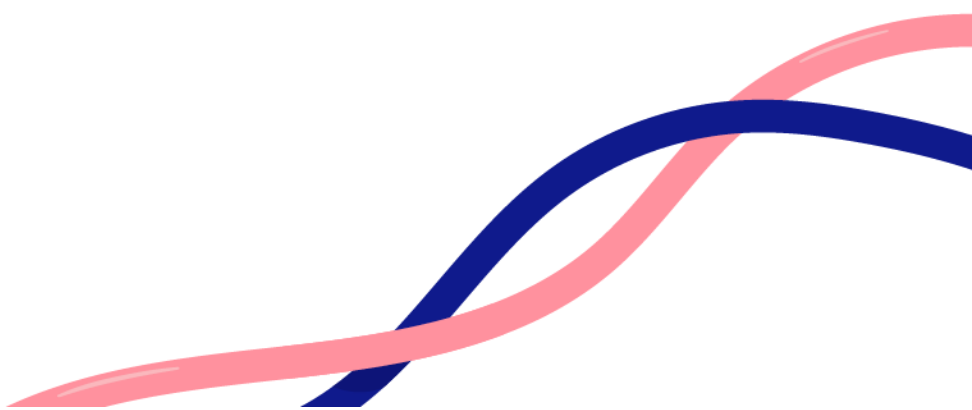
Mr Bailey concluded: "I look forward to working with the Fintelligence management team and network of brokers to help fast-track growth and drive greater competition in the Australian asset finance market."

Further details of the key terms of the transaction are set out in the schedule.

SCHEDULE - KEY TRANSACTION TERMS

- AFG will acquire 75% of the fully diluted share capital of Fintelligence
- AFG has an exclusive option to acquire the remaining 25% interest in Fintelligence over the next three and a half years with value linked to Fintelligence achieving agreed milestones
- \$52.5 million for the purchase of 75% of Fintelligence (funded primarily by a new corporate debt facility)
- Purchase price subject to standard net cash and working capital adjustments
- Confirmatory commercial conditions precedent in relation to certain material contracts and other customary conditions to a transaction of this nature
- AFG anticipates completion of the transaction by 31 December 2021
- Standard representations and warranties for this type of transaction

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Acquisition of Fintelligence

Investor Presentation

AFG

Transaction Overview

Growth in Asset Finance Aggregation

- AFG to acquire 75% of National Finance Alliance Pty Ltd (Fintelligence) in a transaction that values Fintelligence at \$70 million on a cash free, debt free basis
- Transaction structure to allow AFG to acquire remaining 25% over a 3.5 year period.
- Fintelligence is a fast-growing, technology-enabled asset finance aggregation business of scale which will drive further growth in AFG's asset finance volumes and market share
- The transaction aligns with AFG's strategy to grow distribution and invest in manufacturing capability across multiple asset classes
- Provides in-house referral capability for AFG's residential brokers
- Enhances competition amongst major and non major lenders

Key Benefits of Combined Group

- 3,335+ brokers and combined asset finance settlements of more than \$1.7 billion p.a. based on combined, proforma results¹
- Opportunity to utilise Fintelligence's leading technology platform and AFG's supporting infrastructure to drive broker efficiency
- Strong cultural alignment and well-respected Fintelligence management team to remain post-transaction with a continued focus on delivering value to brokers and competition and choice to customers
- Enhanced Fintelligence brand exposure leveraging AFG's marketing footprint including conferencing and learning and development events
- Both AFG and Fintelligence operate under a robust regulatory and compliance framework with the combined group to leverage best practice across both businesses and be an industry-leading partner with lenders
- Critical mass to establish asset finance manufacturing to deliver revenue synergies

Creates Long Term Value for AFG Shareholders

- Expected to be EPS accretive (pre-synergies) in first full financial year post integration

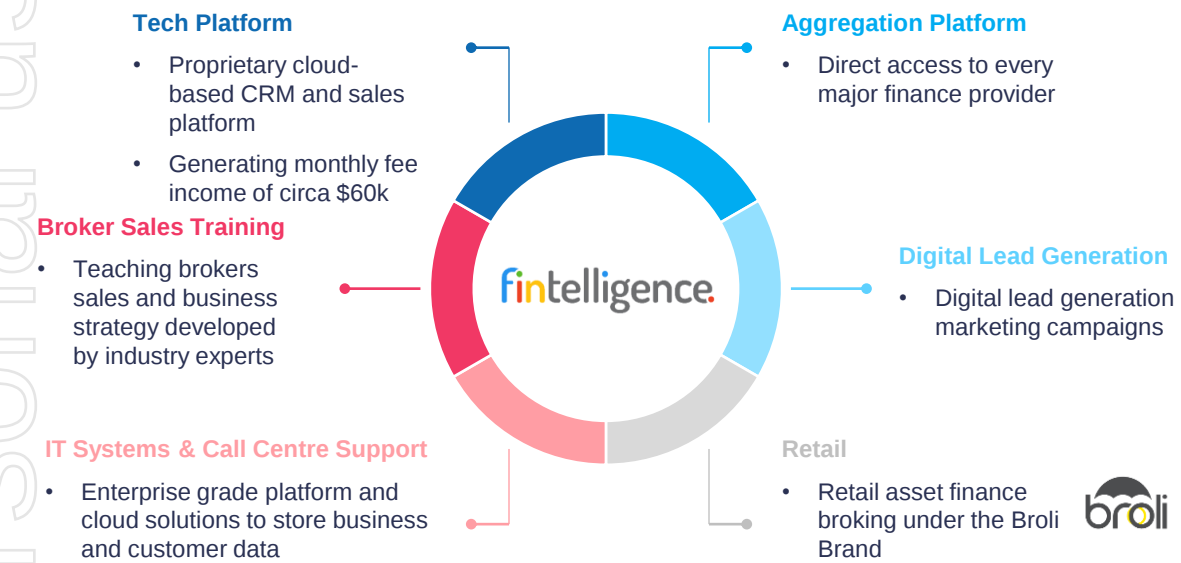
Key Terms of the Transaction

Transaction Structure
Purchase Price
Completion
Other Key Terms

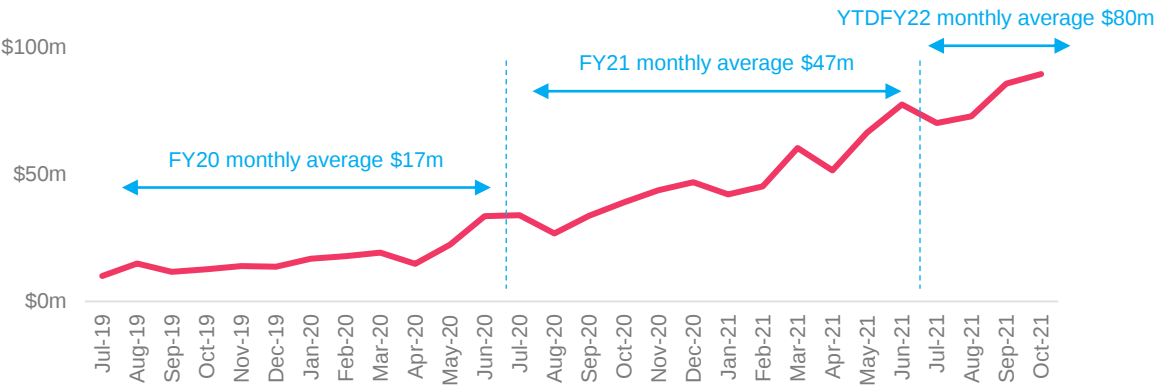
- AFG will acquire 75% of the fully diluted share capital of Fintelligence
- AFG has an exclusive option to acquire the remaining 25% interest in Fintelligence over the next three and a half years with value linked to Fintelligence achieving agreed milestones
- \$52.5 million for the purchase of 75% of Fintelligence (primarily funded by a new corporate debt facility)
- Purchase price subject to standard net cash and working capital adjustments
- Customary conditions precedent to a transaction of this nature
- No regulatory approval or clearances required
- AFG anticipates completion of the transaction before 31 December 2021
- Standard representations and warranties for this type of transaction

Who is Fintelligence?

Established in 2018, Fintelligence is a fast-growing, technology-enabled asset finance aggregation platform based in Queensland with a national presence.



Monthly Net Amount Financed (NAF)



Key Management – all continuing in their roles

Darren Rumble
Head of Partnerships

- Leading and growing aggregation business

Richard Burgess
Head of Strategy

- Strategic oversight and sales and marketing

Greg Bellchambers
Head of Digital

- IT development and managing the platform

Jamie Stumer
Head of Relationships

- Supporting Fintelligence aggregation clients

Scott Valle
Group Operations Manager

- Administration, operations and compliance

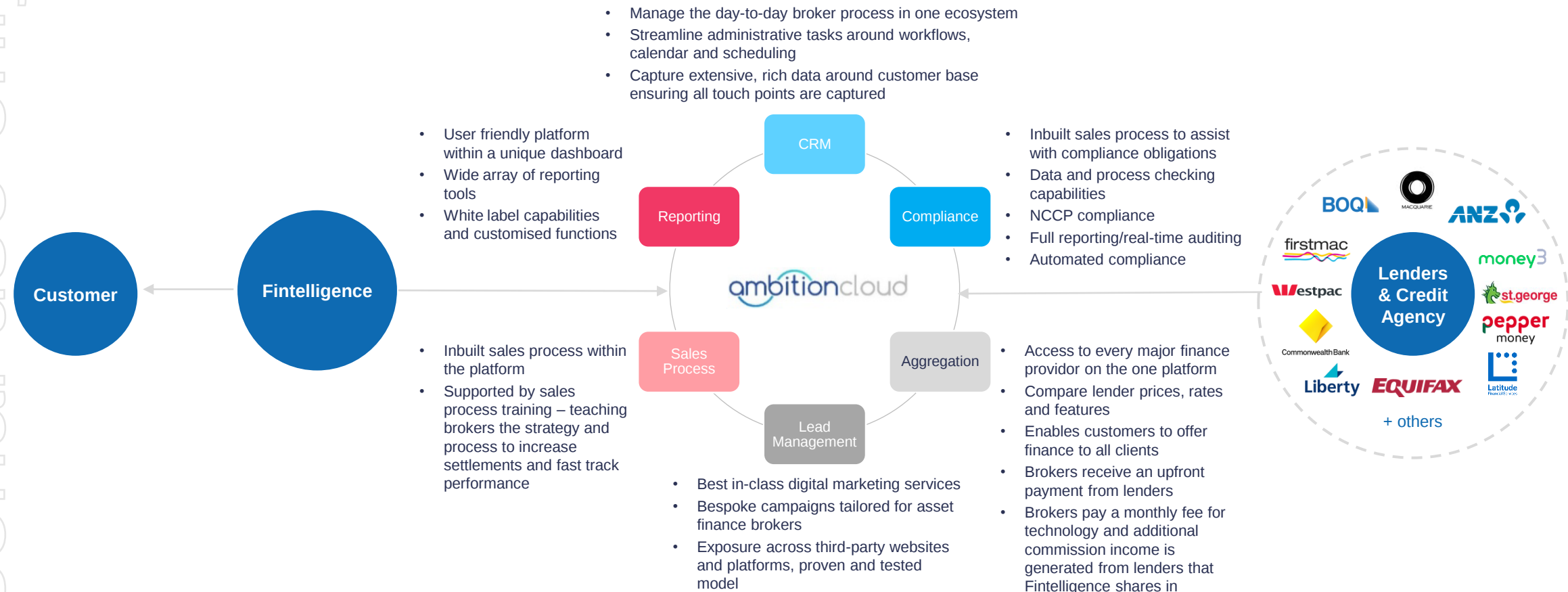
Tim Stevenson
Head of Sales

- Management and sales of Retail Finance division

Who is Fintelligence? Technology-led Business Model

Fintelligence's Ambition Cloud is a proprietary, cloud-based, customisable asset finance broker and business management platform with the ability to seamlessly integrate into other business applications and streamline the business through built in API capabilities.

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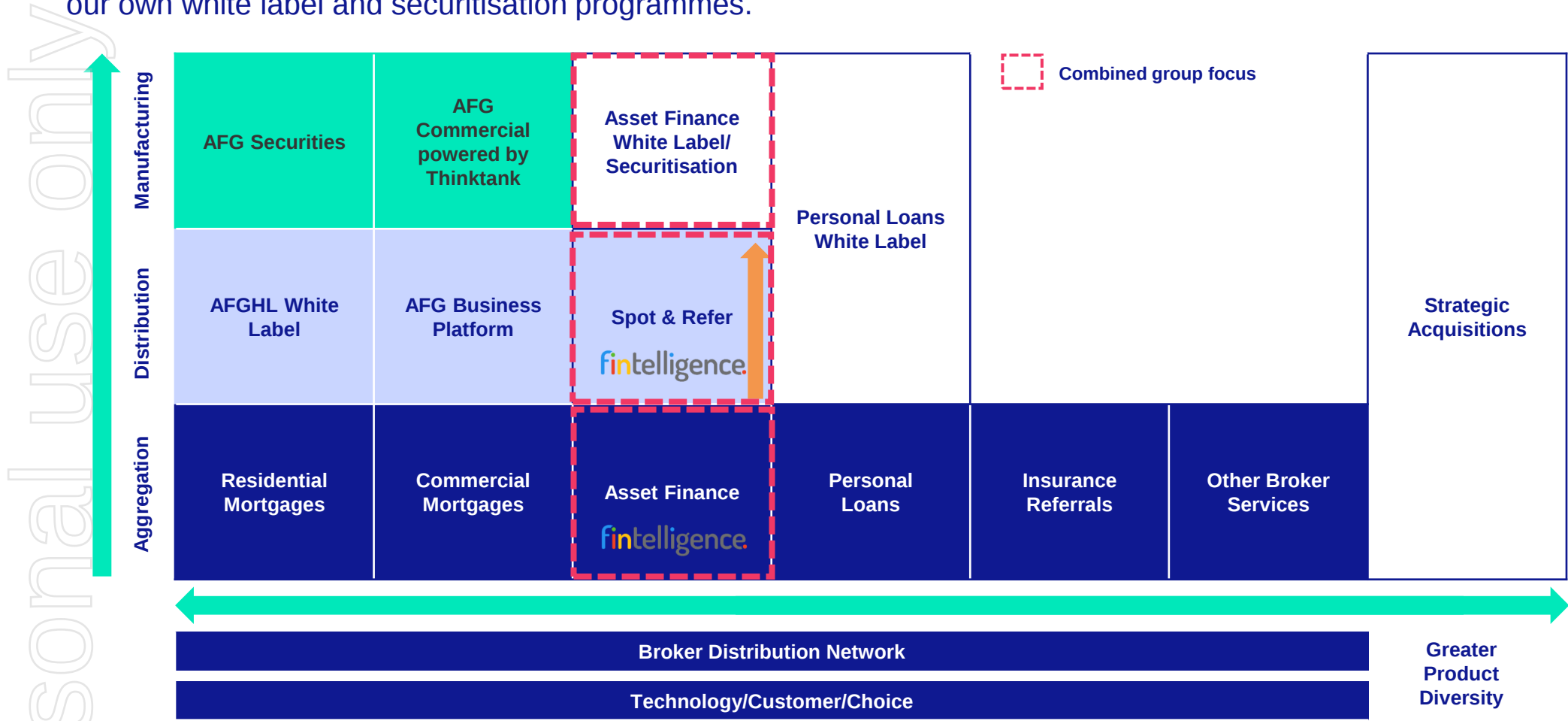
Complementary Value Propositions

Fintelligence will remain as a separate brand in the market place

Distribution Network	3,050+ brokers	285+ brokers	3,335+ brokers
Asset Finance Settlements ¹	~\$600 million	~\$1,150 million	\$1.7 billion+
Asset Finance vision	- Strong brand recognition and marketing footprint - Industry expertise, scale and deep relationship with lenders - Industry leading marketing platform, broker education platform and access to funding	- Proprietary, asset finance leading technology platform and recognised innovation contributing to fast-tracked growth in a compliant manner - Platform is developed, managed entirely in-house and highly scalable - Majority of existing volume is to non-bank lenders - Retail asset finance broking under the Broli Brand	✓ Larger distribution channel ✓ More lender and product opportunities for brokers and customers ✓ Drives critical mass for the establishment of a warehouse and development of white label products to drive further revenue synergies ✓ Complementary asset finance businesses with industry leading technology will provide opportunities to grow market share
Corporate	Industry leading compliance, governance and advocacy		✓ Streamline of back office functions

Executing on AFG's Earnings Diversification Strategy

The Fintelligence transaction aligns with our long-term strategy. It significantly grows our asset finance distribution network, provides an in-house referral service to residential brokers and a direct-to-consumer website presence. It provides the scale required to commence our own white-label and securitisation programmes.



Earnings Growth / Maintaining a Conservative Balance Sheet

Financial Highlights

- Fintelligence standalone asset finance settlements of more than \$1.15 billion driving forecast Net Revenue of \$27 million¹ in FY22
- Fintelligence standalone FY22 forecast NPAT of \$6.6 million¹
- AFG and Fintelligence businesses are both capital light with strong cash flow generation
- Expected to be EPS accretive (pre-synergies) in first full financial year post integration

Funding Arrangements

- Transaction funding supported by a major bank:
 - Credit approved term sheet obtained for a \$52.5 million facility limit
 - Annual interest rate equivalent to BBSY plus 2.75%
 - 5 year term (amortisation is for 50% of debt over 5 years, with a bullet repayment of the remaining 50% balance to occur at the end of year 5)
- Conservative gearing levels

Merger to Create Long-Term Value for AFG Shareholders

- ✓ A significant national asset finance distribution network with fast-tracked growth to drive greater competition in the asset finance market
- ✓ Both businesses are culturally aligned and highly complementary at the strategic and operational levels
- ✓ Expected to be EPS accretive (pre-synergies) in first full financial year post integration
- ✓ Combined distribution power fast tracks establishment of own product development and funding program

Q&A

Appendix 1 – Key Fintelligence Executive Biographies



Darren Rumble
Head of Partnerships

- Deep financial services experience, career since 1989
- Previous roles include:
 - Founder & Managing Director of National Finance Choice Aggregation
 - Group Executive, McMillan Shakespeare's Retail Finance Services division
- Responsible for strategic oversight alongside Richard, as well as leading and growing the aggregation business



Richard Burgess
Head of Strategy

- Financial services career since 2000
- Previous roles include:
 - Founder & Sales Director of 360 Finance
 - National Operations Manager of PR Finance
- Responsible for strategic oversight alongside Darren, as well as the sales and marketing strategy



Greg Bellchambers
Head of Digital

- Deep industry experience in IT, career since 1992
- Previous roles include:
 - Head of Technology at 360 Finance
 - Manager of Digital Services at Canon Australia
- Leads the development team, responsible for IT development and managing the platform



Jamie Stumer
Head of Relationships

- Financial services career since 2005
- Previous roles include:
 - General Manager at Money Now
 - Managing Director at Sentina Finance Group
- Responsible for supporting existing and new Fintelligence aggregation clients and maintaining a close relationship with each of the clients



Scott Valle
Group Operations Manager

- Financial services career since 1991
- Previous roles include:
 - General Manager Motor, Liberty Financial
 - National Operations Manager, McMillan Shakespeare's Retail Financial Services division
- Responsible for administration and operations, and compliance



Tim Stevenson
Head of Sales

- Financial services career since 2003
- Previous roles include:
 - National Sales Manager at 360 Finance
 - Credit Analyst at Pioneer Mortgage Services
- Responsible for the daily management and sales function of the Retail Finance division