

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2023 FINEXIA FINANCIAL GROUP LIMITED



FINEXIA

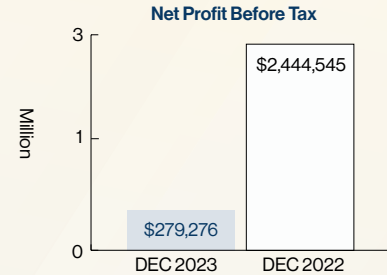
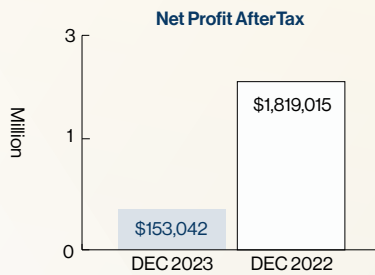
www.finexia.com.au

FINEXIA FINANCIAL GROUP LIMITED
ACN 106 760 418 | ASX:FNX

Level 18, Australia Square
264 George Street
Sydney NSW 2000

The **net profit after tax** for the Half year ended 31 December 2023 was **\$153,042** (DEC 2022: \$1.8M)

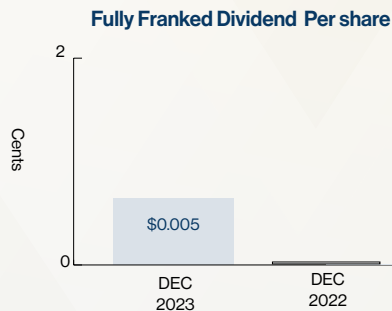
The **net profit before tax** for the half year ended 31 December 2023 was **\$279,276** (DEC 2022: \$2.4M)



Net Cash from operating activities was \$945,580 in this period compared with \$1,859,614 in the previous corresponding period.

Finexia declares **fully franked interim dividend** of **\$0.005 cent per share** with 49,402,702 shares on issue.

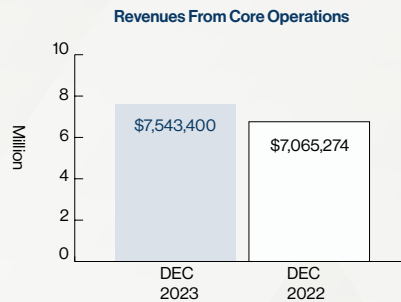
Dividend yield: 8.50%
(30 June 2023)



Given the recurring income base and confidence in the loan book profile this has allowed the Group to approve and announce a dividend policy for the year ended 30 June 2023. The dividend policy to continue for the current financial year. Ex-entitlement date is 8 March 2024

The Group's **revenues** from core operations were **\$7.5M** an increase compared to the previous half year (DEC 2022: \$7M)

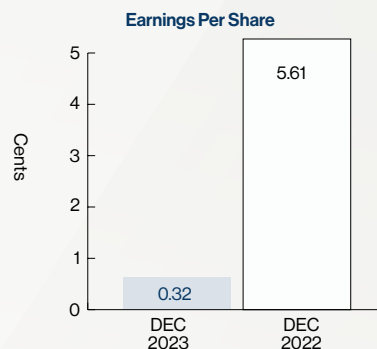
6.8% ↑
FROM: DEC 2022



The Group has seen a 6.8% increase in revenue from lending activities (interest and fees) as well as a notable decrease in Commission and brokerage from non-lending activities.

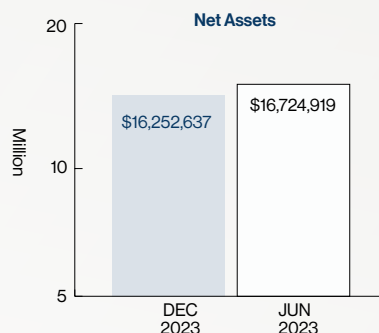
The **earning per share** for the half year ended 31 December 2023 was **0.32 cents** (DEC 2022: 5.61 cents)

89.7% ↓
FROM: DEC 2022



At 31 December 2023 the **net assets** decreased to **\$16.2M** (JUN 2023: \$16.7M)

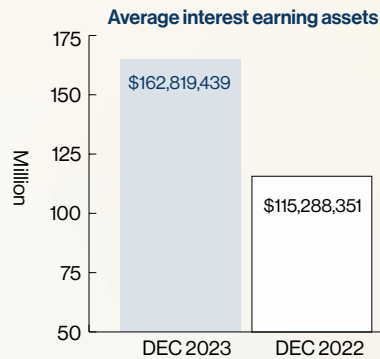
2.8% ↓
FROM: DEC 2022



The total assets and total liabilities grew 19% and 24% respectively and the slight reduction of the net assets was largely the result of an increase in employee provisions.

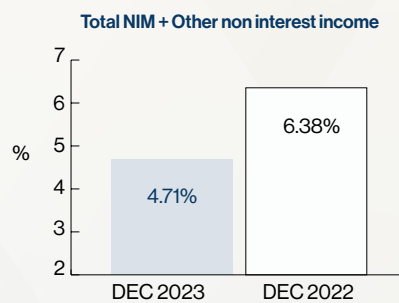
The **assets under management** for the half year ended 31 December 2023 was **\$162M** (DEC 2022: \$115M).

41.2% ↑
 FROM: DEC 2022



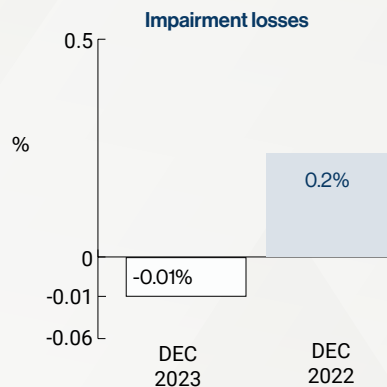
The private credit loan book and investments of the group saw continued growth. The largest contributor to this was a substantial increase in our loans to the childcare sector.

The Group's **total NIM + other non interest income** was **4.71%** for the half year ended 31 December 2023 (DEC 2022: 6.38%).



The earnings rate of loans and funds we operate have increased by 64% over the period, however, our net interest margin has eroded slightly due to a higher cost of capital associated with the wholesale note facility.

The **impaired loans** to average interest earning assets is nil.



No lending related impairment in this period

**1. DETAILS OF THE REPORTING PERIOD AND THE PREVIOUS CORRESPONDING PERIOD**

| | |
|-------------------------------|----------------------------------|
| Reporting Period | Half Year ended 31 December 2023 |
| Previous Corresponding Period | Half Year ended 31 December 2022 |

2. RESULTS FOR ANNOUNCEMENT

| | |
|--|--------------|
| Revenue from Ordinary Activities | 7,543,400 |
| Previous Corresponding Period | 7,065,274 |
| Percentage Change from Previous Period | 7% |
| Profit/(loss) from Ordinary Activities after Tax | 153,042 |
| Previous Corresponding Period | 1,819,015 |
| Percentage Change from Previous Period | (92%) |
| Net Profit/(loss) for the Period attributable to Members | 153,042 |
| Previous Corresponding Period | 1,819,015 |
| Percentage Change from Previous Period | (92%) |
| Interim dividend per security (franked) | 0.5 cent |
| Previous corresponding period (franked) | - |
| The record date for determining entitlements | 1 March 2024 |

3. BASIC EARNINGS/(LOSS) PER SHARE (CENTS)

| | |
|------------------|------|
| Reporting Period | 0.32 |
| Previous Period | 5.61 |

4. NET TANGIBLE ASSETS PER SHARE (CENTS)

| | |
|------------------|-------|
| Reporting Period | 28.36 |
| Previous Period | 26.82 |

5. INTERIM DIVIDEND

| | |
|--|---------------|
| Reporting Period – 0.5 cent per security fully franked | 244,513 |
| Previous Period – nil | - |
| Dividend reinvestment plans in operation | Yes |
| Interim dividend payment date | 15 March 2024 |

6. DETAILS OF ENTITIES WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

| | |
|--|------|
| Entities where control has been gained or ceased during the year | |
| Reporting Period | None |
| Previous Period | None |

Signed on behalf of the Board,

Patrick Bell

Director

26 February 2024

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FINEXIA

Directors' Report



Dear Shareholders,

Your Directors submit the half-year financial report of the consolidated entity (the "Group") consisting of Finexia Financial Group Limited (the "Company") and the entities it controlled, for the half-year to 31 December 2023.

In order to comply with the provisions of the Corporations Act 2001, the directors' report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

| Directors | |
|----------------------|----------------------------|
| Neil Sheather | Appointed 10 November 2014 |
| Patrick Bell | Appointed 1 October 2020 |
| Jean Marc Li Kam Tin | Appointed 23 March 2020 |
| Robert Spano | Appointed 1 February 2024 |

RESULTS

| The Key Financial Performance Metrics | |
|---------------------------------------|------------------------------------|
| Operating Income | A\$7.5M (2022: A\$7M) |
| Net Operating Profit (after tax) | A\$153,042 (2022: A\$1.8M) |
| Earnings per Share | A\$0.0032 (2022: A\$0.0561) |
| Interim dividend per Share | A\$0.005 (2023: \$0.00) |

REVIEW OF OPERATIONS

As the CEO of Finexia Financial Group Limited, I'm pleased to report on the Group's continued growth and strategic investments in becoming a leading private credit specialist.

This period to December 31, 2023 has been pivotal for us as we've focused on laying the groundwork necessary to capitalise on and scale our growing range of specialist private credit products and platforms.

The Group's commitment to strategic investments did impact our profit results, yet we've achieved a commendable 6.8% growth in topline revenue compared to the corresponding period. We have recorded a modest net profit after tax of \$153,042.

This is a significant decrease compared to last year, mainly driven by increased operating costs from the Group's strategic investments and a reduced net interest margin due to the use of more expensive wholesale capital. Despite this, the earnings rate on our loans and funds has risen, ensuring our overall net interest margin continues to be strong. Additionally, income from commission and brokerage on non-lending activities also fell. Largely a reflection of challenging conditions and volumes in equities markets (excluding ASX200)

The Group's net cash from operating activities for the period was \$945,580, with cash and equivalents on hand totalling \$8,341,796 as of 31 December 2023, we're pleased to announce a fully franked dividend of \$0.5 cent per share to our shareholders.

The Group's average interest earning assets have grown by an impressive 62% from the corresponding period, surpassing \$162 million with a net interest margin of 4.71% recorded for the period. In the current period, we are pleased to report that we did not incur any loan impairments, continuing our track record of very robust credit risk management and origination processes.

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FROM PAGE 6

The Group's strategic investments have been multi-faceted, aimed at strengthening our operational capabilities and expanding our market reach. These include:

- Investing in talent acquisition for enhanced deal origination and loan fulfillment capabilities, leading to a considerable rise in employee costs as a percentage of revenue — an essential investment in the Group's human resources.
- Securing a securitised wholesale note to bolster the Group's loan funding capacity, particularly in our fastest-growing segment — the Childcare sector. While this involved an increase in net interest costs and considerable legal costs and fees, it now underpins much of our future capital strategy.
- Deploying technology to optimise the Group's marketing efforts and expand our product reach into the financial advisor space, resulting in increased corporate and professional expenses as a percentage of income.
- Recently implementing and now leveraging the advantages of a leading loan management system, enhancing the Group's operational efficiency and scalability.

In summary, while the Group's reduction in net profit and earnings per share reflect the impact of strategic investments, we are confident that these initiatives will yield sustained growth and value creation for our stakeholders over the long term.

The Group's near-term strategic priorities and initiatives encompass several key areas:

- Maximising the potential of the Group's market-leading loan products within the Childcare Sector. We have a genuine competitive advantage in our risk framework and products. Our objective is to profitably expand this segment of our business and establish ourselves as the premier non-bank childcare lender.
To achieve this objective, we are vigorously engaging with wholesale funders for additional capital, leveraging both direct outreach and collaborations with leading consultants. Additionally, we are implementing targeted strategies to capture capital inflows from financial planners and advisors.
- Strengthening and expanding our loan distribution network, with a particular focus on growing the our Sydney-based private credit specialist team and better aligning our sales team's compensation with the Group's performance.
- Continuing the Group's efforts to leverage technology as a strategic asset, mitigating the impact of our scale and reach compared to larger competitors. One notable initiative involves investing in an artificial intelligence project designed to optimise the our credit risk management practices, improving efficiency and decision-making capabilities.
- Enhancing shareholder value for us involves two key strategies: effectively executing the company's strategic plan for long-term profitability in parallel with enhancing market communication and engagement. This approach addresses the value recognition challenges typical for companies of the Group's size, while we also plan to make prudent dividend payments aligned with our strategic goals.

CONTINUED ON PAGE 8



FROM PAGE 7

SUBSEQUENT EVENTS

On 31 January 2024, the Company disclosed its recent acquisition of Yield Report Pty Limited from Sequoia Financial Group Ltd (ASX: SEQ). This transaction involved an exchange of 500,000 ordinary shares in Finexia Financial Group Limited (ASX: FNX).

Other than the above, there was no other matter or circumstance that has arisen since 31 December 2023 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 9 and forms part of the Directors' Report for the half- year ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001, and on behalf of the Board by:

Patrick Bell

DIRECTOR

Dated the 26 of February 2024



Level 11, 307 Queen Street
Brisbane Qld 4000

GPO Box 2268
Brisbane Qld 4001
Australia

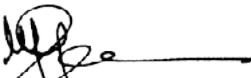
Tel: +61 7 3218 3900
Fax: +61 7 3218 3901
www.mazars.com.au

Auditor's Independence Declaration to the Directors of Finexia Financial Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MAZARS ASSURANCE PTY LIMITED



M. J. Green
Director

Brisbane, 26 February 2024



Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Half-Year Ended 31 December 2023

| | | 31 December 2023 | 31 December 2022 |
|---|------|------------------|------------------|
| | Note | \$ | \$ |
| Continuing Operations | | | |
| Revenue | | | |
| Loan interest and lending fees | 4 | 4,763,923 | 3,539,354 |
| Proprietary product distribution | 4 | 2,486,352 | 1,375,153 |
| Commission and brokerage from non-lending activities | 4 | 224,774 | 1,800,108 |
| Other income | | 192,157 | 159,158 |
| Gain/(Loss) on sale of investment | | (123,806) | 191,501 |
| | | 7,543,400 | 7,065,274 |
| Expenses | | | |
| Interest and finance expenses | | (3,365,753) | (1,946,454) |
| Employee expenses | | (1,750,959) | (950,953) |
| Corporate and professional expenses | | (1,594,578) | (1,066,061) |
| Change in fair value of equity investments at fair value through profit or loss | | (235,732) | (104,745) |
| Depreciation and amortisation | | (202,381) | (153,576) |
| Product commissions | | (97,089) | (149,033) |
| Impairment of receivables | | (14,186) | (250,068) |
| Foreign exchange gain/(loss) | | (3,446) | 161 |
| Profit before income tax | | 279,276 | 2,444,545 |
| Income tax expense | | (126,234) | (625,530) |
| Profit after tax for the year | | 153,042 | 1,819,015 |
| Other comprehensive income | | - | - |
| Total comprehensive profit for the year | | 153,042 | 1,819,015 |
| | | | |
| Profit attributable to: | | | |
| | | | |
| Owners of the parent | | 153,042 | 1,819,015 |
| | | | |
| Earnings Per Share | | | |
| Basic (cents) | | 0.32 | 5.61 |
| Diluted (cents) | | 0.31 | 5.61 |

The accompanying notes form part of these condensed consolidated interim financial statements.



Condensed Consolidated Interim Statement Of Financial Position AS AT 31 December 2023

| | | 31 December 2023 | 30 June 2023 |
|---|------|-------------------|-------------------|
| | Note | \$ | \$ |
| ASSETS | | | |
| Cash and cash equivalents | 6 | 8,341,796 | 5,741,581 |
| Financial assets | 6 | 32,659,485 | 44,674,047 |
| Trade and other receivables | 6 | 4,093,973 | 3,164,097 |
| Loan assets | 7 | 48,708,067 | 25,475,513 |
| Prepayments or other assets | | 200,446 | 110,224 |
| Property, plant and equipment | | 1,053,263 | 1,096,871 |
| Deferred tax assets | | 127,242 | 11,032 |
| Intangibles | 9 | 890,347 | 360,500 |
| Goodwill | 9 | 1,365,039 | 1,365,039 |
| TOTAL ASSETS | | 97,439,658 | 81,998,904 |
| | | | |
| LIABILITIES | | | |
| Trade and other payables | 10 | 1,781,706 | 856,244 |
| Tax liabilities | | 1,388,036 | 1,153,093 |
| Leases | | 26,268 | 102,508 |
| Contract liabilities | | 574,265 | 699,486 |
| Loans and borrowings | 11 | 76,845,706 | 62,299,970 |
| Employee provisions | | 571,040 | 162,684 |
| TOTAL LIABILITIES | | 81,187,021 | 65,273,985 |
| NET ASSETS | | 16,252,637 | 16,724,919 |
| | | | |
| EQUITY | | | |
| Issued capital | 12 | 14,982,769 | 14,648,781 |
| Retain earnings | | 1,269,868 | 2,076,138 |
| Total equity attributable to equity holders of the Company | | 16,252,637 | 16,724,919 |
| TOTAL EQUITY | | 16,252,637 | 16,724,919 |

The accompanying notes form part of these condensed consolidated interim financial statements.



**Condensed Consolidated Interim Statement Of Changes In Equity
FOR THE HALF-YEAR ENDED 31 December 2023**

| Consolidated | Issued Capital | Retained Earnings | Total |
|--|-------------------|--------------------|-------------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2022 | 9,973,368 | (1,137,581) | 8,835,787 |
| Profit attributable to members of the parent entity | - | 3,213,719 | 3,213,719 |
| Total comprehensive income for the year, net of tax | - | 3,213,719 | 3,213,719 |
| <i>Shares issue cost</i> | 12,188 | - | 12,188 |
| <i>Transactions with owners of the Company recognised directly in equity</i> | - | - | - |
| Issue of shares | 4,663,225 | - | 4,663,225 |
| Balance as at 30 June 2023 | 14,648,781 | 2,076,138 | 16,724,919 |
| Consolidated | Issued Capital | Retained Earnings | Total |
| | \$ | \$ | \$ |
| Balance at 1 July 2023 | 14,648,781 | 2,076,138 | 16,724,919 |
| Profit attributable to members of the parent entity | - | 153,042 | 153,042 |
| Total comprehensive income for the year, net of tax | - | 153,042 | 153,042 |
| Shares issue cost | (1,524) | - | (1,524) |
| <i>Transactions with owners of the Company recognised directly in equity</i> | - | - | - |
| Issue of shares | 335,512 | - | 335,512 |
| Dividends paid or provided for | - | (959,312) | (959,312) |
| Balance as at 31 December 2023 | 14,982,769 | 1,269,868 | 16,252,637 |

The accompanying notes form part of these condensed consolidated interim financial statements.



Condensed Consolidated Interim Statement Of Cash Flows
For The Half Year Ended 31 Decemeber 2023

| | | 31 December 2023 | 31 December 202 |
|--|------|--------------------|---------------------|
| | Note | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 2,096,191 | 1,792,533 |
| Payments to suppliers and employees | | (3,188,588) | (1,372,172) |
| Distribution received | | 2,321,802 | 658,182 |
| Interest income | | 1,918,559 | 2,716,943 |
| Interest and other finance costs | | (2,202,384) | (1,935,872) |
| Income tax paid | | - | - |
| Net cash (used)/provided in operating activities | | 945,580 | 1,859,614 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payments for property, plant & equipment | | (35,218) | - |
| Payments for listed equities | | (727,224) | (257,324) |
| Payment for subsidiaries, net of cash acquired | | (400,000) | - |
| Payment for investments | | (12,008,014) | (15,627,972) |
| Proceeds from sale of other investments | | 19,384,515 | 2,593,953 |
| Net cash (used)/provided by investing activities | | 6,214,059 | (13,291,343) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Repayment of loan | | - | (1,044,911) |
| Loans issued to third parties | | (18,232,554) | (10,148,671) |
| Loans repayment by third parties | | 14,496,930 | 30,098,750 |
| Payment of dividends | | (823,800) | - |
| Issue of shares | | - | - |
| Net cash (used)/provided in financing activities | | (4,559,424) | 18,905,168 |
| Net (decrease)/increase in cash held | | 2,600,215 | 7,473,439 |
| Cash at beginning of year | | 5,741,581 | 2,721,187 |
| Net foreign exchange differences | | - | - |
| Cash and cash equivalents at end of year | 6 | 8,341,796 | 10,194,626 |
| Cash and cash equivalents held by continuing operations | | 8,341,796 | 10,194,626 |

The accompanying notes form part of these condensed consolidated interim financial statements.



1. Reporting Entity

Finexia Financial Group Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily focused on providing financial services, predominantly in funds management and private credit.

The consolidated Half-year financial statements of the Group as at and for the Half-year ended 31 December 2023 are available upon request from the Company's registered office at Level 18, Australia Square Tower Building, 264 George Street, Sydney, NSW 2000 or at www.finexia.com.au.

2. Basis Of Preparation

a. Statement Of Compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

These condensed consolidated interim financial statements do not include full disclosures of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial statements.

It is recommended that these condensed consolidated interim financial statements be read in conjunction with the interim financial statements for the year ended 31 December 2023 and any public announcements made by Finexia Financial Group Limited during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

b. Estimates

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2023.

3. Significant Accounting Policies

The same accounting policies and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the most recent annual financial statements.

The presentation of the balance sheet has been modified to reflect a liquidity-based format, as this approach is more pertinent to the Group's operational activities.

4. REVENUE

Disaggregation of revenue

The Group derives its revenue from the transfer of services over time and at a point in time as below

| | CONSOLIDATED | |
|--|------------------|------------------|
| | 31-Dec-23 | 30-Jun-23 |
| External revenue by timing of revenue | | |
| Services transferred at a point in time | 224,774 | 1,800,108 |
| Services transferred over time | 4,956,080 | 3,698,509 |
| Distribution received over time | 2,486,352 | 1,375,154 |
| | 7,667,206 | 6,873,771 |

5. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker in allocating resources and have concluded that the Group operated in the financial services industry.

The following summary describes the operations in each of the Group's reportable segments:

- Private credit.
- Funds and Asset Management
- Stockbroking and Corporate Advisory

| | Private Credit | | Stockbroking and Corporate Advisory | | Managed investment funds | | Unallocated | | Total | |
|---|----------------|------------|-------------------------------------|-----------|--------------------------|-----------|--------------|-------------|------------|------------|
| | Dec 2023 | Dec 2022 | Dec 2023 | Dec 2022 | Dec 2023 | Dec 2022 | Dec 2023 | Dec 2022 | Dec 2023 | Dec 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| External revenue | 6,140,225 | 3,258,600 | 1,137,026 | 3,166,059 | 194,149 | 383,484 | 72,000 | 257,131 | 7,543,400 | 7,065,274 |
| Other revenue | - | - | - | - | - | - | - | - | - | - |
| Rental income | - | - | - | - | - | - | 72,000 | 81,909 | 72,000 | 81,909 |
| Other income | - | - | - | - | - | - | - | 116,972 | - | 116,972 |
| <i>Other non-cash movements</i> | - | - | - | - | - | - | - | - | - | - |
| Change in fair value of investments | - | - | (235,732) | (104,745) | - | - | - | - | (235,732) | (104,745) |
| Segment profit/(loss) after income tax | 2,179,741 | 1,319,143 | 103,744 | 2,649,819 | 194,149 | 383,484 | (2,324,592) | (2,533,431) | 153,042 | 1,819,015 |
| Reportable segment assets | 90,293,131 | 64,847,364 | 14,661,008 | 7,032,207 | 2,828,710 | 6,328,710 | (10,343,191) | 3,790,623 | 97,439,658 | 81,998,904 |
| Reportable segment liabilities | 85,031,100 | 62,528,488 | 4,876,583 | 4,116,257 | - | - | (8,720,662) | (1,370,760) | 81,187,021 | 65,273,985 |

6. FINANCIAL ASSETS

Financial assets held at period end include the following:

| | Consolidated | |
|---|-------------------|-------------------|
| | 31-Dec-23 | 30-Jun-23 |
| | \$ | \$ |
| Current | | |
| Cash and cash equivalents | 8,341,796 | 5,741,581 |
| Receivables | 4,093,973 | 3,164,097 |
| Financial assets | | |
| - ASX listed equity securities ^{(i) (ii)} | 756,280 | 250,802 |
| - Listed equity securities portfolio ^{(i) (ii)} | 390,192 | 1,724,275 |
| - Investment in unlisted companies ⁽ⁱⁱⁱ⁾ | 80,100 | 80,100 |
| - Investment in Childcare Income Fund ^(iv) | 8,919,710 | 16,055,666 |
| - Investment in The Stay Company Income Fund ^(v) | 22,496,027 | 26,546,028 |
| - Others | 17,176 | 17,176 |
| | 45,095,254 | 53,579,725 |

i. Classification of financial assets at fair value through profit or loss

The Group classifies its equity based financial assets at fair value through profit or loss if they are acquired principally for trading (i.e. selling in short-term). They are presented as current assets as they can be easily converted into cash in less than 12 months. The Group is an investment entity for the purpose of AASB 10 and therefore investments where the Group holds more than a 50% share of issued capital are not consolidated and are presented at fair value.

ii. Amounts recognised in profit or loss

Changes in the fair values of financial assets at fair value have been recorded through profit or loss, representing a net loss of \$235,732 for the period (2022: net loss of \$104,745)

iii. Investment in unlisted companies

The Group holds investments in unlisted companies. Investments are recorded at fair value less impairment.

iv. Investment in the Childcare Income fund

The group has a direct investment in the Childcare Income Fund, a registered managed investment scheme that commenced operations around November 2022. This retail fund is designed to provide investors with direct exposure to a portfolio focused on financing childcare centers.

The fund has been returning to investors between 8% to 11% p.a. via a monthly cash distribution. The fair value of the investment is based on the unaudited positive net assets of the fund as at 31 December 2023.

v. Investment in The Stay Company Income Fund

The Group holds direct investment in The Stay Company Income Fund. The wholesale fund was launched on 9 August 2021 and is an investment that aims to offer to sophisticated investors direct exposure to a portfolio of accommodation businesses located in key Queensland markets.

The fund has been returning to investors between 10% to 12% p.a. via a monthly cash distribution. The fair value of the investment is based on the unaudited positive net assets of the fund as at 31 December 2023.

7. LOAN ASSETS

Financial assets held at period end include the following:

| | Consolidated | |
|---|-------------------|-------------------|
| | 31-Dec-23 | 30-Jun-23 |
| | \$ | \$ |
| Mortgage assets - Secured ⁽¹⁾ | 48,082,997 | 24,531,810 |
| Loan - Dragonfly Biosciences Ltd - Secured ⁽²⁾ | 544,980 | 803,613 |
| Loan - Rigs Recovery Pty Ltd - Secured ⁽³⁾ | 80,090 | 140,090 |
| | 48,708,067 | 25,475,513 |

1. The Group provides finance solutions to various enterprises. The loan liabilities are matched against the loan assets. The Group receives various fees on establishment and a net interest margin. The interest rates are between 4% to 20% and the loans terms are between 12 to 24 months. Generally, the Group takes security, such as in the form of registered mortgages and security interest over assets to support the loan assets.
2. Finexia Securities Ltd has provided a secured loan facility to a third party, Dragonfly Biosciences Ltd over a term of 6 months which ended 31 Dec 2023 and it currently be refinanced for 6 months, at an interest rate of 10% per annum. The loan is secured by the assets of the borrowing entity.
3. Finexia Securities Ltd has provided a secured loan facility to a third party, Rigs Recovery Pty Ltd over a term of 12 months, at an interest rate of 15% per annum. The loan is secured by personal guarantees, general and registered security interest.

8. FAIR VALUE MEASUREMENT

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three (3) levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability

| | Level 1 (i) | Level 2 | Level 3 | Total |
|---|------------------|-------------------|---------------|-------------------|
| December 2023 | \$ | \$ | \$ | \$ |
| Classes of financial assets | | | | |
| Listed equities | 756,281 | - | - | 756,281 |
| International listed equities portfolio | 390,192 | - | - | 390,192 |
| The Stay Company Income Fund | - | 22,496,027 | - | 22,496,027 |
| Finexia Childcare Income Fund | - | 8,919,710 | - | 8,919,710 |
| Investment in unlisted entities | - | - | 97,276 | 97,276 |
| | 1,146,473 | 31,415,737 | 97,276 | 32,659,486 |

| | Level 1 (i) | Level 2 | Level 3 | Total |
|---|------------------|-------------------|---------------|-------------------|
| June 2023 | \$ | \$ | \$ | \$ |
| Classes of financial assets | | | | |
| Listed equities | 250,802 | - | - | 250,802 |
| International listed equities portfolio | 1,724,275 | - | - | 1,724,275 |
| The Stay Company Income Fund | - | 26,546,028 | - | 26,546,028 |
| Finexia Childcare Income Fund | - | 16,055,666 | - | 16,152,942 |
| Investment in unlisted entities | - | - | 97,276 | 97,216 |
| | 1,975,077 | 42,601,694 | 97,276 | 44,674,047 |

- The fair value of financial instruments traded in active markets (such as publicly traded equities and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last closing price or unit (acquisition) strike price.
- The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.
- There have been no transfers between the levels of the fair value hierarchy during the six (6) months to 31 December 2023.

9. INTANGIBLE ASSETS

| December 2023 | Goodwill | Customer list | Trail book | Licence | Total |
|---|------------------|----------------|----------------|---------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2023 | 1,365,039 | 47,500 | 280,000 | 33,000 | 1,725,539 |
| Acquisition through business combinations | - | 600,000 | - | 4,597 | 604,597 |
| Amortisation | - | (4,750) | (70,000) | - | (74,750) |
| Impairment loss | - | - | - | - | - |
| Balance at 31 December 2023 | 1,365,039 | 642,750 | 210,000 | 37,597 | 2,255,386 |

On 4 December 2023, the Company announced that it has entered into a business purchase agreement to acquire the equities stock broking and trading team from Everblu Capital. The consideration being paid for the purchase comprises a mix of cash and Finexia (FNX) shares with milestone progress payments hinged on agreed financial performance targets.

The total potential consideration is \$1,100,000, of which \$600,000 is being paid upfront representing approximately 1X revenue and is comprised of:

- \$200,000 in fully paid ordinary shares in Finexia Financial Group Ltd (FNX) issued at \$0.40 per share (escrowed for 12 months).
- \$200,000 in cash
- \$200,000 invested in Finexia products.

10. TRADE AND OTHER PAYABLES

| | Consolidation | |
|-----------------------------|------------------|----------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Trade payables | | |
| Suppliers | 967,540 | 344,767 |
| Accruals and other payables | 814,166 | 511,477 |
| | 1,781,706 | 856,244 |

11. LOANS AND BORROWINGS

| | Consolidation | |
|--|-------------------|-------------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Loan and borrowing | | |
| Secured loans - mortgages ⁽¹⁾ | 52,485,298 | 57,939,562 |
| Secured loans - securitised notes ⁽²⁾ | 20,000,000 | - |
| Customer deposit | 4,260,408 | 4,260,408 |
| Bank guarantee | 100,000 | 100,000 |
| | 76,845,706 | 62,299,970 |

(1) Creative Capital Group and Finexia Childcare Finance Trust provides finance solutions to various enterprises. The loan liabilities are matched against the loan assets and investments.

Creative Capital receives various fees on establishment, net margin income, loan management and distributions on its investments.

(2) In October 2023 a securitised note issuance of 20 million dollars was raised via The Finexia Childcare Finance Trust to supply the demand for credit to the Finexia Childcare Income fund.

| 12. SHARE CAPITAL | Consolidated | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31 December 2023 | | 30 June 2023 | |
| | No. of shares. | \$ | No. of shares. | \$ |
| (a) Ordinary shares fully paid | 47,965,577 | 14,984,293 | 47,965,577 | 14,648,781 |
| (b) Movement in ordinary shares on issue for the period | | | | |
| Opening balance | 47,965,577 | 14,648,781 | 162,107,105 | 9,973,368 |
| Add: dividend reinvestment plan | 437,124 | 135,512 | - | - |
| Add: issuance of shares | 500,000 | 200,000 | - | - |
| Shares consolidation | - | - | (129,685,611) | - |
| Shares issues cost | - | (1,524) | - | 12,188 |
| Right Issues | - | - | 15,544,083 | 4,663,225 |
| | 48,902,701 | 14,982,769 | 47,965,577 | 14,648,781 |

On 17 October 2023, the Company issued 437,124 shares as a result of dividend reinvestment plan.

On 4th December 2023, the Company issued 500,000 shares for the acquisition of Everblu Capital at 4 cents per share.

13. DIVIDENDS

During the half-year, the Company made the following dividend payments:

| | Half-year ended 31 December 2023 | | Half-year ended 31 December 2022 | |
|-----------------------------------|----------------------------------|------------|----------------------------------|------------|
| | Cents per share | Total (\$) | Cents per share | Total (\$) |
| Fully paid ordinary shares | | | | |
| interim dividend | 0.5 | 244,513 | - | - |

14. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2023 (31 December 2022: nil).

15. EVENTS SUBSEQUENT TO REPORTING DATE

On 31 January 2024, the Company disclosed its recent acquisition of Yield Report Pty Limited from Sequoia Financial Group Ltd (ASX: SEQ). This transaction involved an exchange of 500,000 ordinary shares in Finexia Financial Group Limited (ASX: FNX).

Other than the above, there was no other matter or circumstance that has arisen since 31 December 2023 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.



Directors' Declaration
For The Half-Year Ended 31 December 2023

In the opinion of the directors of Finexia Financial Group Limited ("the Company")

The financial statements and notes, as set out on pages 10 to 21 are in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
- b. Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and;

There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Patrick Bell

Patrick Bell

DIRECTOR

26 February 2024

Independent Auditor's Report to the Members of Finexia Financial Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Finexia Financial Group Limited ("Company") and its subsidiaries ("Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows for the half-year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Finexia Financial Group Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the half -year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

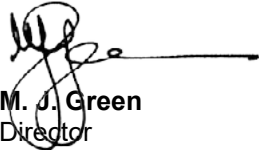
Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including, giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Finexia Financial Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



MAZARS ASSURANCE PTY LIMITED



M. J. Green
Director

Brisbane, 26 February 2024



FINEXIA



www.finexia.com.au

FINEXIA FINANCIAL GROUP LIMITED
ACN 106 760 418 | ASX:FNX



Level 18, Australia Square
264 George Street
Sydney NSW 2000



| 1300 886 103



| info@finexia.com.au