



Appendix 4D

Preliminary financial statements for the half-year ended 31 December 2021

Name of Entity FSA Group Limited
ABN 98 093 855 791

Details of the reporting period

Half-year Ended 31 December 2021
 Previous corresponding reporting period 31 December 2020

Results for announcement to the market	\$A'000	up/down	Movement %
Total operating income	30,534	down	4.6%
Net profit before tax	15,730	down	4.2%
Profit after tax from ordinary activities attributable to the members of the parent	9,915	down	11.5%
Net profit for the period attributable to members of the parent	9,915	down	11.5%

Dividend information	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Final 2021 dividend per share (paid 31 August 2021)	3.00	3.00	30%
Interim 2022 dividend per share determined	3.50	3.50	30%

Interim dividend dates:

Ex-dividend date 23 February 2022
 Record date 24 February 2022
 Payment date 10 March 2022
 There is no dividend reinvestment plan

	31-Dec-21	31-Dec-20
Net tangible assets per security	49.7 cents	42.9 cents

Note

Details of the entities over which control has been gained or lost during the period Page 13
 Associates and joint ventures Page 13
 Foreign entities Not applicable
 Independent audit report or review Page 16

This information should be read in conjunction with the 2021 Annual Report. Additional information supporting the Appendix 4D disclosure requirement can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2021.

DIRECTORS' REPORT

The Directors submit their report for the half-year ended 31 December 2021.

DIRECTORS

The names of the Directors of FSA Group Limited ("FSA Group") in office during the half-year and until the date of this report are shown below. All Directors were in office from the start of the half-year, unless otherwise stated.

David Bower	Non-Executive Chairman
Tim Odillo Maher	Executive Director
Deborah Southon	Executive Director

PRINCIPAL ACTIVITIES

FSA Group provides debt solutions and direct lending services to individuals and businesses.

EXECUTIVE DIRECTORS' REVIEW

COVID-19 impacted and continues to impact the number of new callers seeking our assistance for our Services segment. We expect demand will start to return during the 2023 financial year.

Our focus is on our Lending segment, developing a broker channel and growing our loan pools. During the first half, FSA Group acquired an asset finance lending business which lends to SMEs for vehicles and business-critical equipment.

FINANCIAL OVERVIEW

For the half-year ended 31 December 2021, FSA Group generated \$30.5m in operating income, a 5% decrease, and a profit after tax attributable to members of \$9.9m, an 11% decrease compared to the half-year ended 31 December 2020. Our net cash inflow from operating activities was \$14.6m, a 2% increase.

We advise that the Directors have declared a fully franked interim dividend of 3.50 cents per share, with a record date of 24 February 2022 and payable on 10 March 2022.

The Financial Overview below summarises our performance.

Financial Overview	1HFY 2021	1HFY 2022	% Change
Operating income	\$32.0m	\$30.5m	-5%
Profit before tax	\$16.4m	\$15.7m	-4%
Profit after tax attributable to members of the parent	\$11.2m	\$9.9m	-11%
EPS basic	8.96c	7.93c	-11%
Net cash inflow from operating activities	\$14.3m	\$14.6m	+2%
Dividend/share	3.00c	3.50c	+17%
Shareholder equity attributable to members	\$66.9m	\$86.2m	+29%
Return on equity	35%	25%	

DIRECTORS' REPORT continued

Operational Performance

Our business operates across the following key segments, Services and Lending. The operating income and profitability of each segment is as follows:

Operating income by segment	1HFY 2021	1HFY 2022	% Change
Services	\$16.8m	\$12.8m	-24%
Lending			
Home loans and Asset finance	\$8.1m	\$9.7m	+20%
Personal loans	\$7.1m	\$8.2m	+16%
Other/unallocated	\$0.0m	\$0.1m	
Operating income	\$32.0m	\$30.5m	-5%

Profit before tax by segment	1HFY 2021	1HFY 2022	% Change
Services	\$6.9m	\$5.1m	-26%
Lending			
Home loans and Asset finance	\$5.0m	\$5.7m	+14%
Personal loans	\$4.1m	\$5.2m	+27%
Other/unallocated	\$0.4m	-\$0.2m	
Profit before tax	\$16.4m	\$15.7m	-4%

Services

The Services segment offers a range of services to assist clients wishing to enter into a payment arrangement with their creditors. These include informal arrangements, debt agreements, personal insolvency agreements and bankruptcy. FSA Group is the largest provider of these services in Australia.

COVID-19 impacted and continues to impact the number of new callers seeking our assistance for our Services segment. We expect demand will start to return during the 2023 financial year.

During the first half, new client numbers for informal arrangements and debt agreements decreased by 52% and for personal insolvency agreements and bankruptcy increased by 39% compared to the previous corresponding period.

During the first half, informal arrangement and debt agreement clients under administration decreased to 13,485, down 23% and for personal insolvency agreements and bankruptcy decreased to 969, down 16%. FSA Group manages \$153m of unsecured debt under informal arrangements and debt agreements and during the first half paid \$35m in dividends to creditors.

Informal and Debt Agreements	1HFY 2020	1HFY 2021	1HFY 2022	% Change
New clients	2,175	724	351	-52%
Clients under administration	20,512	17,520	13,485	-23%
Debt managed	\$359m	\$261m	\$153m	-41%
Dividends paid	\$42m	\$43m	\$35m	-19%

PIA's and Bankruptcy	1HFY 2020	1HFY 2021	1HFY 2022	% Change
New clients	225	38	53	+39%
Clients under administration	1,352	1,151	969	-16%

The Services segment achieved a profit before tax of \$5.1m, a 26% decrease. COVID-19 will start to negatively impact our Services earnings during the 2023 financial year. We expect this to be offset by increased Lending earnings.

DIRECTORS' REPORT continued

Lending

The Lending segment offers home loans and personal loans to assist clients wishing to purchase a property or consolidate their debt or to purchase a motor vehicle. During the first half, FSA Group acquired an asset finance lending business which lends to SMEs for vehicles and business-critical equipment. During the first half our loan pools increased from \$443m to \$507m, a 14% increase.

Loan Pool Data	Home loans	Personal loans	Asset finance
Weighted average loan size	\$374,714	\$21,996	\$21,917
Security type	Residential home	Motor vehicle	Equipment
Weighted average loan to valuation ratio	67%	100%+ on settlement	100%+ on settlement
Variable or fixed rate	Variable	Fixed	Fixed
Geographical spread	All states	All states	All states

Loan Pools	1HFY 2020	1HFY 2021	1HFY 2022	% Change
Home loans	\$386m	\$380m	\$383m	+1%
Personal loans	\$63m	\$63m	\$70m	+11%
Asset finance*			\$54m	
Total	\$449m	\$443m	\$507m	+14%

*Asset Finance was acquired on 1 September 2021 with a loan pool of \$43m. Asset Finance's loan pool at 30 June 2021 was \$37m.

Arrears > 30 day	1HFY 2020	1HFY 2021	1HFY 2022
Home loans	2.47%	1.70%	1.39%
Personal loans	4.04%	2.83%	2.11%
Asset finance			1.93%

Losses	1HFY 2020	1HFY 2021	1HFY 2022
Home loans	\$107,440	\$152,902	\$111,134
Personal loans *	\$687,262	\$305,762	\$308,996
Asset finance **			\$166,233

* The loss of \$687,262 was distorted by a loss of \$371,350 from the discontinued pilot product offering which we ran during the 2018 calendar year.

** Asset finance losses are for the entire 6 month period.

Borrowings	Facility type	Provider	Limit	Maturity date	Drawn
	Non-recourse warehouse	Westpac	\$350m	Oct-23	\$251m
Home loans	Non-recourse warehouse	Institutional	\$20m	Oct-23	\$19m
	Securitized	Institutional		Mar-51	\$107m
Personal loans	Limited recourse warehouse	Westpac	\$75m	Apr-26	\$44m
	Corporate	Westpac	\$15m	Mar-24	-
Asset finance	Non-recourse warehouse	Bendigo	\$50m	Jul-22	\$43.0m
	Non-recourse warehouse	Institutional	\$3.5m	Jan-23	\$3.5m
	Non-recourse warehouse	Institutional	\$6.0m	Jun-23	\$4.3m

The Lending segment achieved a profit before tax of \$10.9m, a 20% increase.

Historically our Lending segment operated as a direct-to-consumer business. Going forward our focus will be on developing a broker channel and growing our loan pools. The addition of a broker channel will significantly enhance our Lending segment.

DIRECTORS' REPORT continued

Our plan for our Lending segment, over the next 3 to 5 years is as follows:

Home loans - Increase origination from around \$10m to \$40m per month. Grow loan pool from \$383m to around \$1.2b.

Personal loans - Increase origination from around \$3m to \$7m per month. Grow loan pool from \$70m to around \$200m.

Asset finance - Increase origination from around \$4m to \$12m per month. Grow loan pool from \$54m to around \$300m.

Net cash inflow from operating activities

During the first half, FSA Group maintained strong cash inflow driven by long term annuity income from clients. Net cash inflow from operating activities for the first half was \$14.6m, a 2% increase.

	1HFY 2020	1HFY 2021	1HFY 2022	% Change
Net cash inflow from operating activities	\$7.9m	\$14.3m	\$14.6m	+2%

Strategy and Outlook

Our focus over the 2022 financial year will be as follows:

Services - Regrow as demand returns.

Lending - Develop a broker channel and grow our loan pools.

Earnings - Expect earnings for the 2022 financial year to be in line with the 2021 financial year.

Capital Management - Expect our full year dividend to be 7.00 cents per share.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the Corporations Act 2001 is attached to this Directors' report on page 6.

Signed in accordance with a resolution of Directors made pursuant to section 306(3) of the Corporations Act, on behalf of the board of Directors.



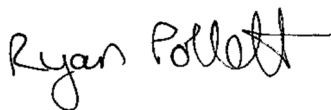
Tim Odillo Maher
Director
Sydney
17 February 2022

DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF FSA GROUP LIMITED

As lead auditor for the review of FSA Group Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of FSA Group Limited and the entities it controlled during the period.



Ryan Pollett
Director

BDO Audit Pty Ltd

Sydney, 17 February 2022

FSA Group Limited
 Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2021

	Consolidated Entity	
	31-Dec-21	31-Dec-20
	\$	\$
Revenue and other income		
Fees from services	13,214,816	17,283,482
Finance income	22,957,949	20,142,585
Finance expense	(5,638,850)	(5,435,371)
Net finance income	17,319,099	14,707,214
Total operating income	30,533,915	31,990,696
Employee benefit expense	(9,114,718)	(8,156,264)
Marketing expense	(1,928,754)	(3,147,612)
Operating expenses	(2,691,484)	(2,503,133)
Impairment expenses	200,118	(661,132)
Office facility expenses	(812,895)	(988,820)
Depreciation and amortisation expense	(456,645)	(481,477)
Unrealised gains on fair value movement of derivatives	-	358,526
Total expenses	(14,804,378)	(15,579,912)
Profit before income tax	15,729,537	16,410,784
Income tax expense	(4,743,100)	(4,938,470)
Profit after income tax	10,986,437	11,472,314
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	10,986,437	11,472,314
Total profit and comprehensive income for the period attributable to:		
Non-controlling interests	1,071,616	274,208
Members of the parent	9,914,821	11,198,106
Net profit for the period	10,986,437	11,472,314
Earnings per share		
Basic earnings per share (cents per share)	7.93	8.96
Diluted earnings per share (cents per share)	7.93	8.96

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

FSA Group Limited
Consolidated statement of financial position
as at 31 December 2021

	Consolidated Entity	
	Dec-2021	Jun-2021
	\$	\$
Current Assets		
Cash and cash equivalents	23,973,518	18,930,111
Trade and other receivables	18,549,363	18,361,210
Other assets	1,075,357	988,573
Total Current Assets	43,598,238	38,279,894
Non-Current Assets		
Trade and other receivables	2,828,157	4,313,128
Right of use assets	9,803,189	10,317,800
Plant and equipment	2,072,082	2,101,974
Intangible assets	14,663,942	2,169,178
Deferred tax assets	597,133	1,187,557
Total Non-Current Assets	29,964,503	20,089,637
Financing Assets		
Personal loan cash and cash equivalents	3,548,321	3,837,569
Home loan cash and cash equivalents	9,656,082	12,332,930
Asset finance cash and cash equivalents	2,019,607	-
Personal loan assets	69,746,956	64,930,182
Home loan assets	382,502,417	382,471,633
Asset finance assets	54,360,637	-
Total Financing Assets	521,834,020	463,572,314
Total Assets	595,396,761	521,941,845
Current Liabilities		
Trade and other payables	3,380,908	4,745,599
Contract liabilities	434,952	458,909
Lease liability	899,714	813,489
Provisions	2,444,519	2,229,326
Current tax liabilities	2,430,079	3,588,265
Borrowings	220,964	306,647
Total Current Liabilities	9,811,136	12,142,235
Non-Current Liabilities		
Contract liabilities	396,707	496,315
Lease liability	9,368,517	9,789,398
Provisions	397,553	357,167
Deferred tax liabilities	3,313,855	3,155,508
Total Non-Current Liabilities	13,476,632	13,798,388
Financing Liabilities		
Limited-recourse borrowings to finance personal loan assets	43,791,317	42,384,982
Non-recourse borrowings to finance home loan assets	376,447,527	377,963,244
Non-recourse borrowings to finance asset finance assets	53,973,565	-
Total Financing Liabilities	474,212,409	420,348,226
Total Liabilities	497,500,177	446,288,849
Net Assets	97,896,584	75,652,996
Equity		
Share capital	8,388,492	6,360,492
Reserves	8,292,000	-
Retained earnings	69,514,371	65,682,158
Total equity attributable to members of the parent	86,194,863	72,042,650
Non-controlling interests	11,701,721	3,610,346
Total Equity	97,896,584	75,652,996

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

FSA Group Limited
Consolidated statement of cash flow

For the six months ended 31 December 2021

	Notes	Consolidated Entity	
		31-Dec-21 \$ Inflows/ (Outflows)	31-Dec-20 \$ Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		14,059,164	18,922,165
Payments to suppliers and employees		(15,010,257)	(14,851,121)
Finance income received		26,563,479	20,094,685
Finance cost paid		(5,549,915)	(5,522,768)
Income tax paid		(5,458,226)	(4,297,328)
Net cash inflow from operating activities		14,604,245	14,345,633
Cash flows from investing activities			
Cash and cash equivalents from acquisition		2,355,482	-
Acquisition of property, plant and equipment		(40,747)	(982,502)
Acquisition of intangibles		(40,022)	(50,024)
Net decrease in home loan assets		146,306	13,184,566
Net increase in personal loan assets		(4,463,995)	(148,873)
Net increase in asset finance assets		(16,283,786)	-
Net increase in other loans		(105,000)	(227,500)
Net cash (outflow) / inflow from investing activities		(18,431,762)	11,775,667
Cash flows from financing activities			
Net receipt / (repayment) of borrowings		12,065,898	(35,179,357)
Payment of lease liability		(398,613)	(416,698)
Dividends paid to the Company's shareholders		(3,742,849)	(3,742,849)
Net cash inflow / (outflow) from financing activities		7,924,436	(39,338,904)
Net increase / (decrease) in cash and cash equivalents		4,096,919	(13,217,604)
Cash and cash equivalents at the beginning of the period		35,100,609	39,906,563
Cash and cash equivalents at the end of the period		39,197,528	26,688,959

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

FSA Group Limited
Consolidated statement of changes in equity

	Share capital	Reserve	Retained earnings	Non-controlling	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2020	6,360,492	-	53,059,345	3,437,538	62,857,375
Profit after income tax for the period	-	-	11,198,106	274,208	11,472,314
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	11,198,106	274,208	11,472,314
Transactions with owners in their capacity as owners:					
Dividends paid	-	-	(3,742,849)	-	(3,742,849)
Balance at 31 December 2020	6,360,492	-	60,514,602	3,711,746	70,586,840
Profit after income tax for the period	-	-	8,910,408	388,600	9,299,008
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	8,910,408	388,600	9,299,008
Transactions with owners in their capacity as owners:					
Dividends paid	-	-	(3,742,852)	-	(3,742,852)
Distributions to non-controlling interests	-	-	-	(490,000)	(490,000)
Balance at 30 June 2021	6,360,492	-	65,682,158	3,610,346	75,652,996
Profit after income tax for the period	-	-	9,914,821	1,071,616	10,986,437
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	9,914,821	1,071,616	10,986,437
Transactions with owners in their capacity as owners:					
Dividends paid	-	-	(3,742,849)	-	(3,742,849)
Long term incentive plan	2,028,000	(2,028,000)	-	-	-
Business combination	-	10,320,000	(2,339,759)	7,019,759	15,000,000
Balance at 31 December 2021	8,388,492	8,292,000	69,514,371	11,701,721	97,896,584

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

FSA Group Limited (the 'Company') is a for-profit company domiciled in Australia. The consolidated half year financial report of the Company as at and for the six months ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity') and the Consolidated Entity's interests in associates. The principal activities of the Consolidated Entity are the provision of debt solutions and direct lending services to individuals and businesses.

2. BASIS OF PREPARATION

Statement of compliance

This consolidated half year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the Corporations Act 2001 and does not include all of the information and notes of the type normally required for full annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcement made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. These consolidated interim financial statements were approved by the Directors on 17 February 2022.

New, revised, or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all new, revised, or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The accounting policies applied by the Consolidated Entity in these consolidated interim financial statements are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 30 June 2021. Any new, revised or amending Accounting Standards or Interpretations that are not mandatory yet have not been early adopted.

3. SEGMENT INFORMATION

Reportable segments

The Consolidated Entity's operating segments are distinguished and presented based on the differences in providing services and providing finance products. From this information, the Consolidated Entity's chief operating decision makers have identified reportable segments that are subject to different regulatory environments and legislation:

Reportable segment	Description
Services	Offering a range of services to assist clients wishing to enter into a payment arrangement with their creditors, including informal arrangements, debt agreements, personal insolvency agreements and bankruptcy.
Lending	Offering home loans and personal loans to assist clients wishing to purchase a property or consolidate their debt or to purchase a motor vehicle and asset finance to SMEs for vehicles and business-critical equipment.
Other / unallocated	Including unrealised gain or loss on fair value movement of derivatives, parent entity services and intercompany investments, balances and transactions, which are eliminated upon consolidation.

FSA Group Limited
Notes to the consolidated half year financial report
31 December 2021

Segment information

The results of the reportable segments are reconciled to the Consolidated Entity's financial information as follows:

	Services		Lending		Other / Unallocated		Consolidated Total	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue and Income:								
Fees from services	13,008,341	17,064,426	193,613	203,343	12,862	15,713	13,214,816	17,283,482
Finance income	-	1,805	22,957,949	20,137,086	-	3,694	22,957,949	20,142,585
Finance expense	(176,913)	(221,776)	(5,279,050)	(5,213,595)	(182,887)	-	(5,638,850)	(5,435,371)
Net finance income	(176,913)	(219,971)	17,678,899	14,923,491	(182,887)	3,694	17,319,099	14,707,214
Total operating income	12,831,428	16,844,455	17,872,512	15,126,834	(170,025)	19,407	30,533,915	31,990,696
Results:								
Segment profit before tax	5,072,933	6,898,690	10,895,913	9,096,372	(239,309)	415,722	15,729,537	16,410,784
Income tax (expense)/benefit	(1,561,354)	(2,083,321)	(3,263,782)	(2,730,432)	82,036	(124,717)	(4,743,100)	(4,938,470)
Profit for the period	3,511,579	4,815,369	7,632,131	6,365,940	(157,273)	291,005	10,986,437	11,472,314
Segment assets	42,548,809	49,184,945	543,547,964	462,056,485	20,205,004	23,197,948	606,301,777	534,439,378
Reclassification*							(10,905,016)	(21,893,919)
Total Assets							595,396,761	512,545,459

* Represented reclassification of assets and liabilities and intercompany eliminations. Intercompany loans within each segment are eliminated within the segment assets.

4. EARNINGS PER SHARE

	Consolidated Entity	
	31-Dec-21	31-Dec-20
	\$	\$
Total Earnings per share for profit		
Total profit attributable to the members of the parent for the period	9,914,821	11,198,106
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	125,060,041	124,987,712
Weighted average number of ordinary shares used in calculating diluted earnings per share	125,060,041	124,987,712
Basic earnings per share (cents)	7.93	8.96
Diluted earnings per share (cents)	7.93	8.96

5. DIVIDENDS

Dividends recognised during the six months ended 31 December 2021 by FSA Group Limited are:

Half year ended 31 December 2021	Value per share \$	Total Amount	Franked	Date of Payment
Final - ordinary	0.03	\$3,742,849	100%	31-Aug-21
Financial Year 2021	Value per share \$	Total Amount	Franked	Date of Payment
Final - ordinary	0.03	\$3,742,849	100%	11-Sep-20
Interim - ordinary	0.03	\$3,742,852	100%	23-Feb-21

Franked dividends declared or paid during the period were franked at a tax rate of 30%.

On 17 February 2022, the Directors declared a fully franked dividend of 3.50 cents to be paid on 10 March 2022, a total estimated distribution of \$4,434,909 based on ordinary shares on issue as at 31 December 2021.

6. BUSINESS COMBINATION

On 1 September 2021, Azora Finance Group Pty Limited (AFG), a subsidiary of FSA Group, acquired 100% of the ordinary shares from the shareholders of Azora Finance Pty Limited (AF) in exchange for the issue of new AFG ordinary shares. Following completion, the previous shareholders of AF now hold 24% of the ordinary shares in AFG.

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.

The goodwill of \$10,745,299 represents the expected synergies from merging AF with the AFG home loan lending division, which 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.

The acquired business contributed revenues of \$2,382,221 and profit after tax of \$116,446 to the Consolidated Entity for the period from 1 September 2021 to 31 December 2021. COVID-19 impacted and continues to impact new origination for the acquired business.

The initial acquisition accounting of AF has been provisionally determined. The Consolidated Entity has 12 months from the date of acquisition to finalise the accounting to reflect any new information.

Details of the acquisition are as follows:

Cash and cash equivalents	2,355,482
Trade and other receivables	49,745
Other assets	200
Plant and equipment	72,099
Deferred tax asset	352,439
Asset finance assets	41,921,339
Trade and other payables	(46,746)
Provisions	(168,041)
Current tax liabilities	(58,151)
Financing Liabilities	(41,623,666)
Net assets acquired	2,854,701
Goodwill	12,145,299
Acquisition-date fair value of the total consideration transferred	15,000,000
Representing:	
Fair value of the shares issued to the shareholders of AF	15,000,000

7. FINANCIAL INSTRUMENTS

Except as detailed in the following table, the Directors consider that due to their short-term nature the carrying amounts of financial assets and financial liabilities, which include cash, current trade receivables, current payables and current borrowings, are assumed to approximate their fair values. For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

	31-Dec-21 Book value \$	31-Dec-21 Fair value \$
Financial assets		
Current receivables net of deferred tax	4,574,317	4,574,317
Non-current receivables net of deferred tax	2,538,699	2,484,732
Financing assets		
Personal loan assets	69,746,956	81,668,137
Home loan assets	382,502,417	401,487,472
Asset finance assets	54,360,637	62,325,931

8. COMMITMENTS

At the reporting date loan applications accepted by the Consolidated Entity but not yet settled amounted to \$6,129,685 (1HYF2021: \$3,476,850).

9. SUBSEQUENT EVENTS

There have been no events since 31 December 2021 that may significantly affect the Consolidated Entity's operations, the results of those operations or the Consolidated Entity's state of affairs in future financial years other than the dividends declared as disclosed in Note 5.

FSA Group Limited
Notes to the consolidated half year financial report
31 December 2021

Directors' Declaration

In the Directors' opinion:

1. the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
2. the attached financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors.



Tim Odillo Maher
Director
Sydney
17 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of FSA Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of FSA Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with 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)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

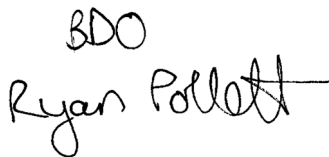
The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation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

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. ASRE 2410 requires us to conclude whether 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 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

BDO Audit Pty Ltd

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a simple, blocky font. Below this, the name 'Ryan Pollett' is written in a cursive, flowing script.

Ryan Pollett
Director

Sydney, 17 February 2022