

27 February 2023

Ms Karina So
Adviser, Listings Compliance
Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000

By Email: ListingsComplianceSydney@asx.com.au

Response to ASX Query

Dear Ms So

BIR Financial Limited (**BIR** or the **Company**) (ASX:BIR) provides this response to ASX's letter dated 22 February 2023 (**ASX Letter**).

1. **ASX observes that in the September Appendix 4C, BIR disclosed that it had taken actions, expected and had already seen an improvement in cash flows for the quarter ending 31 December 2022. ASX further observes that the cash outflow for the quarter ended 31 December 2022 increased to \$187,000 from \$180,000 in the prior quarter. In light of this:**
 - 1.1. **Please provide the basis for the statements reproduced in B.ii.**
 - 1.2. **Please provide the basis for the statement reproduced in B.iii.**

The improvement in cash flows that the Directors reported in the September 4C was based on various financial transactions in the process of being completed at the time of the report. These changes did not end up continuing for the whole quarter. As a result, Directors made further changes during the December quarter which has resulted in the announced addition of new Corporate Authorised Representatives (CARs) (see announcements on 15 January 2023 and 17 January 2023). As CARs are the source of revenue Directors are more confident in projecting future improved results.

Further, at the time the September Appendix 4C was lodged with ASX on 28 October 2022, the Company was in the advanced planning stages of finalising a proposal to issue up to \$6 million worth of "A" Class Redeemable Preference Shares pursuant to a prospectus to be lodged with ASIC and ASX. Ultimately the Notice of Meeting was released to the market on 25 November 2022, seeking shareholder approval to, amongst other things, issue the "A" Class Redeemable Preference Shares. As disclosed in the Prospectus, which was lodged with ASX on 6 December 2022, part of the funds raised would be used for working capital and the balance of the funds was to be used to acquire other financial services businesses as and when they became available. Accordingly at the time the September Appendix 4C was lodged, the Company had every expectation that the statements in B.11 and B.iii were accurate.

For various reasons the transaction has been delayed but the Company refers to subsequent announcements to the market relating to:

- the planned acquisition of Capital Financial Planning WA Pty Ltd (see the announcement dated 12 January 2023);
- the addition of two new partners operating under the AFSL of BIR's wholly owned subsidiary Pulse Markets Pty Ltd (see the announcements dated 15 and 17 February 2023)

all of which are anticipated to increase earnings for the Company.

2. ASX observes that BIR's responses to Items 8.6.1 and 8.6.2 in the September Appendix 4C were identical to BIR's responses to Items 8.6.1 and 8.6.2 in the December Appendix 4C.

2.1. Has BIR recorded an improvement in its operating results for the month of January 2023 ?

2.2. If the answer to Question 2.1 is "yes", please provide the monthly operating cash receipts from customers and net operating cash flows for the month ended 31 January 2023.

2.3. If the answer to Question 2.1 is "no", please provide the basis for (a) BIR's statement reproduced in paragraph A.iii and (b) BIR's statement reproduced in A.iv.

The Company has not recorded an improvement in its January 2023 results as the appointment of the CAR's (noted above) occurred later in the month of January.

The Company forecasts that a modest improvement in cash flow result will occur in the March 2023 Quarter, and a more significant improvement in June 2023 Quarter.

Further the Company refers to the announcements made to the ASX dated 12 January 2023 (referring to the proposed acquisition of Capital Finance Planning WA Pty Ltd), 15 February 2023 (referring to the new partnership with Sway Markets) and 17 February 2023 (referring to the new partnership with TenX) and notes that each of these transactions, which have been negotiated over the preceding period, are anticipated to increase earnings for the Company. The Company is in the final stages of preparing a prospectus seeking to raise up to \$6 million, which will enable BIR to finalise the transactions and provide working capital.

3. Does BIR consider that the financial condition of BIR is sufficient to warrant its continued listing on ASX as required under Listing Rule 12.2? Please provide the basis for this view. Additionally, please comment specifically on each of the following:

3.1. BIR has consistently mentioned operational improvements, including repeating the same response to item 8.6.3 verbatim in three Appendices 4C, however net operating cash flows remain negative. Specifically, BIR's cash receipts from customers was less than product manufacturing and operating costs for each of the quarters ended June 2022, September 2022 and December 2022.

3.2. The going concern issues raised by BIR's auditors (paragraph D).

3.3. BIR appears to be principally reliant on loans from entities controlled by two of its directors and substantial shareholders, Wagering Technologies and AMRAM, to fund its operations.

BIR believes that its financial condition warrants continued listing on ASX. As noted above, BIR is in the process of finalising a prospectus to raise up to \$6 million by the issue of "A" Class Redeemable Preference Shares (subject to obtaining shareholder approval for, amongst other things, an amendment to the constitution to allow the issue of the new class of shares). BIR believes that the additional revenue from the two new CARs (Sway Markets and TenX), will enable it to fund itself until the proceeds of the offer have been received. Until that time BIR is reliant on loans from entities controlled by one of its directors and a substantial shareholder, to fund its operations.

Directors are confident that the effect of the addition of two new CARs and the acquisition of two new businesses (following the planned issue of the "A" Class Redeemable Preference Shares) will result in a turnaround in the Company's performance.

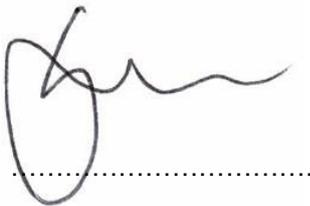
4. Please confirm that BIR is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Confirmed.

5. Please confirm BIR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BIR with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Yours faithfully



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Greg Starr
Company Secretary
BIR Financial Limited



22 February 2023

Reference: ODIN68759

Mr Greg Starr
Company Secretary
BIR Financial Limited
Suite 104/109 Oxford Street
Bondi Junction 2022

By email

Dear Mr Starr

BIR Financial Limited ('BIR'): Request for Documents

ASX refers to the following:

- A. BIR's announcement titled "Quarterly Activities/Appendix 4C Cash Flow Report" for the quarter ended 31 December 2022 lodged on the ASX Market Announcements Platform ('MAP') on 31 January 2023 (the '**December Appendix 4C**'), which disclosed (relevantly):
- i. At item 8.1, BIR's net cash used in its operating activities for the quarter ended 31 December 2022 was \$187,000.
 - ii. At item 8.5, that BIR had an estimated 0.32 quarters of funding available.
 - iii. At item 8.6.1, that BIR did not expect to have the current level of net operating cash flows as "Subsequent to the end of the quarter there has been an improvement in operating activities as a result of actions taken in earlier quarters. This is expected to improve further during the quarter."
 - iv. At item 8.6.2, that "Additionally, there has been improvement in cash flow recorded subsequent to the end of the quarter. There are also plans for the commencement of a new business division."
 - v. At item 8.6.3, that "Further, the company is continuing to discuss new business opportunities which will enhance its cash position."
- B. BIR's announcement titled "Quarterly Activities/Appendix 4C Cash Flow Report" for the quarter ended 30 September 2022 and lodged on MAP on 28 October 2022 (the '**September Appendix 4C**'), which disclosed (relevantly):
- i. At item 8.1, BIR's net cash used in its operating activities for the quarter ended 30 September 2022 was \$180,000.
 - ii. At item 8.6.1, that BIR did not expect to have the current level of net operating cash flows as "Subsequent to the end of the quarter there has been an improvement in operating activities as a result of actions taken in earlier quarters. This is expected to improve further during the quarter."
 - iii. At item 8.6.2, that "Additionally, there has been improvement in cash flow recorded subsequent to the end of the quarter. There are also plans for the commencement of a new business division."
 - iv. At item 8.6.3, that "The company is continuing to discuss new business opportunities which will enhance its cash position."

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- C. BIR's announcement titled "Quarterly Activities/Appendix 4C Cash Flow Report" for the quarter ended 30 June 2022 and lodged on MAP on 15 September 2022, which disclosed (relevantly):
- i. At item 8.1, BIR's net cash used in its operating activities for the quarter ended 30 June 2022 was \$233,000.
 - ii. At item 8.6.1 that "BIR is in the process of establishing finalising a new source of revenue which is expected to be finalised by the end of September 2022. This will result in immediate additional income and result in a higher number of cash available for the quarter than is calculated in 8.5 above"
 - iii. At item 8.6.3, that "The company is continuing to discuss new business opportunities which will enhance its cash position."
- D. The Independent Auditor's Report by BIR's auditors Hall Chadwick, included in BIR's Annual Report for the year ended 30 June 2022 and released on MAP on 31 August 2022, which disclosed:

"Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the group incurred a net loss of \$3,110,764 during the year ended 30 June 2022, and as of that date, the Group's total liabilities exceeds its total assets by \$3,061,705. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern."

- E. Listing Rule 12.2, which states:

"An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing."

- F. Section 14 of Guidance Note 14, which states:

"Any forward looking statement... must be based on reasonable grounds or else by law they will be deemed to be misleading."

Request for information

Having regard to the above, ASX asks BIR to respond separately to each of the following questions and requests for information:

1. ASX observes that in the September Appendix 4C, BIR disclosed that it had taken actions, expected and had already seen an improvement in cash flows for the quarter ending 31 December 2022. ASX further observes that the cash outflow for the quarter ended 31 December 2022 increased to \$187,000 from \$180,000 in the prior quarter. In light of this:
 - 1.1 Please provide the basis for the statements reproduced in paragraph B.ii.
 - 1.2 Please provide the basis for the statement reproduced in paragraph B.iii.
2. ASX observes that BIR's responses to Items 8.6.1 and 8.6.2 in the September Appendix 4C were identical to BIR's responses to Items 8.6.1 and 8.6.2 in the December Appendix 4C.
 - 2.1 Has BIR recorded an improvement in its operating results for the month of January 2023?
 - 2.2 If the answer to Question 2.1 is "yes", please provide the monthly operating cash receipts from customers and net operating cash flows for the month ended 31 January 2023.
 - 2.3 If the answer to Question 2.1 is "no", please provide the basis for (a) BIR's statement reproduced in paragraph A.iii and (b) BIR's statement reproduced in paragraph A.iv.

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3. Does BIR consider that the financial condition of BIR is sufficient to warrant its continued listing on ASX as required under Listing Rule 12.2? Please provide the basis for this view. Additionally please comment specifically on each of the following:
 - 3.1 BIR has consistently mentioned operational improvements, including repeating the same response to item 8.6.3 verbatim in three Appendices 4C, however net operating cash flows remain negative. Specifically, BIR's cash receipts from customers was less than product manufacturing and operating costs for each of the quarters ended June 2022, September 2022 and December 2022
 - 3.2 The going concern issues raised by BIR's auditors (paragraph D).
 - 3.3 BIR appears to be principally reliant on loans entities controlled by two of its directors and substantial shareholders, Wagering Technologies and AMRAM, to fund its operations.
 4. Please confirm that BIR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 5. Please confirm that BIR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BIR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEDT Tuesday, 28 February 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BIR's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require BIR to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BIR's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to BIR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that BIR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

Although ASX does not currently intend to release a copy of this letter, your reply and any other related correspondence between us to the market, we nonetheless reserve the right to do so under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Karina So
Adviser, Listings Compliance

CC: Catriona Glover