

ASX RELEASE

BUSINESS UPDATE

Finexia Financial Group Limited (ASX: FXN, 'Finexia', the 'Company' or 'Group'), a diversified financial services company, is pleased to provide the following update to the market.

The Company's underlying operational businesses continue to perform to expectation, generating solid positive cashflow during the first half of the year. Earnings momentum is expected to accelerate in the second half of FY23, by comparison with the first 6-months of the year. The main reason for the pick-up is twofold; completion of the proposed Stayco acquisitions will contribute to the Company's profit performance and the expansion of the Company's Childcare Fund will be brought to account in the final 6-months of FY23.

The Board is confident that the previous guidance provided to the market (operating profit circa A\$4.3M) remains intact for FY23. The Company continues to focus on the cash generating operations of its businesses to ensure a strong cash position at 30 June 2023. The Board's commitment to distributing a portion (30-40%) of the Group's profit this year will hinge on maintaining the current profit trajectory and fortifying the Company's cash position.

The Company remains steadfast on the execution of its long-term strategic plans and to this point provides the following operational update:

STAYCO: The Finexia Direct Accommodation Income Fund ('Stayco') has performed strongly during the peak holiday season and forward bookings remain in good shape out to Easter. The Stayco management have recently implemented a number of initiatives designed to increase the profitability of the resort operator through an increase in the available letting pool and a marketing program to increase the overall room night sales.

The previously flagged Stayco acquisitions are slated for completion in February 2023, providing a stepped increase in revenue for the Group in the run into 30 June 2023. Stayco is forecast to contribute approximately A\$2.30M to the Group in the form of a gross distribution for FY23.

CHILDCARE: Earlier this month, the Company launched one of its long-term core strategic initiatives, the Finexia Childcare Centre Incubation Fund ('Fund') to retail and wholesale investors. The Fund primarily invests in the financing of experienced childcare operators by offering secured funding lines to grow and stabilise their operations in the 'trade-up' phase. The Fund may, from time to time, invest in the real property of childcare centres. The Fund is currently returning 9.75%pa to investors in the form of a monthly cash distribution. In quick succession, the Fund has secured additional funding commitments in the order of A\$55M and a further pipeline of potential mandates that should equate to A\$70M of assets under management (AUM) by the end of CY23, further strengthening the Company's recurring revenue position.

The Board are cognisant that the Company is not immune to the greater economic environment and its challenges, particularly with an interest rate induced slowdown expected in 2023. While the Company remains vigilant to these threats, opportunities to expand the private credit operations as traditional lenders abandon the space are beginning to present. These opportunities include both lending and potential acquisitions.

A fuller update will be provided when the Company reports its half year result on 24 February 2023.

Authorised for release by the Board of Directors.

Finexia Financial Group Limited

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