

**The Companies Announcements Office  
The Australian Securities Exchange Limited**

**Date: 23 August 2023**

## **APPENDIX 4E - PRELIMINARY FINAL REPORT**

The results for the announcement to the market are as follows: -

1. The current reporting period is 12 months ended 30 June 2023 (FY23). For comparative purpose, the previous reporting period was 12 months ended 30 June 2022 (FY22).

**2. Results for announcement to the market**

Key information relating to the above reporting periods is as follows: -

	FY23 \$	FY22 \$	% change
Revenue from ordinary activities	16,630,580	15,714,147	6%
Loss after tax from ordinary activities attributable to members	(5,775,845)	(842,421)	(586%)
Net loss attributable to members	(5,775,845)	(842,421)	(586%)
Net tangible assets per issued security	0.1427	0.1296	10%
Final dividend			
- Amount per issued security	Nil	Nil	N/A
- Franked amount per issued security	Nil	Nil	N/A
Final dividend dates			
- Record date	N/A	N/A	N/A
- Payment date	N/A	N/A	N/A

Normalised profit	30 June 2023 \$
Net loss attributable to the members of the parent entity	(5,775,845)
Add: Share-based payment expense to vendor*	570,819
Add: Impairment losses recognised during the year**	5,243,471
	<u>38,445</u>

\* The audited net profit after tax of Chapter Two Holdings Pty Ltd, a subsidiary of the Group increased by 57% to A\$1.39m during FY23 compared to FY22. The Group recognised a share-based payment expense of approximately \$570,819 as deferred consideration to the vendor.

\*\* The Board regularly review the carrying amount of non-financial assets. During FY23 impairment losses were recognised in the consolidated statement of profit or loss and other comprehensive income as the related assets' carrying amount was higher than its recoverable amount according to their discounted net present value (value in use).

Impairment losses recognised during the year are as follows:

Goodwill	\$
ICS	2,653,878
HHC	1,608,321
YOZO	981,272
	<u>5,243,471</u>

**3 to 9.** Please refer to the attached financial statements prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

**Dividend distribution and dividend reinvestment plan**

There was no dividend distribution or dividend reinvestment plan in operation during the year.

**10.** No entity has been acquired during the year.

The Company increased the ownership interest of the following entity on 1 October 2022.

<b>Name of Entity</b>	<b>Country of Incorporation</b>	<b>Ownership Interest 2023 %</b>	<b>Ownership Interest 2022 %</b>	<b>Principal Activities</b>
HKBNPL Investments Limited	Hong Kong	81.2%	70%	Buy Now Pay Later Services for individuals

No entity has been disposed during the year.

- 11.** There are no associates or joint venture entities.
- 12.** The Company is not a foreign entity.
- 13.** See commentary and the attached financial statements.
- 14.** The full financial statements are in the process of being audited.

## Commentary

Credit Intelligence primarily engages in conglomerate fintech financial servicing group in Australia, Hong Kong and Singapore.

### Australia

Since the launch of CHT's App, CHT has started to see an increase in demand for debt management services and mortgage refinancing. Given the rise of interest rates and cost of living pressure in the Australian economy, many Australians are falling into financial hardship. CHT has seen an increase in enquiries through the website with many already in distress needing immediate debt assistance. A noticeable trend is that most of the enquiries are beginning to experience mortgage stress given the fixed rate mortgage cliff starting to hurt many homeowners. This has made refinancing more difficult and many consumers are having to take out higher-interest mortgages to consolidate their debts.

During FY23, it was quite challenging as many small businesses still face a lot of disruption to their business due to the impact of a shortage in supply and the rising interest rate. However, YOZO has maintained its position in the market, keeping minimal operational costs and achieving net profit. This was mainly due to the diversified loan risk portfolio and were able to keep the default rate to zero to date.

### Hong Kong

The Group's core business in Hong Kong (provision of bankruptcy administration services, Individual Voluntary Arrangement proposal consultancy and implementation services) contributed positive result throughout the year.

OneStep's App initially offers SME Buy Now Pay Later services ("BNPL") service to clients who subscribed ongoing audit matching service through iProEx under OneStep online platform. OneStep has expanded its range of services by offering Hong Kong and UK company incorporation services to its existing clients. The client databases of OneStep and OneFlexi SMEBNPL are synchronized simultaneously. With the development of a new client base developed in OneStep platform for the Incorporation of Hong Kong companies and other corporate services, and more clients looking for services through online platform, it is believed that in the next 18 months, more and more clients will choose iProEx's audit service matching packages to meet their audit needs, and pay a fee to OneFlexi SME BNPL for expense management and payment solutions services as well.

HKBNPL is mainly engaged in providing Buy Now Pay Later services (“BNPL”) to its users. Apart from traditional BNPL services, that is to allow users to settle in sixty days, up to 30 June 2023, it has expanded its services by adding two new features to the existing Mobile applications named “Ekipay” and “Ekipay for merchants”. These new features are “Pay-in-one” and “Flexi-pay”. “Pay-in-one” allows users to settle the bill fully at the point of consumption while “Flexi-pay” will allow users to choose to extend the instalments by six, nine or twelve months. Additional service charges will be charged to the users when they are using “Flexi-pay”. HKBNPL considers that it will bring additional revenues to the Company for the next 12 months.

## **Singapore**

ICS performed a non-aggressive approach to mitigate credit risk exposure. The declining revenue of ICS was due to strict credit review of loan applications.

HHC contributed positive results to the Group during FY23 given the fierce competition in the local market and the entry of new digital banks.

## **Revenue**

Revenue for FY23 increased by 6% year on year. Total revenue was \$16,630,580 (2022: \$15,714,147). It included the results of Australia, Hong Kong and Singapore businesses. CHT’s revenue for FY23 increased by 61% to approximately \$3.3m compared to FY22. The increment is due to the increase in demand for services offered through the mobile app. Yozo also increased revenue compared to FY22. The revenue to the group from Hong Kong and Singapore decreased by 2% and 4% compared to FY22 respectively.

## **Expenditure**

Expenditure increased over the prior year from \$15,695,111 to \$21,113,396. The increase in cost was mainly attributable to the impairment losses on intangible assets amounting to \$5,243,471. The primary indicator of impairment was the carrying amount of goodwill of ICS, HHC and Yozo being higher than their recoverable amount. Other than that, the expenses increased by 26% which are mainly attributable to the employee benefits expense and bad debt written off and loss allowance.

## **Balance sheet**

The net assets of the Group were reduced to \$22,268,782 as at 30 June 2023 (2022: \$25,745,760) due to a decrease in intangible assets. As of 30 June 2023, the Group has \$5,658,783 cash on hand, which will fund the planned operation of the Group’s business into Australia, Hong Kong and Singapore.

## **Cashflow**

The Group reported an operating cash outflow before changes in movements of operating assets for the year of \$3,750,666 (2022 cash outflow: \$406,351), mainly reflecting the increase in payment to suppliers and employees. No major capital expenditure is expected for the Group’s business activity in the foreseeable future.

## **Dividend declared subsequent to year end**

The Group has identified an increase in expenses for business operations and development and advised that the Company will not declare a final dividend subsequent to year end.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Service revenue	2a	12,895,526	11,467,749
Credit financing interest revenue	2b	3,735,054	4,246,398
Other income		325,307	603,878
Bad debt written off and loss allowance		(3,521,088)	(2,656,466)
Employee benefits expense		(8,741,221)	(5,886,413)
Other expenses		(3,389,313)	(3,721,283)
Impairment losses		(5,243,471)	(3,105,656)
Finance costs		(218,303)	(325,293)
<b>Profit before income tax</b>		<b>(4,157,509)</b>	622,914
Income tax expense	3	(824,393)	(606,207)
<b>Profit for the year</b>		<b>(4,981,902)</b>	16,707
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations, net of tax		954,555	1,413,949
<b>Total comprehensive income for the year, net of tax</b>		<b>(4,027,347)</b>	1,430,656
Net loss/profit attributable to:			
Members of the parent entity		(5,775,845)	(842,421)
Non-controlling interest		793,943	859,128
		<b>(4,981,902)</b>	16,707
Total comprehensive income attributable to:			
Members of the parent entity		(4,991,963)	495,709
Non-controlling interest		964,616	934,947
		<b>(4,027,347)</b>	1,430,656
<b>Earnings per share</b>			
Basic (loss)/earnings per share	11	(0.0697)	(0.0105)
Diluted (loss)/earnings per share	11	(0.0697)	(0.0105)

The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,658,783	3,589,354
Trade and other receivables	4	1,272,208	783,762
Loan receivables	5	5,515,168	9,803,266
Current tax assets		7,962	-
Other current assets		267,602	275,298
<b>TOTAL CURRENT ASSETS</b>		<b>12,721,723</b>	<b>14,451,680</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		215,920	298,081
Right-of-use assets		311,281	792,234
Trade and other receivables	4	3,239,305	1,393,175
Deferred tax assets		357,597	293,292
Intangible assets	6	10,350,951	15,356,252
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,475,054</b>	<b>18,133,034</b>
<b>TOTAL ASSETS</b>		<b>27,196,777</b>	<b>32,584,714</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,426,415	1,205,753
Lease liabilities		192,566	704,244
Contract liabilities		127,575	644,296
Amounts due to vendors		699,643	370,449
Current tax liabilities		-	659,234
Other borrowings	7	1,089,139	2,201,150
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,535,338</b>	<b>5,785,126</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		107,311	176,723
Deferred tax liabilities		917,027	405,581
Amounts due to vendors		-	128,000
Amounts due to related party		368,319	343,524
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,392,657</b>	<b>1,053,828</b>
<b>TOTAL LIABILITIES</b>		<b>4,927,995</b>	<b>6,838,954</b>
<b>NET ASSETS</b>		<b>22,268,782</b>	<b>25,745,760</b>
<b>EQUITY</b>			
Issued capital	8	22,074,790	21,705,165
Reserves		2,370,953	1,151,291
Accumulated profit		(5,517,417)	199,334
Equity attributable to owners of the parent entity		18,928,326	23,055,790
Non-controlling interest		3,340,456	2,689,970
<b>TOTAL EQUITY</b>		<b>22,268,782</b>	<b>25,745,760</b>

The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Issued Capital	Retained Earnings	Merger Reserve	Foreign Currency Translation Reserve	Option Reserve	Total	Non- controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1.7.2021</b>	21,705,165	937,795	11,037	(433,965)	163,054	22,383,086	1,702,365	24,085,451
<b>Comprehensive income:</b>								
Loss after tax for the year	-	(842,421)	-	-	-	(842,421)	859,128	16,707
Other comprehensive income for the year	-	-	-	1,338,130	-	1,338,130	75,819	1,413,949
Total comprehensive income for the year	-	(842,421)	-	1,338,130	-	495,709	934,947	1,430,656
<b>Transactions with owners, in their capacity as owners, and other transfers</b>								
Capital injection from non-controlling Interest	-	-	-	-	-	-	52,658	52,658
Option expense recognised in the year	-	-	-	-	176,995	176,995	-	176,995
Expiry of option derecognised in the year	-	103,960	-	-	(103,960)	-	-	-
Total transactions with owners and other transfers	-	103,960	-	-	73,035	176,995	52,658	229,653
<b>Balance at 30.6.2022</b>	21,705,165	199,334	11,037	904,165	236,089	23,055,790	2,689,970	25,745,760
<b>Balance at 1.7.2022</b>	21,705,165	199,334	11,037	904,165	236,089	23,055,790	2,689,970	25,745,760
<b>Comprehensive income:</b>								
Loss after tax for the year	-	(5,775,845)	-	-	-	(5,775,845)	793,943	(4,981,902)
Other comprehensive income for the year	-	-	-	783,882	-	783,882	170,673	954,555
Total comprehensive income for the year	-	(5,775,845)	-	783,882	-	(4,991,963)	964,616	(4,027,347)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>								
Allotment of shares	369,625	-	-	-	-	369,625	-	369,625
Capital injection from non-controlling Interest	-	-	-	-	-	-	127,312	127,312
Options expense recognised in the year	-	-	-	-	494,874	494,874	-	494,874
Expiry of option derecognised in the year	-	59,094	-	-	(59,094)	-	-	-
Dividends recognised for the year	-	-	-	-	-	-	(441,442)	(441,442)
Total transactions with owners and other transfers	369,625	59,094	-	-	435,780	864,499	(314,130)	550,369
<b>Balance at 30.6.2023</b>	22,074,790	(5,517,417)	11,037	1,688,047	671,869	18,928,326	3,340,456	22,268,782

The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		7,551,605	8,610,417
Payments to suppliers and employees		(10,020,782)	(8,073,386)
Interest received		3,983	20
Bank charges and interest		(222,626)	(194,045)
Income tax paid		(1,062,846)	(749,357)
		<b>(3,750,666)</b>	<b>(406,351)</b>
Changes in operating assets arising from cash flow movements:			
Net funding of customer loans		7,818,316	3,174,715
<b>Net cash provided by operating activities</b>	9	<b>4,067,650</b>	<b>2,768,364</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(26,985)	(146,202)
Expenditure on intangible assets		-	(739,131)
Investment in subsidiaries		-	(418,224)
<b>Net cash used in investing activities</b>		<b>(26,985)</b>	<b>(1,303,557)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liabilities		(679,298)	(533,954)
Capital injection from non-controlling Interest		127,312	49,129
Receipt of loans from related parties		20,640	63,213
Net proceeds from other borrowings		(1,370,337)	173,133
Payment of dividends to subsidiary shareholder		(441,442)	-
<b>Net cash used in financing activities</b>		<b>(2,343,125)</b>	<b>(248,479)</b>
Net increase in cash and cash equivalents held		1,697,540	1,216,328
Cash and cash equivalents at beginning of the year		3,589,354	2,433,881
Effect of foreign currency translation		371,889	(60,855)
Cash and cash equivalents at the end of the year		<b>5,658,783</b>	<b>3,589,354</b>

The accompanying notes form part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 1 Operating segment

Credit Intelligence Limited is one of the leading diversified debt restructuring and personal insolvency management businesses, BNPL services operating in Australia, Hong Kong and Singapore. For management purposes, the Group is organised into three main operating segments which involves debt solution services, finance service (BNPL), provision of bankruptcy administration services, Individual Voluntary Arrangement proposal consultancy and implementation services, the sale of SME and individual BNPL services and credit funding for corporates and individuals. All of the Group's activities are interrelated and financial information is reported to the Board as three single segments. Accordingly, all significant operating decisions are based upon analysis of the Group as three segments. The financial results from these segments are equivalent to the financial statements of the Group as a whole.

During the year, the Group operated in the Australia, Hong Kong and Singapore markets.

#### (i) Revenue by operating segment

	Debt solution and finance service		Debt restructuring, personal insolvency and BNPL service		Credit financing		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
External sales	3,568,680	2,235,842	7,039,478	7,208,093	6,022,422	6,270,212	16,630,580	15,714,147
Inter-segment sales	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>3,568,680</b>	<b>2,235,842</b>	<b>7,039,478</b>	<b>7,208,093</b>	<b>6,022,422</b>	<b>6,270,212</b>	<b>16,630,580</b>	<b>15,714,147</b>
<b>Reconciliation of segment revenue to Group revenue</b>								
Unallocated revenue	-	-	-	-	-	-	-	-
<b>Total group revenue</b>							<b>16,630,580</b>	<b>15,714,147</b>
Segment net profit before tax	1,979,025	1,117,237	326,368	1,507,516	935,224	1,976,510	3,240,617	4,601,263
<b>Reconciliation of segment result to Group net profit/(loss) before tax</b>								
Amounts not included in segment result but reviewed by the Board:								
Unallocated items:								
- Corporate charges							(2,154,655)	(1,489,522)
- Impairment loss on goodwill							(5,243,471)	(2,488,827)
- Finance costs							-	-
- Other							-	-
Net (loss)/profit before tax from continuing operations							(4,157,509)	622,914
Net profit before tax from discontinuing operations							-	-



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

(ii) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	2023	2022
	\$	\$
Australia	3,568,680	2,235,842
Hong Kong	7,039,478	7,208,093
Singapore	6,022,422	6,270,212
	<u>16,630,580</u>	<u>15,714,147</u>

(iii) Timing of revenue recognition

At point in time	3,271,879	2,064,837
Over time	13,358,701	13,649,310
	<u>16,630,580</u>	<u>15,714,147</u>

(iv) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

Australia	16,227,666	18,697,847
Hong Kong	2,916,682	2,590,386
Singapore	8,052,429	11,296,481
	<u>27,196,777</u>	<u>32,584,714</u>

**2a Service Revenue**

	2023	2022
	\$	\$
Debt solution and finance service	3,568,680	2,235,842
Debt restructuring, personal insolvency and BNPL service	7,039,478	7,208,093
Credit financing service income	2,287,368	2,023,814
	<u>12,895,526</u>	<u>11,467,749</u>

**2b Credit financing interest revenue**

Total revenue	<u>3,735,054</u>	<u>4,246,398</u>
	<u>16,630,580</u>	<u>15,714,147</u>

The credit financing service income predominantly comprises of permit fees income of ICS and HHC.

**3 Income tax**

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions during the years.

The Company, CHT and Yozo are subject to Australia tax. Hong Kong Profits Tax is calculated at 8.25% of the first HK\$2 million estimated assessable profit and 16.5% above HK\$2 million estimated assessable profit derived in Hong Kong for the years ended 30 June 2023. Singapore Profits Tax is calculated at 17% of estimated assessable profit.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 3 Income tax (continued)

	2023	2022
	\$	\$
<b>The components of tax expense comprise:</b>		
Current tax – Australia	600,069	112,289
Current tax – Hong Kong	79,517	445,875
Current tax – Singapore	144,807	48,043
	<u>824,393</u>	<u>606,207</u>

### 4 Trade and other receivables

	2023	2022
	\$	\$
Current	1,434,587	858,496
Allowance for impairment	<u>(162,379)</u>	<u>(74,734)</u>
	<u>1,272,208</u>	<u>783,762</u>
Non-current	3,239,305	1,393,175
Allowance for impairment	<u>-</u>	<u>-</u>
	<u>3,239,305</u>	<u>1,393,175</u>
Trade debtors	<u>4,511,513</u>	<u>2,176,937</u>

Account receivables from debt negotiation service normally span over 6-12 months from the date of billing. They are paid when the settlements are negotiated or if they are part of a refinance they are paid when the loan settled. Account receivables from debt arrangement services span over 60 months from the date of billing. They are paid in equal monthly instalments.

Account receivables from creditors of bankrupts are generally deducted from the estate bank accounts in the name of bankrupts and paid when instructed by the bankruptcy trustees, Jimmie Wong and King Wong. Account receivables from creditors of bankrupts are normally settled within 15 days from the month end when the Group is entitled to recognise any revenue arising from the provision of bankruptcy administration services.

Account receivables from nominees of IVA services are normally due within 30 days from the date of billing.

Account receivables from SME and individuals BNPL services normally span 3 months from the date of billing.

### 5 Loan receivables

	2023	2022
	\$	\$
Current	9,955,344	12,736,801
Allowance for impairment	<u>(4,440,176)</u>	<u>(2,933,535)</u>
Loan receivables – third parties	<u>5,515,168</u>	<u>9,803,266</u>

The maturity date of the loans ranges from 3 months to 12 months. Unsecured loans to customers in the moneylending segment are loans which are interest-bearing.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 6 Intangible assets

#### (a) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method);
- (iii) the acquisition date fair value of any previously held equity interest; and
- (v) less the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

	<b>2023</b>	2022
	\$	\$
ICS	<b>4,959,448</b>	4,620,319
HHC	<b>8,291,515</b>	7,724,539
CHT	<b>691,396</b>	691,396
Yozo	<b>981,272</b>	1,520,202
OneStep	-	1,816,563
Impairment loss	<b>(5,243,471)</b>	(2,488,827)
Foreign exchange adjustment	<b>476,057</b>	1,039,439
	<b>10,156,217</b>	14,923,631
(b) Software	<b>2023</b>	2022
	\$	\$
Balance at 1 July	<b>432,621</b>	244,260
(Government grant)* / Additions	<b>(176,693)</b>	739,131
Amortisation	<b>(67,477)</b>	(63,557)
Impairment loss	-	(500,152)
Foreign exchange adjustment	<b>6,283</b>	12,939
Balance at 30 June	<b>194,734</b>	432,621
Total Intangible Assets	<b>10,350,951</b>	15,356,252

\*During the year, the Group received a government grant of \$176,693. The amount of government grant received has been deducted from the carrying amount of software in accordance with AASB 120: Accounting for Government Grants and Disclosure of Government Assistance.

#### Goodwill impairment test

Goodwill is allocated to the Company's cash generating units "CGUs" which are based on individual entity's acquired by the Group. The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

In accordance with Australian Accounting Standard AASB 136, "Impairment of Assets", the Company performed its goodwill impairment test by comparing the recoverable amount of each CGU with its carrying amount. The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond 5 years extrapolated using an estimated long term growth rate. The cash flows are discounted using the yield of a 5-year weighted average cost of capital (WACC) at the beginning of the budget period.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 6 Intangible assets (continued)

The following key assumptions were used in the value-in-use calculations:

CGU	Long Term Growth Rate	Discount Rate
ICS	2.42%	10.22%
HHC	2.42%	10.97%
CHT	2.5%	12.52%
Yozo	1.2%	12.79%
OneStep	N/A	N/A

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

	2023 \$	2022 \$
Impairment loss		
Goodwill (ICS)	<b>2,653,878</b>	-
Goodwill (HHC)	<b>1,608,321</b>	-
Goodwill (Yozo)	<b>981,272</b>	538,930
Goodwill (OneStep)	-	1,949,897
	<b>5,243,471</b>	<b>2,488,827</b>
Software (OneStep)	-	151,470
Software (HKBNPL)	-	348,682
	<b>5,243,471</b>	<b>500,152</b>
Total impairment loss	<b>5,243,471</b>	<b>2,988,979</b>

Based on the goodwill impairment assessment of ICS, HHC and Yozo, the goodwill allocated to the CGU's was determined to be impaired. As a result, an impairment loss of \$5,243,471 was recognised in the consolidated statement of profit or loss in the current year.

### 7 Other borrowings

	2023 \$	2022 \$
Bond	<b>1,089,139</b>	<b>2,201,150</b>

On 15 July 2023, the Group entered into bond subscription agreement with an individual, which is independent third party, to borrow an aggregate amount of \$1.1 million (including extension of part of the existing other borrowing and interest accrual amounting to \$957k and \$131k respectively). This new and/or extended borrowings is unsecured, interest-bearing at 15% per annum, repayable on 31 July 2024.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 8 Issued capital

	2023 \$	2022 \$
83,499,160 (2022: 80,137,020*) fully paid ordinary shares	<b>22,074,790</b>	21,705,165

\*Following shareholders' approval at the General Meeting held on 27 April 2022, the consolidation of the issued capital of the Company on the basis of one (1) share for every twenty (20) shares was completed.

### 9 Cash flow information

	2023 \$	2022 \$
Reconciliation of cash flow from operations with operating profit after tax from ordinary activities:		
Profit after income tax from ordinary activities	<b>(4,981,902)</b>	16,707
Non-cash flows in profit from ordinary activities:		
Bad debt written-off	<b>3,521,088</b>	2,656,466
Depreciation	<b>118,907</b>	111,510
Amortisation on right-of-use assets	<b>576,868</b>	560,534
Amortisation on software	<b>67,477</b>	63,557
Impairment loss on goodwill	<b>5,243,471</b>	2,488,827
Impairment loss on assets	-	616,829
Finance cost	<b>183,739</b>	270,080
Exchange (gain)/loss	<b>(122,536)</b>	6,165
Share-based payment	<b>1,065,693</b>	355,444
Movements in working capital		
Effect of foreign currency translation	<b>289,975</b>	552,854
Increase in trade and other receivables	<b>(2,678,313)</b>	(1,534,847)
Decrease/(increase) in loan receivables	<b>1,110,747</b>	(3,738,599)
Decrease in other current assets	<b>184,395</b>	8,002
Increase in trade and other payables	<b>220,662</b>	222,835
(Decrease)/increase in contract liabilities	<b>(516,721)</b>	198,903
Increase in loan from related party	<b>4,155</b>	-
(Decrease) in income tax payable	<b>(220,055)</b>	(86,903)
Net cash provided by operating activities	<b>4,067,650</b>	2,768,364

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

### 10 Interests in other entities

The Group's subsidiaries at 30 June 2023 are set out below. The subsidiaries have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group.

Name of Entity	Country of Incorporation	Principal Place of Business	Ownership Interest 2023 %	Ownership Interest 2022 %
Credit Intelligence Holding Limited	Cayman Islands	Hong Kong	100	100
Hong Kong Debt Management Limited	British Virgin Island	Hong Kong	100	100
Hong Kong Debt Management Services Limited	Hong Kong	Hong Kong	100	100
Hong Kong I.V.A. Consultants Limited	British Virgin Island	Hong Kong	100	100
Credit Intelligence Finance (Hong Kong) Limited	Hong Kong	Hong Kong	100	100
Credit Intelligence (Singapore) Holdings Limited	Cayman Islands	Hong Kong	100	100
ICS Funding Pte Ltd	Singapore	Singapore	60	60
Hup Hoe Credit Pte Ltd	Singapore	Singapore	60	60
Chapter Two Holdings Pty Ltd	Australia	Australia	60	60
BNPL International Limited formerly known as BIBO Investment Holdings Ltd	British Virgin Island	Hong Kong	100	100
HKBNPL Investments Limited	Hong Kong	Hong Kong	81.2	70
Yozo Finance Pty Ltd	Australia	Australia	60	60
OneStep Information Technology Limited	British Virgin Island	Hong Kong	60	60
Hong Kong BNPL Limited	Hong Kong	Hong Kong	60	60

### 11 Earnings per share

	2023 \$	2022 \$
Basic (Loss)/Earnings per share	(0.0697)	(0.0105)
Diluted (Loss)/Earnings per share**	(0.0697)	(0.0105)
<b>*Weighted average number of shares used in</b>		
Basic earnings per share calculation*	82,845,155	80,137,020
Diluted earnings per share calculation* <sup>1</sup>	92,655,155	83,149,266

\*The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for both years have been adjusted to reflect the Share Consolidation during the year ended 30 June 2022.

\*\*Potential shares relating to options have not been included in determining diluted earnings per share because these are anti-dilutive.

#### (Loss)/Profit for the period used in earnings per share

From continuing operations	(5,775,845)	(842,421)
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<sup>1</sup>Options granted to executives and employees are included in the calculation of diluted earnings per share assuming all rights will vest.

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