Childcare
INCOME FUND



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Finexia Childcare Income Fund

Annual Report
For the year ended 30 June 2026

Finexia Childcare Income Fund:
ARSN: 658 543 625

Responsible Entity:
Finexia Securities Limited
ABN: 61 608 667 778
AFSL: 485760

Investment Manager:
Finexia Credit Pty Ltd
ABN: 32 623 557 808

AR Number: 001299637

Finexia Childcare Income Fund
ARSN 658 543 625

Annual Financial Statements
For the year ended 30 June 2026

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Finexia Childcare Income Fund
ARSN 658 543 625

Director's report
For the year ended 30 June 2026

The directors of Finexia Securities Ltd, the Responsible Entity (the 'RE') of the Scheme present their report together with the financial statements of Finexia Childcare Income Fund (the 'Scheme' or 'Fund') for the financial year ended 30 June 2026 and the auditor's report thereon.

Directors

The following people were directors of the RE up to the date of this report unless otherwise indicated:

Mr. Neil Sheather

Mr. Robert Spano

Mr. Peter Argyrides (appointed 31 July 2025)

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia. As set out in the current Product Disclosure Statement and in accordance with the provisions of the Constitution, the principal activity of the Scheme during the year is to raise funds primarily to offer indirect exposure to the childcare industry by lending to experienced multi-site childcare businesses.

The Scheme did not have any employees during the year.

Review of operations

The performance of the Fund, as represented by the results of its operations, was as follows:

	2026	2025
	$	$
Total comprehensive income/(loss) for the year	(13,967,982)	2,671,969
Total distribution paid and payable	601,868	2,671,969

Significant changes in the state of affairs

Default of the Genius loan

In the prior financial year, the RE identified that the Fund's largest loan, advanced to Genius Early Education ("Genius"), was in default and required recovery action. After an immediate review, the RE appointed WLP Restructuring ("WLP") as Administrator. On 27 March 2025, the RE suspended redemptions and applications for units in the Fund, including the distribution reinvestment plan, until the defaulting loan issues are resolved. That suspension remains in place at the date of this report.

The default is the principal reason for the fall in the Fund's interest income for the year, from $3,847,088 to $717,428. It is also why distributions fell, from $2,671,969 in the prior year to $601,868 in the current year.

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Establishment of Shared Beginnings as a recovery vehicle

Following the default, the RE assessed the options available to recover the amounts owed to the Fund. The Fund's security consisted largely of the Genius childcare businesses. As disclosed in Note 3, the Fund does not hold significant security over real property. The value of that security therefore depends on the centres continuing to trade. Closing the centres, or selling them from administration, would have seriously eroded their value. It would also have disrupted the children, families and staff who depend on them.

To preserve the value of the security, Finexia elected to establish a special purpose entity, Shared Beginnings Pty Ltd ("Shared Beginnings") to be the face of the recovery action for the benefit of investors alone. Shared Beginnings assumed operational control of childcare centres from 1 January 2026.

The directors wish to make clear that Shared Beginnings was established solely to recover defaulting debts, for the benefit of investors. Its sole function is to keep the centres operating as going concerns until they can be realised. During the year, the Fund advanced $5,784,589 to Shared Beginnings Pty Ltd to support the recovery (Note 4(e)).

Finexia has also supported the Fund and the recovery beyond its obligations. To the date of this report, Finexia Financial Group and its shareholders have contributed more than $8 million in cash, as well as substantial other resources. This support has funded investor distributions and the establishment and operation of Shared Beginnings. Neither the RE nor the investment manager charged management fees to the Fund during the year. Finexia and its shareholders had no obligation to provide this support. They provided it voluntarily to preserve value for unitholders.

Revaluation of the Fund's security

At 30 June 2026, the RE reassessed the recoverable value of the security held for the Fund's loans, being the childcare businesses operated by Shared Beginnings. When the facilities were originally approved, the credit process relied on independent valuations of these businesses totalling approximately $21.1m. Those valuations were prepared in materially different market conditions. They also assumed the centres would keep trading under their original operator.

In its reassessment, the RE considered:

- the actual trading performance of the centres under Shared Beginnings, including occupancy and wage costs;
- the lack of an active secondary market for operating childcare businesses, particularly centres being turned around;
- the reduced availability of acquisition finance for prospective buyers; and
- the amount likely to be realised in a sale process in current conditions.

The revaluation produced a value of approximately $14.1 million, a reduction of approximately 33% from the earlier independent valuations.

As a consequence of the revaluation of the underlying security (childcare businesses) and the genuine recoverability of the associated loans, the Fund has recognised an impairment loss of $15,104,720 against its loan assets (Note 9). This reduces the carrying value of loan assets from a gross balance of $20,747,162 to $5,642,442. The impairment is the main reason for the Fund's loss of $13,967,982 for the year. It is also the main reason net assets attributable to unitholders fell from $21,905,725 to $2,593,855.

The revaluation involves significant judgement. The amounts ultimately realised from the sale of the businesses may differ, possibly materially, from the values adopted in these financial statements.

Conditions in the Australian childcare sector

The Australian early childhood education and care sector has faced a sustained deterioration in operating conditions during the year. The main pressures are:

- acute workforce shortages and rising wage costs;
- softening demand; and
- lasting damage to public confidence following a series of high-profile child safety incidents.

These pressures have affected even the sector's largest and best-capitalised operators. During 2026:

- G8 Education (ASX: GEM) suspended operations at 40 centres after spot occupancy fell to 56.4%;
- Mayfield Childcare (ASX: MFD) reported lower first-quarter revenue, with wages reaching 69% of revenue;
- Nido Education withdrew its FY2026 earnings growth target after reporting a statutory loss for the half; and
- several smaller operators closed with little or no notice.

These conditions have directly affected both the trading performance of the centres operated by Shared Beginnings and the value a buyer is likely to pay for them.

Economic conditions

The broader Australian economy has added to these pressures. The Reserve Bank of Australia raised the cash rate three times in the first half of 2026 with economists broadly forecasting further interest rate rises in the current cycle. By August it had noted that financial conditions had tightened and the economy appeared to be slowing, while warning that inflation remained too high. Annual CPI inflation was 3.8% in June 2026. Higher interest rates and continuing cost-of-living pressures have weighed on household budgets, including families' capacity to pay for childcare. They have also raised the cost and reduced the availability of finance for businesses seeking to acquire childcare businesses such as the centres currently operated by Shared Beginnings.

Significant changes in the state of affairs (continued)

On 16 July 2025 the RE advised investors that it was moving to convert the Fund to a 'wholesale only' qualification. Under the terms of the Fund constitution, the RE set a new minimum unitholding of $500,000. All unitholders under the revised minimum threshold have had their investment compulsorily redeemed.

There were no other significant changes in the state of affairs of the Fund.

Matters subsequent to the end of the financial year

The significant matters in terms of events subsequent to the end of financial year are:

Wind-up of the Fund

The RE has determined that the Fund can no longer achieve its stated objective of generating stable regular income through secured lending to childcare operators. It reached this view having regard to:

- the Genius default;
- the revaluation of the Fund's security;
- the Fund's reduced income-earning capacity; and
- prevailing conditions in the childcare sector, the private credit market and the broader economy.

The RE has therefore resolved to wind up the Fund in an orderly manner, in accordance with clause 2.3(b) of the Fund Constitution. The RE advised unitholders of this intention on 25 May 2026 (pending legal advice) and has since confirmed it in its update to investors dated 25 September 2026. All new lending has ceased, existing loans are in run-off, and distributions remain suspended. Any available cash flows will be directed towards the return of capital to unitholders.

Sale of the Fund's assets

Much of the feedback from Fund investors to date has been centred on having their investment redeemed which involves having the Fund's assets sold and a timeline for the return of capital. In response, the RE has engaged several specialist childcare sales agents to begin the sale of all childcare assets held within the Fund, including the centres currently operated by Shared Beginnings. At the date of this report, no firm offers to purchase have been received.

Unitholders should be realistic about the likely outcome of this process. The RE cannot give any assurance about when sales will occur, the prices achieved, or the amount of capital that will ultimately be available to return. Net sale proceeds will be distributed to unitholders in accordance with the Fund Constitution, after payment of the Fund's liabilities and the costs of the wind-up.

Cessation of Finexia's financial support

To the date of this report, Finexia Financial Group and its shareholders have contributed more than $8 million in cash, as well as substantial other resources, to support the Fund and its assets. That level of support cannot be sustained. The Finexia board has resolved that Finexia will not continue to financially support Shared Beginnings on an ongoing basis.

Further deterioration in the childcare sector

Conditions in the childcare sector have continued to worsen during the past 12-months. On 25 August 2026, KordaMentha was appointed voluntary administrator of Edge Early Learning, which operates approximately 70 centres across Queensland, South Australia and the ACT. The appointment followed Edge's request for rent relief from its major landlord, Arena REIT, and a later missed rent payment across 31 leased properties.

When an experienced well capitalized operator of this size enters administration, a significant number of centres may come to market at once. Meanwhile, the pool of buyers with the capital, confidence and operational capacity to acquire them is very small. In the RE's experience, the secondary market for operating childcare businesses, particularly centres being turned around, is currently effectively non-existent. The buyers who remain active are highly selective and price-sensitive. Many are waiting to see how distressed processes are resolved before committing capital.

Effect on the financial statements

The RE has considered these matters in the context of AASB 110 Events after the Reporting Period.

Other than the matters described above, no matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

See section titled "Matter Subsequent to the End of the Financial Year" (above)

Indemnities and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to either the officers of Finexia Securities Ltd. So long as the officers of Finexia Securities Ltd act in accordance with the Fund Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

To the extent permitted by law, the Fund has agreed to indemnify its auditors, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify the auditor during or since the financial year.

Fees paid to and interest held in the Fund by the responsible entity and its associates

Fees paid to the responsible entity and its associates out of Fund property during the year are disclosed in Note 4 to the financial statements.

No fees were paid out of Fund property to the directors of the responsible entity during the year

Interest in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 13 to the financial statements.

The number of interests in the Fund held by the responsible entity or its associates as at the end of the financial year are disclosed in Note 4 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Finexia Childcare Income Fund
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Auditor's Independence Declaration
For the year ended 30 June 2026

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9, and forms part of the directors' report for the financial year ended 30 June 2026.

This report is made in accordance with a resolution of the directors.



Neil Sheather
Sydney, 30 September 2026.

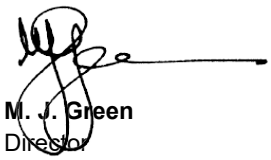
Auditor's independence declaration to the Responsible Entity Directors of Finexia Childcare Income Fund

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2026, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

EXANT ASSURANCE PTY LTD



M. J. Green
Director

Brisbane, 30 September 2026

Finexia Childcare Income Fund
ARSN 658 543 625

Statement of comprehensive income
For the year ended 30 June 2026

	Notes	2026	2025
		$	$
Investment income			
Interest income		717,428	3,847,088
Dividend income		-	-
Establishment fee received		270,952	1,637,413
Other operating income		240,526	353,282
Total net investment income/(loss)		**1,228,906**	**5,837,783**
Expenses			
Advertising fees		-	97,481
Responsible entity fees	4	-	2,777,576
Custodian fees		21,708	26,361
Professional fees	5	73,675	69,214
Impairment loss on loan asset		14,510,121	-
Other operating expenses	6	87,785	195,182
Doubtful debts		25,408	-
Net losses on financial instruments at fair value through profit or loss		459,151	-
Investment expense		19,040	-
Total operating expense		**15,196,888**	**3,165,814**
Profit /(loss) for the period		**(13,967,982)**	**2,671,969**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(13,967,982)**	**2,671,969**

The above statement should be read in conjunction with the accompanying notes

Finexia Childcare Income Fund
ARSN 658 543 625

Statement of financial position
As at 30 June 2026

	Notes	2026 $	2025 $
Assets			
Cash and cash equivalents	7	5,100	16,851
Loan assets	9	5,642,442	25,561,153
Other assets		2,369	4,684
Collateral shares		332,149	-
Total assets		**5,982,060**	**25,582,688**
Liabilities			
Payables	10	98,638	399,984
Borrowings	11	3,231,576	2,661,645
Other liabilities	12	57,991	615,334
Total liabilities		**3,388,205**	**3,676,963**
Net assets attributable to unitholders – Equity	13	**2,593,855**	**21,905,725**

The above statement should be read in conjunction with the accompanying notes

Finexia Childcare Income Fund
ARSN 658 543 625

Statement of changes in equity
For the year ended 30 June 2026

	Notes	2026 $	2025 $
Total equity at the beginning of the financial year		**21,905,725**	**38,126,205**
Profit/(loss) for the year		(13,967,982)	2,671,969
Other comprehensive income		-	-
Total comprehensive income for the year		**(13,967,982)**	**2,671,969**
Transactions with unitholders			
Applications		13,635,872	20,288,077
Redemptions		(18,377,892)	(36,591,535)
Units issued upon reinvestment of distributions		-	82,978
Distributions paid and payable		(601,868)	(2,671,969)
Total transactions with unitholders		**(5,343,888)**	**(18,892,449)**
Total equity at the end of the financial year		**2,593,855**	**21,905,725**

The above statement should be read in conjunction with the accompanying notes

Finexia Childcare Income Fund
ARSN 658 543 625

Statement of cash flows
For the year ended 30 June 2026

	Notes	2026	2025
		$	$
Cash flow from operating activities			
Receipts from borrowers		717,428	3,769,763
Establishment fee received		270,952	-
Other income received		240,526	-
Responsible entity's fees paid		-	-
Payment to suppliers		(526,647)	(3,062,072)
Loans repaid by / (loans issued to) third parties		4,059,947	15,452,109
Net cash inflow/ (outflow) from operating activities	8(a)	**4,762,206**	**16,159,800**
Cash flow from investing activities		-	-
Cash flow from financing activities			
Proceeds from applications by unitholders		13,635,872	20,288,077
Payments for redemptions by unitholders		(18,377,892)	(36,591,535)
Proceeds from borrowings		569,931	2,629,517
Distributions paid to unitholders		(601,868)	(2,882,120)
Net cash (outflow)/ inflow from financing activities		**(4,773,957)**	**(16,556,061)**
Net (decrease) in cash and cash equivalents		**(11,751)**	**(396,261)**
Cash and cash equivalents at the beginning of the year		16,851	413,112
Cash and cash equivalents at the end of the year	7	**5,100**	**16,851**
Non-cash financing activities	8(b)	-	82,978

The above statement should be read in conjunction with the accompanying notes

1. General information

These financial statements cover Finexia Childcare Income Fund (the 'Fund') as an individual entity. The Fund was constituted on 21 October 2022. The Fund will terminate on 20 October 2102 unless terminated earlier in accordance with the provisions of the Fund Constitution.

The responsible entity of the Fund is Finexia Securities Ltd (the 'Responsible Entity'). The Responsible Entity's registered office is Ground Floor, 3 Short Street Southport QLD 4215. The financial statements are presented in the Australian currency.

The Fund aims to generate stable regular income within a rigorous risk management framework. In accordance with the objectives stated in the Product Disclosure Statement, the Fund aims to offer indirect exposure to the childcare industry by investing in secured commercial loan facilities provided to skilled & experienced childcare centre operators. The loans provided by the Fund will principally be used by the borrower (childcare centre operator) to purchase or establish childcare centres throughout Australia.

The financial statements were authorised for issue by the directors of the responsible entity on 30th September 2026. The directors of the responsible entity have the power to amend and reissue the financial statements.

2. Material accounting policies

a. Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. Finexia Childcare Income Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current.

The financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

b. Net assets attributable to unitholders

Given the illiquid nature of the underlying investments and assets of the Fund, the investment manager will approve redemption requests at its discretion. The Fund will endeavour to maintain sufficient liquidity to meet such requests. Normal operations of the fund are currently suspended.

c. Expenses

All expenses, including responsible entity's fees and custodian fees, are recognised in profit or loss on an accruals basis.

d. Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

e. Distributions

Distributions are payable as set out in the Fund's product disclosure statement and/or Fund's constitution. Such distributions are recognised as payable when they are determined by the responsible entity of the Fund.

2. Material accounting policies (continued)

f. Goods and Services Tax

The GST incurred on the costs of financial supply provided by the fund to third parties is treated as input taxed supply.

g. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The loan assets are reviewed for impairment on a monthly basis. The security value against the loan provided are within the acceptable loan-to-value ratio ('LVR') as determined in the Fund's credit policy. Loan default result in an impairment of the loan assets and recovery mechanism against the security is pursued through the Fund's legal means and rights.

3. Financial risk management

Using carefully considered investment guidelines and investment approval process, the RE and the investment manager of the fund aim to analyse, manage, and reduce the impact of following risks specific to the Fund.

a. Credit risk - single counterparty

Credit risk is relevant in that the Fund could suffer a loss because of the specific childcare operator's businesses. Specifically, the borrower may default under the loan agreement and the full loan amount may not be recovered.

The Fund manages its credit risks by reviewing the monthly monitoring information provided by the borrowers. Where available at reasonable cost, external credit ratings and/or reports on borrowers and other counterparties are obtained and used. The Fund's policy is to deal only with creditworthy counterparties.

3. Financial risk management (continued)

a. Credit risk - single counterparty(continued)

The Fund is exposed to this risk for its financial assets and its maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2026	2025
	$	$
Loan assets	20,747,162	25,561,153
Provision for doubtful debts	(15,104,720)	-
	5,642,442	**25,561,153**
Neither past due nor impaired	5,642,442	17,138,300
Past due 1-30 days	-	-
Past due 31-90 days	-	8,422,853
Past due 91-120 days	-	-
	5,642,442	**25,561,153**

b. Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund manages its liquidity needs by monitoring fund investments and redemptions, as well as forecast cash inflows and outflows on a month to month and annual outlook basis.

The Fund's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised in the table below:

	2026		2025	
	Current within 12 months	Non-current 1-3 years	Current within 12 months	Non-current 1-3 years
	$	$	$	$
Trade and other payables	98,638	-	399,984	-
Distribution payable				
	98,638	**-**	**399,984**	**-**

3. Financial risk management (continued)

c. Repayment delays

Repayment of loans may be delayed beyond the agreed maturity date. This can occur for a wide variety of reasons including the risk that any of the proposed exit strategies do not proceed on schedule or at all.

Failure of borrower to repay the Loan to the Fund will ultimately affect the ability to repay investors their investments.

The investment manager reserves the right to recycle and reinvest investor funds into provision of loan term extensions.

d. Security risk

The loan will be secured by a General Security Agreement ('GSA') over the borrower, 1st registered mortgage over the leasehold security (with an appropriate Right of Entry Deed with the land owner) and a guarantee from the sponsor or corporate entity as dictated by house bank covenants in most circumstances (i.e. the bank generally restricts additional guarantees from the head entity meaning security may need to come from the directors). Where funding is provided prior to the lease registration, the investment manager will ensure that a binding Agreement for Lease ('AFL') and Right of Entry ('ROE') agreement are in place that will result in a registerable security interest in favour of the Fund.

Should the borrower default in repaying the loan to the Fund it is quite possible that the assets over which the Fund has security will be insufficient to repay the loan and interest. In particular, it is noteworthy that the Fund will not have significant security over tangible assets such as real property.

e. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

4. Related party transactions

a. Responsible entity

The responsible entity of the Fund is Finexia Securities Ltd (ACN 608 667 778, AFSL 485760).

The investment manager and loan arranger are Finexia Credit Pty Ltd (formerly Creative Capital Group Pty Ltd) (ACN 623 557 808).

b. Directors

Key management personnel include persons who were directors of Finexia Securities Ltd at any time during the financial year as follows:

Mr. Neil Sheather

Mr. Robert Spano

Mr. Peter Argyrides (appointed 31 July 2025)

c. Transactions with key management personnel

Key management personnel services are provided by Finexia Credit Pty Ltd and included in the management fees disclosed in (d) below. There is no separate charge for these services. There was no compensation paid directly by the Fund to any of the key management personnel.

The following transactions occurred with key management personnel during the reporting period:

	2026 $	2025 $
Application for units	13,635,872	20,371,055
Redemption of units	(18,377,892)	(36,591,535)

d. Responsible entity's/manager's fees and other transactions

As stated in the Fund's product disclosure statement, Finexia and its related parties are entitled to be paid ongoing management fees for its role in managing the Fund.

The transactions during the year and amounts payable at year end between the Fund and the responsible entity were as follows:

	2026 $	2025 $
Management fee for the year paid to investment manager	-	2,777,576
Total management fee paid	-	**2,777,576**

4. Related party transactions (continued)

e. Loans to/from related parties

Nature of the relationship

Shared Beginnings Pty Ltd and Shared Beginnings AP Pty Ltd (together, "the Shared Beginnings entities") are related parties of the Fund because they are controlled by Finexia Financial Group Ltd, which is also the parent entity of the responsible entity.

Purpose of the Shared Beginnings entities

The Shared Beginnings entities were established after the default of the Fund's borrowers, described in the Directors' Report. They are debt recovery vehicles only. They were set up to take operational control of the childcare businesses that make up the Fund's security, and to operate and manage those businesses as going concerns until they can be sold. This preserves the value of the security for unitholders. Shared Beginnings Pty Ltd assumed operational control of the centres from 1 January 2026.

The Shared Beginnings entities were not established as an investment, a trading business, or a source of profit for Finexia or any of its related entities. Their activities are limited to operating the centres pending sale and to supporting the recovery of amounts owed to Investors.

No commercial benefit to Finexia or its related parties

Finexia, its related entities, and the directors and key management personnel of the responsible entity do not receive any of the following from the Shared Beginnings entities, and are not entitled to them:

- management fees
- profit share
- dividends or distributions
- remuneration or other commercial benefit

The net proceeds of operating and selling the childcare businesses will be applied, after the entities' operating costs and liabilities, to repaying amounts owed to the Fund, for the benefit of unitholders. Any funding provided to the Shared Beginnings entities by Finexia Financial Group or its shareholders has been provided voluntarily and ranks behind amounts owing to the Fund.

Funding provided by the Fund

During the year the Fund advanced $5,784,589 to Shared Beginnings Pty Ltd and $276,940 to Shared Beginnings AP Pty Ltd to fund the working capital and operating costs of the centres during the recovery. At 30 June 2026, Shared Beginnings AP Pty Ltd is owed by the Fund a net amount of $58,060, which is disclosed within borrowings (Note 11).

4. Related party transactions (continued)

e. Loans to/from related parties(continued)

Recovery of the advances to the Shared Beginnings entities depends on the same childcare businesses that secure the Fund's other loans. Their recoverability has therefore been assessed as part of the expected credit loss assessment described in Note 9.

	2026 $	2025 $
Loans to Shared Beginnings AP Pty Ltd		-
Loan advanced	276,940	-
Loan transferred	(335,000)	-
At the end of financial year	**(58,060)**	**-**

	2026 $	2025 $
Loans to Shared Beginnings Pty Ltd		-
Loan advanced – working capital	5,784,589	-
Loan transferred	(80,000)	
Genius administration fee recoverable	3,485,229	
Genius loan recoverable	8,212,497	
At the end of financial year	**17,402,315**	**-**

	2026 $	2025 $
Loans to Finexia Childcare Pty Ltd		-
Loan advanced	3,344,847	-
At the end of financial year	**3,344,847**	**-**

Finexia Childcare Pty Ltd originated childcare centre loans on behalf of the Fund.

5. Professional fees

During the year the following professional fees were paid or payable by the fund:

	2026 $	2025 $
Accounting services	33,714	42,105
Audit and other assurance services	39,961	27,109
Total professional fees paid	**73,675**	**69,214**

The professional fees above have no unclaimed portion of GST for FY2026 (FY2025: nil)

6. Other operating expenses

	2026 $	2025 $
Insurance	65,834	113,744
Subscriptions and other expenses	21,951	81,438
Total other operating expenses	**87,785**	**195,182**

7. Cash and cash equivalents

	2026 $	2025 $
Cash at bank	5,100	16,851
Total cash and cash equivalents	**5,100**	**16,851**

8. Reconciliation of profit to net cash inflow / (outflow) from operating activities

	2026 $	2025 $
(a) Reconciliation of profit to net cash inflow/ (outflow) from operating activities		
Profit/(loss) for the year	(13,967,982)	2,671,969
Net change in receivables and other assets	(329,834)	277,393
Net changes in loan issued to third parties	19,918,711	13,375,826
Net change in payables and other liabilities	(858,689)	(165,388)
Net cash inflow/ (outflow) from operating activities	**4,762,206**	**16,159,800**
(b) Non-cash financing and investing activities		
Distribution payments were satisfied by the issue of units under The distribution reinvestment plan	**-**	**82,978**

9. Loan assets

The Fund's loan assets as at the end of the financial year are summarised as follows:

Number of loans	Gross	Loan term range	Interest rate range
4	$20,747,162	0 to 12 months	0% to 15%

	2026 $	2025 $
Loans – third parties	-	25,670,727
Loans – related parties (Shared Beginnings Pty Ltd)	17,402,315	
Loans – related parties (Finexia Childcare Pty Ltd)	3,344,847	
Provision for doubtful debt in this financial year	(15,104,720)	
Prepaid interest income	-	(1,254,553)
Prepaid line fee	-	1,144,979
Total loan assets	**5,642,442**	**25,561,153**

10. Trade and other payables

	2026 $	2025 $
Trade payable	24,382	192,868
Management fee payable	-	120,571
Interest withholding tax payable	-	1,330
Accrued expenses	74,256	85,215
Total payables	**98,638**	**399,984**

11. Borrowings

	2026 $	2025 $
Loan - Finexia Childcare Finance Trust	-	83,327
Loan - Finexia Credit (formerly Creative Capital Group)	3,092,895	2,211,445
Loan - Finexia Childcare W1	-	366,873
Loan - Finexia Financial Group	80,621	-
Loan - Shared Beginnings AP Pty Ltd	58,060	-
Total borrowings	**3,231,576**	**2,661,645**

12. Other liabilities

	2026 $	2025 $
Loan funds retained for settlement	57,991	615,334
Total other liabilities	**57,991**	**615,334**

13. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	2026 $	2025 $
Opening balance	21,905,725	38,126,205
Applications	13,635,872	20,288,077
Redemptions	(18,377,892)	(36,591,535)
Units issued upon reinvestment of distributions	-	82,978
Distributions paid and payable	(601,868)	(2,671,969)
Profit/(loss) for the year	(13,967,982)	2,671,969
Closing balance	**2,593,855**	**21,905,725**

	2026 Units	2025 Units
Opening unit balance	21,905,725	38,126,205
Applications	13,635,872	20,288,077
Redemptions	(18,377,892)	(36,591,535)
Reinvestment	-	82,978
Closing unit balance	**17,163,705**	**21,905,725**

As stipulated within the Fund's constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

The fund is deemed an illiquid fund. Redemptions are made at the discretion of the investment manager. As a result, a return of capital may only be possible where assets of the Fund are realised, sold, or an alternative liquidity strategy is implemented by the Trustee.

14. Remuneration of auditors

During the year the following fees were paid or payable for services provided by Exant Assurance Pty Ltd as the auditor of the Fund and by Exant Assurance Pty Ltd related network firms:

	2026 $	2025 $
Audit and review of financial reports	23,250	22,500
Other assurance services	-	6,650
Total service provided by Exant Assurance Pty Ltd	**23,250**	**29,150**

15. Contingencies and commitments

Capital commitments

There are no unfunded commitments on loans approved but not issued as at 30 June 2026 (2025: nil).

Contingent liabilities

There are no contingent liabilities as at 30 June 2026 (2025: nil).

16. Subsequent events

The significant matters in terms of events subsequent to the end of financial year are:

Wind-up of the Fund

The RE has determined that the Fund can no longer achieve its stated objective of generating stable regular income through secured lending to childcare operators. It reached this view having regard to:

- the Genius default;
- the revaluation of the Fund's security;
- the Fund's reduced income-earning capacity; and
- prevailing conditions in the childcare sector, the private credit market and the broader economy.

The RE has therefore resolved to wind up the Fund in an orderly manner, in accordance with clause 2.3(b) of the Fund Constitution. The RE advised unitholders of this intention on 25 May 2026 (pending legal advice) and has since confirmed it in its update to investors dated 25 September 2026. All new lending has ceased, existing loans are in run-off, and distributions remain suspended. Any available cash flows will be directed towards the return of capital to unitholders.

Sale of the Fund's assets

Much of the feedback from Fund investors to date has been centred on having their investment redeemed which involves having the Fund's assets sold and a timeline for the return of capital. In response, the RE has engaged several specialist childcare sales agents to begin the sale of all childcare assets held within the Fund, including the centres currently operated by Shared Beginnings. At the date of this report, no firm offers to purchase have been received.

Unitholders should be realistic about the likely outcome of this process. The RE cannot give any assurance about when sales will occur, the prices achieved, or the amount of capital that will ultimately be available to return. Net sale proceeds will be distributed to unitholders in accordance with the Fund Constitution, after payment of the Fund's liabilities and the costs of the wind-up.

Cessation of Finexia's financial support

To the date of this report, Finexia Financial Group and its shareholders have contributed more than $8 million in cash, as well as substantial other resources, to support the Fund and its assets. That level of support cannot be sustained. The Finexia board has resolved that Finexia will not continue to financially support Shared Beginnings on an ongoing basis.

16. Subsequent events (continued)

Further deterioration in the childcare sector

Conditions in the childcare sector have continued to worsen during the past 12-months. On 25 August 2026, KordaMentha was appointed voluntary administrator of Edge Early Learning, which operates approximately 70 centres across Queensland, South Australia and the ACT. The appointment followed Edge's request for rent relief from its major landlord, Arena REIT, and a later missed rent payment across 31 leased properties.

When an experienced well capitalized operator of this size enters administration, a significant number of centres may come to market at once. Meanwhile, the pool of buyers with the capital, confidence and operational capacity to acquire them is very small. In the RE's experience, the secondary market for operating childcare businesses, particularly centres being turned around, is currently effectively non-existent. The buyers who remain active are highly selective and price-sensitive. Many are waiting to see how distressed processes are resolved before committing capital.

Effect on the financial statements

The RE has considered these matters in the context of AASB 110 Events after the Reporting Period.

Other than the matters described above, no matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Finexia Childcare Income Fund
ARSN 658 543 625

Directors' declaration
For the year ended 30 June 2026

In the opinion of the directors of the responsible entity:

(a) the financial statements and notes set out on pages 10 to 25 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements,

(ii) giving a true and fair view of the Fund's financial position as at 30 June 2026 and of its performance for the financial year ended on that date,

(b) there are reasonable grounds to believe that the Fund 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 directors.



Neil Sheather
Managing Director

Sydney
30 September 2026

Independent Auditor's Report to the Unit Holders of Finexia Childcare Income Fund

Report on the audit of the Financial Report

Disclaimer of Opinion

We were engaged to audit the Financial Report of Finexia Childcare Income Fund ("Fund"), which comprises the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the period then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

We do not express an opinion on the accompanying Financial Report of the Fund. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this Financial Report.

Basis for disclaimer of opinion

The Fund has investments in loans receivable, valued at $7.1 million (refer note 9), related to loans to childcare entities. Further information regarding these investments is included in note 3 and 16 of the Financial Report. Directors of the Responsible Entity have provided substantial substantive information regarding the operation of the borrowers, the plans for the recovery of the loans receivable, and the assumptions, estimates, and judgements used in valuations for the completion of the Financial Report. We have audited the available information, however, there remains significant inherent uncertainty regarding the estimates and judgements associated with valuations of the loans receivable, and the successful completion of the associated business recovery plans. Had we been able to resolve the associated significant inherent uncertainties, or form a view as to the estimates and judgements in the loan valuations, matters might have come to our attention indicating that adjustments might be necessary to the 30 June 2026 Financial Report, including in respect of impairment of loans receivable. As these loans receivable represent the primary substantive assets of the Fund, we consider that these matters are pervasive to the Financial Report. As a result of the compounding uncertainties, we have been unable to obtain sufficient appropriate audit evidence regarding the estimates and judgements applied in the valuations to enable us to meet the requirements of Australian Auditing Standards and to form an opinion on the Financial Report.

Emphasis of Matter – liquidation basis of accounting

We draw attention to note 2 and 16 in the Financial Report which describes the basis of preparation for the Financial Report. The matters described in note 2 and 16 indicate that the Fund is not a going concern and the reasons therefore and states the basis on which the Financial Report has been prepared, being a liquidation basis of accounting. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Fund's annual report for the period ended 30 June 2026 but does not include the Financial Report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Fund are responsible for the preparation of the 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 Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our responsibility is to conduct an audit of the Financial Report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Financial Report.

We are independent of the Fund in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*("Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit finding, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

EXANT ASSURANCE PTY LTD

M. J. Green
Director

Brisbane, 30 September 2026