

## 1. Company details

Name of entity:	1st Group Limited
ABN:	25 138 897 533
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	29.1% to	6,568,130
Loss from ordinary activities after tax attributable to the owners of 1st Group Limited	down	46.9% to	(3,655,657)
Loss for the year attributable to the owners of 1st Group Limited	down	46.9% to	(3,655,657)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The loss for the Group after providing for income tax amounted to \$3,655,657 (30 June 2022: \$6,888,569).

Refer to the accompanying market release ('Preliminary Full Year Results Announcement') for detailed commentary on the results of the Group for the year ended 30 June 2023.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.48)</u>	<u>(0.31)</u>

## 4. Dividends

### Current period

There were no dividends paid, recommended or declared during the current financial period.

### Previous period

There were no dividends paid, recommended or declared during the previous financial period.

## 5. Audit qualification or review

### Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited and an unmodified opinion is expected to be issued. The auditor's report is expected to contain a paragraph addressing material uncertainty related to going concern.

## 6. Attachments

### Details of attachments (if any):

The Preliminary Financial Report of 1st Group Limited for the year ended 30 June 2023 is attached.

---

7. Signed

Signed  \_\_\_\_\_

Date: 30 August 2023

Christopher Whitehead  
Chair  
Sydney

# **1st Group Limited**

**ABN 25 138 897 533**

## **Preliminary Financial Report - 30 June 2023**

	Note	Consolidated 2023 (unaudited) \$	2022 \$
<b>Revenue from continuing operations</b>	2	4,468,171	2,706,250
Interest revenue calculated using the effective interest method		1,478	9
<b>Expenses</b>			
Changes in inventories		32,428	-
Raw materials and consumables used		(1,094,133)	-
Advertising and marketing expenses		(264,210)	(111,207)
Professional and consulting fees		(732,624)	(304,980)
Operations and administration expenses		(2,375,726)	(2,169,776)
Employee benefits expense		(3,585,384)	(2,172,719)
Depreciation and amortisation expense	3	(26,618)	(12,918)
Impairment of assets	3	-	(3,150,195)
Loss on disposal of assets		(10,962)	-
Finance costs	3	(308,010)	(175,770)
<b>Loss before income tax benefit/(expense) from continuing operations</b>		(3,895,590)	(5,391,306)
Income tax benefit/(expense)		616,219	(12,072)
Loss after income tax benefit/(expense) from continuing operations		(3,279,371)	(5,403,378)
Loss after income tax expense from discontinued operations	4	(376,286)	(1,485,191)
<b>Loss after income tax benefit/(expense) for the year attributable to the owners of 1st Group Limited</b>		(3,655,657)	(6,888,569)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(779)	(5)
Other comprehensive income for the year, net of tax		(779)	(5)
<b>Total comprehensive income for the year attributable to the owners of 1st Group Limited</b>		<u>(3,656,436)</u>	<u>(6,888,574)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(3,280,150)	(5,403,383)
Discontinued operations		(376,286)	(1,485,191)
		<u>(3,656,436)</u>	<u>(6,888,574)</u>

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

	Note	2023 (unaudited) Cents	2022 Cents
<b>Earnings per share for loss from continuing operations attributable to the owners of 1st Group Limited</b>			
Basic earnings per share	18	(0.25)	(1.02)
Diluted earnings per share	18	(0.25)	(1.02)
<b>Earnings per share for loss from discontinued operations attributable to the owners of 1st Group Limited</b>			
Basic earnings per share	18	(0.03)	(0.28)
Diluted earnings per share	18	(0.03)	(0.28)
<b>Earnings per share for loss attributable to the owners of 1st Group Limited</b>			
Basic earnings per share	18	(0.28)	(1.30)
Diluted earnings per share	18	(0.28)	(1.30)

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

	Note	Consolidated 2023 (unaudited) \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,442,802	2,007,121
Trade and other receivables	6	579,698	384,848
Contract assets		16,733	114,856
Inventories	7	601,551	569,123
Income tax refund due		588,000	850,000
Other		97,981	190,246
Total current assets		<u>3,326,765</u>	<u>4,116,194</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	16,774	48,536
Intangibles	9	12,299	12,379
Total non-current assets		<u>29,073</u>	<u>60,915</u>
<b>Total assets</b>		<u>3,355,838</u>	<u>4,177,109</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	3,624,437	3,366,531
Contract liabilities		252,394	391,447
Borrowings	11	5,406	-
Employee benefits		134,577	257,025
Total current liabilities		<u>4,016,814</u>	<u>4,015,003</u>
<b>Non-current liabilities</b>			
Borrowings	12	6,050,000	4,000,000
Employee benefits		28,986	117,871
Total non-current liabilities		<u>6,078,986</u>	<u>4,117,871</u>
<b>Total liabilities</b>		<u>10,095,800</u>	<u>8,132,874</u>
<b>Net liabilities</b>		<u>(6,739,962)</u>	<u>(3,955,765)</u>
<b>Equity</b>			
Issued capital	13	40,274,494	39,289,042
Reserves	14	2,717,929	2,831,921
Accumulated losses		<u>(49,732,385)</u>	<u>(46,076,728)</u>
<b>Total deficiency in equity</b>		<u>(6,739,962)</u>	<u>(3,955,765)</u>

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

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2021	32,577,175	2,617,269	(39,188,159)	(3,993,715)
Loss after income tax expense for the year	-	-	(6,888,569)	(6,888,569)
Other comprehensive income for the year, net of tax	-	(5)	-	(5)
Total comprehensive income for the year	-	(5)	(6,888,569)	(6,888,574)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	6,711,867	-	-	6,711,867
Share-based payments	-	214,657	-	214,657
Balance at 30 June 2022	<u>39,289,042</u>	<u>2,831,921</u>	<u>(46,076,728)</u>	<u>(3,955,765)</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2022	39,289,042	2,831,921	(46,076,728)	(3,955,765)
Loss after income tax benefit for the year	-	-	(3,655,657)	(3,655,657)
Other comprehensive income for the year, net of tax	-	(779)	-	(779)
Total comprehensive income for the year	-	(779)	(3,655,657)	(3,656,436)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	985,452	-	-	985,452
Share-based payments	-	(113,213)	-	(113,213)
Balance at 30 June 2023	<u>40,274,494</u>	<u>2,717,929</u>	<u>(49,732,385)</u>	<u>(6,739,962)</u>

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

	Consolidated 2023 (unaudited) \$	2022 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	7,759,379	6,016,644
Payments to suppliers and employees (inclusive of GST)	(11,661,040)	(8,586,309)
Interest received	1,478	9
Interest and other finance costs paid	(625,510)	(227,300)
Research and development tax credit received	878,219	-
Net cash used in operating activities	17 (3,647,474)	(2,796,956)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(12,235)	(21,835)
Payments for intangibles	(17,635)	-
Proceeds from disposal of business	750,000	-
Net cash from/(used in) investing activities	720,130	(21,835)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares, net of transaction costs	913,025	3,839,918
Proceeds from convertible notes facility	2,050,000	750,000
Repayment of borrowings	(600,000)	-
Net cash from financing activities	2,363,025	4,589,918
Net increase/(decrease) in cash and cash equivalents	(564,319)	1,771,127
Cash and cash equivalents at the beginning of the financial year	2,007,121	235,994
Cash and cash equivalents at the end of the financial year	5 <u>1,442,802</u>	<u>2,007,121</u>

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



## Note 1. Operating segments

### Identification of reportable operating segments

The Group is organised into two operating segments, being 1st Group and Visionflex which are both located in Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews Adjusted EBITDA (earnings before interest, tax, depreciation, amortisation adjusted for the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as the gain on the disposal of discontinued operation and impairments where the impairment is the result of an isolated event). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

### Types of products and services

The principal products and services of each of these operating segments are as follows:

1st Group	The provision of healthcare and corporate online search and appointment booking services.
Visionflex	The provision of video conferencing and diagnostics platform specifically designed for telehealth.

### Intersegment transactions

There were no intersegment transactions during the financial years ended 30 June 2023 and 30 June 2022.

### Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

### Operating segment information

<b>Consolidated - 2023 (unaudited)</b>	<b>1st Group</b> \$	<b>Visionflex</b> \$	<b>Total</b> \$
<b>Revenue</b>			
Sales to external customers	3,983,150	2,546,152	6,529,302
Other revenue	750	36,600	37,350
Interest revenue	1,478	-	1,478
<b>Total revenue</b>	<b>3,985,378</b>	<b>2,582,752</b>	<b>6,568,130</b>
<b>Adjusted EBITDA</b>	<b>(3,264,107)</b>	<b>(1,074,740)</b>	<b>(4,338,847)</b>
Depreciation and amortisation	(26,852)	(12,292)	(39,144)
Loss on disposal of assets	(13,220)	-	(13,220)
Gain on disposal of discontinued operation	743,367	-	743,367
Interest revenue	1,478	-	1,478
Finance costs	(599,208)	(26,302)	(625,510)
<b>Loss before income tax benefit</b>	<b>(3,158,542)</b>	<b>(1,113,334)</b>	<b>(4,271,876)</b>
Income tax benefit			616,219
<b>Loss after income tax benefit</b>			<b>(3,655,657)</b>
<b>Assets</b>			
Segment assets	2,514,478	841,360	3,355,838
<b>Total assets</b>			<b>3,355,838</b>
<b>Liabilities</b>			
Segment liabilities	8,538,632	1,557,168	10,095,800
<b>Total liabilities</b>			<b>10,095,800</b>

Note 1. Operating segments (continued)

Consolidated - 2022	1st Group \$	Visionflex \$	Total \$
<b>Revenue</b>			
Sales to external customers	4,833,026	255,132	5,088,158
Interest revenue	9	-	9
<b>Total revenue</b>	<u>4,833,035</u>	<u>255,132</u>	<u>5,088,167</u>
<b>Adjusted EBITDA</b>	(3,385,389)	39,369	(3,346,020)
Depreciation and amortisation	(25,329)	-	(25,329)
Impairment of assets	(3,150,195)	-	(3,150,195)
Interest revenue	9	-	9
Finance costs	(343,364)	-	(343,364)
<b>Profit/(loss) before income tax expense</b>	<u>(6,904,268)</u>	<u>39,369</u>	<u>(6,864,899)</u>
Income tax expense			(23,670)
<b>Loss after income tax expense</b>			<u>(6,888,569)</u>
<b>Assets</b>			
Segment assets	2,834,291	1,342,818	4,177,109
<b>Total assets</b>			<u>4,177,109</u>
<b>Liabilities</b>			
Segment liabilities	6,583,351	1,549,523	8,132,874
<b>Total liabilities</b>			<u>8,132,874</u>

Note 2. Revenue

	Consolidated 2023 (unaudited) \$		2022 \$
<b>From continuing operations</b>			
<i>Revenue from contracts with customers</i>			
Subscription fees	1,778,249	2,250,297	
Usage fees (recalls, SMS and booking fees)	42,834	108,061	
Medical hardware revenue	2,348,424	236,296	
Set up and customisation	63,585	88,784	
Software revenue	162,902	-	
	<u>4,395,994</u>	<u>2,683,438</u>	
<i>Other revenue</i>			
Other revenue	72,177	22,812	
Revenue from continuing operations	<u>4,468,171</u>	<u>2,706,250</u>	

## Note 2. Revenue (continued)

### Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2023 (unaudited) \$	2022 \$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	2,348,424	236,296
Services transferred over time	2,047,570	2,447,142
	<u>4,395,994</u>	<u>2,683,438</u>

All revenue from contracts with customers is generated in Australia.

## Note 3. Expenses

	Consolidated 2023 (unaudited) \$	2022 \$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	789	30
Computer equipment	19,383	12,131
Total depreciation	<u>20,172</u>	<u>12,161</u>
<i>Amortisation</i>		
Patents and trademarks	3,262	757
Software	602	-
Technology platform	2,582	-
Total amortisation	<u>6,446</u>	<u>757</u>
Total depreciation and amortisation	<u>26,618</u>	<u>12,918</u>
<i>Impairment</i>		
Goodwill	-	3,150,195
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	<u>308,010</u>	<u>175,770</u>
<i>Leases</i>		
Short-term lease payments	<u>85,367</u>	<u>605</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>270,720</u>	<u>167,372</u>
<i>Share-based payments expense</i>		
Share-based payments expense	<u>(53,210)</u>	<u>109,475</u>

#### Note 4. Discontinued operations

##### Description

On 21 April 2023, the Group entered into an agreement to sell the business of MyHeath1st to HealthShare Pty Ltd for cash consideration of \$750,000 and contingent consideration of up to \$500,000. The transaction included the sale of assets, client agreements, supplier agreements, intellectual property, business names and domain names. The transaction was completed on 30 June 2023. Financial information relating to the discontinued operation is set out below.

##### Financial performance information

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>(unaudited)</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Revenue	2,098,481	2,381,908
Advertising and marketing expenses	(124,334)	(104,254)
Professional and consulting fees	(344,764)	(268,507)
Employee benefits expense	(1,267,089)	(1,971,499)
Operations and administration expenses	(1,149,663)	(1,331,236)
Depreciation and amortisation expense	(12,526)	(12,411)
Loss on disposal of assets	(2,258)	-
Finance costs	(317,500)	(167,594)
Total expenses	<u>(3,218,134)</u>	<u>(3,855,501)</u>
Loss before income tax expense	(1,119,653)	(1,473,593)
Income tax expense	-	(11,598)
Loss after income tax expense	<u>(1,119,653)</u>	<u>(1,485,191)</u>
Gain on disposal before income tax	743,367	-
Income tax expense	-	-
Gain on disposal after income tax expense	<u>743,367</u>	<u>-</u>
Loss after income tax expense from discontinued operations	<u><u>(376,286)</u></u>	<u><u>(1,485,191)</u></u>

##### Carrying amounts of assets and liabilities disposed

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>(unaudited)</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Intangibles	6,633	-
Total assets	<u>6,633</u>	<u>-</u>
Net assets	<u><u>6,633</u></u>	<u><u>-</u></u>

#### Note 4. Discontinued operations (continued)

##### Details of the disposal

	Consolidated 2023 (unaudited) \$	2022 \$
Total sale consideration	750,000	-
Carrying amount of net assets disposed	(6,633)	-
	<hr/>	<hr/>
Gain on disposal before income tax	743,367	-
	<hr/>	<hr/>
Gain on disposal after income tax	743,367	-
	<hr/> <hr/>	<hr/> <hr/>

##### Contingent consideration

In the event the operations of the MyHealth 1st achieve certain performance criteria as specified in the sale agreement, additional cash consideration of up to \$500,000 will be receivable. At the date of sale the fair value of the contingent consideration was determined to be \$nil.

#### Note 5. Current assets - cash and cash equivalents

	Consolidated 2023 (unaudited) \$	2022 \$
Cash at bank	1,442,802	2,007,121
	<hr/> <hr/>	<hr/> <hr/>

#### Note 6. Current assets - trade and other receivables

	Consolidated 2023 (unaudited) \$	2022 \$
Trade receivables	522,975	386,638
Less: Allowance for expected credit losses	(16,754)	(1,790)
	<hr/>	<hr/>
	506,221	384,848
	<hr/>	<hr/>
Other receivables	73,477	-
	<hr/>	<hr/>
	579,698	384,848
	<hr/> <hr/>	<hr/> <hr/>

##### Allowance for expected credit losses

The Group has recognised a loss of \$82,743 (2022: \$254,719) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

#### Note 6. Current assets - trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023 (unaudited) %	2022 %	2023 (unaudited) \$	2022 \$	2023 (unaudited) \$	2022 \$
Not overdue	-	-	416,720	272,258	-	-
0 to 3 months overdue	-	-	73,826	111,782	-	-
3 to 6 months overdue	50%	50%	31,350	1,616	15,675	808
Over 6 months overdue	100%	100%	1,079	982	1,079	982
			<u>522,975</u>	<u>386,638</u>	<u>16,754</u>	<u>1,790</u>

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2023 (unaudited) \$	2022 \$
Opening balance	1,790	65,982
Additional provisions recognised	82,743	254,719
Receivables written off during the year as uncollectable	(67,779)	(318,911)
Closing balance	<u>16,754</u>	<u>1,790</u>

#### Note 7. Current assets - inventories

	Consolidated	
	2023 (unaudited) \$	2022 \$
Raw materials - at cost	994,247	859,123
Less: Provision for impairment	(392,696)	(290,000)
	<u>601,551</u>	<u>569,123</u>

#### Note 8. Non-current assets - property, plant and equipment

	Consolidated	
	2023 (unaudited) \$	2022 \$
Plant and equipment - at cost	18,670	19,119
Less: Accumulated depreciation	(14,573)	(13,859)
	<u>4,097</u>	<u>5,260</u>
Computer equipment - at cost	32,363	116,907
Less: Accumulated depreciation	(19,686)	(73,631)
	<u>12,677</u>	<u>43,276</u>
	<u>16,774</u>	<u>48,536</u>

**Note 8. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Plant and equipment \$	Computer equipment \$	Total \$
Balance at 1 July 2021	-	40,300	40,300
Additions	5,290	27,519	32,809
Depreciation expense	(30)	(24,543)	(24,573)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	5,260	43,276	48,536
Additions	-	11,123	11,123
Disposals	(374)	(12,846)	(13,220)
Depreciation expense	(789)	(28,876)	(29,665)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2023	<u>4,097</u>	<u>12,677</u>	<u>16,774</u>

**Note 9. Non-current assets - intangibles**

	<b>Consolidated 2023 (unaudited) \$</b>	<b>2022 \$</b>
Goodwill - at cost	3,150,195	3,150,195
Less: Impairment	(3,150,195)	(3,150,195)
	<hr/>	<hr/>
	-	-
Patents and trademarks - at cost	16,034	17,883
Less: Accumulated amortisation	(5,539)	(10,492)
	<hr/>	<hr/>
	10,495	7,391
Customer contracts - at cost	880,209	880,209
Less: Accumulated amortisation	(880,209)	(880,209)
	<hr/>	<hr/>
	-	-
Software - at cost	13,004	14,906
Less: Accumulated amortisation	(11,200)	(12,500)
	<hr/>	<hr/>
	1,804	2,406
Technology platform - at cost	1,691,984	3,540,094
Less: Accumulated amortisation	(1,691,984)	(3,537,512)
	<hr/>	<hr/>
	-	2,582
	<hr/>	<hr/>
	<u>12,299</u>	<u>12,379</u>

**Note 9. Non-current assets - intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Goodwill \$	Patents and trademarks \$	Customer contracts \$	Software \$	Technology platform \$	Total \$
Balance at 1 July 2021	-	8,148	-	-	-	8,148
Additions through business combinations (note 16)	3,150,195	-	-	2,406	2,582	3,155,183
Impairment of assets	(3,150,195)	-	-	-	-	(3,150,195)
Amortisation expense	-	(757)	-	-	-	(757)
Balance at 30 June 2022	-	7,391	-	2,406	2,582	12,379
Additions	-	16,032	-	-	-	16,032
Disposals	-	(6,633)	-	-	-	(6,633)
Amortisation expense	-	(6,295)	-	(602)	(2,582)	(9,479)
Balance at 30 June 2023	-	10,495	-	1,804	-	12,299

*Impairment testing (prior year)*

Goodwill acquired through business combinations has been allocated to the Visionflex medical equipment cash-generating unit.

Goodwill and the CGU to which it belongs is tested annually for impairment or at the end of each reporting date where an indicator of impairment exists. At 30 June 2022, management assessed the recoverable amount of the CGU. An impairment exists when the carrying amount of the CGU at balance sheet date exceeds its recoverable amount.

The recoverable amount of the Visionflex medical equipment CGU was determined based on the value-in-use ('VIU') methodology. The VIU calculations use cash flow projections based on a five-year discounted cash flow model, with a terminal value applied to the discounted cash flows after year five. Cash flows beyond the five-year period are extrapolated based on the assumptions stated below.

*Key assumptions*

The key assumptions used in the VIU calculation were as follows:

- (a) 15.40% pre-tax discount rate;
- (b) sales and direct cost of sales were forecast for a five-year period, plus a terminal value based on current levels; and
- (c) overheads were forecast based on current levels adjusted for inflationary increases.

*Impairment test results:*

Based on the VIU calculation methodology and assumptions stated above, the carrying amount of the Visionflex medical equipment CGU at balance sheet date exceeded its recoverable amount and an impairment charge of \$3,150,195 was recognised for the financial year ended 30 June 2022.



#### Note 10. Current liabilities - trade and other payables

	Consolidated 2023 (unaudited) \$	2022 \$
Trade payables	1,050,020	1,423,271
Accrued expenses	1,341,366	691,367
Customer deposits	728,494	95,000
BAS payable	159,446	278,984
Other payables	345,111	877,909
	<u>3,624,437</u>	<u>3,366,531</u>

#### Note 11. Current liabilities - borrowings

	Consolidated 2023 (unaudited) \$	2022 \$
Short term finance	<u>5,406</u>	<u>-</u>

#### Note 12. Non-current liabilities - borrowings

	Consolidated 2023 (unaudited) \$	2022 \$
Convertible notes payable	<u>6,050,000</u>	<u>4,000,000</u>

The credit standby arrangements relate to two facility agreements with investors. The first relates to a facility with a corner stone investor Mr Plummer totalling \$5,200,000 (30 June 2022: \$4,000,000) of which \$5,200,000 is drawn at 30 June 2023 (30 June 2022: \$4,000,000). The second facility relates to a facility with Adcock Private Equity totalling \$3,200,000 (30 June 2022: \$nil) of which \$850,000 is drawn at 30 June 2023 (30 June 2022: n/a).

The key terms of both facilities include:

- The Note is repayable 24 months from date of each draw. Repayments of amounts drawn prior to January 2023 have been extended until January 2025.
- Line fee of 1% per annum;
- Interest rate of Reserve Bank of Australia cash rate plus 8.5% per annum, therefore currently 12.6% per annum, payable quarterly in arrears;
- The facility agreement includes a provision to renegotiate interest rate further downwards subject to the Group achieving a cash flow breakeven quarter and an additional rate reduction on delivering three consecutive cash flow positive quarters;
- Usual covenants for a facility of this nature and scope including: unsecured obligation, no debt subordination without consent, anti-dilution provisions;
- Facility can be repaid in full or reduced at any time at the election of the Group; and
- The agreement with Mr Plummer includes provisions allowing for conversion into shares of a portion of the existing debt and the redraw of an equivalent amount in new drawing against the facility within the same total of \$5,200,000.

## Note 12. Non-current liabilities - borrowings (continued)

### Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2023 (unaudited) \$	2022 \$
Total facilities		
Convertible notes payable	8,400,000	4,000,000
Used at the reporting date		
Convertible notes payable	6,050,000	4,000,000
Unused at the reporting date		
Convertible notes payable	2,350,000	-

## Note 13. Equity - issued capital

	2023 (unaudited) Shares	2022 Shares	Consolidated 2023 (unaudited) \$	2022 \$
Ordinary shares - fully paid	1,416,991,197	1,288,173,816	40,274,494	39,289,042

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	424,616,903		32,577,175
Non-renounceable entitlement offer	4 October 2021	63,534,024	\$0.016	1,016,545
Non-renounceable entitlement offer	6 October 2021	9,375,000	\$0.016	150,000
Non-renounceable entitlement offer	14 October 2021	6,250,000	\$0.016	100,000
Right issue offer	24 February 2022	50,377,881	\$0.010	503,779
Issue of shares	17 June 2022	250,000,000	\$0.010	2,500,000
Issue of shares on acquisition of Visionflex Pty Ltd note 16	17 June 2022	484,020,008	\$0.006	2,904,120
Issued capital required as part of the acquisition	17 June 2022			5
Less cost of capital raising				(211,000)
Less share issue costs				(251,582)
Balance	30 June 2022	1,288,173,816		39,289,042
Issue of shares	27 March 2023	65,359,541	\$0.008	500,000
Issue of shares	5 May 2023	63,457,840	\$0.008	485,452
Balance	30 June 2023	1,416,991,197		40,274,494

### Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Note 13. Equity - issued capital (continued)

#### Share buy-back

There is no current on-market share buy-back.

#### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

### Note 14. Equity - reserves

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>(unaudited)</b>	
	<b>\$</b>	<b>\$</b>
Foreign currency reserve	(784)	(5)
Share-based payments reserve	1,744,284	1,857,497
Acquisition reserve	974,429	974,429
	<u>2,717,929</u>	<u>2,831,921</u>

#### Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

#### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

#### Acquisition reserve

The reserve is used to recognise equity benefits provided to the vendors on acquisition of subsidiaries. This includes fair value of shares and options which is expected to be converted into issued capital in the future.

#### Note 14. Equity - reserves (continued)

##### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Foreign currency \$	Share-based payment \$	Acquisition reserve \$	Total \$
Balance at 1 July 2021	-	1,642,840	974,429	2,617,269
Foreign currency translation	(5)	-	-	(5)
Share-based payments expense	-	214,657	-	214,657
		<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	(5)	1,857,497	974,429	2,831,921
Foreign currency translation	(779)	-	-	(779)
Share-based payments expense	-	(113,213)	-	(113,213)
		<hr/>	<hr/>	<hr/>
Balance at 30 June 2023	<u>(784)</u>	<u>1,744,284</u>	<u>974,429</u>	<u>2,717,929</u>

#### Note 15. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

#### Note 16. Business combinations

##### Acquisition of Visionflex Pty Ltd (prior year)

The net assets of Visionflex Pty Limited recognised in the 30 June 2022 financial statements were based on a provisional assessment of their fair value. Following the completion of the fair value assessment during the year ended 30 June 2023, the acquisition date fair value of other payables was \$79,236, an increase of \$66,630 over the provisional value. The 2022 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was an increase in other payables of \$66,630 at 30 June 2022 and a corresponding increase in goodwill of \$66,630, resulting in \$3,150,195 of total goodwill arising on the acquisition. The goodwill arising on the acquisition of Visionflex was impaired in full at 30 June 2022. As a result, the impairment charge on goodwill from the acquisition date to 30 June 2022 increased by \$66,630 from \$3,083,565 to \$3,150,195.

**Note 17. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated 2023 (unaudited) \$</b>	<b>2022 \$</b>
Loss after income tax benefit/(expense) for the year	(3,655,657)	(6,888,569)
Adjustments for:		
Net gain on disposal of business	(743,367)	-
Depreciation and amortisation	39,144	25,329
Net loss on disposal of property, plant and equipment	13,220	-
Net loss on disposal of intangibles	-	3,150,195
Share-based payments	(113,213)	214,657
Foreign exchange differences	(779)	-
Other non-cash transactions	5,406	(4,632)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(194,850)	225,442
Decrease in contract assets	98,123	-
Increase in inventories	(32,428)	-
Decrease in income tax refund due	262,000	-
Decrease in prepayments	92,265	-
Decrease in other operating assets	-	276,174
Increase in trade and other payables	933,048	193,135
Decrease in contract liabilities	(139,053)	-
Increase/(decrease) in employee benefits	(211,333)	11,313
Net cash used in operating activities	<u>(3,647,474)</u>	<u>(2,796,956)</u>

**Note 18. Earnings per share**

	<b>Consolidated 2023 (unaudited) \$</b>	<b>2022 \$</b>
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of 1st Group Limited	<u>(3,279,371)</u>	<u>(5,403,378)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.25)	(1.02)
Diluted earnings per share	(0.25)	(1.02)
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of 1st Group Limited	<u>(376,286)</u>	<u>(1,485,191)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.03)	(0.28)
Diluted earnings per share	(0.03)	(0.28)

**Note 18. Earnings per share (continued)**

	<b>Consolidated 2023 (unaudited) \$</b>	<b>2022 \$</b>
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of 1st Group Limited	<u>(3,655,657)</u>	<u>(6,888,569)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.28)	(1.30)
Diluted earnings per share	(0.28)	(1.30)
Options have been excluded from the diluted earnings per share calculation as their inclusion would be anti-dilutive.		
	<b>Number</b>	<b>Number</b>
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,315,274,125</u>	<u>528,633,225</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,315,274,125</u>	<u>528,633,225</u>

**Note 19. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.