1st Group Limited

ABN 25 138 897 533

Annual Report - 30 June 2023

I am pleased to present 1ST Group Limited's ('1ST Group') Annual Report

The 2023 financial year has seen 1ST Group finish in a much stronger position than it started. Not only are we in a better financial position but we have a redefined strategy that your board believes will provide long term shareholder benefit.

Just prior to the start of the year, on 19 June 2022, we undertook a merger with Visionflex; a strategic decision to significantly improve the trajectory of the business. The merger brought new business revenue streams and investment capital to create a new pathway in healthcare. Subsequently however the company received a qualified audit for the preceding 2022 year. The intended investment capital was consumed by accounts payable incurred well before the merger. Subsequent to these events, the previous Managing Director resigned and there was an enforced suspension of trading on the ASX on 11 October 2022. Pleasingly and through a fundamental change in leadership, board members and our go to market strategy, we enter the new 2024 financial year with the company in a sound financial position with the foundations having been laid for growth and future profitability.

I would like to take the opportunity upfront to thank current Directors, current Management, every member of our staff and our key suppliers for their support and hard work. Significant thanks are also due to major shareholders John Plummer and Brook Adcock for their commitment in providing the equity and loan funding essential in achieving the required transition.

As noted, the previous Managing Director resigned on 4 October 2022. The previous Chair, and another Non-Executive Director, decided not to stand for re-election at the last Annual General Meeting. This created the opportunity for the appointment of Joshua Mundey as Chief Executive Officer, which was made permanent on 25 January 2023. The two remaining Non-Executive Directors, Brook Adcock and John Nantes, who joined the Board of Directors on the acquisition of Visionflex in late-June 2022 have been joined by Geoff Neate (appointed 29 November 2022) and me, as Chair (appointed 15 December 2022). The confidence that Brook and John held in Visionflex has been justified by the subsequent placement of this business division at the core of our strategy for the future.

From the first day on his appointment as CEO, Josh Mundey worked tirelessly to define and execute a major re-structure that significantly reduced operating costs and has improved sales focus and performance, particularly in Visionflex products.

The Board formed the view that the MyHealth1st business was no longer part of the strategic direction of 1ST Group. The subsequent divestment has significantly reduced future funding requirements as well as contributing to immediate cash reserves.

Visionflex, in contrast, has performed strongly in the past year and we enter the new year with a significant order backlog from the $1,760,000 of orders received in quarter 4 of the financial year ended 30 June 2023 and excellent growth prospects with both new and existing, recently acquired, customers. The most successful market segment has been with Primary Health Networks across the country, which are all investing in remote health technology solutions with the support of federal funding. In addition, a significant foothold has been gained in the Aboriginal Health Organisation segment, particularly in Western Australia. The company has also achieved early international sales and is working on the development of strategic partnerships to support significant international growth in the longer term. Another sizable segment of interest is aged care providers who can gain massive benefits in both health outcomes and financially using Visionflex solutions.

Visionflex delivers a new approach to healthcare that addresses the challenges of remote access and the global shortage of health specialist skills. We are proud of the contribution Visionflex makes toward improved healthcare and are excited by the opportunity to continue our expansion in an already vast and growing market.

The company continues to operate the GoBookings and Pet Yeti services and is currently reviewing the future prospects and opportunities for these businesses.

In parallel with the focus on restructuring and repositioning of the business for growth, the Board has recognised that another important foundation for the future is to ensure best practice governance. Board capabilities, policies and procedures have been extensively reviewed and will continue to be developed to meet future strategic and operational needs. The Board recognises its important responsibilities in the oversight of culture and to ensure accurate reporting and disclosure. We are in the process of further strengthening the management team. Following the recently announced appointment of Michael Kafrouni as Chief Operating Officer a search is underway for our future Chief Financial Officer.

In recognition of the strategic re-positioning of the company the Board is reviewing the branding of the business to better reflect the business model and market opportunities, especially given the acceleration of Visionflex and its global place in healthcare.

The Board is determined to invest as needed to support the strong opportunities now in front of the company. CEO Josh Mundey has been tasked with growing revenue both within Australia and globally, while maintaining a cost control focus on development, product design and business operations.

I would like to conclude by thanking all of our shareholders for their support and patience over this challenging period. The Board is vested in developing an exciting and profitable company to the benefit of our shareholders This will be achieved by providing healthcare solutions that save lives, reduce healthcare costs and reduce the overall healthcare burden on Australia and other jurisdictions seeking to improve their healthcare solutions.

To our shareholders:

I'm proud of what we have accomplished on behalf of shareholders in this past year. In spite of the challenging landscape the business was facing this time last year, we have positively changed the business, our performance culture and go to market strategy in a short period of time.

The financial results for the 2023 financial year reflect the cumulative effect of those changes. A strategic restructure was completed, which has increased revenue and funded further investment in Visionflex, whilst cutting operating expenses and strengthening the balance sheet, with a significant reduction in MyHealth1st aged account payables.

The decision to merge with Visionflex and subsequently sell the MyHealth1st ('MH1') business has helped the company replace stagnant revenues with growing revenues and strip out significant costs at the same time. Notably, Visionflex achieved revenue of $2.6m in FY23, surpassing the $2.1m in MH1 revenue that is no longer attributed to the group, from FY24 onwards.

Some notable financial highlights from the 2023 financial year:

- Total receipts from customers in FY23 of $7.8M versus $6.0M in FY22. An increase of 29%

- Revenue of $3.4M in the second half ('H2') of FY23 from $3.1M in the first half ('H1') of FY23. An increase of $0.3M or 9.7%

- Operating loss of $0.9M in H2 FY23 from $3.4M in H1 FY23. A reduction of $2.5M or 74%

- Operating expenses of $4.4M in H2 FY23 from $6.5M in H1 FY23. A reduction of $2.1M or 32%

- Increased Debt Facilities to $8.4M, which can be converted to equity at the company's discretion

Visionflex's ProEX Virtual Care Software received substantial orders in H2 FY23, achieving its largest sales quarter in the company's history, and its more recently announced initial order from WAPHN for $1.1M. I am encouraged by the continued expansion of Visionflex's ProEX Virtual Care Software into Primary Healthcare Networks ('PHNs'), Residential Aged Care Facilities ('RACFs') and Aboriginal Health Organisations ('AHOs'). Visionflex continues to demonstrate its value as innovative and trusted partners in the transition to virtual and hybrid healthcare. Further opportunities with large health providers are progressing with a strong pipeline of orders that is expected to continue into FY24.

We are proud of our company's resiliency and of what our employees have achieved, collectively and individually. Throughout the challenges over the past year, we never stopped doing all the things we should be doing to serve our customers and our communities. However, we also know that we can still be much better, and we're dedicated to improving further.

I would like to thank every member of our staff for their hard work and our key suppliers and customers for their support. Finally, I can tell you it's a great joy for me to get to work every day with a team of such smart and passionate people. On behalf of all of us, thank you for your support as shareholders.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of 1st Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors
The following persons were Directors of 1st Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Christopher Whitehead - Non-Executive Director and Chair (appointed on 15 December 2022)
Geoff Neate - Non-Executive Director (appointed on 29 November 2022)
John Nantes - Non-Executive Director
Brook Adcock - Non-Executive Director
Klaus Bartosch - Executive Director and Chief Executive Officer (resigned on 3 October 2022)
Stephe Wilks - Non-Executive Director and Chair (resigned on 29 November 2022)
Magali Azema-Barac - Non-Executive Director (resigned on 29 November 2022)

Principal activities
During the financial year the principal continuing activities of the Group consisted of the provision of healthcare and corporate online search and appointment booking services, telehealth, and remote diagnostic solutions into both local and international markets.

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

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

Refer to the Chair's report and the Chief Executive Officer's report for further commentary on the review of operations.

Significant changes in the state of affairs
The Company was suspended from trading on 11 October 2022 following qualification by its auditors of the 2022 Annual Report. The qualification was based on concerns regarding valuation of its assets as a ‘going concern’ given the financial trends and lack of committed further funding.

The main initiatives undertaken by the company to address these concerns were:

- In October 2022 Mr Adcock via his company Adcock Private Equity agreed to provide the company $1,200,000 of funding via a convertible note on identical terms as the existing Plummer facility which at the time was fully drawn at $4,000,000.
- In October 2022 Mr Plummer agreed to extend his facility by another $500,000 taking its limit to $4,500,000.
- In January 2023 Mr Plummer agreed to extend his facility by another $700,000 taking its limit to $5,200,000 which is now fully drawn.
- In February 2023, Adcock Private Equity agreed to extend its facility by another $2,000,000 taking its limit to $3,200,000, of which $2,350,000 was undrawn at 30 June 2023.
- In March 2023, Mr Plummer agreed to a placement of shares raising $985,452 to fund working capital in the operation of the business.
- At the end of the period the Group had $3,792,802 of cash and unused funding available.

Further significant changes, some precipitated by these circumstances, included:

- The previous Chief Executive Officer ('CEO') resigned on 4 October 2022. Following his resignation, Mr Josh Mundey was appointed as acting CEO and was subsequently appointed as CEO on 25 January 2023. Prior to this, Mr Mundey had been working within the business as a business improvement consultant since the merger with Visionflex.

- Mr Stephe Wilks and Ms Magali Azema-Barac both Non-Executive Directors of the Company retired by rotation at the 2022 Annual General Meeting and chose not to stand for re-election.

- Mr Geoff Neate was appointed as a Non-Executive Director at the 2022 Annual General Meeting.

- Mr Chris Whitehead was appointed as a Non-Executive Director and Chair on 15 December.

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. $200,000 of the contingent consideration was received in September 2023 and the remaining $300,000 is expected to be received in the second quarter of the financial year ending 30 June 2024 upon completing the full separation of IT systems.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

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.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have been included in the Chair's report and the Chief Executive Officer's report which precede this report.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Christopher Whitehead
Title:	Non-Executive Chairman (appointed on 15 December 2022)
Qualifications:	BSc(Hons), Chartered Banker, SF FIN, FAICD
Experience and expertise:	Chris has over 20 years' experience as a Board Director across a wide range of business sectors and ranging from significant national corporates to start-ups. His healthcare industry experience includes service as a Director of CUA Health Insurance and as a Director of the WA Cancer Support Agency. He has held significant CEO roles including over 5 years at each of BankWest Retail Bank, CUA (now Great Southern Bank) and at FINSIA (Financial Services Institute of Australasia). He is currently a Non Executive Director of IMB Bank and Chair of the Board Risk Committee. He was a member of the ASX Corporate Governance Council for five years. He commenced his career in information technology moving through a range of technical roles into executive roles in product management and major projects delivery.
Other current directorships:	IMB Bank (unlisted)
Former directorships (last 3 years):	WISR Ltd (ASX: WZR) (Resigned on 24 November 2021)
Special responsibilities:	Member of the Audit and Risk Committee and member of the Nomination and Remuneration Committee
Interests in shares:	2,128,152 ordinary shares
Interests in options:	None

Name:	Geoff Neate
Title:	Non-Executive Director (appointed on 29 November 2022)
Qualifications:	B.Bus (Monash). M.Mkt (Melb)
Experience and expertise:	Geoff co-founded Spirit Telecom (ASX: ST1) in 2005, and led the company through the listing process, completing his 15 year tenure as CEO in September 2019. Under Geoff's leadership Spirit completed 8 acquisitions and received several awards, including Australia's fastest ISP in 2015. With over 30 years' in telecommunications he led Spirit as the industry transformed. Geoff has been a senior executive with several established organisations including Primus telecom, RACV, Telstra, Lend Lease.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee
Interests in shares:	1,420,714 ordinary shares
Interests in options:	None

Name:	John Nantes
Title:	Non-Executive Director
Qualifications:	LLB, B.Comm., B.A., Dip FP.
Experience and expertise:	John has over 25 years' experience in Financial Services, Private Equity, Tax and Accounting, Corporate Finance, Capital Markets, M&A and tech based companies. John is the Chairman of Wisr, a leading Fintech in Australia, Executive Chairman for Income Asset Management, Director of Thinxtra a non-listed IOT company, and advises Adcock Private Equity in a CEO capacity. John has previously held senior executive roles in WHK/Crowe Horwath, St George Bank, Colonial State Bank.
Other current directorships:	Wisr Limited (ASX: WZR), Income Asset Management Group Limited (ASX: IAM)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and member of the Nomination and Remuneration Committee
Interests in shares:	None
Interests in options:	None

Name:	Brook Adcock
Title:	Non-Executive Director
Qualifications:	BSc, MAICD
Experience and expertise:	Brook spent 13 years as a Pilot in the RAAF and another 13 years flying for Qantas before owning and developing several businesses including Pandora Jewellery Australia. Brook is a leading Entrepreneur and Private Investor in Australia and is the Executive Chairman of Adcock Private Equity. Adcock Private Equity has strong positions in listed and unlisted companies across sectors such as Fintech, Healthtech and Legaltech.
Other current directorships:	Income Asset Management Group Limited (ASX: IAM)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Chair of the Remuneration and Nomination Committee
Interests in shares:	502,766,004 ordinary shares
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Elizabeth Spooner and Maggie Niewidok were joint company secretaries during part of the year. Elizabeth Spooner has held the role of company secretary since 3 June 2021 and Maggie Niewidok held the role of company secretary from 4 March 2022 until her resignation on 17 November 2022.

Elizabeth is an experienced governance and compliance professional who works closely with a number of boards of both listed and unlisted public companies in her role at Automic. She holds a double degree in Bachelor of Business Administration and Bachelor of Arts majoring in Human Resources, and a Graduate Diploma of Applied Corporate Governance from the Governance Institute. Elizabeth has most recently completed her Juris Doctor degree from Australian National University. She is an Associate of the Governance Institute of Australia, a Member of the Australian Institute of Company Directors and a NSW Justice of the Peace. Prior to joining Automic, Elizabeth worked with a provider of outsourced governance services and supported a number of listed companies in addition to other public, private and not-for-profit entities.

Maggie Niewidok is an admitted lawyer who works at Automic Group across the Automic Legal and Company Secretarial teams. She works closely with a number of boards of both listed and unlisted public companies. Maggie holds a double degree, Bachelor of Laws and Bachelor of Commerce majoring in Finance and a Graduate Diploma of Applied Corporate Governance from the Governance Institute.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Christopher Whitehead	8	8	1	1	1	1
Geoff Neate	9	9	-	-	1	1
John Nantes	17	17	2	2	2	2
Brook Adcock	14	17	1	2	-	-
Klaus Bartosch	3	5	-	-	-	-
Stephe Wilks	8	8	-	-	1	1
Magali Azema-Barac	8	8	-	-	1	1

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report which has been audited, details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executives on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-Executive Directors' remuneration
Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their roles. Non-Executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of his own remuneration. Non-Executive Directors may receive shares and options as part of their remuneration.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 24 November 2015, where the shareholders approved a maximum annual aggregate remuneration of $500,000 per annum.

The annual Non-Executive Directors’ fees currently agreed to be paid are $70,000 plus statutory superannuation to the Chair and $50,000 for other Non-Executive Directors, excluding Mr Brook Adcock who has elected to not receive Director’s fees. Non-Executive Directors may become eligible to receive share-based payments in the form of share options and performance rights in recognition of increased shareholder value as considered appropriate by the Board. The key terms of the share-based payments are subject to shareholder approval in accordance with ASX listing rules.

In addition to their annual remuneration, the Directors may also be reimbursed for expenses properly incurred by them in connection with the affairs of the Group including travel and other expenses. Non-Executive Directors may be paid such additional or special remuneration as the Board decide is appropriate where a Director performs extra work or services which are not in the capacity as Director. Directors are not currently entitled to any additional remuneration for time spent in connection with acting as a member of any committee of the Board.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long-term incentives; and
- other remuneration such as long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Nomination and Remuneration Committee or a full session of the independent Non–Executive Directors, based on individual and business unit performance, the overall performance of the Group and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

Variable remuneration
The short-term incentives (‘STI’) program is designed to align the financial performance of the Group to executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and Key performance indicators (‘KPIs’) being achieved. KPIs include Earnings before interest, tax, depreciation and amortisation (‘EBITDA’), closing monthly recurring revenue (‘MRR') at the end of the reporting period and closing average monthly transaction revenue (‘AMTR’) at the end of the reporting period. No STI awards were granted in respect of the financial year ending 30 June 2023.

Long term incentives (‘LTI’)
The objective of the LTI program is to reward KMPs in a manner which aligns this element of remuneration with the creation of shareholder value. The incentive portion is payable based upon attainment of objectives related to the KMPs’ roles and responsibilities. The objectives vary by individual, but all are targeted to relate directly to the Group’s business and financial performance and thus to shareholder value.

LTI grants to KMP are delivered in the form of share-based payments, comprising of share options and performance rights. Share options are issued at an exercise price determined by the Board at the time of issue. The exercise price is usually set at or above the current 30 day volume weighted average price (‘VWAP’) in order to link the benefit to the creation of shareholder value. Performance rights are issued to KMP based on long-term incentive measures as determined by the Board at the time of issue and have an exercise price of $nil.

The objective of granting share-based payments to KMP is to align remuneration with the creation of long term shareholder value. The level of LTI granted is dependent on the Company’s recent share price performance, the seniority of the KMP and their responsibilities, the requirements of the ASX listing rules and the Company’s incentive plan rules.

Typically, the grant of LTI occurs at the commencement of employment for key individuals in order to attract and retain high performing individuals.

LTI grants to be made in respect of the financial year will be subject to shareholder approval at the AGM.

The Nomination and Remuneration Committee is of the opinion that the results can be improved through the adoption of performance based compensation and is satisfied that this will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
During the financial year ended 30 June 2023, the Group did not engage any remuneration consultants.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')
At the 2022 AGM, 94.24% of the votes received supported the adoption of the remuneration report for the year ended 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of KMP of the Group are set out in the following tables.

The KMP of the Group consisted of the Directors of 1st Group Limited and the following persons:

- Joshua Mundey - Chief Executive Officer (appointed on 25 January 2023)
- Richard Rogers - Chief Financial Officer

	Short-term benefits		Post-employment benefits	Share-based payments	
2023	Cash salary and fees $	Cash bonus $	Super-annuation $	Options $	Total $
Non-Executive Directors:					
Christopher Whitehead*	37,917	-	3,981	-	41,898
Geoff Neate*	32,083	-	-	-	32,083
John Nantes	54,460	-	-	-	54,460
Brook Adcock***	-	-	-	-	-
Stephe Wilks**	34,375	-	-	-	34,375
Magali Azema-Barac**	20,835	-	-	-	20,835
Executive Directors:					
Klaus Bartosch**	124,510	-	10,322	-	134,832
Other Key Management Personnel:					
Joshua Mundey****	278,607	128,493	27,915	-	435,015
Richard Rogers	270,000	62,500	35,225	10,440	378,165
	852,787	190,993	77,443	10,440	1,131,663

* Represents remuneration from the date of appointment.
** Represents remuneration up to the date of resignation.
*** Brook Adcock has chosen not to be paid for the period.
**** Joshua Mundey was appointed Chief Executive Officer on 25 January 2023. Prior to this appointment he was the Chief Revenue Officer, a position he held since 17 Jun 2022. The remuneration disclosed in the table above represents his total remuneration for the period from 1 June 2022 to 30 June 2023.

2022	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Post-employment benefits: Super-annuation $	Share-based payments: Options $	Total $
Non-Executive Directors:					
Stephe Wilks	55,000	-	-	29,722	84,722
Magali Azema-Barac	-	-	-	17,833	17,833
Ross McCreath **	-	-	-	9,508	9,508
Executive Directors:					
Klaus Bartosch	360,000	-	36,000	93,630	489,630
Other Key Management Personnel:					
Richard Rogers	270,000	-	27,000	31,320	328,320
	685,000	-	63,000	182,013	930,013

* Represents remuneration from the date of appointment.
** Represents remuneration up to the date of resignation.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2023	Fixed remuneration 2022	At risk - STI 2023	At risk - STI 2022	At risk - LTI 2023	At risk - LTI 2022
Non-Executive Directors:						
Christopher Whitehead	100%	-	-	-	-	-
Geoff Neate	100%	-	-	-	-	-
John Nantes	100%	-	-	-	-	-
Stephe Wilks	100%	54%	-	-	-	46%
Magali Azema-Barac	100%	100%	-	-	-	-
Executive Directors:						
Klaus Bartosch	100%	73%	-	-	-	27%
Other Key Management Personnel:						
Joshua Mundey	67%	-	30%	-	3%	-
Richard Rogers	78%	90%	17%	-	5%	10%

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable 2023	Cash bonus paid/payable 2022	Cash bonus forfeited 2023	Cash bonus forfeited 2022
Joshua Mundey	100%	-	-	-
Richard Rogers	93%	-	7%	100%
Klaus Bartosch	-	-	100%	100%

Service agreements

Non-Executive Directors do not have fixed term contracts with the Company. On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation. Non-Executive directors retire by whichever is the longer period: the third annual general meeting following their appointment, or the third anniversary date of appointment, but may then be eligible for re-election. In addition the requirement that a minimum of 1/3 of the Directors retire each year means that Directors must retire every 2 years.

Remuneration and other terms of employment for executives are formalised in employment agreements. Details of the employment agreements are as follows:

Name:	Joshua Mundey
Title:	Chief Executive Officer ('CEO')
Agreement commenced:	25 January 2023
Term of agreement:	Ongoing
Details:	The CEO receives fixed remuneration of $300,000, plus statutory superannuation. He is eligible to receive STI of up to 33% of fixed remuneration subject to the achievement of key performance indicators, as agreed at the beginning of each financial year. He is eligible to receive LTI, to be determined at the discretion of the Board. Either party may terminate the contract by giving 3 months' notice in writing. In case of termination of employment (without cause), the CEO is entitled to pro-rata STI for the year. All LTI that remains unvested at the end of the notice period will lapse. In case of termination of employment (with cause), STI is not awarded and all unvested LTI will lapse immediately.

Name:	Richard Rogers
Title:	Chief Financial Officer/Chief Operating Officer ('CFO/COO')
Agreement commenced:	1 July 2021
Term of agreement:	Ongoing
Details:	The CFO/COO receives $270,000 plus statutory superannuation. He is eligible to receive STI of up to 25% of fixed remuneration subject to the achievement of key performance indicators, to be determined at the discretion of the Board. He is eligible to receive LTI, to be determined at the discretion of the Board. Either party may terminate the contract by giving 4 weeks' notice in writing. If employment is terminated (without cause), the CFO/COO is entitled to pro-rata STI for the year. All LTI that remains unvested at the end of the notice period will lapse. In case of termination of employment (with cause), STI is not awarded and all unvested LTI will lapse immediately.

KMPs have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting particulars	Expiry date	Exercise price	Fair value per option at grant date
Richard Rogers	1,000,000	12/12/2018	1/3 vest in equal annual instalments	12/12/2023	$0.105	$0.006
	1,000,000	15/08/2019	1/3 vest in equal annual instalments	15/08/2024	$0.105	$0.034
	3,000,000	25/06/2021	1/3 vest in equal annual instalments	25/06/2026	$0.022	$0.022
Stephe Wilks	4,246,000	30/11/2021	Options vest at grant date	30/11/2026	$0.022	$0.022
Magali Azema-Barac	2,547,600	30/11/2021	Options vest at grant date	30/11/2026	$0.022	$0.022

Options granted carry no dividend or voting rights. Vesting is subject to continuity of service and there are no performance conditions.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Number of options granted during the year 2023	Number of options granted during the year 2022	Number of options vested during the year 2023	Number of options vested during the year 2022
Klaus Bartosch(i)	-	13,160,000	-	1,186,666
Richard Rogers	-	3,000,000	1,333,334	1,666,667
Stephe Wilks(ii)	-	4,246,000	-	4,246,000
Magali Azema-Barac(ii)	-	2,547,600	-	2,547,600

(i) Resigned on 03 October 2022
(ii) Resigned on 29 November 2022

Performance rights
There were no performance rights over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

There were no performance rights over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other*	Balance at the end of the year
Ordinary shares					
Christopher Whitehead	-	-	2,128,152	-	2,128,152
Geoff Neate	-	-	1,420,714	-	1,420,714
Brook Adcock	502,766,004	-	-	-	502,766,004
Richard Rogers	3,525,379	-	-	-	3,525,379
Klaus Bartosch	7,218,435	-	-	(7,218,435)	-
	513,509,818	-	3,548,866	(7,218,435)	509,840,249

* Other includes no longer being designated as a KMP, not necessarily a disposal of holding.

Option holding
The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other*	Balance at the end of the year
Options over ordinary shares					
Richard Rogers	5,000,000	-	-	-	5,000,000
Klaus Bartosch	23,436,386	-	-	(23,436,386)	-
Stephe Wilks	4,246,000	-	-	(4,246,000)	-
Magali Azema-Barac	2,547,600	-	-	(2,547,600)	-
	35,229,986	-	-	(30,229,986)	5,000,000

* Expired/forfeited/other may represent no longer being designated as a KMP. It does not necessarily represent options that have expired or have been forfeited.

Other transactions with key management personnel and their related parties
During the year ended 30 June 2023, the Group received funding via a $3,200,000 convertible note facility from Adcock Private Equity, a Director related entity of Non-Executive Director, Brook Adcock. As at 30 June 2023, the outstanding balance on the convertible note payable was $850,000 (2022: $nil). During the year ended 30 June 2023, the interest expense on the convertible note was $35,256 (2022: $nil) of which $26,988 remains outstanding at 30 June 2023 (2022: $nil).

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of 1st Group Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
19/06/2014	01/06/2024	$0.230	211,876
30/06/2014	01/06/2024	$0.230	350,000
27/10/2014	27/10/2024	$0.230	1,965,935
14/04/2015	14/04/2025	$0.350	85,000
12/12/2018	12/12/2023	$0.105	1,000,000
15/08/2019	15/08/2024	$0.105	1,000,000
25/06/2021	25/06/2026	$0.022	4,390,000
30/11/2021	30/11/2026	$0.022	7,642,800
			16,645,611

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights
There were no unissued ordinary shares of 1st Group Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of 1st Group Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of 1st Group Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of PKF(NS) Audit & Assurance Limited Partnership
There are no officers of the Company who are former partners of PKF(NS) Audit & Assurance Limited Partnership.

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 immediately after this Directors' report.

Auditor
PKF(NS) Audit & Assurance Limited Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Christopher Whitehead
Chair

29 September 2023
Sydney

Firm Name
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Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of 1st Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of 1st Group Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF

P. Pearman.

PAUL PEARMAN
PARTNER

29 SEPTEMBER 2023
SYDNEY, NSW

	Note	Consolidated 2023 $	2022 $
Revenue from continuing operations	5	4,468,171	2,706,250
Interest revenue calculated using the effective interest method		1,478	9
Expenses			
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	6	(26,618)	(12,918)
Impairment of assets	6	-	(3,150,195)
Loss on disposal of assets		(10,962)	-
Finance costs	6	(308,010)	(175,770)
Loss before income tax benefit/(expense) from continuing operations		(3,895,590)	(5,391,306)
Income tax benefit/(expense)	7	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	8	(376,286)	(1,485,191)
Loss after income tax benefit/(expense) for the year attributable to the owners of 1st Group Limited		(3,655,657)	(6,888,569)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(779)	(5)
Other comprehensive income for the year, net of tax		(779)	(5)
Total comprehensive income for the year attributable to the owners of 1st Group Limited		(3,656,436)	(6,888,574)
Total comprehensive income for the year is attributable to:			
Continuing operations		(3,280,150)	(5,403,383)
Discontinued operations		(376,286)	(1,485,191)
		(3,656,436)	(6,888,574)

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

1st Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 Cents	2022 Cents
Loss per share for loss from continuing operations attributable to the owners of 1st Group Limited			
Basic earnings per share	36	(0.25)	(1.02)
Diluted earnings per share	36	(0.25)	(1.02)
Loss per share for loss from discontinued operations attributable to the owners of 1st Group Limited			
Basic earnings per share	36	(0.03)	(0.28)
Diluted earnings per share	36	(0.03)	(0.28)
Loss per share for loss attributable to the owners of 1st Group Limited			
Basic earnings per share	36	(0.28)	(1.30)
Diluted earnings per share	36	(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 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	1,442,802	2,007,121
Trade and other receivables	10	579,698	384,848
Contract assets	11	16,733	114,856
Inventories	12	601,551	569,123
Income tax refund due	7	588,000	850,000
Other	13	97,981	190,246
Total current assets		3,326,765	4,116,194
Non-current assets			
Property, plant and equipment	14	16,774	48,536
Intangibles	15	12,299	12,379
Total non-current assets		29,073	60,915
Total assets		3,355,838	4,177,109
Liabilities			
Current liabilities			
Trade and other payables	16	3,624,437	3,461,531
Contract liabilities	17	252,394	296,447
Borrowings	18	5,406	-
Employee benefits	19	156,927	257,025
Total current liabilities		4,039,164	4,015,003
Non-current liabilities			
Borrowings	20	6,050,000	4,000,000
Employee benefits	21	6,636	117,871
Total non-current liabilities		6,056,636	4,117,871
Total liabilities		10,095,800	8,132,874
Net liabilities		(6,739,962)	(3,955,765)
Equity			
Issued capital	22	40,274,494	39,289,042
Reserves	23	2,717,929	2,831,921
Accumulated losses		(49,732,385)	(46,076,728)
Total deficiency in equity		(6,739,962)	(3,955,765)

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

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
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)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 22)	6,711,867	-	-	6,711,867
Share-based payments (note 35)	-	214,657	-	214,657
Balance at 30 June 2022	39,289,042	2,831,921	(46,076,728)	(3,955,765)

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
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)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 22)	985,452	-	-	985,452
Share-based payments (note 35)	-	(113,213)	-	(113,213)
Balance at 30 June 2023	40,274,494	2,717,929	(49,732,385)	(6,739,962)

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

	Note	Consolidated 2023 $	2022 $
Cash flows from operating activities			
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	34	(3,647,474)	(2,796,956)
Cash flows from investing activities			
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)
Cash flows from financing activities			
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	9	1,442,802	2,007,121

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

Note 1. General information

The financial statements cover 1st Group Limited as a Group consisting of 1st Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is 1st Group Limited's functional and presentation currency.

1st Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
C/o Automic Group	
Level 5, 126 Phillip Street	Unit 1/8 Prosperity Parade
Sydney, NSW 2000	Warriewood, NSW 2102

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the financial year, the Group made a loss after tax of $3,655,657 (2022: $6,888,569) and had net operating cash outflow of $3,647,474 (2022: $2,796,956). These conditions give rise to an uncertainty which may cast doubt over the Group's ability to continue as a going concern.

The Directors have reviewed the Group's profit and loss forecast for year ended 30 June 2023, and the 15-month cash flow forecast for the period 1 July 2023 to 30 September 2024.

AASB 101 Presentation of Financial Statements requires Directors to determine the Group’s ability to continue as a going concern for the purposes of preparing the consolidated financial statements. As such these profit and loss forecasts have been prepared to assist the Directors determine the Group’s ability to continue as a going concern as follows.

Forecast methodology
Revenues have been assessed in three broad sub-categories.

Organic revenue growth has been assessed for the 4 main revenue types across each of the SaaS brands operated by the company. These revenues have been trended in line with historic monthly increases (excluding large or unusual deals).

Hardware sales have been assessed based on the existing pipeline of potential orders, and follow-on purchases by existing customers.

Operating costs have been based on recent historic trends with expenses in line with actuals from the first quarter of the financial year ending 30 June 2024 ('FY24').

The cashflows have been modelled based on the relationship to operating profit, based on the history of receipts compared to revenue and the history of payments compared to outflows in recent years plus an assessment of the timing of receipts and payments for components related to hardware sales.

Note 2. Significant accounting policies (continued)

The Directors have determined the Group will be able to pay its debts as and when they fall due after considering the following relevant factors:

Sensitivities to the forecast have been considered, including revenue scenarios where the year on year growth is reduced by 27% and 40% in FY24 and the financial year ending 30 June 2025 ('FY25') respectively, compared to that included in the forecast. Trade payables have been modelled in line with previous experience. Recent trading results including the first quarter of have also been considered in assessing the potential for any downside to the forecasted revenue growth.

In the Directors' opinion, the ability of the Group to continue as a going concern is primarily dependent upon:

- As a Company listed on Australian Securities Exchange, the Directors are confident the Group will have the ability to raise capital in the future, if required. This has been evident in multiple capital raises which have occurred in recent years;
- The January 2023 agreement with Mr John Plummer and the February 2023 agreement with Adcock Private Equity, extended the credit facility and extended maturity dates for previously drawn amounts. The facilities total $8,400,000 of which $6,050,000 is currently drawn;
- The Group is confident of the continued support from its facility providers who are major shareholders and are expected to provide support in the form of loan repayments being deferred if required;
- The Group is confident of securing additional credit lines on similar terms to the existing one as needed, should working capital shortfalls arise during the forecast period.

The Directors are confident in the Group's ability to achieve the forecasts or cover any shortfall to them and have, therefore, concluded that it is appropriate to adopt, and have adopted, the going concern basis in preparing the consolidated financial statements. The Directors are of the view that the Group will be able to pay its debts as and when they become due from net cash from operating activities and from existing funds on hand. The Directors have considered the flow of new orders since 30 June 2023 including the material order from WA Primary Health Alliance that was announced in August 2023, and the trading performance during the first quarter of FY24 ('Q1 FY24') along with the current pipeline of potential sales expected to close in the months following Q1 FY24.

However, in the event that the Group is unable to achieve the outcomes in relation to the aforementioned, such circumstances would indicate that uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

The consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

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, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 1st Group Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. 1st Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is 1st Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, where this approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 2. Significant accounting policies (continued)

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Subscription fees
Subscription fees are recognised as revenue as the services are rendered, in accordance with the terms and conditions of the subscription agreement.

Usage fees (recalls, SMS and booking fees)
Usage revenue for recalls and SMS fees are recognised when the recall or SMS are sent by the customer.

Advertising revenue
Advertising revenue is recognised as the services are rendered, in accordance with the terms of the advertising agreement.

Setup and customisation
Most engagements with 1st Group customers involve set-up configuration services and training to be provided as a separately chargeable service before the other services commence. Any such “up front pricing” is deferred and amortised over the life of the contract (or over expected customer life-time for those products being set up). However, to the extent that the set-up fees represent a genuine fee for services provided to set up and enable the customer’s use of other products, revenue is recognised when the performance obligations have been satisfied and the service is complete, which may be in advance of the usage stage.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable or refundable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

1st Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime with effect from 29 May 2015. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Research and development tax credit
The Group has adopted the income approach to accounting for research and development tax offsets pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance' whereby the tax credit is recognised in profit or loss on a systematic basis over the periods in which the Group recognises the eligible expenses. Where the related costs are capitalised as an asset, the Group recognises the tax credit in profit or loss on a systematic basis matching the useful life of the asset.

Discontinued operations
A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 2. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Note 2. Significant accounting policies (continued)

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	5 years
Computer equipment	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
Lease payments on short-term leases with terms of 12 months or less and leases of low-value assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 20 years.

Note 2. Significant accounting policies (continued)

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between 5 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 5 years.

Internally developed software assets
Significant costs associated with internally developed software assets are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised internally developed software costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Technology platform
Significant costs associated with the technology platform are deferred and amortised on a straight-line basis over the period of their expected benefit. Internally generated technology platform and the acquired technology platform are amortised over 3 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised as a financial liability as the quantum of shares to be issued on conversion cannot be determined until conversion. The carrying amount of the conversion option is remeasured in subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 2. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave, long service leave and other employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they have vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Loss per share

Basic loss per share
Basic loss per share is calculated by dividing the loss attributable to the owners of 1st Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted loss per share
Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
Comparatives in the statement of profit or loss and other comprehensive income and statement of financial position have been realigned to current year presentation. There has been no effect on the loss for the comparative year or net assets of the Group.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. There are no Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory that are expected to have a material impact on the Group in future reporting periods and on foreseeable future transactions.

Note 3. 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 resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation, amortisation and impairment reported.

Note 4. 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
There were no intersegment receivables, payables and loans at 30 June 2023 and 30 June 2022 or at any time during the financial years then ended.

Major customers
During the years ended 30 June 2023 and 30 June 2022 no single customer contributed 10% or more to the Group's external revenue.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 2023	1st Group $	Visionflex $	Total $
Revenue			
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
Total revenue	3,985,378	2,582,752	6,568,130
Adjusted EBITDA	(3,264,107)	(1,074,740)	(4,338,847)
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)
Loss before income tax benefit	(3,158,542)	(1,113,334)	(4,271,876)
Income tax benefit			616,219
Loss after income tax benefit			(3,655,657)
Assets			
Segment assets	2,514,478	841,360	3,355,838
Total assets			3,355,838
Liabilities			
Segment liabilities	8,538,632	1,557,168	10,095,800
Total liabilities			10,095,800

Consolidated - 2022	1st Group $	Visionflex $	Total $
Revenue			
Sales to external customers	4,833,026	255,132	5,088,158
Interest revenue	9	-	9
Total revenue	4,833,035	255,132	5,088,167
Adjusted EBITDA	(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)
Profit/(loss) before income tax expense	(6,904,268)	39,369	(6,864,899)
Income tax expense			(23,670)
Loss after income tax expense			(6,888,569)
Assets			
Segment assets	2,834,291	1,342,818	4,177,109
Total assets			4,177,109
Liabilities			
Segment liabilities	6,583,351	1,549,523	8,132,874
Total liabilities			8,132,874

Note 5. Revenue

	Consolidated 2023 $	Consolidated 2022 $
From continuing operations		
Revenue from contracts with customers		
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	-
	4,395,994	2,683,438
Other revenue		
Other revenue	72,177	22,812
Revenue from continuing operations	4,468,171	2,706,250

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

	Consolidated 2023 $	Consolidated 2022 $
Timing of revenue recognition		
Goods transferred at a point in time	2,348,424	236,296
Services transferred over time	2,047,570	2,447,142
	4,395,994	2,683,438

All revenue from contracts with customers is generated in Australia.

Note 6. Expenses

	Consolidated 2023 $	Consolidated 2022 $
Loss before income tax from continuing operations includes the following specific expenses:		
Inventories recognised as an expense		
Inventories expensed	988,832	91,795
Depreciation		
Plant and equipment	789	30
Computer equipment	19,383	12,131
Total depreciation	20,172	12,161
Amortisation		
Patents and trademarks	3,262	757
Software	602	-
Technology platform	2,582	-
Total amortisation	6,446	757
Total depreciation and amortisation	26,618	12,918
Impairment		
Goodwill	-	3,150,195
Finance costs		
Interest and finance charges paid/payable on borrowings	308,010	175,770
Leases		
Short-term lease payments	85,367	605
Superannuation expense		
Defined contribution superannuation expense	270,720	167,372
Share-based payments expense		
Share-based payments expense	(53,210)	109,475

Note 7. Income tax

	Consolidated 2023 $	Consolidated 2022 $
Income tax (benefit)/expense		
Current tax	(588,000)	-
Adjustment recognised for prior periods	(28,219)	23,670
Aggregate income tax (benefit)/expense	(616,219)	23,670
Income tax (benefit)/expense is attributable to:		
Loss from continuing operations	(616,219)	12,072
Loss from discontinued operations	-	11,598
Aggregate income tax (benefit)/expense	(616,219)	23,670
Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate		
Loss before income tax benefit/(expense) from continuing operations	(3,895,590)	(5,391,306)
Loss before income tax expense from discontinued operations	(376,286)	(1,473,593)
	(4,271,876)	(6,864,899)
Tax at the statutory tax rate of 25%	(1,067,969)	(1,716,225)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	2,370	189
Impairment of intangibles	-	787,548
Entertainment expenses	174	1,001
Share-based payments	(28,303)	53,664
Research and development tax offset	(588,000)	-
Sundry items	4	9
	(1,681,724)	(873,814)
Current year tax losses not recognised	791,534	733,084
Current year temporary differences not recognised	302,190	140,730
Adjustment recognised for prior periods	(28,219)	23,670
Income tax (benefit)/expense	(616,219)	23,670

	Consolidated 2023 $	Consolidated 2022 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Unused tax losses	10,037,414	9,245,878
Allowance for expected credit losses	4,189	448
Provision for impairment of inventories	98,174	72,500
Prepayments	(24,495)	(53,748)
Plant and equipment	4,324	-
Contract liabilities	42,030	12,756
Employee benefits	47,091	118,232
Accrued expenses	342,867	184,675
Other	122,872	-
Total deferred tax assets not recognised	10,674,466	9,580,741

Note 7. Income tax (continued)

The above potential tax benefit for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Unused tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2023	2022
	$	$
Income tax refund due		
Income tax refund due	588,000	850,000

Income tax refund due represents the research and development tax credit.

Note 8. 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

	Consolidated	
	2023	2022
	$	$
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	(3,218,134)	(3,855,501)
Loss before income tax expense	(1,119,653)	(1,473,593)
Income tax expense	-	(11,598)
Loss after income tax expense	(1,119,653)	(1,485,191)
Gain on disposal before income tax	743,367	-
Income tax expense	-	-
Gain on disposal after income tax expense	743,367	-
Loss after income tax expense from discontinued operations	(376,286)	(1,485,191)

Note 8. Discontinued operations (continued)

Cash flow information

	Consolidated 2023 $	2022 $
Net cash used in operating activities	(1,123,179)	(906,031)
Net cash from/(used in) investing activities	749,275	(9,425)
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents from discontinued operations	(373,904)	(915,456)

Carrying amounts of assets and liabilities disposed

	Consolidated 2023 $	2022 $
Intangibles	6,633	-
Total assets	6,633	-
Net assets	6,633	-

Details of the disposal

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

Contingent consideration
In the event the operations of the MyHealth1st achieve certain performance criteria as specified in the sale agreement, additional cash consideration of up to $500,000 will be receivable. The contingent consideration receivable is measured at fair value and at the date of sale the fair value of the contingent consideration was determined to be $nil.

Note 9. Current assets - cash and cash equivalents

	Consolidated 2023 $	2022 $
Cash at bank	1,442,802	2,007,121

Note 10. Current assets - trade and other receivables

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

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.

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2023 %	2022 %	2023 $	2022 $	2023 $	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
			522,975	386,638	16,754	1,790

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

	Consolidated 2023 $	Consolidated 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	16,754	1,790

Note 11. Current assets - contract assets

	Consolidated 2023 $	Consolidated 2022 $
Contract assets	16,733	114,856

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

	2023 $	2022 $
Opening balance	114,856	368,215
Additions	16,733	50,500
Transfer to trade receivables	(50,500)	(227,335)
Write off of assets	(64,356)	(76,524)
Closing balance	16,733	114,856

Note 12. Current assets - inventories

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

Note 13. Current assets - other

	Consolidated 2023 $	Consolidated 2022 $
Prepayments	97,981	190,246

Note 14. Non-current assets - property, plant and equipment

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

Note 14. 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:

Consolidated	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)
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)
Balance at 30 June 2023	4,097	12,677	16,774

Note 15. Non-current assets - intangibles

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

Note 15. 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:

Consolidated	Goodwill $	Patents and trademarks $	Customer contracts $	Software $	Technology platform $	Total $
Balance at 1 July 2021	-	8,148	-	-	-	8,148
Additions through business combinations (note 32)	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 16. Current liabilities - trade and other payables

	Consolidated 2023 $	Consolidated 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	972,909
	3,624,437	3,461,531

Refer to note 25 for further information on financial instruments.

Note 17. Current liabilities - contract liabilities

	Consolidated 2023 $	Consolidated 2022 $
Contract liabilities	252,394	296,447

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

	2023 $	2022 $
Opening balance	296,447	72,455
Payments received in advance	425,580	671,017
Transfer to revenue - included in the opening balance	(296,447)	(72,455)
Transfer to revenue - other balances	(173,186)	(374,570)
Closing balance	252,394	296,447

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $252,394 as at 30 June 2023 ($296,447 as at 30 June 2022) and is expected to be recognised as revenue during the first 6 months of the next reporting period.

Note 18. Current liabilities - borrowings

	Consolidated 2023 $	Consolidated 2022 $
Short term finance	5,406	-

Refer to note 25 for further information on financial instruments.

Note 19. Current liabilities - employee benefits

	Consolidated 2023 $	Consolidated 2022 $
Annual leave and long service leave	156,927	257,025

Note 20. Non-current liabilities - borrowings

	Consolidated	
	2023	2022
	$	$
Convertible notes payable (non-current)	6,050,000	4,000,000

Refer to note 25 for further information on financial instruments.

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.

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

	Consolidated	
	2023	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 21. Non-current liabilities - employee benefits

	Consolidated 2023 $	Consolidated 2022 $
Long service leave	6,636	117,871

Note 22. Equity - issued capital

	Consolidated 2023 Shares	2022 Shares	2023 $	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 32	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.

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.

Note 22. Equity - issued capital (continued)

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 23. Equity - reserves

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

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 made during the financial year ended 30 June 2015. This includes fair value of shares and options which is expected to be converted into issued capital in the future.

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

Consolidated	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
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)
Balance at 30 June 2023	(784)	1,744,284	974,429	2,717,929

Note 24. Equity - dividends

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

Note 25. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group is not exposed to any significant foreign currency risk.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

Consolidated	2023 Balance $	2022 Balance $
Convertible notes payable	6,050,000	4,000,000
Short term finance	5,406	-
Cash at bank	(1,442,802)	(2,007,121)
Net exposure to cash flow interest rate risk	4,612,604	1,992,879

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 400 (2023: 50) basis points would have an adverse/favourable effect on profit before tax of $184,504 (2022: $9,964) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

As at 30 June 2023 and 30 June 2022 the Group does not have a concentration of credit risk exposure.

Note 25. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2023 $	Consolidated 2022 $
Convertible notes payable	2,350,000	-

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,050,020	-	-	-	1,050,020
Other payables	-	345,111	-	-	-	345,111
Interest-bearing - variable						
Convertible notes payable	11.69%	762,300	6,431,150	-	-	7,193,450
Interest-bearing - fixed rate						
Short term finance	5.70%	5,441	-	-	-	5,441
Total non-derivatives		2,162,872	6,431,150	-	-	8,594,022

Consolidated - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,423,271	-	-	-	1,423,271
Other payables	-	972,909	-	-	-	972,909
Interest-bearing - variable						
Convertible notes payable	8.83%	258,000	4,106,425	-	-	4,364,425
Total non-derivatives		2,654,180	4,106,425	-	-	6,760,605

Note 25. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss - contingent consideration*	-	-	-	-
Total assets	-	-	-	-

* Financial assets at fair value through profit or loss - contingent consideration receivable, arising from the sale of the MyHealth1st (see note 8), is measured at fair value and classified as level 3, under the 3 level hierarchy. At the date of sale the fair value of the contingent consideration was determined to be $nil.

The Group held no assets and liabilities, measured or disclosed at fair value during the financial year ended 30 June 2022.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Contingent consideration receivable has been valued using a discounted cash flow model.

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Contingent consideration	Expected cash inflows	$0 - $500,000	If expected cash flows were 10% higher, the FV would increase by $50,000

Note 27. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated 2023 $	Consolidated 2022 $
Short-term employee benefits	1,043,780	685,000
Post-employment benefits	77,443	63,000
Share-based payments	10,440	182,013
	1,131,663	930,013

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF(NS) Audit & Assurance Limited Partnership, the auditor of the Company, and unrelated firms:

	Consolidated 2023 $	Consolidated 2022 $
Audit services - PKF(NS) Audit & Assurance Limited Partnership		
Audit or review of the financial statements	135,000	108,500
Other services - PKF(NS) Audit & Assurance Limited Partnership		
Tax services	22,500	-
	157,500	108,500
Audit services - Bentleys NSW Audit Pty Ltd		
Audit or review of the financial statements	-	2,000
Other services - Bentleys NSW Pty Ltd		
Tax services	-	22,800
	-	24,800

Note 29. Contingent liabilities

There were no contingent liabilities which would have a material effect on the Group's financial statements as at 30 June 2023 (30 June 2022: nil).

Note 30. Related party transactions

Parent entity
1st Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Key management personnel
Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the Directors' report.

Note 30. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2023 $	2022 $
Expenses:		
Interest paid/payable to key management personnel	35,256	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2023 $	2022 $
Current payables:		
Other payables to key management personnel*	26,988	-

* Represents interest payable to key management personnel.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2023 $	2022 $
Non-current borrowings:		
Convertible note payable from key management personnel	850,000	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2023 $	2022 $
Loss after income tax	(4,885,870)	(6,203,577)
Total comprehensive income	(4,885,866)	(6,203,577)

Note 31. Parent entity information (continued)

Statement of financial position

	Parent 2023 $	Parent 2022 $
Total current assets	1,273,964	2,219,890
Total assets	9,031,780	10,009,524
Total current liabilities	19,748,111	18,691,611
Total liabilities	25,888,796	22,852,914
Equity		
Issued capital	40,274,494	39,289,042
Foreign currency reserve	-	(4)
Share-based payments reserve	1,744,284	1,857,497
Acquisition reserve	974,429	974,429
Accumulated losses	(59,850,223)	(54,964,354)
Total deficiency in equity	(16,857,016)	(12,843,390)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Business combinations

Acquisition of Visionflex Pty Ltd (prior year)
On 17 June 2022, the Company acquired 100% of the ordinary shares of Visionflex Pty Limited ('Visionflex'). The Visionflex transaction was approved by shareholders at an Extraordinary General Meeting (EGM), which was held on Thursday, 16 June 2022. The formal completion of the transaction subsequently occurred on 17 June 2022.

The acquisition of Visionflex enables 1st Group to add leading telehealth and diagnostic medical devices and related software to its portfolio of products. It represents a synergistic and complementary business with associated expertise that is poised for accelerated revenue and customer growth and the 1st Group team will work with the Visionflex team to accelerate its commercialisation plans.

On completion of the Acquisition, the Company issued 484,020,008 new fully paid ordinary shares being shares to the value of $2,904,120, based on a deemed issue price of $0.006 per share, which was the price of the Company’s shares on the day prior to the issue. Those shares were subject (with minor exceptions) to escrow for a period of 12 month after completion. Under AASB 3, the shares have been valued as at acquisition date at a total of $2,904,120.

Note 32. Business combinations (continued)

The acquired subsidiary contributed revenues of $255,132 and profit before tax of $39,369 to the Group for the period from 17 June 2022 to 30 June 2022.

The values identified in relation to the acquisition of Visionflex are final as at 30 June 2023.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	14,581
Inventories	587,642
R&D tax refundable	850,000
Property, plant and equipment	17,622
Trade payables	(986,674)
Other payables	(79,236)
R&D tax credit finance	(650,010)
Net liabilities acquired	(246,075)
Goodwill	3,150,195
Acquisition-date fair value of the total consideration transferred	2,904,120
Representing:	
1st Group Limited shares issued to vendor	2,904,120
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	2,904,120
Less: cash and cash equivalents	(14,581)
Less: shares issued by Company as part of consideration	(2,904,120)
Net cash received	(14,581)

The net assets 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 the other payables was $79,236, an increase of $12,606 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 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Clinic Connect Pty Limited	Australia	100.00%	100.00%
DocAppointments.com.au Pty Limited	Australia	100.00%	100.00%
Gobookings Systems Pty Limited	Australia	100.00%	100.00%
Visionflex Pty Ltd	Australia	100.00%	100.00%

Note 34. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2023 $	Consolidated 2022 $
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	838,048	193,135
Decrease in contract liabilities	(44,053)	-
Increase/(decrease) in employee benefits	(211,333)	11,313
Net cash used in operating activities	(3,647,474)	(2,796,956)

Non-cash investing and financing activities

	Consolidated 2023 $	Consolidated 2022 $
Shares issued in relation to business combinations (note 32)	-	2,904,120

Changes in liabilities arising from financing activities

Consolidated	Short term finance $	Convertible notes payable $	Other* $	Total $
Balance at 1 July 2021	-	3,250,000	-	3,250,000
Net cash from financing activities	-	750,000	-	750,000
Changes through business combinations (note 32)	-	-	600,000	600,000
Balance at 30 June 2022	-	4,000,000	600,000	4,600,000
Net cash from/(used in) financing activities	-	2,050,000	(600,000)	1,450,000
Settlement of expenses by means of finance facility	5,406	-	-	5,406
Balance at 30 June 2023	5,406	6,050,000	-	6,055,406

* Finance facility of $650,010 inclusive of accrued interest of $50,010 acquired through business combination, included in other payables at 30 June 2022.

Note 35. Share-based payments

The Group established the 1st Group Limited Share Option Plan ('Plan') on 29 November 2013 to align long term incentives for senior management and employees with the delivery of sustainable value to shareholders. Eligible participants include full or part-time employees, Directors and contractors, including any related body corporate. Participants are granted options which vest over time, subject to meeting specific criteria. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Company. The number of options that may be issued by the Group under the Plan when aggregated with the number of options or shares issued during the previous five years under all other employee equity plans established by the Group (including as a result of exercise of options or shares granted during the previous five years) must not exceed 5% of the total number of shares on issue. Options are forfeited automatically after the participant ceases to be employed by the Group , unless the Board determines otherwise (this is usually only in the case of redundancy, death or disablement).

In addition to the Plan, the Board at its discretion has issued share options to Non-Executive Directors, executive management and advisors. Set out below are summaries of options granted under the plan and those issued at the discretion of the Board.

Set out below are summaries of options granted under the plan:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/06/2014	01/06/2024	$0.230	949,838	-	-	(737,962)	211,876
30/06/2014	01/06/2024	$0.230	350,000	-	-	-	350,000
27/10/2014	27/10/2024	$0.230	1,965,935	-	-	-	1,965,935
05/12/2014	01/01/2024	$0.230	368,981	-	-	(368,981)	-
13/04/2015	13/04/2025	$0.230	1,944,443	-	-	(1,944,443)	-
14/04/2015	14/04/2025	$0.350	110,000	-	-	(25,000)	85,000
17/09/2015	17/09/2025	$0.350	120,000	-	-	(120,000)	-
29/11/2017	29/11/2022	$0.110	2,000,000	-	-	(2,000,000)	-
29/11/2017	29/11/2022	$0.150	2,000,000	-	-	(2,000,000)	-
22/12/2017	22/12/2022	$0.105	1,175,000	-	-	(1,175,000)	-
12/12/2018	12/12/2023	$0.110	1,200,000	-	-	(200,000)	1,000,000
15/08/2019	15/08/2024	$0.105	1,000,000	-	-	-	1,000,000
15/11/2019	19/11/2024	$0.105	3,000,000	-	-	(3,000,000)	-
01/07/2019	01/07/2022	$0.060	713,413	-	-	(713,413)	-
02/01/2020	02/01/2023	$0.097	142,850	-	-	(142,850)	-
25/06/2021	25/06/2026	$0.022	13,590,000	-	-	(9,200,000)	4,390,000
30/11/2021	30/11/2026	$0.022	20,442,800	-	-	(12,800,000)	7,642,800
			51,073,260	-	-	(34,427,649)	16,645,611
Weighted average exercise price			$0.066	$0.000	$0.000	$0.066	$0.066

Note 35. Share-based payments (continued)

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/06/2014	01/06/2024	$0.230	949,838	-	-	-	949,838
30/06/2014	01/06/2024	$0.230	350,000	-	-	-	350,000
27/10/2014	27/10/2024	$0.230	1,965,935	-	-	-	1,965,935
05/12/2014	01/01/2024	$0.230	368,981	-	-	-	368,981
13/04/2015	13/04/2025	$0.230	1,944,443	-	-	-	1,944,443
14/04/2015	14/04/2025	$0.350	110,000	-	-	-	110,000
17/09/2015	17/09/2025	$0.350	155,000	-	-	(35,000)	120,000
29/11/2017	29/11/2022	$0.110	2,000,000	-	-	-	2,000,000
29/11/2017	29/11/2022	$0.150	2,000,000	-	-	-	2,000,000
22/12/2017	22/12/2022	$0.105	1,925,000	-	-	(750,000)	1,175,000
12/12/2018	12/12/2023	$0.110	1,200,000	-	-	-	1,200,000
15/08/2019	15/08/2024	$0.105	1,000,000	-	-	-	1,000,000
15/11/2019	19/11/2024	$0.105	3,000,000	-	-	-	3,000,000
01/07/2019	01/07/2022	$0.060	713,413	-	-	-	713,413
02/01/2020	02/01/2023	$0.097	142,850	-	-	-	142,850
25/06/2021	25/06/2026	$0.022	-	13,590,000	-	-	13,590,000
30/11/2021	30/11/2026	$0.022	-	20,442,800	-	-	20,442,800
			17,825,460	34,032,800	-	(785,000)	51,073,260
Weighted average exercise price			$0.150	$0.021	$0.000	$0.116	$0.066

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2023 Number	2022 Number
19/06/2014	01/06/2024	211,876	949,838
30/06/2014	01/06/2024	350,000	350,000
27/10/2014	27/10/2024	1,965,935	1,965,935
05/12/2014	01/01/2024	-	368,981
13/04/2015	13/04/2025	-	1,944,443
14/04/2015	14/04/2025	85,000	110,000
17/09/2015	17/09/2020	-	120,000
29/11/2017	29/11/2022	-	4,000,000
22/12/2017	22/12/2022	-	1,175,000
12/12/2018	12/12/2023	1,000,000	1,200,000
01/07/2019	01/07/2022	-	713,413
15/08/2019	15/08/2024	1,000,000	666,666
15/11/2019	19/11/2024	-	2,000,000
02/01/2020	02/01/2023	-	142,850
25/06/2021	25/06/2026	2,926,666	4,529,995
30/11/2021	30/11/2026	7,642,800	7,642,800
		15,182,277	27,879,921

The weighted average share price during the financial year was $$0.008 (2022: $0.013).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.65 years (2022: 3.36 years).

Note 36. Earnings per share

	Consolidated 2023 $	Consolidated 2022 $
Loss per share for loss from continuing operations		
Loss after income tax attributable to the owners of 1st Group Limited	(3,279,371)	(5,403,378)

	Cents	Cents
Basic earnings per share	(0.25)	(1.02)
Diluted earnings per share	(0.25)	(1.02)

	Consolidated 2023 $	Consolidated 2022 $
Loss per share for loss from discontinued operations		
Loss after income tax attributable to the owners of 1st Group Limited	(376,286)	(1,485,191)

	Cents	Cents
Basic earnings per share	(0.03)	(0.28)
Diluted earnings per share	(0.03)	(0.28)

	Consolidated 2023 $	Consolidated 2022 $
Loss per share for loss		
Loss after income tax attributable to the owners of 1st Group Limited	(3,655,657)	(6,888,569)

	Cents	Cents
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.

	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	1,315,274,125	528,633,225
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,315,274,125	528,633,225

Note 37. 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Christopher Whitehead
Chair

29 September 2023
Sydney

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 1ST GROUP LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying Financial Report of 1st Group Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the Group comprising the Company and the entities it controlled at the year-end or from time to time during the financial year.

In our opinion, the Financial Report of 1st Group Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the Financial Report, which describes that the Group has reported a loss for the financial year ended 30 June 2023 of $3,655,657, negative net assets position of $6,739,962 and net operating cash outflow of $3,647,474. Due to these events and conditions, the matters described in Note 2 indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

1. Discontinued Operations

Why significant	How our audit addressed the key audit matter
On 21 April 2023, the Group entered into an agreement to sell the business of MyHeath1st (MH1) 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 The Group's accounting policy in respect of discontinued operations is outlined in Note 2 and Note 8. Accordingly, given the impact to the financial statements and future forecasts of the Group, we have determined this to be a key audit matter.	Our work included, but was not limited to, the following procedures: • Obtaining an understanding of management's assessment of significant judgements and estimates when assessing the value of MH1's assets and liabilities at point of sale; • Reviewing the terms and conditions contained in the sale contract between the parties and vouching consideration to bank statements; • Reviewing management's revenue and cost allocation methodology for the MH1 component; and • Assessing the appropriateness of the related disclosures in Note 8.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Chairman's Letter, the Chief Executive's Report, the Financial and Operational Review, and the Directors' report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the Group 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 consolidated entity'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 consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the Group Financial Report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Auditor’s Responsibilities for the Audit of the Financial Report (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, 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.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Report of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors’ Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of 1st Group Limited for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF

PKF

P. Pearman.

PAUL PEARMAN
PARTNER

29 SEPTEMBER 2023
SYDNEY, NSW

The shareholder information set out below was applicable as at 5 September 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	38	-	-	-
1,001 to 5,000	20	-	-	-
5,001 to 10,000	75	0.05	-	-
10,001 to 100,000	643	1.87	2	0.92
100,001 and over	411	98.08	14	99.08
	1,187	100.00	16	100.00
Holding less than a marketable parcel	608	0.97	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Adcock Private Equity Pty Ltd (Adcock Private Equity A/C)	502,766,004	35.48
Mr John Charles Plummer	281,621,510	19.87
Harman	197,583,046	13.94
Facoory	27,500,000	1.94
Mr Mark Broglio	21,100,000	1.49
Peter Shandley	19,875,219	1.40
Towns Corporation Pty Ltd (PAE Family A/C)	19,305,000	1.36
David Oakley	14,922,534	1.05
Vanilla Milkshake Enterprises Pty Ltd	13,795,739	0.97
Tom Love	12,540,000	0.88
Trevor Matthews	11,322,455	0.80
Mr Paul Alexander Ehrlich & Mrs Lauren Stacey Ehrlich (PAE & LSE Super Fund A/C)	10,342,425	0.73
Mr Darrin Noel Adcock	9,000,000	0.64
Phil Miller	8,250,000	0.58
Rjm Luu Pty Ltd (Rick & Jeanine Luu Family Trust)	8,209,959	0.58
Bartosch - All Holdings	7,218,435	0.51
Rylimiro Pty Ltd (Romik A/C)	7,041,666	0.50
Genrun Pty Ltd (Steinert Family Discret A/C)	5,000,000	0.35
Mr Jonathan David Wine	5,000,000	0.35
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	4,675,438	0.33
	1,187,069,430	83.75

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares	16,645,611	16

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Richard Rogers	Options over ordinary shares	5,000,000
Stephe Wilks	Options over ordinary shares	4,246,000

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Adcock Private Equity Pty Ltd (Adcock Private Equity A/C)	502,766,004	35.48
Mr John Charles Plummer	281,621,510	19.87
Harman	197,583,046	13.94

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	27 March 2024	65,359,541
Ordinary shares	5 May 2024	63,457,840
		128,817,381

Directors	Christopher Whitehead - Non-Executive Director and Chair Geoff Neate - Non-Executive Director John Nantes - Non-Executive Director Brook Adcock - Non-Executive Director
Company secretary	Elizabeth Spooner
Notice of annual general meeting	The details of the annual general meeting of 1st Group Limited are: 9.00am on Thursday 26 October 2023 at: Automic Group, Level 5, 126 Phillip Street, Sydney, NSW 2000
Registered office	c/o Automic Group Level 5, 126 Phillip Street Sydney, NSW 2000 Tel: +61 300 288 664
Principal place of business	Unit 1/8 Prosperity Parade Warriewood, NSW 2102 Tel: +61 300 266 517
Share register	Automic Registry Services Level 5, 126 Phillip Street Sydney, NSW 2000
Auditor	PKF(NS) Audit & Assurance Limited Partnership Level 8, 1 O'Connell Street Sydney, NSW 2000
Solicitors	Bird and Bird Level 22, 25 Martin Place Sydney, NSW 2000
Stock exchange listing	1st Group Limited shares are listed on the Australian Securities Exchange (ASX code: 1ST)
Website	http://www.1stgrp.com
Corporate Governance Statement	The directors and management are committed to high standards of corporate governance. The Corporate Governance Statement sets out our commitment to best practice corporate governance in compliance with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ("Recommendations"), to the extent appropriate for the size and nature of the Group's operations. The Corporate Governance Statement is to be lodged with ASIC on 29 September 2023 and has been approved by the Board of Directors. The Corporate Governance Statement can be found at http://www.1stgrp.com.