

FIRST GROWTH FUNDS LIMITED

Notice of Annual General Meeting & Management Information Circular for the financial year ended 30 June 2020.

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| First Growth Funds Limited | ACN 006 648 835 |
| Date of Meeting: | Friday, 4 December 2020 |
| Time of Meeting: | 10:30 am (AEDST) |
| Place of Meeting: | Virtual Meeting |

Management Information Circular of First Growth Funds Limited

FIRST GROWTH FUNDS LIMITED

Level 14, 440 Collins Street

Melbourne, Victoria 3000 Australia

Tel: +61 3 9820-6400

Email: cosec@firstgrowthfunds.com

Notice is given that the Annual General Meeting of shareholders of First Growth Funds Limited ACN 006 648 835 (the "Company") for the financial year ended June 30, 2020 will be held as a virtual meeting, on Friday, 4 December 2020 at 10:30am (AEDST) for the following purposes:

Financial Reports

To receive and consider the Company's Annual Financial Statements for the financial year ended 30 June 2020.

Resolution 1 – Election of Directors

- a) That Anoosh Manzoori, who retires in accordance with Rule 25.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.
- b) That Geoff Barnes, who retires in accordance with Rule 25.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.
- c) That Michael Clarke, who retires in accordance with Rule 25.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.
- d) That Athan Lekkas, who retires in accordance with Rule 25.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.

Resolution 2– Appointment of Auditors

To appoint Pitcher Partners, Chartered Accountants as auditor of the Company for the ensuing year and to authorise the directors to fix their remuneration.

To consider any permitted amendment to or variation of any matter identified in this Notice, and to transact such other business as may be properly brought before the Meeting or any adjournment or postponement thereof.

The Information Circular contains details of matters to be considered at the Meeting. No other matters are contemplated, however any permitted amendment to or variation of any matter identified in this Notice may properly be considered at the Meeting.

Record date

Only shareholders of record on October 20, 2020 ("Record Date") will be entitled to receive notice of, and to vote at, the Meeting or any adjournment thereof. A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must have deposited his duly executed form of proxy not later than 10:30 a.m. (AEDST), on 2 December, 2020 or, if the Meeting is adjourned, not later than 48 hours preceding the time of such adjourned Meeting.

Virtual meeting information for shareholders

1. The Company holding a virtual Annual General Meeting, conducted via a live webcast. All shareholders regardless of geographic location and equity ownership will have an equal opportunity to participate at the Meeting.
2. Shareholders will not be able to attend the Meeting in person.
3. Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/280017361>
4. Beneficial shareholders (being shareholders who hold their Shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend as a guest and view the webcast but not be able to participate or vote at the Meeting.
5. It is important that Shareholders read the following management information circular and other Meeting materials carefully.
6. A shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or voting instruction form and following the instructions for submitting such form of proxy or voting instruction form.
7. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you wish that a person other than the management nominees identified on the form of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Shares, including if you are a nonregistered shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your form of proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, shareholders MUST send an email to firstgrowth@odysseytrust.com and provide Odyssey Trust Company ("Odyssey") with their proxyholder's contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email.
8. Regardless of whether a shareholder plans to attend the Virtual Meeting, we request that each shareholder please complete, date, and sign the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and Information Circular.

Dated at Melbourne, Victoria, Australia the 27th day of October, 2020

BY ORDER OF THE BOARD

"Anoosh Manzooril"

Chief Executive Officer

FIRST GROWTH FUNDS LIMITED

Level 14, 440 Collins Street
Melbourne, Victoria 3000 Australia
Tel: (61) 3-9820-6400

INFORMATION CIRCULAR
(as at October 27, 2020 unless indicated
otherwise)

SPECIFIC VIRTUAL MEETING ATTENDANCE, PARTICIPATION AND VOTING INSTRUCTIONS

How do I attend and participate at the Meeting?

The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), shareholders must have a valid Username.

Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/280017361>. Such persons may then enter the Meeting by clicking "**I have a login**" and entering a Username and Password before the start of the Meeting:

- **Registered shareholders:** The control number located on the form of proxy (or in the email notification you received) is the Username. The Password to the Meeting is **firstgrowth2020** (case sensitive). If as a registered shareholder you are using your control number to login to the Meeting and you have previously voted, you do not need to vote again when the polls open. By voting at the meeting, you will revoke your previous voting instructions received prior to voting cutoff.
- **Duly appointed proxyholders:** Odyssey will provide the proxyholder with a Username by e-mail after the voting deadline has passed. The Password to the Meeting is **firstgrowth2020** (case sensitive). Only registered shareholders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Beneficial shareholders who have not duly appointed themselves as proxyholder will be able to attend the meeting as a guest but not be able to participate or vote at the Meeting. Shareholders who wish to appoint a third party proxyholder to represent them at the Meeting (including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting) MUST submit their duly completed proxy or voting instruction form AND register the proxyholder. See below "Appointment of a Third Party as Proxy".

How do I vote?

Voting at the Meeting

Registered shareholders may vote at the Meeting by completing a ballot online during the Meeting, as further described below. See "How do I attend and participate at the Meeting?".

Beneficial shareholders who have not duly appointed themselves as proxyholder will not be able to attend, participate or vote at the Meeting. This is because the Company and its transfer agent do not have a record of the beneficial shareholders of the Company, and, as a result, will have no knowledge of your shareholdings or entitlement to vote, unless you appoint yourself as proxyholder. If you are a beneficial shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder, by inserting your own name in the space provided on the voting instruction form sent to you and must follow all of the applicable instructions provided by your intermediary. See "Appointment of a Third Party as Proxy" and "How do I attend and participate at the Meeting?".

Appointment of a Third Party as Proxy

The following applies to shareholders who wish to appoint a person (a "third party proxyholder") other than the management nominees set forth in the form of proxy or voting instruction form as proxyholder, including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting.

Shareholders who wish to appoint a third party proxyholder to attend, participate or vote at the Meeting as their proxy and vote their Shares MUST submit their proxy or voting instruction form (as applicable) appointing such third party proxyholder AND register the third party proxyholder, as described below.

Registering your proxyholder is an additional step to be completed AFTER you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Username to attend, participate or vote at the Meeting.

• **Step 1: Submit your proxy or voting instruction form:** To appoint a third party proxyholder, insert such person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you are a beneficial shareholder located in the United States, you must also provide Odyssey with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder. See below under this section for additional details.

• **Step 2: Register your proxyholder:** To register a proxyholder, shareholders MUST send an email to firstgrowth@odysseytrust.com by 10;30 am (AEDST) on Thursday December 3, 2020 and provide Odyssey with the required proxyholder contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

If you are a beneficial shareholder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as your proxyholder, as described above. By doing so, you are instructing your intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary. Please also see further instructions below under the heading "How do I attend and participate at the Meeting?"

Legal Proxy – US Beneficial Shareholders

If you are a beneficial shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above and below under "How do I attend and participate at the Meeting?", you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Odyssey. Requests for registration from beneficial shareholders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by e-mail to firstgrowth@odysseytrust.com by 10;30 am (AEDST) on Thursday December 3, 2020.

GENERAL VOTING INFORMATION

Additional general voting information is set out in Schedule "D".

PERSONS OR COMPANIES MAKING SOLICITATION

This management Information Circular is furnished in connection with the solicitation of proxies by the management of First Growth Funds Limited (the "Company" or "FGFL") for use at the annual general meeting for the 2020 year (the "Meeting") of its shareholders to be held as a virtual Meeting on 4 December, 2020 for the purposes set forth in the accompanying notice of the Meeting. -

In this Information Circular, references to the "Company", "we" and "our" refer to First Growth Funds Limited. The "board of directors" or the "Board" refers to the board of directors of the Company. "Ordinary Shares" means ordinary shares without par value in the capital of the Company. "FGFL shareholders", "shareholders" and "shareholders of the Company" refer to the shareholders of the Company. "Beneficial Shareholders" means shareholders who do not hold Ordinary Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

NOTICE AND ACCESS

The Company is relying on the notice-and-access provisions ("**Notice and Access**") under the Canadian Securities Administrators' National Instrument 54-101—Communication with Beneficial Owners of Securities of a Reporting Issuer ("NI 54-101") for the delivery of the Information Circular for the Meeting to its "Non-Registered Holders" (as defined under "Non-Registered Holders"). The use of the alternative Notice and Access procedures in connection with the Meeting for Non-Registered Holders helps reduce paper use, as well as the Company's printing and mailing costs. The Company is also using Notice and Access for the delivery of the Information Circular for the Meeting to its registered shareholders ("Registered Shareholders") who have consented to this.

Under Notice and Access, instead of receiving paper copies of the Information Circular, Non-Registered Holders and Registered Shareholders who have consented will receive a notice ("Notice and Access Notification") with information on the Meeting date, location and purpose, as well as information on how they may access the Information Circular electronically or request a paper copy as well as a form of proxy. The Company will arrange to mail paper copies of the Information Circular to those Non-Registered Holders who have existing instructions on their account to receive paper copies of the Company's proxy-related materials.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Record Date

The Board has fixed October 20, 2020 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either: (a) attend the Meeting personally; or (b) complete, sign and deliver a form of proxy in the manner and subject to the provisions described above, will be entitled to vote or to have their Ordinary Shares voted at the Meeting. As at the Record Date 77,798,218 Ordinary Shares were issued and outstanding as fully paid and non-assessable.

Subject to restrictions imposed on joint shareholders): (a) on a vote by a show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each Common Share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy. If there are joint shareholders registered in respect of any share: (a) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or (b) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted. No group of shareholders of the Company has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Ordinary Shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owned, directly or indirectly, or exercised control or direction over, Ordinary Shares carrying more than 10% of the voting rights attached to all outstanding Ordinary Shares of the Company.

VOTES NECESSARY TO PASS RESOLUTIONS

Except as otherwise disclosed herein, a simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein.

CURRENCY

All currency amounts in this Information Circular are expressed in Australian dollars, unless otherwise indicated.

This Information Circular is provided to shareholders of **First Growth Funds Limited ACN 006 648 835 (Company)** to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held Virtually, on Friday, 4 December 2020 commencing at 10:30am (Melbourne time).

The Directors recommend shareholders read the accompanying Notice of Meeting and Information Circular in full before making any decision in relation to the resolutions.

ORDINARY BUSINESS OF THE MEETING

Financial Reports

To receive and consider the Company's Financial Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial years ended 30 June 2020. The Company's Annual Report is attached as a schedule "A-1" to this Information Circular. It was also lodged with the Australian Securities and Investments Commission (**ASIC**) on 18 September 2020, Management's Discussion and Analysis (MD&A) for the financial year ended June 30, 2020 is attached as Schedule "A-2" to this Information Circular.

The Company's Financial Report will be presented to the shareholders for discussion. No voting is required for this item.

1. ELECTION OF DIRECTORS

Board Size: The Company's board of directors is currently set at four.

NOMINEES FOR ELECTION

Anoosh Manzoori (currently a director)

Geoffrey Barnes (currently a director)

Michael Clarke (currently a director)

Athan Lekkass (currently a director)

The board of directors of the Company (the **Board** or the **Board of Directors**) currently consists of four (4) directors, all of whom are elected annually in accordance with the Company's Constitution. The term of office for each of the present directors of the Company expires at the Meeting. The four current directors of the Company will be standing for re-election.

Each director elected will hold office until the next annual general meeting of the Company or until his successor is duly elected or appointed pursuant to the Constitution of the Company unless his office is earlier vacated in accordance with the provisions of the *Corporations Act 2001* (Cth) (Australia) or the Constitution of the Company or unless he becomes disqualified to act as a director.

It is the intention of the Chairman and the proxyholders, if named as proxyholder, to vote for the election of the said persons to the Board of Directors, unless the Shareholder has directed the proxy otherwise. Management does not contemplate that any of the nominees will be unable to serve as a director.

The information set out below relating to the nominees for election to the Board of Directors is information received by the Company from the nominees.

Director Nominee Information and Biographies

| Name, Position with Company and Province and Country of Residence | Date of Appointment to Office | Principal Occupation for Past Five Years | Ordinary Shares Held as of the Date of this Prospectus | Percentage of Ordinary Shares Currently Held |
|--|---|--|--|--|
| Anoosh Manzoori Director, CEO Chairman of Board Glen Iris, Victoria, Australia | Director since Dec. 14, 2017 Executive Chairman since Dec. 8, 2018 CEO since Dec. 4, 2019 | Director and officer of the Company since December 2017. Director of Shape Capital Pty Ltd. an advisory and venture investment firm (which is still active) since December 2013. | 4,846,756 held indirectly ⁽³⁾ | 6.22% |
| Geoffrey Barnes ⁽¹⁾⁽²⁾ Director Malabar, New South Wales Australia | Director since May 16, 2014 | Director of the Company, Chairman of the Board; founder and director of Peloton Capital Pty. Ltd. ("Peloton") which is a boutique investment bank that is still active. | 6,400,00 held indirectly ⁽⁴⁾ | 8.22% |
| Athan Lekkas ⁽¹⁾⁽²⁾ Director Fitroy, South Australia, Australia | Director since July 16, 2012 | Director of the Company since July 2012; since February 24, 2020, director of Sqid Technologies Limited, a payment processor that is active. | 2,037,274 held indirectly ⁽⁵⁾ | 2.62% |
| Michael Raymond Clarke ^{(1) (2)} Director Auldana, South Australia, Australia | Director since May 19, 2014 | Since August 6 2019, director of SQID Technologies Limited a payment processor company located in Wacol, Queensland, Australia; from February 2012, director of Malvern Corporation, an investment company located in Adelaide, South Australia, Australia. Both companies are currently active. | 751,516 held indirectly ⁽⁶⁾ | 0.97% |

⁽¹⁾ Member of Audit Committee.

⁽²⁾ Member of Remuneration Committee

⁽³⁾ Mr. Manzoori's Ordinary Shares are held by Manzoori Family Trust A/C.

⁽⁴⁾ Mr. Barnes's Ordinary Shares are held by GEBA Pty Ltd. ATF GEBA Family Trust as to 5,000,000 and GXB Pty Ltd. as to 1,400,000.

⁽⁵⁾ Mr. Lekkas's Ordinary Shares are held by Dalext Pty Ltd. ATF Dalext Unit A/C as to 1,723,637 and by Dalext Superannuation Fund as to 313,637.

⁽⁶⁾ Mr. Clarke's Ordinary Shares are held by Sparke Enterprises Pty Ltd. ATF Sparke Enterprises Family Trust A/C as to 651,516 and Sparke Family Super Pty Ltd. ATF Clarke Super Fund A/C as to 100,000.

Mr. Anoosh Manzoori - (Executive Chairman and Chief Executive Officer: Appointed 08 December 2018)

Mr Manzoori was appointed as the entity's Executive Chairman and Chief Executive Officer on 2 December 2019. Previously Mr Manzoori held the role of Executive Chairman.

Mr Manzoori has extensive investment and corporate advisory experience across many verticals with a particular interest in the technology sector. His experience includes equity capital markets, M&A, and private placements. Mr Manzoori has many years of investment experience having advised many cross-border transactions between Australia and Canada and USA. He has completed private placements for many public companies on the ASX and also taken multiple companies public in North America.

Other current board appointments include Non-Executive Director of IOT technology development company Constellation Technologies Limited (ASX:CT1). He was also previously a Non-Executive Director of anti-counterfeit technology company YPB Group Limited (ASX:YPB). Prior to starting his investment banking career he was awarded the 'Entrepreneurial Scholarship' sponsored by Ernst & Young, The American Chamber of Commerce and Playford Capital before founding one of Australia's largest cloud hosting companies reaching over 75,000 customers before selling the company to MYOB Limited in 2008. Anoosh holds a Bachelor of Science degree and a Graduate Diploma of Business Enterprise and is also a member of the Australian Institute of Company Directors.

Other Current Listed Entity Directorships:

CCP Technologies Ltd

Former Listed Entity Directorships in last 3 years:

YPB Group Limited (resigned 4 June 2019)

Geoffrey Barnes – (Non-Executive Director: Appointed 16 May 2014)

Mr. Barnes is a Founder and Director of Peloton Capital Pty Ltd ("Peloton"), where he has responsibility for equity markets, stockbroking operations and corporate transactions. Prior to that he was employed for 9 years at Macquarie Private Wealth (Sydney) as an investment adviser and then Division Director, specialising in all commercial aspects of bringing projects to market, predominantly in the energy sector.

Other Current Listed Entity Directorships:

Nil

Former Listed Entity Directorships in last 3 years:

Nil

Michael Clarke- (Non-Executive Director: Appointed 19 May 2014)

Mr. Clarke has over 18 years' experience in the IT industry and has worked across both public and private enterprise during his career. Mr. Clarke has broad experience in the development and management of enterprise and complex systems and worked at many senior levels during this time. He has consulted and provided services to a variety of industries including manufacturing, mining and resources, government and education.

From February 2013 to August 2016, Mr. Clarke was a director of Raya Group Limited (later becoming Xped Limited), listed on the ASX. Xped Limited is an Internet of Things company based in Adelaide, Australia. Its patented technology enables any smart device to be controlled with the single tap of a smartphone.

Other Current Listed Entity Directorships:

SQID Technologies Limited (CSE:SQID) (appointed 6 August 2019)

Former Listed Entity Directorships in last 3 years:

Xped Limited (resigned 26 March 2018)

Athan Lekkas - (Non-Executive Director: Appointed 16 July 2012)

Mr. Lekkas has participated in a broad range of business and corporate advisory transactions, and is a former founding Director of Energio Limited, an Iron Ore company in West Africa. Mr. Lekkas has more recently focused and specialised on the restructure and recapitalisation of a wide range of ASX Listed

companies with a specific interest in the resources sectors and is also a Member of the Australian Institute of Company Directors.

Other Current Listed Entity Directorships:

SQID Technologies Limited (CSE:SQID) (appointed 24 February 2020)

Former Listed Entity Directorships in last 3 years:

Xped Limited (resigned 26 March 2018)

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the Company's knowledge and other than as disclosed herein, no existing director or executive officer or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company is, or was within ten years prior to the date of this Information Circular, a director, Chief Executive Officer or Chief Financial Officer of any company including the Company that:

- (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in that capacity as director, chief executive officer or chief financial officer.

For the purposes herein "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

None of the directors or executive officers of the Company, or a shareholder holds a sufficient number of securities of the Company to affect materially the control of the Company:

Bankruptcies

To the Company's knowledge and other than as disclosed herein, no existing director or executive officer:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the Company's knowledge and other than as disclosed herein, no existing director or executive officer or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial or territorial securities regulatory authority or has entered into a settlement agreement with a provincial or territorial securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

2. APPOINTMENT OF THE AUDITOR

Shareholders will be asked at the Meeting to approve the re-appointment of Pitcher Partners, Chartered Accountants, located at Level 38, 345 Queen St Brisbane QLD 4000, GPO Box 1144 Brisbane QLD 4001, as the auditor of the Company for the ensuing year and to authorise the directors to fix their remuneration. Pitcher Partners was first appointed the auditor of the Company on February 22, 2019.

The resolutions to be presented at the Meeting are:

Resolution 1(a) - Re-election of Anoosh Manzoori as a director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That, Anoosh Manzoori who retires in accordance with Rule 25.1 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

The Directors (with Mr. Manzoori abstaining) recommend that you vote in favour of this Ordinary Resolution.

Resolution 1(b) - Re-election of Geoff Barnes as a director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That Geoff Barnes, who retires in accordance with Rule 25.1 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

The Directors (with Mr. Barnes abstaining) recommend that you vote in favour of this Ordinary Resolution.

Resolution 1(c) - Re-election of Michael Clarke as a director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That Michael Clarke, who retires in accordance with Rule 25.1 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

The Directors (with Mr. Clarke abstaining) recommend that you vote in favour of this Ordinary Resolution.

Resolution 1(d) - Election of Athan Lekkas as a director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That Athan Lekkas, who retires in accordance with Rule 25.1 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”

The Directors (with Mr. Lekkas abstaining) recommend that you vote in favour of this Ordinary Resolution.

Resolution 2 – Appointment of Auditor

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“To appoint Pitcher Partners, Chartered Accountants, as the auditor of the Company for the ensuing year and to authorise the directors to fix their remuneration”.

The Directors recommend that you vote in favour of this Ordinary Resolution.

Compensation Overview

Statement of Executive Compensation (for the financial year ended 30 June 2020)

During the year ended June 30, 2020, the Company had three NEOs: Anoosh Manzoori, CEO and Mark Pryn CFO from 8 October 2019 and Julie Edwards, CFO up to 8 October 2019.

Compensation Discussion and Analysis

In assessing the compensation of its executive officers, for the year ended June 30, 2020 and prior years, the Company did not have in place any formal objectives, criteria or analysis; compensation payable is currently determined by the Board of Directors.

The Company's remuneration strategy is based on achieving the overall objective of growing net tangible assets and profitability. The core of FGF's remuneration philosophy seeks to focus on driving performance over and above shareholder and market expectations.

The Company does not currently have either a short term or long term incentive plan in place. Currently there are no outstanding stock options for Directors and NEOs.

As of the date of this Information Circular, the Company's directors have not established any benchmark or performance goals to be achieved or met by the NEO's, however, such NEO's are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Company.

Option Based Awards: No option based awards have been granted.

Payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers. At this time, there are compensation agreements with the CEO and the CFO.

Compensation of Named Executive Officers of the Company

The following table sets forth the compensation of the Named Executive Officers and persons earning more than \$150,000 annually for the three most recently completed fiscal years. Prior to the appointment of Mr. Manzoori as Executive Chairman of the Board, the executive functions (excluding CFO) were carried out by the directors.

Compensation of Named Executive Officers of the Company

| Name and principal position (a) | Year (b) | Salary (\$) (c) | Ordinary Share based awards (\$) (d) | Option based awards (\$) (e) | Non-equity incentive plan (\$) (f) | Long-term incentive plans (f2) | Pension value (\$) (g) | All other Compensation (\$) (h) | Total Compensation (\$) (i) |
|---|----------|-----------------|--------------------------------------|------------------------------|------------------------------------|--------------------------------|------------------------|---------------------------------|-----------------------------|
| Anoosh Manzoori (1) | 2020 | 240,000 | Nil | Nil | Nil | Nil | Nil | Nil | 240,000 |
| | 2019 | 175,007 | Nil | Nil | Nil | Nil | Nil | 360,000 ⁽²⁾ | 535,007 |
| | 2018 | 49,694 | Nil | Nil | Nil | Nil | Nil | 561,085 ⁽³⁾ | 593,850 |
| Geoff Barnes | 2018 | 95,000 | Nil | Nil | Nil | Nil | Nil | 59,000 ⁽⁴⁾ | 154,000 |
| Mark Pryn (CFO) appointed 8 October 2019 | 2020 | Nil | Nil | Nil | Nil | Nil | Nil | 91,781 ⁽⁵⁾ | 91,781 |
| Julie Edwards (CFO) resigned 8 October 2019 | 2020 | Nil | Nil | Nil | Nil | Nil | Nil | 24,100 | 24,100 |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | 40,000 | 40,100 |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil | 52,100 | 52,100 |

- (1) Pursuant to an appointment letter dated December 2017 Mr. Manzoori was paid \$90,000 annually for director's fees. On December 6, 2018 he was appointed executive director and his fees were increased to \$240,000 annually.
- (2) Equity based payment of 45,000,000 Ordinary Shares issued as part of Mr. Manzoori's compensation package (\$360,000).
- (3) This figure includes: an equity based payment of 15,000,000 Ordinary Shares issued as part of compensation package with a value of \$544,156 and the payment of \$16,929 to Shape Capital, a private company controlled by Mr. Manzoori for corporate advisory and secretarial services. See "Directors and Officers" for details of the agreements with Mr. Manzoori.
- (4) In 2018 the Company paid \$95,000 to Peloton Capital Pty Ltd., a private company controlled by Geoff Barnes for consulting services and paid \$59,000 to Peloton Advisory Pty Ltd. also controlled by Geoff Barnes.
- (5) On October 8, 2019, Baudin Consulting Pty Ltd. entered into an agreement with the Company dated October 8, 2019 to provide corporate secretary and CFO services. The base retainer is \$77,500 per annum with a target of 45 days annually by either Mr. Pryn (CFO) or the co-corporate secretary, Robert Kleine. Additional fees were charged in relation to the CSE listing application and prospectus.

The Company did not have an executive director prior to Mr. Manzoori's appointment to that position in December 2018. The directors shared the responsibilities of managing and operating the Company. The fees paid to the non-executive directors are set out in the table below.

Compensation of non- executive Directors

As Geoff Barnes received compensation in 2018 of more than \$150,000 annually his compensation is included in the above Summary Executive Compensation Table.

| Name and principal position (a) | Year (b) | Salary (\$)(c) | Ordinary Share based awards (\$)(d) | Option based awards (\$)(e) | Non-equity plan Annual incentive plans (\$)(f1) | incentive compensation Long-term incentive plans (\$)(f2) | Pension value (\$)(g) | All other Compensation (\$)(h) | Total Compensation (\$)(i) |
|---------------------------------|----------|----------------|-------------------------------------|-----------------------------|---|---|-----------------------|--------------------------------|----------------------------|
| Geoff Barnes | 2020 | 60,000 | Nil | Nil | Nil | Nil | Nil | 68,000 ⁽¹⁾ | 128,000 |
| | 2019 | 60,000 | Nil | Nil | Nil | Nil | Nil | Nil | 60,000 |
| Athan Lekkas | 2020 | 60,000 | Nil | Nil | Nil | Nil | Nil | 90,000 ⁽²⁾ | 150,000 |
| | 2019 | 60,000 | Nil | Nil | Nil | Nil | Nil | 50,918 ⁽²⁾ | 110,918 |
| | | | | | | | | Nil | 95,642 |
| Michael Clarke | 2020 | 60,000 | Nil | Nil | Nil | Nil | Nil | Nil | 60,000 |
| | 2019 | 60,000 | Nil | Nil | Nil | Nil | Nil | Nil | 60,000 |
| | 2018 | 76,980 | Nil | Nil | Nil | Nil | Nil | Nil | 76,980 |
| Daniel Zhang | 2019 | 60,000 | | Nil | Nil | Nil | Nil | Nil | 60,000 |
| (resigned) | 2018 | 18,065 | | Nil | Nil | Nil | Nil | Nil | 18,065 |

(1) In 2019 the Company paid \$68,000 Peloton Capital Pty Ltd., a private company controlled by Geoff Barnes (2018-\$59,000), for consulting services. As the fees paid to Mr. Barnes in 2018 are in excess of \$150,000 those fees are included in the Executive Compensation Table immediately above this table

(2) In the fiscal year 2019 the Company paid \$50,918, (2018- 0), to Dalext Pty Ltd., a private company controlled by Athan Lekkas for consulting services for business development and ongoing analysis of current and prospective investments. The Company signed a consulting agreement dated December 6, 2018 with Dalext Pty to provide consulting services. regarding details of the agreement with Dalext Pty Ltd. which was assigned on Dec 2, 2019 to Dalext Products Pty Ltd.

As at June 30 June 2020, one NEO was owed money by the Company in the aggregate amount of \$20,000 (2019- \$22,000) (2018-\$13,023). These amounts represent fees outstanding for the month of June which the NEO's invoice to the company monthly in arrears as a matter of course. These amounts were paid in the following month.

Incentive Plans Awards

As at the year ended June 30, 2019 the Company had granted 10,000,000 Stock Option based awards to one NEO, Mr. Manzoori. As a result of the consolidation of the Company's ordinary Shares on the basis of one new Ordinary Shares for twenty old Ordinary Shares on December 2, 2019 the options were consolidated to 500,000. The options lapsed on March 12, 2020.

Pension Plans Benefits

The Company does not have a pension plan or provide any benefits following or in connection with retirement for the NEOs.

Termination and Change of Control Benefits

The Company does not have detailed written employment agreements with the NEO's, nor any plans or arrangements in place with any NEO that provide for payment following or in connection with any termination, resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities.

Intended Changes to Compensation

None.

AUDIT COMMITTEE

Under NI52-110 the Company is required to provide certain disclosure with respect to their Finance, Audit and Risk Committee ("Audit Committee") including the text of the Audit Committee's charter, the composition of the Audit Committee and the fees paid to the external auditor. The Company's "Audit Committee Charter is attached as Schedule "B" to this Information Circular.

The primary purpose of the Audit Committee is to assist the Board of Directors in discharging its oversight and evaluation responsibilities. In particular, the Audit Committee oversees the financial reporting process to ensure the balance, transparency and integrity of our published financial information. The Audit Committee also reviews and reports to the Board of Directors on the quality and integrity of the Financial Statements and other financial information; compliance with legal and regulatory requirements related to financial reporting; the effectiveness of the systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Company and its subsidiaries; the proper maintenance of accounting and other records; annual and quarterly interim financial information; the independent audit process, including recommending the appointment and compensation of the external auditor, and assessing the qualifications, performance and independence of the external auditor; the performance and objectivity of our internal audit function; all non-audit services; the development and maintenance of procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Company and its subsidiaries of concerns regarding questionable accounting or auditing matters; the review of environment, insurance and other liability exposure issues relevant to the affairs of the Company; and any additional matters delegated to the committee by the Board of Directors.

The Audit Committee has the right, for the purposes of performing its duties, to maintain direct communication with the Company's external auditors and Board of Directors, to inspect all books and records of the Company and its affiliates, to seek any information it requires from any employee of the Company and its affiliates and to retain outside counsel or other experts.

The Audit Committee is required to meet at least once per quarter and is comprised of not less than three directors, a majority of whom are independent (as defined in NI 52-110) and all "financially literate" within the meaning of applicable Canadian securities laws. Michael Clarke, Geoff Barnes and Athan Lekkas are the members of the Audit Committee.

Composition of Audit Committee and Independence

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with a company, which could, in the view of that company's board of directors, reasonably interfere with the exercise of the member's independent judgment. Two of the members of the Audit Committee, Geoff Barnes and Michael Clarke meet the definition of "independence" provided in NI 52-110. Michael Clarke is also the chairman of the audit committee. Athan Lekkas is not independent as he receives a consulting fees in addition to the fees paid to Mr. Lekkas as a director. See "Executive Compensation" for details regarding director's fees and consulting fees paid to Mr. Lekkas directly and indirectly

Relevant Education and Experience

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting

issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Financial Statements. All of the members of the Audit Committee are financially literate. For details regarding the education, experience and financial literacy of the members of the Audit Committee.

It is intended that the Audit Committee will establish a practice of approving audit and non-audit services provided by the external auditor.

External Auditor Service Fee

The audit fees incurred to its external auditors, Pitcher Partners, Chartered Accountants, by the Company for the last two completed financial years are as follows:

| Nature of Service | Fees Paid (or accrued) to Auditor in respect of the financial year ended 30 June 2020 (\$) | Fees Paid (or accrued) to Auditor in respect of the financial year ended 30 June 2019 (\$) |
|-----------------------------------|--|--|
| Audit Fees ⁽¹⁾ | 60,250 | 55,000 |
| Audit-Related Fees ⁽²⁾ | 0 | 0 |
| Tax fees ⁽³⁾ | 6,730 | 6,000 |
| All other fees ⁽⁴⁾ | 31,300 | 0 |
| Total | 60,140 | 21,700 |

⁽¹⁾ "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include aggregate fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

⁽²⁾ "Audit-Related Fees" include fees for services that are traditionally performed by the auditor. These audit-related services may include aggregate fees for due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

⁽³⁾ "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes aggregate fees for tax compliance, tax planning and tax advice.

⁽⁴⁾ "All Other Fees" include all other non-audit services, in the aggregate. These services were for the review of prior prospectus and interim unaudited financial statements filed with the Commission.

Exemption

The Company is relying on an exemption provided in section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

REPORT ON CORPORATE GOVERNANCE

General

The following provides information with respect to the Company's compliance with corporate governance requirements (the "Corporate Governance Guidelines") of the Canadian Securities Administrators set forth in National Instrument 58-101 - Disclosure of Corporate Governance Practices

and Form 58-101F2. The Corporate Governance Policy is attached to this Information Circular as Schedule "C".

Board of Directors

Currently, the Board of Directors is comprised of four directors, namely Anoosh Manzoori, Athan Lekkas, Michael Clarke and Geoff Barnes. Mr. Manzoori is not considered independent, as he is the CEO of the Company. Athan Lekkas is not considered independent as he receives a consulting fee in addition to his director's fees. See "Directors and Executive Officers" for details of the agreement with Mr. Manzoori and Mr. Lekkas. Michael Clarke and Geoff Barnes are considered independent for the purposes of NP 58-201. The Board of Directors may meet independently of management as needed. The independent directors would exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

Other Directorships

See Director nominee information and biographies above..

Orientation and Continuing Education

Each new director of the Company is briefed about the nature of the Company's business, its corporate strategy and current issues within the Company. New directors will be encouraged to review the Company's public disclosure records filed on SEDAR at www.sedar.com. Directors are also provided with access to management to better understand the operations of the Company, and to the Company's legal counsel to discuss their legal obligations as directors of the Company.

Ethical Business Conduct

The Board of Directors is considering implementing a written code of ethical conduct for its directors, officers and future employees. The Board of Directors is also required to comply with the conflict of interest provisions of the Companies Act and relevant securities regulation in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director is required to declare the nature and extent of his interest and is not entitled to vote on any matter that is the subject of the conflict of interest.

Nomination of Directors

The Company's management is in contact with individuals involved in the technology sector. From these sources, management has made a number of contacts and in the event that the Company requires any new directors, such individuals will be brought to the attention of the Board of Directors. The Company will conduct reference and background checks on suitable candidates. New nominees generally must have a track record in business management, areas of strategic interest to the Company, the ability to devote the time required to carry out the obligations and responsibilities of a director and a willingness to serve in that capacity.

Other Board Committees

Other than the Audit Committee there are no other committees of the Board of Directors.

Compensation

The Board is responsible for setting out the standards and terms for the compensation of the Company's Chief Executive Officer and Chief Financial Officer with reference to industry standards and the financial situation of the Company.

Assessments

Neither the Company nor the Board of Directors has developed a formal review system to assess the performance of the directors or the Board of Directors as a whole. The contributions of individual directors are monitored by other members of the Board of Directors on an informal basis through observation.

Indebtedness of Directors and Executive Officers

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associates or affiliates of any of them, is or has been indebted to the Company or its subsidiaries at any time since the beginning of the Company's last completed financial year.

Schedules

A-1. Audited Annual Financial Statements for the year ended June 30, 2020

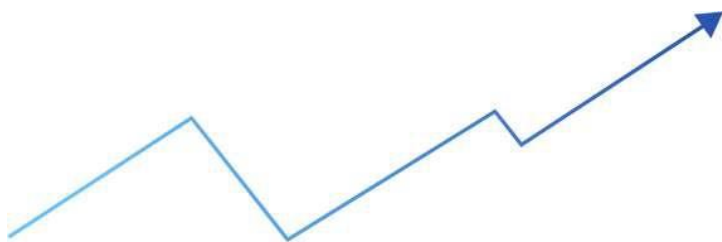
A-2. Management Discussion and Analysis for the year ended June 30, 2020

B. Finance, Audit and Risk Committee Rules

C. Corporate Governance

D. Additional voting information

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FirstGrowthFunds Limited

ABN 34 006 648 835

**Financial Statements
30 June 2020**

First Growth Funds Limited
Corporate directory
30 June 2020

| | |
|---------------------------------|--|
| Directors | Mr Anoosh Manzoori (Executive Chairman & CEO) Mr Athan Lekkas Mr Geoff Barnes Mr Michael Clarke |
| Company Secretaries | Mr Mark Pryn Mr Robert Kleine |
| Registered and principal office | Level 14 440 Collins Street Melbourne VIC 3000 |
| Share register / Transfer Agent | Odyssey Trust Company 1230-300 5 Ave SW Calgary, AB T2P 3C4 |
| Auditor | Pitcher Partners Level 38, Central Plaza, 345 Queen Street Brisbane QLD 4000 |
| Stock Exchange Listing | Canadian Securities Exchange (CSE:FGFL) |
| Website address | www.firstgrowthfunds.com |

First Growth Funds Limited
Directors' Report
30 June 2020

The directors present their report on the consolidated entity consisting of First Growth Funds Limited (the Parent Entity) and the entities that it controlled for the reporting year ended 30 June 2020. The consolidated entity may also be referred to as the "Group" and the Parent Entity may also be referred to as the "Company". These Financial Statements cover the period from 1 July 2019 to 30 June 2020.

Principal activities

The Group's principal business activities are to provide advisory services to both listed and private unlisted companies, to present investment opportunities to accredited investors in Australia and earn commission fees and to manage a diversified portfolio of different assets and classes including large and small cap listed equities, private equity and pre-IPO investments, convertible notes, loans and cryptocurrencies investments.

Directors

The following persons were directors of First Growth Funds Limited during the financial year and up to the date of this report unless otherwise stated:

Anoosh Manzoori
Athan Lekkas
Geoff Barnes
Michael Clarke
Daniel Zhang (resigned 5 July 2019)

Review and results of operations

For the year ended 30 June 2020, the net consolidated profit was \$934,339 (2019: \$3,916,523 loss) and net cash inflow from operating activities was \$1,883,784 (2019: \$5,219,364 outflow from operating activities). As at 30 June 2020, total assets were \$9,155,661 (2019: \$8,242,711) and net assets were \$9,027,980 (2019: \$8,093,641).

The net consolidated profit for the year includes asset impairments of \$638,252 (2019: \$2,089,867) Net cash flow from operating activities includes net proceeds from the sale of listed securities totalling \$3,182,409 (\$2019: \$1,269,388 net purchases).

Matters subsequent to the end of the financial year

- On 15 July 2020, the company's 10% Helbiz Inc convertible notes converted to Helbiz Inc common stock at a conversion price of USD\$23.27. The company originally invested USD\$150,000 in Helbiz Inc 10% convertible notes in June 2019.
- On 4 August 2020, the company granted 500,000 options to an unrelated advisor. Each option carries the right to acquire one fully paid ordinary shares with an exercise price of CAN\$0.28. The options expire 12 months from the grant date.
- On 6 August 2020, the company granted 500,000 options to an unrelated advisor. Each option carries the right to acquire one fully paid ordinary shares with an exercise price of CAN\$0.28. The options expire 12 months from the grant date.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may have a significant effect on the financial operations of the Group, the financial performance of those operations or the financial position of the Group in the subsequent financial year.

Environment Regulation

The operations of Group are not subject to any significant environmental regulations.

Dividends

There were no Dividends declared or paid during the reporting year.

Information on Directors

Set out below is information on all the Directors of the Company.

Mr. Anoosh Manzoori (Executive Chairman and Chief Executive Officer: Appointed 08 December 2018)

Anoosh was appointed as the entity's Executive Chairman and Chief Executive Officer on 2 December 2019. Previously Anoosh held the role of Executive Chairman.

Mr Manzoori has extensive investment and corporate advisory experience across many verticals with a particular interest in the technology sector. His experience includes equity capital markets, M&A, and private placements. Mr Manzoori has many years of investment experience having advised many cross-border transactions between Australia and Canada and USA. He has completed private placements for many public companies on the ASX and also taken multiple companies public in North America. Other current board appointments include Non-Executive Director of IOT technology development company Constellation Technologies Limited (ASX:CT1). He was also previously a Non-Executive Director of anti-counterfeit technology company YPB Group Limited (ASX:YPB). Prior to starting his investment banking career he was awarded the 'Entrepreneurial Scholarship' sponsored by Ernst & Young, The American Chamber of Commerce and Playford Capital before founding one of Australia's largest cloud hosting companies reaching over 75,000 customers before selling the

**First Growth Funds Limited
Directors' Report
30 June 2020**

company to MYOB Limited in 2008. Anoosh holds a Bachelor of Science degree and a Graduate Diploma of Business Enterprise and is also a member of the Australian Institute of Company Directors.

Other Current Directorships:

CCP Technologies Ltd

Former Directorships in last three years:

YPB Group Limited (resigned 4 June 2019)

Mr. Athan Lekkas (Non-Executive Director: Appointed 16 July 2012)

Mr. Lekkas has participated in a broad range of business and corporate advisory transactions, and is a former founding Director of Energio Limited, an Iron Ore company in West Africa. Mr. Lekkas has more recently focused and specialised on the restructure and recapitalisation of a wide range of ASX Listed companies with a specific interest in the resources sectors and is also a Member of the Australian Institute of Company Directors.

Mr. Lekkas fulfils the role of an independent director as he is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with the independent exercise of judgement.

Other Current Directorships:

SQID Technologies Limited (CSE:SQID) (appointed 24 February 2020)

Former Directorships in last 3 years:

Xped Limited (resigned 26 March 2018)

Mr. Geoff Barnes (Non-Executive Director: Appointed 16 May 2014)

Mr. Barnes is a Founder and Director of Peloton Capital Pty Ltd ("Peloton"), where he has responsibility for equity markets, stockbroking operations and corporate transactions. Prior to that he was employed for 9 years at Macquarie Private Wealth (Sydney) as an investment adviser and then Division Director, specialising in all commercial aspects of bringing projects to market, predominantly in the energy sector.

Mr. Barnes does not fulfil the role of an independent director as he is a major shareholder of the Company.

Other Current Directorships:

Nil

Former Directorships in last 3 years:

Nil

Mr. Michael Clarke (Non-Executive Director: Appointed 19 May 2014)

Mr. Clarke has over 18 years' experience in the IT industry and has worked across both public and private enterprise during his career. Mr. Clarke has broad experience in the development and management of enterprise and complex systems and worked at many senior levels during this time. He has consulted and provided services to a variety of industries including manufacturing, mining and resources, government and education.

Mr. Clarke fulfils the role of an independent director as he is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with the independent exercise of judgement.

Other Current Directorships

SQID Technologies Limited (CSE:SQID) (appointed 6 August 2019)

Former Directorships in last 3 years

Xped Limited (resigned 31 August 2016)

Mr. Daniel Zhang (Non-Executive Director: Appointed 13 March 2018 and resigned 5 July 2019)

Other Current Directorships

Nil

Former Directorships in last 3 years

Nil

Information on Company Secretaries

Mr Mark Pryn (Company Secretary and Chief Financial Officer: Appointed 8 October, 2019)

Mr Pryn is a Chartered Accountant and a member of the Governance Institute Australia with over 25 years' corporate experience in senior finance and governance roles, including 10 years as an ASX listed company secretary. Mr Pryn is also Chief Financial Officer.

Mr Robert Kleine (Company Secretary: Appointed 8 October, 2019).

Mr Kleine is a CPA qualified accountant and a member of the Governance Institute Australia with financial reporting, company secretarial and compliance support experience across a range of industries and also within ASX listed environments.

Mrs. Julie Edwards (Appointed 1 September 2016 resigned 8 October 2019)

Meetings of directors

First Growth Funds Limited
Directors' Report
30 June 2020

The numbers of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2020, and the numbers of meetings attended by each director were:

Full Board

| | Full Board | | Audit Committee | |
|-----------------|------------|-------|-----------------|-------|
| | Attended | Held* | Attended | Held* |
| Geoff Barnes | 3 | 4 | - | - |
| Michael Clarke | 4 | 4 | 1 | 1 |
| Athan Lekkas | 4 | 4 | 1 | 1 |
| Anoosh Manzoori | 4 | 4 | - | - |
| Daniel Zhang | - | - | - | - |

* Held represents the number of meetings held during the time the director held offices or was a member of the relevant committee. The Remuneration Committee did not meet during the year.

Options

At the date of this report First Growth Funds Limited had 1,000,000 outstanding options issued to unrelated parties. Each option carries the right to acquire one fully paid ordinary share. The terms attached to the options are set out below:

| | Tranche 1 | Tranche 2 |
|-----------------------------------|------------------|------------------|
| Grant date | August 4 2020 | August 6 2020 |
| Number granted | 500,000 | 500,000 |
| Exercise price (Canadian dollars) | \$0.28 | \$0.28 |
| Expiry date | August 4 2021 | August 6 2021 |

The options form part of the consideration for services rendered under investor relations and corporate advisory consulting arrangements.

During the reporting year there were no options exercised and no shares issued on the exercise of these options.

Remuneration Report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity in accordance with the requirements of the Corporations Act 2001 and its regulations.

The Board remains confident that its remuneration policy and the level and structure of its executive remuneration are suitable for the company and its shareholders.

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of First Growth Funds Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of First Growth Funds Limited (the Parent Entity) only.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Equity based payments | | Proportion of remuneration that is performance based % |
|----------------------------------|-----------------------------|-------------------|---------------------|---------------------------------|---------------------------|------------------------------|--------------|---|
| Name | Cash salary and fees | Cash bonus | Non-monetary | Super-annuation | Long service leave | Equity settled | Total | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| 2020 | | | | | | | | |
| <i>Executive Directors</i> | | | | | | | | |
| Anoosh Manzoori | 240,000 | - | - | - | - | - | 240,000 | 0% |
| <i>Non -Executive Directors:</i> | | | | | | | | |
| Geoff Barnes | 60,000 | - | - | - | - | - | 60,000 | 0% |
| Athan Lekkas | 60,000 | - | - | - | - | - | 60,000 | 0% |
| Michael Clarke | 60,000 | - | - | - | - | - | 60,000 | 0% |
| 2019 | | | | | | | | |
| <i>Executive Directors</i> | | | | | | | | |
| Anoosh Manzoori | 175,007 | - | - | - | - | 360,000 | 535,007 | 67% |
| <i>Non -Executive Directors:</i> | | | | | | | | |
| Geoff Barnes | 60,000 | - | - | - | - | - | 60,000 | 0% |
| Athan Lekkas | 60,000 | - | - | - | - | - | 60,000 | 0% |
| Michael Clarke | 60,000 | - | - | - | - | - | 60,000 | 0% |
| Daniel Zhang | 60,000 | - | - | - | - | - | 60,000 | 0% |

Mr Manzoori's share based payments were \$nil (2019: \$360,000). The share-based performance payments in the previous financial year related to the issue of 1,500,000 milestone shares. Directors' remuneration is otherwise fixed.

At the beginning of the reporting period Mr Manzoori held 10,000,000 options which were granted to Mr Manzoori, as share based payments and as part of his director's remuneration approved by shareholders in February 2018. On 27 November 2020, shareholders approved a 20:1 share and option consolidation. On March 12, 2020, the options expired.

Ordinary shares held by directors

| Name | Balance at the start of the year | Share consolidation** | Off market additions | Disposals | Balance at the end of the year |
|-----------------|---|------------------------------|-----------------------------|------------------|---------------------------------------|
| 2020 | | | | | |
| Geoff Barnes | 128,000,000 | (121,600,000) | - | - | 6,400,000 |
| Michael Clarke | 15,030,302 | (14,278,786) | - | - | 751,516 |
| Athan Lekkas | 40,745,454 | (38,708,180) | - | - | 2,037,274 |
| Anoosh Manzoori | 60,000,000 | (57,000,000) | 1,846,756 | - | 4,846,756 |
| Daniel Zhang | - | - | - | - | - |
| 2019 | | | | | |
| Geoff Barnes | 128,000,000 | - | - | - | 128,000,000 |
| Michael Clarke | 15,030,302 | - | - | - | 15,030,302 |
| Athan Lekkas | 40,745,454 | - | - | - | 40,745,454 |
| Anoosh Manzoori | 60,000,000 | - | - | - | 60,000,000 |
| Daniel Zhang | - | - | - | - | - |

**On 27 November 2019, shareholders approved a 20:1 share and option consolidation.

The balances reported above remain unchanged at the date of this report.

Options held by directors

Details of options over ordinary shares issued to directors and other key management personnel during the year ended 30 June 2020 are set out below:

Directors' Unlisted Options:

| | Balance at the start of the year | Option Consolidation | Exercised, Lapsed or Excluded during the year | Balance at the end of the year |
|-------------------|---|-----------------------------|--|---------------------------------------|
| Geoff Barnes | - | - | - | - |
| Michael Clarke | - | - | - | - |
| Athan Lekkas | - | - | - | - |
| Anoosh Manzoori * | 10,000,000 | (9,500,000) | (500,000) | - |
| Daniel Zhang | - | - | - | - |

* On 27 November 2020, shareholders approved a 20:1 share and option consolidation. On March 12, 2020, the options expired.

The balances reported above remain unchanged at the date of this report.

Remuneration Strategy

The remuneration strategy of FGF focuses on achieving the Group's overall objective of profitable growth and quality of product through a strong performance culture. The directors consider that the structure adopted should be designed to be competitive in the listed investment market so as to attract, motivate and retain the best executives available. During the financial year key management personnel received fixed remuneration only.

The core of FGF's remuneration philosophy seeks to focus on:

- Driving performance over and above shareholder and market expectations;
- Ensuring variable pay is linked to the Group's performance and that individuals who contribute to this performance are appropriately rewarded; and
- Providing incentives for high performing individuals to align personal and corporate objectives over the medium to long-term through equity ownership.

The FGF remuneration framework will be structured in such a way as to drive ongoing superior performance and align executive and shareholder interests using other Listed Investment Companies as benchmarks. Key features of future remuneration strategy should include fixed remuneration appropriate to the position and relevant market benchmarks supplemented by appropriate short term and long-term incentive plans.

Service Agreements

Anoosh Manzoori (Executive Chairman)

The Company has a consultancy agreement with Polygon Fund Pty Ltd which commenced on 14 December 2017 and was last amended on 6 December 2018 setting the annual remuneration package at \$240,000. This agreement can be terminated by either party with three months' notice or three months payment in lieu of such notice.

**First Growth Funds Limited
Directors' Report
30 June 2020**

Athan Lekkas (Non-executive Director)

The Company has a consultancy agreement with Dalext Products Pty Ltd and Mr Lekkas. During the year Dalext Pty Ltd was assigned its rights and obligations under the agreement to Dalext Products Pty Ltd. The agreement commenced on 1 June 2016 with a remuneration package of \$60,000 per annum. This agreement can be terminated by written agreement between the parties or on cessation of directorship.

Geoff Barnes (Non-executive Director)

The Board agreed to a remuneration package of \$60,000 per annum for non-executive directors' fees Mr Barnes may be awarded additional remuneration for any work performed outside of his non-executive duties.

Michael Clarke (Non-executive Director)

The Company entered into a consultancy agreement with Sparke Enterprises Pty Ltd and Mr Clarke which commenced on 1 June 2016 with a remuneration package of \$60,000 per annum. The agreement can be terminated by written agreement between either parties or on cessation of directorship. Mr Clarke may be awarded additional remuneration for any work performed outside of his non-executive duties.

Daniel Zhang (Non-executive Director) – Resigned 5 July 2019

The Board agreed to a remuneration package of \$60,000 per annum for non-executive directors' fees. This agreement was terminated on cessation of directorship.

Other Related Party Transactions

During the year, FGF paid the following amounts to related party entities:

Athan Lekkas

An agreement was entered into on 6 December 2018 for additional consultancy services of \$90,000 per annum. Under the consultancy agreements a related entity of Mr. Lekkas was paid \$90,000 (2019: \$50,918). This agreement can be terminated by either party with six months' notice.

Geoff Barnes

During the year Australian Financial Service Licence (AFSL) fees were paid to a related entity of Mr. Barnes of \$nil (2019: \$68,000).

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Earnings

The earnings of the consolidated entity for five years to 30 June 2020 are summarised below:

| Year Ended 30 th June | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------------------|---------|-------------|-----------|-----------|-----------|
| Profit/(loss) after income tax | 934,339 | (3,916,523) | (823,090) | (912,539) | (491,202) |

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

| Year Ended 30 th June | 2020 ^{***} | 2019 ^{^^} | 2018 ^{^^} | 2017 ^{^^} | 2016 ^{^^} |
|----------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| Share price in \$ | 0.25 CAD | 0.18AUD | 0.16AUD | 0.08AUD | 0.14AUD |
| Dividends declared | Nil | Nil | Nil | Nil | Nil |
| EPS in cents | 1.201 | (101.16) | (1.52) | (2.12) | (2.12) |

^{***} The Company was listed on the Canadian Stock Exchange on June 29, 2020. The share price is as at July 3, 2020, being the first day the shares traded.

^{^^} For comparative purposes, the prior period information has been adjusted to reflect the 20:1 share consolidation approved by shareholders at the November 27, 2019 annual general meeting.

This concludes the remuneration report that has been audited.

Indemnity and insurance of officers

The consolidated entity has indemnified its directors 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 reporting year, the consolidated entity has received an invoice for 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 liability and the amount of the premium.

Indemnity and insurance of auditor

The consolidated entity has not, during or since the reporting year, indemnified or agreed to indemnify its auditor or any related entity against a liability incurred by the auditor.

During the reporting year, the consolidated entity has not paid a premium in respect of a contract to insure the auditor 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 consolidated entity, or to intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or part of those proceedings.

Non-audit services

The directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services set out in note 20 to the financial statements did not compromise the external auditor's independence as the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Likely Developments and Expected Results from Operations

The Company does not expect a change in the nature of its operations and will continue to seek additional investment opportunities in a variety of asset classes, listed or unlisted companies, which it either believes are significantly undervalued, or where it believes it can add value through investment and management expertise.

Significant changes in the state of Affairs

There has been no significant change in the state of affairs other than the matters referred to in the Review of Operations.

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

On behalf of the directors



Anoosh Manzoori
Executive Chairman
17 September 2020

Corporate Governance Practices and Conduct

First Growth Funds Limited has published its Corporate Governance Statement on its website. It can be found at: www.firstgrowthfunds.com/about/corporate-governance

The Directors
First Growth Funds Limited
Level 14, 440 Collins Street
Melbourne VIC 3000

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of First Growth Funds Limited and the entities it controlled during the year.

Pitcher Partners

PITCHER PARTNERS



DAN COLWELL
Partner

Brisbane, Queensland
17 September 2020

| Table of Contents | Page |
|---|-------------|
| Consolidated Statement of Financial Position | 13 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 14 |
| Consolidated Statement of Changes in Equity | 15 |
| Consolidated Statement of Cash Flows | 16 |
| Notes to the Financial Statements | 17 |
| Directors' Declaration | 38 |
| Independent Auditor's Report to the members of First Growth Funds Limited | 39 |

First Growth Funds Limited
Consolidated Statement of Financial Position
As at 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|--------------|--------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 4,349,767 | 2,255,897 |
| Trade and other receivables | 8 | 12,704 | 78,896 |
| Inventories (cryptocurrencies) | 9 | 47,200 | 685,452 |
| Financial assets | 10 | 3,126,095 | 2,560,894 |
| Intangible assets (cryptocurrencies) | 11 | - | 210,086 |
| Other assets | 12 | 11,328 | - |
| Total current assets | | 7,547,094 | 5,791,225 |
| Non-current Assets | | | |
| Financial assets | 10 | 1,608,567 | 2,451,486 |
| Investments accounted for using the equity method | 13 | - | - |
| Total non-current assets | | 1,608,567 | 2,451,486 |
| Total assets | | 9,155,661 | 8,242,711 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 127,681 | 149,070 |
| Total current liabilities | | 127,681 | 149,070 |
| Total liabilities | | 127,681 | 149,070 |
| Net Assets | | 9,027,980 | 8,093,641 |
| Equity | | | |
| Contributed equity | 15 | 67,635,788 | 67,635,788 |
| Share option reserve | 16 | - | 19,156 |
| Accumulated losses | | (58,607,808) | (59,561,303) |
| Total equity | | 9,027,980 | 8,093,641 |

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

First Growth Funds Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|-------------|-------------|
| Income/(loss) from continuing operations | | | |
| Revenue from continuing operations | | 305,290 | 235,464 |
| Direct costs | | (251,705) | (289,766) |
| Net income (loss) from continuing operations | 4 | 53,585 | (54,302) |
| Income/(loss) from investments | | | |
| Interest revenue | | 95,660 | 199,148 |
| Dividends received | | - | 18,167 |
| Change in financial assets at fair value through profit and loss | | 2,798,472 | (1,327,264) |
| Asset impairments | 5 | (638,252) | (2,089,867) |
| Other gains and losses | | (15,627) | (51,764) |
| Income (loss) from investments | | 2,240,253 | (3,251,580) |
| Net income/(loss) | | 2,293,838 | (3,305,882) |
| Operating expenses | | | |
| AFSL ¹ support | | (36,000) | (89,823) |
| Director related costs | | (480,000) | (446,308) |
| Director - share based payments | | - | (360,000) |
| Insurance and professional fees | | (595,557) | (484,624) |
| Listing and share registry fees | | (99,395) | (44,435) |
| Travel expenses | | (56,703) | (218,957) |
| Other expenses | | (91,844) | (116,937) |
| Total operating expenses | | (1,359,499) | (1,761,084) |
| Profit/(loss) from continuing operations before income tax expense | | 934,339 | (5,066,966) |
| Income tax expense | 6 | - | - |
| Profit/(loss) from continuing operations after income tax expense | | 934,339 | (5,066,966) |
| Profit from discontinued operation after tax | 27 | - | 1,150,443 |
| Profit and loss after income tax expense | | 934,339 | (3,916,523) |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) | | 934,339 | (3,916,523) |
| Basic and diluted earnings per share from continuing operations (cents)** | 26 | 1.20 | (6.54) |

¹ AFSL – Australian Financial Services Licence

.** The comparative weighted average number of ordinary shares and the resultant earnings per share calculations have been adjusted to reflect the 20 for 1 share consolidation completed December 2, 2019.

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

First Growth Funds Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2020

| | Contributed equity | Share option reserve | Accumulated losses | Total equity |
|--|---------------------------|-----------------------------|---------------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 67,635,788 | 19,156 | (59,561,303) | 8,093,641 |
| Profit after income tax expense for the year | - | - | 934,339 | 934,339 |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | 934,339 | 934,339 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Transfer of expired options to accumulated losses | - | (19,156) | 19,156 | - |
| Balance at 30 June 2020 | 67,635,788 | - | (58,607,808) | 9,027,980 |
| Balance at 1 July 2018 | 67,155,788 | 139,156 | (55,644,780) | 11,650,164 |
| Loss after income tax expense for the year | - | - | (3,916,523) | (3,916,523) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (3,916,523) | (3,916,523) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Milestone shares issued to key management personnel | - | 360,000 | - | 360,000 |
| Milestone shares converted to ordinary shares | 480,000 | (480,000) | - | - |
| Balance at 30 June 2019 | 67,635,788 | 19,156 | (59,561,303) | 8,093,641 |

First Growth Funds Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2019

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts from the ordinary course of operations | | 39,150 | 56,498 |
| Proceeds from sales of inventories (cryptocurrencies) | | 249,835 | 97,471 |
| Interest received | | 71,938 | 92,079 |
| Dividends received | | - | 18,167 |
| Payments to suppliers | | (1,407,843) | (1,455,806) |
| Payments for inventories (cryptocurrencies) | | (251,705) | (688,981) |
| Proceeds from sale of financial assets – listed securities | | 4,092,246 | 8,449,789 |
| Payments for financial assets – listed securities | | (909,837) | (9,719,177) |
| Payments for financial assets – unlisted securities | | - | (2,284,238) |
| Proceeds from deposits refunded | | - | 214,834 |
| Net cash flows from / (used in) operating activities | 25 | 1,883,784 | (5,219,364) |
| Cash flows from investing activities | | | |
| Acquisition of subsidiaries, net of cash acquired | | - | 2,022 |
| Disposal of subsidiaries, net of cash disposed | | - | (8,718) |
| Intangible proceeds (cryptocurrencies) | | 210,086 | - |
| Loans provided | | - | (543,007) |
| Net cash from / (used in) investing activities | | 210,086 | (549,703) |
| Effect of exchange rate movement | | - | - |
| Net (decrease)/increase in cash & cash equivalents | | 2,093,870 | (5,769,067) |
| Cash & cash equivalents at the beginning of the financial year | | 2,255,897 | 8,024,964 |
| Cash & cash equivalents at the end of the financial year | 7 | 4,349,767 | 2,255,897 |

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

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 1 Nature and Continuance of Operations

The Parent Entity, First Growth Funds Limited is incorporated under the Laws of Australia, specifically the Corporations Act 2001. The registered office of First Growth Funds Limited is located at Level 14 44 Collins St Melbourne, Victoria, 3000, Australia and its principal place of business is located at Level 5 56 Pitt Street Sydney, New South Wales, 2000, Australia. The Parent Entity listed on the Canadian Securities Exchange on 29 June 2020 under the trading code of FGFL.

The Consolidated Entity ("Group") comprises First Growth Funds as the parent and two wholly owned controlled entities:

- ICO-AN Pty Ltd (incorporated in Australia 17 November 2017)
- First Growth Advisory Pty Ltd (incorporated in Australia 8 December 2018)

The Group's principal business activities are to provide advisory services to both listed and private unlisted companies, to present investment opportunities to accredited investors in Australia and earn commission fees and to manage a diversified portfolio of different assets and classes including large and small cap listed equities, private equity and pre-IPO investments, convertible notes, loans and cryptocurrencies investments..

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 ('AASB') and the *Corporations Act 2001* as appropriate for for-profit orientated 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 the following:

- Financial assets and financial liabilities which are initially recognised at their fair values and subsequently measured at their respective values in accordance with *AASB 9 Financial Instruments* and *AASB 13 Fair Value Measurement*.
- Inventories are valued at the lower of their cost and the net realisable value per *AASB 102 Inventories*;
- Intangible assets are valued at their recoverable amounts being the net of their carrying values and the impairment losses provided for the reporting year.

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 consolidated entity'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 2(I).

Parent entity and subsidiary information

These financial statements present the results of the consolidated entity only. Supplementary information about the Parent Entity and its subsidiaries is disclosed in Note 23 and Note 24 respectively.

Note 2. Accounting policies

This note provides an overview of the Group's accounting policies that relate to the preparation of the financial report as a whole and do not relate to specific items. Accounting policies for specific items in the consolidated statement of financial position or consolidated statement of profit or loss and other comprehensive income have been included in the respective note.

(a) New or amended Accounting Standards adopted

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. AASB 16 did not impact the consolidated entity as there are no operating leases.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities, revenue and expenses of all subsidiaries of First Growth Funds Limited (the parent entity) as at 30 June 2020. The Parent Entity and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. Control occurs when the Parent Entity is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

Any acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. 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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity 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 consolidated entity 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.

(c) 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.

(d) Foreign currency translation

The financial report is presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are initially translated into Australian dollars using the exchange rates prevailing at the dates of the transactions and at subsequent reporting date's closing rate for monetary items. 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 consolidated entity had no foreign operations during the reporting year.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

(e) 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 consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity 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.

(f) Discontinued operations

A discontinued operation is a component of the consolidated entity 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.

(g) Current and non-current classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity'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 consolidated entity'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.

(h) 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.

(i) New Accounting Standards not yet mandatory or early adopted

None.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

(j) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of First Growth Funds 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 earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings 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.

(k) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

(l) Use of Judgements

The significant judgements estimates and assumptions that may affect the carrying amounts of assets and liabilities within the next financial year are discussed below.

1) Investment Entity

Management has determined that the Group is not an investment entity pursuant to IFRS 10, which defines several characteristics of an investment entity. The Company does not provide investment management services for fees. The Company's business activities consist primarily of advisory services and finder's fees. The Company realizes capital appreciation and investment income; however, this is not the primary business activity. The Company does not measure and evaluate substantially all its investments at fair value. Accordingly, management has determined the Company is not an investment entity pursuant to IFRS 10.

2) Valuation of financial assets

The Group invests in various financial instruments exposing it to a number of financial risks, including market risk, credit risk and liquidity risk.

Financial assets (refer note 10) include listed and unlisted securities, convertible notes and any associated accrued interest. Listed securities are classified under Australian Accounting Standards as "level 1" (i.e. where the valuation is based on quoted prices in the market), unlisted securities are classified as "level 3" (i.e. where inputs are unobservable) and convertible notes are accounted for at amortised cost.

3) Accounting for digital currency assets (cryptocurrencies)

The Group holds digital currency assets classified as inventories (ICO tokens) or intangible assets (pre- ICO tokens). Judgement is required to apply the lower of cost or net realisable value test to inventories and to assess intangibles for impairment.

Inventories (refer note 9) are measured at the lower of cost or net realisable value

Intangible assets (refer note 11) are measured using the cost mode and are assessed for impairment when there are indicators of impairment.

4) Deferred income taxes

The Company recognises the deferred tax benefit of deferred tax assets to the extent their recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets. There are no deferred tax balances recognised.

In assessing the probability of realising income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. There are no income tax or liabilities recognised

5) Going concern

These financial statements have been prepared on a going concern basis which assumes that the Company is a will continue in operation for the foreseeable future and at least one year from the date of signing.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 3. Classifications

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The financial statements are prepared in accordance with the same accounting principles for the reporting period and the comparative period presented.

Note 4. Net income (loss) from continuing operations

| | 2020 | 2019 |
|--|-----------|-----------|
| | \$ | \$ |
| Advisory / Commission income | 45,455 | 137,993 |
| Digital currency sales (inventories) | 249,835 | 97,471 |
| Revenue from contracts with customer | 295,290 | 235,464 |
| Government grants | 10,000 | - |
| Revenue from continuing operations | 305,290 | 235,464 |
| Direct costs | (251,705) | (289,766) |
| Net income (loss) from continuing operations | 53,585 | (54,302) |

Accounting policy for revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: 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.

Revenue from contracts with customers - sales of inventories (cryptocurrencies)

Revenue from the sale of inventories is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Revenue from contracts with customers - rendering of services – commission income

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Net gain / (losses) on investments and other financial assets

Gains and losses arising from disposal and changes in fair value of investments and other financial assets are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 5. Asset impairments

| | 2020 | 2019 |
|---|------------------|--------------------|
| | \$ | \$ |
| Intangible assets (see Note 11) | - | (657,464) |
| Investments accounted for using the equity method (see Note 13) | - | (332,866) |
| Inventory write downs (see Note 9) | (638,252) | (50,729) |
| Loan receivables (see Note 8) | - | (598,808) |
| Convertible notes (see Note 10) | - | (450,000) |
| | <u>(638,252)</u> | <u>(2,089,867)</u> |

Note 6. Income tax expense

Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

| | 2020 | 2019 |
|---|------------------|-------------|
| | \$ | \$ |
| Loss before income tax expense from continuing operations | 934,339 | (5,066,967) |
| Tax at the Australian tax rate of 27.50% (2019: 27.50%) | 256,943 | (1,393,416) |
| Tax effect amounts which are not deductible / (taxable) in calculating taxable income: | | |
| Deferred tax asset/(liability) not recognised | (256,943) | 1,393,416 |
| Income tax expense/(benefit) | <u>-</u> | <u>-</u> |
| Potential tax benefits from tax losses (set out below) have not been recognised as the directors do not believe the conditions for recovery can be met. | | |
| Income tax losses at the Australian tax rate of 27.5% (2019:27.5%) | 5,539,465 | 5,796,408 |
| Franking credits available for subsequent financial years based on a tax rate of 27.50% | 14,781 | 14,781 |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and;
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Franking Credits also known as Imputation Credits are a type of tax credit that allows Australian Companies to pass on tax paid at the company level to shareholders. The benefits are these franking credits can be used to reduce income tax paid on dividends or potentially be received as a tax refund.

Accounting policy for income taxes

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply 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,

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 6. Income tax expense (cont.)

- the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in 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 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 entity's which intend to settle simultaneously.

The Parent Entity and its subsidiaries have not formed an income tax consolidated group under the Australian tax consolidation regime.

Note 7. Cash and cash equivalents

| | 2020 \$ | 2019 \$ |
|--------------|------------|------------|
| Cash at bank | 4,349,767 | 2,255,897 |

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and 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.

Note 8. Trade and other receivables

| | 2020 \$ | 2019 \$ |
|---|------------|------------|
| Trade receivables | - | 107,584 |
| Loss allowance for trade receivables | - | (39,875) |
| | - | 67,709 |
| Loans receivable (i) & (ii) | 226,022 | 598,808 |
| Impairment allowance for loans receivable | (226,022) | (598,808) |
| GST receivable | 12,704 | 11,187 |
| | 12,704 | 78,896 |

(i) On 1 March 2019 the consolidated entity entered into a short-term arrangement with Australian Nutrition and Sports Limited. Australian Nutrition and Sports Limited, appointed an Administrator in March 2020 and in May 2020 entered a Deed of Company Arrangement with creditors. This loan has been fully impaired.

(ii) The comparative balance includes a fully impaired loan of \$372,786. This loan was written off during the current reporting period.

Allowance for expected credit losses

The consolidated entity has recognised a net loss of \$nil (2019: \$39,875) for specific debtors for which such evidence exists. Trade receivables past due but not impaired amount to \$nil (2019: \$67,709).

At 30 June 2020, an ageing analysis of those receivables are as follows:

| | 2020 \$ | 2019 \$ |
|-----------------------|------------|------------|
| Not overdue | - | - |
| 1 to 30 days past due | - | 30,667 |
| 61 days plus past due | - | 37,042 |
| | - | 67,709 |

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 8. Trade and other receivables (cont.)

Accounting policy for 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 consolidated entity 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.

Note 9. Inventories

| | 2020 | 2019 |
|--------------------------------|------------------|-------------|
| | \$ | \$ |
| Cryptocurrencies held for sale | 736,181 | 736,181 |
| Provision for impairment | (688,981) | (50,729) |
| | 47,200 | 685,452 |

Accounting policies for inventories

Inventories are measured at the lower of cost and net realisable value. Cryptocurrencies are recognised as inventories where they are held for sale in the ordinary course of business in accordance with guidance provided by the International Financial Reporting Interpretations Committee ('IFRIC') during June 2019. Recoverable amount for cryptocurrencies held for resale is determined with reference to pricing provided on digital currency exchanges.

Cryptocurrency details and movements

As at 30 June 2020 the Group fully impaired the carrying value of the 907,730,000 Sovereign Cash Tokens (SOV) tokens held. The Group also holds 255.5 Ethereum tokens. Movements in cryptocurrency holdings are set out below.

| 2020 | Sovereign Cash Tokens | | Bitcoin Tokens | | Ethereum Tokens | |
|--------------------------|------------------------------|-----------|-----------------------|-----------|------------------------|-----------|
| | Number | \$ | Number | \$ | Number | \$ |
| Balance, July 1, 2019 | 907,730,000 | 638,252 | - | - | 255.5 | 47,200 |
| Purchases | - | - | 23.5 | 251,704 | - | - |
| Sales | - | - | (23.5) | (251,704) | - | - |
| Provision for impairment | (907,730,000) | (638,252) | - | - | - | - |
| Balance, June 30, 2020 | - | - | - | - | 255.5 | 47,200 |

| 2019 | Sovereign Cash Tokens | | LYM Tokens | | Ethereum Tokens | |
|---------------------------|------------------------------|-----------|-------------------|-----------|------------------------|-----------|
| | Number | \$ | Number | \$ | Number | \$ |
| Balance, July 1, 2018 | - | - | 3,157,480 | 224,880 | - | - |
| Sales | - | - | (3,157,480) | (224,880) | - | - |
| Purchases | 907,730,000 | 688,981 | - | - | - | - |
| Transfer from intangibles | - | - | - | - | 255.5 | 47,200 |
| Provision for impairment | - | (50,729) | - | - | - | - |
| Balance, June 30, 2019 | 907,730,000 | 638,252 | - | - | 255.5 | 47,200 |

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 10. Investments and other financial assets

| | 2020 \$ | 2019 \$ |
|--|------------------|------------|
| Current | | |
| Listed securities at fair value through profit or loss (i) | 3,126,095 | 2,560,894 |
| | 3,126,095 | 2,560,894 |
| Non-current | | |
| Unlisted securities at fair value through profit or loss (i) | 864,816 | 1,731,987 |
| Convertible notes receivable at amortised cost | 743,751 | 719,499 |
| | 1,608,567 | 2,451,486 |

(i) Refer to note 19 for further information on fair value measurement.

Movements between the carrying amounts at the beginning and end of the current and previous financial year are set out below:

| | <i>Convertible notes</i> | <i>Unlisted securities</i> |
|---------------------------------------|------------------------------|--------------------------------|
| 2019 | | |
| Balance at 1 July 2018 | 405,555 | 250,000 |
| Additions | 763,944 | 1,731,987 |
| Impairment losses | (450,000) | - |
| Fair value through profit or loss | - | (250,000) |
| Balance at 30 June 2019 | 719,499 | 1,731,987 |
| 2020 | | |
| Balance at 1 July 2019 | 719,499 | 1,731,987 |
| Additions | - | 45,401 |
| Fair value through profit or loss | - | 132,883 |
| Income accrued | 23,722 | - |
| Exchange rate gains/(losses) | 530 | - |
| Reclassification to listed securities | - | (1,045,455) |
| Balance at 30 June 2020 | 743,751 | 864,816 |

Accounting policies for 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 consolidated entity 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 fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Amortised cost consists of the initial recognition amount, subsequent recognition of interest income/expense using the effective interest method, repayments and any applicable credit losses.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 10. Investments and other financial assets (cont.)

Impairment of financial assets

The consolidated entity 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 consolidated entity'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 measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Note 11. Intangible assets

| | 2020 \$ | 2019 \$ |
|---|------------|------------|
| Current | | |
| Cryptocurrencies under development to be refunded (i) | - | 210,086 |

- (i) Cryptocurrencies under development are represented by 'rights to acquire tokens' under contracts. During the financial year ended 30 June 2019, the company sought to unwind its cryptocurrency under development activities and negotiated refunds.

The movements between the carrying amounts at the beginning and end of the current and previous financial year are set out below:

| | 2020 \$ | 2019 \$ |
|----------------------------|------------|------------|
| Opening balance at July 1 | 210,086 | 914,749 |
| Proceeds on disposal | (210,086) | - |
| Transfer to inventories | - | (47,200) |
| Impairment losses | - | (657,463) |
| Closing balance at June 30 | - | 210,086 |

Impairment

The intangible impairments recorded for the year ended 30 June 2019, include counterparty defaults on negotiated refund arrangements to terminate contracts providing rights to acquire cryptocurrency tokens and also losses on the sale of rights.

Accounting policy for 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. 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.

Cryptocurrencies under development

The consolidated entity measures its cryptocurrencies under development (which are pre-ICO such as unlisted tokens or rights to acquire / distribute tokens) at cost in accordance with AASB 138 Intangible Assets. Unlisted tokens or rights to acquire / distribute tokens are recognised in accordance with IFRICs June 2019 guidance issued on crypto assets.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 11. Intangible assets (cont.)

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.

Note 12. Other Assets

| | 2020 | 2019 |
|-------------|---------------|----------|
| | \$ | \$ |
| Prepayments | 11,328 | - |
| | <u>11,328</u> | <u>-</u> |

Note 13. Investments accounted for using the equity method

| | 2020 | 2019 |
|----------------------------|----------|-----------|
| | \$ | \$ |
| Investment in associate | | |
| Opening balance at July | - | 332,866 |
| Impairment | - | (332,866) |
| Closing balance at June 30 | <u>-</u> | <u>-</u> |

Interests in associates are accounted for using the equity method of accounting. The company did not consolidate this investment as it did not have control over the investee pursuant to IFRS 10 paragraph 6. The Company's 50% interest provided collective control over the investee pursuant to whereby the joint investors must act together to direct the relevant activities of the investee

Information relating to associates that are material to the consolidated entity are set out below:

| Name of entity | Country of incorporation | Class of shares | Equity holdings | |
|----------------------|--------------------------|-----------------|-----------------|-----------|
| | | | 2020 % | 2019 % |
| Cryptodata Vault LLC | United States of America | Ordinary | 50 | 50 |

Accounting policy for associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 14. Trade and other payables

| | 2020 | 2019 |
|-----------------------------|----------------|-------------|
| | \$ | \$ |
| Trade payables | 32,151 | 54,215 |
| Other payables and accruals | 95,530 | 94,855 |
| | 127,681 | 149,070 |

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity 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.

Note 15. Contributed equity

| | 2020 | 2020 | 2019 | 2019 |
|---|---------------------------------------|-------------------|---------------------------------------|-------------|
| | No. of ordinary shares | \$ | No. of ordinary shares | \$ |
| Balance at the beginning of the financial period | 1,555,959,281 | 67,635,788 | 1,510,959,281 | 67,155,788 |
| Milestone shares converted to ordinary shares (i) | - | - | 45,000,000 | 480,000 |
| Share consolidation (ii) | (1,478,161,063) | - | - | - |
| Balance at the end of the financial period | 77,798,218 | 67,635,788 | 1,555,959,281 | 67,635,788 |

- (i) During the year ended 30 June 2019, 45,000,000 shares valued at \$480,000 were issued to a related entity of Anoosh Manzoori. This was the final parcel of milestone shares arrangements approved by shareholder in the previous financial year.
- (ii) On 27 November 2019, shareholders approved a 20:1 share and option consolidation.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. 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.

Capital risk management

The consolidated entity's objectives when managing capital are 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.

In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, issue new shares or sell assets to reduce debt. The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Parent Entity's share price at the time of the investment.

Accounting policy for contributed equity

Contributed equity is the consolidated entity's ordinary shares issued and 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.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 16. Share option reserve

| | 2020 \$ | 2019 \$ |
|-----------------------------|------------|------------|
| Share based payment reserve | - | 19,156 |

| Movements | 2020 \$ | 2019 \$ |
|---|------------|------------|
| Balance at beginning of year | 19,156 | 139,156 |
| Milestone shares issued to key management personnel | - | 360,000 |
| Milestone shares converted to ordinary shares | - | (480,000) |
| Transfer of expired options to accumulated losses | (19,156) | - |
| Balance at end of year | - | 19,156 |

The share-based payments reserve is used to record the expenses associated with options and performance rights granted to employees and key management personnel under equity-settled share-based arrangements.

Note 17. Share based payments

Share based payments expensed in the financial statements with respect to performance rights issued during the previous reporting period.

The expense recognised in relation to the share-based payment transactions was recognised within director fees expense within the statement of profit or loss as follows:

| | 2020 \$ | 2019 \$ |
|------------------------------|------------|------------|
| Share-based payments expense | - | 360,000 |

Share options

There were no options granted to any directors or key management personnel during the reporting year.

Other share-based payments

Nil.

Accounting policy for share based payments

Share-settled and cash-settled share-based compensation benefits may be provided to employees from time to time. Share-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of share-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the product of the market price on the grant date multiplies the number of shares entitled to the employee or applying the Binomial or 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 consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. Such 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.

The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability. Market conditions are taken into consideration in determining fair value. Therefore, any

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 17. Share based payments (cont.)

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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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 share-settled awards are cancelled, it is treated as if it has 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 18. Financial risk management

Financial risk management objectives

The consolidated entity's activities expose it to a number of financial risks, including market risk, credit risk and liquidity risk. The consolidated entity's management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity, mindful of the cost of such measures and the competing demands of other investment. Risks are monitored through the use of sensitivity analysis for interest rate and foreign exchange risks and aging analysis for credit risk.

The consolidated entity identifies and evaluates mitigation activities for risk and to develop policy for risk management across all consolidated entity operations pursuant to written risk management principles approved by the Board.

Market risk

Market risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk:

- Currency risk
- Price risk
- Interest rate risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments would fluctuate due to changes in foreign exchange rates. The consolidated entity is not exposed to any significant foreign currency risk.

Price risk

The consolidated entity's exposure to equity securities price risk arises from investments held by the consolidated entity and are classified in the balance sheet as listed and unlisted equities at fair value through profit or loss.

Based on this exposure, had the share prices increased or decreased by 10% (2019: 10%) the impact on the consolidated entity's loss before tax and net assets would have been:

| 2020 | Increase 10% | | Decrease 10% | |
|-------------------|------------------------------------|-------------------------|------------------------------------|-------------------------|
| | <i>Impact on profit before tax</i> | <i>Impact on equity</i> | <i>Impact on profit before tax</i> | <i>Impact on equity</i> |
| Listed securities | 312,610 | 312,610 | (312,610) | (312,610) |

| 2019 | Increase 10% | | Decrease 10% | |
|-------------------|------------------------------------|-------------------------|------------------------------------|-------------------------|
| | <i>Impact on profit before tax</i> | <i>Impact on equity</i> | <i>Impact on profit before tax</i> | <i>Impact on equity</i> |
| Listed securities | 256,089 | 256,089 | (256,089) | (256,089) |

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 18. Financial risk management (cont.)

Interest rate risk

Interest rate risk arises from the consolidated entity's interest-bearing financial assets and liabilities. The consolidated entity carries cash balances with major Australian Banks which are exposed to variable interest rates. The major Australian Banks all have Standard & Poor's credit ratings of AA-. The Australian Reserve Bank cash rate is less than 1%, accordingly the impact of a 10% movement in interest rates is deemed immaterial. The consolidated entity does not currently carry financial liabilities with variable interest rates.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument creating a financial loss. Credit risk arises from cash and cash equivalents, deposits with banks and through exposures to wholesale and retail customers.

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

The consolidated entity has a total credit risk exposure of \$743,751 (2018: \$719,499) on its convertible notes invested with various parties at reporting date. Management have impaired convertible notes invested by \$nil (2019: \$450,000).

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

Liquidity risk is the risk that the consolidated entity's operational performance will be adversely affected through the failure to satisfy an obligation for settlement of a financial transaction within contractual terms or that operational decisions made to ensure sufficient funding is available to meet such settlement will adversely affect the value of financial assets (including sale of financial assets at values less than their fair market values). The consolidated entity's predominant exposure to liquidity risk is through investments in overseas start-up businesses which can experience significant volatility whilst in their infancy.

Remaining contractual maturities of financial liabilities

The following tables detail the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the amortised cost of discounted cash flows of the financial instruments stated on the statement of financial position:

| | <i>1 year or less</i> | <i>Between 1 and 2 years</i> | <i>Between 2 and 5 years</i> | <i>Over 5 years</i> | <i>Remaining contractual maturities</i> |
|-----------------------------|-----------------------|------------------------------|------------------------------|---------------------|---|
| 2020 | \$ | \$ | \$ | \$ | \$ |
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade and other payables | 127,681 | - | - | - | 127,681 |
| Total non-derivatives | 127,681 | - | - | - | 127,681 |
| | <i>1 year or less</i> | <i>Between 1 and 2 years</i> | <i>Between 2 and 5 years</i> | <i>Over 5 years</i> | <i>Remaining contractual maturities</i> |
| 2019 | \$ | \$ | \$ | \$ | \$ |
| Non-derivatives | | | | | |
| <i>Non-interest bearing</i> | | | | | |
| Trade and other payables | 149,070 | - | - | - | 149,070 |
| Total non-derivatives | 149,070 | - | - | - | 149,070 |

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 19. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity'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

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|---------|-----------|-----------|
| | \$ | \$ | \$ | \$ |
| 2020 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Listed securities (i) | 1,341,246 | - | 1,784,849 | 3,126,095 |
| - Unlisted securities (ii) & (iii) | - | 281,536 | 583,280 | 864,816 |
| Total | 1,341,246 | 281,536 | 2,368,129 | 3,990,911 |
| | Level 1 | Level 2 | Level 3 | Total |
| | \$ | \$ | \$ | \$ |

2019

Financial assets at fair value through profit or loss

| | | | | |
|---------------------------|-----------|---|-----------|-----------|
| - Listed securities | 2,560,894 | - | - | 2,560,894 |
| - Unlisted securities (i) | - | - | 1,731,987 | 1,731,987 |
| Total assets | 2,560,894 | - | 1,731,987 | 4,292,881 |

- (i) Quoted trading prices in active markets are not always available for listed securities. Where there are no observable valuation inputs, investments in listed securities are classified as Level 3 in the fair value hierarchy. To determine the enterprise value as an approximation of fair value of a listed security classified as Level 3, the company applies conservative revenue multiples. As at 30 June 2020, a revenue multiple of 2.5 times reduced by a non-controlling interest discount of approximately 40% was applied to determine the enterprise value of the investee company operating in the payment processing sector.

The fair value of this level 3 investment includes unrealised fair value gains of \$739,384 recognised through current year profit or loss (2019: \$nil). The investee company listed during the current reporting period and prior to listing the investment's fair value represented the consideration transferred to acquire an interest in the investment. Since listing the volume of shares traded are considered too low to conclude that an active market existed as at 30 June 2020, therefore an alternative fair value approach was adopted. The table below sets out the potential impact to profit before tax and equity resulting from a 20% increase and 20% decrease in the revenue multiples used to determine the fair value of the level 3 investment in listed securities.

| | Increase 20% (to 3 times revenue) | | Decrease 20% (to 2 times revenue) | |
|---------------------------|--------------------------------------|---------------------|--------------------------------------|---------------------|
| | Impact on profit before tax | Impact on equity | Impact on profit before tax | Impact on equity |
| 2020 -Unlisted securities | 356,970 | 356,970 | (356,970) | (356,970) |
| 2019_Unlisted securities | - | - | - | - |

- (ii) Investments in unlisted securities valued at fair value and classified as Level 2 within the fair value hierarchy relate to unlisted options issued by listed entities. The fair value for the options is pegged to the trading prices for the related listed securities.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 19. Fair value measurement (cont'd)

- (iii) Investments in unlisted securities valued at fair value and classified as Level 3 within the fair value hierarchy. The directors have considered the available information regarding these investments and believe it is currently appropriate to recognise a fair value of \$864,816 (2019: \$1,731,987) based on the consideration paid on acquisition.

Note 20. Remuneration of the auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the company and its controlled entities:

| | 2020 \$ | 2019 \$ |
|---|---------------|------------|
| <i>Audit and other assurance services</i> | 60,250 | 55,000 |
| <i>Non-audit services</i> | | |
| Other advisory services | 31,300 | - |
| Tax compliance services | 6,730 | 6,000 |
| | 98,280 | 61,000 |

Note 21. Key management personnel and other director disclosures

Compensation

The aggregate compensation made to directors of the consolidated entity is set out below:

| | 2020 \$ | 2019 \$ |
|--|----------------|------------|
| Short-term employee benefits | 420,000 | 415,007 |
| Share-based payments | - | 360,000 |
| Key management personnel | 420,000 | 775,007 |
| Independent directors of First Growth Advisory Pty Ltd (a wholly owned subsidiary) | 60,000 | - |
| | 480,000 | 775,007 |

Note 22. Related party transactions and balances

The following transactions occurred during the reporting year with related parties in addition to the compensation payments in the above notes to the financial statements:

| | | |
|---|---------------|------------|
| Director related entities- Transactions | 2020 \$ | 2019 \$ |
| Consulting services from Peloton Capital Pty Ltd (a related entity of Geoff Barnes) | - | 68,000 |
| Consulting services from Dalext Pty Ltd (a related entity of Athan Lekkass) | 90,000 | 50,918 |
| | 90,000 | 118,918 |
| Director related entities – accounts payable / accrual balances: | 2020 \$ | 2019 \$ |
| Polygon Fund Limited – Anoosh Manzoori (director fees) | 20,000 | 22,000 |
| Shape Capital – Anoosh Manzoori (expense reimbursement) | - | 927 |
| Sparke Enterprises Pty Ltd – Michael Clarke (expense reimbursement) | - | 3,024 |
| Dalext Pty Ltd - Athan Lekkass (expense reimbursement) | - | 2,954 |
| | 20,000 | 28,905 |

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 23. The Parent Entity's information

Set out below is the supplementary information about the Parent Entity.

| | 2020 \$ | 2019 \$ |
|---|--------------|--------------|
| <i>Statement of profit or loss and other comprehensive income</i> | | |
| Profit/(loss) for the year | 934,339 | (3,916,523) |
| Total comprehensive income/(loss)loss for the year | 934,339 | (3,916,523) |
| Current assets | 7,547,094 | 5,791,225 |
| Total assets | 9,155,661 | 8,242,711 |
| Current liabilities | 127,681 | 149,070 |
| Total liabilities | 127,681 | 149,070 |
| Net assets | 9,027,980 | 8,093,641 |
| Contributed equity | 67,635,788 | 67,635,788 |
| Share options reserve | - | 19,156 |
| Accumulated losses | (58,607,808) | (59,561,303) |
| Total equity | 9,027,980 | 8,093,641 |

The Parent Entity has not guaranteed any existing or future debts of its subsidiaries nor do it and its subsidiaries have any such debts or contingent liabilities as at the ends of this and last reporting years. The Parent Entity has no capital commitments for property, plant and equipment as at the ends of this and last reporting years.

Note 24. Interest in subsidiaries (controlled entities)

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 1(b) 'Principles of Consolidation':

| Name of entity | Country of incorporation | Class of shares | Equity holdings | |
|--|--------------------------|-----------------|-----------------|-----------|
| | | | 2020 % | 2019 % |
| ICO-AN Pty Ltd (incorporated 17 November 2017) | Australia | Ordinary | 100 | 100 |
| First Growth Advisory Pty Ltd (incorporated 8 December 2018) | Australia | Ordinary | 100 | 100 |

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 25. Reconciliation of Cash Flows

| Reconciliation of the profit/(loss) after tax to the net cash flows from operations | 2020 | 2019 |
|--|------------------|--------------------|
| | \$ | \$ |
| Profit/(loss) after income tax | 934,339 | (3,916,523) |
| Adjustments for non-cash items: | | |
| - Impairment losses | 638,252 | 2,362,950 |
| - Advisory income - settled in shares | (45,455) | - |
| - Share-based payments | | 360,000 |
| - Gain on disposal of discontinued operations | - | (1,026,298) |
| - Bad debt expense | - | 39,875 |
| Change in operating assets and liabilities | | |
| - (Increase) / decrease in trade and other receivables | 29,150 | (137,296) |
| - (Increase) / decrease in inventories (cryptocurrencies) | - | (464,101) |
| - (Increase) / decrease in financial assets | 360,215 | (2,528,551) |
| - (Increase) / decrease in other assets | (11,328) | 214,834 |
| - Increase / (decrease) in trade and other payables | (21,389) | (124,254) |
| Net cash used in operating activities | 1,883,784 | (5,219,364) |

Note 26. Earnings / (losses) per share

| | 2020 | 2019 |
|---|--------------|--------------|
| | \$ | \$ |
| Earnings per share from continuing operations | | |
| Profit/(loss) after income tax | 934,339 | (5,066,967) |
| Weighted average number of ordinary shares used in calculating basic and diluted earnings per share (i) | 77,798,218 | 77,434,266 |
| | Cents | Cents |
| Basic and diluted earnings/(loss) per share | 1.20 | (6.54) |
| Earnings per share from discontinued operations | | |
| Profit after income tax | - | 1,150,443 |
| | Cents | Cents |
| Basic and diluted earnings/(loss) per share | - | 1.48 |

- (i) For comparative purposes the weighted average number of ordinary shares used in the FY2019 calculation is 1/20th of the figure at the time to reflect the 20:1 share consolidation that was approved by shareholders on 27th November 2019.

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 27. Discontinued operations

Description

On 24 May 2019 the consolidated entity sold LINCD HQ Pty Ltd (incorporated in Australia), a subsidiary of First Growth Funds Limited, to Harris Technologies Limited (ASX: HT8) for consideration of \$1,150,443 resulting in a gain on disposal before income tax of \$1,150,443.

| | 2019 |
|--|-------------|
| | \$ |
| <i>Financial performance information</i> | |
| Revenue from continuing operations | 13,408 |
| Cost of sales (inventories) | (40,000) |
| Impairment losses | (23,084) |
| Other expenses | (74,469) |
| Loss before income tax expense | (124,145) |
| Income tax expense | - |
| Loss after income tax expense from discontinued operations | (124,145) |

| | 2019 |
|--|-------------|
| | \$ |
| <i>Cash flow information</i> | |
| Net cash from / (used in) operating activities | (336,073) |
| Net cash from / (used in) investing activities | 341,829 |
| Net increase in cash and cash equivalents from discontinued operations | 5,756 |

| | 2019 |
|--|------------------|
| | \$ |
| <i>Carrying amounts of assets and liabilities disposed</i> | |
| Cash and cash equivalents | 8,718 |
| Inventories | 291,867 |
| Financial assets | 2,000 |
| Total assets | 302,585 |
| Trade and other payables | 426,730 |
| Total liabilities | 426,760 |
| Net liabilities | (124,145) |

| | 2019 |
|--|------------------|
| | \$ |
| <i>Details of the disposal</i> | |
| Total sale consideration | |
| - Tranche 1: 30,000,000 shares in HT8 @ market price \$0.033 | 990,000 |
| - Tranche 2: 20,055,334 options in HT8 @ fair value \$0.008 | 160,443 |
| - Tranche 3: 20,000,000 options in HT8 @ fair value \$nil | - |
| Carrying amount of net liabilities disposed | (124,145) |
| Gain on deconsolidation of net liabilities | 124,145 |
| Profit on discontinued operation before income tax | 1,150,443 |
| Income tax expense | - |
| Profit on discontinued operation after income tax | 1,150,443 |

First Growth Funds Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Note 28. Subsequent events

- On 15 July 2020, the company's 10% Helbiz Inc convertible notes converted to Helbiz Inc common stock at a conversion price of USD\$23.27. The company originally invested USD\$150,000 in Helbiz Inc 10% convertible notes in June 2019.
- On 4 August 2020, the company granted 500,000 options to an unrelated advisor. Each option carries the right to acquire one fully paid ordinary shares with an exercise price of CAN\$0.28. The options expire 12 months from the grant date.
- On 6 August 2020, the company granted 500,000 options to an unrelated advisor. Each option carries the right to acquire one fully paid ordinary shares with an exercise price of CAN\$0.28. The options expire 12 months from the grant date.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may have a significant effect on the financial operations of the company, the financial performance of those operations or the financial position of the company in the subsequent financial year.

DIRECTORS DECLARATION

In the directors' opinion:

- a) The financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
- b) the financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements, and
- c) 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*.

This declaration is made in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors



Anoosh Manzoori
Melbourne
Director

17 September 2020

**Independent Auditor's Report
To the Members of First Growth Funds Limited****Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of First Growth Funds Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) 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 are independent of the Company 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

| Key audit matter | How our audit addressed the matter |
|---|--|
| Valuation of financial assets (Refer to note 10) | |
| <p>The Group invest in various financial instruments exposing it to a number of financial risks, including market risk, credit risk and liquidity risk.</p> <p>As at 30 June 2020 financial assets total \$4,734,662 and include listed and unlisted securities at fair value through profit or loss, and, convertible notes at amortised cost.</p> <p>Financial assets at fair value through profit or loss are classified according to the fair value hierarchy within AASB 13 <i>Fair Value Measurement</i> as follows:</p> <ul style="list-style-type: none"> Level 1 (i.e. inputs are quoted prices in active markets for identical assets); Level 2 (i.e. inputs other than quoted prices included within level 1 that are observable, either directly or indirectly); or Level 3 (i.e. inputs are unobservable). <p>This is assessed as a key audit matter due to:</p> <ul style="list-style-type: none"> The significance of the balance, representing 52% of total assets; The significant judgements and assumptions required for inputs used in the valuation of level 2 and level 3 assets; and Complexity associated with the accounting for these financial assets. | <p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> Obtaining an understanding of the relevant controls associated with the acquisition and accurate measurement of financial assets; Reviewing portfolio valuations obtained from third parties which confirmed quantity of listed shares held and their market value at the reporting date; Recalculating the fair value gain or loss recognised in the profit or loss arising from the mark to market adjustments at the reporting date; Working with our valuation experts, to assess the Group's significant judgements and assumptions for inputs used in asset valuations; Assessing the reasonableness of valuation methodologies applied, integrity of the valuation models used and accuracy of the underlying data; Recalculating interest accrued on convertible notes and ensuring it is in accordance with the contractual terms governing the financial instrument; Considering the recoverability convertible notes through conversion into shares, redemption for cash or another financial asset; and Assessing the adequacy of the disclosure in the financial report. |

Other Information

The directors are responsible for the other information. The other information comprises the Operating Financial Report, Director's Report, Corporate Governance Statement and ASX Information which was obtained as at the date of our audit report, and any additional other information that will be included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the 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 Group'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 Company 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and 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 Group'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 Company 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.

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 on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the Directors' Report for the year ended 30 June 2020. In our opinion, the Remuneration Report of First Growth Funds Limited, for the year ended 30 June 2020, 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.

Pitcher Partners

PITCHER PARTNERS



DAN COLWELL
Partner

Brisbane, Queensland
17 September 2020

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

| Contents | Page |
|---|-------------|
| <i>1.1 – Date and Basis of Discussion & Analysis</i> | 2 |
| <i>1.2 – Corporate information</i> | 2 |
| <i>1.3 – Selected Annual Information</i> | 11 |
| <i>1.4 – Results of Operations</i> | 12 |
| <i>1.5 – Summary of Quarterly Financial Position</i> | 14 |
| <i>1.6 – Liquidity and Capital Resources</i> | 14 |
| <i>1.7 – Off Balance Sheet Arrangements</i> | 14 |
| <i>1.8 – Transactions with Related Parties</i> | 15 |
| <i>1.9 Fourth Quarter</i> | 15 |
| <i>1.10 – Proposed Transactions</i> | 16 |
| <i>1.11 – Critical Accounting Estimates</i> | 16 |
| <i>1.12 – Changes in Accounting Policies – International Financial Reporting Standards (“IFRS”)</i> | 16 |
| <i>1.13 – Financial Instruments and Other Instruments</i> | 16 |
| <i>1.14 – Other MD&A Requirements</i> | 16 |
| <i>1.15– Subsequent events</i> | 17 |
| RISK FACTORS AND UNCERTAINTIES | 18 |
| DISCLAIMER FOR FORWARD-LOOKING INFORMATION | 23 |
| APPROVAL | 24 |

FIRST GROWTH FUNDS LIMITED

Management Discussion and Analysis

For the year ended June 30, 2020

1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis (“MD&A”) is dated as of September 17, 2020 and should be read in conjunction with the audited annual financial statements of First Growth Funds Limited for the year ended June 30, 2020 (“the Financial Statements”). The Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Unless expressly stated otherwise, all financial information is presented in Australian dollars.

1.2 – Corporate information

Business Structure

The Company, was incorporated on October 14, 1986 under the *Corporations Act* (Australia) with Australian company number (“ACN”) 006 648 835 It went through several name changes: and on March 29, 2011 the name was changed to the current name, First Growth Funds Limited. Its head office and registered offices are located at Level 14, 440 Collins Street Melbourne, Victoria 3000, Australia.

Wholly owned Subsidiary companies:

- 1) ICO-AN Pty Ltd., incorporated on November 17, 2017 pursuant to the *Corporations Act* (Australia).
- 2) First Growth Advisory Pty Ltd., (“FGA”) incorporated December 8, 2018 pursuant to the *Corporations Act* (Australia).

Nature of Business

The Company provides Advisory Services to companies, earns commission fees and invests across a diversified portfolio of different asset classes, including equity and convertible note investments in large and small cap listed and private companies involved in Blockchain (but not in connection to Cryptocurrency), as well as direct investments in established and liquid Cryptocurrency (for example Bitcoin and Ethereum)..

Investment Objective

The Company’s investment objective is to achieve long-term capital appreciation, while preserving capital, by actively investing in public and private equity securities and debt instruments and different assets and classes and as such it does not have a sole asset or asset class which is its main undertaking. FGF seeks to have a variety of different investments.

The Company invests from its available funds and does not pool investor funds. Unlike private equity and venture capital funds, the Company has no capital return requirements. Such requirements may stipulate that the funds raised from investors together with any capital gains on such investment, must be returned to investors on a specified date or upon the occurrence of a specified event. These provisions often force private equity and venture capital funds to seek returns on their investments through mergers, public equity offerings or other liquidity events more quickly than they otherwise might, potentially resulting in both a lower overall return to investors and an adverse impact on their portfolio businesses.

In addition, listing on the CSE will provide investors a mechanism for the sale of their Ordinary Shares. The Ordinary Shares do not have any special rights or restrictions, including rights of redemption or retraction of the Company and there is no requirement for additional investment.

The Company believes that its capital structure and flexibility to make investments with a long-term view of up to three years and without the capital return requirements of traditional private investment vehicles will better enable it to generate returns on invested capital.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.2 – Corporate information (continued)

Investment Policy

FGF is constantly assessing investment opportunities both in terms of the acquisition of assets or interests as well as the disposal of assets or interests from time to time with the intent being to maximise value and return for shareholders. The aim with investments in unlisted entities is that the equity interests held will be able to be realised on completion of a liquidity event (such as a trade sale or IPO) and that the funds raised from the realisation will be invested into further assets and interests for the benefit of shareholders.

The Company will employ both a conservative, fundamental, value based approach and potential growth analysis to identifying and investing in private and public businesses in jurisdictions analyzed for the following: (i) product and sustainable competitive advantage, (ii) market size and growth rates, (iii) financial performance, (iv) management performance and (v) industry growth and performance. The Company also invests based on global political activity that affects economic activity, such as tariffs, international trade rules and new technologies.

The types of investments that the Company may make include (but are not limited to) unlisted and listed securities, derivatives, rights convertible into securities or derivatives or foreign exchange, debt instruments and interests in trusts. It also invests in unlisted equities involved in Blockchain and Digital Assets. FGF does not intend to limit its investments to any one sector, with the key investment criteria being whether or not the investment presented is of a suitable scale, and quality that it is likely to achieve a significant increase in value for the Shareholders. The Company currently has investments in unlisted equities, unlisted equities – Blockchain, listed equities, convertible notes, debt and Digital Assets.

The Company's portfolio will be adjusted regularly between asset classes over time to maximise investment returns and to ensure it has enough cash holding for working capital and for new investment opportunities. The Company's largest exposure of at least 50% will be in listed equities on the open market via a broker or via the Company's online broker accounts and by participating in private placements. These investments will be monitored and managed daily.

In the future, the portfolio may include securities or other assets that are not described. In keeping with the Company's management strategy, the portfolio composition will vary over time depending on the Company's assessment of overall market conditions, opportunities and outlook including the allocation between listed entities and unlisted entities. In all cases, percentage of investment is measured at cost at the time of investment with the capital deployed.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.2 – Corporate information (continued)

Additional Criteria

Attractive valuations: While the Company does not intend to invest in start-up businesses at pre product and pre customer stages or businesses that have speculative business plans, it may invest in early-stage companies where the Company sees potential for growth and positive and stable cash flows and opportunity for additional investments in the future.

Experienced and aligned management: The Company will focus on businesses with experienced, entrepreneurial management teams with strong, long-term track records and a commitment to high ethical standards and effective corporate governance.

Stage of Development: The Company will invest in businesses with innovative technologies or products reflecting the rapid changes in technologies where the technology or product is fully developed and has been commercialized with a track record of growth and increasing market share. The Company will also invest in businesses that demonstrate significant competitive advantages relative to their peers, such that they are in a position to protect their market position and profitability.

An officer or director of the Company may already be an officer, director and shareholder (related party) of an investee company at the time of investment by the Company where the investee company fits within the Company's investment objectives. In this instance the related party if a director of the Company, will be in a conflict of interest and will abstain from approval by the Board of the proposed investments.

Realization on investments

The Company has the flexibility to realize on any investment at any time where the Company believes that: (i) an investment is fully valued or the original plan has been fully achieved; (ii) where the Company has identified other investment opportunities that it believes present more attractive risk-adjusted return opportunities and additional capital is needed to make such investments.

Ongoing Monitoring of Portfolio Investments

The Company's investments in unlisted equities, including those involved in Blockchain technology, will be done on the basis of holding these investments for a short to medium term of one to three years and then exiting via a trade sale, IPO or a secondary sale. The Company's portfolio of unlisted equities provides exposure to private assets prior to a liquidity event. The Company will monitor the progress of each portfolio closely seeking regular quarterly progress reports and participation in any investor briefings.

The Company's portfolio will be adjusted regularly between asset classes over time to maximise investment returns and to ensure it has enough cash holding for working capital and for new investment opportunities. This could be daily in the case of liquid assets such as listed equities or listed Digital Assets. For illiquid assets such as unlisted equities adjustments this will be done over a longer period but not longer than three years.

Investment Restrictions and Requirements and Voluntarily Adopted Investment Measures

In order to address certain securities regulatory or public interest policy objectives, the Company will voluntarily adopt a number of measures that will define the Company and the scope of its operations. These voluntarily adopted measures include:

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.2 – Corporate information (continued)

The Company has established the following restrictions:

- (i) will not invest more than 15% of its portfolio in any one entity.
- (ii) plans to allocate 50% or more in listed equities and up to 50% in unlisted equities (includes Blockchain and digital assets).
- (iii) use 32% of its portfolio as a guide to investments in Digital Assets and unlisted equity Blockchain entities. The Board may adjust this figure over time. If one of the Digital Assets or Blockchain companies valuation rises too high that skews the portfolio we will use its best efforts to find liquidity and adjust the portfolio accordingly.
- (iv) an officer or director of the Company may become an independent director of the investee company in order to monitor the progress of the investee company more closely.
- (v) will seek shareholder approval to any proposed changes to the fundamental investment objectives, despite not being an investment fund within the meaning of applicable securities laws.
- (vi) will ensure that at least half of the directors are independent.
- (vii) in its continuous disclosure documents disclose fundamental changes to the Company including details of the Company's investment objectives and investment restrictions and management fees and performance fees if applicable.
- (viii) until it has invested at least 75% of the \$3,200,000 allocated for new investments, it will provide summary financial information for its investment.
- (ix) will make its best efforts to invest of the \$3,200,000 allocated for new investments in the 12 months following listing on the CSE. However, this schedule may be altered depending on ongoing review of investment opportunities.

Bankruptcy, Receivership, Receiverships, Restructuring

There have not been any bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings, material restructuring transactions by the Company or any of its subsidiaries, any within the two most recently completed financial years.

Social, Environmental Policies, Seasonal Issues

There are no social and environmental policies or seasonal and environmental issues that have or are expected to affect the Company and its business.

Material Restructurings

There have not been any material restructuring of the Company in the last three years.

Acquisitions

See "*Description of the Business*"

Trends

The Company's advisory service business, its commission fees and its investments are subject to the cycles of the financial markets as they relate to companies in which the Company invests. Current global financial and economic conditions can be unpredictable and are even more so now with the effects of the Covid 19 Virus. Many industries are impacted by these market conditions and substantially all industries are being affected by the Covid 19 virus. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk; devaluations and high volatility in global equity, commodity, foreign exchange, novel fiscal policy and monetary policy in response to the Covid 19 policy and monetary markets and a lack of market liquidity. Such factors may impact the Company's investment decisions. Additionally, global economic conditions arising from the Covid 19 virus may cause a long-term decrease in asset values. If such global volatility and market turmoil continue, the Company's operations and financial condition could be adversely impacted. See "Risk Factors and Uncertainties".

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

DESCRIPTION OF THE BUSINESS

Overview

The Company provides Advisory Services to companies, is licensed to present investment opportunities to accredited investor for which it earns commission fees and FGF invests across a diversified portfolio of different asset classes, including equity and convertible note investments in large and small cap listed and private companies. Some are involved in Blockchain (but not in connection to Cryptocurrency) as well as direct investments in established and liquid Cryptocurrency (for example Bitcoin and Ethereum). The majority of its investments have no direct association with Blockchain and Cryptocurrencies.

FGF seeks to have a variety of different investments across a diverse portfolio of assets and the investments held by the Company at any time may vary widely. The Company also seeks to provide the Advisory Services to many of the companies it invests in. The Company's investment mandate is to invest across a broad range of asset classes, industries, and stages in the investment cycle. The types of investments that the Company may make include (but are not limited to) are unlisted and listed securities, rights convertible into securities, debt instruments, and Cryptocurrencies and Digital Assets. FGF does not intend to limit its investments to any one sector, with some of the key investment criteria being whether or not the investment presented is of a suitable scale, strategy, line of sight to liquidity, opportunities to add value, and quality that it is likely to achieve a significant increase in value for the shareholders of FGF.

Under Australian Corporations Law, any company engaged in dealing with securities needs to either (i) hold an AFSL license or (ii) be registered as a Corporate Authorized Representative of an AFSL holder. The Company presents investment opportunities to accredited investors in Australia for which it earns commission fees and is licensed for this activity pursuant to its arms-length agreement dated December 31, 2018 with SLM Corporate Pty. Ltd.

It has also invested in a wide variety of listed and unlisted companies. The discussion below is of some of the investments over the past three years and is not an exhaustive list of all investments, some of which have been sold.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.2 – Corporate information (continued)

DESCRIPTION OF THE BUSINESS (continued)

Asset Allocation

The table below is an overview of the current portfolio allocation as at June 30, 2019, and as at June 30 2020.

| Asset type | Note | As at June 30, 2019 | | As at June 30, 2020 | |
|-----------------------------|------|---------------------|---------------|---------------------|---------------|
| | | \$ | % | \$ | % |
| Cash | | 2,255,897 | 27.6% | 4,449,321 | 48.2% |
| Financial assets (listed) | i | 2,560,894 | 31.4% | 3,126,095 | 33.9% |
| Financial assets (unlisted) | i | 2,451,486 | 30.0% | 1,608,557 | 17.4% |
| Intangibles (current) | ii | 210,086 | 2.6% | - | 0.0% |
| Inventories | iii | 685,452 | 8.4% | 47,200 | 0.5% |
| Total | | 8,163,815 | 100.0% | 9,231,173 | 100.0% |

Notes

- i. Financial assets – listed securities are classified as current in the (SoFP) and unlisted are classified as non current.
- ii. Intangibles comprise Cryptocurrency assets under development. Those assets realisable within 12 months are classified as current.
- iii. Inventories comprise Cryptocurrency held for resale.

Material Agreements

No new material agreements we entered into during the quarter ending June 30, 2020.

INVESTMENT IN LISTED EQUITIES

The Company holds an active portfolio of listed equities across various industries including technology, medical, mining and oil and gas sectors. The Company activity manages and adjusts the portfolio on a monthly basis.

The Company invests by participating in placements by equity or convertible notes or prior to their IPO. The Company can invest in any capital market but historically has been focused on the Australian market via the ASX. In some the Company helps facilitate the investment and earns fees. Some examples include:

1. Constellation Technologies Limited (previously CT1 Technologies) (ASX:CT1) (“CT1”)

CT1 continued to grow revenues during the quarter with cash receipts for the June quarter were \$285k, an increase of 94% on the previous quarter with a loss of \$769,000. A material increase in revenue was anticipated in this quarter as the Company moves into the growth phase with its Strategic Partners, complemented by other positive developments across the business. The increase in revenue was primarily driven by the signing of the Company’s first contract in China and receipt of the first instalment.

The Company invested \$250,000 in CT1 and facilitated a further investment of \$561,247.

Anoosh Manzoori, the CEO of the Company is a former independent, non-executive director of CT1. Mr. Manzoori holds 6,117,648 CT1 representing 0.55% of the total issued shares and 3,058,824 CT1 options with an exercise price of \$0.015 and also 2,000,000 CT1 options with an exercise price of \$0.10.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

| Date of Investments | CT1 shares Acquired | % of CT1 shares |
|---------------------|---------------------|-----------------|
| 7 Nov 2019 | 15,090,370 | |
| 30 August 2019 | 2,590,370 | |
| 19 August 2018 | 12,500,000 | |
| Total Shares | 30,180,740 | 2.3% |

CT1 closing trading price as at June30, 2020 \$0.032 per share. The Company has not sold any of its CT1 shares.

The Company also owns 15,090,370 fully vested CT1 options with an exercise price of \$0.015 per share and a further 12,500,000 fully vested CT1 options with an exercise price of \$0.03 per share.

CT1 currently has 1,354,529,089 shares and 530,186,066 options and performance rights on issue.

The Company currently holds 2.3% of CT1 and on a fully diluted basis with all options on issue converted will hold 3.1%.

2. YPB Systems Limited (ASX:YPB)

YPB has developed an anti-counterfeit platform and solution. In the quarter, receipts from customers of \$151,000 with loss of \$554,000. In 2019, FGF led the convertible note investment with a \$495,000 investment with a 10% coupon on August 29, 2018. The Company has not converted its investment to YPB shares or sold any of its investment. The convertible note:

- has a three year fixed term, repayable only at maturity, non-redeemable.
- pays 10% annual interest income on a 3-year term
- is convertible at any time to ordinary equity at the lower of AUS \$0.018 or a 50% discount to the price at which YPB shares were subscribed for pursuant to the most recent capital raising of YPB preceding the date of conversion (not including the present equity placement), provided that the deemed price is no lower than \$0.009.
- has a free attached unlisted option with an exercise price of \$0.025, expiring 18 months from the date of conversion of the convertible note to shares

Anoosh Manzoori, the CEO and a director of the Company was a non-executive director of YPB from December 2018 to June 2019.

3. Candy Club Holdings Ltd. (ASX:CLB) (“Candy Club”)

Candy Club Holdings Ltd. (“Candy Club”) is a specialty market confectionary business, selling to wholesalers and direct to consumers. It completed an IPO of \$5,024,004 before costs and listed on the ASX on February 14, 2019. FGF invested in the IPO and participated in subsequent placements. It has invested a total of \$387,400 not sold any of the Candy Club shares. FGF owns approximately 1% of the issued and outstanding shares of Candy Club.

At all times Candy Club and the Company were arms-length and not related parties.

During the June quarter the business continued to perform well.

Key highlights include:

- Total gross revenues grew 67% quarter-on-quarter ("QoQ") to US\$2.3 million, mainly driven by 135% growth in B2B gross revenue. Year-on-year ("YoY"), growth in B2B gross revenue was 503%.
- Gross margins remained stable during the quarter, standing at 41.4%, while EBITDA loss continued to reduce, at only -US\$0.4 million for the quarter.
- Candy Club expects to reach profitability (EBITDA-positive) with its current balance sheet and available financing facilities in 4Q FY2020 as it continues to focus on sustainably scaling its business.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

- NOCF improved to -US\$0.9 million QoQ in 2Q FY2020 from -US\$1.2m. The difference between the EBITDA loss and NOCF can be attributed to inventory purchases required to support future growth (US\$365k), financing costs related to securing financing lines (US\$100k) and interest (US\$35k).
- As the pandemic situation eventually normalises in the US, Candy Club expects the traditional brick-and-mortar B2B pipeline to have a robust return, which will fuel future revenue growth

| | Q1 FY2020 | Q2 FY2020 | QoQ Change | 1H FY2020 |
|----------------------|-----------|-----------|------------|-----------|
| Total gross revenues | US\$1.4m | US\$2.3m | 66.6% | US\$3.8m |
| Gross margins | 42.0% | 41.4% | -0.6 ppts | 41.6% |
| EBITDA | -US\$0.8m | -US\$0.4m | 42.9% | -US\$1.2m |
| NOCF | -US\$1.2m | -US\$0.9m | 21.9% | -US\$2.1m |

4. Harris Technologies Limited. (ASX:HT8) (“Harris”)

After the Company’s investment in LINCD HQ Pty Ltd. was sold by the Company to Harris on January 17, 2019, the Company became a major shareholder and investor in Harris. (See “Unlisted Entities” below regarding details of the sale). Harris is a reseller of technology products and solutions aimed at small and medium businesses. Harris has 185,001,811 issued shares. The Company held 30,000,000 shares of Harris representing 15.7% of the issued shares of Harris. These shares were sold during April 2020. The proceeds from sale were \$1,428,784 compared to the fair value upon acquisition of \$990,930

Harris operates in the ecommerce sector with quarter revenue ending 30 June 2020 was \$6.594 million with circa \$100k loss. The Company and Harris are not related parties.

5. SQID Technologies Limited (CSE:SQID) (“SQID”).

SQID is a payment gateway processor and reported half year June 30, 2020 results with \$3,937,779 in revenue and Profit before tax of \$316,583. SQID recently announced calendar year to date trading volumes of \$128,447,501 as at August 12, 2020 representing 23% year on year growth.

FGF acquired 14.64% of the Ordinary Shares of SQID in 2019 when SQID was a private company. SQID is a successful payment gateway processor. SQID’s ordinary shares were listed on the CSE on January 21, 2020.

6. Hydrocarbon Dynamics Limited (ASX:HCD) (“HCD”)

HCD is evaluating, exploring and developing oil prospects and technologies in North America and internationally and the sale of new clean oil technology products. In the June quarter HCD generated \$15,000 Receipts from customers and with a loss of \$795,000. During the quarter FGF sold \$37,376.05 and holds 712,578 shares (est. \$18,500 value).

7. Kingwest Resources Limited (ASX:KWR) (“KWR”)

Kingwest Resources Limited (is a mining and explorations company focused primarily on gold exploration in the Eastern Gold Fields Region of Western Australia. It will explore for and extract gold in a mix of advanced, intermediate, and greenfield projects within this highly prospective district. During the June quarter the company did not generate any revenue and had a \$125,000 loss. The company reported a positive Scoping Study at the Goongarrie Lady deposit 40km south of Menzies resulted in a Production Target of 50,000t of ore grading 3.12g/t gold (Au). FGF owns 440,000 shares in KWR (estimated value \$70,400)

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

Investment in Unlisted Equities

1. Helbiz Inc. (“Helbiz”):

It is an intra-urban transportation company with a mission to solve the first and last-mile transportation problem of high-traffic urban areas around the world. Helbiz’s proprietary software and hardware is integrated into scooters to maximize vehicle life, minimize operational costs and potentially improve safety. Helbiz utilizes a customized fleet management platform, artificial intelligence, and environmental mapping to optimize operations and profitability. The company constantly monitors the platform and captures the data of all rides, riders, scooters, and personnel with advanced analytics. This data is then used to properly deploy, monitor and reposition the fleet to meet demand in different areas and maximize ridership. Helbiz completed a US\$10M pre-IPO funding in August 2019.

On June 17, 2019, the Company made an arms-length investment in a 10% convertible note (“Note”) for the amount of U.S \$150,000 with interest at the rate of 10% maturing December 31, 2020. The Company also has a warrant to purchase 15 shares at a price of U.S. \$2,500 each. On July 15 2020, the 10% convertible note converted to Helbiz Inc common shares at a conversion price of U.S \$23.27, valuing Helbiz at US\$90M. The Company now holds 7.150 common shares representing 0.2% of total common shares on issue.

At all times Helbiz and the Company were arms-length and not related parties.

Unlisted Equities (Blockchain Related)

The Company invests in unlisted equities that are Blockchain related and may also help facilitate investment from other Australian sophisticated investors and accredited investors.

1. Horizon Globex (“Globex”)

On June 2019, the Company invest \$571,489.60 in Horizon Globex. In June 2020, the company rebranded as Horizon Fintex.

There were no new unlisted blockchain investments during the quarter.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.3 – Selected Annual Information

| As at | June 30 2020 | June 30 2019 | June 30 2018 |
|--|--------------|--------------|--------------|
| | \$ | \$ | \$ |
| Current Assets | 7,547,094 | 5,791,225 | 10,514,695 |
| Other Assets | 1,608,567 | 2,451,486 | 1,247,618 |
| Total Assets | 9,155,661 | 8,242,711 | 11,762,313 |
| Current Liabilities | (127,681) | (149,070) | (112,149) |
| Net Assets | 9,027,980 | 8,093,641 | 11,650,164 |
| Shareholders' Equity | 67,635,788 | 67,654,944 | 67,294,944 |
| Deficit | (58,607,808) | (59,561,303) | (55,644,780) |
| Total Shareholders' Equity | 9,027,980 | 8,093,641 | 11,650,164 |
| Years Ended | | | |
| Revenue | 305,290 | 235,464 | - |
| Direct costs | (251,705) | (289,766) | - |
| Net income (loss) from continuing operations | 53,585 | (54,302) | - |
| Net income (loss) from investments* | 2,240,253 | (2,101,135) | 765,183 |
| Operating Expenses | (1,359,499) | (1,761,086) | (1,588,273) |
| Comprehensive Loss | 934,339 | (3,916,523) | (823,090) |
| Cash dividends declared per Ordinary Share | - | - | - |
| Basic and diluted earnings per share (cents) | 1.201 | (5.058) | (1.530) |
| Weighted average number of Ordinary Shares outstanding * | 77,798,218 | 77,434,265 | 53,807,315 |

* The 2019 Net income (loss) from investments includes "Profit from discontinued operations" which was disclosed separately in the 2019 Audited Financial statements.

* The weighted average number of Ordinary Shares have been adjusted pursuant to a share consolidation completed on December 2 2019, whereby, 1,555,959,281 Ordinary Shares were consolidated on the basis of one new Ordinary Share for 20 old Ordinary Shares. Post consolidation there were 77,798,218 shares on issue.

At the end of the fiscal year ended June 30, 2020 net assets increased by \$934,339 to \$9,027,980 as a result of the comprehensive profit recorded. Comprehensive profit comprised net income from continuing operations \$53,385 largely relating to advisory fee income, net income from investments of \$2,240,253 and operating expenses of \$1,359,499 (\$1,127,499 excluding one-off CSE listing related professional and advisory fees).

At the end of the fiscal year ended June 30, 2019, net assets had decreased by \$3,030,092 to \$8,620,072 as a result of a comprehensive loss of \$3,390,092 net of share-based payments totaling \$360,000. The comprehensive loss of \$3,390,092 included a net loss from continuing operations totaling \$54,302, a net loss from investments of \$2,101,135 and operating expenses of \$1,761,086 (\$1,401,086 excluding share-based payments totaling \$360,000). The higher operating cost for the 2019 fiscal year were attributable to an investment strategy review and ongoing negotiations with the Australian Stock Exchange (ASX) prior to the decision to seek CSE listing.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.3 – Selected Annual Information (cont.)

At the end of the fiscal year ended June 30, 2018, net assets were \$11,650,164 including cash balances totaling \$10,514,695. The Company recorded a comprehensive loss of \$823,090 comprising net income from investments of \$765,183 and operating expenses of \$1,588,273 which included share-based payments of \$544,146 and other operating expenses of \$1,044,147.

Share-based payments during the 2018 fiscal year totaling \$544,146 (2019- \$360,000) relate to Milestone Shares (Performance Rights) issued to director Anoosh Manzoori following his appointment in November 2017.

1.4 – Results of Operations

| Quarters Ended | 30-Jun-20 | 31-Mar-20 | 31-Dec-19 | 30-Sep-19 | 30-Jun-19 | 31-Mar-19 |
|---|------------------|----------------|------------------|----------------|--------------------|------------------|
| Income (Loss) from continuing operations | | | | | | |
| Revenue | 259,835 | - | 45,455 | - | 97,253 | (1,319) |
| Direct costs | (251,705) | - | - | - | (96,621) | 21,181 |
| Net income (loss) from continuing operations | 8,130 | - | 45,455 | - | 632 | 19,862 |
| Income (Loss) from investments | | | | | | |
| Interest revenue | 23,588 | 23,577 | 25,712 | 22,783 | 108,211 | 19,462 |
| Dividend revenue | - | - | - | - | - | 3,812 |
| Financial assets at fair value through profit or loss | 1,744,558 | 534,666 | (56,649) | 575,897 | (826,396) | 57,205 |
| Asset impairments | (638,252) | - | - | - | (2,089,867) | - |
| Other gains and losses | (18,809) | 3,182 | - | - | 1,146,592 | (10,794) |
| Net income (loss) from investments | 1,111,085 | 561,425 | (30,937) | 598,680 | (1,661,460) | 69,685 |
| Net income (loss) | 1,119,215 | 561,425 | 14,518 | 598,680 | (1,660,828) | 89,547 |
| Operating expenses | | | | | | |
| AFSL support fees | 9,000 | 8,568 | 9,185 | 9,247 | 9,123 | 23,474 |
| Director related costs | 120,000 | 120,000 | 118,558 | 121,442 | 181,301 | 85,713 |
| Director- share based payments | 19,156 | (19,156) | - | - | - | - |
| Insurance and professional fees | 159,012 | 104,478 | 189,110 | 142,957 | 183,033 | 109,487 |
| Listing and share registry fees | 52,147 | - | 13,304 | 33,944 | 15,519 | 1,787 |
| Travel expenses | (431) | - | 17,539 | 39,595 | 54,082 | 29,311 |
| Other expenses | 6,364 | 35,165 | 45,081 | 5,234 | 53,975 | (4,582) |
| Total operating expenses | 365,248 | 249,055 | 392,777 | 352,419 | 497,033 | 245,190 |
| Comprehensive Income (Loss) | 753,967 | 312,370 | (378,259) | 246,261 | (2,157,861) | (155,643) |
| Basic and diluted earnings cents per share (adjusted)** | 0.969 | 0.402 | (0.486) | 0.317 | (2.774) | (0.200) |
| Weighted average number of ordinary shares (adjusted)** | 77,798,218 | 77,798,218 | 77,798,218 | 77,798,218 | 77,798,218 | 77,798,218 |

** On December 2 2019, the company completed a share consolidation of 1 new ordinary share for every 20 shares on issue

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

During year ended June 30, 2020, the Company had a comprehensive profit of \$934,339 (2019-\$3,916,523 loss).

During the year ended June 30, 2020, the Company recorded income from continuing operations of \$305,290 (2019 – \$235,464) and net income from continuing operations of \$53,585 (2019-\$54,302 loss). The current period net income relates to SQID advisory fees and cryptocurrency sales and the prior period loss is largely attributable to cryptocurrency sales.

During the year ended June 30, 2020, net investment income was \$2,240,253 (2019-\$3,251,580 loss). The largest item was a gain on financial assets at fair value through profit and loss of \$2,798,472 (2019-\$1,327,2648 loss); the major contributions came from exiting the Harris Technology (ASX:HT8) investment, SQID Technologies Limited (CSE:SQID) which listed during the year, and a strong performance from Constellation Limited ASX:CT1 During the year ended 30 June 2020, asset impairments were \$638,252 (2019-\$2,362,950). The current year impairments relate to cryptocurrency holdings which are no longer actively traded.

During the year ended June 30, 2020, the Company incurred operating expenses of \$1,359,499 (2019 – \$1,761,084 excluding share based payments \$1,401,084),.Despite, one off CSE listing relate professional and advisory fees totaling \$232,000 incurred during the 2020 fiscal year, operating expenses were approximately 3% lower than the previous year.

During year ended June 30, 2020, cash balances increased by \$2,093,870 to \$4,349,767 largely due to the \$1,429,000 proceeds received upon exiting the Harris Technology Limited (ASX:HT8).

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.5 – Summary of Quarterly Financial Position

| | As at | 30-Jun-20 | 31-Mar-20 | 31-Dec-19 | 30-Sep-19 | 30-Jun-19 | 31-Mar-19 |
|----------------------------------|-------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Current Assets | | | | | | | |
| Cash and cash equivalents | | 4,349,767 | 2,793,980 | 3,221,037 | 3,095,294 | 2,255,897 | 2,994,063 |
| Trade and other receivables | | 12,704 | 4,342 | 12,319 | 15,862 | 78,896 | 1,642,220 |
| Inventory (cryptocurrencies) | | 47,200 | 937,156 | 685,452 | 685,452 | 685,452 | 342,983 |
| Financial assets | | 3,126,095 | 2,999,964 | 1,559,547 | 2,049,695 | 2,560,894 | 2,898,182 |
| Intangible assets | | - | 109,217 | 109,217 | 109,217 | 210,086 | - |
| Other current assets | | 11,328 | 21,418 | 32,663 | 32,956 | - | 15,632 |
| Total Current Assets | | 7,547,094 | 6,866,077 | 5,620,235 | 5,988,476 | 5,791,225 | 7,893,080 |
| Non-Current Assets | | | | | | | |
| Financial assets | | 1,608,567 | 1,460,783 | 2,448,057 | 2,484,162 | 2,451,486 | 1,533,631 |
| Intangible assets | | - | - | - | - | 0 | 914,750 |
| Goodwill | | - | - | - | - | - | - |
| Total Non-current Assets | | 1,608,567 | 1,460,783 | 2,448,057 | 2,484,162 | 2,451,486 | 2,448,381 |
| Total Assets | | 9,155,661 | 8,326,860 | 8,068,292 | 8,472,638 | 8,242,711 | 10,341,461 |
| Liabilities | | | | | | | |
| Current Liabilities | | | | | | | |
| Accounts payable | | 127,681 | 72,003 | 106,649 | 132,736 | 149,070 | 89,959 |
| Total Current Liabilities | | 127,681 | 72,003 | 106,649 | 132,736 | 149,070 | 89,959 |
| Total Liabilities | | 127,681 | 72,003 | 106,649 | 132,736 | 149,070 | 89,959 |
| Net Assets | | 9,027,980 | 8,254,857 | 7,961,643 | 8,339,902 | 8,093,641 | 10,251,502 |
| Equity | | | | | | | |
| Share Capital | | 67,635,788 | 67,635,788 | 67,635,788 | 67,635,788 | 67,635,788 | 67,635,788 |
| Reserves | | 0 | - | 19,156 | 19,156 | 19,156 | 19,156 |
| Retained Earnings | | (58,607,808) | (59,380,931) | (59,693,301) | (59,315,042) | (59,561,303) | (57,403,442) |
| Total Equity | | 9,027,980 | 8,254,857 | 7,961,643 | 8,339,902 | 8,093,641 | 10,251,502 |

1.6 – Liquidity and Capital Resources

As at June 30, 2020, the Company had cash and cash equivalents on hand of \$4,349,767 (June 30, 2019 – \$2,255,897) and working capital¹ of \$7,419,413 (June 30, 2019 – \$5,642,155).

Shareholder's equity as at June 30, 2020 was \$9,027,980 (30 June 2019 – \$8,254,857).

1.7 – Off Balance Sheet Arrangements

As at June 30, 2020, there were no off-balance sheet arrangements to which the Company was committed.

¹ Working capital is defined as Current Assets less Current Liabilities in the Statement of Financial Position.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.8 – Transactions with Related Parties

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the year ended June 30, 2020 and 2019. The following table provides the total amount of transactions with related parties for the year ended June 30, 2020 and 2019 and outstanding payables as at June 30, 2020 and 2019.

| | 2020 | 2019 |
|---|------------------------|------------------------|
| Transactions | \$ | \$ |
| Director fees – Parent entity ** | | |
| Anoosh Manzoori | 240,000 | 175,007 |
| Geoff Barnes | 60,000 | 60,000 |
| Michael Clarke | 60,000 | 60,000 |
| Athan Lekkas | 60,000 | 60,000 |
| Daniel Zhang (resigned July 2019) | - | 60,000 |
| Director fees ** – external directors of First Growth Advisory Pty Ltd | 60,000 | - |
| Share-based payments ** – Anoosh Manzoori | - | 360,000 |
| Advisory ** | | |
| Shape Capital Pty Ltd. ⁽¹⁾ | - | - |
| Peloton Capital Pty Ltd. ⁽³⁾ | - | 68,000 |
| Dalex Pty Ltd. ⁽⁴⁾ | 90,000 | 50,918 |
| ** In the Results from Operations, Director fees are shown as Director Related Costs and Director Advisory expenses are included in Professional and Insurance and/or AFSL support expenses. Share based payments are separately disclosed in the Results from Operations. | | |
| Balances: | June 30, 2020 \$ | June 30, 2019 \$ |
| Accounts Payable and accruals | | |
| Polygon Fund Pty Ltd. ⁽²⁾ | 20,000 | 22,000 |
| Shape Capital Pty Ltd. ⁽¹⁾ | - | 927 |
| Sparke Enterprises Pty Ltd. ⁽⁵⁾ | - | 3,024 |
| Dalex Pty Ltd. ⁽⁴⁾ | - | 2,954 |

⁽¹⁾ Shape Capital Pty Ltd. is a company controlled by Anoosh Manzoori, a director FGF.

⁽²⁾ Polygon Funds Pty Ltd a company controlled by Anoosh Manzoori, a director FGF

⁽³⁾ Peloton Capital Pty Ltd. is a company controlled by Geoff Barnes, a director FGF.

⁽⁴⁾ Dalex Pty Ltd. is a company controlled by Athan Lekkas, a director FGF.

⁽⁵⁾ Sparke Enterprises Pty Ltd is a company controlled by Michael Clarke, a director FGF.

1.9 Fourth Quarter

During the three months ended June 30, 2020, the Company recorded a comprehensive profit of \$753,967 (2019 – \$2,257,861 loss).

During the three months ended June 30, 2020, the Company recorded income from continuing operations of \$259,835 (2019 – \$97,253) and net income from continuing operations of \$8,130 (2019-\$632).

During the three months ended June 30, 2020, net investment income was \$1,111,085 (2019-\$1,661,460 loss). Net income from investments includes a fair value gains on exiting Harris Technology Limited (ASX:HT8) and impairment losses relating to cryptocurrency holdings whereby there is no active trading platform. investment

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.9 Fourth Quarter (cont.)

During the three months ended June 30, 2020, the Company incurred operating expenses of \$365,248 (2019 – \$497,033). Operating expenses affected by professional fees relating to CSE listing in the current period and ASX delisting in the prior period.

1.10 – Proposed Transactions

The Company has no proposed transactions as at the date of this document.

1.11 – Critical Accounting Estimates

Refer to note 2(l) of the June 30, 2020 Audited Annual Financial Statements.

1.12 – Changes in Accounting Policies – International Financial Reporting Standards (“IFRS”)

Refer to note 2(a) of the June 30, 2020 Audited Annual Financial Statements.

1.13 – Financial Instruments and Other Instruments

Refer to note 18 of the June 30, 2020 Audited Annual Financial Statements.

1.14 – Other MD&A Requirements

Share Capital

Effective July 1 1998, under Australian Corporations Law the concept of authorized capital and par value in relation to Share Capital was abolished.

| | 2020 No. of ordinary shares | 2020 \$ | 2019 No. of ordinary shares | 2019 \$ |
|--|--------------------------------------|------------|--------------------------------------|------------|
| Opening balance | 1,555,959,281 | 67,635,788 | 1,510,959,281 | 67,155,788 |
| Movements | | | | |
| Share consolidation December 2, 2019 (1 for 20) | (1,478,161,063) | - | - | - |
| Milestone share converted to ordinary shares**** | - | - | 45,000,000 | 480,000 |
| Closing balance | 77,298,218 | 67,635,788 | 1,555,959,281 | 67,635,788 |

*** A 20 for 1 share and option consolidation was completed December 2, 2019 following shareholder approval at the Annual General Meeting held November 27, 2019.

**** The final parcel of milestone shares granted during the year ended June 30 2019 and converted to ordinary shares issued to a related entity of Anoosh Manzoori.

Share Options

| Grant date | Expiry date | Fair value at grant date | Balance as at 30 June 2019 | Consolidation** | Expired | Exercise | Exercise price | Balance as at 30 June 2020 |
|------------|-------------|--------------------------------|----------------------------------|-----------------|--------------|----------|-------------------|-------------------------------|
| 13-Mar-18 | 12-Mar-20 | \$0.0019 | 292,257,907 | (292,257,907) | - | - | \$0.03 | - |
| 13-Mar-18 | 12-Mar-20 | \$0.0380 | - | 14,612,907 | (14,612,907) | | \$0.60 | - |

** A 20 for 1 share and option consolidation was completed December 2, 2019 following shareholder approval at the Annual General Meeting held November 27, 2019.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

1.14 – Other MD&A Requirements (cont.)

Options are granted on terms determined by the Directors or otherwise approved by the company at a general meeting. The options are granted for no consideration. Options are generally granted for a two or three year period and entitlement to the options are vested on a time basis and/or on a specific performance based criteria. Options granted as described above carry no dividend or voting rights. When exercised, each option is converted to one ordinary share.

1.15– Subsequent events

- On 15 July 2020, the company's 10% Helbiz Inc convertible notes converted to Helbiz Inc common stock at a conversion price of USD\$23.27. The company originally invested USD\$150,000 in Helbiz Inc 10% convertible notes in June 2019.
- On 4 August 2020, the company granted 500,000 options to an unrelated advisor. Each option carries the right to acquire one fully paid ordinary shares with an exercise price of CAN\$0.28. The options expire 12 months from the grant date.
- On 6 August 2020, the company granted 500,000 options to an unrelated advisor. Each option carries the right to acquire one fully paid ordinary shares with an exercise price of CAN\$0.28. The options expire 12 months from the grant date.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may have a significant effect on the financial operations of the company, the financial performance of those operations or the financial position of the company in the subsequent financial year.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

RISK FACTORS AND UNCERTAINTIES

An investment in the Ordinary Shares of the Company should only be made by persons who can afford a significant or total loss of their investment.

Risk of No Return on Investment: There is no assurance that the business of the Company will continue to be operated successfully, or that the business will continue to generate sufficient or any income to meet its obligations. There is no assurance that an investment in the Ordinary Shares will earn a specified rate of return or any return over the life of the Company.

Uncertainty of Additional Financing: There are no assurances that the Company's future working capital will be adequate to execute its business plan or objectives as contemplated herein. The Company does not have any commitments to obtain additional financing and if required in future, there is no assurance that the Company will be able to arrange for such financing, or that such financing will be available on commercially reasonable terms. The failure to obtain such financing on a timely basis could have a material adverse effect on the Company. Equity financing and the additional issuance of equity securities will result in the substantial dilution to the Company's shareholders.

Global Financial Conditions: Global financial conditions over the last few years have been characterized by volatility and the bankruptcy of several financial institutions or the rescue thereof by governmental authorities. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favorable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of the Ordinary Shares may be adversely affected

Risks Specific to the Company

Reliance on the Directors and Officers: The Company has a small management team composed of the directors and the unexpected loss of any of these individuals would have a serious impact on the business. They are responsible for the successful operation of the Company. At present, there is no key-man insurance in place for any members of the management team. The loss of services of any of these personnel to develop the business and make appropriate decisions in respect of the management thereof could have a material adverse effect on the business of the Company.

Covid 19 Virus Disruption

The Company operates in three areas: (i) it provides advisory services to listed and unlisted companies, (ii) it is licensed in Australia to present investment opportunities to accredited investors in Australia and earn commission fees and invests across a diversified portfolio of different asset classes. These three items are all affected as the companies involved in each area are likely to be negatively affected directly or indirectly by the Covid 19 Virus. Some of the effects of the Covid 19 include:

- uncertainty of how long the Covid 19 virus will cause the current widespread disruption,
- timely and novel government fiscal policy to deal with: shutdown of non-essential businesses, high rates of unemployment, novel evolving subsidy programs for laid off workers, financial concessions to business, tax cuts and government spending,
- timely central bank's monetary policy reaction to the novel problems caused by the Covid 19 virus to ensure adequate credit facilities to banks and other lenders;
- timely government fiscal policy reaction to the novel problems caused by the Covid 19 Virus;
- lack of a unified response and preparedness to the Covid 19 virus both within countries and by all countries;

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

RISK FACTORS AND UNCERTAINTIES (continued)

- the ability of non-essential businesses, in particular small businesses, to withstand a lengthy shut down,
- response of those sectors of the economy directly impacting business such as credit lines, interest rates and recurring expenses such as rent, property taxes,
- novel difficulties for business short and long term planning,
- disruptions to supply chains affecting the ability to manufacture and sell products,
- permanent loss of trained staff and key persons,
- disruptions in communications and overload of the internet with so many people working from home.

This list is not exhaustive and is also subject to the almost daily evolving response of governments and health authorities to the Covid 19 Virus. The negative effect of these risks, if any on the Company's investments, advisory services, commission earnings and the likely decline in the value of the Company's assets is unknown to the Company.

Conflicts of Interest: The directors and officers of the Company are not in any way limited or affected in their ability to carry on other transactions or business ventures for their own account or for the account of others, and may be engaged in the ownership, acquisition and operation of businesses, which compete with the Company. Investment in the Company will not carry with it the right for either the Company or an investor to invest in any investment or venture of the directors and officers of the Company, or to any profit therefrom or to any interest therein. The directors have a responsibility to identify and acquire suitable investments on behalf of the Company. To the extent that an opportunity arises to enter into such an agreement, the directors of the Company have the discretion to determine whether the Company will avail itself of the investment opportunity and, if it does not, any of the directors of the Company will be able to decide amongst themselves whether to pursue the opportunity for their respective accounts. If the investment opportunity did not arise solely from their activities on behalf of the Company, the directors of the Company have no obligation to offer an investment opportunity to the Company. Future conflicts of interest will be dealt with in accordance with applicable laws, statutes and regulations.

Operational Risks: The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labour disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. The Company may also be subject to or affected by liability or sustain loss risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Technology Risk: The Company's Blockchain and Digital Currency assets use advanced technologies, which are susceptible to rapid technological change and there is no assurance that adequate responses will be made in a timely manner to successfully overcome the technological challenges and changes.

Digital Assets Risks: Lack of regulation, acceptance, price stability and volatility.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

RISK FACTORS AND UNCERTAINTIES (continued)

Lack of Regulation: Cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure. To the extent that Cryptocurrency exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, this could result in a reduction in Cryptocurrency prices. Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, derivatives and other currencies. In the past several years, a number of Cryptocurrency exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed exchanges were not compensated or made whole for the partial or complete losses of their account balances in such exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and “malware” (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

Lack of Acceptance: Traditional banks and banking services may limit or refuse the provision of banking services to businesses that supply Cryptographic or Cryptocurrencies as payment and may refuse to accept money derived from Cryptocurrency-related businesses. This may make management of bank accounts held by companies operating in the field difficult.

Competition: All aspects of the Digital Currency and Blockchain industries – in particular the development of pre-ICO, ICOs, digital currency security providers and digital currency exchanges face significant competition. The rapid pace of innovation and development within the industry, together with the high number of competitors and relatively low barriers to market entry mean there is no guarantee the Company’s ventures in these industries will be effective or profitable. Refer to the Company’s prospectus to which this MD&A is attached for a list of competitors.

Legal and Regulatory Risk: A key concern often raised about digital currency is its ability to hinder or evade law enforcement and facilitate criminal activity due to users being anonymous and the transactions are outside the usual channels of international finance and government regulation. It is unclear what the regulatory response will be and whether that response will seriously impact the digital current market.

Valuation and Price Volatility of Cryptocurrencies: Cryptocurrency prices are highly volatile, can fluctuate substantially and are affected by numerous factors beyond the Company’s control, including hacking, demand, inflation and expectations with respect to the rate of inflation, global or regional political or economic events. One Bitcoin had a value of U.S. \$20,000 in December 2017, \$3,430 in December 2018 and in 2019 it has fluctuated between lows of approximately \$3,300 and a high of \$12,360. At the end of October 2019, it was around \$8,300. Cryptocurrencies may be subject to momentum pricing, which is typically associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of Cryptocurrencies, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Company’s investments.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

RISK FACTORS AND UNCERTAINTIES (continued)

Management of Growth: The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and directors to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage additional future staff. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations. There are no plans to hire additional staff at this time.

Increases in Competition: There is significant competition from other much larger well-established successful investment companies with larger staff and resources to evaluate investment opportunities, in particular established financial institution such as banks. There is no assurance that the Company's investment strategy will be successful or more successful than its competition. Any material deterioration in the Company's competitive position could materially adversely affect the Company's business, operating and financial performance.

Exposure to Adverse Macroeconomic Conditions: The Company is exposed to changes in general economic conditions in Australia and internationally and is affected by macroeconomic conditions such as tariffs and other trade barriers, economic recessions, downturns or extended periods of uncertainty or volatility all of which may materially adversely affect the Company's business, operating and financial performance.

Acquisition Risk and Associated Risk of Dilution: The Company's possible expansion strategy includes pursuing acquisitions. The successful implementation of acquisitions will depend on a range of factors including acquisition costs, funding arrangements, business cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with the Company's existing business, the financial performance of the Company could be materially adversely affected. Future acquisitions may involve the issue of Ordinary Shares for consideration. In this event, Shareholders' interests will be diluted. Ordinary Shares may also be issued for other purposes such as debt reduction. Effective due diligence by the Company is ongoing to minimize the risk in integrating acquisition targets although this cannot be guaranteed. There are no specific acquisitions proposed at this time.

Currency Exchange Risk: The Company is exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations. In particular, exchange rate fluctuations may affect the value of its assets located in North America and Cryptocurrencies are generally sold in U.S. dollars.

Unforeseen Expenses: All expenses that the Company is aware of are taken into account. There is a risk that unforeseen expenses may develop which could materially negatively affect the business operations.

Permits and Government Regulations: There are currently no permits or government regulations in Australia that affect the Company's operations beyond business license requirement and the requirements of the Corporations Act, 2001.

Environmental and Safety Regulations and Risks, Climate Change: There are currently no environmental laws and regulations affect the operations of the Company. None are anticipated as the Company's does not have physical operations other than business offices. The Company, like all other businesses and persons in the world is exposed to the effects of climate change. The direct effects on the Company's business is not foreseeable at this time.

List Not Exhaustive: The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders. The above factors and others not specifically referred to above may in the future materially affect the financial performance of the Company and the value of the shares.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this Management Discussion and Analysis (“MD&A”) are forward-looking statements or information (collectively “forward-looking statements”). The Company is providing cautionary statements identifying important factors that could cause the Company’s actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “may”, “anticipates”, “is expected to”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Company has assumed that its investment strategy will be successful, and the underlying value of its investments will continue and grow and that the risks listed below will not adversely impact the Company.

In making these forward-looking statements, the Company has assumed that its advisory services, licensed activities which earns commission fees and its investment policy and strategy will be successful, and the underlying value of its investments will continue and grow and that the risks listed below will not adversely impact the Company. All of these assumptions are subject to the disruptive effects of the Covid 19 virus.

These forward-looking statements include, among other things, statements relating to the ability of the Company to generate revenue; the success of the Company’s investment strategy, use of funds, intentions to further develop, market and promote its advisory services; unanticipated cash needs and the possible need for additional financing and the adoption of new governance policies, committees and practices.

The forward-looking statements are based on the reasonable assumptions, estimates, opinions and analyses of management made in light of its experience and perception of historical trends, current conditions, expected future developments and other factors management of the Company believes are appropriate, relevant and reasonable in the circumstances at the date that such statements are made. The Company has based the forward looking information in this MD&A on various material assumptions, including: the Company will sustain or increase profitability, and will be able to fund its operations with existing capital, the Company will be able to attract and retain key personnel in future if required; the general business, economic, financial market, regulatory and political conditions in which the Company operates will remain positive; the general regulatory environment will not change in a manner adverse to the business of the Company; the tax treatment of the Company and its subsidiaries will remain constant and the Company will not become subject to any material legal proceedings; the economy generally; competition, and anticipated and unanticipated costs. All of these assumptions are subject to the disruptive effects of the Covid 19 virus.

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

Forward looking statements (continued)

Covid 19 Virus Disruption

These Forward-looking statements are also subject to the risks and disruptions arising from the Covid 19 Virus. The Company operates in three areas: (i) it provides advisory services to listed and unlisted companies, (ii) it is licensed in Australia to present investment opportunities to accredited investors in Australia, and (iii) earns commission fees and invests across a diversified portfolio of different asset classes. These three items are all affected as the companies involved in each area are likely to be negatively affected directly or indirectly by the Covid 19 Virus. Some of the effects of the Covid 19 include:

- uncertainty of how long the Covid 19 virus will cause the current widespread disruption,
- timely and novel government fiscal policy to deal with: shutdown of non-essential businesses, high rates of unemployment, novel evolving subsidy programs for laid off workers, financial concessions to business, tax cuts and government spending,
- central banks' monetary policy reaction to the novel problems caused by the Covid 19 Virus to ensure adequate credit facilities to banks and other lenders;
- timely government fiscal policy reaction to the novel problems caused by the Covid 19 Virus;
- lack of a unified response and preparedness to the Covid 19 virus both within countries and by all countries;
- the ability of non-essential businesses, in particular small businesses, to withstand a lengthy shut down,
- response of those sectors of the economy directly impacting business such as credit lines, interest rates and recurring expenses such as rent, property taxes,
- novel difficulties for business short and long term planning,
- disruptions to supply chains affecting the ability to manufacture and sell products,
- permanent loss of trained staff and key persons,
- disruptions in communications and overload of the internet with so many people working from home.

This list is not exhaustive and is also subject to the almost daily evolving response of governments and health authorities to the Covid 19 Virus. The negative effect of these risks, if any on the Company's investments, advisory services, commission earnings and the likely decline in the value of the Company's assets is unknown to the Company.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to: failure to expand the Advisory Services and earn additional commission fees, return on investment is not guaranteed; dilution of holdings in investee companies, valuation methodologies involve subjective judgements; risks relating to global economic and financial market deterioration impeding access to capital or increasing the cost of capital; and the novel negative affects of the Covid 19 virus in particular; the effects of tariffs on economic growth causing a downturn in general economic conditions; equity risk; the market price of the Company's investments may fluctuate and there is a risk of a loss because of a drop in the market price; liquidity risk; the Company may be unable to sell its investments and a fair price when it wishes; the value of the investments may not keep up with the rate of inflation; the value of the Company's investments depends on the skill and expertise of the management of the Company and their ability to see trends in advance and act; the security of Digital Assets and the effectiveness of current technology to counter Cybersecurity risks, fraud and money laundering; digital currency exchange risks; limited history of de-centralized financial systems compared with traditional and existing centralized financial systems backed by a central authority; the ability of the Company to continue to generate revenue adequate to fund its business plans and

FIRST GROWTH FUNDS LIMITED
Management Discussion and Analysis
For the year ended June 30, 2020

Forward looking statements (continued):

operations; competition from other much larger well established successful investment companies with larger staff and resources to evaluate investment opportunities, in particular established financial institution such as banks; the effect of government regulation and compliance on the Company and the investment industry; the ability of the Company to maintain properly working systems; reliance on key personnel; the inability to list on a public exchange after delisting from the ASX on December 4, 2019; volatility of the Company's share price following listing on a new exchange; failure to list on the CSE; the inability to secure additional financing; the Company's intention not to pay dividends in the near future; claims, lawsuits and other legal proceedings and challenges; conflict of interest with directors and management; and other factors beyond the Company's control.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "*Risk Factors and Uncertainties*".

Investors should consider that the investment in the Company is speculative, carefully consider the foregoing risk factors and should consult their professional advisers to assess income tax, legal and other aspects of an investment in the Shares before making financial decisions regarding a purchase of the Company's Ordinary Shares.

APPROVAL

The Board of Directors of the Company approved the disclosure contained in this MD&A on 17 September, 2020.



FirstGrowthFunds

**Finance, Audit and Risk
Committee Rules**

First Growth Funds Limited
ACN 006 648 835

1 Finance, Audit and Risk Committee Rules

The Finance, Audit and Risk Committee (**Committee**) is established under rule 29 of the Constitution of First Growth Funds Limited (**Company**).

2 Membership of the Committee

2.1 Composition

The Committee should comprise of:

- a minimum of 3 members of the Board;
- only Non-executive Directors;
- a majority of independent Directors; and
- an independent Director who is nominated by the Board as Chair, who is not Chair of the Board.

It is acknowledged that from time to time the composition of the board may not allow for the fulfillment of the committee composition guidelines set out above

2.2 Membership

The Board may appoint additional Non-executive Directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board. Any Director not formally a Member of the Committee may attend Committee meetings however only nominated Directors may vote on matters before the Committee.

The Committee Chair may invite non-committee members, including members of management and the external auditor to attend meetings of the Committee.

It is intended that all members of the Committee should be financially literate and have familiarity with financial management and at least one member must be a qualified accountant or other financial professional with appropriate expertise in financial and accounting matters.

The Company Secretary must attend all Committee meetings.

3 Administrative matters

3.1 Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet at least twice per annum.

3.2 Quorum

The quorum is at least 2 members.

3.3 Convening and notice of meeting

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee, of every meeting of the Committee, at the member's advised address for service of notice (or such other pre-notified interim address where relevant). However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

3.4 Rights of access and authority

The Committee has rights of access to management and to auditors (external and internal) without management present, and rights to seek explanations and additional information from both management and auditors. Whilst any internal audit function will report to senior management, it is acknowledged that the internal auditor will also report directly to the Committee.

The Committee may seek the advice of the Company's auditors, solicitors or such other independent advisers as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

3.5 Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chair, be included in the Board papers for the next Board meeting. All minutes of the Committee must be entered into a minute register maintained for that purpose and be open at all times for inspection by any Director.

3.6 Reporting

The Committee Chair will provide a brief oral report to the Board as to any material matters arising out of the Committee meeting. All Directors will be permitted, within the Board meeting, to request information of the Committee Chair or members of the Committee.

4 Role & Responsibilities

4.1 Role

The Committee's primary roles are to:

- (a) oversee the Company's relationship with the external auditor, including the appointment, independence and remuneration of the external auditor;
- (b) oversee the preparation of the financial statements and reports;
- (c) ensure the appropriate application and amendment of accounting policies;
- (d) oversee the Company's financial controls and systems;
- (e) manage the process of identification and management of risk; and
- (f) provide a formal forum for communication between the external auditors, the Board and management of the Company.

4.2 Finance and Audit

The following are intended to form part of the normal procedures for the Committee's finance and audit responsibilities.

Finance

- (a) Engage in the pro-active oversight of the Company's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process as a basis for recommendation to and adoption by the Board.
- (b) Assist the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices.
- (c) Review the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Company's accounting policies) and assess the

management processes supporting external reporting.

- (d) Review financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial results
- (e) Assess any significant estimates or judgments in the Company's financial reports.
- (f) Ensure that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management.
- (g) Ensure that appropriate processes are in place to form the basis upon which the Managing Director/CEO and CFO execute their certifications to the Board of Directors at year end under section 295A of the Corporations Act 2001 (Cth) in relation to the systems of internal controls, and that that system is operating effectively in all material respects in relation to financial reporting risks.

Audit

- (a) Approve the selection, appointment and termination of external auditors. Also approve the audit contract, terms of engagement and process for the rotation of external audit engagement partners.
- (b) Review the scope and effectiveness of the annual external audit.
- (c) Review the performance, independence and objectivity of the external auditors.
- (d) Review the results of the external audit of financial reports (including assessing whether external reporting is consistent with the Committee members' information and knowledge, and is adequate for shareholder needs).
- (e) Develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with that policy.
- (f) Oversee the internal audit function and monitor the need for any specific internal audits.

4.3 Risk

The Committee's specific function with respect to risk management is to review and report to the Board that:

- (a) the Company's ongoing risk management program effectively identifies all areas of potential risk;
- (b) adequate policies and procedures have been designed and implemented to manage identified risks;
- (c) the effectiveness and compliance with policies and procedures are reviewed and reported annually;
- (d) proper remedial action is undertaken to redress areas of weakness.

The Committee procedures will include review and approval of:

- (a) management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
- (b) financial and operational risk management control systems (including reviewing risk registers and reports from management and external auditors);
- (c) the Company's business continuity plans;
- (d) the adequacy of the Company's own insurances;

- (e) the strategic direction, objectives and effectiveness of the Company's financial and operational risk management policies;
- (f) the establishment and maintenance of processes to ensure that there:
 - (i) are adequate systems of internal control, identification and management of business risks and safeguard of assets; and
 - (ii) is a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.
- (g) the Group's exposure to fraud, including establishing processes for the prevention, detection and investigation of fraud or malfeasance;
- (h) compliance with regulations including Listing Rules, Corporations Act, AASB requirements, and other best practice corporate governance processes;
- (i) the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards; and
- (j) reviewing and discussing with management and the external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.

5 Relationship with the external auditor

The Committee provides a link between the external auditor and the Board and has the responsibility and authority for the appointment and removal of the external auditor and to review the terms of its engagement. Specific activities required in relation to the external auditor are set out in 4.2 above.

6 Authority

The Audit & Corporate Governance Committee shall have the authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board of the Company to respond to such enquiries. The Audit & Corporate Governance Committee is authorized to take such independent professional advice as it considers necessary.

The Audit & Corporate Governance Committee shall have no executive powers with regard to its findings and recommendations.

7 Reporting

The Chairman of the Committee will report the findings and make recommendations to the Board after each Committee meeting.

The minutes of all Committee meetings will be circulated to members of the Board.

8 Performance

The Board will, at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

Schedule C Corporate Governance

Policy Corporate Governance

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, the Company is required to and hereby disclose its corporate governance practices as follows.

The mandate of the Board is to supervise the management of the Company and to act in the best interests of the Company. The Board acts in accordance with:

- (a) the Corporation Act, 2001;
- (b) the Company's Constitution; and
- (c) other applicable laws and Company policies.

Board of Directors

The Board of Directors of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

The Board approves all significant decisions that affect the Company before they are implemented. The Board supervises their implementation and reviews the results. The Board is actively involved in the Company's strategic planning process. The Board discusses and reviews all materials relating to the strategic plan with management.

The Board is responsible for reviewing and approving strategic plans.. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan. The Board periodically reviews the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company's internal control and management information systems. The Board also monitors the Company's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board periodically discusses the systems of internal control with the Company's external auditor. The Board is responsible for choosing the Chief Executive Officer and appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management's responsibilities and the corporate objectives to be met by the management.

The Board approves all the Company's major communications, including annual and quarterly reports, financing documents and press releases. The Board approves the Company's communication policy that covers the accurate and timely communication of all important information. It is reviewed annually. This policy includes procedures for communicating with analysts by conference calls.

The Board, through its Audit Committee, examines the effectiveness of the Company's internal control processes and management information systems.

The Board is responsible for determining whether or not each director is an independent director. Directors who also act as officers of the Company are not considered independent. Directors who do not also act as officers of the Company, do not work in the day-to-day operations of the Company, are not party to any material contracts with the Company, or receive any fees from the Company except as disclosed in this Prospectus.

The Company's Board consists of four directors, two of whom are independent based upon the tests for independence set forth in NI 52-110. Geoff Barnes and Michael Clarke are independent. Anoosh Manzoori is not independent as he is the Company's Chief Executive Officer. Athan Lekkas is not independent as he has a consulting arrangement with the company.

Orientation and Continuing Education

Each new director of the Company is briefed about the nature of the Company's business, its corporate strategy and current issues within the Company. New directors will be encouraged to review the Company's public disclosure records as filed on SEDAR at www.sedar.com after the Company becomes a Reporting Company. Directors are also provided with access to management to better understand the operations of the Company, and to the Company's legal counsel to discuss their legal obligations as directors of the Company.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Nomination of Directors

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

Compensation

The Board is responsible for setting out the standards and terms for the compensation of the Company's Chief Executive Officer and Chief Financial Officer with reference to industry standards and the financial situation of the Company.

Schedule D Additional voting information

APPOINTMENT OF PROXYHOLDERS

The individuals named in the accompanying form of proxy (the "Proxy") are officers and/or directors of the Company.

A shareholder of the Company has the right to appoint a person, other than the person designated in the accompanying form of proxy (who need not be a shareholder of the Company, or otherwise entitled to attend and vote at the Meeting) to attend and act for the shareholder and on the shareholder's behalf at the meeting. A shareholder desiring to appoint some other person may do so either by inserting the desired person's name in the blank space provided for that purpose in the accompanying form of proxy or by completing another proper form of proxy.

To be used at the Meeting, proxies must be received by Odyssey Trust Company ("Odyssey"), United Kingdom Building 323-409 Granville Street Vancouver, BC V6C 1T2 by 10:30 a.m. (AEDST) on 2 December, 2020 or, if the Meeting is adjourned, not later than 48 hours preceding the time on which the Meeting is reconvened, or may be accepted by the chair of the Meeting prior to the commencement of the Meeting.

REVOCATION OF PROXIES

A shareholder giving a proxy has the power to revoke it at any time to the extent that it has not been exercised. In addition to revocation in any other manner permitted by law, a shareholder giving a proxy has the power to revoke it by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation and delivered either to the registered office of the Company (Level 14, 440 Collins Street Melbourne, Victoria 3000 Australia) at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) thereof, at which the proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment(s) thereof at which the proxy is to be used.

VALIDITY OF INSTRUMENT OF PROXY

A proxy or an instrument appointing a duly authorized representative of a Company shall be in writing, under the hand of the appointor or his or her attorney duly authorized in writing, or, if such appointor is a Company, either under its seal or under the hand of an officer or attorney duly authorized for that purpose.

Voting by Proxyholder

At the time of printing this Information Circular, Management knows of no amendments, variations or other matters which may be presented for action at the Meeting other than the matters referred to in the accompanying Notice of Meeting.

The persons named in the Proxy will vote or withhold from voting the Ordinary Shares represented thereby in accordance with your instructions on any ballot that may be called for. The Ordinary Shares represented by the accompanying form of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Ordinary Shares will be voted accordingly on such ballot. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

The accompanying form of proxy when duly completed and delivered and not revoked confers discretionary authority upon the persons named therein with respect to matters where no choice is specified. In respect of a matter for which a choice is not specified in the Proxy, the management appointee acting as a proxyholder will vote in favour of each matter identified on the Proxy and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy.

NON-REGISTERED HOLDERS

Only registered holders of Ordinary Shares of the Company or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, Ordinary Shares beneficially owned by a holder (a “**Non-Registered Holder**”) are registered either:

- (a) in the name of an Intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Ordinary Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (CDS)) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “**NOBOs**”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “**OBOs**”.

In accordance with the requirements of NI 54-101, the Company has elected to send the Notice and Access Notification in connection with the Meeting directly to the NOBOs, and indirectly through Intermediaries to the OBOs.

The Intermediaries (or their service companies) are responsible for forwarding the Notice and Access Notification to each OBO, unless the OBO has waived the right to receive proxy-related materials from the Company. Intermediaries will frequently use service companies to forward proxy-related materials to the OBOs. Generally, an OBO who has not waived the right to receive proxy-related materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Ordinary Shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Odyssey; or
- (b) more typically, be given a voting instruction form (“**VIF**”) which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

The Company will not be paying for Intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of proxy-related materials and related documents (including the Notice and Access Notification). Accordingly, an OBO will not receive copies of proxy-related materials and related documents unless the OBO’s Intermediary assumes the costs of delivery.

Applicable proxy related materials are being sent to both registered shareholders of the Company and Non-Registered Holders. If you are a Non-Registered Holder, and the Company or its agent has sent the applicable proxy-related materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your

behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Notice and Access Notification and any proxy-related materials sent to NOBOs who have not waived the right to receive proxy-related materials are accompanied by a VIF, instead of a proxy form. By returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Ordinary Shares of the Company owned by the NOBO.

VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Ordinary Shares of the Company which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on the Non-Registered Holder's behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder, or the Non-Registered Holder's nominee, the right to attend and vote at the Meeting.

Non-Registered Holders should return their voting instructions as specified in the VIF sent to them. Non-Registered Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.

Although Non-Registered Holders may not be recognized directly at the Meeting for the purpose of voting Ordinary Shares of the Company registered in the name of their broker, agent or nominee, a Non-Registered Holder may attend the Meeting as a proxyholder for a registered shareholder and vote Ordinary Shares in that capacity. Non-Registered Holders who wish to attend the Meeting and indirectly vote their Ordinary Shares as proxyholder for the registered shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Ordinary Shares as a proxyholder.

Registered Shareholders

Registered shareholders (a shareholder whose name appears on the records of the Company as the registered holder of Ordinary Shares) may wish to vote by proxy whether or not they are able to attend the virtual Meeting. Registered shareholders who choose to submit a proxy may do so by:

(a) completing, dating and signing the Proxy and returning it to the Company's transfer agent, Odyssey Trust Company ("Odyssey"), United Kingdom Building 323-409 Granville Street Vancouver, BC V6C 1T2; or

(b) submit the proxy using secure online voting via <http://odysseytrust.com/Transfer-Agent/Login> in all cases ensuring that the Proxy is received at least 48 hours before the Meeting or any adjournment or postponement thereof at which the Proxy is to be used.

Notice to Shareholders in the United States

This solicitation of proxies involves securities of an issuer located in Australia and is being effected in accordance with the corporate laws of Australia and the securities laws of applicable provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of applicable provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of applicable provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the Australian Corporations Act 2001 (Cth) (the “Act”) and its directors and executive officers are residents of countries that, and a substantial portion of its assets and the assets of such persons, are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

To the best of the Board’s knowledge, except as otherwise disclosed herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company’s last completed financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors or the appointment of auditors.