



FirstGrowthFunds

First Growth Funds Limited

ABN 34 006 648 835

Interim Financial Report - 31 March 2023

First Growth Funds Limited
Corporate directory
31 March 2023

Directors

Mr Michael Clarke – Non-executive Director, Chair
Mr Athan Lekkas - Non-executive Director
Mr Geoff Barnes - Non-executive Director
Mr Anoosh Manzoori - Executive Chairman & CEO, resigned 1 May 2023

Company secretary

Mr Luke Martino

Registered office and principal place of business

311 Hay Street
Subiaco WA 6008

Auditor

Pitcher Partners
Level 38, Central Plaza,
345 Queen Street
Brisbane QLD 4000

Share register / Transfer Agent

Odyssey Trust Company
1230-300 5 Ave SW
Calgary, AB T2P 3C4

Website

www.firstgrowthfunds.com

Stock Exchange Listing

Canadian Securities Exchange (CSE:FGFL)

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,164,157 (31 March 2022: \$3,935,588).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Michael Clarke
Director

24 May 2023

First Growth Funds Limited
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For the period ended 31 March 2023

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General information

The financial statements cover First Growth Funds Limited as a consolidated entity consisting of First Growth Funds Limited and the entities it controlled at the end of, or during, the quarter. The financial statements are presented in Australian dollars, which is First Growth Funds Limited's functional and presentation currency. The Group's shares are listed on the Canadian Stock Exchange.

First Growth Funds Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

311 Hay Street
Subiaco
Western Australia 6008
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the financial statements note 1 'Nature and continuance of operations'

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 May 2023.

First Growth Funds Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 March 2023

		Consolidated	
	Note	31 Mar 2023	31 Mar 2022
		\$	\$
Income			
Interest revenue		2,957	85,954
Change in financial assets at fair value through profit and loss		(1,445,562)	(3,350,969)
Asset impairments		(102,827)	-
Other gains and losses		1,855	15,422
Total revenue		<u>(1,543,577)</u>	<u>(3,249,593)</u>
Operating expenses			
AFSL support		(27,186)	(27,546)
Director related costs		(200,000)	(277,257)
Insurance and professional fees		(319,673)	(317,627)
Listing and share registry fees		(55,689)	(53,212)
Other expenses		<u>(18,032)</u>	<u>(10,353)</u>
Total operating expenses		<u>(620,580)</u>	<u>(685,995)</u>
Loss before income tax expense		(2,164,157)	(3,935,588)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the period		(2,164,157)	(3,935,588)
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(2,164,157)</u>	<u>(3,935,588)</u>
		Cents	Cents
Basic earnings per share	5	(2.782)	(5.059)
Diluted earnings per share	5	(2.782)	(5.059)

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

First Growth Funds Limited
Statement of financial position
As at 31 March 2023

		Consolidated	
	Note	31 Mar 2023	30 Jun 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		220,898	528,782
Trade and other receivables		26,115	18,886
Financial assets	3	1,815,371	3,280,171
Other assets		23,612	
Total current assets		<u>2,085,996</u>	<u>3,827,839</u>
Non-current assets			
Financial assets	3	598,086	886,021
Investments accounted for using the equity method	3		102,827
Total non-current assets		<u>598,086</u>	<u>988,848</u>
Total assets		<u>2,684,082</u>	<u>4,816,687</u>
Liabilities			
Current liabilities			
Trade and other payables		129,684	98,132
Total current liabilities		<u>129,684</u>	<u>98,132</u>
Total liabilities		<u>129,684</u>	<u>98,132</u>
Net assets		<u>2,554,398</u>	<u>4,718,555</u>
Equity			
Issued capital	4	67,635,788	67,635,788
Accumulated losses		<u>(65,081,390)</u>	<u>(62,917,233)</u>
Total equity		<u>2,554,398</u>	<u>4,718,555</u>

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

First Growth Funds Limited
Statement of changes in equity
For the period ended 31 March 2023

	Issued capital \$	Share based payment reserve \$	Retained profits \$	Non- controlling interest \$	Total equity \$
Consolidated					
Balance at 1 July 2021	67,635,788	-	(56,949,804)	-	10,685,984
Loss after income tax expense for the period	-	-	(3,935,588)	-	(3,935,588)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	(3,935,588)	-	(3,935,588)
Balance at 31 March 2022	67,635,788	-	(60,885,392)	-	6,750,396
	Issued capital \$	Share based payment reserve \$	Retained profits \$	Non- controlling interest \$	Total equity \$
Consolidated					
Balance at 1 July 2022	67,635,788	-	(62,917,233)	-	4,718,555
Loss after income tax expense for the period	-	-	(2,164,157)	-	(2,164,157)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	(2,164,157)	-	(2,164,157)
Balance at 31 March 2023	67,635,788	-	(65,081,390)	-	2,554,398

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

First Growth Funds Limited
Statement of cash flows
For the period ended 31 March 2023

	Consolidated	
	31 Mar 2023	31 Mar 2022
	\$	\$
Cash flows from operating activities		
Loss before income tax expense for the period	(2,164,157)	(3,935,588)
Adjustments for:		
Fair value adjustments through profit and loss	1,400,769	3,350,969
Impairment losses	102,827	-
	(660,561)	(585,619)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(7,230)	(7,362)
Decrease / (increase) financial assets	353,167	278,469
Decrease / (increase) in other current assets	(24,812)	(19,544)
Increase / (decrease) in trade and other payables	31,552	(8,412)
Net cash used in operating activities	(307,884)	(341,468)
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(307,884)	(341,468)
Cash and cash equivalents at the beginning of the financial period	528,782	856,169
Cash and cash equivalents at the end of the financial period	220,898	514,701

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

First Growth Funds Limited
Notes to the financial statements
31 March 2023

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 and principal place of business of First Growth Funds Limited is located at 311 Hay Street Subiaco, Australia. The Parent Entity's shares are listed on the Canadian Securities Exchange (CSE:FGFL).

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

- First Growth Advisory Pty Ltd (incorporated in Australia)

The Consolidated Entity may also be referred to as the "Group" and the Parent Entity may also be referred to as the "Company".

Note 2. Significant accounting policies

These general purpose financial statements for the 9 month period ended 31 March 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022.

The principal accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations 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, without material impact.

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

Note 3. Financial assets

	Consolidated	
	31 Mar 2023	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Listed securities at fair value through profit or loss	1,815,371	3,280,171
Unlisted securities at fair value through profit or loss	-	-
Unlisted convertible notes at amortised cost	-	-
	<u>1,815,371</u>	<u>3,280,171</u>
<i>Non-current assets</i>		
Unlisted securities at fair value through profit or loss	598,086	886,021
	<u>2,413,457</u>	<u>4,166,192</u>

First Growth Funds Limited
Notes to the financial statements
31 March 2023

Note 3. Financial assets (continued)

	Listed securities	Convertible notes	Unlisted securities	Total
Balance as at 1 July 2022	3,280,171	-	886,021	4,166,192
Additions	-	-	-	-
Disposal proceeds	(307,173)	-	-	(307,173)
Fair value through profit or loss	(1,157,627)	-	(287,935)	(1,445,562)
Income accrued	-	-	-	-
Reclassification on conversion	-	-	-	-
Transfer to equity accounted investment	-	-	-	-
Balance as at 31 March 2023	<u>1,815,371</u>	<u>-</u>	<u>598,086</u>	<u>2,413,457</u>
Current	1,815,371	-	-	1,815,371
Non-current	-	-	598,086	598,086
	<u>1,815,371</u>	<u>-</u>	<u>598,086</u>	<u>2,413,457</u>

	Listed securities	Convertible notes	Unlisted securities	Total
Balance at 1 July 2021	7,452,658	1,000,921	1,441,246	9,894,825
Additions	912,336	200,000	-	1,112,336
Disposal proceeds	(1,116,627)	(495,000)	-	(1,611,627)
Fair value through profit or loss	(5,303,021)	-	137,202	(5,165,819)
Income accrued	-	(5,921)	-	(5,921)
Reclassification on conversion	1,334,825	(700,000)	(634,825)	-
Transfer to equity accounted investments	-	-	(57,602)	(57,602)
Balance at 30 June 2022	<u>3,280,171</u>	<u>-</u>	<u>886,021</u>	<u>4,166,192</u>
Current	3,280,171	-	-	3,280,171
Non current	-	-	886,021	886,021
	<u>3,280,171</u>	<u>-</u>	<u>886,021</u>	<u>4,166,192</u>

Note 4. Issued capital

	31 Mar 2023	30 Jun 2022	31 Mar 2022	30 Jun 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>77,798,218</u>	<u>77,798,218</u>	<u>67,635,788</u>	<u>67,635,788</u>

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.

Note 5. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Mar 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets at fair value through profit or loss</i>				
Listed securities (i)	1,801,556	-	12,615	1,814,171
Unlisted securities (ii) & (iii)	1,200	-	598,086	599,286
Total assets	1,802,756	-	610,701	2,413,457

Consolidated - 30 Jun 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets at fair value through profit or loss</i>				
Listed securities (i)	2,590,505	-	689,664	3,280,169
Unlisted securities (ii) & (iii)	-	12,615	873,409	886,024
Total assets	2,590,505	12,615	1,563,073	4,166,193

- (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, conservative revenue multiples were applied in previous reporting periods. However during the prior reporting period the listed entity experienced a major revenue deterioration, accordingly, it was determined that net asset backing per share placements were more appropriate methods to determine the enterprise value of the investee company. In the current period, the fair value has been determined by reference to the most recent capital raising price conducted by the investee company.

The fair value of this level 3 investment includes unrealised fair value losses of \$nil recognised through 9 months year to date profit or loss. The investee company, SQID Technologies Limited listed on the CSE in January 2020 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 reporting date, therefore an alternative fair value approach was adopted.

- (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.

- (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 the fair values recognised are appropriate based on either consideration the Group has paid for recent acquisitions or where applicable recent consideration paid by other investors.

- (iv) *Sensitivity tables*

The table below sets out the potential impact to profit before tax and equity resulting from a 20% increase and 20% decrease in the fair values of investments categorised as Level 3 in the fair value hierarchy.

First Growth Funds Limited
Notes to the financial statements
31 March 2023

	Increase 20%	Increase 20%	Decrease 20%	Decrease 20%
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity

Note 5. Fair value measurement (continued)

Listed securities	2,523	2,523	(2,523)	(2,523)
Unlisted securities	119,617	119,617	(119,617)	(119,617)
Consolidated - 31 March 2023	<u>122,140</u>	<u>122,140</u>	<u>(122,140)</u>	<u>(122,140)</u>
Listed securities	137,932	137,932	(137,932)	(137,932)
Unlisted securities	174,682	174,682	(174,682)	(174,682)
Consolidated - 30 June 2022	<u>312,614</u>	<u>312,614</u>	<u>(312,614)</u>	<u>(312,614)</u>

Movements in level three hierarchy assets

During the reporting period, the carrying value of investments classified as level 3 under the fair value hierarchy decreased by \$952,372 to \$610,701. The decrease represented fair value losses.

Fair values of other financial assets and liabilities

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The carrying value of convertible notes at amortised cost is also considered to approximate their value.

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

The Group policy is to reassess the fair value hierarchy level for each investment at the end of each reporting period. Where applicable investments will be transferred between fair value hierarchy levels at the most recent fair value determination prior to the transfer.

Note 6. Earnings per share

	Consolidated	
	31 Mar 2023	31 Mar 2022
	\$	\$
Loss after income tax	<u>(2,164,157)</u>	<u>(3,935,588)</u>
	Cents	Cents
Basic earnings per share	(2.782)	(5.059)
Diluted earnings per share	(2.782)	(5.059)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>77,798,218</u>	<u>77,798,218</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>77,798,218</u>	<u>77,798,218</u>

Note 7. Events after the reporting period

No other matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

First Growth Funds Limited
Directors' declaration
31 March 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 March 2023 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Michael Clarke
Director

24 May 2023