

**FIRST GROWTH FUNDS LIMITED (CSE:FGFL)**

**Management Discussion and Analysis**

**For the three months ended March 31, 2023**

***(All values are expressed in Australian dollars unless otherwise specified)***

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**Management Discussion and Analysis**  
**For the three months ended March 31, 2023**

***(All values are expressed in Australian dollars unless otherwise specified)***

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***1.1 – Date and Basis of Discussion & Analysis***

This management discussion and analysis (“MD&A”) is dated as of 1 March 2023 and should be read in conjunction with the audited half-year financial statements of First Growth Funds Limited for the half-year ended December 31, 2022 (“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 14 October 1986 under the *Corporations Act* (Australia) with Australian company number (“ACN”) 006 648 835. It went through several name changes: and on 29 March 2011 the name was changed to the current name, First Growth Funds Limited. Its head office and registered offices are located at 311 Hay Street Subiaco, Western Australia 6008, Australia.

Wholly owned Subsidiary company:

- 1) First Growth Advisory Pty Ltd., (“FGA”) incorporated 8 December 2018 pursuant to the *Corporations Act* (Australia).

**Nature of Business**

First Growth Funds Limited invests across a broad range of asset classes including listed equities, private equity, blockchain and digital assets. The company also operates an advisory business providing corporate advisory, capital raising and capital markets support to its portfolio.

**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 proceeding by the Company or any of its subsidiaries, within the two most recently completed financial years. Except for the deregistration of the subsidiary company ICO-AN Pty Ltd, there has not been any material restructuring transactions.

**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**

Except for the deregistration of the subsidiary company ICO-AN Pty Ltd, there have not been any material restructuring of the Company in the last three years.

**Acquisitions**

See “*Description of the Business*” including the asset allocation section

**Trends**

See “*1.3 Selected Annual Information*”

**FIRST GROWTH FUNDS LIMITED (CSE:FGFL)****Management Discussion and Analysis****For the three months ended March 31, 2023*****(All values are expressed in Australian dollars unless otherwise specified)*****DESCRIPTION OF THE BUSINESS****Overview**

First Growth Funds Limited invests across a broad range of asset classes including listed equities, private equity, blockchain and digital assets. The company also operates an advisory business providing corporate advisory, capital raising and capital markets support to its portfolio.

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 31 December 2018 with SLM Corporate Pty. Ltd.

**Investment portfolio**

The Company manages an active portfolio listed and unlisted securities across international borders and various industries including technology, medical, mining and oil and gas sectors. Investments actions include on-market trading and participation in pre or post IPO placements. In some cases the Company earns placement facilitation advisory fees.

**Asset Allocation**

Set out below is the asset allocations as at 30 June 2021, as at 30 June 2022 and 31 March 2023.

| Asset type                              | Note | As at 30 Jun 2021 |                | As at 30 Jun 2022 |             | As at 31 Mar 2023 |             |
|---|------|-------------------|----------------|-------------------|-------------|-------------------|-------------|
|   |      | \$                | %              | \$                | %           | \$                | %           |
| Cash                                    |      | 856,169           | 7.96%          | 528,782           | 11.02%      | 220,898           | 8.39%       |
| Current financial assets (listed)       |      | 7,452,658         | 69.32%         | 3,280,171         | 68.37%      | 1,815,371         | 68.91%      |
| Current financial assets (unlisted)     | i    | 500,921           | 4.66%          | -                 | 0.00%       | -                 | 0.00%       |
| Non-current financial assets (unlisted) |      | 1,941,246         | 18.06%         | 886,021           | 18.47%      | 598,086           | 22.70%      |
| Equity accounted investments            |      | -                 | 0.00%          | 102,827           | 2.14%       | -                 | -           |
| <b>Total</b>                            |      | <b>10,750,994</b> | <b>100.00%</b> | <b>4,797,801</b>  | <b>100%</b> | <b>2,634,355</b>  | <b>100%</b> |

**Notes**

- i. Current financial assets unlisted include convertible notes issued by YPB Systems Limited (ASX:YPB) expiring on 18 November 2021.

**Material Agreements**

No new material agreements were entered into during the quarter ending 31 December 2022.

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**1.3– Selected Annual Information - NA**

**1.4 – Results of Operations**

| Quarters Ended  | 31-Mar-23       | 31-Dec-22          | 30-Sep-22        | 30-Jun-22          | 31-Mar-22        | 31-Dec-21      | 30-Sep-21          | 30-Jun-21        |
|---|-----------------|--------------------|------------------|--------------------|------------------|----------------|--------------------|------------------|
| <b>Income (Loss) from continuing operations</b>         |                 |                    |                  |                    |                  |                |                    |                  |
| Revenue   | -               | -                  | -                | -                  | -                | -              | -                  | 911,752          |
| Direct costs  | -               | -                  | -                | -                  | -                | -              | -                  | (47,200)         |
| Net income (loss) from continuing operations            |                 |                    | -                | -                  | -                | -              | -                  | 864,552          |
| <b>Income (Loss) from investments</b>                   |                 |                    |                  |                    |                  |                |                    |                  |
| Interest revenue  | 588             | 1,363              | 1,006            | 88                 | 172              | 73,166         | 12,616             | 12,554           |
| Dividend revenue  | -               | -                  | -                | -                  | -                | -              | -                  | -                |
| Financial assets at fair value through profit or loss   | 102,135         | (1,552,700)        | 7,689            | (1,769,624)        | (712,068)        | 582,509        | (3,221,410)        | 1,171,968        |
| Asset impairments                                       | -               | (102,827)          | -                | -                  | -                | -              | -                  | -                |
| Other gains and losses                                  | (2,686)         | (5,727)            | 4,926            | (2,333)            | 16,061           | (1,819)        | 1,180              | (16,196)         |
| Net income (loss) from investments                      | 100,037         | (1,659,891)        | 13,622           | (1,771,869)        | (695,835)        | 653,856        | (3,207,614)        | 1,168,326        |
| <b>Net income (loss)</b>                                | <b>100,037</b>  | <b>(1,659,891)</b> | <b>13,622</b>    | <b>(1,771,869)</b> | <b>(695,835)</b> | <b>653,856</b> | <b>(3,207,614)</b> | <b>2,032,878</b> |
| <b>Operating expenses</b>                               |                 |                    |                  |                    |                  |                |                    |                  |
| AFSL support fees                                       | 9,000           | 9,186              | 9,000            | 9,190              | 9,546            | 9,000          | 9,000              | 9,000            |
| Director related costs                                  | 20,000          | 90,000             | 90,000           | 85,243             | 94,757           | 90,000         | 92,500             | 92,500           |
| Director- share based payments                          | -               | -                  | -                | -                  | -                | -              | -                  | -                |
| Insurance and professional fees                         | 20,011          | 131,171            | 102,270          | 142,100            | 107,639          | 97,651         | 112,337            | 161,175          |
| Listing and share registry fees                         | 2,077           | 33,987             | 17,543           | 5,715              | 6,614            | 34,922         | 11,676             | 11,120           |
| Travel expenses   | -               | -                  | -                | -                  | -                | -              | -                  | 13,832           |
| Income tax expenses                                     | -               | -                  | -                | 13,910             | -                | -              | -                  | -                |
| Other expenses  | 70,298          | 9,010              | 4,370            | 3,821              | (15,325)         | 11,931         | 13,747             | 11,644           |
| Total operating expenses                                | 121,386         | 273,354            | 223,184          | 259,978            | 203,231          | 243,504        | 239,260            | 299,271          |
| <b>Comprehensive Income (Loss)</b>                      | <b>(21,349)</b> | <b>(1,933,245)</b> | <b>(209,562)</b> | <b>(2,031,847)</b> | <b>(899,066)</b> | <b>410,352</b> | <b>(3,446,874)</b> | <b>1,733,607</b> |
| Basic and diluted earnings cents per share (adjusted)** | (0.027)         | (2.485)            | (0.269)          | (2.612)            | (1.156)          | 0.527          | (4.431)            | 2.228            |

**Three months ended March 31, 2023**

Net comprehensive loss after income tax was \$21,349 (2022: Net comprehensive loss of \$899,066).

During the three months ended 31 March 2023, the Group:

- recorded net investment profit of \$100,037 (2022: Net investment loss of \$695,835). The net income for the current quarter includes:
  - there were no material fair value losses or gains during the period:
- incurred operating expenses of \$121,386 (2022: \$203,231).

**Nine months ended March 31, 2023**

Net comprehensive loss after income tax was \$2,164,156 (2022: Net comprehensive income of \$3,935,588).

During the nine months ended 31 March 2023, the Group:

- recorded net investment loss of \$1,546,233 (2022: Net investment loss of \$3,249,593). The net income for the current period includes:

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***(All values are expressed in Australian dollars unless otherwise specified)***

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- material fair value losses:
  - \$376,000 attributable to the investment in Magnum Mining and Exploration Limited (ASX:MGU) shares. 8,750,000 listed options (ASX: MGUO) with exercise price of \$0.05 held by the Company, have expired as at 30 September 2022,
  - \$121,000 attributable to the investment in Haranga Resources Ltd (ASX: HAR) shares, and
  - \$95,000 attributable to the investment in EV Resources Ltd (ASX: EVR) shares.
  - \$293,000 attributable to the investment in Hire Pay Pty Ltd
  - \$604,000 attributable to the investment in Sqid Technologies Limited
- incurred operating expenses of \$617,924 (2022: \$685,995).

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## Management Discussion and Analysis

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(All values are expressed in Australian dollars unless otherwise specified)

### 1.5 – Summary of Quarterly Financial Position

| As at                            | 31-Mar-23        | 31-Dec-22        | 30-Sep-22        | 30-Jun-22        | 31-Mar-22        | 31-Dec-21        | 30-Sep-21        | 30-Jun-21         |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| <b>Current Assets</b>            |                  |                  |                  |                  |                  |                  |                  |                   |
| Cash and cash equivalents        | 220,898          | 297,554          | 447,262          | 528,782          | 514,701          | 1,093,153        | 810,548          | 856,169           |
| Trade and other receivables      | 26,115           | 30,193           | 32,247           | 18,886           | 17,962           | 10,206           | 26,029           | 10,600            |
| Inventory (cryptocurrencies)     | -                | -                | -                | -                | -                | -                | -                | -                 |
| Financial assets                 | 1,815,371        | 1,740,260        | 3,097,971        | 3,280,171        | 5,383,193        | 5,676,408        | 5,609,673        | 8,535,220         |
| Intangible assets                | -                | -                | -                | -                | -                | -                | -                | -                 |
| Other current assets             | 23,612           | 43,623           | 60,035           | -                | 19,544           | 39,089           | 50,541           | -                 |
| <b>Total Current Assets</b>      | <b>2,085,996</b> | <b>2,111,630</b> | <b>3,637,514</b> | <b>3,827,839</b> | <b>5,935,400</b> | <b>6,818,856</b> | <b>6,496,791</b> | <b>9,401,989</b>  |
| <b>Non-Current Assets</b>        |                  |                  |                  |                  |                  |                  |                  |                   |
| Financial assets                 | 598,086          | 600,415          | 931,461          | 886,021          | 827,557          | 856,989          | 815,370          | 1,359,605         |
| Equity accounted investments     | 0                | 0                | 102,827          | 102,827          | 54,637           | 55,724           | -                | -                 |
| Intangible assets                | -                | -                | -                | -                | -                | -                | -                | -                 |
| Goodwill                         | -                | -                | -                | -                | -                | -                | -                | -                 |
| <b>Total Non-current Assets</b>  | <b>598,086</b>   | <b>600,415</b>   | <b>1,034,287</b> | <b>988,848</b>   | <b>882,194</b>   | <b>912,713</b>   | <b>815,370</b>   | <b>1,359,605</b>  |
| <b>Total Assets ( Note 1)</b>    | <b>2,684,082</b> | <b>2,712,045</b> | <b>4,671,801</b> | <b>4,816,687</b> | <b>6,817,594</b> | <b>7,731,569</b> | <b>7,312,161</b> | <b>10,761,594</b> |
| <b>Liabilities</b>               |                  |                  |                  |                  |                  |                  |                  |                   |
| <b>Current Liabilities</b>       |                  |                  |                  |                  |                  |                  |                  |                   |
| Accounts payable                 | 129,684          | 136,298          | 162,809          | 98,132           | 67,198           | 82,107           | 73,051           | 75,610            |
| <b>Total Current Liabilities</b> | <b>129,684</b>   | <b>136,298</b>   | <b>162,809</b>   | <b>98,132</b>    | <b>67,198</b>    | <b>82,107</b>    | <b>73,051</b>    | <b>75,610</b>     |
| <b>Total Liabilities</b>         | <b>129,684</b>   | <b>136,298</b>   | <b>162,809</b>   | <b>98,132</b>    | <b>67,198</b>    | <b>82,107</b>    | <b>73,051</b>    | <b>75,610</b>     |
| <b>Net Assets</b>                | <b>2,554,398</b> | <b>2,575,747</b> | <b>4,508,992</b> | <b>4,718,555</b> | <b>6,750,396</b> | <b>7,649,462</b> | <b>7,239,110</b> | <b>10,685,984</b> |
| <b>Equity</b>                    |                  |                  |                  |                  |                  |                  |                  |                   |
| Share Capital                    | 67,635,788       | 67,635,788       | 67,635,788       | 67,635,788       | 67,635,788       | 67,635,788       | 67,635,788       | 67,635,788        |
| Reserves                         | -                | -                | -                | -                | -                | -                | -                | -                 |
| Retained Earnings                | (65,081,390)     | (65,060,041)     | (63,126,796)     | (62,917,233)     | (60,885,392)     | (59,986,326)     | (60,396,678)     | (56,949,804)      |
| <b>Total Equity</b>              | <b>2,554,398</b> | <b>2,575,747</b> | <b>4,508,992</b> | <b>4,718,555</b> | <b>6,750,396</b> | <b>7,649,462</b> | <b>7,239,110</b> | <b>10,685,984</b> |

#### Note 1 Total assets reconciled to portfolio investments

|                              | 31-Mar-23        | 31-Dec-22        | 30-Sep-22        | 30-Jun-22        | 31-Mar-22        | 31-Dec-21        | 30-Sep-21        | 30-Jun-21         |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Net assets                   | 2,554,398        | 2,575,747        | 4,508,992        | 4,718,555        | 6,750,396        | 7,649,462        | 7,239,110        | 10,685,984        |
| Other current assets         | (23,612)         | (43,623)         | (60,035)         | -                | (19,544)         | (39,089)         | (50,541)         | -                 |
| Receivables                  | (26,115)         | (30,193)         | (32,247)         | (18,886)         | (17,962)         | (10,206)         | (26,029)         | (10,600)          |
| Accounts payable             | 129,684          | 136,298          | 162,809          | 98,132           | 67,198           | 82,107           | 73,051           | 75,610            |
| <b>Portfolio investments</b> | <b>2,634,355</b> | <b>2,638,229</b> | <b>4,579,520</b> | <b>4,797,801</b> | <b>6,780,088</b> | <b>7,682,274</b> | <b>7,235,591</b> | <b>10,750,994</b> |

### 1.6 – Liquidity and Capital Resources

As at 31 March 2023:

- the Company had current assets totaling \$2,085,996 (30 June 2022: \$3,827,839) and
- shareholder's equity of \$2,554,398 (30 June 2022: \$4,718,555).

The decrease in capital resources is attributable to the net fair value losses described above.

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**1.7 – Off Balance Sheet Arrangements**

As at 31 March 2023, there were no off-balance sheet arrangements to which the Group was committed.

**1.8 – Transactions with Related Parties**

The Company has identified its directors and senior officers as its key management personnel. The following table provides the total amount of related party transactions and balances.

| <b>Transactions**</b>                           | <b>Nine months ended</b> |                    |
|---|--------------------------|--------------------|
|   | <b>Mar 31 2023</b>       | <b>Mar 31 2022</b> |
|   | <b>\$</b>                | <b>\$</b>          |
| Director fees (Parent)***                       |                          |                    |
| Anoosh Manzoori                                 | 140,000                  | 180,000            |
| Geoff Barnes                                    | 45,000                   | 45,000             |
| Michael Clarke                                  | 35,000                   | 45,000             |
| Athan Lekkas                                    |                          |                    |
| Other director fees (wholly owned subsidiaries) | -                        | 2,500              |
|   | <b>220,000</b>           | <b>272,500</b>     |

\*\* Director fees and Director related advisory fees are included in the Consolidated Statements of Comprehensive Income (Loss) included under the respective headings of Director Related Costs and Insurance and Professional fees.

\*\*\* Director fees are paid to director-controlled entities

No post-employment benefits, other long-term benefits and termination benefits were paid.

| <b>Balances</b>                        | <b>Mar 31 2023</b> | <b>Mar 31 2022</b> |
|--|--------------------|--------------------|
|  | <b>\$</b>          | <b>\$</b>          |
| Accounts Payable and accruals          |                    |                    |
| Polygon Fund Pty Ltd <sup>(1)</sup>    |                    | 20,000             |
| Dalex Pty Ltd <sup>(2)</sup>           | -                  | -                  |
| Peloton Capital Pty Ltd <sup>(3)</sup> | 16,500             | -                  |
| Geoff Barnes                           | -                  | -                  |

<sup>(1)</sup> Polygon Funds Pty Ltd is a company controlled by Anoosh Manzoori, a FGF director.

<sup>(2)</sup> Dalex Pty Ltd is a company controlled by Athan Lekkas, a FGF director.

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

**Ordinary shares held by directors**

| <b>Name**</b>   | <b>Opening balance</b> | <b>Movements</b> | <b>Balance as at Mar 31 2023</b> |
|-----------------|------------------------|------------------|----------------------------------|
| Geoff Barnes    | 8,472,779              | -                | 8,472,779                        |
| Michael Clarke  | 751,516                | -                | 751,516                          |
| Athan Lekkas    | 2,037,274              | -                | 2,037,274                        |
| Anoosh Manzoori | 7,133,035              | -                | 7,133,035                        |
|                 | <b>18,394,604</b>      | <b>-</b>         | <b>18,394,604</b>                |

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**\*\* Balances held by directors and/or director-controlled entities.**

The directors do not hold any options.

**Other director positions held by directors**

| Director        | Other directorships held                       | FGFL Relationship                         | Other transactions or balances |
|-----------------|--|---|--------------------------------|
| Michael Clarke  | SQID Technologies Limited (CSE:SQID)           | FGFL holds a 14.2% interest in            | Nil                            |
| Athan Lekkas    | SQID Technologies Limited (CSE:SQID)           | SOID                                      |                                |
| Anoosh Manzoori | Constellation Technologies Limited (ASX:CT1)   | FGFL holds a less than 5% interest in CT1 | Nil                            |
| Anoosh Manzoori | Magnum Mining and Resources Limited (ASX: MGU) | FGFL holds a less than 5% interest in MGU | Nil                            |
| Athan Lekkas    |  |   |                                |

**1.9 Fourth Quarter –not applicable****1.10 – Proposed Transactions**

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

**1.11 – Critical Accounting Estimates**

Refer to the Audited Financial Statements for the year ended 30 June 2022 - Note 2. Critical accounting judgements, estimates and assumptions.

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

There have been no changes in accounting policies during the reporting period.

**1.13 – Financial Instruments and Other Instruments****Part A Financial Risk Management**

Refer to the Unaudited Condensed Interim Financial Statements for the period ended 31 December 2022 - Note 5. Financial risk management

**Part B Fair Value Measurement**

Refer to the Unaudited Condensed Interim Financial Statements for the period ended 31 December 2022 - Note 6. Fair value measurement

**1.14 – Other MD&A Requirements****Share Capital**

There were no changes in Share Capital during the reporting period.

**Share Options –NIL****1.15– Subsequent events**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



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### Management Discussion and Analysis

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*(All values are expressed in Australian dollars unless otherwise specified)*

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#### 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.

**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.

**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,

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#### RISK FACTORS AND UNCERTAINTIES (cont.)

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 assets, may be susceptible to rapid technological change and there is no assurance that adequate responses will be made in a timely manner.

**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.

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#### Previously noted Blockchain and digital currency risks.

The Company currently has no exposure to this asset class.

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

**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. 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.

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**DISCLAIMER FOR FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Company.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature they involve risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Accordingly, readers should not place undue reliance on the forward-looking statements, timelines and information contained in this news release. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements and information contained in this news release are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Canadian Securities Exchange. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

**APPROVAL**

The Board of Directors of the Company approved the disclosure contained in this MD&A on 24 May 2023 .