



FirstGrowthFunds

First Growth Funds Limited

ABN 34 006 648 835

Interim Financial Report – 30 September 2023

First Growth Funds Limited
Corporate directory
30 September 2023

Directors	Mr Michael Clarke (Executive Chairman & CEO) Mr Athan Lekkas - Non-executive Director Mr Geoff Barnes - Non-executive Director
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 profit for the consolidated entity after providing for income tax amounted to \$595,930 (30 September 2022: loss \$209,563).

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

27 November 2023

First Growth Funds Limited
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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 7 November 2022.

First Growth Funds Limited
Statement of profit or loss and other comprehensive income
For the period ended 30 September 2023

	Note	Consolidated 30 Sep 2023 \$	30 Sep 2022 \$	
Income				
Interest revenue		438	1,006	
Change in financial assets at fair value through profit and loss		639,096	7,689	(3)
Asset impairments		-	-	
Other gains and losses		(27)	4,926	
Total revenue		<u>639,507</u>	<u>13,621</u>	(3)
Operating expenses				
AFSL support		-	(9,000)	
Director related costs		-	(90,000)	
Consulting and professional fees		(20,120)	(102,270)	
Listing and share registry fees		(2,890)	(17,543)	
Other expenses		(20,567)	(4,371)	
Total operating expenses		<u>(43,577)</u>	<u>(223,184)</u>	
Loss before income tax expense		595,930	(209,563)	
Income tax expense		<u>-</u>	<u>-</u>	
Loss after income tax expense for the period		595,930	(209,563)	(3)
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>	
Total comprehensive income for the period		<u><u>595,930</u></u>	<u><u>(209,563)</u></u>	
		Cents	Cents	
Basic earnings per share	7	0.008	(0.27)	
Diluted earnings per share	7	0.008	(0.27)	

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 30 September 2023

		Consolidated	
	Note	30 Sep 2023	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		34,450	184,750
Trade and other receivables		-	18,938
Financial assets	3	2,051,632	1,262,536
Other assets		3,600	3,600
Total current assets		<u>2,089,682</u>	<u>1,469,824</u>
Non-current assets			
Financial assets	3	1,809,955	1,809,955
Investments accounted for using the equity method	3	17,336	17,336
Total non-current assets		<u>1,827,291</u>	<u>1,827,291</u>
Total assets		<u>3,916,973</u>	<u>3,297,115</u>
Liabilities			
Current liabilities			
Trade and other payables		88,042	64,113
Total current liabilities		<u>88,042</u>	<u>64,113</u>
Total liabilities		<u>88,042</u>	<u>64,113</u>
Net assets		<u>3,828,932</u>	<u>3,233,002</u>
Equity			
Issued capital	4	67,635,788	67,635,788
Accumulated losses		<u>(63,806,856)</u>	<u>(64,402,786)</u>
Total equity		<u>3,828,932</u>	<u>3,233,002</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 30 September 2023

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	67,635,788	(62,917,233)	4,718,555
Loss after income tax expense for the period	-	(209,563)	(209,563)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	(209,563)	(209,563)
Balance at 30 September 2022	<u>67,635,788</u>	<u>(63,126,796)</u>	<u>4,508,992</u>

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	67,635,788	(64,402,786)	3,233,002
Loss after income tax expense for the period	-	595,930	595,930
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	595,930	595,930
Balance at 30 September 2023	<u>67,635,788</u>	<u>(63,806,856)</u>	<u>3,828,932</u>

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 30 September 2023

	Consolidated	
	30 Sep 2023	30 June 2023
	\$	\$
Cash flows from operating activities		
Loss before income tax expense for the period	595,930	(1,485,553)
Adjustments for:		
Fair value adjustments through profit and loss	(639,096)	561,660
Share of profit from equity accounted investment		-
Net asset impairments		240,691
	<u>(43,166)</u>	<u>(683,202)</u>
Change in operating assets and liabilities:		
Increase / (decrease) in trade and other receivables	18,938	(52)
Decrease / (increase) financial assets	-	532,041
Decrease / (increase) in other current assets	(150,000)	(3,600)
Increase / (decrease) in trade and other payables	23,928	(34,019)
Decrease / (increase) in equity accounted investments	<u>-</u>	<u>(155,200)</u>
Net cash used in operating activities	<u>(150,300)</u>	<u>(344,032)</u>
Net cash from investing activities	<u>-</u>	<u>-</u>
Net cash from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(150,300)	(344,032)
Cash and cash equivalents at the beginning of the financial period	184,750	528,782
Cash and cash equivalents at the end of the financial period	<u><u>34,450</u></u>	<u><u>184,750</u></u>

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

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 a wholly owned controlled entity:

- 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 3 month period ended 30 September 2023 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 2023.

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	
	30Sep 2023	30 Jun 2023
	\$	\$
<i>Current assets</i>		
Listed securities at fair value through profit or loss	1,901,632	1,262,536
	<u>1,901,632</u>	<u>1,262,536</u>
<i>Non-current assets</i>		
Unlisted securities at fair value through profit or loss	1,809,955	1,809,955
	<u>1,809,955</u>	<u>1,809,955</u>
	<u><u>3,711,587</u></u>	<u><u>3,072,491</u></u>

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Note 3. Financial assets (continued)

	Listed securities	Convertible notes	Unlisted securities	Total
Balance as at 1 July 2023	1,262,536	-	1,809,955	3,072,491
Additions	-	-	-	-
Disposal proceeds	-	-	-	-
Fair value through profit or loss	639,096	-	-	639,096
Transfer to equity accounted investment	-	-	-	-
Balance as at 30 September 2023	<u>1,901,632</u>	<u>-</u>	<u>1,809,955</u>	<u>3,711,587</u>
Current		-	-	1,901,632
Non-current	-	-	1,809,955	1,809,955
	<u>1,901,632</u>	<u>-</u>	<u>1,809,955</u>	<u>3,711,587</u>

Note 4. Issued capital

	Consolidated			
	30 Sep 2023 Shares	30 Jun 2023 Shares	30 Sep 2023 \$	30 Jun 2023 \$
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. Financial risk management

Financial risk management objectives

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

The Group identifies and evaluates mitigation activities for risk and to develop policy for risk management across all group 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.

- Foreign 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 Group's exposure to foreign currency risk arises from financial assets held in United States of America and Canadian dollars.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	30 Sep 2023	30 Jun 2023	30 Sep 2023	30 Jun 2023
Consolidated		\$	\$	\$
US dollars	1,809,955	1,809,955	-	-
Canadian dollars	74,190	68,885	-	-
	<u>1,884,145</u>	<u>1,878,840</u>	<u>-</u>	<u>-</u>

The Group had assets denominated in foreign currencies of \$1,884,145 (June 2023: \$1,878,840). The table below shows the Group profit before tax and equity impact of a 10% strengthening and 10% weakening of the Australian dollar as at the reporting date. The percentage change is the expected overall volatility of the significant currencies, which is based on an assessment of reasonable possible fluctuations taking into consideration movements over the previous 12 months and the spot rate as at reporting date.

Consolidated - 30 Sep 2023	% change	AUD weakened		% change	AUD strengthened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
USD Assets	10%	180,996	180,996	10%	(180,996)	(180,996)
CAD Assets	10%	7,419	7,419	10%	(7,419)	(7,419)
		<u>188,415</u>	<u>188,415</u>		<u>(188,415)</u>	<u>(188,415)</u>
Consolidated - 30 Jun 2023	% change	AUD weakened		% change	AUD strengthened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
USD Assets	10%	180,996	180,996	10%	(180,996)	(180,996)
CAD Assets	10%	6,888	6,888	10%	(6,888)	(6,888)
		<u>187,884</u>	<u>187,884</u>		<u>(187,884)</u>	<u>(187,884)</u>

Price risk

The Group's exposure to equity securities price risk arises from investments 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% (2021:10%) the impact on the Group's result before tax and net assets would have been:

Consolidated – 30 Sep 2023	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Listed securities	10%	<u>190,163</u>	<u>190,163</u>	10%	<u>(190,163)</u>	<u>(190,163)</u>

Consolidated - 30 Jun 2023	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Listed securities	10%	<u>126,254</u>	<u>126,254</u>	10%	<u>(126,254)</u>	<u>(126,254)</u>

For sensitivities in respect of unlisted securities and unlisted convertible notes, refer to Note 6.

Interest rate risk

Interest rate risk arises from the Group's interest-bearing financial assets and liabilities. The Group 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 was 4.10% on 30 September 2023, accordingly the impact of a 100 basis point movement in interest rates is deemed immaterial. The Group 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 Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables. These provisions are considered representative across Group customers based on recent sales experience, historical collection rates and forward-looking information that is available.

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 Group'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 Group'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

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial

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liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 Sep 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	88,042	-	-	-	88,042
Total non-derivatives		88,042	-	-	-	88,042

Consolidated - 30 Jun 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	64,113	-	-	-	64,113
Total non-derivatives		64,113	-	-	-	64,113

Note 6. 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 – 30 Sep 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets at fair value through profit or loss</i>				
Listed securities (i)	1,854,898	-	46,734	1,948,366
Unlisted securities (ii) & (iii)	-	-	1,809,955	1,809,955
Total assets	1,854,898	-	1,856,689	3,711,587

Consolidated - 30 Jun 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets at fair value through profit or loss</i>				
Listed securities (i)	1,239,251	-	23,285	1,262,536
Unlisted securities (ii) & (iii)	-	-	1,809,955	1,809,955
Total assets	1,239,251	-	1,833,240	3,072,491

- (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, most recent capital raise price were applied.

The fair value of this level 3 investment includes the investee company, SQID Technologies Limited listed on the CSE. 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.

	Increase 20%	Increase 20%	Decrease 20%	Decrease 20%
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Listed securities	9,347	9,347	(9,347)	(9,347)
Unlisted securities	361,991	361,991	(361,991)	(361,991)
Consolidated – 30 September 2023	371,338	371,338	(371,338)	(371,338)

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30 September 2023

Note 6. Fair value measurement (continued)

Listed securities	4,657	4,657	(4,657)	(4,657)
Unlisted securities	361,991	361,991	(361,991)	(361,991)
Consolidated - 30 June 2023	366,648	366,648	(366,648)	(366,648)

Movements in level three hierarchy assets

During the reporting period, the carrying value of investments classified as level 3 under the fair value hierarchy increased by \$23,449 to \$1,856,689. The increase comprised of fair value profit due to increased investment values..

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 7. Earnings per share

	Consolidated	Consolidated
	30 Sep 2023	30 Sep 2023
	\$	\$
Profit / (Loss) after income tax	<u>595,930</u>	<u>(209,563)</u>
	Cents	Cents
Basic earnings per share	0.008	(0.27)
Diluted earnings per share	0.008	(0.27)
	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 8. Events after the reporting period

No other matter or circumstance has arisen since 30 September 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
30 September 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 30 September 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

27 November 2023