

1st Group Limited

ABN 25 138 897 533

Annual Report - 30 June 2021

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Our vision is to improve people's lives by building a trusted community and platform where health providers and patients connect 1st. We connect patients to a variety of healthcare services and information anytime, anywhere, so they can get well sooner and stay well longer. In FY21 1st made further progress in building towards scale, market leadership and profitability. The Group has facilitated over 15 million appointments online.

Dear Shareholders

Review of operations

Despite the unprecedented COVID-19 pandemic, FY21 was a positive year for 1st Group.

Our Vision – simple online connection with healthcare providers

The Group's vision is to provide consumers with a simpler and more convenient way to connect and interact online with healthcare practitioners. We work to improve consumers' health through a range of products, services and trusted healthcare content, serving a broad range of sectors including Dental, GP, Optometry, Allied, Pharmacy, Veterinary, Specialists, Corporate and Government.

A positive year for 1st Group

We continued to execute our strategic roadmap and grew the business despite the considerable COVID headwinds. Our growth reflects the outstanding 1st platforms and the trusted propositions we deliver to our clients. We are proud of the positive feedback and high NPS scores we receive from consumers who use our products.

A highlight of FY21 was securing strategic channel partnerships with Afterpay and Latitude Pay, adding to our first Buy Now Pay Later partner, Openpay. We also added another major hospital group, Cabrini Health, as a key partner. This partnership builds on our work with St Vincent's Health to expand further into the specialist market. These agreements are evidence of the strength of our value proposition to health sector participants and should underpin future revenue growth.

Recurring subscription revenues in our focus markets are complemented by growth in usage, advertising and implementation fees.

Growth and Financial Summary

The Group delivered growth in its key metrics in FY21 including:

- ✓ Revenue up 10%, despite COVID-19 delaying major project revenues during the year
- ✓ Annual Recurring Revenue (**ARR**) of \$5.93m, up 9% from \$5.45m at 30 June 2020
- ✓ Loss after income tax for the year, before impairment charges, was (\$3.28m), reduced by 34% from (\$5.01m) in FY20

The Group's after-tax loss of \$6,468,709 for FY21 increased from the previous year loss of \$5,043,544.

We are pleased to have passed the 15 million bookings mark – a sign of our market acceptance.

Encouragingly, we are now seeing our major projects resume - positioning us for stronger growth in FY22.

Outlook

We are confident in 1st Group's accelerated growth potential for FY22.

The strategic channel partnerships are on track to mature in FY22 after COVID-19 delays. These will add material additional revenues and underpin our increased momentum and growing scale.

1st Group continues to deliver on its strategy to grow market share in chosen verticals. New verticals aligned with major partners in new market segments (as seen, for example, in our recent BNPL agreements) will also accelerate new customer acquisition throughout FY22.

We will continue to expand our market presence and start to monetise more of the consumer interactions on our platforms in ways that add significant value to our clients.

1st Group has a terrific team and we would like to thank our dedicated employees and management for their hard work during the past year, in challenging conditions.

On behalf of the Board and our whole team we would also like to thank our valued clients and partners and also our shareholders for their continuing support.

We look forward to making further progress towards our goal of being a strong, successful and sustainable company.



Stephen Wilks
Chair

29 October 2021
Sydney



Klaus Bartosch
Managing Director

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of 1st Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

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

Klaus Bartosch	Executive Director and CEO*
Stephe Wilks	Non-Executive Director (Appointed 25 May 2021) and Chair (Appointed 2 June 2021)
Magali Azema-Barac	Non-Executive Director (Appointed 2 June 2021)
Ross McCreath	Non-Executive Director (Appointed 25 May 2021 and resigned 2 June 2021)
Louise McElvogue	Non-Executive Director (Appointed 1 September 2020 and resigned 25 May 2021) and Interim CEO (Appointed 31 March 2021 and resigned 25 May 2021)
Paul Welch	Non-Executive Director (Appointed 1 March 2018 and resigned 1 September 2020) and Chair (Appointed 1 September 2020 and resigned 25 May 2021)
Trevor Matthews	Chair (Resigned 17 November 2020)
Michael Emmett	Non-Executive Director (Resigned 25 May 2021)

* Mr. Klaus Bartosch resigned as the Managing Director and CEO on 29 March 2021 and was re-appointed as Executive Director on 25 May 2021. On 2 June 2021, the Company announced that Mr. Klaus Bartosch has been formally reappointed as CEO of the Company.

Principal activities

During the financial year the principal continuing activities of the Group consisted of the provision of healthcare and corporate online search and appointment booking services.

Dividends

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

Review of operations

The loss for the Group after providing for income tax amounted to \$6,468,709 (30 June 2020: \$5,007,040).

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

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year except for changes in the convertible debt facility ('Standby facility') with the Group's cornerstone shareholder, Mr Plummer detailed below.

- In December 2020, the Group provided notice to Mr Plummer to draw down a further \$450,000 of the Standby facility.
- In January 2021, the Group decided to increase the size of the convertible note facility with major shareholder John Plummer from \$2 million to \$4 million. The facility is a low cost of capital and has the same terms and has been extended to August 2022.
- In February 2021, the Group provided notice to Mr Plummer to draw down a further \$300,000 of the Standby facility.
- In March 2021, the Group provided notice to Mr Plummer to draw down a further \$150,000 of the Standby facility.
- In April 2021, the Group provided notice to Mr Plummer to draw down a further \$200,000 of the Standby facility.
- In May 2021, the Group provided notice to Mr Plummer to draw down a further \$200,000 of the Standby facility.
- In June 2021, the Group provided notice to Mr Plummer to draw down a further \$400,000 of the Standby facility. Accordingly, after these drawdowns were completed, the Group had \$750,000 remaining in the Standby facility.

Covid-19 impact

The impact that Covid-19 had on the business as outlined in the FY20 full year financial report has mostly ended. We had previously seen that while the Group's subscription revenues and usage fees had remained largely intact through the 2020 Coronavirus (COVID-19) restrictions, many of our customers' operations were interrupted. 282 customer sites suspended their billings in April 2020. This softened the opportunity for new site growth and impacted progress with the landmark agreements but presented new opportunities for sales of additional products and services to existing customers.

Most sites have now re-opened for business and the impact on our business had largely ended. However, the most recent lockdowns in NSW and Victoria in calendar Q3 of 2021, impacted the rate of sales to new customers affecting set-up fees and usage fees from existing customers which were reduced during periods that the practices were closed.

COVID-19 caused unexpected delays to previously announced landmark agreements during 2020. They were reactivated during FY21 and progress is ongoing

As previously noted, COVID-19 has brought forward the structural shift to online in the healthcare market. For example, during the pandemic patients and healthcare providers increasingly turned to 'telehealth' to deliver easier and improved access to healthcare services.

The potential for the pandemic to impact our business is ongoing but it is not practicable to estimate the impact after the reporting date. We continue to monitor the situation and government-imposed measures along with the progress and results of the vaccinations which have commenced.

Matters subsequent to the end of the financial year

Matters or circumstances which have arisen since 30 June 2021 that have 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, include the entitlement offer closed in September which raised approximately \$1.26 million before costs as outlined in recent ASX announcements.

In addition, a further \$550,000 (\$200,000 in July 2021, \$150,000 in August 2021 and \$200,000 in September 2021) has been drawn from the standby facility leaving a balance of \$200,000 undrawn. Mr Plummer has extended repayments arising from the January 2021 loan extension to 12 months after the date of signing of the 30 June 2021 audit report.

Covid-19 related lockdowns in NSW and VIC throughout Q1 FY22 caused many of our customers to be closed and led to lower usage fees and set-up fees due to a slowdown of new sales, all of which impacted the revenue in Q1 FY22.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have been included in the Chair and CEO's report preceding this report.

Environmental regulation

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

Information on Directors

Name:	Klaus Bartosch
Title:	Executive Director and Chief Executive Officer (Resigned as Managing Director and CEO on 29 March 2021 and re-appointed as Executive Director on 25 May 2021. Reappointed CEO on 2 June 2021)
Qualifications:	Klaus holds an AD in Civil Engineering obtained from the South East Queensland University. Klaus is a Member of the Australian Institute of Company Directors.
Experience and expertise:	Klaus is an experienced company executive in both publicly listed and private companies and brings extensive expertise in the development and operation of large consumer focused online search and appointment booking engines, websites and aggregators. Klaus has been instrumental in the development of the Company's strategy and the formation of the Board and executive team. Klaus was the executive Chair of the Company from 16 December 2011 until 20 September 2013, at which time he accepted the appointment as managing director. Klaus was a founding executive and founding shareholder in CloudTech Group and Virtual Ark, where he led a global team in marketing cloud based services to enterprise consumers, and which was recognised in 2011 as a Gartner Cool Vendor. Klaus was formerly Sales and marketing director for the then publicly listed Hostworks Limited that was acquired by Broadcast Australia (then a part of the Macquarie Group) in 2007. During his tenure at Hostworks, the company was responsible for the management of the online systems for many leading online brands including wotif.com, seek.com, carsales.com.au, realestate.com.au, graysonline.com, ticketek.com, SBS.com.au, ninemsn.com.au, and ten.com.au. In previous roles, Klaus has served as the chief executive officer and has held various senior executive roles for major multi-national companies in the information technology industry.
Other current directorships:	Ngigto Pty Ltd, Melanoma Patients Australia (as at 5th July 2021)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee
Interests in shares:	4,064,940
Interests in options:	10,276,386 (Plus 12,800,000 Plan Options at an exercise price of \$0.022 (subject to shareholder approval))
Name:	Stephe Wilks
Title:	Non-Executive Director (Appointed 25 May 2021) and Chair (Appointed 2 June 2021)
Qualifications:	BSc LLM
Experience and expertise:	Stephe is an active non-executive Director on the Board of several public and private companies, with a particular emphasis on technology, governance, corporate finance and M&A. Stephe is Chair of Over the Wire Holdings Limited (ASX:OTW), and non-executive director of ASX listed BluGlass Limited (ASX:BLG) and Interactive Pty Limited. Stephe has extensive corporate finance, CEO, senior management and operational experience, particularly in the Australian and US markets, building on earlier work for telcos in the UK, Australia and the Asia Pacific region. He previously held roles as diverse as Chief Operating Officer of an aggressive wireless broadband infrastructure company, Consulting Director of NM Rothschild & Sons, and COO of Nextgen Networks.
Other current directorships:	BluGlass Limited, Over the Wire Holdings Limited
Former directorships (last 3 years):	Speedcast International Limited, DataDot Technology Limited, Brainchip Holdings Limited
Special responsibilities:	Chair, member of Audit and Risk Committee
Interests in shares:	Nil
Interests in options:	Nil

Name: Magali Azema-Barac
Title: Non-Executive Director (Appointed 2 June 2021)
Qualifications: Magali is a graduate of the AICD, a Chartered Financial Analyst (CFA), and has a PhD in Artificial Intelligence from University College London and a Masters in Robotics & Computer Science from University Paul Sabatier, Toulouse, France.
Experience and expertise: Magali is a highly analytical global executive with expertise in finance and technology. She has delivered strong performance through vigorous and open collaborative exchanges with her peers, having worked in a range of organisations such as PineBridge Investments (Australia), AIG (US), Citibank and Warburg (UK)
Other current directorships: Total Risk Management (TRM) Pty Limited
Former directorships (last 3 years): None
Special responsibilities: Chair of the Audit and Risk Committee
Interests in shares: Nil
Interests in options: Nil

Name: Michael Emmett
Title: Non-Executive Director (Resigned 25 May 2021)
Experience and expertise: Mike is Chief Executive Officer and Managing Director at AUB Group an ASX-listed provider of insurance broking, underwriting and risk services in Australia and New Zealand. He is also a Non-Executive Director of Gold Coast SUNS Football Club. Prior to this Mike was Group CEO for Cover-More, previously an ASX-listed global travel insurer and now part of the Zurich Group. Mike also held senior roles in Australia at QBE as Group Executive, Operations and at EY leading the Financial Services Advisory business. Before moving to Australia, Mike spent several years working in London including at IBM leading the Insurance and Banking consulting teams and at Morse PLC (Application Services) as Managing Director. Mike's earlier career in South Africa included senior roles in consulting at IBM, Accenture and PricewaterhouseCoopers Australia.
Other current directorships: CEO and Managing Director of AUB Group (ASX: AUB)
Former directorships (last 3 years): Nil
Interests in shares: 7,041,666
Interests in options: 500,000

Name: Louise McElvogue
Title: Non-Executive Director (Appointed 1 September 2020 and resigned 25 May 2021) and Interim CEO (Appointed 31 March 2021 and resigned 25 May 2021)
Qualifications: Louise holds a BA, MA and FAICD
Experience and expertise: Louise is experienced in building digital businesses, leading innovation and managing risk for boards, corporates and start-ups globally. She is an Industry Professor, Data and Digital at the UTS Business School and a Fellow of the Australian Institute of Company Directors. Louise's board roles include the government's health information service Healthdirect.

From streaming video to utilities and banking applications, Louise has led more than 30 digital products over two decades in the US, Europe and Australia, working on consumer digital applications, business change and growth strategies for companies including McDonald's, British Gas, News Corp and the BBC.
Other current directorships: WhiteHawk Limited (ASX: WHK)
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: Nil
Interests in options: 500,000

Name: Trevor Matthews
Title: Non-Executive Chair (Resigned 17 November 2020)
Qualifications: Trevor holds a Master of Arts degree in Actuarial Studies from Macquarie University. Trevor is a Fellow of both the Institute of Actuaries of Australia and the Institute and Faculty of Actuaries in the United Kingdom. Trevor is also a Fellow of the Australian Institute of Company Directors.
Experience and expertise: Trevor has more than 40 years' experience in the financial services industry in Australia, North America, Asia and Europe. He is currently a board member of Bupa Australia and New Zealand, AMP Life, Resolution Life Australia, Edelweiss Tokio Life and Chair of the State Insurance Regulatory Authority, FNZ Asia Pacific, and CMC Markets Australia. He was previously a Board member of AMP Limited, AMP Bank and an executive director of Aviva Plc, a leading global life and general insurer and Chair of the UK and French businesses. Prior to that, he held CEO level positions in life and general insurance companies in the UK, Japan, Canada and Australia. Trevor has been a commissioner of the UK Commission for Employment and Skills, Chair of the Financial Services Skills Council in the United Kingdom, President of the Chartered Insurance Institute and Institute of Actuaries of Australia and has served on the boards of several national life industry associations.
Other current directorships: None
Former directorships (last 3 years): AMP Limited (ASX: AMP)
Special responsibilities: Chair of the Board; Member of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee
Interests in shares: 10,000,000
Interests in options: Nil

Name: Paul Welch
Title: Non-Executive Director (Appointed 1 March 2018 and resigned 1 September 2020) and Chair (Appointed 1 September 2020 and resigned 25 May 2021)
Experience and expertise: Paul has extensive commercial experience in the technology sector having advised a broad array of growing and established businesses in Australia and Silicon Valley. Paul continues to advise a number of businesses and entrepreneurs in both a governance and advisory capacity. Paul is also a practicing solicitor, a Fellow of the Governance Institute of Australia and a Member of the Society of Trust and Estate Planners. Paul is Chief Executive Officer of JR Richards & Sons, a waste management business. Paul was previously a partner at PricewaterhouseCoopers Australia, Baker McKenzie and Deloitte Australia.
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chair of the Audit and Risk Committee
Interests in shares: 666,666
Interests in options: 500,000

Name: Ross McCreath
Title: Non-Executive Director (Appointed 25 May 2021 and resigned 2 June 2021)
Qualifications: GAICD, FCPA, BEc (Accounting)
Experience and expertise: Ross is a CPA & AICD Qualified senior executive with 35 years' experience across a broad range of industries. He has worked as a senior executive and director as well advised and consulted for a range technology and digital businesses including as acting CFO for 1st Group on its IPO and subsequent acquisitions, as CFO for Australis Media, WIN Corporation, Southern Star Group and Oovvuu and as a Director of Quickflix and a range of private scale-ups.
Other current directorships: Nil
Former directorships (last 3 years): None
Interests in shares: 442,114 (Indirect via Navigator Australia Limited)
Interests in options: Nil

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

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

Company secretary

Andrew Whitten held the role of company secretary between 18 September 2012 and 3 June 2021.

Elizabeth Spooner has been appointed as the company secretary since 3 June 2021.

Andrew is an admitted solicitor, professional company Director, investor and advisor.

Andrew is currently the company secretary for Hipages Group Holdings Limited (ASX:HPG) and a Non-Executive Director of Appsvillage Australia Limited (ASX:APV) and Tinybeans Group Limited (ASX:TNY). He has been involved in numerous corporate and investment transactions including IPOs on the ASX and NSX, corporate reconstructions, reverse mergers and takeovers over two decades.

Andrew holds a Bachelor of Arts (Economics, UNSW); Master of Laws and Legal Practice (Corporate Finance and Securities Law, UTS); Graduate Diploma in Applied Corporate Governance from the Governance Institute and is an elected Associate of that institute.

Elizabeth is an experienced governance and compliance professional who works closely with a number of boards of both listed and unlisted public companies in her role at Automic.

She holds a double degree in Bachelor of Business Administration and Bachelor of Arts majoring in Human Resources, and a Graduate Diploma of Applied Corporate Governance from the Governance Institute. Elizabeth is in the final stages of completing her Juris Doctor degree from Australian National University.

She is an Associate of the Governance Institute of Australia, a Member of the Australian Institute of Company Directors, a Member of the Australian HR Institute and a NSW Justice of the Peace. Prior to joining Automic, Elizabeth worked with a provider of outsourced governance services and supported a number of listed companies in addition to other public, private and not-for-profit entities.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board Attended	Full Board Held	Nomination and Remuneration Committee* Attended/Held	Audit and Risk Committee Attended	Audit and Risk Committee Held
Trevor Matthews	4	4	-	-	-
Klaus Bartosch	8	8	-	-	-
Stephe Wilks	2	2	-	-	-
Paul Welch	8	8	-	-	-
Mike Emmett	8	8	-	-	-
Louise McElvogue	6	6	-	-	-
Ross McCreath	1	1	-	-	-
Magali Azema-Barac	2	2	-	-	-

Held: represents the number of meetings held during the time the Director held office.

* The Board considered nomination and remuneration matters in a full session of the Board.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

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

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

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

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

Non-Executive Directors remuneration

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

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

The annual Non-Executive Directors' fees currently agreed to be paid are \$150,000 to the Chair and \$60,000 for other Non-Executive Directors, plus statutory superannuation. The Non-Executive Directors' have offered to receive options in lieu of part or all of their salary entitlement, subject to approval at the next AGM. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules.

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

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

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

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

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

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

Variable remuneration

The short-term incentives ('STI') program is designed to align the financial performance of the Group to executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPIs') being achieved. KPIs include earnings before interest, tax, depreciation and amortisation ('EBITDA'), closing monthly recurring revenue ('MRR') at the end of the reporting period and closing average monthly transaction revenue ('AMTR') at the end of the reporting period. The performance against KPI targets for the previous year were assessed and the resulting partial payments of the eligible STI were made in July and August 2019. No STI awards were granted in respect of the financial year ending 30 June 2021.

Long term incentives ('LTI')

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

LTI grants to KMP are delivered in the form of share options. The options are issued at an exercise price determined by the Board at the time of issue. The exercise price is usually set at or above the current 30 day volume weighted average price ('VWAP') in order to link the benefit to the creation of shareholder value.

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

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

No LTI grants were made in respect of the financial year.

Use of remuneration consultants

During the financial year ended 30 June 2021, the Group did not engage any remuneration consultants.

Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')

At the 2019 AGM, 99.1% of the votes received supported the adoption of the remuneration report for the year ended 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the Directors and the following Employees of 1st Group Limited:

- Joel Reynolds - Chief Technology Officer (Resigned 23 April 2021)
- Richard Rogers - Chief Financial Officer

	Short-term benefits			Post-employment benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary*	Super-annuation	Shares	Options	
30 June 2021	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Trevor Matthews	22,857	-	-	2,171	-	-	25,028
Louise McElvogue	126,993	-	-	2,189	-	-	129,182
Paul Welch	61,413	-	-	5,834	-	-	67,247
Michael Emmett	46,021	-	-	4,372	-	-	50,393
Stephe Wilks	5,068	-	10,137	-	-	-	15,205
Magali Azema-Barac	-	-	4,767	-	-	-	4,767
<i>Executive Directors:</i>							
Klaus Bartosch	319,848	-	-	30,386	-	-	350,234
<i>Other Key Management Personnel:</i>							
Joel Reynolds	239,860	-	-	15,476	-	-	255,336
Richard Rogers	240,000	-	-	22,800	-	-	262,800
	1,062,060	-	14,904	83,228	-	-	1,160,192

* Salary and fees paid in options.

	Short-term benefits			Post-employment benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Shares	Options	
30 June 2020	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Trevor Matthews	60,000	-	-	5,700	-	-	65,700
Paul Welch	40,000	-	-	3,800	-	1,035	44,835
Michael Emmett	40,000	-	-	3,800	-	5,721	49,521
<i>Executive Directors:</i>							
Klaus Bartosch	270,000	-	-	25,650	-	43,563	339,213
<i>Other Key Management Personnel:</i>							
Joel Reynolds	197,000	-	-	18,715	-	15,945	231,660
Richard Rogers	240,000	-	-	25,175	-	11,969	277,144
	847,000	-	-	82,840	-	78,233	1,008,073

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<i>Non-Executive Directors:</i>						
Trevor Matthews	100%	100%	-	-	-	-
Louise McElvogue	100%	-	-	-	-	-
Paul Welch	100%	98%	-	-	-	2%
Michael Emmett	100%	88%	-	-	-	12%
Stephe Wilks	100%	-	-	-	-	-
Magali Azema-Barac	100%	-	-	-	-	-
<i>Executive Directors:</i>						
Klaus Bartosch	100%	87%	-	-	-	13%
<i>Other Key Management Personnel:</i>						
Joel Reynolds	100%	93%	-	-	-	7%
Richard Rogers	100%	96%	-	-	-	4%

Service agreements

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

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Klaus Bartosch
Title: Managing Director and Chief Executive Officer ('CEO')
Agreement commenced: 1 June 2021
Term of agreement: Ongoing
Details: The CEO receives fixed remuneration of \$360,000, plus statutory superannuation. He is eligible to receive a STI of up to 50% of fixed remuneration subject to the achievement of key performance indicators, as agreed at the beginning of each financial year. Either party may terminate the contract by giving 12 months' notice in writing. In case of termination of employment (without cause), the CEO is entitled to pro-rata STI for the year. All LTI that remains unvested at the end of the notice period will lapse. In case of termination of employment (with cause), STI is not awarded and all unvested LTI will lapse immediately.

Under the terms contained in Mr Bartosch's letter of appointment as CEO, Mr Bartosch's remuneration will be paid partly in options and partly in cash with the option component subject to shareholder approval.

Subject to shareholder approval, the Company has agreed the Mr Bartosch's remuneration will be paid partly as options in the Company, which would be issued in the name of Ngigto Pty Ltd atf The Melrose Discretionary Trust. 12,800,000 Plan options at an exercise price of \$0.022 will be issued subject to shareholder approval.

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

Name: Joel Reynolds (Resign 23 April 2021)
Title: Chief Technology Officer ('CTO')
Agreement commenced: 6 July 2015
Term of agreement: Ongoing
Details: The CTO receives a fixed remuneration of \$239.860, plus statutory superannuation. He is eligible to receive an STI of up to 25% of fixed remuneration subject to the achievement of key performance indicators, to be determined at the discretion of the Board. The Company may terminate the contract by giving three months' notice in writing. The CTO may terminate the contract by providing eight weeks' notice. In case of termination of employment (without cause), the CTO is entitled to pro-rata STI for the year. All LTI that remains unvested at the end of the notice period will lapse. In case of termination of employment (with cause), STI is not awarded and all unvested LTI will lapse immediately.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options

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

Grant date	Particulars	Expiry date	Exercise price	Fair value per option at grant date
19/06/2014	1/3 vest in equal annual instalments	01/06/2024	\$0.23	\$0.148
30/06/2014	1/3 vest in equal annual instalments	01/06/2024	\$0.23	\$0.020
27/10/2014	1/6 vested on grant date. Remaining 5/6 vest in equal half year instalments	27/10/2024	\$0.23	\$0.159
05/12/2014	1/6 vested on grant date. Remaining 5/6 vest in equal half year instalments	01/01/2024	\$0.23	\$0.159
24/02/2015	1/4 vested on grant date. Remaining 3/4 vest over 3 years in equal annual instalments	24/02/2020	\$0.35	\$0.092
03/03/2015	Vested 3 months after grant date	03/03/2020	\$0.23	\$0.116
13/04/2015	1/3 vested on grant date. Remaining 2/3 vest over 3 years in equal annual instalments	13/04/2025	\$0.23	\$0.092
14/04/2015	1/3 vest in equal annual instalments	14/04/2025	\$0.35	\$0.092
17/09/2015	1/3 vest in equal annual instalments	17/09/2025	\$0.35	\$0.027
13/12/2016	1/3 vest in equal annual instalments	13/12/2021	\$0.11	\$0.020
03/08/2017	1/2 vest immediately, 1/2 vest in 12 months	03/08/2027	\$0.11	\$0.018
03/08/2017	1/2 vest in 24 months, 1/2 vest in 36 months	03/08/2027	\$0.15	\$0.021
29/11/2017	1/4 vested on grant date. Remaining 3/4 vest over 3 years in equal annual instalments	29/11/2022	\$0.11	\$0.021
29/11/2017	1/2 vest in 24 months, 1/2 vest in 36 months	29/11/2022	\$0.15	\$0.018
22/12/2017	1/3 vest in equal annual instalments	22/12/2022	\$0.11	\$0.019
12/12/2018	1/3 vest in equal annual instalments	12/12/2023	\$0.11	\$0.006
15/08/2019	1/3 vest in equal annual instalments	15/08/2024	\$0.11	\$0.034
15/11/2019	1/3 vest in equal annual instalments	19/11/2024	\$0.11	\$0.055
01/07/2019	Immediate vest	01/07/2022	\$0.06	\$0.029
02/01/2020	Immediate vest	02/01/2023	\$0.10	\$0.024

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

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Number of options granted during the year 30 June 2021	Number of options granted during the year 30 June 2020	Number of options vested during the year 30 June 2021	Number of options vested during the year 30 June 2020
Klaus Bartosch	-	3,000,000	2,000,000	-
Michael Emmett	-	500,000	-	-
Richard Rogers	-	1,000,000	999,999	-
Joel Reynolds	-	1,000,000	-	-
Louise McElvogue	500,000	-	-	-

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Other changes	Balance at the end of the year
<i>Ordinary shares</i>					
Trevor Matthews ¹	10,000,000	-	1,000,000	-	11,000,000
Richard Rogers	2,403,666	-	-	-	2,403,666
Klaus Bartosch	4,064,940	-	-	-	4,064,940
Joel Reynolds	341,177	-	-	-	341,177
Michael Emmett ²	7,041,666	-	-	-	7,041,666
Paul Welch ³	666,666	-	-	-	666,666
Louise McElvogue ⁴	-	-	-	-	-
Stephe Wilks ⁵	-	-	-	-	-
Ross McCreath ⁶	442,114	-	-	-	442,114
Magali Azema-Barac ⁷	-	-	-	-	-
	<u>24,960,229</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>25,960,229</u>

(1) Trevor Matthews resigned 17 November 2020.

(2) Michael Emmett resigned 25 May 2021.

(3) Paul Welch resigned 25 May 2021.

(4) Louise McElvogue was appointed as Non-Executive Director 1 September 2020 and resigned 25 May 2021.

(5) Stephe Wilks was appointed as Non-Executive Director 25 May 2021 and Chair 2 June 2021.

(6) Ross McCreath was appointed as Non-Executive Director 25 May 2021 and resigned 2 June 2021.

(7) Magali Azema-Barac was appointed as Non-Executive Director 2 June 2021.

Option holding

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Klaus Bartosch	10,276,386	-	-	-	10,276,386
Joel Reynolds	2,700,000	-	-	(2,700,000)	-
Paul Welch ³	500,000	-	-	(500,000)	-
Richard Rogers	2,000,000	-	-	-	2,000,000
Michael Emmett	500,000	-	-	(500,000)	-
Louise McElvogue ⁴	-	500,000	-	(500,000)	-
Stephe Wilks ⁵	-	-	-	-	-
Ross McCreath ⁶	-	-	-	-	-
Magali Azema-Barac ⁷	-	-	-	-	-
	<u>15,976,386</u>	<u>500,000</u>	<u>-</u>	<u>(4,200,000)</u>	<u>12,276,386</u>

(1) Trevor Matthews resigned 17 November 2020.

(2) Michael Emmett resigned 25 May 2021.

(3) Paul Welch resigned 25 May 2021.

(4) Louise McElvogue was appointed as Non-Executive Director 1 September 2020 and resigned 25 May 2021.

(5) Stephe Wilks was appointed as Non-Executive Director 25 May 2021 and Chair 2 June 2021.

(6) Ross McCreath was appointed as Non-Executive Director 25 May 2021 and resigned 2 June 2021.

(7) Magali Azema-Barac was appointed as Non-Executive Director 2 June 2021.

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
19/06/2014	01/06/2024	\$0.23	949,838
30/06/2014	01/06/2024	\$0.23	350,000
27/10/2014	27/10/2024	\$0.23	1,965,935
05/12/2014	01/01/2024	\$0.23	368,981
13/04/2015	13/04/2025	\$0.23	1,944,443
14/04/2015	14/04/2025	\$0.35	110,000
17/09/2015	17/09/2025	\$0.35	155,000
29/11/2017	29/11/2022	\$0.11	2,000,000
29/11/2017	29/11/2022	\$0.15	2,000,000
22/12/2017	22/12/2022	\$0.11	1,925,000
12/12/2018	12/12/2023	\$0.11	1,200,000
15/08/2019	15/08/2024	\$0.11	1,000,000
15/11/2019	19/11/2024	\$0.11	3,000,000
01/07/2019	01/07/2022	\$0.06	713,413
02/01/2020	02/01/2023	\$0.10	142,850
			<u>17,825,460</u>

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

Shares issued on the exercise of options

There were no ordinary shares of 1st Group Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of PKF(NS) Audit & Assurance Limited Partnership

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

Auditor's independence declaration

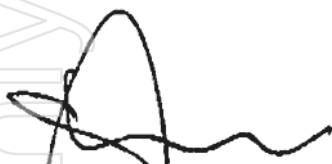
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

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

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

On behalf of the Directors



Stephen Wilks
Chair

29 October 2021
Sydney



Klaus Bartosch
Executive Director & CEO

For personal use only

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

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of 1st Group Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



PKF



PAUL PEARMAN
PARTNER

29 OCTOBER 2021
SYDNEY, NSW

1st Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021



	Note	Consolidated 30 June 2021 \$	30 June 2020 \$
Revenue	5	5,446,876	4,950,003
Expenses			
Loss on disposal of assets	6	(26,068)	(812)
Advertising and marketing expenses		(468,767)	(1,251,699)
Professional and consulting fees		(673,246)	(629,127)
Operations and administration expenses		(3,088,806)	(3,450,342)
Employee benefits		(4,274,668)	(4,337,651)
Depreciation and amortisation expenses	6	(172,480)	(159,108)
Impairment of assets	12	(3,187,153)	-
Finance costs	6	(203,832)	(164,808)
Loss before income tax benefit		(6,648,144)	(5,043,544)
Income tax benefit	7	179,435	36,504
Loss after income tax benefit for the year attributable to the owners of 1st Group Limited	19	(6,468,709)	(5,007,040)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of 1st Group Limited		<u>(6,468,709)</u>	<u>(5,007,040)</u>
		Cents	Cents
Basic earnings per share	33	(1.52)	(1.28)
Diluted earnings per share	33	(1.52)	(1.28)

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

	Note	Consolidated 30 June 2021 \$	30 June 2020 \$
Assets			
Current assets			
Cash and cash equivalents	8	235,994	2,053,926
Trade and other receivables	9	592,146	487,330
Inventories		-	7,146
Income tax claim receivable	7	23,670	23,670
Other	10	647,185	598,001
Total current assets		<u>1,498,995</u>	<u>3,170,073</u>
Non-current assets			
Property, plant and equipment	11	40,300	89,228
Intangibles	12	8,148	3,328,791
Total non-current assets		<u>48,448</u>	<u>3,418,019</u>
Total assets		<u>1,547,443</u>	<u>6,588,092</u>
Liabilities			
Current liabilities			
Trade and other payables	13	2,030,225	2,220,280
Employee benefits		221,367	165,140
Total current liabilities		<u>2,251,592</u>	<u>2,385,420</u>
Non-current liabilities			
Borrowings	14	3,250,000	1,491,870
Derivative financial instruments	15	-	58,130
Deferred tax	16	-	179,435
Employee benefits		39,566	39,762
Total non-current liabilities		<u>3,289,566</u>	<u>1,769,197</u>
Total liabilities		<u>5,541,158</u>	<u>4,154,617</u>
Net assets/(liabilities)		<u>(3,993,715)</u>	<u>2,433,475</u>
Equity			
Issued capital	17	32,577,175	32,577,175
Reserves	18	2,617,269	2,575,750
Accumulated losses	19	<u>(39,188,159)</u>	<u>(32,719,450)</u>
Total equity/(deficiency)		<u>(3,993,715)</u>	<u>2,433,475</u>

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

1st Group Limited
Statement of changes in equity
For the year ended 30 June 2021



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	28,383,399	2,459,867	(27,712,410)	3,130,856
Loss after income tax benefit for the year	-	-	(5,007,040)	(5,007,040)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,007,040)	(5,007,040)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 17)	4,193,776	-	-	4,193,776
Share-based payments (note 34)	-	115,883	-	115,883
Balance at 30 June 2020	<u>32,577,175</u>	<u>2,575,750</u>	<u>(32,719,450)</u>	<u>2,433,475</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2020	32,577,175	2,575,750	(32,719,450)	2,433,475
Loss after income tax benefit for the year	-	-	(6,468,709)	(6,468,709)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(6,468,709)	(6,468,709)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 34)	-	41,519	-	41,519
Balance at 30 June 2021	<u>32,577,175</u>	<u>2,617,269</u>	<u>(39,188,159)</u>	<u>(3,993,715)</u>

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

	Note	Consolidated	30 June 2021	30 June 2020
		\$	\$	\$
Cash flows from operating activities				
Receipts from customers (inclusive of GST)		5,592,774	4,932,681	
Payments to suppliers and employees (inclusive of GST)		(8,948,332)	(9,197,580)	
Interest paid		(200,262)	(132,031)	
Interest received		435	2,158	
Government grant – Cashflow boost		62,000	50,000	
Net cash used in operating activities	31	<u>(3,493,385)</u>	<u>(4,344,772)</u>	
Cash flows from investing activities				
Payments for property, plant and equipment	11	<u>(24,547)</u>	<u>(83,471)</u>	
Net cash used in investing activities		<u>(24,547)</u>	<u>(83,471)</u>	
Cash flows from financing activities				
Proceeds from convertible notes facility		1,700,000	(350,000)	
Proceeds from issue of shares, net of transaction costs		-	4,059,483	
Net cash from financing activities		<u>1,700,000</u>	<u>3,709,483</u>	
Net decrease in cash and cash equivalents		(1,817,932)	(718,760)	
Cash and cash equivalents at the beginning of the financial year		<u>2,053,926</u>	<u>2,772,686</u>	
Cash and cash equivalents at the end of the financial year	8	<u><u>235,994</u></u>	<u><u>2,053,926</u></u>	

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

Note 1. General information

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

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

Registered office

C/o Automic Group
Level 5, 126 Phillip Street
Sydney, NSW 2000

Principal place of business

Level 3/1-9 Buckingham Street
Surry Hills
Sydney, NSW 2010

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 October 2021. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The 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 Group:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Group has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

Going concern

For the financial year the group made a loss \$6,468,709 (2020: \$5,007,040) and had net operating cash outflow of \$3,493,385 (2020: \$4,344,772). These conditions give rise to a material uncertainty which may cast doubt over the Group's ability to continue as a going concern.

The Directors have reviewed the Group's profit and loss forecast for FY22, and the 15-month cash flow forecast for the period 1 July 2021 to 30 September 2022.

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

Forecast methodology

Revenues have been assessed in three broad sub-categories.

Organic revenue growth has been assessed for the 4 main revenue types across each of the 3 brands operated by the company. These revenues have been trended in line with historic monthly increases (excluding large or unusual deals).

Note 2. Significant accounting policies (continued)

Onboarding of practitioners related to previously won large deals. These have been individually assessed for both the timing of the commencement of rollouts to practitioners and the likely speed of onboarding assessed for each of the large customers involved. Particular assessment has been made for St Vincents Health rollout beyond NSW into QLD and VIC, Cabrini Hospital Group and Resmed Sleep Centres.

New deals recently signed or yet to be signed, have been assessed based on the proposed execution plan for each customer. Includes the rollout of our Buy-Now-Pay-Later partnerships to practitioners within the merchants of each BNPL partner. Several other large new customer programs have been assessed and included where discussions of our proposal are at an advanced stage in terms of timing and extent of the rollout to practices under these deals. A contingency has been included to reduce the sum total of all these new deals by a weighting of 50%.

Operating costs have been based on recent historic trends with expenses in line with actuals from the first quarter of FY22.

The cashflows have been modelled based on the relationship to operating profit, based on the history of receipts compared to revenue and the history of payments compared to outflows in recent years.

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

Sensitivities to the forecast have been considered, including revenue scenarios where the year on year growth is reduced by half or 100% compared to that included in the forecast. Trade payables have been modelled in line with previous experience including managing certain suppliers using agreed payment plans where necessary to more closely align payments to the timing of customer receipts. The impact of these scenarios in conjunction with the contingency applied to new deals, is more than previous forecast deviation and accommodate the potential for slippage in timing of major new revenues. Recent trading results including the first quarter of FY22 and the past and potential impacts of Covid have also been considered in assessing the potential for any downside to the forecasted revenue growth.

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

- As a Company listed on Australian Securities Exchange, the Directors are confident the Group will have the ability to raise capital in the future, if required;
- The Group has undrawn credit lines at the signing date of \$200,000. Refer to note 14 for further details;
- The January 2021 agreement extended the credit facility and extended maturity dates for previously drawn amounts. John has extended repayments arising from the January 2021 extension, to 12 months beyond the signing date of the 30 June 2021 audit report;
- The Group raised \$1.26 million (before costs) via an entitlement offer which closed in September 2021; and
- The Group is confident of securing additional credit lines on similar terms to the existing one as needed, should the Group's revenue and gross profit be materially negatively impacted by the future path of the COVID-19 pandemic and/or should working capital shortfalls arise during the forecast period

The Directors are confident in the Group's ability to achieve the forecasts or cover any shortfall to them and have, therefore, concluded that it is appropriate to adopt, and have adopted, the going concern basis in preparing the consolidated financial statements. The Directors are of the view that the Group will be able to pay its debts as and when they become due from net cash from operating activities and from existing funds on hand.

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

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

Note 2. Significant accounting policies (continued)

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

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 1st Group Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. 1st Group Limited and its subsidiaries as outlined in note 29 together, are referred to in these financial statements as the 'Group'.

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

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

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

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

Operating segments

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

Revenue recognition

The Group recognises revenue as follows:

Subscription fees

Subscription fees are recognised as revenue when the service has been provided, in accordance with the terms and conditions of the subscription agreement.

Note 2. Significant accounting policies (continued)

Usage fees (recalls, SMS and booking fees)

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

Advertising revenue

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

Setup and customisation

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

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.

Other revenue

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

Income tax

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Property, plant and equipment

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

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

Leasehold improvements	5 years
Plant and equipment	5 years
Computer equipment	4 years

Note 2. Significant accounting policies (continued)

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

Intangible assets

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

Goodwill

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

Patents and trademarks

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

Customer contracts

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

Software

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

Technology

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

Impairment of non-financial assets

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

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

Trade and other payables

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

Note 2. Significant accounting policies (continued)

Borrowings

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

Finance costs

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either 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 Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

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

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

Note 2. Significant accounting policies (continued)

If equity-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.

Fair value measurement

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

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

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

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

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

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

Diluted 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.

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.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. There are no standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities and revenue. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

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

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Allowance for expected credit losses

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

Fair value measurement hierarchy

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

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

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

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. An impairment write down was made during the year as outlined in note 12.

Income tax

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

Recovery of deferred tax assets

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

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Directors have determined that there is one operating segment identified and located in Australia. The information reported to the CODM is the consolidated results of the Group.

The segment result is as shown in the statement of profit or loss and other comprehensive income. Refer to statement of financial position for assets and liabilities.

Note 5. Revenue

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Sales revenue</i>		
Subscription fees	4,173,205	3,703,904
Usage fees (recalls, SMS and booking fees)	288,335	296,120
Advertising revenue	127,073	47,810
Setup and customisation	793,597	798,922
	<u>5,382,210</u>	<u>4,846,756</u>
<i>Other revenue</i>		
Interest	435	2,158
Other revenue	64,231	101,089
	<u>64,666</u>	<u>103,247</u>
Revenue	<u><u>5,446,876</u></u>	<u><u>4,950,003</u></u>

Note 6. Expenses

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	1,284	218
Plant and equipment	13,805	5,080
Computer equipment	23,901	20,273
Total depreciation	<u>38,990</u>	<u>25,571</u>
<i>Amortisation</i>		
Patents and trademarks	758	757
Customer contracts	132,732	132,732
Software	-	48
Total amortisation	<u>133,490</u>	<u>133,537</u>
Total depreciation and amortisation	<u>172,480</u>	<u>159,108</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	<u>203,832</u>	<u>164,808</u>
<i>Net loss on disposal</i>		
Net loss on disposal of property, plant and equipment	<u>26,068</u>	<u>812</u>
<i>Leases</i>		
Minimum lease payments	<u>-</u>	<u>133,988</u>
<i>Superannuation expense</i>		
Superannuation expense	<u>322,030</u>	<u>327,328</u>
<i>Share-based payments expense</i>		
Share-based payments expense	<u>41,519</u>	<u>115,883</u>

Note 7. Income tax

	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
<i>Income tax benefit</i>		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	<u>(179,435)</u>	<u>(36,504)</u>
Aggregate income tax benefit	<u>(179,435)</u>	<u>(36,504)</u>
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities	<u>(179,435)</u>	<u>(36,504)</u>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	<u>(6,648,144)</u>	<u>(5,043,544)</u>
Tax at the statutory tax rate of 26% (2020: 27.5%)	(1,728,517)	(1,386,975)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	34,510	36,501
Impairment of intangibles	785,266	-
Entertainment expenses	950	1,135
Legal expenses	4,940	5,866
Share-based payments	10,795	31,868
Sundry items	(11,100)	(13,850)
Deductible Blackhole expenditure	(32,029)	(69,928)
AASB 15 deferred income adjustment	<u>-</u>	<u>(31,657)</u>
Current year tax losses not recognised	(935,185)	(1,427,040)
Current year temporary differences not recognised	995,842	1,486,131
Deferred tax reversal of temporary differences	(60,657)	(59,091)
Adjustment to deferred tax liabilities due to change in tax rate	(169,647)	(36,504)
	<u>(9,788)</u>	<u>-</u>
Income tax benefit	<u>(179,435)</u>	<u>(36,504)</u>
	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>34,051,174</u>	<u>30,221,012</u>
Potential tax benefit @ 26%	<u>8,853,305</u>	<u>7,857,463</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 7. Income tax (continued)

	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Customer contracts and acquired technology platform	(179,435)	(179,435)
Deferred tax liability	<u>(179,435)</u>	<u>(179,435)</u>
Movements:		
Opening balance	(179,435)	(215,939)
Credited to profit or loss	179,435	36,504
Closing balance	<u>-</u>	<u>(179,435)</u>

	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
<i>Income tax claim receivable</i>		
Income tax claim receivable	<u>23,670</u>	<u>23,670</u>

Note 8. Current assets - cash and cash equivalents

	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
Cash at bank	<u>235,994</u>	<u>2,053,926</u>

Note 9. Current assets - trade and other receivables

	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
Trade receivables	658,128	522,227
Less: Allowance for expected credit losses	<u>(65,982)</u>	<u>(34,897)</u>
	<u>592,146</u>	<u>487,330</u>

Allowance for impairment of receivables

The consolidated entity has recognised a loss of \$50,319 (2020: \$24,613) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Note 9. Current assets - trade and other receivables (continued)

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

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	%	%	\$	\$	\$	\$
Not overdue	-	-	385,734	248,992	-	-
0 to 3 months overdue	-	-	200,650	224,890	-	-
3 to 6 months overdue	50%	50%	11,524	26,896	5,762	13,448
Over 6 months overdue	100%	100%	60,220	21,449	60,220	21,449
			<u>658,128</u>	<u>522,227</u>	<u>65,982</u>	<u>34,897</u>

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

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Opening balance	34,897	7,326
Additional provisions recognised	81,404	52,184
Receivables written off during the year as uncollectable	(50,319)	(24,613)
Closing balance	<u>65,982</u>	<u>34,897</u>

Trade receivables

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.

Note 10. Current assets - other

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Accrued revenue	368,215	330,633
Prepayments	234,869	223,267
Rental bonds	44,101	44,101
	<u>647,185</u>	<u>598,001</u>

Note 11. Non-current assets - property, plant and equipment

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Leasehold improvements - at cost	13,627	24,425
Less: Accumulated depreciation	<u>(13,627)</u>	<u>(12,343)</u>
	-	12,082
Plant and equipment - at cost	28,801	36,877
Less: Accumulated depreciation	<u>(28,801)</u>	<u>(14,996)</u>
	-	21,881
Computer equipment - at cost	124,840	115,904
Less: Accumulated depreciation	<u>(84,540)</u>	<u>(60,639)</u>
	40,300	55,265
	<u>40,300</u>	<u>89,228</u>

Reconciliations

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

Consolidated	Leasehold improvements \$	Plant and equipment \$	Computer equipment \$	Total \$
Balance at 1 July 2019	-	4,338	27,802	32,140
Additions	12,300	22,657	48,514	83,471
Disposals	-	(34)	(778)	(812)
Depreciation expense	<u>(218)</u>	<u>(5,080)</u>	<u>(20,273)</u>	<u>(25,571)</u>
Balance at 30 June 2020	12,082	21,881	55,265	89,228
Additions	-	689	15,441	16,130
Disposals	(10,798)	(8,765)	(6,505)	(26,068)
Depreciation expense	<u>(1,284)</u>	<u>(13,805)</u>	<u>(23,901)</u>	<u>(38,990)</u>
Balance at 30 June 2021	<u>-</u>	<u>-</u>	<u>40,300</u>	<u>40,300</u>

Note 12. Non-current assets - intangibles

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Goodwill - at cost	3,018,025	3,018,025
Less: Impairment	<u>(3,018,025)</u>	<u>(517,569)</u>
	-	2,500,456
Patents and trademarks - at cost	34,782	34,782
Less: Accumulated amortisation	(9,735)	(8,977)
Less: Impairment	<u>(16,899)</u>	<u>-</u>
	8,148	25,805
Customer contracts - at cost	1,400,007	1,400,007
Less: Accumulated amortisation	(880,209)	(747,477)
Less: Impairment	<u>(519,798)</u>	<u>-</u>
	-	652,530
Software - at cost	1,901	1,901
Less: Accumulated amortisation	<u>(1,901)</u>	<u>(1,901)</u>
	-	-
Technology platform - at cost	3,520,294	3,520,294
Less: Accumulated amortisation	<u>(3,520,294)</u>	<u>(3,520,294)</u>
	-	-
Technology under development - at cost	150,000	150,000
Less: Impairment	<u>(150,000)</u>	<u>-</u>
	-	150,000
	<u>8,148</u>	<u>3,328,791</u>

Reconciliations

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

Consolidated	Goodwill	Patents and trademarks	Customer contracts	Software	Technology platform	Technology under development	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	2,500,456	26,562	785,262	48	-	150,000	3,462,328
Amortisation expense	-	(757)	(132,732)	(48)	-	-	(133,537)
Balance at 30 June 2020	2,500,456	25,805	652,530	-	-	150,000	3,328,791
Impairment of assets	(2,500,456)	(16,899)	(519,798)	-	-	(150,000)	(3,187,153)
Amortisation expense	-	(758)	(132,732)	-	-	-	(133,490)
Balance at 30 June 2021	<u>-</u>	<u>8,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,148</u>

Impairment testing for goodwill

Goodwill acquired through business combinations have been allocated to the following cash generating units (CGU):

Note 12. Non-current assets - intangibles (continued)

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
CGU 1: Corporate and Government	-	2,500,375
CGU 2: Private Practice	-	81
Total goodwill	<u>-</u>	<u>2,500,456</u>

The recoverable amount of each CGU has been determined by a value-in-use calculation using a discounted cash flow model.

Key assumptions used for impairment assessment

- (a) 10.39% (2020:11.55%) pre-tax discount rate
- (b) Sales and direct cost of sales were forecast for a five year period, plus a terminal value based on current levels; and
- (c) Overheads were forecast based on current levels adjusted for inflationary increases.

Based on the above, an impairment charge of \$2,500,456 has been applied as the carrying amount of the Corporate and Government CGU exceed the recoverable amount. In addition, customer contracts of \$519,798 have been written down. This reflects the future result from a combination of the continuation of recent trends in changes to customers in the Corporate Government CGU, the movement of some customers from this CGU to our other CGU and to the future roadmap of investment in features in each of the CGUs.

Sensitivity analysis

Management have made judgements and estimates in respect of impairment testing for goodwill. Management believes that any reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the recoverable amount to exceed the CGU carrying amount.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Trade payables	892,337	950,061
Accrued expenses	638,069	785,477
BAS payable	188,628	117,795
Other payables	311,191	366,947
	<u>2,030,225</u>	<u>2,220,280</u>

Refer to note 21 for further information on financial instruments.

Note 14. Non-current liabilities - borrowings

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Convertible notes payable	<u>3,250,000</u>	<u>1,491,870</u>

Refer to note 21 for further information on financial instruments.

Note 14. Non-current liabilities - borrowings (continued)

The credit standby arrangements relate to a facility originally of \$2 million, with a cornerstone shareholder investor Mr John Plummer.

On 19 August 2019, the Group reduced and extended its previous convertible note loan facility provided by Mr Plummer on new and more favourable terms. The key terms include:

- Note extended to 1 August 2021 for drawdown;
- Line fee reduced to 1% pa (from 2% pa);
- Interest rate of RBA Cash Rate plus 8.5% pa, therefore currently 8.6% per annum, payable quarterly in arrears;
- Agreement to renegotiate interest rate further downwards following the Company achieving a cash flow breakeven quarter and an additional rate reduction on delivering three consecutive cash flow positive quarters;
- Usual covenants for a facility of this nature and scope including: unsecured obligation, no debt subordination without consent, anti-dilution provisions; and
- Facility can be repaid in full or reduced at any time at the election of the Company.

In December 2020, the Group provided notice to Mr Plummer to draw down a further \$450,000 of the Standby facility.

In January 2021, the Group decided to increase the size of the convertible note facility with major shareholder John Plummer from \$2 million to \$4 million. The facility is a low cost of capital and has the same terms and has been extended to August 2022.

In February 2021, the Group provided notice to Mr Plummer to draw down a further \$300,000 of the Standby facility.

In March 2021, the Group provided notice to Mr Plummer to draw down a further \$150,000 of the Standby facility.

In April 2021, the Group provided notice to Mr Plummer to draw down a further \$200,000 of the Standby facility.

In May 2021, the Group provided notice to Mr Plummer to draw down a further \$200,000 of the Standby facility.

In June 2021, the Group provided notice to Mr Plummer to draw down a further \$400,000 of the Standby facility.

Accordingly, after these drawdowns were completed, the Group had \$750,000 remaining in the Standby facility. The Board appreciates John's ongoing support for 1st Group.

As outlined in the matters subsequent to the financial year, a further \$550,000 (\$200,000 in July 2021, \$150,000 in August 2021 and \$200,000 in September 2021) was drawn leaving \$200,000 currently undrawn. The shareholder entitlement offer also noted in the matters subsequent to the financial year section provided additional funding for the Group's activities. John has extended repayments arising from the January 2021 extension, to 12 months beyond the signing date of the 30 June 2021 audit report.

Financing arrangements

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

	Consolidated 30 June 2021	30 June 2020
	\$	\$
Total facilities		
Convertible notes	4,000,000	2,000,000
Used at the reporting date		
Convertible notes	3,250,000	1,550,000
Unused at the reporting date		
Convertible notes	750,000	450,000

Note 15. Non-current liabilities - derivative financial instruments

	Consolidated 30 June 2021	30 June 2020
	\$	\$
Derivative liability on convertible notes - at fair value	-	58,130

Note 16. Non-current liabilities - deferred tax

	Consolidated 30 June 2021	30 June 2020
	\$	\$
Deferred tax liability	-	179,435

Note 17. Equity - issued capital

	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	424,616,903	424,616,903	32,577,175	32,577,175

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2019	355,386,134	28,383,399
Placement	18 December 2019	69,230,769	4,500,000
Transaction costs		-	(306,224)
Balance	30 June 2020	424,616,903	32,577,175
Balance	30 June 2021	424,616,903	32,577,175

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.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 17. Equity - issued capital (continued)

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 18. Equity - reserves

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Share-based payments reserve	1,642,840	1,601,321
Acquisition reserve	974,429	974,429
	<u>2,617,269</u>	<u>2,575,750</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Acquisition reserve

The reserve is used to recognise equity benefits provided to the vendors on acquisition of subsidiaries. This includes fair value of shares and options which is expected to be converted into issued capital in the future.

Movements in reserves

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

Consolidated	Share based payment \$	Acquisition reserve \$	Total \$
Balance at 1 July 2019	1,485,438	974,429	2,459,867
Share-based payments expense	115,883	-	115,883
Balance at 30 June 2020	1,601,321	974,429	2,575,750
Share-based payments expense	41,519	-	41,519
Balance at 30 June 2021	<u>1,642,840</u>	<u>974,429</u>	<u>2,617,269</u>

Note 19. Equity - accumulated losses

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Accumulated losses at the beginning of the financial year	(32,719,450)	(27,712,410)
Loss after income tax benefit for the year	(6,468,709)	(5,007,040)
Accumulated losses at the end of the financial year	<u>(39,188,159)</u>	<u>(32,719,450)</u>

Note 20. Equity - dividends

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

Note 21. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

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

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

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

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	30 June 2021 Balance \$	30 June 2020 Balance \$
Consolidated		
Convertible notes payable	3,250,000	1,550,000
Cash at bank	(235,994)	(2,053,926)
	<u>3,014,006</u>	<u>(503,926)</u>
Net exposure to cash flow interest rate risk		

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

An official increase/decrease in interest rates of 50 (2020: 50) basis points would have a favourable/adverse effect on profit before tax of \$ 15,070. (2020: adverse/favourable \$2,520) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Liquidity risk

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

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

Note 21. Financial instruments (continued)

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	Consolidated
	30 June 2021	30 June 2020
	\$	\$
Convertible notes	<u>750,000</u>	<u>450,000</u>

Remaining contractual maturities

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

Consolidated - 30 June 2021	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	-	892,337	-	-	-	892,337
Other payables	-	311,191	-	-	-	311,191
<i>Interest-bearing - variable</i>						
Convertible notes payable	9.16%	279,500	3,417,700	-	-	3,697,200
Total non-derivatives		<u>1,483,028</u>	<u>3,417,700</u>	<u>-</u>	<u>-</u>	<u>4,900,728</u>

Consolidated - 30 June 2020	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	-	950,061	-	-	-	950,061
Other payables	-	366,947	-	-	-	366,947
<i>Interest-bearing - variable</i>						
Convertible notes payable	9.16%	135,625	1,604,688	-	-	1,740,313
Total non-derivatives		<u>1,452,633</u>	<u>1,604,688</u>	<u>-</u>	<u>-</u>	<u>3,057,321</u>

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

Fair value of financial instruments

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

Note 22. 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 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Derivative liability on convertible notes - at fair value	-	-	58,130	58,130
Total liabilities	-	-	58,130	58,130

There were no transfers between levels during the financial year.

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

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

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative liability on convertible notes - at fair value

The fair value was determined using a discount rate equal to the coupon rate currently 10% per annum plus an estimate of 2% per annum of additional coupon rate that would be required if the conversion option did not exist.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Derivative liability \$	Total \$
Balance at 1 July 2019	64,146	64,146
Decrease in drawn standby facility	(6,016)	(6,016)
Balance at 30 June 2020	58,130	58,130
Disposals	(58,130)	(58,130)
Balance at 30 June 2021	-	-

Note 23. Key management personnel disclosures

Compensation

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

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Short-term employee benefits	1,076,964	847,000
Post-employment benefits	83,228	82,840
Share-based payments	-	78,233
	<u>1,160,192</u>	<u>1,008,073</u>

Note 24. Remuneration of auditors

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

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
<i>Audit services - PKF(NS) Audit & Assurance Limited Partnership</i>		
Audit or review of the financial statements	65,000	-
<i>Audit services - Bentleys NSW Audit Pty Ltd</i>		
Interim audit FY21, interim and full year audit FY20	31,000	90,000
	-	-
<i>Other services - Bentleys NSW Pty Ltd</i>		
Tax Services	20,800	12,040
	<u>51,800</u>	<u>102,040</u>
	<u>116,800</u>	<u>102,040</u>

Note 25. Contingent liabilities

There were no contingent liabilities which would have a material effect on the Group's financial statements as at 30 June 2021 (30 June 2020: nil).

Note 26. Commitments

Consolidated
30 June 2021 30 June 2020
\$ \$

Lease commitments - operating

Committed at the reporting date but not recognised as liabilities, payable:

Within one year

- 141,350

Operating lease commitments includes contracted amounts for commercial leases under non-cancellable operating leases expiring within one year with options to extend. Operating leases with a commitment of less than 12 months from the end of the financial year and having an option to extend at that time, are not capitalised with a corresponding liability recorded under AASB 16 where there is significant doubt that the option will be exercised. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The Group terminated the office lease in April 2021 and has not entered into any new leases.

Note 27. Related party transactions

Parent entity

1st Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 28. Parent entity information

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

Statement of profit or loss and other comprehensive income

Parent
30 June 2021 30 June 2020
\$ \$

Loss after income tax

(6,847,433) (7,897,274)

Total comprehensive income

(6,847,433) (7,897,274)

Note 28. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2021	30 June 2020
	\$	\$
Total current assets	828,408	2,365,027
Total assets	5,719,075	7,455,381
Total current liabilities	15,911,793	12,626,037
Total liabilities	19,285,408	14,215,799
Equity		
Issued capital	32,577,175	32,577,175
Share-based payments reserve	1,642,840	1,601,321
Acquisition reserve	974,429	974,429
Accumulated losses	(48,760,777)	(41,913,344)
Total equity/(deficiency)	<u>(13,566,322)</u>	<u>(6,760,418)</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021.

Significant accounting policies

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

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

Note 29. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2021	30 June 2020
		%	%
Clinic Connect Pty Limited	Australia	100.00%	100.00%
DocAppointments.com.au Pty Limited	Australia	100.00%	100.00%
GObookings Systems Pty Limited	Australia	100.00%	100.00%

Note 30. Events after the reporting period

Matters or circumstances which have arisen since 30 June 2021 that have 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, include the entitlement offer closed in September which raised approximately \$1.26 million before costs as outlined in recent ASX announcements.

In addition, a further \$550,000 (\$200,000 in July 2021, \$150,000 in August 2021 and \$200,000 in September 2021) has been drawn from the standby facility leaving a balance of \$200,000 undrawn. Mr Plummer has extended repayments arising from the January 2021 loan extension to 12 months after the signing date of the 30 June 2021 audit report.

Covid-19 related lockdowns in NSW and VIC throughout Q1 FY22 caused many of our customers to be closed and led to lower usage fees and set-up fees due to a slowdown of new sales, all of which impacted the revenue in Q1 FY22.

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 30 June 2021	30 June 2020
	\$	\$
Loss after income tax benefit for the year	(6,468,709)	(5,007,040)
Adjustments for:		
Depreciation and amortisation	172,480	159,109
Net loss on disposal of property, plant and equipment	26,068	812
Share-based payments	41,519	115,883
Other non-cash transactions	8,418	134,291
Impairment of intangibles	3,187,153	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(104,816)	(117,738)
Increase in other operating assets	(42,039)	(254,196)
Increase/(decrease) in trade and other payables	(190,055)	601,346
Decrease in deferred tax liabilities	(179,435)	(36,504)
Increase in employee benefits	56,031	59,265
Net cash used in operating activities	<u>(3,493,385)</u>	<u>(4,344,772)</u>

Note 32. Changes in liabilities arising from financing activities

Consolidated	Convertible notes \$	Derivative liability \$	Total \$
Balance at 1 July 2019	1,835,854	64,146	1,900,000
Other changes	<u>(343,984)</u>	<u>(6,016)</u>	<u>(350,000)</u>
Balance at 30 June 2020	1,491,870	58,130	1,550,000
Other changes	<u>1,599,751</u>	<u>100,249</u>	<u>1,700,000</u>
Balance at 30 June 2021	<u>3,091,621</u>	<u>158,379</u>	<u>3,250,000</u>

Note 33. Earnings per share

	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
Loss after income tax attributable to the owners of 1st Group Limited	<u>(6,468,709)</u>	<u>(5,007,040)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>424,616,903</u>	<u>392,460,535</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>424,616,903</u>	<u>392,460,535</u>
	Cents	Cents
Basic earnings per share	(1.52)	(1.28)
Diluted earnings per share	(1.52)	(1.28)

Options have been excluded from the diluted earnings per share calculation as their inclusion would be anti-dilutive.

Note 34. Share-based payments

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

During the financial year 856,263 options were granted to TMT Partners for services provided (these were issued outside of the Plan) (2020: 6,500,000). The share-based payment expense for the year was \$61,381 (2020: \$96,021).

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

Note 34. Share-based payments (continued)

The balance of 17,825,460 options outstanding is made up of options issued under the Plan:2,840,000 and those issued at the discretion of the board:14,985,460.

30 June 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/06/2014	01/06/2024	\$0.23	1,199,838	-	-	(250,000)	949,838
30/06/2014	01/06/2024	\$0.23	350,000	-	-	-	350,000
27/10/2014	27/10/2024	\$0.23	1,965,935	-	-	-	1,965,935
05/12/2014	01/01/2024	\$0.23	368,981	-	-	-	368,981
13/04/2015	13/04/2025	\$0.23	1,944,443	-	-	-	1,944,443
14/04/2015	14/04/2025	\$0.35	360,000	-	-	(250,000)	110,000
17/09/2015	17/09/2025	\$0.35	155,000	-	-	-	155,000
13/12/2016	13/12/2021	\$0.11	500,000	-	-	(500,000)	-
03/08/2017	03/08/2027	\$0.15	600,000	-	-	(600,000)	-
03/08/2017	03/08/2027	\$0.11	600,000	-	-	(600,000)	-
29/11/2017	29/11/2022	\$0.11	2,000,000	-	-	-	2,000,000
29/11/2017	29/11/2022	\$0.15	2,000,000	-	-	-	2,000,000
22/12/2017	22/12/2022	\$0.11	2,125,000	-	-	(200,000)	1,925,000
12/12/2018	12/12/2023	\$0.11	1,700,000	-	-	(500,000)	1,200,000
15/08/2019	15/08/2024	\$0.11	2,000,000	-	-	(1,000,000)	1,000,000
15/11/2019	19/11/2024	\$0.11	3,500,000	-	-	(500,000)	3,000,000
01/07/2019	01/07/2022	\$0.06	-	713,413	-	-	713,413
02/01/2020	02/01/2023	\$0.10	-	142,850	-	-	142,850
			21,369,197	856,263	-	(4,400,000)	17,825,460
Weighted average exercise price			\$0.16	\$0.07	\$0.00	\$0.13	\$0.17

30 June 2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/06/2014	01/06/2024	\$0.23	1,199,838	-	-	-	1,199,838
30/06/2014	01/06/2024	\$0.23	350,000	-	-	-	350,000
27/10/2014	27/10/2024	\$0.23	1,965,935	-	-	-	1,965,935
05/12/2014	01/01/2024	\$0.23	368,981	-	-	-	368,981
24/02/2015	24/02/2020	\$0.35	1,000,000	-	-	(1,000,000)	-
03/03/2015	03/03/2020	\$0.23	2,000,000	-	-	(2,000,000)	-
13/04/2015	13/04/2025	\$0.23	1,944,443	-	-	-	1,944,443
14/04/2015	14/04/2025	\$0.35	360,000	-	-	-	360,000
17/09/2015	17/09/2025	\$0.35	155,000	-	-	-	155,000
13/12/2016	13/12/2021	\$0.11	500,000	-	-	-	500,000
03/08/2017	03/08/2027	\$0.15	600,000	-	-	-	600,000
03/08/2017	03/08/2027	\$0.11	600,000	-	-	-	600,000
29/11/2017	29/11/2022	\$0.11	2,000,000	-	-	-	2,000,000
29/11/2017	29/11/2022	\$0.15	2,000,000	-	-	-	2,000,000
22/12/2017	22/12/2022	\$0.11	2,275,000	-	-	(150,000)	2,125,000
12/12/2018	12/12/2023	\$0.11	1,700,000	-	-	-	1,700,000
15/08/2019	15/08/2024	\$0.11	-	3,000,000	-	(1,000,000)	2,000,000
15/11/2019	19/11/2024	\$0.11	-	3,500,000	-	-	3,500,000
			19,019,197	6,500,000	-	(4,150,000)	21,369,197
Weighted average exercise price			\$0.18	\$0.11	\$0.00	\$0.22	\$0.15

Note 34. Share-based payments (continued)

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

Grant date	Expiry date	30 June 2021 Number	30 June 2020 Number
19/06/2014	01/06/2014	949,838	1,199,838
30/06/2014	01/06/2024	350,000	350,000
27/10/2014	27/10/2024	1,965,935	1,965,935
05/12/2014	01/01/2024	368,981	368,981
13/04/2015	13/04/2025	1,944,443	1,944,443
14/04/2015	14/04/2025	110,000	360,000
17/09/2015	17/09/2020	155,000	155,000
13/12/2016	13/12/2021	-	500,000
03/08/2017	03/08/2027	-	300,000
03/08/2017	03/08/2027	-	600,000
29/11/2017	29/11/2022	4,000,000	3,000,000
22/12/2017	22/12/2022	1,925,000	1,533,330
12/12/2018	12/12/2023	800,000	566,667
01/07/2019	01/07/2022	713,413	-
15/08/2019	15/08/2024	333,333	-
15/11/2019	19/11/2024	1,000,000	-
02/01/2020	02/01/2023	142,850	-
		<u>14,758,793</u>	<u>12,844,194</u>

The weighted average share price during the financial year was \$0.040 (2020 \$0.046).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.5 years (2020: 4.0 years).

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



Stephen
Chair

29 October 2021
Sydney



Klaus Bartosch
Executive Director & CEO

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 1ST GROUP LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying Financial Report of 1st Group Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the Group comprising the Company and the entities it controlled at the year-end or from time to time during the financial year.

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

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the Financial Report, which describes that the Group has reported a loss for the financial year ended 30 June 2021 of \$6,468,709, negative net assets position of \$3,993,715 and net operating cash outflow of \$3,493,385. Due to these events and conditions, the matters described in Note 2 indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

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

1. Impairment of Intangibles

Why significant

For the year ended 30 June 2021, a total of \$3,187,153 impairment of assets was written off as disclosed in Note 13 of the Financial Report.

The Group's accounting policy in respect of intangibles is outlined in Note 2 and Note 13 including the significant judgement required assessing impairment of intangibles.

Accordingly, given the complexity of judgement in the assessing impairment indicators for intangibles, we have determined this to be a key audit matter.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Obtaining an understanding of management's assessment of significant judgements and estimates;
- Reviewing the impairment model prepared by management including discussing the assumptions and methodology applied and performing sensitivity analysis;
- Assessing the appropriateness of the related disclosures in Note 13.

Other Information

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

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

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Directors' Responsibilities for the Financial Report

The Directors of the Group are responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the Group Financial Report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of 1st Group Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

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



PKF



PAUL PEARMAN
PARTNER

29 OCTOBER 2021
SYDNEY, NSW

The shareholder information set out below was applicable as at 28 October 2021.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	37	-
1,001 to 5,000	19	-
5,001 to 10,000	88	-
10,001 to 100,000	782	6
100,001 and over	429	14
	<u>1,355</u>	<u>20</u>
Holding less than a marketable parcel	568	-

Equity security holders

Twenty largest quoted equity security holders

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

	Number held	Ordinary shares % of total shares issued
John Plummer	134,367,389	26.67
Moore Family Nominee Pty Ltd (Moore Family Super Fund A/C)	26,000,000	5.16
NJT Family Company Pty Limited (NJT Family A/C)	16,067,500	3.19
David Oakley	13,500,000	2.68
Facoory	11,600,000	2.30
Tom Love	11,400,000	2.26
Trevor Matthews	11,000,000	2.18
Mr Tony Gandel & Mrs Helen Gandel	10,381,057	2.06
Yucaja Pty Ltd (The Yoegiar Family A/C)	9,375,000	1.86
Rjm Luu Pty Ltd (Rick & Jeannie Luu Family Trust)	8,209,959	1.63
Towns Corporation Pty Ltd (PAE Family A/C)	7,527,500	1.49
Phil Miller	7,500,000	1.49
Rylimiro Pty Ltd (Romik A/C)	7,041,666	1.40
Walsh	6,464,852	1.28
Motio Ltd	6,384,166	1.27
Bartosch – All holdings	5,419,920	1.08
Outlook Drive Investments Pty Ltd	4,464,285	0.89
Scintilla Strategic Investments Limited	4,000,000	0.79
Exl Management Pty Ltd	3,723,386	0.74
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	3,576,513	0.71
	<u>308,003,193</u>	<u>61.14</u>

Unquoted equity securities

Name	Class	Number held
Ngigto Pty Ltd	Options over ordinary shares issued	7,051,386

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Mr John Charles Plummer	107,017,140	25.20
Moore Family Nominee Pty Ltd (Moore Family Super Fund A/C)	26,000,000	6.12

Voting rights

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

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Directors

Klaus Bartosch - Managing Director, CEO (Resigned as the Managing Director and CEO on 29 March 2021 and re-appointed as Executive Director on 25 May 2021. On 2 June 2021, the Company announced that Mr. Klaus Bartosch has been formally reappointed as CEO of the Company)
Stephe Wilks Non-Executive Director (Appointed 25 May 2021) and Chair (Appointed 2 June 2021)
Magali Azema-Barac Non-Executive Director (Appointed 2 June 2021)
Ross McCreath - Non-Executive Director (Appointed 25 May 2021 and resigned 2 June 2021)
Louise McElvogue - Non-Executive Director (Appointed 1 September 2020 and resigned 25 May 2021) and Interim CEO (Appointed 31 March 2021 and resigned 25 May 2021)
Paul Welch -Chair (Resigned 25 May 2021)
Trevor Matthews - Chair (Resigned 17 November 2020)
Michael Emmett - Non-Executive Director (Resigned 25 May 2021)

Company secretary

Andrew Whitten (up to 3 June 2021)
Elizabeth Spooner (from 3 June 2021)

Registered office

Automic Group
Level 5, 126 Phillip Street
Sydney, NSW 2000

Principal place of business

Level 3/1-9 Buckingham Street
Surry Hills
Sydney, NSW 2010

Share register

Automic Registry Services
Level 5, 126 Phillip Street
Sydney, NSW 2000

Auditor

PKF(NS) Audit & Assurance Limited
Level 8, 1 O'Connell Street
Sydney, NSW 2000

Solicitors

Automic Legal Pty Ltd (An Automic Group company)
Level 5, 126 Phillip Street
Sydney, NSW 2000

Stock exchange listing

1st Group Limited shares are listed on the Australian Securities Exchange (ASX code: 1ST)

Website

<http://www.1stgrp.com>

Corporate Governance Statement

The Corporate governance statement which will be approved at the same time as the Annual Report can be found at <https://www.1stgrp.com/investor-info>