

Future First Technologies Ltd
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Future First Technologies Ltd
ABN:	50 164 718 361
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	9.8% to	3,754,279
Revenues from continuing operations	up	22.8% to	3,674,289
Loss from ordinary activities after tax attributable to the members of Future First Technologies Ltd	down	40.0% to	(8,627,284)
Loss from continuing operations after tax attributable to the members of Future First Technologies Ltd	down	30.8% to	(8,494,458)
Loss for the year attributable to the members of Future First Technologies Ltd	down	40.0% to	(8,627,284)
		2023	2022
		Cents	Cents
Basic earnings per share		(1.25)	(2.84)
Diluted earnings per share		(1.25)	(2.84)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$8,627,284 (30 June 2022: \$14,367,591).

Future First Technologies Ltd
Appendix 4E
Preliminary final report

Our statutory accounts report a loss after income tax of \$8,627,284. This loss contains \$7,221,803 of non-cash impairment to intangibles, \$581,812 of non-cash depreciation and amortisation and \$183,800 of non-cash share-based payments. In addition, all costs incurred during the current period associated with research and development have been expensed through the statement of profit or loss.

The impairment of intangibles relates to a charge of \$5,310,014 for goodwill and software from the shutdown of the operations of the EagleSoft business which no longer has income or future cash flows. An impairment to goodwill of \$1,911,789 on the Asset Vision business has also been taken in line with the effect of the macro-economic factors on the Discounted Cash Flow modelling used for this calculation.

The major business changes that were planned have been executed during the year. The Group is now 100% focused on the Asset Vision business and, notwithstanding the substantial changes implemented during the year, is pleased to announce growth in overall revenue from the continuing Asset Vision operations from \$2,400,281 to \$3,674,289 for the year reflecting a 53% increase against the prior year.

The Group has reduced operating expenses year on year through its continued focus on cost management and maintaining a lean operating and corporate structure. Contributors to the overall reduction in ongoing operating costs for the full year were:

- An ongoing review of the operating model
- A review of the use of external consultants
- The divestment of the farmbuy.com assets
- The consolidation of corporate offices
- The shutdown of the EagleSoft business

In a year where substantial changes were made in the business, the Group remains in a robust financial position to execute and deliver its growth plans.

Please refer to the company ASX announcement on 31 August 2023 regarding the results for further information.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.31	0.13

4. Dividends

Current period

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

Previous period

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

5. Dividend reinvestment plans

There was no dividend reinvestment plan in operation during the financial year.

6. Details of associates and joint venture entities

Not applicable.

7. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):


This Appendix 4E is based on the attached financial report. The financial report has been audited and contains an independent audit report.

9. Attachments

Details of attachments (if any):

All information requiring disclosure to comply with listing rule 4.3A is contained in this report and the Annual Report (attached) for Future First Technologies Ltd for the year ended 30 June 2023, including the signed Auditor's Report.

10. Signed

Signed  _____

Damian Smith
Managing Director
Melbourne

Date: 31 August 2023

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Future First Technologies Ltd

ABN 50 164 718 361

Annual Report - 30 June 2023

Future First Technologies Ltd
Corporate directory
30 June 2023

Directors	Renata Sguario (Non-Executive Chairperson) Luke Donnellan (Non-Executive Director) Lucas Murtagh (Managing Director) Damian Smith (Managing Director)
Company secretary	Vesna Jelesic
Registered office	Suite 4, 799 Springvale Road, Mulgrave VIC 3170
Principal place of business	Suite 4, 799 Springvale Road, Mulgrave VIC 3170
Share register	Boardroom Pty Limited ABN 14 003 209 836 Level 7, 333 Collins Street Melbourne VIC 3000 Phone: 1300 737 760
Auditor	HLB Mann Judd (VIC Partnership) Level 9, 575 Bourke Street Melbourne VIC 3000
Solicitors	Anzarut & Partners Level 13, 41 Exhibition Street Melbourne VIC 3000
Bankers	Australia and New Zealand Banking Group Limited (ANZ)
Stock exchange listing	Future First Technologies Ltd shares are listed on the Australian Securities Exchange (ASX code: FFT)
Website	www.futurefirsttech.io

Director's Report

The directors present their report, together with the financial statements of the Group consisting of Future First Technologies Ltd and the entities it controlled, (FFT or the Group) for the financial year ended 30 June 2023 and the Auditors' Report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The names of the directors in office at any time during or since the end of the year are:

Non-Executive Directors

Mrs Renata Sguario	Independent Non-Executive Chairperson (Appointed 28 November 2019); Director (appointed 2 September 2019)
Qualifications	Bachelor of Computer Science and Information Management from University of Melbourne; Level 1 & 2 Certificates (Institute of Executive Coaching)
Experience	Renata is an experienced senior executive with almost three decades specialising in customer centred, technology-led, business transformation at leading companies both in Australia and abroad. Renata's intersectoral career has seen her responsible for delivering large scale business and IT change, process optimisation and productivity uplift and mitigating strategic and operational risks in highly regulated environments.
Committees	Renata is a member of the Audit & Risk Management Committee and the Remuneration & Nomination Committee.
Other Directorships in listed entities	None
Former Directorships in listed entities in last 3 years	None

Mrs Nicole Ferro	Independent Non-Executive Director (Appointed 31 January 2020; Resigned 31 August 2022)
Qualifications	Master of Business (Organisation Development and Change Management) from Victoria University
Experience	Nicole is a highly experienced senior manager having worked across Telecommunications, Technology, Supply Chain Logistics and Transport industries. With specialisation in large scale business and technology transformation, she has been responsible for strategy development, program delivery and operating model change at the enterprise level. With many years of experience in strategy and delivery Nicole brought knowledge of organisation governance and risk management to the Board of FFT.
Committees	Nicole was the former Chair of the Audit & Risk Management Committee and a former member of the Remuneration & Nomination Committee.
Other Directorships in listed entities	None
Former Directorships in listed entities in last 3 years	None

Mr Scott Coles	Independent Non-Executive Director (Appointed 15 August 2022; Resigned 17 March 2023)
Qualifications	Scott holds a Bachelor of Computer Science and a Bachelor of Aeronautical Engineering from Sydney University
Experience	Scott specialises in organisation leadership and development, strategic planning, technology commercialisation, business turnarounds and founder exits. A current technology company CEO, Scott also acts as a Non-Executive Director and mentor to other Australian companies. Most recently Scott was Non-executive Chairman of Itree, an Australian RegTech company. Advising on business and technology strategy Scott negotiated the successful exit for the founders through a trade sale to Objective Corporation (ASX: OCL) in July 2020. Prior to current roles, Scott developed and led the ISYS strategic turnaround plan that saw ISYS Search Software generate its best financial results in over 20 years, positioning the company as a desirable acquisition target resulting in the sale to Lexmark (NYSE: LXX) in March 2012. Scott has held a range of senior executive roles including: Director of EDS Asia Pacific, Managing Director of Allied Telesis and Director of Avaya.
Committees	Scott was the Chair of the Audit & Risk Management Committee.
Other Directorships in listed entities	None
Former Directorships in listed entities in last 3 years	None
Mr Luke Donnellan	Independent Non-Executive Director (Appointed 1 July 2023)
Qualifications	Bachelor of Commerce and Economics from University of Melbourne
Experience	Luke is a former state member of parliament and served as the Minister for Roads, Ports and Road Safety in the first Andrews Government. As Minister for Roads, Minister Donnellan was responsible for the commissioning of The West Gate Tunnel and Northeast Link Projects along with the leasehold sale of the Port of Melbourne. In the second term of the Andrews Government, he served as the Minister for Child Protection Disability and Aged Care in the second Andrews Ministry. Luke has strong experience in infrastructure investment & analysis and facility planning along with strong connections to the construction and transport sectors.
Committees	Luke is Chair of the Remuneration & Nomination Committee and a member of the Audit & Risk Management Committee.
Other Directorships in listed entities	Traffic Technologies Ltd
Former Directorships in listed entities in last 3 years	None

Executive Directors

Mr Adrian Rudman	Executive Director (Appointed 2 May 2022; Resigned 17 March 2023)
Experience	Adrian is an experienced SaaS executive focused on sustainable growth balanced with stakeholder return. Adrian has extensive experience across most executive roles found in Australian Software businesses. He comes with a proven track record of business leadership, particularly across sales, marketing and implementation teams. Adrian's experience includes Compliance Document Management, Product Disclosure Process re-engineering, Workflow, Business Process Outsourcing, Sales Management and Sales Process Development. Adrian had an extensive career at Objective Corporation (ASX:OCL) including the roles in Marketing, Product Management, Product Marketing, Business Development and as Global Vice President with the Keystone business. During this time Adrian was responsible for repositioning the company and transitioning from a technology focused vendor to a market focused vendor.
Committees	Adrian was a member of the Audit & Risk Management Committee and the Remuneration & Nomination Committee.
Other Directorships in listed entities	None
Former Directorships in listed entities in last 3 years	None

Mr Lucas Murtagh	Executive Director (Appointed 20 March 2023)
Qualifications	Bachelor of Applied Science (Statistics and Operations Research)
Experience	Lucas is a career entrepreneur, founding multiple businesses since commencing his career in actuarial at National Mutual. He co-founded Method Group Consulting which was a BRW Fast Starter and subsequently acquired by RXP Services Ltd (ASX:RXP) in 2013. In 2018 he acquired and relaunched Farmbuy.com, helping guide it to become a highly recognised brand in Australia, with over 1 million unique visitors every year. Lucas led the acquisition of Asset Vision in 2020 and has played an integral role in driving its vision, strategy, and branding. Lucas has strong experience in ASX listed companies and capital markets and has consulted to many of Asset Vision's clients including Victoria's Department of Transport and Ventia.
Committees	Lucas is the Chair of the Audit & Risk Management Committee and a member of the Remuneration & Nomination Committee.
Other Directorships in listed entities	None
Former Directorships in listed entities in last 3 years	None

Future First Technologies Ltd Director's Report

Mr Damian Smith	Executive Director (Appointed 20 March 2023)
Experience	Damian's entrepreneurial and technical background has seen him spend the past 20 years in the asset management technology space, growing multiple technology businesses servicing Enterprise, State and Local Government clients across Australia and New Zealand. Damian co-founded Asset Vision over 10 years ago and continues to play an essential role in growing the platform capabilities and its client base.
Committees	Damian is a member of the Remuneration & Nomination Committee.
Other Directorships in listed entities	None
Former Directorships in listed entities in last 3 years	None

Group Secretary

The following person held the position of Group Secretary at the end of the financial year:

Mrs Vesna Jelesic	Company Secretary (Appointed 1 June 2020)
Qualifications	Vesna holds a Bachelor of Commerce with majors in Accounting and Finance, Management and Commercial Law from Deakin University and is a Certified Practising Accountant
Experience	Vesna has an extensive background in all facets of finance and administration having held senior positions at Bank Australia, National Australia Bank and KPMG prior to joining FFT in 2016 as the Company's General Manager – Finance and Administration. Vesna also holds the position of Chief Financial Officer for the Group.

Principal Activities

The principal activities of the Group during the financial year related to:

- The growth of the Asset Vision business (Asset Vision Pty Ltd is a wholly owned subsidiary of FFT). Asset Vision is an advanced asset and works management system with native GIS / spatial capabilities, used by asset owners (government and enterprise) and contractors to streamline the delivery of critical maintenance contracts globally.

Results

The consolidated loss after income tax attributable to the members of Future First Technologies Ltd was \$8,627,284 (2022: \$14,367,591). This represents the loss for the period between 1 July 2022 to 30 June 2023 for the parent and operating entities including discontinued operations.

Review of Operations

Please refer to the company ASX announcement on 31 August 2023 regarding the results for further information.

Significant changes in the state of affairs

On 1 September 2022, the Group completed the successful sale of all of the business assets associated with farmbuy.com to Australian Community Media for a purchase price of \$800,000 allowing the Group to focus on its core business.

During the year, the Group integrated the engineering capability of EagleSoft with the Asset Vision team and has closed down the EagleSoft operations. This has reduced operational costs by >\$1 million per annum. The integration of AI into Asset Vision's core product offering will further strengthen the Group's position as an innovative leader in their field and help to make road maintenance simpler and safer for their clients and members of the public. The changes became effective 1 December 2022.

There were no other significant changes in the state of affairs of the Group during the financial year.

Events after the reporting period

On 5 July 2023, the Group announced the appointment of Luke Donnellan as Non-Executive Director of the Board, effective 1 July 2023.

On 2 August 2023, the Group announced a Co-CEO leadership structure, effective immediately, where Damian Smith, Co-Founder and Group CEO, will become Co-CEO with a responsibility focused on Product and Client Delivery. Lucas Murtagh will join Damian on the Executive team as Co-CEO to lead Growth and Strategy.

On 6 August 2023, the Group was notified that under section 601AA (4) of the Corporations Act 2001, Respring Pty Ltd was deregistered. The Group applied for voluntary deregistration in May 2023 after the sale of the farmbuy.com assets.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

To further improve the consolidated group's financial performance and maximise shareholder return, the following developments are intended for implementation in the near future:

- Grow our SaaS Intelligent Asset and Work Management Platform organically within our existing client base in both the Public, Private and Government Agency sectors.
- Launch new advanced inspection technologies (AutoPilot and AutoPilot+AI) to the market to increase our share of wallet of existing clients and acquire new customers.
- Implement new features and functionality in Asset Vision to support its expansion into adjacent asset markets such as Energy, Water, Telecommunications and Facilities.
- Improve sales productivity through the rollout of a sales transformation program.
- Build strategic partnerships and channel partners to accelerate growth into new geographies.

These developments, together with the current strategy, are expected to assist in the achievement of the Group's long-term goals of maximising shareholder value.

Environmental Regulation

The Group's operations are not subject to any significant Commonwealth or State environmental regulations or laws.

Dividends Paid, Recommended and Declared

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

Director's Meetings

The number of meetings of the company's Board of Directors and of each Board committee held during the year ended 30 June 2023, and the numbers of meetings attended by each director were:

	Board of Directors		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Renata Sguario	12	12	2	2	1	1
Nicole Ferro	2	2	1	1	0	0
Adrian Rudman	8	8	2	2	1	1
Scott Coles	7	7	1	1	1	1
Lucas Murtagh	4	4	0	0	0	0
Damian Smith	4	4	0	0	0	0

Indemnification and insurance of Directors and Officers

The Group has indemnified the directors and officers of the Group for costs incurred, in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and officers of the Group 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.

The Group is not aware of any liability that arose under these indemnities as at the date of this report.

Indemnification and insurance of Auditors

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

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

Proceedings on behalf of the Group Entity

No person has applied to the Court under Section 327 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

The Group was not a party to any proceedings during the year.

Directors' Interests in Contracts

Directors' interests in contracts are disclosed in Note 40 of the financial statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* in relation to the audit for the financial year is set out immediately after this Directors' Report.

Non-Audit Services

Non-audit services are approved by resolution of the Audit & Risk Management Committee and approval is provided in writing to the Board of Directors.

No non-audit services were provided during the current and previous financial year.

Remuneration Report (Audited)

The directors present the Group's 2023 audited remuneration report which details the remuneration information for Future First Technologies Ltd's Executive Directors, Non-Executive Directors, and other key management personnel. The remuneration report details the key management personnel remuneration arrangements for the consolidated entity 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 Group, directly or indirectly, including all Directors.

Principles used to determine the nature and amount of remuneration

The policy for determining the nature and amount of remuneration of key management personnel is agreed by the Remuneration & Nomination Committee as a whole. The Remuneration & Nomination Committee obtains professional advice where necessary to ensure that the Group attracts and retains talented and motivated directors and employees who can enhance Group performance through their contributions and leadership. No remuneration recommendation was obtained in the current year.

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits), and employer contributions to superannuation funds.

Remuneration levels will be reviewed annually by the Remuneration & Nomination Committee through a process that considers individual, business unit and overall performance of the Group. In addition, the Remuneration & Nomination Committee considers external data to ensure directors' and executives' remuneration is competitive in the marketplace. Remuneration is also reviewed on promotion.

Performance linked remuneration

Performance linked remuneration includes short-term incentives and is designed to reward the CEO and executives for meeting or executing their financial and personal objectives.

The Board, in conjunction with the Remuneration & Nomination Committee, sets the Key Performance Indicators (KPIs) for the CEO and has input to the KPIs for executives. The KPIs generally include measures relating to the Group, the relevant business unit and the individual. They include financial measures (Revenue and EBITDA compared with budgeted amounts) and people, client, strategy, risks and growth measures (these vary with position and include measures such as achieving strategic outcomes, overall shareholder value and meeting leadership objectives).

The Board, in conjunction with the Remuneration & Nomination Committee has developed an Employee and Director Option Plan. The Option Plan is aimed at incentivising employees to aid the Group in retaining skilled staff. The options are exercisable in two tranches: (1) options with an exercise price of 5 cents with a two-year expiry from commencement date and (2) options with an exercise price of 10 cents with a three-year expiry from commencement.

Non-executive directors receive fees and do not receive bonus payments.

The names and positions of each person who held the position of director at any time during the financial year have been previously provided. The names and positions of other key management personnel in the consolidated Group for the financial year are:

Name	Position
Damian Smith	Chief Executive Officer – Asset Vision
Vesna Jelesic	Chief Financial Officer and Company Secretary

Details of remuneration

Details of the remuneration of the directors and key management personnel of the Group are set out in the following tables. The key management personnel of the Group include the directors of Future First Technologies Ltd, the Chief Executive Officer – Asset Vision and the Chief Financial Officer.

Directors' remuneration

	SHORT-TERM		POST EMPLOYMENT	SHARE-BASED PAYMENTS	TOTAL	TOTAL PERFORMANCE RELATED	OPTIONS/SHARES AS % OF TOTAL
	Salary and Fees	Bonus	Superannuation	Options/Shares			
	\$	\$	\$	\$	\$	%	%
2022							
Renata Sguario	70,000	-	-	-	70,000	-	-
Nicole Ferro	59,361	-	5,936	-	65,297	-	-
Nicholas Chan ¹	58,600	-	5,860	-	64,460	-	-
Keith Falconer ²	182,648	-	18,265	-	200,913	-	-
Adrian Rudman ³	50,000	-	5,000	360,000	415,000	-	86.75%
Total	420,609	-	35,061	360,000	815,670	-	44.14%
2023							
Renata Sguario	70,000	-	-	-	70,000	-	-
Nicole Ferro ⁴	9,893	-	1,039	-	10,932	-	-
Adrian Rudman ⁵	293,298	-	30,363	160,000	483,661	-	33.08%
Scott Coles ⁶	40,000	-	-	-	40,000	-	-
Lucas Murtagh ⁷	46,935	-	-	-	46,935	-	-
Damian Smith ⁸	67,873	-	7,127	-	75,000	-	-
Total	527,999	-	31,791	160,000	726,528	-	22.02%

(1) Represents remuneration from 1 July 2021 to 16 May 2022

(2) Represents remuneration from 1 July 2021 to 9 May 2022

(3) Represents remuneration from 2 May 2022 to 30 June 2022

(4) Represents remuneration from 1 July 2022 to 31 August 2022

(5) Represents remuneration from 1 July 2022 to 17 March 2023

(6) Represents remuneration from 15 August 2022 to 17 March 2023

(7) Represents remuneration from 20 March 2023

(8) Represents remuneration from 1 April 2023

Share Based Compensation

Issue of Shares

Details of shares issued to directors as part of compensation during the year ended 30 June 2023 are set out below:

Name	Date	Shares	Issue price	Fair value at issue date \$
Adrian Rudman	04/10/2023	5,000,000	NIL	160,000

Options

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

Name	Number of options granted	Grant date	Vesting and exercisable date	Expiry date	Exercise price	Fair value of option at grant date
Scott Coles	10,000,000	18/11/2022	18/11/2022	15/08/2024	\$0.05	\$47,000
Scott Coles	10,000,000	18/11/2022	18/11/2022	15/08/2025	\$0.10	\$22,000

Options granted carry no dividend or voting rights.

Executives' Remuneration

	SHORT-TERM		POST EMPLOYMENT	SHARE-BASED PAYMENTS	TOTAL	TOTAL PERFORMANCE RELATED	OPTIONS/SHARES AS % OF TOTAL
	Salary and Fees	Bonus	Superannuation	Options/Shares			
	\$	\$	\$	\$	\$	%	%
2022							
Damian Smith	200,000	-	20,000	-	220,000	-	-
Vesna Jelesic	240,000	-	24,000	-	264,000	-	-
Total	440,000	-	44,000	-	484,000	-	-
2023							
Damian Smith ¹	203,620	-	21,380	-	225,000	-	-
Vesna Jelesic	240,000	-	25,200	-	265,200	-	-
Total	443,620	-	46,580	-	490,200	-	-

(1) Represents remuneration from 1 July 2022 to 31 March 2023

Service Agreements

The contracts for service between the Group and specified executives are formalised in service agreements. The major provisions in the agreements relating to remuneration are set out below:

Name: Adrian Rudman
 Title: Chief Executive Officer
 Agreement commenced: 2 May 2022
 Term of agreement: 3 years
 Details: Base salary \$331,500 inclusive of superannuation
 Short term incentive (STI) with the following targets:
 Year 1 – up to 30% of annual salary if total shareholder return (TSR) exceeds 100% one year after the day before employment was announced to the market.
 Year 2 – up to 30% of annual salary if TSR exceeds 200% two years after the day before employment was announced to the market.
 Year 3 – up to 30% of annual salary if TSR exceeds 400% three years after the day before employment was announced to the market.
 Termination by provision of 3 months' notice by the executive. If the company terminates the agreement, it will provide 3 months' pay or the balance of the agreement (whichever is the lesser).

Name: Damian Smith
 Title: Chief Executive Officer
 Agreement commenced: 2 November 2020
 Term of agreement: 4 years
 Details: Base salary \$300,000 inclusive of superannuation
 Short term incentive (STI) of up to 20% of annual salary if the Company exceeds the annual forecast approved by the Board.
 Termination by provision of 3 months' notice by the executive. If the Company terminates the agreement within the first two years from the commencement date, it may give 12 months' pay (or the balance of the agreement whichever is the lesser) in lieu of notice or it may give notice for part of that period and pay in lieu of notice for the rest of the period.

Future First Technologies Ltd
Director's Report

Name: Lucas Murtagh
Title: Chief Operating Officer
Agreement commenced: 20 March 2023
Term of agreement: 1 year
Details: Consultancy agreement of \$180,000 per annum
Termination by provision of 3 months' notice by the executive. If the company terminates the agreement, it will provide 3 months' pay).

Name: Vesna Jelesic
Title: Chief Financial Officer & Company Secretary
Agreement commenced: 1 April 2020
Term of agreement: 4 years
Details: Base salary \$265,200 inclusive of superannuation
Short term incentive (STI) of up to 20% of annual salary if the Company exceeds the annual forecast approved by the Board.
Long-term incentive (LTI) – entitlement to participate in the Long-term Incentive Plan.
Termination by provision of 3 months' notice by the executive. If the Company terminates the agreement within the first two years from the commencement date, it may give 12 months' pay (or the balance of the agreement whichever is the lesser) in lieu of notice or it may give notice for part of that period and pay in lieu of notice for the rest of the period.

Future First Technologies Ltd
Director's Report

Additional disclosures relating to key management personnel

Shareholding

The number of ordinary shares held in Future First Technologies Ltd as at 30 June 2023 by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance 1 July 2022	Received as part of remuneration	Additions	Balance 30 June 2023
Directors				
Renata Sguario	1,200,000	-	-	1,200,000
Nicole Ferro	700,000	-	-	700,000
Adrian Rudman	233,333	5,000,000	-	5,233,333
Scott Coles	-	-	-	-
Lucas Murtagh	75,000,000	-	-	75,000,000
Damian Smith	6,000,000	-	73,750,000	79,750,000
Other KMPs				
Vesna Jelesic	2,600,000	-	-	2,600,000
Total	85,733,333	5,000,000	73,750,000	164,483,333

Option holding

The number of options over ordinary shares in Future First Technologies Ltd granted, exercised, expired/forfeited for directors and other key management personnel as part of compensation during the year ended as at 30 June 2023 are set out below:

	Balance 1 July 2022	Granted	Expired /Forfeited	Balance 30 June 2023	Vested and exercisable
Directors					
Renata Sguario	10,000,000	-	(5,000,000)	5,000,000	NIL
Nicole Ferro	4,000,000	-	(4,000,000)	NIL	NIL
Adrian Rudman	50,000,000	-	(50,000,000)	NIL	NIL
Scott Coles	NIL	20,000,000	(20,000,000)	NIL	NIL
Lucas Murtagh	NIL	-	-	NIL	NIL
Damian Smith	NIL	-	-	NIL	NIL
Other KMPs					
Vesna Jelesic	10,000,000	-	(5,000,000)	5,000,000	NIL
TOTAL	74,000,000	20,000,000	(84,000,000)	10,000,000	NIL

Other transactions with key management personnel and their related parties

During the financial year, payments for office rent and outgoings to DKEL Investment Pty Ltd (director-related entity of Damian Smith) of \$96,706 (excluding GST) were made. The current trade payable balance as at 30 June 2023 was NIL. All transactions were made on normal commercial terms and conditions and at market rates.

End of Audited Remuneration Report.

Rounding of Amounts

The Group is the kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor

HLB Mann Judd (VIC Partnership) continues in office in accordance with section 327 of the *Corporations Act 2001*.

Future First Technologies Ltd
Director's Report

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) (a) of the *Corporations Act 2001*.

On behalf of the Directors



Damian Smith
CEO and Managing Director, Melbourne
Date: 31 August 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Future First Technologies Limited ("the Company") for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the Company and the entities it controlled during the period.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Melbourne
31 August 2023

A handwritten signature in black ink, appearing to read 'M Gummery', with a stylized flourish at the end.

Michael Gummery
Partner

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Future First Technologies Ltd

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General information

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

Future First Technologies Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 4, 799 Springvale Road, Mulgrave VIC 3170

Future First Technologies Ltd's Corporate Governance Statement is available on our website at www.futurefirsttech.io.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 31 August 2023. The Directors have the power to amend and reissue the financial statements.

Future First Technologies Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated Group 2023 \$	2022 \$
Revenue from continuing operations	4	3,674,289	2,991,493
Other income	5	1,267,756	83,080
Expenses			
Third party materials and labour		(125,315)	(285,433)
Acquisition and disposal expenses	42	(304,769)	(133,812)
Employee benefits expense		(3,708,099)	(3,438,427)
Depreciation and amortisation expense	6	(581,812)	(940,847)
Impairment of assets	17	(7,221,803)	(7,131,835)
Loss on disposal of assets		(13,140)	(1,149)
Write off of assets	15	(76,079)	-
Other expenses		(1,748,116)	(2,935,783)
Finance costs		(8,385)	(252,803)
Loss before income tax (expense)/benefit from continuing operations		(8,845,473)	(12,045,516)
Income tax (expense)/benefit	7	351,015	(229,782)
Loss after income tax (expense)/benefit from continuing operations		(8,494,458)	(12,275,298)
Loss after income tax expense from discontinued operations	8	(132,826)	(2,092,293)
Loss after income tax (expense)/benefit for the year attributable to the members of Future First Technologies Ltd	32	(8,627,284)	(14,367,591)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Future First Technologies Ltd		<u>(8,627,284)</u>	<u>(14,367,591)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(8,494,458)	(12,275,298)
Discontinued operations		(132,826)	(2,092,293)
		<u>(8,627,284)</u>	<u>(14,367,591)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the members of Future First Technologies Ltd			
Basic earnings per share	45	(1.23)	(2.43)
Diluted earnings per share	45	(1.23)	(2.43)
Earnings per share for loss from discontinued operations attributable to the members of Future First Technologies Ltd			
Basic earnings per share	45	(0.02)	(0.41)
Diluted earnings per share	45	(0.02)	(0.41)
Earnings per share for loss attributable to the members of Future First Technologies Ltd			
Basic earnings per share	45	(1.25)	(2.84)
Diluted earnings per share	45	(1.25)	(2.84)

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

Future First Technologies Ltd
Statement of financial position
As at 30 June 2023

	Note	Consolidated Group 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	9	714,891	2,684,661
Trade and other receivables	10	460,935	483,061
Other	11	132,350	517,087
		<u>1,308,176</u>	<u>3,684,809</u>
Assets of disposal group classified as held for sale	12	-	783,718
Total current assets		<u>1,308,176</u>	<u>4,468,527</u>
Non-current assets			
Financial assets at fair value through other comprehensive income	14	2,676,467	2,676,467
Property, plant and equipment	15	5,592	124,508
Right-of-use assets	16	25,496	161,721
Intangibles	17	5,001,999	12,586,302
Deferred tax	18	436,229	118,792
Total non-current assets		<u>8,145,783</u>	<u>15,667,790</u>
Total assets		<u>9,453,959</u>	<u>20,136,317</u>
Liabilities			
Current liabilities			
Trade and other payables	19	419,053	662,976
Lease liabilities	21	25,842	140,864
Employee benefits	22	393,710	347,702
Deferred consideration	23	500,000	3,000,000
Other	24	236,109	421,454
		<u>1,574,714</u>	<u>4,572,996</u>
Liabilities of disposal group classified as held for sale	13	-	25,628
Total current liabilities		<u>1,574,714</u>	<u>4,598,624</u>
Non-current liabilities			
Lease liabilities	26	-	24,793
Deferred tax	25	110,000	125,000
Employee benefits	27	38,977	44,398
Contingent consideration	28	-	949,880
Deferred consideration	29	500,000	1,000,000
Other		-	8,871
Total non-current liabilities		<u>648,977</u>	<u>2,152,942</u>
Total liabilities		<u>2,223,691</u>	<u>6,751,566</u>
Net assets		<u>7,230,268</u>	<u>13,384,751</u>
Equity			
Issued capital	30	95,541,932	93,069,131
Reserves	31	1,818,600	2,320,600
Accumulated losses	32	<u>(90,130,264)</u>	<u>(82,004,980)</u>
Total equity		<u>7,230,268</u>	<u>13,384,751</u>

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

Future First Technologies Ltd
Statement of changes in equity
For the year ended 30 June 2023

Consolidated Group	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	85,410,272	1,852,000	(67,797,389)	19,464,883
Loss after income tax expense for the year	-	-	(14,367,591)	(14,367,591)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(14,367,591)	(14,367,591)
<i>Transactions with members in their capacity as members:</i>				
Contributions of equity, net of transaction costs (note 30)	4,907,459	-	-	4,907,459
Issue of shares - Asset Vision and EagleSoft acquisitions (note 30)	3,020,000	-	-	3,020,000
Transfer of expired share options to retained earnings (note 32)	-	(160,000)	160,000	-
Options granted (note 31)	(268,600)	628,600	-	360,000
Balance at 30 June 2022	<u>93,069,131</u>	<u>2,320,600</u>	<u>(82,004,980)</u>	<u>13,384,751</u>
	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Consolidated Group				
Balance at 1 July 2022	93,069,131	2,320,600	(82,004,980)	13,384,751
Loss after income tax benefit for the year	-	-	(8,627,284)	(8,627,284)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(8,627,284)	(8,627,284)
<i>Transactions with members in their capacity as members:</i>				
Issue of shares - EagleSoft acquisition (note 30)	2,145,000	-	-	2,145,000
Issue of shares to former employees (note 30)	327,801	-	-	327,801
Transfer of expired/forfeited share options to retained earnings (note 32)	-	(502,000)	502,000	-
Options granted (note 31)	-	69,000	-	69,000
Options forfeited (note 31)	-	(69,000)	-	(69,000)
Balance at 30 June 2023	<u>95,541,932</u>	<u>1,818,600</u>	<u>(90,130,264)</u>	<u>7,230,268</u>

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

Future First Technologies Ltd
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated Group	
		2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,302,164	4,261,056
Payments to suppliers and employees (inclusive of GST)		(6,126,021)	(8,446,493)
		(1,823,857)	(4,185,437)
Interest received		423	9,209
Other revenue		-	97,778
Interest and other finance costs paid		(8,018)	(16,259)
Income taxes refunded		317,086	89,107
Net cash used in operating activities	34	(1,514,366)	(4,005,602)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	42	-	(1,493,237)
Payments for prior period's business acquisition	42	(1,000,000)	(2,000,000)
Acquisition Costs		(304,769)	(133,812)
Payments for property, plant and equipment	15	(78,459)	(92,279)
Proceeds from disposal of business	8	800,000	-
Final proceeds from prior period's business disposal	8	-	10,000
Proceeds from disposal of property, plant and equipment	15	21,818	-
Proceeds from release of security deposits		245,821	-
Net cash used in investing activities		(315,589)	(3,709,328)
Cash flows from financing activities			
Proceeds from issue of shares	30	-	4,907,459
Repayment of leases	21	(139,815)	(440,387)
Net cash from/(used in) financing activities		(139,815)	4,467,073
Net decrease in cash and cash equivalents		(1,969,770)	(3,247,857)
Cash and cash equivalents at the beginning of the financial year		2,684,661	5,932,518
Cash and cash equivalents at the end of the financial year	9	714,891	2,684,661

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

Note 1. 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 Group 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 and are not expected to have a material impact on the Group.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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, where applicable, the revaluation of financial assets at fair value through other comprehensive income and share based payments.

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 2.

Note 1. Significant accounting policies (continued)

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the settlement of liabilities in the normal course of business.

During the year ended 30 June 2023, the Group incurred a net loss after tax of \$8,627,284 (2022: loss of \$14,367,591) and had net cash outflows from operating activities of \$1,514,366 (2022: \$4,005,602). The result for the current year was impacted by:

- A goodwill and software impairment charge of \$5,310,014 associated with the shutdown the EagleSoft business;
- An impairment charge to the goodwill of the Asset Vision CGU of \$1,911,789 as a result of the change to the macro-environment in the first half of the year; and
- The performance of the Group's discontinued operations.

As at 30 June 2023, the Group's current liabilities exceeded its current assets by \$266,538 (2022: \$130,097). The deficiency is impacted by the deferred consideration amounts owing from the EagleSoft acquisition of \$500,000.

In determining that the going concern basis is appropriate, the directors have had regard to:

- The Group's confidence in raising equity based on successful past raises;
- The Group's ability to renegotiate the payment terms of some of the deferred consideration; and
- The Group's cash flow forecast and budgets to 31 August 2024 for the remaining operations show positive operating cash flows.

The directors remain confident that the Group will be able to continue as a going concern which assumes it will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of the consolidated financial report.

The factors outlined above indicate the existence of a material uncertainty in respect of the Group's ability to continue as a going concern. The Group's ability to continue to operate as a going concern is dependent upon the items listed above. Should these events not occur as anticipated, the Group may not be able to pursue its business objectives and will have difficulty continuing to operate as a going concern, including realising its assets and extinguishing its liabilities at the amounts shown in the financial statements. No allowance for such circumstances has been made in the financial report.

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 41.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Future First Technologies Ltd ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Future First Technologies Ltd and its subsidiaries 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.

Note 1. Significant accounting policies (continued)

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

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

An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenues from ongoing operations arise mainly from software licence subscriptions and project consulting services.

The Group recognises contract liabilities for consideration received or due in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than passage of time is required before the consideration is due.

Software licences

Revenue from the sale of software licence subscriptions consists of fees that give customers access to the Group's asset management system, which also includes related customer support and maintenance. The software licence subscription revenue is recognised over time as they are delivered and consumed concurrently over the service period, beginning on the date that the services are made available to the customer. Software licence subscriptions represent a single obligation to provide continuous access to the software, maintenance and support including upgrades on and when available basis.

Customisation and configuration

The Group provides customisation and configuration services relating to the clients requirements for the implementation of new software license subscriptions and maintenance management systems. Revenue from these services is recognised at a point in time following the delivery and completion of the agreed services by the Group.

Project consulting services

The Group provides project consulting services relating to the clients requirements for maintenance management systems. Revenue from these services is recognised at a point in time following the delivery and completion of the agreed services with the Group.

Note 1. Significant accounting policies (continued)

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.

Government Grants

Government grants such as the Research and Development (R&D) tax incentive are recognised in the statement of profit or loss when they are received.

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.

Future First Technologies Ltd (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.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Note 1. Significant accounting policies (continued)

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.

Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case the transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at fair value through other comprehensive income are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the Group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities as held for trading and contingent consideration payable by the Group for the acquisition of a business and financial liabilities designated at fair value through the profit or loss, are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

Trade and other receivables

Trade receivables are initially recognised at their transaction price 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 based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 1. Significant accounting policies (continued)

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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.

Note 1. Significant accounting policies (continued)

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	4 - 5 years
Motor vehicles	8 years
Computer equipment	2 years
Office equipment	5 years
Computer software	5 years

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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 7 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 5 years.

Note 1. Significant accounting policies (continued)

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 5 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.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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.

Note 1. Significant accounting policies (continued)

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 as 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

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

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any 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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 1. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the members of Future First Technologies Ltd, 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.

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 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. 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, contingent liabilities, revenue and expenses. 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.

Valuation of investment in The 1derful Group Pty Ltd

The Group holds shares in the Fin-Tech start up - The 1derful Group Pty Ltd (1derful) which was established in October 2019. 1derful provides product and technology solutions on a business to business basis. It has completed the build of its core, proprietary product and technology platform.

When the fair value of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques.

A degree of judgement is required in establishing fair values when inputs used are not derived from observable markets. Due to the uncertainties, assumptions and inherent volatility surrounding the investees valuation, there is a degree of risk involved with the Group's assessment of the value of its shareholding. Further information is detailed in note 14.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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.

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 1. 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. Further information is detailed in note 17.

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. The Group's determination that future taxable profits to utilise deferred tax assets is probable, is based on forecast financial information which is inherently uncertain.

Note 3. Operating segments

Identification of reportable operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Group's continuing operations are organised into two operating segments: Asset Vision and EagleSoft.

The farmbuy.com business was divested during the period and is reported as Discontinued Operations for the current and prior period.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Asset Vision

The Asset Vision segment, comprises Asset Vision Pty Ltd, a proprietary cloud and mobile based platform which provides a unified approach to asset inspections, maintenance and operations management in the global Enterprise Asset Management software market.

EagleSoft

The EagleSoft segment comprises EagleSoft Pty Ltd, an Intelligent Data Capture Platform that automatically detects both road defects and asset inventory using Artificial Intelligence (AI) and Machine Learning (ML).

Intersegment transactions

There were no material transactions between operating segments.

Note 3. Operating segments (continued)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Revenue Categorised

Revenue is generated by the Group and is categorised into the reportable segments disclosed below. Sales to external customers are recognised when the performance obligations are delivered over time. Once a contract has been entered into, the Group has an enforceable right to payment for work completed to date. Therefore, licensing revenue is recognised over time with project consulting services recognised at a point in time.

Operating segment information

	Asset Vision	EagleSoft	Corporate	Discontinued Operations	Total
	\$	\$	\$	\$	\$
Consolidated Group - 2023					
Revenue					
Sales to external customers	3,674,289	-	-	79,990	3,754,279
Total revenue	<u>3,674,289</u>	<u>-</u>	<u>-</u>	<u>79,990</u>	<u>3,754,279</u>
EBITDA	224,568	(328,238)	(1,426,486)	(86,277)	(1,616,433)
Depreciation and amortisation	(398,301)	(77,486)	(106,025)	(56)	(581,868)
Impairment of goodwill	-	(889,100)	(6,332,703)	-	(7,221,803)
Loss on disposal of discontinued operations	-	-	-	(36,500)	(36,500)
Interest revenue	203	220	-	-	423
Deferred consideration adjustment	-	-	950,247	-	950,247
Transaction costs	-	-	(364,769)	-	(364,769)
Asset impairment	-	(76,079)	-	-	(76,079)
Finance costs	(2,550)	(7)	(5,828)	-	(8,385)
Profit/(loss) on disposal of fixed assets	(16,961)	3,880	(58)	8,585	(4,554)
Loss before income tax benefit	<u>(193,041)</u>	<u>(1,366,810)</u>	<u>(7,285,622)</u>	<u>(114,248)</u>	<u>(8,959,721)</u>
Income tax benefit					332,437
Loss after income tax benefit					<u>(8,627,284)</u>
Assets					
Segment assets	3,537,087	5,283	5,911,494	95	9,453,959
Total assets					<u>9,453,959</u>
Liabilities					
Segment liabilities	949,536	(1,113)	1,275,268	-	2,223,691
Total liabilities					<u>2,223,691</u>

Note 3. Operating segments (continued)

	Asset Vision	EagleSoft	Corporate	Discontinued Operations	Total
	\$	\$	\$	\$	\$
Consolidated Group - 2022					
Revenue					
Sales to external customers	2,400,281	567,305	23,907	427,971	3,419,464
Total revenue	2,400,281	567,305	23,907	427,971	3,419,464
EBITDA					
Depreciation and amortisation	(399,716)	(123,482)	(417,649)	(477,537)	(1,418,384)
Impairment of goodwill	-	-	(7,131,835)	-	(7,131,835)
Profit on disposal of discontinued operations	-	-	-	10,000	10,000
Interest revenue	-	28	9,181	-	9,209
Finance costs	(5,406)	-	(247,397)	-	(252,803)
Transaction costs	-	-	(282,786)	-	(282,786)
Loss on disposal of fixed assets	-	-	(1,149)	-	(1,149)
Loss before income tax expense	(1,406,557)	(469,078)	(10,169,881)	(1,784,263)	(13,829,779)
Income tax expense					(537,812)
Loss after income tax expense					(14,367,591)
Assets					
Segment assets	3,662,887	1,116,104	14,365,716	991,610	20,136,317
Total assets					20,136,317
Liabilities					
Segment liabilities	849,301	277	5,556,703	345,285	6,751,566
Total liabilities					6,751,566

Revenue by geographical area

There are no material sales to external customers outside of Australia.

There are no material holdings of non-current assets outside of Australia.

Major customers

During the year ended 30 June 2023, \$2,266,873 or 61.7% (2022: \$1,914,437 or 64.0%) of the consolidated entity's external revenue was derived from sales to three major customers through the Asset Vision segment:

- (1) Customer A - \$800,815
- (2) Customer B - \$771,922
- (3) Customer C - \$694,136

Note 4. Revenue

	Consolidated Group	
	2023	2022
	\$	\$
From continuing operations		
<i>Revenue from contracts with customers</i>		
Sale of services	3,674,289	2,967,586
<i>Other revenue</i>		
Professional fees	-	23,907
Revenue from continuing operations	<u>3,674,289</u>	<u>2,991,493</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated Group	
	2023	2022
	\$	\$
<i>Major sales/service lines</i>		
Licensing	2,486,116	1,799,838
Project consulting services	1,184,873	947,553
Customisation and configuration services	3,300	220,195
	<u>3,674,289</u>	<u>2,967,586</u>
<i>Geographical regions</i>		
Australia	<u>3,674,289</u>	<u>2,967,586</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	2,486,116	1,799,838
Goods transferred at a point in time	1,188,173	1,167,748
	<u>3,674,289</u>	<u>2,967,586</u>

Note 5. Other income

	Consolidated Group	
	2023	2022
	\$	\$
Interest income	423	9,209
Contingent consideration adjustments	950,247	-
Other income	317,086	73,871
	<hr/>	<hr/>
Other income	<u>1,267,756</u>	<u>83,080</u>

The consideration for the acquisition of the EagleSoft business included deferred consideration that was contingent upon the achievement of future milestones. The milestones are no longer expected to be achieved and the contingent consideration liability has been released to the statement of profit or loss.

Other income in the current period represents R&D tax offsets received during the year in respect of the financial years ended 30 June 2021 (\$49,808) and 30 June 2022 (\$267,278).

Note 6. Expenses

	Consolidated Group	
	2023	2022
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Property, plant and equipment	83,086	95,926
<i>Amortisation</i>		
Right of use asset	136,226	430,121
Customer contracts	60,100	60,100
Software	302,400	354,700
Total amortisation	498,726	844,921
Total depreciation and amortisation	581,812	940,847
<i>Impairment</i>		
Goodwill and software	7,221,803	7,131,835
<i>Finance costs</i>		
Interest and finance charges paid/payable on insurance premium funding	5,034	-
Interest and finance charges paid/payable on lease liabilities	2,984	16,256
Unwinding of the discount on deferred cash consideration	367	236,547
Finance costs expensed	8,385	252,803
<i>Leases</i>		
Variable lease payments	139,881	448,502
Low-value assets lease payments	4,904	8,141
	144,785	456,643
<i>Write off of assets</i>		
Computer equipment	76,069	-

Note 7. Income tax expense/(benefit)

	Consolidated Group	
	2023	2022
	\$	\$
<i>Income tax expense/(benefit)</i>		
Current tax	-	150,820
Deferred tax - origination and reversal of temporary differences	(332,437)	236,992
Adjustment recognised for prior periods	-	150,000
Aggregate income tax expense/(benefit)	<u>(332,437)</u>	<u>537,812</u>
Income tax expense/(benefit) is attributable to:		
Loss from continuing operations	(351,015)	229,782
Loss from discontinued operations	18,578	308,030
Aggregate income tax expense/(benefit)	<u>(332,437)</u>	<u>537,812</u>
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 18)	(317,437)	111,992
Increase/(decrease) in deferred tax liabilities (note 25)	(15,000)	125,000
Deferred tax - origination and reversal of temporary differences	<u>(332,437)</u>	<u>236,992</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax (expense)/benefit from continuing operations	(8,845,473)	(12,045,516)
Loss before income tax expense from discontinued operations	(114,248)	(1,784,263)
	<u>(8,959,721)</u>	<u>(13,829,779)</u>
Tax at the statutory tax rate of 25% (2022: 30%)	(2,239,930)	(4,148,934)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of operating leases	34,057	87,793
Impairment of goodwill	1,805,451	2,139,551
Share-based payments	-	108,000
Non-taxable contingent consideration adjustments	(237,562)	-
Non-deductible expenses/(non-assessable income)	24,051	84,838
Tax offset for R&D claim	(317,086)	-
Loss/(profit) on sale of subsidiary	9,125	(3,000)
	<u>(921,894)</u>	<u>(1,731,752)</u>
Adjustment recognised for prior periods	-	150,000
Current year tax losses not recognised	571,636	1,693,696
Current year temporary differences not recognised	-	117,838
Income tax expense reported as discontinued operations	17,821	308,030
Income tax expense/(benefit)	<u>(332,437)</u>	<u>537,812</u>

Note 7. Income tax expense/(benefit) (continued)

	Consolidated Group	
	2023	2022
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	9,021,204	4,948,902
Potential tax benefit @ 25%	2,255,301	1,237,226
	Consolidated Group	
	2023	2022
	\$	\$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Software acquired on business acquisition	166,733	-
Total deferred tax assets not recognised	<u>166,733</u>	<u>-</u>

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 8. Discontinued operations

Description

Current Period

On 1 July 2022, the Group announced it had signed a binding Heads of Agreement to sell farmbuy.com (part of Respring Pty Ltd) to Australian Community Media (ACM). Under the Heads of Agreement, ACM purchased all of the business assets for a purchase price of \$800,000. The formal Sale of Business Agreement was executed on 3 August 2022 and the sale successfully completed on 1 September 2022. Consideration was paid across six instalments with the final instalment paid on 3 February 2023.

Prior Period

The \$10,000 reported as a gain on disposal in the prior period relates to an adjustment from the sale of the GlassandCo segment which was sold on 31 January 2020.

As a result of the sale transaction outlined above, the financial result of the business that was divested and associated Group reclassification and consolidation impacts are treated as discontinued operations from a financial reporting perspective both in the current and prior year. This impacts the comparative financial information for what was previously disclosed as the farmbuy.com segment.

Details of the financial performance, cash flows and the carrying value of the assets and liabilities of the discontinued operations are shown below.

Note 8. Discontinued operations (continued)

Financial performance information

	Consolidated Group	
	2023	2022
	\$	\$
Revenue from discontinued operations	79,990	427,971
Operating expenses from discontinued operations	(157,682)	(1,744,697)
Depreciation and amortisation expense from discontinued operations	(56)	(477,537)
Total expenses	(157,738)	(2,222,234)
Loss before income tax expense	(77,748)	(1,794,263)
Income tax expense	(18,578)	(308,030)
Loss after income tax expense	(96,326)	(2,102,293)
Gain on disposal before income tax	-	10,000
Loss on disposal before income tax	(36,500)	-
Income tax expense	-	-
Gain/(loss) on disposal after income tax expense	(36,500)	10,000
Loss after income tax expense from discontinued operations	(132,826)	(2,092,293)

Cash flow information

	Consolidated Group	
	2023	2022
	\$	\$
Net cash from/(used in) operating activities	(188,154)	173,622
Net cash from investing activities	69,783	1,283,613
Net increase/(decrease) in cash and cash equivalents from discontinued operations	(118,371)	1,457,235

Carrying amounts of assets and liabilities disposed

	Consolidated Group	
	2023	2022
	\$	\$
Trade and other receivables	94,435	-
Other current assets	454	-
Property, plant and equipment	2,934	-
Intangibles	713,677	-
Total assets	811,500	-
Net assets	811,500	-

Note 8. Discontinued operations (continued)

Details of the disposal

	Consolidated Group	
	2023	2022
	\$	\$
Total sale consideration	800,000	-
Carrying amount of net assets disposed	(811,500)	-
Post acquisition adjustment for debtors	(25,000)	-
Working capital adjustment from prior period disposals	-	10,000
	<hr/>	<hr/>
Gain/(loss) on disposal before income tax	(36,500)	10,000
Gain/(loss) on disposal after income tax	<u>(36,500)</u>	<u>10,000</u>

Note 9. Cash and cash equivalents

	Consolidated Group	
	2023	2022
	\$	\$
Cash on hand	100	100
Cash at bank	714,791	2,684,561
	<hr/>	<hr/>
	<u>714,891</u>	<u>2,684,661</u>

Note 10. Trade and other receivables

	Consolidated Group	
	2023	2022
	\$	\$
Trade receivables	460,928	482,408
Other receivables	-	653
GST receivable	7	-
	<hr/>	<hr/>
	<u>460,935</u>	<u>483,061</u>

Allowance for expected credit losses

The Group has not recognised a charge in the profit or loss in respect of impairment of receivables for the year ended 30 June 2023 (2022: NIL).

Note 10. Trade and other receivables (continued)

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
Consolidated Group	%	%	\$	\$	\$	\$
Not overdue	-	-	398,311	363,287	-	-
30 to 60 days overdue	-	-	-	30,432	-	-
60 to 90 days overdue	-	-	47,149	87,335	-	-
90+ days overdue	-	-	15,468	1,354	-	-
			<u>460,928</u>	<u>482,408</u>	<u>-</u>	<u>-</u>

Trade receivables are non-interest bearing ranging from 30 to 90 day terms. No allowance for expected credit loss is recognised based on the expected credit loss model indicating that such an allowance would be immaterial.

Note 11. Other

	Consolidated Group	
	2023	2022
	\$	\$
Accrued revenue	32,572	112,337
Prepayments	99,778	158,929
Security deposits	-	245,821
	<u>132,350</u>	<u>517,087</u>

Note 12. Assets of disposal group classified as held for sale

	Consolidated Group	
	2023	2022
	\$	\$
Plant and equipment (note 15)	-	2,934
Intangibles (note 17)	-	713,677
Trade and other receivables	-	61,707
Other assets	-	5,400
Total assets held for sale	<u>-</u>	<u>783,718</u>

The assets as at 30 June 2022 identified above represented the assets of farmbuy.com which sold on 1 September 2022. Refer to note 8 for further information.

Note 13. Liabilities of disposal group classified as held for sale

	Consolidated Group	
	2023	2022
	\$	\$
Trade payables	-	1,925
Employee provisions	-	23,703
	<u>-</u>	<u>25,628</u>
Liabilities held for sale	<u>-</u>	<u>25,628</u>

The liabilities as at 30 June 2022 identified above represented the liabilities of farmbuy.com which sold on 1 September 2022. Refer to note 8 for further information.

Note 14. Financial assets at fair value through other comprehensive income

	Consolidated Group	
	2023	2022
	\$	\$
Unlisted ordinary shares	<u>2,676,467</u>	<u>2,676,467</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	<u>2,676,467</u>	<u>2,676,467</u>
Closing fair value	<u>2,676,467</u>	<u>2,676,467</u>

This represents shares held in The 1derful Group Pty Ltd (1derful), a Fin-Tech start up that provides financial services product and technology solutions on a business to business basis.

On 13 July 2020, the Group made an initial investment of \$1,250,000 in 1derful. The Group subscribed to 1,250,000 of Convertible Notes at a face value of \$1.00 per note. The Group made a follow on investment of \$1,250,000 on 2 February 2021 whereby it subscribed to a further 1,250,000 of Convertible Notes at a face value of \$1.00. On 28 June 2021, the 2,500,000 notes plus accrued interest (\$2,676,467) were converted to shares representing an 8.8% holding in 1derful (1,284,462 shares).

The shares were issued to the Group at an average price of \$2.0837 per share. Since 1 July 2022, 1derful has been raising equity at \$3.7465 per share however the Group does not deem this price per share as an appropriate fair value for its own shareholding. The Group feels that the value of its shareholding could be impacted by the recent economic challenges of higher interest rates, higher inflation and challenges within the Fin-Tech start up space raising capital. The price that an investor is willing to inject new capital into the company is not necessarily consistent with the price that the Group would be able to sell its shareholding for.

An assessment will be made at each measurement date as to the most appropriate valuation methodology. As of 30 June 2023:

- Financial assets measured at cost were \$2.68 million (2022: \$2.68 million).

The Group believe that cost is equivalent to fair value.

Note 15. Property, plant and equipment

	Consolidated Group	
	2023	2022
	\$	\$
Leasehold improvements - at cost	-	168,987
Less: Accumulated depreciation	-	(158,190)
	-	10,797
Motor vehicles - at cost	-	46,582
Less: Accumulated depreciation	-	(5,126)
	-	41,456
Computer equipment - at cost	32,576	67,250
Less: Accumulated depreciation	(27,908)	(31,038)
	4,668	36,212
Office equipment - at cost	6,746	140,497
Less: Accumulated depreciation	(6,746)	(136,343)
	-	4,154
Computer software - at cost	183,732	192,932
Less: Accumulated depreciation	(182,808)	(161,043)
	924	31,889
	5,592	124,508

Reconciliations

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

Consolidated Group	Leasehold Improvements \$	Computer Equipment \$	Office Equipment \$	Motor Vehicles \$	Computer Software \$	Total \$
Balance at 1 July 2021	51,893	22,235	8,966	-	47,771	130,865
Additions	-	40,496	-	46,582	-	87,078
Additions through business combinations (note 42)	-	-	8,219	-	-	8,219
Disposals	-	(1,149)	-	-	-	(1,149)
Classified as held for sale	-	(2,934)	-	-	-	(2,934)
Depreciation expense	(41,096)	(22,436)	(13,031)	(5,126)	(15,882)	(97,571)
Balance at 30 June 2022	10,797	36,212	4,154	41,456	31,889	124,508
Additions	-	78,459	-	-	-	78,459
Disposals net of accumulated depreciation	-	-	(1,074)	(39,143)	-	(40,217)
Write off of assets	-	(76,079)	-	-	-	(76,079)
Transfers in/(out) - net of accumulated depreciation	-	2,063	-	-	-	2,063
Depreciation expense	(10,797)	(35,987)	(3,080)	(2,313)	(30,965)	(83,142)
Balance at 30 June 2023	-	4,668	-	-	924	5,592

Note 16. Right-of-use assets

	Consolidated Group	
	2023	2022
	\$	\$
Leases	1,377,773	1,377,773
Less: Accumulated depreciation	<u>(1,352,277)</u>	<u>(1,216,052)</u>
	<u>25,496</u>	<u>161,721</u>

The Group leases land and buildings for its offices under agreements of three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

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

Consolidated Group	Leases	Total
	\$	\$
Balance at 1 July 2021	591,842	591,842
Amortisation expense	<u>(430,121)</u>	<u>(430,121)</u>
Balance at 30 June 2022	161,721	161,721
Amortisation expense	<u>(136,225)</u>	<u>(136,225)</u>
Balance at 30 June 2023	<u>25,496</u>	<u>25,496</u>

Note 17. Intangibles

	Consolidated Group	
	2023	2022
	\$	\$
Goodwill - at cost	16,191,739	16,191,737
Less: Impairment	<u>(13,464,540)</u>	<u>(7,131,835)</u>
	<u>2,727,199</u>	<u>9,059,902</u>
Customer contracts - at cost	601,000	601,000
Less: Accumulated amortisation	<u>(160,267)</u>	<u>(100,167)</u>
	<u>440,733</u>	<u>500,833</u>
Software - at cost	3,547,000	3,547,000
Less: Accumulated amortisation	<u>(823,833)</u>	<u>(521,433)</u>
Less: Impairment	<u>(889,100)</u>	<u>-</u>
	<u>1,834,067</u>	<u>3,025,567</u>
	<u>5,001,999</u>	<u>12,586,302</u>

Note 17. Intangibles (continued)

Reconciliations

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

	Goodwill	Website	Trademarks	Intellectual Property	Development	Software	Customer Contracts	Total
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	9,876,146	788,013	80,682	10,000	310,876	2,334,267	560,933	13,960,917
Additions through business combinations (note 42)	6,315,591	-	-	-	-	1,046,000	-	7,361,591
Classified as held for sale (note 12)	-	(683,450)	(26,894)	(3,333)	-	-	-	(713,677)
Reclassification	-	310,876	-	-	(310,876)	-	-	-
Impairment of goodwill	(7,131,835)	-	-	-	-	-	-	(7,131,835)
Amortisation expense	-	(415,439)	(53,788)	(6,667)	-	(354,700)	(60,100)	(890,694)
Balance at 30 June 2022	9,059,902	-	-	-	-	3,025,567	500,833	12,586,302
Impairment of software	-	-	-	-	-	(889,100)	-	(889,100)
Impairment of goodwill	(6,332,703)	-	-	-	-	-	-	(6,332,703)
Amortisation expense	-	-	-	-	-	(302,400)	(60,100)	(362,500)
Balance at 30 June 2023	<u>2,727,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,834,067</u>	<u>440,733</u>	<u>5,001,999</u>

Impairment testing

Goodwill is allocated to the Group's cash-generating units (CGU's) as follows:

	Consolidated Group	
	2023	2022
	\$	\$
Asset Vision	2,727,199	4,638,988
EagleSoft (note 42)	-	4,420,914
Total	<u>2,727,199</u>	<u>9,059,902</u>

The Group undertakes impairment testing of the relevant businesses as required. Impairment testing was performed at 30 June 2023 to support the carrying value of goodwill for the Asset Vision CGU. The recoverable amount of the Group's goodwill was based on a value in use calculation, determined by a discounting cash flows model based on a 5 year projection period approved by Management, together with a terminal value. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

Key assumptions are those to which the recoverable amount of an asset or cash generating unit are most sensitive.

Note 17. Intangibles (continued)

The key assumptions used in the value in use calculation for Asset Vision were as follows:

- Pre-tax discount rate 23.75% (June 2022: 17.85%)
- Terminal value growth rate 2.50% (June 2022: 2.50%)
- Revenue growth rate (average over next five years) 15.60% (June 2022: 41.9%)

There were no other key assumptions for the Asset Vision division.

The review indicates that the value in use is higher than the carrying amount of goodwill therefore no further impairment is necessary.

The review that was undertaken at the half-year due to the changes to the macro-economic environment resulted in an impairment charge of \$1,911,789 to the goodwill of the Asset Vision CGU.

The Group has integrated the engineering capability of EagleSoft with the Asset Vision team and has shutdown the EagleSoft business unit. There are no recoverable amounts for non-financial assets, and, given there are no future cash flows to be received from the intangible assets recognised in the EagleSoft CGU, the value in use of the asset is deemed to be nil.

The EagleSoft goodwill, a total of \$4,420,914 and the EagleSoft software, a total of \$889,100 were impaired in full during the half-year ended 31 December 2022.

Impact of a Reasonably Possible Change in Key Assumptions:

Management believes that the growth rates disclosed above over the 5-year forecast period are realistic and achievable based on the organic growth prospects and significant existing investment in the Group's software platforms.

Any adverse movement in a key assumption would lead to a reduction in the estimated recoverable amount exceeding the carrying value for the Asset Vision CGU. For example, a 1% reduction in revenue growth rates would cause a reduction of \$940,928 to the value in use of Asset Vision.

Note 18. Deferred tax

	Consolidated Group	
	2023	2022
	\$	\$
Deferred tax asset	<u>436,229</u>	<u>118,792</u>
<i>Movements:</i>		
Opening balance	118,792	230,784
Credited/(charged) to profit or loss (note 7)	<u>317,437</u>	<u>(111,992)</u>
Closing balance	<u>436,229</u>	<u>118,792</u>

Note 19. Trade and other payables

	Consolidated Group	
	2023	2022
	\$	\$
Trade payables	107,816	93,730
GST payable	62,818	19,762
Other payables	248,419	549,484
	<u>419,053</u>	<u>662,976</u>

Refer to note 35 for further information on financial instruments.

Note 20. Borrowings

Financing arrangements

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

	Consolidated Group	
	2023	2022
	\$	\$
Total facilities		
Credit Card Facility	<u>95,000</u>	<u>95,000</u>
Used at the reporting date		
Credit Card Facility	<u>6,017</u>	<u>19,590</u>
Unused at the reporting date		
Credit Card Facility	<u>88,983</u>	<u>75,410</u>

There is a corporate cross-deed of guarantee between the parent company and all subsidiaries ("General Security Agreement") which is secured by all present and after-acquired property.

Note 21. Lease liabilities

	Consolidated Group	
	2023	2022
	\$	\$
Lease liability	<u>25,842</u>	<u>140,864</u>

Refer to note 35 for further information on financial instruments.

Note 22. Employee benefits

	Consolidated Group	
	2023	2022
	\$	\$
Annual leave	280,762	270,890
Long service leave	<u>112,948</u>	<u>76,812</u>
	<u>393,710</u>	<u>347,702</u>

Note 22. Employee benefits (continued)

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated Group	
	2023	2022
	\$	\$
Employee benefits obligation expected to be settled after 12 months	128,604	93,937

Note 23. Deferred consideration

	Consolidated Group	
	2023	2022
	\$	\$
Deferred consideration	500,000	3,000,000

The deferred consideration represents the obligation to pay consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

On 10 May 2023, the Group announced that it had successfully restructured the terms of the remaining completion payments for the EagleSoft acquisition. The outstanding balance of \$1,000,000 will be paid across six quarterly instalments commencing 1 July 2023 and concluding 31 October 2024 - \$500,000 payable in FY24 with the remaining \$500,000 payable during FY25 (see note 29 non-current deferred consideration).

Note 24. Other

	Consolidated Group	
	2023	2022
	\$	\$
Accrued expenses	227,238	333,784
Other current liabilities	8,871	87,670
	236,109	421,454

Lease make good

Other current liabilities represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms. The lease for the premises at 799 Springvale Road, Mulgrave expires on 1 November 2023.

Note 25. Deferred tax

	Consolidated Group	
	2023	2022
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Customer Contracts	110,000	125,000
Deferred tax liability	<u>110,000</u>	<u>125,000</u>
<i>Movements:</i>		
Opening balance	125,000	-
Charged/(credited) to profit or loss (note 7)	(15,000)	125,000
Closing balance	<u>110,000</u>	<u>125,000</u>

Note 26. Lease liabilities

	Consolidated Group	
	2023	2022
	\$	\$
Lease liability	-	24,793

Refer to note 35 for further information on financial instruments.

Note 27. Employee benefits

	Consolidated Group	
	2023	2022
	\$	\$
Long service leave	<u>38,977</u>	<u>44,398</u>

Note 28. Contingent consideration

Contingent consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets, the majority of which may be satisfied by way of an issue of shares in Future First Technologies Ltd. It is measured at the present value of the estimated liability. The contingent consideration liability is reassessed at each reporting date against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss.

The Group has integrated the engineering capability of EagleSoft with the Asset Vision team and has shutdown the EagleSoft business unit. There are no recoverable amounts for non-financial assets, and, given there are no future cash flows to be received from the intangible assets, the value in use is deemed to be nil. Milestones are no longer expected to be met and contractual obligations will not be paid therefore the contingent consideration has been reversed to the statement of profit or loss during the year ended 30 June 2023.

Note 28. Contingent consideration (continued)

Movements in provisions

Movements in each class of contingent consideration during the current financial year, other than employee benefits, are set out below:

	Contingent Consideration \$
Consolidated Group - 2023	
Carrying amount at the start of the year	949,880
Unwinding of discount	367
Unused amounts reversed	(950,247)
	<u> </u>
Carrying amount at the end of the year	<u> </u> <u> </u>

Note 29. Deferred consideration

	Consolidated Group	
	2023	2022
	\$	\$
Deferred consideration	<u>500,000</u>	<u>1,000,000</u>

Deferred consideration represents the obligation to pay outstanding consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

On 10 May 2023, the Group announced that it had successfully restructured the terms of the remaining completion payments for the EagleSoft acquisition. The outstanding balance of \$1,000,000 will be paid across six quarterly instalments commencing 1 July 2023 and concluding 31 October 2024 - \$500,000 payable in FY24 (see note 23 for current deferred consideration) with the remaining \$500,000 payable during FY25.

Note 30. Issued capital

	Consolidated Group			
	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>714,836,565</u>	<u>640,813,035</u>	<u>95,541,932</u>	<u>93,069,131</u>

Note 30. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	410,885,795		85,410,272
Issue of shares on acquisition of EagleSoft	1 July 2021	15,000,000	\$0.06	1,020,000
Rights issue	27 October 2021	9,348,669	\$0.04	420,690
Issue of shares on acquisition of Asset Vision	8 November 2021	23,500,000	\$0.04	1,000,000
Rights issue placement	24 December 2021	78,400,000	\$0.03	2,352,000
Issue of shares on acquisition of Asset Vision	28 February 2022	32,250,000	\$0.03	1,000,000
Institutional placement	24 May 2022	71,428,571	\$0.03	2,500,000
Share issue transaction costs, net of tax		-	\$0.00	(633,831)
Balance	30 June 2022	640,813,035		93,069,131
Issue of shares on acquisition of EagleSoft	12 July 2022	29,411,765	\$0.03	1,000,000
Issue of shares to Adrian Rudman	4 October 2022	5,000,000	\$0.03	160,000
Issue of shares ex staff of Respring Pty Ltd	4 October 2022	4,500,000	\$0.03	144,000
Issue of shares on acquisition of EagleSoft	3 January 2023	29,411,765	\$0.03	1,000,000
Issue of shares to Nicole Ferro	3 January 2023	700,000	\$0.03	23,801
Issue of shares on acquisition of EagleSoft - renegotiated payment terms	10 May 2023	5,000,000	\$0.02	145,000
Balance	30 June 2023	<u>714,836,565</u>		<u>95,541,932</u>

The shares issued to former employees and directors on 4 October 2022 and 3 January 2023 were issued for nil consideration.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Note 31. Reserves

	Consolidated Group	
	2023	2022
	\$	\$
Revaluation surplus reserve	1,500,000	1,500,000
Employee share options reserve	318,600	820,600
	<u>1,818,600</u>	<u>2,320,600</u>

Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of investments.

Employee share options reserve

This reserve is used to recognise options granted to Directors and employees under the current FFT Directors and Employee Benefits Plan. Further information on the operation of this plan is outlined in the Directors' Report.

Note 31. Reserves (continued)

Movements in reserves

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

Consolidated Group	Employee share option reserve \$	Revaluation reserve \$	Total \$
Balance at 1 July 2021	352,000	1,500,000	1,852,000
Options granted	628,600	-	628,600
Options forfeited	(160,000)	-	(160,000)
Balance at 30 June 2022	820,600	1,500,000	2,320,600
Options granted	69,000	-	69,000
Options expired	(110,000)	-	(110,000)
Options forfeited	(461,000)	-	(461,000)
Balance at 30 June 2023	<u>318,600</u>	<u>1,500,000</u>	<u>1,818,600</u>

Note 32. Accumulated losses

	Consolidated Group	
	2023	2022
	\$	\$
Accumulated losses at the beginning of the financial year	(82,004,980)	(67,797,389)
Loss after income tax (expense)/benefit for the year	(8,627,284)	(14,367,591)
Transfer from options reserve	502,000	160,000
Accumulated losses at the end of the financial year	<u>(90,130,264)</u>	<u>(82,004,980)</u>

Note 33. Dividends

Dividends

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

Franking credits

	Consolidated Group	
	2023	2022
	\$	\$
Franking credits available at the reporting date based on a tax rate of 25% (2022: 30%)	<u>7,268,419</u>	<u>7,268,419</u>
Franking credits available for subsequent financial years based on a tax rate of 25% (2022: 30%)	<u>7,268,419</u>	<u>7,268,419</u>

Note 34. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated Group	
	2023	2022
	\$	\$
Loss after income tax (expense)/benefit for the year	(8,627,284)	(14,367,591)
Adjustments for:		
Depreciation and amortisation	581,868	1,418,386
Impairment	7,221,803	7,131,835
Share-based payments	183,800	360,000
Write off of assets	76,079	-
Net loss/(gain) on disposal of non-current assets	36,500	(10,000)
Other revenue - non-cash	(950,247)	-
Other expenses - non-cash	-	25,194
Finance costs - non-cash	367	236,547
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(130,506)	37,194
Decrease in income tax refund due	317,086	389,926
Decrease/(increase) in deferred tax assets	(317,437)	111,992
Decrease/(increase) in accrued revenue	79,765	-
Decrease/(increase) in prepayments	59,151	(122,478)
Increase/(decrease) in trade and other payables	(91,291)	247,733
Increase/(decrease) in deferred tax liabilities	(15,000)	125,000
Increase in employee benefits	40,587	137,178
Decrease in security deposits	(245,821)	-
Increase in other operating liabilities	266,214	273,567
Net cash used in operating activities	<u>(1,514,366)</u>	<u>(4,005,602)</u>

Note 35. 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 rate, foreign exchange and other price risks, 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 manages financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group is not currently exposed to any material fluctuations in foreign currency.

Note 35. Financial instruments (continued)

Price risk

Price risk is the risk that the value of a security or investment will decrease. The Group's main price risk arises from unlisted shares held at fair value through other comprehensive income. Factors that affect price risk include earnings volatility, poor business management, and price changes.

Apart from the above, the Group is not exposed to any other significant price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The table below outlines the variable interest rate on cash at bank:

	2023		2022	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated Group				
Cash at bank	0.06%	714,891	-	2,684,661
Net exposure to cash flow interest rate risk		<u>714,891</u>		<u>2,684,661</u>

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements. The Group does not hold any collateral.

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

The Group does not have any material credit risk exposure to any single debtor or Group of debtors under financial instruments entered into by the Group.

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

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 35. Financial instruments (continued)

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated Group	
	2023	2022
	\$	\$
Credit Card Facility	88,983	75,410

Maturity Analysis

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 Group - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	107,816	-	-	-	107,816
Other payables	-	248,419	-	-	-	248,419
Accrued expenses	-	227,238	-	-	-	227,238
Deferred consideration	-	500,000	500,000	-	-	1,000,000
<i>Interest-bearing - variable</i>						
Lease liability	4.00%	25,842	-	-	-	25,842
Total non-derivatives		1,109,315	500,000	-	-	1,609,315

Consolidated Group - 2022	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	-	93,730	-	-	-	93,730
Other payables	-	549,484	-	-	-	549,484
Accrued expenses	-	333,784	-	-	-	333,784
Deferred consideration	-	3,000,000	1,000,000	-	-	4,000,000
Contingent consideration	-	-	-	949,880	-	949,880
<i>Interest-bearing - variable</i>						
Lease liability	4.00%	140,864	24,793	-	-	165,657
Total non-derivatives		4,117,862	1,024,793	949,880	-	6,092,535

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

Fair value of financial instruments

The fair values of cash, receivables, trade and other payables and current tax payables approximate their carrying amounts as a result of their short-term maturity.

Note 36. 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 Group	
	2023	2022
	\$	\$
Short-term employee benefits	903,321	860,609
Post-employment benefits	85,108	79,061
Termination benefits	68,298	-
Share-based payments	160,000	360,000
	<u>1,216,727</u>	<u>1,299,670</u>

Note 37. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd (VIC Partnership) and Moore Australia Audit (VIC), the current and previous auditor of the Company:

	Consolidated Group	
	2023	2022
	\$	\$
<i>Audit services - Moore Australia Audit (VIC)</i>		
Audit or review of the financial statements	54,803	104,621
<i>Audit services - HLB Mann Judd (VIC Partnership)</i>		
Audit or review of the financial statements	95,000	-
	<u>149,803</u>	<u>104,621</u>

Note 38. Contingent liabilities

The Group has given bank guarantees as at 30 June 2023 of NIL (2022: \$245,821) in satisfaction of building lease guarantees, which have been cash-backed.

There are no other matters which the Group considers would result in a contingent liability as at the date of this report.

Note 39. Commitments

The Group has no capital or lease commitments at at 30 June 2023.

Note 40. Related party transactions

Parent entity

Future First Technologies Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 43.

Key management personnel

Disclosures relating to key management personnel are set out in note 36.

Note 40. Related party transactions (continued)

Transactions with related parties

On 12 November 2020, the Group entered into a building lease agreement with DKEL Investment Pty Ltd (formerly SyncIT Development Pty Ltd), a company wholly owned by Damian Smith, the CEO of the Group. The premises are used for the principal place of business for Future First Technologies Ltd and Asset Vision Pty Ltd. The lease is for a period of three years.

The following transactions occurred with related parties:

	Consolidated Group	
	2023	2022
	\$	\$
Other transactions:		
Office rent and outgoings paid to key management personnel	96,706	101,329

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.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 41. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	<u>(11,646,376)</u>	<u>(10,341,600)</u>
Total comprehensive income	<u>(11,646,376)</u>	<u>(10,341,600)</u>

Note 41. Parent entity information (continued)

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	2,472,866	7,502,427
Total assets	11,091,176	24,421,188
Total current liabilities	759,922	3,470,018
Total liabilities	1,275,266	5,431,703
Equity		
Issued capital	95,541,932	93,069,131
Revaluation surplus reserve	1,500,000	1,500,000
Employee share options reserve	318,600	820,600
Accumulated losses	(87,544,623)	(76,400,244)
Total equity	<u>9,815,909</u>	<u>18,989,487</u>

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

Please see note 44 in relation to the deed of cross guarantee in place.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 42. Business combinations

(a) Current Period

Acquisition and disposal costs expensed to the statement of profit or loss and other comprehensive income during the year ended 30 June 2023 amounted to \$304,769 (2022: \$133,812) for services provided by consultants and legal advisers as well as share issue costs. This was incurred in relation to acquisitions and disposals of existing businesses and prospective transactions.

During the year ending 30 June 2023, cash payments of \$1,000,000 were made to the vendors of the businesses acquired in prior periods, in satisfaction of business purchase and earn out payments as per the terms of the share sale and purchase agreements.

Note 42. Business combinations (continued)

(b) Prior Period

EagleSoft Pty Ltd

On 23 June 2021, the Group announced the strategic acquisition of EagleSoft, an Intelligent Data Capture Platform that automatically detects both road defects and asset inventory using Artificial Intelligence (AI) and Machine Learning (ML), with the execution of a Share Sale and Purchase Agreement.

The consideration for the acquisition of EagleSoft's proprietary solution was a mix of cash and FFT shares, being \$1.5m in cash and 15,000,000 shares on completion with further deferred and conditional consideration payments of up to \$8.0m across the next three years post completion. Post completion payments will also be a mixture of cash and FFT shares on a 50:50 ratio.

The transaction successfully completed on 1 July 2021.

Details of the purchase consideration, the net assets acquired and goodwill are set out below. The goodwill of \$6,315,591 represents the amount of consideration paid for the business acquisition less fair value of net assets, plus additional amounts paid for performance, both current and implied by forecasts. The acquired business contributed revenue of \$641,204 and a profit after income tax of \$233,017 from 1 July 2021 to 30 June 2022.

Details of the acquisition are as follows:

	EagleSoft Pty Ltd Fair value \$	Total \$
Cash and cash equivalents	6,763	6,763
Trade receivables	432,713	432,713
Plant and equipment	8,219	8,219
Software	1,046,000	1,046,000
Other payables	(112,911)	(112,911)
Revenue received in advance	(393,375)	(393,375)
Net assets acquired	987,409	987,409
Goodwill	6,315,591	6,315,591
Acquisition-date fair value of the total consideration transferred	<u>7,303,000</u>	<u>7,303,000</u>
Representing:		
Cash paid or payable to vendor	1,500,000	1,500,000
FFT Ltd shares issued to vendor	1,020,000	1,020,000
Deferred consideration	3,834,000	3,834,000
Contingent consideration - non-current	949,000	949,000
	<u>7,303,000</u>	<u>7,303,000</u>
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	7,303,000	7,303,000
Less: cash and cash equivalents	(6,763)	(6,763)
Less: deferred consideration	(3,834,000)	(3,834,000)
Less: shares issued by company as part of consideration	(1,020,000)	(1,020,000)
Less: contingent consideration	(949,000)	(949,000)
Net cash used	<u>1,493,237</u>	<u>1,493,237</u>

Note 43. Interests in subsidiaries

The Group financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Respring Pty Ltd	Australia	100.00%	100.00%
Asset Vision Pty Ltd	Australia	100.00%	100.00%
EagleSoft Pty Ltd	Australia	100.00%	100.00%

Note 44. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Asset Vision Pty Ltd
Respring Pty Ltd
EagleSoft Pty Ltd
Future First Technologies Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Future First Technologies Ltd, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and statement of financial position are the same as the Group and therefore have not been separately disclosed.

Note 45. Earnings per share

	Consolidated Group	
	2023 \$	2022 \$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the members of Future First Technologies Ltd	<u>(8,494,458)</u>	<u>(12,275,298)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>691,642,479</u>	<u>505,612,726</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>691,642,479</u>	<u>505,612,726</u>
	Cents	Cents
Basic earnings per share	(1.23)	(2.43)
Diluted earnings per share	(1.23)	(2.43)

Note 45. Earnings per share (continued)

	Consolidated Group	
	2023	2022
	\$	\$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the members of Future First Technologies Ltd	<u>(132,826)</u>	<u>(2,092,293)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>691,642,479</u>	<u>505,612,726</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>691,642,479</u>	<u>505,612,726</u>
	Cents	Cents
Basic earnings per share	(0.02)	(0.41)
Diluted earnings per share	(0.02)	(0.41)

	Consolidated Group	
	2023	2022
	\$	\$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the members of Future First Technologies Ltd	<u>(8,627,284)</u>	<u>(14,367,591)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>691,642,479</u>	<u>505,612,726</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>691,642,479</u>	<u>505,612,726</u>
	Cents	Cents
Basic earnings per share	(1.25)	(2.84)
Diluted earnings per share	(1.25)	(2.84)

Note 46. Share-based payments

The Group has a Long-Term Incentive Plan (LTIP) that includes options, with a view to aligning the interests of employees with the objectives of the Group and to provide incentives to Directors, senior executives and staff. The Group's LTIP applies to both past and present employees and Directors and is subject to vesting conditions for option holders. Options are granted over ordinary shares in the Company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Remuneration and Nomination Committee.

Note 46. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

	Number of options 2023	Weighted average exercise price 2023	Number of options 2022	Weighted average exercise price 2022
Outstanding at the beginning of the financial year	88,040,000	\$0.00	44,040,000	\$0.08
Granted	20,000,000	\$0.00	64,000,000	\$0.07
Forfeited	(74,000,000)	\$0.00	(20,000,000)	\$0.08
Expired	(10,040,000)	\$0.00	-	\$0.00
Outstanding at the end of the financial year	<u>24,000,000</u>	\$0.00	<u>88,040,000</u>	\$0.08

2023

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
15/12/2016	14/12/2022	\$0.39	40,000	-	-	(40,000)	-
13/11/2020	06/08/2022	\$0.05	5,000,000	-	-	(5,000,000)	-
13/11/2020	06/08/2023	\$0.10	5,000,000	-	-	-	5,000,000
13/11/2020	06/08/2022	\$0.05	2,000,000	-	-	(2,000,000)	-
13/11/2020	06/08/2023	\$0.10	2,000,000	-	-	(2,000,000)	-
23/11/2020	06/08/2022	\$0.05	5,000,000	-	-	(5,000,000)	-
23/11/2020	06/08/2023	\$0.10	5,000,000	-	-	-	5,000,000
10/05/2022	10/05/2025	\$0.05	4,000,000	-	-	-	4,000,000
12/05/2022	12/05/2025	\$0.05	10,000,000	-	-	-	10,000,000
08/06/2022	08/06/2024	\$0.05	25,000,000	-	-	(25,000,000)	-
08/06/2022	08/06/2025	\$0.10	25,000,000	-	-	(25,000,000)	-
18/11/2022	15/08/2024	\$0.05	-	10,000,000	-	(10,000,000)	-
18/11/2022	15/08/2025	\$0.10	-	10,000,000	-	(10,000,000)	-
			<u>88,040,000</u>	<u>20,000,000</u>	<u>-</u>	<u>(84,040,000)</u>	<u>24,000,000</u>

2022

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
15/12/2016	14/12/2022	\$0.39	40,000	-	-	-	40,000
26/10/2020	06/08/2022	\$0.05	10,000,000	-	-	(10,000,000)	-
26/10/2020	06/08/2023	\$0.10	10,000,000	-	-	(10,000,000)	-
13/11/2020	06/08/2022	\$0.05	5,000,000	-	-	-	5,000,000
13/11/2020	06/08/2023	\$0.10	5,000,000	-	-	-	5,000,000
13/11/2020	06/08/2022	\$0.05	2,000,000	-	-	-	2,000,000
13/11/2020	06/08/2023	\$0.10	2,000,000	-	-	-	2,000,000
23/11/2020	06/08/2022	\$0.05	5,000,000	-	-	-	5,000,000
23/11/2020	06/08/2023	\$0.10	5,000,000	-	-	-	5,000,000
10/05/2022	10/05/2025	\$0.05	-	4,000,000	-	-	4,000,000
12/05/2022	12/05/2025	\$0.05	-	10,000,000	-	-	10,000,000
08/06/2022	08/06/2024	\$0.05	-	25,000,000	-	-	25,000,000
08/06/2022	08/06/2025	\$0.10	-	25,000,000	-	-	25,000,000
			<u>44,040,000</u>	<u>64,000,000</u>	<u>-</u>	<u>(20,000,000)</u>	<u>88,040,000</u>

Note 46. Share-based payments (continued)

The fair value of the equity share settled options granted under the LTIP is estimated as at the grant date using the Binomial model taking into account the terms and conditions upon which the options were granted.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.99 years (2022: 1.96 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
18/11/2022	15/08/2024	\$0.03	\$0.05	89.00%	-	3.21%	\$47,000
18/11/2022	15/08/2025	\$0.03	\$0.10	89.00%	-	3.21%	\$22,000

Note 47. Events after the reporting period

On 5 July 2023, the Group announced the appointment of Luke Donnellan as Non-Executive Director of the Board, effective 1 July 2023.

On 2 August 2023, the Group announced a Co-CEO leadership structure, effective immediately, where Damian Smith, Co-Founder and Group CEO, will become Co-CEO with a responsibility focused on Product and Client Delivery. Lucas Murtagh will join Damian on the Executive team as Co-CEO to lead Growth and Strategy.

On 6 August 2023, the Group was notified that under section 601AA (4) of the Corporations Act 2001, Respring Pty Ltd was deregistered. The Group applied for voluntary deregistration in May 2023 after the sale of the farmbuy.com assets.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Future First Technologies Ltd
Directors' declaration
30 June 2023

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 1 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 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 44 to the financial statements.

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



Damian Smith
Managing Director

31 August 2023
Melbourne

Independent Auditor's Report to the Members of Future First Technologies Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Future First Technologies Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 Going concern in the financial report, which indicates that the Group incurred a net loss of \$8,627,284 during the year ended 30 June 2023 (30 June 2022: net loss of \$14,367,591) and, as of that date, its current liabilities exceeded its current assets by \$266,538 (30 June 2022: current liabilities exceeded current assets by \$130,097). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists 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* we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of intangible assets Notes 1, 2 and 17</p> <p>As at 30 June 2023, after accounting for impairment, the Group had intangible assets with a carrying value of \$5,001,999 relating to goodwill, customer contracts and capitalised software. These intangible assets are assessed for impairment at the cash generating unit (“CGU”) level using a value in use model prepared in accordance with the requirements of AASB 136 <i>Impairment of Assets</i> (“AASB 136”). Impairment expenses of \$7,221,803 were recognised during the year.</p> <p>The assessment of the carrying value of intangible assets is considered a key audit matter due to the following factors:</p> <ul style="list-style-type: none"> ▪ intangible assets represent a significant proportion of the Group’s total assets; ▪ impairment testing involves complex modelling which requires the Group to exercise significant judgment including the use of forward-looking assumptions; ▪ estimating future cash flows requires a significant degree of judgment, especially in respect of products under development which are in an early stage of maturity; and ▪ the assumptions used in the Group’s value in use calculations, including future cash flows, discount rates and growth rates, are subjective and prone to the risk of bias. 	<p>Our procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> ▪ Obtained management’s impairment assessment and value in use model and assessed appropriateness in conjunction with AASB 136; ▪ Challenged the appropriateness of cash flow forecasts, discount rates, growth rates and other key assumptions adopted by management; ▪ Assessed the historical accuracy of past forecasts prepared by management by comparing against actual results achieved; ▪ Performed sensitivity analysis over key assumptions adopted by management, including in respect of discount rates and growth rates for each CGU; and ▪ Assessed financial statement disclosure for appropriateness against the requirements of AASB 136 and AASB 138.

Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2023, but does not include the financial report and our auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

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with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company 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 ability of the Company and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Group 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

- based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Future First Technologies Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Melbourne
31 August 2023

A handwritten signature in black ink, appearing to read 'M Gummery', with a stylized flourish at the end.

Michael Gummery
Partner

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Future First Technologies Ltd
Shareholder information
30 June 2023

The shareholder information set out below was applicable as at 29 August 2023.

Distribution of equitable securities

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

	Number of holders	Ordinary shares % of total shares issued	Number of shares
1 to 1,000	50	-	14,642
1,001 to 5,000	43	0.02	126,025
5,001 to 10,000	59	0.07	475,830
10,001 to 100,000	402	2.29	16,382,987
100,001 and over	241	97.62	697,837,081
	<u>795</u>	<u>100.00</u>	<u>714,836,565</u>
Holding less than a marketable parcel	<u>34</u>	<u>-</u>	<u>1,588</u>

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
BOND STREET CUSTODIANS LIMITED, SALTER - D79836 A/C	68,500,000	9.58
DKEL INVESTMENT PTY LTD	67,750,000	9.48
TOON CONSULTING PTY LTD, FALCONER FAMILY A/C	50,000,000	6.99
ANALYST RECRUITMENT PTY LTD, MURTAGH FAMILY A/C	50,000,000	6.99
PEANO INVESTMENTS PTY LTD, PEANO INVESTMENTS A/C	50,000,000	6.99
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,558,388	6.09
REMSTRATEGY EST 1120 PTY LTD, FFT EIT A/C	29,150,000	4.08
BABAK BIGDELI	22,370,588	3.13
ARVAND PTY LTD, THE BIGDELI FAMILY A/C	22,370,588	3.13
FLASHLIGHT ADVISORY PTY LTD, FLASHLIGHT ADVISORY INVESTMENT A/C	17,200,000	2.41
CHRIS MAHONEY	15,764,706	2.21
EHAN TECH PTY LTD, THE EHAN FAMILY A/C	15,317,648	2.14
FIP INVESTMENTS (VIC) PTY LTD, FIP INVESTMENTS A/C	14,545,719	2.03
DKEL INVESTMENT PTY LTD	12,000,000	1.68
SALTER BROTHERS ASSET MANAGEMENT PTY, SERIES G FUND II NSW A/C	11,144,358	1.56
CAFBRIDGE PTY LIMITED, AJ & JA OLIVER S/F A/C	9,000,000	1.26
SWOOPER PTY LTD	7,735,619	1.08
MR BLAIR CAMERON GOWANS	6,982,293	0.98
MR PAUL RICHARD FIELDING	5,750,000	0.80
GLENFIELD PTY LTD, GELNNFIELD FAMILY A/C	5,567,310	0.78
	<u>524,707,217</u>	<u>73.39</u>

Future First Technologies Ltd
Shareholder information
30 June 2023

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	24,000,000	4

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
CCZ Equities Pty Ltd	Ordinary	10,000,000
Renata Sguario	Ordinary	5,000,000
Vesna Jelesic	Ordinary	5,000,000

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares Number held	% of total shares issued
DKEL Investment Pty Ltd	79,750,000	11.16
Murtagh, Lucas	75,000,000	10.49
Falconer, Keith	75,000,000	10.49
Bond Street Custodians Limited	68,850,000	9.63
HSBC Custody Nominees (Australia) Limited	43,558,388	6.09

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.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary	03/01/2024	10,294,118
Ordinary	12/07/2024	10,294,118
Ordinary	03/01/2025	10,294,118
		<hr/> <u>30,882,354</u>