

Half Year Update

For the Half Year to 31 December 2020

Half Year revenue of \$2.6million, positive 2H outlook

Highlights:

- **Key metrics:**
 - ✓ 1H FY21 revenue \$2.6m, up 7% vs pcp. 85% of group revenues are recurring
 - ✓ Annualised Recurring Revenue (**ARR**) \$5.8m, up 17% from \$4.9m in 1H FY20
 - ✓ Loss before tax reduced to \$1.8m, 35% improvement on 1H FY20
- **Costs reduced** – costs in 1H FY21 were \$0.8m lower than pcp. At the end of 1H, we implemented further cost reductions of \$1.2m PA
- **Update on major projects** – Good progress on implementations with Medibank, St Vincent’s Private and Benestar, increasing revenue impact expected in 2H FY21
- **New strategic partnerships** established with Afterpay and Openpay – increases distribution and revenue potential
- **Strong financial position** – Available funds of \$2.5m, comprising cash at bank \$0.5m at 31 December 2020 and standby credit facility increased by \$2m in January 2021

1ST Group Limited (ASX: 1ST), the Australian digital health group, today announced its 1H FY21 results, delivering revenue growth and improving operating metrics. The Group’s focus on implementing and existing major customers and activating new strategic partnerships in 1H lays the foundations for further growth in 2H.

Klaus Bartosch, Managing Director and Co-Founder commented, *“The first half of FY21 saw progress in implementing the major projects signed in 2019 and establishing new strategic partnerships with Afterpay and Openpay. These provide significant revenue potential for 1st Group in 2021 in addition to organic growth. These partnerships reflect the unique value we add to our enterprise clients and their practices and the scalability of our systems and technology. The Group has momentum going into 2H FY21 and beyond.”*

Results Summary

	1H FY21	1H FY20	Change	
	\$	\$	\$	%
Revenue	2,599,479	2,436,263	163,216	7%
Expenses				
Advertising and marketing expense	(335,569)	(836,309)	500,740	-60%
Professional and consulting fees	(311,059)	(373,538)	62,479	-17%
Operations and administration expenses	(1,522,537)	(1,768,201)	245,664	-14%
Employee benefits	(2,080,697)	(2,078,281)	(2,416)	0%
Depreciation and amortisation expenses	(89,359)	(77,716)	(11,643)	15%
Finance costs	(72,939)	(76,436)	3,497	-5%
Loss before income tax benefit	(1,812,681)	(2,774,218)	961,537	-35%
Income tax benefit	18,252	18,252	0	0%
Loss after income tax benefit	(1,794,429)	(2,755,966)	961,537	-35%

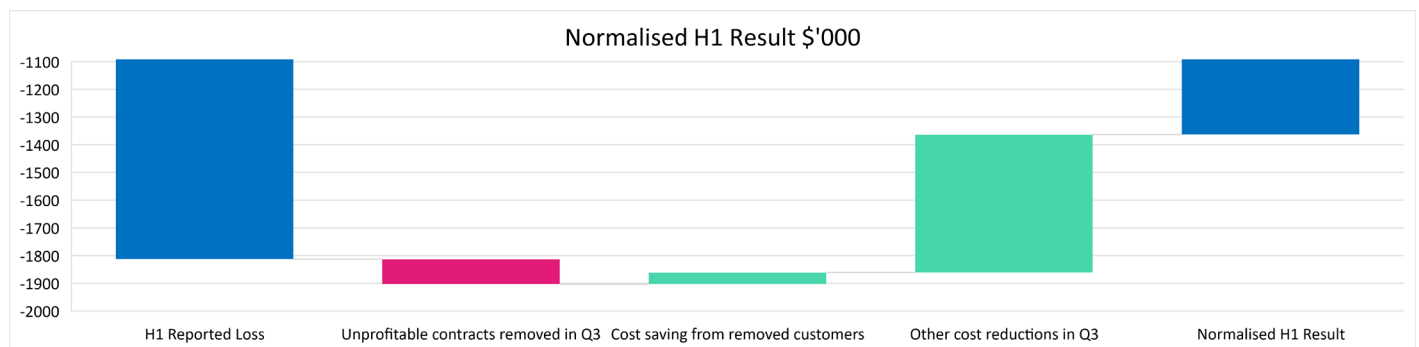
1H revenue increased \$163k, or 7% over the pcp. Recurring revenues increased by 17% to \$2.2m, and now represent 85% of group total. Subscription revenue of \$2,028k increased by 13% over the pcp reflecting site growth and product up-sell, as well as customer activations in the period. Contracted subscriptions, which comprise MRR (Monthly Recurring Revenue), increased to \$580k at the end of December 2020, from \$509k at the end of December 2019. This resulted in ACV at December 2020 of \$6,960k, up 14% from December 2019.

Usage revenue increased from \$125k to \$165k in the period. Advertising revenues also increased from \$18k to \$35k in the period. Total one-off fees were \$370k for the period, 25% lower than pcp, which included development and set-up fees associated with the landmark deals signed during 2019.

The Group's operating loss before tax reduced by \$961k, or 35% versus pcp, reflecting the reduction of additional costs incurred for the set-up and development work on the landmark deals in the pcp. The combination of revenue growth and the implemented cost reductions mean that a further significant improvement in operating loss before tax against pcp for 2H is expected.

As a maturing business preparing for our next phase of growth, we have been reviewing existing customer contracts and have been migrating historical commercial arrangements where possible to new sustainable profitable agreements. As a consequence, in circumstances where commercial terms have not been agreed with existing customers, unprofitable contracts have not been renewed. Whilst this has resulted in some short-term revenue being foregone, the pursuit of long term sustainable and profitable growth is paramount.

The following chart shows a normalised view on H1 results adjusting for customers that ceased trading with us in Q3 FY21 and cost savings made in Q3.



This announcement has been approved for release by the Board of Directors

Further information

Klaus Bartosch

Managing Director

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About 1st Group Limited

1st Group is an ASX listed digital health group building Australia's leading health services marketplace, MyHealth1st.com.au, Australia's online pet service marketplace PetYeti.com.au and corporate and government solutions platform GoBookings.com. These integrated platforms provide an easy to use online search and appointment booking service and offer a range of value-added apps and services that facilitate digital patient and customer engagement. We improve lives by connecting consumers to a variety of healthcare services and information anytime, anywhere, so they can get well sooner and stay well longer. To find out more visit 1stGrp.com, MyHealth1st.com.au, PetYeti.com.au and GoBookings.com.

1. Company details

Name of entity:	1st Group Limited
ABN:	25 138 897 533
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	6.7% to	2,599,479
Loss from ordinary activities after tax attributable to the owners of 1st Group Limited	down	34.9% to	(1,794,429)
Loss for the half-year attributable to the owners of 1st Group Limited	down	34.9% to	(1,794,429)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,794,429 (31 December 2019: \$2,755,966).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.61)</u>	<u>0.28</u>

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. Audit qualification or review

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


The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

Details of attachments (if any):

The Interim Report of 1st Group Limited for the half-year ended 31 December 2020 is attached.

7. Signed

Signed  _____

Date: 25 February 2021

Paul Welch
Chairman
Sydney

1st Group Limited

ABN 25 138 897 533

Interim Report - 31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of 1st Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

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

Klaus Bartosch	Managing Director, CEO
Paul Welch	Chairman
Michael Emmett	Non-Executive Director
Louise McElvogue	Non-Executive Director (Appointed 1 September 2020)
Trevor Matthews	Chairman (Resigned 17 November 2020)

Principal activities

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,794,429 (31 December 2019: \$2,755,966).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Covid-19 impact

The impact that Covid-19 had on the business as outlined in the FY20 full year financial report has mostly ended. Landmark contracts were reactivated during the half-year and revenue contribution is expected in the second half of the financial year. We continue to monitor the situation and government imposed measures along with the progress and results of the vaccinations which have commenced.

Matters subsequent to the end of the financial half-year

In January 2021, the directors have decided to increase the size of the convertible note facility with major shareholder John Plummer from \$2m to \$4m. The facility is a low cost of capital and has the same terms and has been extended to August 2022. The Board appreciates John's ongoing support.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

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

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

On behalf of the directors



Paul Welch
Chairman



Klaus Bartosch
Managing Director

 25 February 2021

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1st Group Limited
ABN: 25 138 897 533

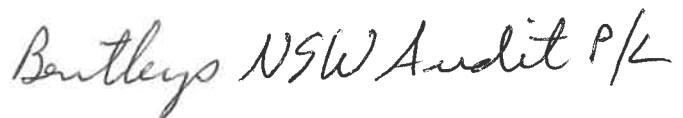
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of 1st Group Limited

As lead audit director for the review of the financial statements of 1st Group Limited for the half-year ended 31 December 2020 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 review; and
- b) any applicable code of professional conduct in relation to the review.



Kevin Cranfield
Director
Sydney



BENTLEYS NSW AUDIT PTY LTD
Chartered Accountants

Dated: 25 / 02 / 2021

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General information

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

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

Registered office

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

Principal place of business

Level 4/17-21 Bellevue Street
Surry Hills
Sydney, NSW 2010

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2021.

1st Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



	Note	Consolidated 31 December 2020	31 December 2019
		\$	\$
Revenue	3	2,599,479	2,436,263
Expenses			
Advertising and marketing expenses		(335,569)	(836,309)
Professional and consulting fees		(311,059)	(373,538)
Operations and administration expenses		(1,522,537)	(1,768,201)
Employee benefits		(2,080,697)	(2,078,281)
Depreciation and amortisation expenses		(89,359)	(77,716)
Finance costs		(72,939)	(76,436)
Loss before income tax benefit		(1,812,681)	(2,774,218)
Income tax benefit		18,252	18,252
Loss after income tax benefit for the half-year attributable to the owners of 1st Group Limited		(1,794,429)	(2,755,966)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of 1st Group Limited		<u>(1,794,429)</u>	<u>(2,755,966)</u>
		Cents	Cents
Basic earnings per share	10	(0.42)	(0.76)
Diluted earnings per share	10	(0.42)	(0.76)

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

	Consolidated	
	31 December	30 June 2020
Note	2020	2020
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	529,977	2,053,926
Trade and other receivables	556,254	487,330
Inventories	7,146	7,146
Income tax refund due	23,670	23,670
Other	624,129	598,001
Total current assets	<u>1,741,176</u>	<u>3,170,073</u>
Non-current assets		
Property, plant and equipment	72,297	89,228
Intangibles	4 3,262,046	3,328,791
Total non-current assets	<u>3,334,343</u>	<u>3,418,019</u>
Total assets	<u>5,075,519</u>	<u>6,588,092</u>
Liabilities		
Current liabilities		
Trade and other payables	5 2,020,486	2,220,280
Employee benefits	182,963	165,140
Total current liabilities	<u>2,203,449</u>	<u>2,385,420</u>
Non-current liabilities		
Borrowings	6 1,884,691	1,491,870
Derivative financial instruments	115,309	58,130
Deferred tax	161,183	179,435
Employee benefits	51,195	39,762
Total non-current liabilities	<u>2,212,378</u>	<u>1,769,197</u>
Total liabilities	<u>4,415,827</u>	<u>4,154,617</u>
Net assets	<u>659,692</u>	<u>2,433,475</u>
Equity		
Issued capital	7 32,577,175	32,577,175
Reserves	2,596,396	2,575,750
Accumulated losses	<u>(34,513,879)</u>	<u>(32,719,450)</u>
Total equity	<u>659,692</u>	<u>2,433,475</u>

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

1st Group Limited
Statement of changes in equity
For the half-year ended 31 December 2020



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	28,383,399	2,459,867	(27,712,410)	3,130,856
Loss after income tax benefit for the half-year	-	-	(2,755,966)	(2,755,966)
Total comprehensive income for the half-year	-	-	(2,755,966)	(2,755,966)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	4,193,776	-	-	4,193,776
Share-based payments	-	22,550	-	22,550
Balance at 31 December 2019	<u>32,577,175</u>	<u>2,482,417</u>	<u>(30,468,376)</u>	<u>4,591,216</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	32,577,175	2,575,750	(32,719,450)	2,433,475
Loss after income tax benefit for the half-year	-	-	(1,794,429)	(1,794,429)
Total comprehensive income for the half-year	-	-	(1,794,429)	(1,794,429)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	20,646	-	20,646
Balance at 31 December 2020	<u>32,577,175</u>	<u>2,596,396</u>	<u>(34,513,879)</u>	<u>659,692</u>

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

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	2,548,325	2,320,749
Payments to suppliers and employees (inclusive of GST)	(4,497,135)	(4,395,643)
Interest paid	(74,363)	(71,467)
Interest received	279	744
Government grant - Cashflow boost	62,000	-
	<u>(1,960,894)</u>	<u>(2,145,617)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	<u>(13,055)</u>	<u>(16,620)</u>
Net cash used in investing activities	<u>(13,055)</u>	<u>(16,620)</u>
Cash flows from financing activities		
Payback convertible notes facility	-	(1,300,000)
Proceeds from convertible notes facility	450,000	950,000
Proceeds from issue of shares	-	4,500,000
Share issue transaction cost	<u>-</u>	<u>(314,294)</u>
Net cash from financing activities	<u>450,000</u>	<u>3,835,706</u>
Net increase/(decrease) in cash and cash equivalents	(1,523,949)	1,673,469
Cash and cash equivalents at the beginning of the financial half-year	<u>2,053,926</u>	<u>2,772,686</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>529,977</u></u>	<u><u>4,446,155</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Going concern

The Group made a loss for the financial half-year ended 31 December 2020 of \$1,794,429 (31 December 2019: \$2,755,966). The Group has also reported a net operating cash outflow of \$1,960,894 (31 December 2019: \$2,145,617). These conditions give rise to a material uncertainty which may cast doubt over the Group's ability to continue as a going concern.

Cash flow forecasts based on projected activity and business volumes indicate that the Group will be able to pay its creditors as and when due for at least 12 months from the date of approval of the financial statements, and no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 31 December 2020. Accordingly, these financial statements have been prepared on a going concern basis.

The following matters have been considered by the Directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

- as a Company listed on Australian Securities Exchange, the Directors are confident the Group will have the ability to raise capital in the future, if required.
- the Group has undrawn credit lines at the reporting date of \$nil. However, In January 2021, the directors decided to increase the size of the convertible note facility with major shareholder John Plummer from \$2m to \$4m. The facility is a low cost of capital and has the same terms and has been extended to August 2022. Refer to note 6 for further details; and
- the Group is confident of securing additional credit lines as needed to allow the Group to continue as a going concern.

Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 2. Operating segments

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

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

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

Note 3. Revenue

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
<i>Sales revenue</i>		
Subscription fees	2,028,157	1,801,622
Usage fees (recalls, SMS and booking fees)	165,109	125,134
Advertising revenue	36,078	18,025
Set up and customisation	307,856	490,511
	<u>2,537,200</u>	<u>2,435,292</u>
<i>Other revenue</i>		
Interest	279	971
Other revenue	62,000	-
	<u>62,279</u>	<u>971</u>
Revenue	<u><u>2,599,479</u></u>	<u><u>2,436,263</u></u>

Note 4. Non-current assets - intangibles

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Goodwill - at cost	3,018,025	3,018,025
Less: Impairment	(517,569)	(517,569)
	<u>2,500,456</u>	<u>2,500,456</u>
Patents and trademarks - at cost	34,782	34,782
Less: Accumulated amortisation	(9,356)	(8,977)
	<u>25,426</u>	<u>25,805</u>
Customer contracts - at cost	1,400,007	1,400,007
Less: Accumulated amortisation	(813,843)	(747,477)
	<u>586,164</u>	<u>652,530</u>
Software - at cost	1,901	1,901
Less: Accumulated amortisation	(1,901)	(1,901)
	<u>-</u>	<u>-</u>
Technology platform - at cost	3,520,294	3,520,294
Less: Accumulated amortisation	(3,520,294)	(3,520,294)
	<u>-</u>	<u>-</u>
Technology under development - at cost	150,000	150,000
	<u><u>3,262,046</u></u>	<u><u>3,328,791</u></u>

Note 4. Non-current assets - intangibles (continued)

Reconciliations

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

Consolidated	Goodwill	Patents and trademarks	Customer contracts	Software	Technology platform	Technology under development	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	2,500,456	25,805	652,530	-	-	150,000	3,328,791
Amortisation	-	(379)	(66,366)	-	-	-	(66,745)
Balance at 31 December 2020	<u>2,500,456</u>	<u>25,426</u>	<u>586,164</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>3,262,046</u>

Note 5. Current liabilities - trade and other payables

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Trade payables	1,030,825	950,061
Accrued expenses	546,908	785,477
BAS payable	328,350	117,795
Other payables	114,403	366,947
	<u>2,020,486</u>	<u>2,220,280</u>

Note 6. Non-current liabilities - borrowings

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Convertible notes payable	<u>1,884,691</u>	<u>1,491,870</u>

The convertible notes payable arrangements relate to a \$2 million facility ("Facility") with a cornerstone shareholder investor Mr John Plummer. The key terms include:

- Note extended to 1 August 2022 for drawdown (repayable by 1 August 2022);
- Line fee reduced to 1% pa (from 2% pa);
- Interest rate of RBA Cash Rate plus 8.5% pa, therefore currently 8.6% per annum, payable quarterly in arrears;
- Agreement to renegotiate interest rate further downwards following the Company achieving a cash flow breakeven quarter and an additional rate reduction on delivering three consecutive cash flow positive quarters;
- Consent, anti-dilution provisions; and
- Facility can be repaid in full or reduced at any time at the election of the Company.

In January 2021, the directors have decided to increase the size of the convertible note facility with major shareholder John Plummer from \$2m to \$4m. The facility is a low cost of capital and has the same terms and has been extended to August 2022. The Board appreciates John's ongoing support.

Note 6. Non-current liabilities - borrowings (continued)

Financing arrangements

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

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Total facilities		
Convertible notes	2,000,000	2,000,000
Used at the reporting date		
Convertible notes	2,000,000	1,550,000
Unused at the reporting date		
Convertible notes	-	450,000

Note 7. Equity - issued capital

	Consolidated			
	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$	30 June 2020 \$
Ordinary shares - fully paid	424,616,903	424,616,903	32,577,175	32,577,175

Ordinary shares

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

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

Share buy-back

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

Note 8. Equity - dividends

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

Note 9. Events after the reporting period

In January 2021, the directors have decided to increase the size of the convertible note facility with major shareholder John Plummer from \$2m to \$4m. The facility is a low cost of capital and has the same terms and has been extended to August 2022. The Board appreciates John's ongoing support.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 10. Earnings per share

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Loss after income tax attributable to the owners of 1st Group Limited	<u>(1,794,429)</u>	<u>(2,755,966)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>424,616,903</u>	<u>360,653,693</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>424,616,903</u>	<u>360,653,693</u>
	Cents	Cents
Basic earnings per share	(0.42)	(0.76)
Diluted earnings per share	(0.42)	(0.76)

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Paul Welch
Chairman



Klaus Bartosch
Managing Director

25 February 2021

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1st Group Limited
ABN: 25 138 897 533

Independent Auditor's Review Report to the Members of 1st Group Limited and Controlled Entities

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of 1st Group Limited ("the Company") and its Controlled Entities ("the Group") which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group, comprising both the company and the entities it controlled during that half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of 1st Group Limited does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty regarding going concern

We draw attention to Note 1 of the financial report, which describes that the Group made a loss for the financial half-year ended 31 December 2020 of \$1,794,429 (31 December 2019: \$2,755,966). The Group has also reported a net operating cash outflow of \$1,960,894 (31 December 2019: \$2,145,617). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 6, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our auditor's review conclusion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

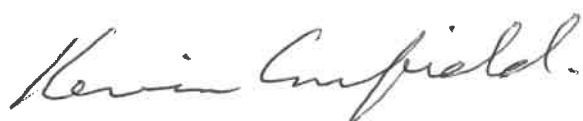
Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

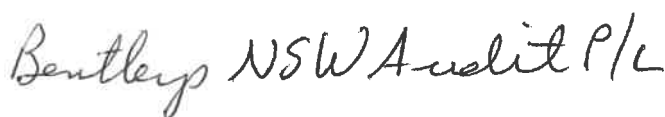
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Kevin Cranfield
Director
Sydney



BENTLEYS NSW AUDIT PTY LTD
Chartered Accountants

Dated: 25/02/2021