

28 February 2022

ASX ANNOUNCEMENT – 1HFY22 RESULTS

Highlights

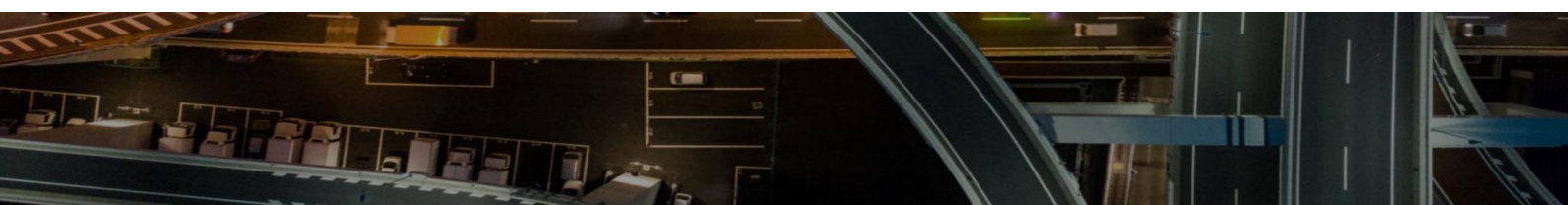
- Strong demand for Asset Vision's Intelligent Asset Management Platform delivers 57% annual recurring revenue (ARR) growth since acquisition
- Asset Vision successfully completed the acquisition of EagleSoft adding Intelligent Data Capture using Artificial Intelligence (AI), Machine Learning (ML) to automatically detect both road defects and asset inventory
- EagleSoft wins material contract to analyse more than 5,000 kilometres of road in Victoria on behalf of DM Roads and Regional Roads Victoria
- Transport for New South Wales (TfNSW) extends Asset Vision's three-year +1 +1 contract to supply its SaaS Intelligent Asset Management (IAM) Platform
- Asset Vision achieved International Organisation for Standardisation (ISO) Certification for key standards; critical when it comes to bidding for larger contracts and provides a competitive advantage over organisations who do not hold these certifications
- Asset Vision expands International and domestic footprint with contract wins in New Zealand and Western Australia
- Successfully completed a A\$2.35 million placement led by CCZ Equities to sophisticated investors and leading institutional investors to support an expanded sales force and accelerate the integration of Eaglesoft into Asset Vision's Intelligent Asset Management platform
- Grew farmbuy.com revenue base by \$191.1k (pcp) to \$203.9k on the back of continued strong traffic growth

Future First Technologies Ltd (**ASX: FFT**) (**FFT** or the **Company**), a company specialising in owning and commercialising digital assets in significant growth markets, is pleased to release its 1HFY22 results.

Review of Operations

The first half of FY22 has been a good one for the Company with a number of contract wins across Asset Vision resulting in annualised recurring revenue (ARR) from licensing of Asset Vision increasing 57% since its acquisition. While sales cycles continue to be lengthy, the wins across the first half of FY22 indicate that our growing sales pipeline will result in further growth in ARR in 2HFY22 and beyond.

For farmbuy.com, 1HFY22 saw its annualised revenue base grow by \$191.1k (pcp) to \$203.9k and is on track to be cashflow positive by end of calendar 2022. Farmbuy.com's revenue base was achieved on the back of continued growth in site traffic.





FUTURE FIRST

TECHNOLOGIES

Revenue from continuing operations in 1HFY22 of \$1.65m compares favourably to the **full-year FY21** revenue of \$1.54m. Net loss after tax in 1HFY21 (\$4.9m) improved substantially from 1HFY21 (\$11.2m) and FFT finished the half with net cash at bank of \$3.1m.

The Successful completion of A\$2.35 million placement led by CCZ Equities in December 2021 was an important milestone for FFT as we welcomed two of Australia's leading Institutional Investors. The monies raised under the placement will be directed to expanding our sales capability in Asset Vision and accelerating the integration of Eaglesoft into Asset Vision's Intelligent Asset Management platform.

Outlook

FFT remains in an exciting position with a growing sales pipeline that could see significant growth in both Asset Vision and EagleSoft. Buoyed by the wins we achieved in 1HFY22, we are more confident than ever that we have the right software and technology solution to win.

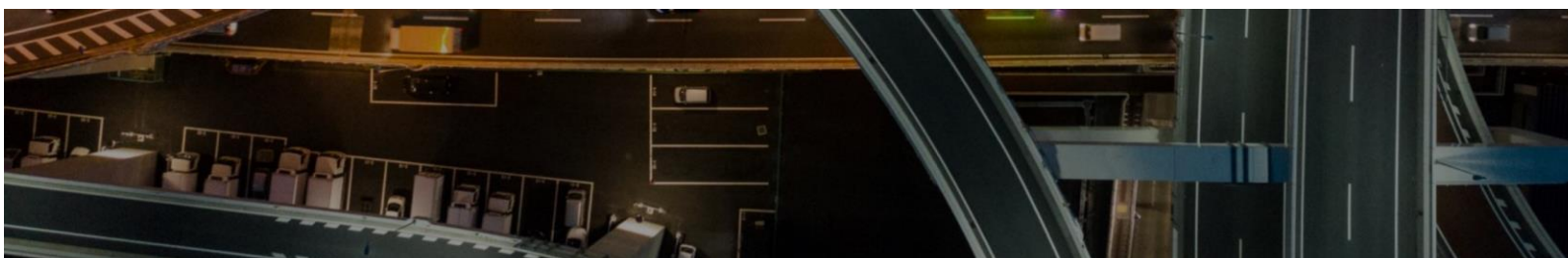
The key areas of focus for the Company remain:

- Integration of our intelligent data capture platform (Eaglesoft) into our SaaS Intelligent Asset Management Platform (Asset Vision)
- Expanding the revenue base of our SaaS Intelligent Asset Management Platform within Australia and internationally

For Farmbuy.com, we will continue to drive traffic and revenue and expect that the business will be cashflow positive by end of calendar 2022. At the same time as we continue to grow the revenue base of Farmbuy.com the board has recognised that the long-term future of FFT, and shareholder value, will be driven from the Asset Vision/EagleSoft business and as a result will undertake a strategic review of how to best realise the underlying value of the Farmbuy.com assets.

This announcement has been authorised for release by FFT's Board of Directors.

END



1. Company details

Name of entity:	Future First Technologies Ltd
ABN:	50 164 718 361
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	90.6% to	1,652,195
Revenues from continuing operations	up	570.3% to	1,652,195
Loss from continuing operations after tax attributable to the members of Future First Technologies Ltd	down	11.3% to	(4,989,081)
Loss from ordinary activities after tax attributable to the members of Future First Technologies Ltd	down	55.5% to	(4,979,081)
Loss for the half-year attributable to the members of Future First Technologies Ltd	down	55.5% to	(4,979,081)

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 attributable to continuing operations amounted to \$4,989,081 (31 December 2020: loss \$5,625,146).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.02)	1.34

4. Control gained over entities

Name of entities (or group of entities)	EagleSoft Pty Ltd
Date control gained	1 July 2021

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	258,067
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

5. 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.

6. Dividend reinvestment plans

Not applicable.

7. 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 Half Year Report.

8. Attachments

Details of attachments (if any):

The Half Year Report of Future First Technologies Ltd for the half-year ended 31 December 2021 is attached.

9. Signed

Signed  _____

Keith Falconer
Managing Director

Date: 28 February 2022

Future First Technologies Ltd

ABN 50 164 718 361

Half Year Report - 31 December 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Future First Technologies Ltd (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 2021.

Directors

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

Non-Executive Directors

Renata Sguario
Nicole Ferro
Nicholas Chan

Executive Directors

Keith Falconer

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of:

- Investment in and commercialisation of digital platforms in growth markets.

Dividends

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

Review of operations

The loss for the Group after providing for income tax amounted to \$4,979,081 (31 December 2020: \$11,186,387).

Please refer to the accompanying commentary.

Significant changes in the state of affairs

On the 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 business operates in the Asset Vision segment of the Group.

The consideration for the acquisition of EagleSoft's proprietary solution will be a mix of cash and FFT shares, being \$1.5m in cash and 15,000,000 shares on completion with further 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 the 1 July 2021.

Matters subsequent to the end of the financial half-year

On the 25 February 2022, the Group issued 32,250,000 ordinary shares to DKEL Investment Pty Ltd in satisfaction of the remaining consideration pertaining to the acquisition of Asset Vision Pty Ltd. This extinguishes the \$1,000,000 of deferred consideration that was outstanding as at 31 December 2021.

No other matter or circumstance has arisen since 31 December 2021 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.

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



Keith Falconer
Managing Director

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FUTURE FIRST TECHNOLOGIES LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year end ended 31 December 2021, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



GEORGE S. DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

28 February 2022

Future First Technologies Ltd

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31 December 2021

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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 half-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:

Level 11, 410 Collins Street, Melbourne VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2022.

Future First Technologies Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

		Consolidated	
	Note	31 Dec 2021	31 Dec 2020
		\$	\$
Revenue from continuing operations	3	1,652,195	246,468
Other income	4	83,066	794,977
Expenses			
Third party materials and labour		(104,753)	(10,920)
Acquisition expenses		(104,312)	(2,924,958)
Employee benefits expense		(1,820,560)	(1,408,584)
Depreciation and amortisation expense		(691,734)	(518,358)
Impairment of goodwill		(1,660,583)	-
Loss on disposal of assets		(1,149)	-
Other expenses		(1,680,928)	(1,086,207)
Finance costs		(163,438)	(205,689)
Loss before income tax expense from continuing operations		(4,492,196)	(5,113,271)
Income tax expense		(496,885)	(511,875)
Loss after income tax expense from continuing operations		(4,989,081)	(5,625,146)
Profit/(loss) after income tax expense from discontinued operations	5	10,000	(5,561,241)
Loss after income tax expense for the half-year attributable to the members of Future First Technologies Ltd		(4,979,081)	(11,186,387)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the members of Future First Technologies Ltd		<u>(4,979,081)</u>	<u>(11,186,387)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(4,989,081)	(5,625,146)
Discontinued operations		10,000	(5,561,241)
		<u>(4,979,081)</u>	<u>(11,186,387)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the members of Future First Technologies Ltd			
Basic earnings per share		(1.18)	(1.22)
Diluted earnings per share		(1.18)	(1.22)
Earnings per share for loss attributable to the members of Future First Technologies Ltd			
Basic earnings per share		(1.18)	(2.42)
Diluted earnings per share		(1.18)	(2.42)

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

Future First Technologies Ltd
Consolidated statement of financial position
As at 31 December 2021

		Consolidated	
	Note	31 Dec 2021	30 Jun 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,050,684	5,932,518
Trade and other receivables	6	342,768	520,255
Income tax receivable		89,107	389,926
Other		455,858	394,609
Total current assets		<u>3,938,417</u>	<u>7,237,308</u>
Non-current assets			
Financial assets at fair value through other comprehensive income	7	2,676,467	2,676,467
Property, plant and equipment	8	169,172	130,865
Right-of-use assets		376,782	591,842
Intangibles	9	19,229,379	13,960,917
Deferred tax		167,219	230,784
Total non-current assets		<u>22,619,019</u>	<u>17,590,875</u>
Total assets		<u>26,557,436</u>	<u>24,828,183</u>
Liabilities			
Current liabilities			
Trade and other payables		497,411	415,243
Lease liabilities		327,574	440,387
Employee benefits		318,223	217,366
Deferred consideration	11	4,917,000	3,930,333
Other		177,216	119,819
Total current liabilities		<u>6,237,424</u>	<u>5,123,148</u>
Non-current liabilities			
Lease liabilities		61,369	165,657
Deferred tax		132,500	-
Employee benefits		29,564	37,556
Contingent consideration	12	949,440	-
Other		36,939	36,939
Total non-current liabilities		<u>1,209,812</u>	<u>240,152</u>
Total liabilities		<u>7,447,236</u>	<u>5,363,300</u>
Net assets		<u>19,110,200</u>	<u>19,464,883</u>
Equity			
Issued capital	14	90,034,670	85,410,272
Reserves		1,852,000	1,852,000
Accumulated losses		(72,776,470)	(67,797,389)
Total equity		<u>19,110,200</u>	<u>19,464,883</u>

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

Future First Technologies Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2021

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	90,354,877	1,500,760	(54,908,575)	36,947,062
Loss after income tax expense for the half-year	-	-	(11,186,387)	(11,186,387)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(11,186,387)	(11,186,387)
<i>Transactions with members in their capacity as members:</i>				
Contributions of equity, net of transaction costs	1,058,000	-	-	1,058,000
Share-based payments	998,400	-	-	998,400
Selective Share Buy-back	(7,386,003)	-	-	(7,386,003)
Transfer of expired share options to retained earnings	-	(760)	760	-
Balance at 31 December 2020	<u>85,025,274</u>	<u>1,500,000</u>	<u>(66,094,202)</u>	<u>20,431,072</u>
Consolidated	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 half-year	-	-	(4,979,081)	(4,979,081)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,979,081)	(4,979,081)
<i>Transactions with members in their capacity as members:</i>				
Contributions of equity, net of transaction costs (note 14)	2,604,398	-	-	2,604,398
Share-based payments	2,020,000	-	-	2,020,000
Balance at 31 December 2021	<u>90,034,670</u>	<u>1,852,000</u>	<u>(72,776,470)</u>	<u>19,110,200</u>

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

Future First Technologies Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2021

		Consolidated	
	Note	31 Dec 2021	31 Dec 2020
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,935,530	21,488,276
Payments to suppliers and employees (inclusive of GST)		(3,546,552)	(22,694,820)
		(1,611,022)	(1,206,544)
Interest received		9,195	15,505
Other revenue		23,907	800,000
Interest and other finance costs paid		(10,331)	(199,812)
Income taxes paid		-	(107,634)
Net cash used in operating activities		(1,588,251)	(698,485)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	13	(1,500,000)	(4,650,000)
Payments for prior period's business acquisition	13	(2,000,000)	(640,000)
Acquisition Costs		(114,743)	(4,467,454)
Payments for property, plant and equipment	8	(82,900)	(10,549)
Proceeds from disposal of business		-	23,000,000
Final proceeds from prior period's business disposal		10,000	1,674,222
Proceeds from disposal of property, plant and equipment		-	62,366
Proceeds from release of security deposits		-	34,622
Net cash from/(used in) investing activities		(3,687,643)	15,003,207
Cash flows from financing activities			
Proceeds from issue of shares	14	2,772,688	1,058,002
Payments for share buy-backs		-	(7,386,005)
Share issue transaction costs	14	(168,290)	-
Repayment of leases		(217,101)	(130,680)
Net cash from/(used in) financing activities		2,387,297	(6,458,683)
Net increase/(decrease) in cash and cash equivalents		(2,888,597)	7,846,039
Cash and cash equivalents at the beginning of the financial half-year		5,932,518	1,477,504
Cash acquired on acquisition		6,763	-
Cash and cash equivalents at the end of the financial half-year		<u>3,050,684</u>	<u>9,323,543</u>

The above consolidated 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 2021 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 2021 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 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.

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 half-year ended 31 December 2021, the Group incurred a net loss after tax of \$4,979,081 (2020: loss of \$11,186,387) impacted by the investment in the Group's Asset Vision operations. As at 31 December 2021, the Group's current liabilities exceeded current assets by \$2,299,007. The deficiency is impacted by the deferred and contingent consideration amounts owing from recent acquisitions of \$4,917,000.

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

- The Group's ability to raise equity;
- The Group's ability to issue shares in satisfaction of some of the deferred and contingent consideration;
- The Group's ability to divest business segments;
- The Group's ability to reduce Corporate costs further given the current business structure; and
- The Group's cash flow forecast and budgets for the next 12 months for the remaining operations are expected to show positive operating cash flows.

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.

The impact of the COVID-19 pandemic has resulted in the Group experiencing challenging and uncertain times during the reporting period. The situation has now stabilised, and 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.

Note 2. Operating segments

Identification of reportable operating segments

The Group's continuing operations are organised into two operating segments: Asset Vision and farmbuy.com. The People segment was divested during the prior period and is reported as Discontinued Operations in the prior period.

Operating segments are determined by distinguishable components whereby the risk and returns are different from the other segments.

Note 2. Operating segments (continued)

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 (1) 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 and (2) 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),
farmbuy.com	The farmbuy.com segment, comprising Respring Pty Ltd, provides digital advertising and marketing services to Australian agriculture and real estate companies.

Intersegment transactions

There were no material transactions between operating segments.

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 is 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, revenue is recognised over time.

Operating segment information

	Asset Vision	farmbuy.com	Corporate	Discontinued Operations	Total
	\$	\$	\$	\$	\$
Consolidated - 31 Dec 2021					
Revenue					
Sales to external customers	1,424,375	203,913	23,907	-	1,652,195
Total revenue	<u>1,424,375</u>	<u>203,913</u>	<u>23,907</u>	<u>-</u>	<u>1,652,195</u>
EBITDA	(334,527)	(598,946)	(797,728)	-	(1,731,201)
Depreciation and amortisation	(260,235)	(226,186)	(205,313)	-	(691,734)
Impairment of goodwill	-	-	(1,660,583)	-	(1,660,583)
Profit on disposal of discontinued operations	-	-	-	10,000	10,000
Interest revenue	14	-	9,181	-	9,195
Finance costs	(3,051)	-	(160,387)	-	(163,438)
Transaction costs	-	-	(253,286)	-	(253,286)
Loss on disposal of fixed assets	-	-	(1,149)	-	(1,149)
Profit/(loss) before income tax expense	<u>(597,799)</u>	<u>(825,132)</u>	<u>(3,069,265)</u>	<u>10,000</u>	<u>(4,482,196)</u>
Income tax expense					(496,885)
Loss after income tax expense					<u>(4,979,081)</u>
Assets					
Segment assets	4,424,927	687,891	21,444,618	-	26,557,436
Total assets					<u>26,557,436</u>
Liabilities					
Segment liabilities	778,184	137,990	6,531,062	-	7,447,236
Total liabilities					<u>7,447,236</u>

Note 2. Operating segments (continued)

	Asset Vision	farmbuy.com	Corporate	Discontinued Operations	Total
	\$	\$	\$	\$	\$
Consolidated - 31 Dec 2020					
Revenue					
Sales to external customers	213,659	12,809	20,000	17,327,478	17,573,946
Total revenue	<u>213,659</u>	<u>12,809</u>	<u>20,000</u>	<u>17,327,478</u>	<u>17,573,946</u>
EBITDA	(17,140)	(519,337)	(689,157)	1,920,466	694,832
Depreciation and amortisation	(63,698)	(225,559)	(229,101)	(24,634)	(542,992)
Loss on disposal of discontinued operations	-	-	-	(7,457,601)	(7,457,601)
Interest revenue	-	-	14,977	528	15,505
Finance costs	(1,393)	-	(204,296)	-	(205,689)
Transaction costs	-	-	(3,178,567)	-	(3,178,567)
Loss before income tax expense	<u>(82,231)</u>	<u>(744,896)</u>	<u>(4,286,144)</u>	<u>(5,561,241)</u>	<u>(10,674,512)</u>
Income tax expense					(511,875)
Loss after income tax expense					<u>(11,186,387)</u>
Consolidated - 30 Jun 2021					
Assets					
Segment assets	3,923,960	1,335,937	19,568,286	-	24,828,183
Total assets					<u>24,828,183</u>
Liabilities					
Segment liabilities	749,343	107,772	4,506,185	-	5,363,300
Total liabilities					<u>5,363,300</u>

Note 3. Revenue

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
From continuing operations		
<i>Revenue from contracts with customers</i>		
Sale of services	1,628,288	226,468
<i>Other revenue</i>		
Professional fees	23,907	20,000
Revenue from continuing operations	<u>1,652,195</u>	<u>246,468</u>

Note 3. Revenue (continued)

Disaggregation of revenue

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

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
<i>Major product lines</i>		
Licensing	881,971	213,659
Consulting Fees	435,548	-
Customisation & Configuration	106,856	-
Advertising & Fees	203,913	12,809
	<u>1,628,288</u>	<u>226,468</u>
<i>Geographical regions</i>		
Australia	<u>1,628,288</u>	<u>226,468</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>1,628,288</u>	<u>226,468</u>

Note 4. Other income

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Subsidies and grants	-	780,000
Interest income	9,195	14,977
Other revenue	73,871	-
Other income	<u>83,066</u>	<u>794,977</u>

The subsidies and grants income in the prior period relates to the Australian Governments JobKeeper payment scheme.

Note 5. Discontinued operations

Description

Current Period

The value reported in the current period relates to an adjustment from the sale of the GlassandCo segment which was sold on the 31 January 2020. There was no divestment activity during the current period.

Prior Period

On the 30 October 2020, the Group announced that it had successfully divested the People business to LVP Technology Services Pty Ltd for a gross cash consideration of \$23 million.

As a result of the sale transactions outlined above, the financial result of the business to be divested and associated Group reclassification and consolidation impacts are treated as discontinued operations from a financial reporting perspective both in the current and prior periods. This impacts the comparative financial information for what was previously disclosed as the People 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 5. Discontinued operations (continued)

Financial performance information

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Revenue from discontinued operations	-	17,327,478
Interest income	-	528
Operating expenses from discontinued operations	-	(15,407,012)
Depreciation and amortisation expense from discontinued operations	-	(24,634)
Total expenses	-	(15,431,646)
Profit before income tax expense	-	1,896,360
Income tax expense	-	-
Profit after income tax expense	-	1,896,360
Gain on disposal of discontinued operations	10,000	-
Loss on disposal of discontinued operations	-	(7,457,601)
Income tax expense	-	-
Gain/(loss) on disposal after income tax expense	10,000	(7,457,601)
Profit/(loss) after income tax expense from discontinued operations	10,000	(5,561,241)

Cash flow information

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Net cash used in operating activities	-	(209,214)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Cash and cash equivalents	-	62,602
Trade and other receivables	-	6,676,950
Other current assets	-	40,520
Property, plant and equipment	-	62,366
Other non-current assets	-	172,786
Total assets	-	7,015,224
Trade and other payables	-	3,885,937
Provisions	-	655,832
Other non-current liabilities	-	194,897
Total liabilities	-	4,736,666
Net assets	-	2,278,558

Note 5. Discontinued operations (continued)

Details of the disposal

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
Total sale consideration	-	23,000,000
Carrying amount of net assets disposed	-	(2,278,558)
Net cash payment	-	62,602
Working capital adjustment - Glass / Security business	10,000	23,004
Derecognition of goodwill in discontinued operations	-	(28,264,649)
	<hr/>	<hr/>
Gain/(loss) on disposal before income tax	10,000	(7,457,601)
	<hr/>	<hr/>
Gain/(loss) on disposal after income tax	<u>10,000</u>	<u>(7,457,601)</u>

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Trade receivables	343,724	512,657
GST receivable/(payable)	(956)	7,598
	<hr/>	<hr/>
	<u>342,768</u>	<u>520,255</u>

Note 7. Non-current assets - financial assets at fair value through other comprehensive income

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Ordinary shares	<u>2,676,467</u>	<u>2,676,467</u>

On the 13 July 2020, the Group made an initial investment of \$1,250,000 in the Fin-Tech start up - The 1derful Group Pty Ltd (1derful). The Group subscribed to 1,250,000 of Convertible Notes in 1derful at a face value of \$1.00 per note. The Group made a follow on investment of \$1,250,000 on the 2 February 2021 whereby it subscribed to a further 1,250,000 of Convertible Notes at a face value of \$1.00.

On the 28 June 2021, the 2,500,000 notes plus accrued interest were converted to shares representing an 8.8% holding in 1derful.

Note 8. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Leasehold improvements - at cost	168,987	168,987
Less: Accumulated depreciation	(133,696)	(117,094)
	<u>35,291</u>	<u>51,893</u>
Motor vehicles - at cost	46,582	-
Less: Accumulated depreciation	(2,238)	-
	<u>44,344</u>	<u>-</u>
Computer equipment - at cost	60,782	60,720
Less: Accumulated depreciation	(19,416)	(38,485)
	<u>41,366</u>	<u>22,235</u>
Office equipment - at cost	140,497	140,528
Less: Accumulated depreciation	(132,156)	(131,562)
	<u>8,341</u>	<u>8,966</u>
Computer software - at cost	192,932	192,932
Less: Accumulated depreciation	(153,102)	(145,161)
	<u>39,830</u>	<u>47,771</u>
	<u><u>169,172</u></u>	<u><u>130,865</u></u>

Reconciliations

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

Consolidated	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	-	28,782	-	46,582	-	75,364
Additions through business combinations (note 13)	-	-	8,219	-	-	8,219
Disposals net of accumulated depreciation	-	(1,149)	-	-	-	(1,149)
Depreciation expense	(16,602)	(8,502)	(8,844)	(2,238)	(7,941)	(44,127)
Balance at 31 December 2021	<u>35,291</u>	<u>41,366</u>	<u>8,341</u>	<u>44,344</u>	<u>39,830</u>	<u>169,172</u>

Note 9. Non-current assets - intangibles

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Goodwill - at cost	14,531,154	9,876,146
Development - at cost	-	310,876
Website - at cost	1,661,756	1,350,880
Less: Accumulated amortisation	(788,013)	(562,867)
	873,743	788,013
Intellectual property - at cost	10,000	10,000
Patents and trademarks - at cost	80,682	80,682
Customer contracts - at cost	601,000	601,000
Less: Accumulated amortisation	(70,117)	(40,067)
	530,883	560,933
Software - at cost	3,547,000	2,501,000
Less: Accumulated amortisation	(344,083)	(166,733)
	3,202,917	2,334,267
	<u>19,229,379</u>	<u>13,960,917</u>

Reconciliations

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

	Goodwill	Website	Trademarks	Intellectual Property	Development	Software	Customer Contracts	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$	\$
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 13)	6,315,591	-	-	-	-	1,046,000	-	7,361,591
Impairment of goodwill	(1,660,583)	-	-	-	-	-	-	(1,660,583)
Reclassification	-	310,876	-	-	(310,876)	-	-	-
Amortisation expense	-	(225,146)	-	-	-	(177,350)	(30,050)	(432,546)
Balance at 31 December 2021	<u>14,531,154</u>	<u>873,743</u>	<u>80,682</u>	<u>10,000</u>	<u>-</u>	<u>3,202,917</u>	<u>530,883</u>	<u>19,229,379</u>

Note 9. Non-current assets - intangibles (continued)

Impairment testing for goodwill

For the purposes of impairment testing, goodwill is allocated to the consolidated entity's cash-generating units (CGU's) as follows:

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Asset Vision	6,627,126	6,627,126
farmbuy.com	1,588,437	3,249,020
EagleSoft	6,315,591	-
Total goodwill	14,531,154	9,876,146

The Group undertakes impairment testing of the relevant businesses as required. Impairment testing was performed at 31 December 2021 to support the carrying value of goodwill for the farmbuy.com and Asset Vision CGUs. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of the business. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

The present value of future cash flows has been calculated using projected cash flows approved by the Board covering year 1 and EBITDA growth rates in years 2-5 ranging from:

- farmbuy.com: Year 2 = 319%; Year 3 = 583%; Year 4 = 20% and Year 5 = 16%
- Asset Vision: Year 2 = 80%; Year 3 = 264%; Year 4 = 87% and Year 5 = 4%

The present value of future cash flows for years 2 to 5 have been calculated using a terminal growth rate of 2.5% (June 2021: 1.5%) and a discount rate of 14.3% for Asset Vision and 24% for farmbuy.com (June 2021: 19.5%) has been used to determine value in use.

The goodwill of \$6,315,591 for the EagleSoft CGU 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 directors are still assessing any potential impacts to the total consideration transferred whilst within the measurement period.

The estimated recoverable amount exceeded the carrying value for each CGU by the following amounts:

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
farmbuy.com	-	29,312

The Board of Directors continues to take a conservative approach to the Group's impairment valuations in line with the approach taken at 30 June 2021. The weighted average cost of capital has increased for the farmbuy.com CGU which has led to an impairment loss of \$1,660,583 being recognised in the profit or loss for the Group whereby the carrying amount of the CGU exceeded the recoverable amount based on long term forecasts. The breakdown of impairment loss by CGU is as follows:

- farmbuy.com: \$1,660,583
- Asset Vision: NIL

Note 10. Current liabilities - borrowings

Financing arrangements

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

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Total facilities		
Credit card facility	95,000	95,000
Used at the reporting date		
Credit card facility	22,578	26,695
Unused at the reporting date		
Credit card facility	72,422	68,305

Note 11. Current liabilities - deferred consideration

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Deferred Consideration	4,917,000	3,930,333

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.

The deferred consideration of \$4,917,000 relates to (1) Asset Vision - \$1,000,000 and (2) EagleSoft - \$3,917,000. Refer Note 13 for further details.

The \$1,000,000 owing to the vendor of Asset Vision Pty Ltd was settled on the 25 February 2022 via the issue of 32,250,000 ordinary shares in the Group.

Note 12. Non-current liabilities - contingent consideration

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Contingent consideration	949,440	-

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 the profit or loss.

The nominal value of the consideration for the post-completion payments that form part of the EagleSoft acquisition are valued at \$4,000,000. In the event that the milestones are met and the contractual obligations are paid, then the Group will take a hit to the profit or loss statement for the difference between the actual payment and the present value recognised within the statement of financial position.

Note 12. Non-current liabilities - contingent consideration (continued)

Movements in provisions

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

	Contingent Consideration \$
Consolidated - 31 Dec 2021	
Carrying amount at the start of the half-year	-
Additions through business combinations (note 13)	949,000
Unwinding of discount	440
	<hr/>
Carrying amount at the end of the half-year	<u>949,440</u>

Note 13. Business combinations

Current Period:

EagleSoft

On the 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 business operates in the Asset Vision segment of the Group.

The consideration for the acquisition of EagleSoft's proprietary solution will be a mix of cash and FFT shares, being \$1.5m in cash and 15,000,000 shares on completion with further 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 the 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 \$352,389 and a profit after income tax of \$136,305 from 1 July 2021 to 31 December 2021.

Note 13. Business combinations (continued)

The directors are still assessing any potential impacts to the total consideration transferred whilst the within the measurement period.

Details of the acquisition are as follows:

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

Prior Period:

Asset Vision

On the 20 October 2020, the Group announced that it had executed a Business Sale and Purchase Deed ('BPSD') to acquire a 100% interest in Asset Vision. The Asset Vision platform provides a unified approach to asset inspections, maintenance and operations management in the global Enterprise Asset Management software market. The business operates in the Asset Vision segment of the Group.

Note 13. Business combinations (continued)

The transaction completed on the 2 November 2020. The total consideration payable under the BSPD is:

- \$4.65 million cash on completion
- 24 million fully paid ordinary shares in Future First Technologies Ltd on completion
- \$4 million in a combination of cash and shares on the 12-month anniversary from completion

Details of the purchase consideration, the net assets acquired and goodwill are set out below. The goodwill of \$6,627,126 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 \$213,659 and a loss before income tax of \$30,531 from 2 November 2020 to 31 December 2020. If the acquisition occurred on 1 July 2020, the contribution for the full half year reporting period would have been a profit before tax of \$236,715.

Details of the acquisition are as follows:

	Fair value \$
Customer contracts	601,000
Software	2,501,000
Deferred tax liability	(150,000)
Employee benefits	(139,726)
	<hr/>
Net assets acquired	2,812,274
Goodwill	6,627,126
	<hr/>
Acquisition-date fair value of the total consideration transferred	9,439,400
	<hr/>
Representing:	
Cash paid or payable to vendor	4,650,000
Future First Technologies Ltd shares issued to vendor	998,400
Deferred consideration	3,791,000
	<hr/>
	9,439,400
	<hr/>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	9,439,400
Less: deferred consideration	(3,791,000)
Less: shares issued by company as part of consideration	(998,400)
	<hr/>
Net cash used	4,650,000
	<hr/>

Note 14. Equity - issued capital

	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	537,134,464	410,885,795	90,034,670	85,410,272
	<hr/>	<hr/>	<hr/>	<hr/>

Note 14. Equity - 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 Shortfall Placement	24 December 2021	78,400,000	\$0.03	2,352,000
Capital Raise costs		-	\$0.00	(168,292)
Balance	31 December 2021	<u>537,134,464</u>		<u>90,034,670</u>

Note 15. Events after the reporting period

On the 25 February 2022, the Group issued 32,250,000 ordinary shares to DKEL Investment Pty Ltd in satisfaction of the remaining consideration pertaining to the acquisition of Asset Vision Pty Ltd. This extinguishes the \$1,000,000 of deferred consideration that was outstanding as at 31 December 2021.

No other matter or circumstance has arisen since 31 December 2021 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.

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 Group's financial position as at 31 December 2021 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



Keith Falconer
Managing Director

28 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FUTURE FIRST TECHNOLOGIES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Future First Technologies Limited and controlled entities (**the Group**), which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the group 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 2021 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*.

Basis of 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.

Responsibility of the Directors for the Financial Report

The directors of the group 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 Company's financial position as at 31 December 2021 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.



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



GEORGE. S DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

28 February 2022