

Founders First Ltd and its Controlled Entities

Appendix 4E

1 Company Information

Name of entity:	FOUNDERS FIRST LIMITED
ABN:	13 622 810 897
Reporting period:	For the financial year ended 30 June 2020
Previous period:	For the financial year ended 30 June 2019

2 Results for Announcement to the Market

				\$
Revenue from ordinary activities	up	130.9%	to	9,221,807
(Loss) / Profit from ordinary activities after tax attributable to the owners of Founders First Limited	down	458.0%	to	(8,516,682)
(Loss) / Profit for the financial year attributable to the owners of Founders First Limited	down	458.0%	to	(8,516,682)

Dividends

The consolidated entity does not propose to pay a dividend.
No dividend or distribution plans are in operation.

Comments

The loss for the consolidated entity after taxes and non-controlling interest amounted to \$8,516,682 (30 June 2019: \$1,526,159)

For further information refer to the attached:

- Preliminary Financial Report for the year ended 30 June 2020
- Preliminary results commentary
- Investor presentation

3 Net Tangible Assets

	Cents	Cents
Net tangible assets per ordinary share	0.20	0.07

4 Gain of control over entities

During the financial year, the consolidated entity gained control over the following entities:

Name of entities (or groups of entities)	Date control gained
Mighty Craft Operations Pty Ltd (formerly Momentum Food & Wine Pty Ltd)	01-Jul-19
Founders Road Pty Ltd	01-Jul-19
Kangaroo Island Distillery Pty Ltd	28-Feb-20
	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(229,368)
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)	312,861

Founders First Ltd and its Controlled Entities

Appendix 4E

5 Loss of control over entities

Not applicable.

6 Details of Associates and Joint Venture Entities

Name of associate / joint venture	Reporting Entity's Percentage Holding		Contribution to Profit/(Loss)	
	Reporting Period %	Previous Period %	Reporting Period \$	Previous Period \$
Slipstream Brewing Co. Pty Ltd	15%	--	(14,682)	--
Poison Creek Distillery Pty Ltd (Brogan's Way)	45%	--	1,358	--
Torquay Beverage Company Pty Ltd (formerly K.Booch Alcoholic Kombucha Co Pty Ltd)	38%	--	(95,891)	--
SauceCo (FNQLD) Pty Ltd	50%	--	(18,915)	--
Founders Road Pty Ltd *	78%	50%	-	--
Consolidated entity's aggregate share of associates and joint venture entities' profit/(loss)			(128,130)	--

* was classified as associate at 30 June 2019, but through increase in percentage holding, this entity became a subsidiary during 2020, and forms part of the consolidated entity at 30 June 2020.

7 Audit Qualification or Review

The Preliminary financial report is in the process of being audited.

8 Attachments

Details of attachments (if any):

The Preliminary Financial Report of Founders First Limited for the year ended 30 June 2020 is attached.

9 Events after the reporting period

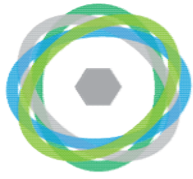
Post 30 June 2020, the following significant event occurred:

- a) The Company entered into a partnership agreement, which will see Founders First invest \$0.5 Million for a 60% equity stake in a new company which will acquire 68 barrels of whisky, with expected packaged valuation at maturity of \$1.64 Million. For additional information, see ASX release dated 25 August 2020.

Apart from the above, no other matter or circumstance has arisen since 30 June 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.

10 Signed

Robin Levison
Chairman
Date: 31 August 2020



FOUNDERS FIRST

Founders First Limited and its controlled entities
ACN 622 810 897

Preliminary Financial Report - 30 June 2020

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**Founders First Ltd and its controlled entities
ACN 622 810 897**

**Consolidated Financial Statements
for the year ended 30 June 2020**

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Founders First Ltd and its controlled entities
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Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Note	Unaudited 30-Jun-20 \$	30-Jun-19 \$
Revenue		9,221,807	3,994,332
Share of profits/(losses) of associates accounted for using the equity method		(128,130)	-
Interest revenue calculated using the effective interest method		58,232	8,624
Other income		1,282,838	-
		10,434,747	4,002,956
Expenses			
Cost of sales		(5,181,898)	(1,717,630)
Employee benefits expense		(7,116,637)	(2,198,792)
Equipment hire and maintenance		(191,717)	(94,680)
Legal and professional fees		(2,830,469)	(526,249)
Selling and marketing expenses		(765,172)	(269,840)
Depreciation expenses		(939,279)	(238,338)
Occupancy expenses		(362,044)	(256,254)
Travelling and conveyance		(265,352)	(69,726)
Share-based payments expense		(250,692)	-
General and administration expenses		(1,305,960)	(307,635)
Finance costs		(461,182)	(204,395)
Loss before income tax expense		(9,235,655)	(1,880,583)
Income tax expense		-	-
Loss after income tax expense for the financial year		(9,235,655)	(1,880,583)
Other comprehensive income:			
Other comprehensive income for the financial year (net of tax)		-	-
Total comprehensive loss for financial year		(9,235,655)	(1,880,583)
Loss for the financial year is attributable to:			
Non-controlling interest		(718,973)	(354,424)
Owners of Founders First Ltd		(8,516,682)	(1,526,159)
		(9,235,655)	(1,880,583)
Total comprehensive loss for the financial year is attributable to:			
Non-controlling interest		(718,973)	(354,424)
Owners of Founders First Ltd		(8,516,682)	(1,526,159)
		(9,235,655)	(1,880,583)
Earnings per share - basic and diluted (cents)	7	(8.76)	(6.19)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Founders First Ltd and its controlled entities
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Consolidated Statement of Financial Position
as at 30 June 2020

	Note	Unaudited 30-Jun-20 \$	30-Jun-19 \$
Current assets			
Cash and cash equivalents		11,378,552	4,989,351
Trade and other receivables		1,312,298	153,825
Inventories		1,091,606	355,204
Other current assets		312,383	587,874
		<u>14,094,839</u>	<u>6,086,254</u>
Non-current assets			
Receivables		354,328	105,000
Investments accounted for under the equity method		2,871,871	50
Financial assets at fair value through profit and loss		4,000,000	-
Financial assets at fair value through other comprehensive income		2,750,253	53,501
Property, plant and equipment		5,812,924	3,690,449
Right-of-use assets	6	11,170,231	-
Intangible assets	4	5,946,096	1,230,730
Other non-current assets		309,431	105,435
		<u>33,215,134</u>	<u>5,185,165</u>
Total assets		<u>47,309,973</u>	<u>11,271,419</u>
Current liabilities			
Trade and other payables		3,572,724	1,106,163
Borrowings		55,156	24,095
Employee benefits		682,042	72,804
Lease liabilities	6	153,401	-
Other current liabilities		1,073,840	-
		<u>5,537,163</u>	<u>1,203,062</u>
Non-current liabilities			
Borrowings		73,770	99,910
Employee benefits		50,127	-
Lease liabilities	6	11,383,683	-
		<u>11,507,580</u>	<u>99,910</u>
Total Liabilities		<u>17,044,743</u>	<u>1,302,972</u>
Net assets		<u>30,265,230</u>	<u>9,968,447</u>
Equity			
Issued capital	3	39,174,270	10,885,941
Retained earnings / (accumulated losses)		(10,401,912)	(1,650,744)
Share-based payments reserve		1,230,710	-
Equity attributable to the owners of Founders First Ltd		<u>30,003,068</u>	<u>9,235,197</u>
Non-controlling interest		262,162	733,250
Total equity		<u>30,265,230</u>	<u>9,968,447</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Founders First Ltd and its controlled entities
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Consolidated Statement of Changes in Equity
for the year ended 30 June 2020

	Issued Capital	Retained profits / (accumulated losses)	Share-based payments reserve	Non- Controlling interest	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	1,247	(124,585)	-	-	(123,338)
Loss after income tax expense for the year	-	(1,526,159)	-	(354,424)	(1,880,583)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	(1,526,159)	-	(354,424)	(1,880,583)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	10,884,694	-	-	1,087,674	11,972,368
Share-based payments	-	-	-	-	-
Balance at 30 June 2019	10,885,941	(1,650,744)	-	733,250	9,968,447
Balance at 1 July 2019	10,885,941	(1,650,744)	-	733,250	9,968,447
Adjustment for change in accounting policy (note 2)	-	(234,486)	-	-	(234,486)
Balance at 1 July 2019 - restated	10,885,941	(1,885,230)	-	733,250	9,733,961
Loss after income tax expense for the year	-	(8,516,682)	-	(718,973)	(9,235,655)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	(8,516,682)	-	(718,973)	(9,235,655)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 3)	28,288,329	-	-	247,885	28,536,214
Share-based payments	-	-	1,230,710	-	1,230,710
Balance at 30 June 2020	39,174,270	(10,401,912)	1,230,710	262,162	30,265,230

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Founders First Ltd and its controlled entities
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Consolidated Statement of Cash Flows
for the year ended 30 June 2020

	Note	Unaudited 30-Jun-20 \$	30-Jun-19 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,747,708	4,243,653
Payments to suppliers and employees (inclusive of GST)		(16,932,789)	(5,759,010)
Interest received		58,232	8,624
Other revenue		834,191	
Interest and other finance charges paid		(461,182)	(70,258)
Net cash from / (used in) operating activities		(6,753,840)	(1,576,991)
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired	5	(3,635,455)	(1,500,000)
Payments for property, plant and equipment		(1,953,534)	(1,123,439)
Payments for intangibles		(279,745)	-
Loans to related parties		(209,328)	-
Payments for investments in associates - ordinary shares		(2,999,951)	-
Payments for investments in other entities - ordinary shares		(796,752)	(353,551)
Payments for investments - convertible notes		(4,000,000)	-
Security deposits paid		(195,278)	(92,348)
Net cash used in investing activities		(14,070,043)	(3,069,338)
Cash flows from financing activities			
Proceeds from issue of shares		28,981,100	8,500,000
Proceeds from issue of convertible notes		-	243,000
Proceeds from issue of shares to non-controlling interests in subsidiaries		32,500	902,400
Transaction costs related to issue of shares		(1,447,753)	-
Repayment of borrowings		(32,422)	(911,569)
Repayment of lease liabilities		(320,341)	-
Net cash from financing activities		27,213,084	8,733,831
Net increase / (decrease) in cash and cash equivalents		6,389,201	4,087,502
Cash and cash equivalents at beginning of the financial year		4,989,351	901,849
Cash and cash equivalents at end of the financial year		11,378,552	4,989,351

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Founders First Ltd and its controlled entities
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Notes to the Preliminary Financial Report
for the year ended 30 June 2020

1 General Information

The preliminary financial report covers Founders First Limited ("the Company" or "the parent entity") as a consolidated entity consisting of Founders First Ltd and the entities it controlled at the end of, or during, the year.

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

Level 1, 123 Camberwell Road
Hawthorn East
Victoria 3123
Australia

2 New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16

Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019
	\$
Operating lease commitments as at 1 July 2019 (AASB 117)	5,685,999
Operating lease commitments discount based on the weighted average incremental borrowing rate of 6% (AASB 16)	(1,721,709)
Accumulated depreciation as at 1 July 2019 (AASB 16)	(187,300)
Right-of-use assets (AASB 16)	<u>3,776,990</u>
Lease liabilities - current (AASB 16)	(214,594)
Lease liabilities - non-current (AASB 16)	(3,796,882)
Reduction in opening retained profits as at 1 July 2019	<u><u>(234,486)</u></u>

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Notes to the Preliminary Financial Report
for the year ended 30 June 2020

3 Equity - Issued capital

	Unaudited 30-Jun-20 Shares	30-Jun-19 Shares	Unaudited 30-Jun-20 \$	30-Jun-19 \$
Ordinary Shares - fully paid	123,591,084	129,296,942	39,174,270	10,885,941

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1-Jul-18	30,000,000		502
Issue of shares on conversion of notes payable	1-Mar-19	23,146,942	\$ 0.100	2,314,694
Issue of shares - Series A Capital	1-Mar-19	68,000,000	\$ 0.125	8,500,000
Issue of shares to KMP	19-Apr-19	700,000	\$ 0.100	70,000
Conversion of performance shares	1-May-19	6,012,500	\$ 0.000	601
Conversion of performance shares	14-Jun-19	1,437,500	\$ 0.000	144
Balance	1-Jul-19	129,296,942		10,885,941
Issue of shares to vendors of Momentum Food & Wine Pty Ltd (since renamed Mighty Craft Operations Pty Ltd) (First tranche)	14-Aug-19	1,350,000	\$ 0.160	216,000
Issue of shares - Series B Capital (First tranche)	7-Oct-19	62,720,000	\$ 0.160	10,035,200
Issue of shares - Series B Capital (Second tranche)	4-Nov-19	19,781,250	\$ 0.160	3,165,000
Issue of shares to vendors of Momentum Food & Wine Pty Ltd (since renamed Mighty Craft Operations Pty Ltd) (Second tranche)	4-Nov-19	3,337,500	\$ 0.160	534,000
Issue of shares under Employee Incentive Plans	4-Nov-19	13,487,500	\$ -	-
Share Consolidation (2 shares for every 5 shares held)	11-Nov-19	(137,983,908)		-
Issue of shares - Initial Public Offer	17-Dec-19	31,561,800	\$ 0.500	15,780,900
Issue of shares under employee incentive plan	16-Jan-20	40,000	\$ 0.125	4,982
Transaction costs on issue of capital		-		(1,447,753)
Balance	30-Jun-20	<u>123,591,084</u>		<u>39,174,270</u>

Founders First Ltd and its controlled entities
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Notes to the Preliminary Financial Report
for the year ended 30 June 2020

4 Intangible Assets

	Unaudited	
	30-Jun-20	30-Jun-19
	\$	\$
Goodwill	5,452,575	1,230,730
<i>Less: Impairment of Goodwill</i>	-	-
	<u>5,452,575</u>	<u>1,230,730</u>
Intellectual Property and Trademarks	367,105	-
<i>Less: Amortisation of Intellectual Property and Trademarks</i>	-	-
	<u>367,105</u>	<u>-</u>
IT Development Costs	126,416	-
<i>Less: Amortisation of IT Development Costs</i>	-	-
	<u>126,416</u>	<u>-</u>
Total Intangible Assets	<u>5,946,096</u>	<u>1,230,730</u>

Reconciliations

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

	Goodwill	Intellectual Property and Trademarks	IT Development Costs	Total
				\$
Balance at 1 July 2018	-	-	-	-
Additions through business combinations	1,230,730	-	-	1,230,730
Opening balance at 1 July 2019	<u>1,230,730</u>	<u>-</u>	<u>-</u>	<u>1,230,730</u>
Additions through business combinations (note 5)	4,221,845	-	-	4,221,845
Additions during the year	-	367,105	126,416	493,521
Balance as at 30 June 2020	<u>5,452,575</u>	<u>367,105</u>	<u>126,416</u>	<u>5,946,096</u>

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Notes to the Preliminary Financial Report
for the year ended 30 June 2020

5 Business combinations

Momentum Food and Wine Business acquisition

During August 2019 and November 2019, Founders Momentum International Pty Ltd, a subsidiary of Founders First Ltd, acquired 100% of the ordinary shares of Momentum Food & Wine Pty Ltd (subsequently renamed Mighty Craft Operations Pty Ltd) with effective acquisition date of 1 July 2019, for a total consideration of \$835,000. The company exports multiple products including wine, alpaca quilts and Manuka Honey. The acquisition provides further strength to the commercial business acceleration pillar by supporting growth of brands into overseas markets.

The goodwill of \$797,210 represents the expected growth and cost synergies and export potential arising from the acquisition. The acquired business contributed revenues of \$1,233,528 and loss after tax of \$236,672 to the consolidated entity for the financial year.

Details of acquisition are as follows:

	Fair value
	\$
Cash and cash equivalents	117,913
Inventories	109,920
Trade and other receivables	162,184
Right-of-use assets	128,312
Other non-current assets	4,834
Trade and other payables	(302,637)
Lease liabilities	(128,312)
Employee entitlements	(54,424)
Net identifiable assets and liabilities	<u>37,790</u>
Goodwill	797,210
Acquisition-date fair value of the total consideration transferred	<u><u>835,000</u></u>
Representing:	
Equity shares of Founders First Ltd (4,687,500 shares at \$0.16 per share)	750,000
Performance rights in Founders First Ltd (500,000 rights at \$0.17 per right)	85,000
	<u><u>835,000</u></u>
Acquisition costs expensed to profit and loss	<u><u>35,662</u></u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	-
Less: Cash and cash equivalents acquired	(117,913)
Net cash used / (acquired)	<u><u>(117,913)</u></u>

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Notes to the Preliminary Financial Report
for the year ended 30 June 2020

5 Business combinations (continued)

Kangaroo Island Distillery Business Acquisition

During February 2020, Mighty Craft Spirits Plus Pty Ltd (formerly Founders First Global Pty Ltd), a subsidiary of Founders First Ltd, acquired 100% of the ordinary shares of Kangaroo Island Distillery Pty Ltd (also known as Kangaroo Island Spirits - KIS) (with effective acquisition date of 28 February 2020) for a total consideration of \$1,500,000. KIS produces a range of award winning gin and other spirits at the cellar door on Kangaroo Island, in South Australia. The acquisition is the cornerstone in the consolidated entity's Spirits category, contributing significant turnover as a stand-alone business. As a new 100% owned subsidiary, Founders can further inject capital to support production efficiencies to drive volume.

The goodwill of \$1,087,629 represents the expected growth arising from the acquisition. The acquired business contributed revenues of \$940,875 and profit after tax of \$73,052 to the consolidated entity for the financial year.

Details of acquisition are as follows:

	Fair value
	\$
Cash and cash equivalents	246,632
Inventories	369,764
Trade and other receivables	249,432
Property, plant and equipment	97,316
Trade and other payables	(417,680)
Borrowings (Current)	(37,343)
Employee benefits	(95,751)
Net identifiable assets and liabilities	<u>412,371</u>
Goodwill	1,087,629
Acquisition-date fair value of the total consideration transferred	<u><u>1,500,000</u></u>
Representing:	
Cash	<u>1,500,000</u>
	<u><u>1,500,000</u></u>
Acquisition costs expensed to profit and loss	<u><u>48,478</u></u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,500,000
Less: Cash and cash equivalents acquired	(246,632)
Net cash used / (acquired)	<u><u>1,253,368</u></u>

Subsequent to the settlement of the business as detailed above, on 30 April 2020, Kangaroo Island Distillery Pty Ltd purchased the land on which the main business premises are located for consideration of \$550,000, plus stamp duty and fees. This purchase gives security and flexibility to develop the premises into a premier cellar door and tourist destination, which will drive further growth of the KIS brand.

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for the year ended 30 June 2020

5 Business combinations (continued)

Hunter Valley Business Acquisition

During February 2020, Mighty Hunter Valley Pty Ltd (formerly Founders First Hunter Valley Pty Ltd), a subsidiary of Founders First Ltd, acquired the leasehold and business assets of the venue formerly known as Potters Brewery (with effective acquisition date of 4 February 2020) for a total consideration of \$1,500,000. The acquisition is the result of a targeted approach to building engagement with consumers through venues, and providing the public with tangible experiences and connections to craft brands.

The goodwill of \$1,526,402 represents the expected growth arising from the acquisition, including production and cost synergies, and expansion of the Foghorn brand. The acquired business contributed revenues of \$445,689 and a loss after tax of \$598,570 to the consolidated entity for the financial year.

Details of acquisition are as follows:

	Fair value
	\$
Right-of-use assets	6,468,853
Employee benefits	(26,402)
Lease liabilities	(6,468,853)
Net identifiable assets and liabilities	<u>(26,402)</u>
Goodwill	1,526,402
Acquisition-date fair value of the total consideration transferred	<u><u>1,500,000</u></u>
Representing:	
Cash	<u>1,500,000</u>
	<u><u>1,500,000</u></u>
Acquisition costs expensed to profit and loss	<u><u>50,800</u></u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	<u>1,500,000</u>
Net cash used / (acquired)	<u><u>1,500,000</u></u>

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Notes to the Preliminary Financial Report
for the year ended 30 June 2020

5 Business combinations (continued)

Moonee Ponds Business Acquisition

During January 2020, Mighty Moonee Ponds Pty Ltd (formerly Founders First Moonee Ponds Pty Ltd), a subsidiary of Founders First Ltd, acquired the leasehold and business assets of the venue at 690-694 Mt Alexander Rd, Moonee Ponds, Moonee Valley (with effective acquisition date of 31 January 2020) for a total consideration of \$1,000,000 (excl GST). The acquisition is the result of a targeted approach to building engagement with consumers through venues, and providing the public with tangible experiences and connections to craft brands.

The goodwill of \$810,604 represents the expected growth arising from the acquisition, including promotion of portfolio growth through a fully refurbished venue. The acquired business was not operating by 30 June 2020, so contributed nil revenues and a loss after tax of \$142,666 to the consolidated entity for the financial year.

Details of acquisition are as follows:

	Fair value
	\$
Plant and equipment	189,396
Right-of-use assets	1,278,945
Lease liabilities	(1,278,945)
Net identifiable assets and liabilities	<u>189,396</u>
Goodwill	810,604
Acquisition-date fair value of the total consideration transferred	<u><u>1,000,000</u></u>
Representing:	
Cash	<u>1,000,000</u>
	<u><u>1,000,000</u></u>
Acquisition costs expensed to profit and loss	<u><u>46,123</u></u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,000,000
Less: Cash and cash equivalents acquired	-
Net cash used / (acquired)	<u><u>1,000,000</u></u>

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6 Leases

	Unaudited	
	30-Jun-20	30-Jun-19
	\$	\$
Right-of-use assets		
Land and buildings - right-of-use	11,844,747	-
Less: Accumulated depreciation	(725,386)	-
Plant and equipment - right-of-use	55,769	-
Less: Accumulated depreciation	(4,897)	-
	<u>11,170,231</u>	<u>-</u>
Lease liabilities		
Lease liabilities - current	(153,401)	-
Lease liabilities - non-current	(11,383,683)	-
	<u>(11,537,084)</u>	<u>-</u>

Reconciliations

Reconciliations of the right-of-use assets at the beginning and end of the current financial year are set out below:

	Land and buildings - right-of-use	Plant and equipment - right-of-use	Total
	\$	\$	\$
Opening balance on adoption of new standard	3,776,990	-	3,776,990
Additions through business combinations (note 5)	7,876,110	-	7,876,110
Additions	33,996	55,769	89,765
Disposals	-	-	-
Depreciation expense	(567,737)	(4,897)	(572,634)
Balance as at 30 June 2020	<u>11,119,359</u>	<u>50,872</u>	<u>11,170,231</u>

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7 Earnings per share

	Unaudited	
	30-Jun-20	30-Jun-19
	\$	\$
Loss after income taxes	(9,235,655)	(1,880,583)
Non-controlling interest	718,973	354,424
	(8,516,682)	(1,526,159)
<i>Weighted average number of ordinary shares</i>		
	Number	Number
Weighted average number of ordinary shares used for calculating both basic and diluted earnings per share	97,172,387	24,670,936
	Cents	Cents
Earnings per share - basic and diluted	(8.76)	(6.19)

Note: Potential shares comprising options over ordinary shares and performance rights have not been considered in the calculation of Weighted average number of ordinary shares for diluted earnings per share as they are anti-dilutive in nature.

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