

Pointerra Limited

ABN 39 078 388 155

Annual Report

For the year ended 30 June 2020

Corporate Information

Pointerra Limited

ABN 39 078 388 155

Directors

Ian Olson, Managing Director
Paul Farrell, Non-Executive Director
Neville Bassett, Non-Executive Director (Chairman)

Company Secretary

Neville Bassett

Registered Office

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Perth, WA 6000

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Facsimile: +61 8 6268 2699

Principal Office

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Subiaco, WA 6008

Internet

Website: www.pointerra.com

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Auditor

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace
Perth, WA 6000

Share Registry

Advanced Share Registry Services Ltd
110 Stirling Highway
Nedlands, WA 6009

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Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, WA 6000

Telephone: +61 8 9321 4000

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Stock Exchange Listing

Pointerra Limited shares are listed on the Australian Securities Exchange (ASX Code: 3DP)

Pointerra Limited

ABN 39 078 388 155

Annual Report 2020

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Directors' Report

The directors of Pointerra Limited ("the Company") present their report, together with the financial statements of the Company, for the financial year ended 30 June 2020.

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

NAME OF PERSON	POSITION	DATE APPOINTED
Ian Olson	Managing Director	30 June 2016
Paul Farrell	Non-executive Director	9 November 2018
Neville Bassett	Non-executive Director	30 June 2016

Information on Directors

Mr Ian Olson – Managing Director CA, B.Com, MAICD

Mr Olson is a Chartered Accountant and professional public company director with a 30-year career in finance and the capital markets sector and has helped numerous high-growth companies move from private to public status via the ASX and International stock exchanges. Mr Olson started his career with Ernst & Young and has worked in London and New York with global investment banks. He is also the Non-Executive Chairman of Gage Roads Brewing Co Ltd.

In addition to being one of the co-founders of Pointerra in 2015, Mr Olson has more than 13 years' experience in the geospatial sector, having previously owned and operated a surveying business that specialised in the generation of 3D data for customers in the mining, oil & gas and AEC sectors.

Mr Neville Bassett – Non-Executive Director (Chairman) AM, FCA

Mr Bassett is a Chartered Accountant operating his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. He consults to a number of publicly listed companies and private company groups in a diversity of industry sectors, and is a director or company secretary of a number of public and private companies. Mr Bassett has been involved with numerous public company listings and capital raisings. His involvement in the corporate arena has also included mergers and acquisitions, and includes significant knowledge and exposure to the Australian financial markets. He has a wealth of experience in matters pertaining to the Corporations Act, ASX listing requirements, corporate taxation and finance.

Mr Bassett is the principal director of Westar Capital Limited, the holder of an Australian Financial Services License and is a Fellow of Chartered Accountants Australia and New Zealand. He was previously State Chairman and a former National Director of the Royal Flying Doctor Service.

Mr Paul Farrell – Non-Executive Director B.Sc, GDip Mgt, MBA

Mr Farrell is the Managing Director of NGIS Australia, which was established in 1993 and has grown from being a boutique map maker and digitising house to an integrated provider of mapping and location-based technology solutions to large enterprise nationally and internationally, working with globally recognised technology companies such as Google.

Mr Farrell has tertiary qualifications in both Science and Management, completing an MBA in 2005. Outside of NGIS, Paul is involved and has sat on many private, government and research boards including the WA Regional Development Trust and Frontier SI. He is a past National Chairman of SIBA (Spatial Industry Business Association) and Vice-Chair of the AIIA (Australian Information Industry Association) in WA.

Directors' Report

Directorships of other listed companies

Directorships of other listed companies held by directors during the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr Ian Olson	Gage Roads Brewing Co Limited (Non-executive Chairman)	12 November 2007 – current
Mr Neville Bassett	Longford Resources Ltd (Non-executive Chairman)	22 March 2004 – 31 October 2017
	Meteoric Resources NL	29 November 2012 – 4 December 2017
	Vector Resources Ltd	22 April 2010 – 4 January 2018
	Metalsearch Ltd (Formerly Laconia Resources Ltd)	8 May 2015 – 16 October 2019
	Auris Minerals Ltd	20 April 2018 - current
	PharmAust Ltd	2 October 2018 - current
	Yowie Group Ltd	5 August 2019 - current
	Blina Minerals Ltd	28 November 2019 - current

Directors' Report

Directors' interests in shares and options

At the date of this report, the direct and indirect interests of the Directors in the ordinary shares and options of the Company were:

	Ordinary shares	Options
Ian Olson	46,814,889	-
Neville Bassett	4,732,266	-
Paul Farrell	3,000,000	-

Directors' meetings

Attendances by each Director at directors' meetings during the year were as follows:

	Directors Meetings	
	Number Eligible to Attend	Number Attended
Ian Olson	4	4
Neville Bassett	4	4
Paul Farrell	4	4

Directors' meetings held during the year, included above, do not include meetings held via circular resolution. Directors held an additional 8 meetings via circular resolution, attended by all directors, for a total of 12 meetings.

Company Secretary

Mr Neville Bassett – appointed 30 June 2016.

For further information about Mr Bassett, please refer to the information on directors in this Directors' Report.

Principal Activities

Pointerra is a West Australia headquartered company with operations in the US, focused on the global commercialisation of its proprietary 3D Data as a Service (DaaS) solution to support digital asset management activities across a range of sectors, including civil infrastructure, mining, oil & gas, architecture, engineering & construction, and government agencies at all levels. Pointerra's cloud-based solution is based on compression, visualisation and analytics algorithms, which index massive 3D datasets, for which Pointerra has both granted and provisional Patent Applications in a range of countries and jurisdictions. The processed and hosted 3D data can be dynamically searched, accessed, visualised, analysed and shared by anyone, anywhere, on any device and at any time.

Review of Operations

Sales & Platform

During the year the Company continued to generate growth in sales and cash receipts across all key customer sectors, increasing the number of paying customers and regularly reporting (on a quarterly basis) cumulative Annual Contract Value (ACV) of Pointerra's DaaS, Analytics as a Service (AaaS) and Data Processing as a Service (DPaaS) customers.

The launch of Pointerra's AaaS solution during FY19 broadened the appeal of the Company's platform, attracting new customers and prospects as well as growing sales from existing DaaS customers in Australia and the US. During FY20 the Company's R&D team continued to work with customers and partners to build-out the DPaaS solution and the AaaS stack, responding to the simple questions that Pointerra uses in determining the suitability of its platform:

- What asset management problems are you trying to solve? (using 3D data); and/or
- What questions are you trying to ask of 3D data?

Responding to growth in demand for Pointerra's solution, the Company made a number of appointments during the year to support the R&D team and the Company's business development and sales activities. Pleasingly, Pointerra has become a destination employer in the geospatial sector in the US, Australia and internationally, which means that the Company's management team is able to hand-pick the right people to help continue to underpin platform development and customer growth.

Directors' Report

Corporate

In November 2019 the Company undertook a placement of 50 million shares in the Company at a price of \$0.05, raising \$2.5 million before costs. The shares were placed to institutional and sophisticated investors that qualify under section 708 of the Corporations Act. The capital raising, which was managed by Pointerra's corporate advisor (Canary Capital), was over-subscribed and attracted interest from both existing shareholders and new investors. The placement represented less than 9% of the Company's fully diluted capital structure.

Financial Review

During the year the Company grew cash receipts from customers to \$1.84 million from \$0.85 million in FY19 and reported ACV subscription growth from \$1.85 million (July 2019) to \$4.00 million by July 2020. Operating cash outflows were in line with management expectations during the year. During August and September the Company completed and lodged its R&D refund claim of \$0.53 million in respect of the FY20 year. This refund was received in September 2020.

The Company continues to operate a lean, agile, low-cost operating model as it scales customer sales and will continue to add R&D and sales resources in line with growth in the sales pipeline. This culminated in Pointerra's first ever cashflow positive quarter (Q4 FY20) during the current, financial year. The Company notes that quarter-on-quarter cash receipts may continue to be variable as new customers are on-boarded following contract award with a variety of different payment cycles including monthly, quarterly, annually and even multi-year in advance agreements. This ongoing variability in quarterly cash receipts is however expected to smooth out in time as ACV continues to grow and the size and diversity of Pointerra's portfolio of DaaS, AaaS and DPaaS customers continues to mature.

COVID-19

Pointerra team members now reside in 3 Australian and 4 US states and apart from the head office in Subiaco, Western Australia, the Company has operated a work-from-home environment since 2018 for the non-Western Australian team members.

Since the global outbreak of the COVID-19 pandemic, Pointerra has followed and adopted hygiene, health and work practice advice from relevant state and federal health departments and agencies in Australia and the US.

To date COVID-19 has had minimal impact on the ability of Pointerra's team to continue to operate the Company's business. The Board has considered a range of operational risk management initiatives, which will continue to be monitored in this fluid and rapidly changing global environment.

First and foremost, the safety of our people will continue to remain a priority.

Operating Results

The loss for the financial year after providing for income tax was \$2,525,453 (2019: \$1,907,036 (loss)).

Financial Position

As at 30 June 2020, the Company had cash of \$2,336,873 (2019: \$947,336) and net assets of \$1,218,825 (2019: \$735,971).

Future Developments

The Company will continue to commercialise its technology via its DPaaS, DaaS and AaaS recurring subscription-based revenue model. Pointerra's ultimate vision is to create an online marketplace for the massive amounts of 3D data captured by the private and public sectors globally.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year.

Environmental Issues

The Company has a policy of at least complying, but in most cases exceeding, its environmental performance obligations. No environmental breaches have been notified by any government agency during the year ended 30 June 2020. The Board believes that the Company has adequate systems in place for the management of its environmental regulations.

Directors' Report

Shares under Option

At the date of this report, the unissued ordinary shares of Pointerra Limited under option are as follows:

Number under option	Average Exercise price	Date of expiry
785,000 unlisted options	\$0.06	19 Mar 21
3,705,000 unlisted options	\$0.09	19 Mar 21

Refer to Note 18 for further information on terms of options.

Indemnifying officers or auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the company to pay all damages and costs which may be awarded against the Directors.
- No indemnity has been paid to auditors.

Remuneration Report (audited)

This report details the nature and amount of the remuneration for each member of key management personnel of Pointerra Limited for the year ended 30 June 2020.

For the purposes of this report, Key Management Personnel of the company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly. The Company did not have any other key management personnel other than its Directors.

For the purposes of this Remuneration Report, the term 'Executive' encompasses all Directors and the Company Secretary of the company.

Directors' Report

Remuneration Philosophy

The performance of the company depends upon the quality of its Directors and Executives. To prosper, the company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the company embodies the following principles in its remuneration framework:

'The Board as a whole is responsible for considering remuneration policies and packages applicable both to board members and senior executives of the company. The Board remuneration policy is to ensure the remuneration package, which is not linked to the performance of the company, properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.'

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct. The company does not engage remuneration consultants.

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the *ASX Listing Rules* specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The current aggregate remuneration pool is \$500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a Director of the company.

Non-executive Directors are encouraged by the Board to hold shares in the company. It is considered good governance for directors to have a stake in the Company on whose board he or she sits.

Voting on the Remuneration Report

At the Company's 2019 Annual General Meeting a resolution to adopt the 2019 Remuneration Report was put to vote and passed unanimously on a show of hands, with the proxy received also indicating majority (99%) support in favour of adopting the Remuneration Report.

Managing Director and Executive Remuneration Structure

Based on the current stage in the company's development, its size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of Executives and their contribution towards increasing shareholder value is commercially based, inclusive of share price performance over the review period.

Individual and company operating targets associated with traditional financial and non-financial measures are difficult to set given the small number of Executives and their need to be flexible and multi-tasked, as the company responds to a continually changing business environment. Consequently, a formal process of defining Key Performance Indicators (KPI's) and setting targets against the KPI's has not been adopted at the present time.

The proportion of fixed remuneration and variable remuneration is established for each Executive by the Board.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board; having regard to the Company and individual performance, relevant comparable remuneration in the industry sector and, where appropriate, external advice. Executives receive their fixed remuneration in cash.

Directors' Report

Variable Remuneration – Short-Term Incentive (STI)

The objective of the STI is to link the achievement of corporate and operational objectives over the year with the remuneration received by the Executives charged with achieving that increase. The total potential STI available is set at a level so as to provide sufficient incentive to the Executives to achieve the performance goals and such that the cost to the company is reasonable in the circumstances.

Annual STI payments granted to each Executive depend on their performance over the preceding year and are based on recommendations from the Managing Director and/or the Chairman following collaboration with the Board. Typically included are measures such as contribution to strategic initiatives, risk management and leadership/team contribution.

The aggregate of annual STI payments available for Executives across the company is subject to the approval of the Board. Payments are usually delivered as a cash bonus. There were no STI payments made during the financial year.

Variable Remuneration – Long-Term Incentive (LTI)

The objective of the LTI plan is to reward Executives in a manner, which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the company's performance.

The level of LTI granted is, in turn, dependent on a number of factors including, the seniority of the Executive and the responsibilities the Executive assumes in the company.

LTI grants to Executives are delivered in the form of options. These options are issued at an exercise price determined by the Board at the time of issue.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

However, under certain circumstances, including breach of employment conditions, the Directors may cause the options to expire prior to their vesting date. In addition, individual performance is more commonly rewarded over time by STIs.

No LTI options were issued during the financial year.

Company performance, shareholder wealth and Director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. Options issued to Directors have an exercise price higher than the current share price of the Company.

The table below shows the performance of the Company for the five years to 30 June 2020:

	2020	2019	2018	2017	2016
Net profit / (loss)	(\$2,525,453)	(\$1,907,036)	(\$1,660,843)	(\$1,304,751)	(\$2,757,663)
Revenue	1,228,165	443,504	312,068	4,635	-
Earnings per share	(0.45)	(0.37)	(0.41)	(0.40)	Note 1
Share price at year end	\$0.040	\$0.046	\$0.043	\$0.025	Note 1

Note 1. The Company was readmitted to quotation on the ASX on 11 July 2016.

Directors' Report

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Company. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options, or loan shares.

	Position	Contract details (duration and termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance		
			Non-salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	Employee loan Shares	Total
			%	%	%	%	%	%
Key Management Personnel								
Ian Olson	Managing Director	Ongoing commencing 30 June 2016. 6 months' notice to terminate.	-	-	-	59	41	100
Neville Bassett	Chairman	Service agreement in place with termination upon resignation, non-election at shareholders meeting or prohibited by law.	-	-	-	39	61	100
Paul Farrell	Director	Service agreement in place with termination upon resignation, non-election at shareholders meeting or prohibited by law.	-	-	-	39	61	100

Directors' Report

Details of remuneration for the year ended 30 June 2020

Name	Short-term benefits		Post-employment benefits	Share-based payments	Share-based payments	Total	Performance related
	Cash salary & fees \$	Non-cash benefit \$	Superannuation \$	Options \$	Employee loan Shares (1) \$		\$
Paul Farrell	36,000	-	-	-	55,908	91,908	-
Ian Olson	240,000	-	22,800	-	186,359	449,159	-
Neville Bassett	36,000	-	-	-	55,908	91,908	-
	312,000	-	22,800	-	298,175	632,975	-

(1) During the year ended 30 June 2020, remuneration in the form of Employee Loan Shares were issued to KMP and employees. See Note 18, and below at 'Employee Loan Shares'.

Details of remuneration for the year ended 30 June 2019

Name	Short-term benefits		Post-employment benefits	Share-based payments	Total	Performance related
	Cash salary & fees \$	Non-cash benefit \$	Superannuation \$	Options \$		\$
Robert Newman	12,000	-	-	-	12,000	-
Paul Farrell	24,000	-	-	-	24,000	-
Ian Olson	240,000	-	22,800	-	262,800	-
Graham Griffiths	30,000	-	-	-	30,000	-
Neville Bassett	36,000	-	-	-	36,000	-
	342,000	-	22,800	-	364,800	-

Directors' Report

Ordinary Shares Held by Key Management Personnel – 30 June 2020

Key Management Person	Balance at beginning of year	Granted as remuneration during year (1)	Issued on exercise of options during year	Other changes during the year	Balance at end of year
Paul Farrell	-	3,000,000	-	-	3,000,000
Ian Olson	37,514,889	10,000,000	-	-	47,514,889
Neville Bassett	1,732,266	3,000,000	-	-	4,732,266
	39,247,155	16,000,000	-	-	55,247,155

(1) During the year ended 30 June 2020, remuneration in the form of Employee Loan Shares were issued to KMP and employees. See Note 18, and below at 'Employee Loan Shares'.

Ordinary Shares Held by Key Management Personnel – 30 June 2019

Key Management Person	Balance at beginning of year	Granted as remuneration during year	Issued on exercise of options during year	Other changes during the year	Balance at end of year
Robert Newman (1)	13,160,632	-	-	(13,160,632)	-
Paul Farrell	-	-	-	-	-
Ian Olson	37,514,889	-	-	-	37,514,889
Graham Griffiths (2)	3,816,666	-	-	(3,816,666)	-
Neville Bassett	1,732,266	-	-	-	1,732,266
	56,224,453	-	-	(16,977,298)	39,247,155

(1) Resigned as Director on 9 November 2018

(2) Ceased as Director on 7 February 2019

Options Held by Key Management Personnel – 30 June 2020

Key Management Person	Balance at beginning of year	Granted as remuneration during year	Issued on exercise of options during year	Other changes during the year	Balance at end of year	Vested and exercisable at end of year
Ian Olson	-	-	-	-	-	-
Neville Bassett	-	-	-	-	-	-
Paul Farrell	-	-	-	-	-	-
	-	-	-	-	-	-

Options Held by Key Management Personnel – 30 June 2019

Key Management Person	Balance at beginning of year	Granted as remuneration during year	Issued on exercise of options during year	Other changes during the year	Balance at end of year	Vested and exercisable at end of year
Robert Newman	5,000,000	-	-	(5,000,000)	-	-
Ian Olson	30,000,000	-	-	(30,000,000)	-	-
Graham Griffiths	20,000,000	-	-	(20,000,000)	-	-
Neville Bassett	5,000,000	-	-	(5,000,000)	-	-
	60,000,000	-	-	(60,000,000)	-	-

Directors' Report

Employee loan shares

During the year ended 30 June 2020, remuneration in the form of Employee Loan Shares were issued to KMP and employees.

Key Management Personnel

Participant	Number issued	Grant date	Share price at date of issue	Loan Price	Vesting condition	Expected Volatility	Date of expiry	Risk free interest rate	Value per loan share	Valuation
Paul Farrell	3,000,000	07.05.20	\$0.032	\$0.060	Nil	89.75%	30.04.25	0.41%	\$0.0186	\$55,908
Ian Olson	10,000,000	07.05.20	\$0.032	\$0.060	Nil	89.75%	30.04.25	0.41%	\$0.0186	\$186,359
Neville Bassett	3,000,000	07.05.20	\$0.032	\$0.060	Nil	89.75%	30.04.25	0.41%	\$0.0186	\$55,908
Total	16,000,000									\$298,175

Vesting conditions

The key terms of the Employee Share Plan (ESP) and of each limited recourse loan provided under the Plan are as follows:

- The loan will be interest free;
- The loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares;
- The loan repayment date is five years from the date of issue;
- A Participant must repay the Loan in full by the loan repayment date but may elect to repay the Loan amount in respect of any or all of the Shares at any time prior to the loan repayment date;
- The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the ISP;
- A loan will be non-recourse except against the Shares held by the Participant to which the loan relates;
- The Board may, in its absolute discretion, agree to forgive a Loan made to a Participant; and
- The total loan will be \$0.06 per Share which shall be deemed to have been drawn down at Settlement upon issue of the Loan Shares.

Sale of Loan Shares

Shares may be subject to restriction conditions (such as a period of employment) which must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the ESP.

Related party transactions

No related party transactions were entered into during the year.

-End of Remuneration Report-

Directors' Report

Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, other than the following:

- On 14 July 2020, the Company announced that Australian tech entrepreneur Bevan Slattery had invested \$2.5 million in the Company via the placement of 50 million shares at \$0.05 per share. Funds to be used to accelerate the Company's global expansion;
- 7,510,000 options with varying expiry dates and exercise prices have been exercised, raising \$419,450;
- The Company received its R&D refund of \$527,758 on 30 September 2020; and
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Non-audit services

No non-audit services were provided by the auditor during the year.

Explanation for differences between 4E and Annual Report

As indicated in the Company's 'Appendix 4E – Preliminary final report, for the year ended 30 June 2020', and lodged on the ASX platform on the 31 August 2020, at the time of lodgement, the accounts were in the process of being audited. In the period following lodgement of the 4E, a number of adjustments were processed. The following table provides a reconciliation between the Company's Appendix 4E and the Annual Report.

Consolidated statement of profit or loss and other comprehensive income & Consolidated statement of financial position	Appendix 4E \$	Adjustments \$	Statutory Financial Report (Annual Report) \$
Loss before income tax for the year	2,806,464	(281,011)	2,525,453
Total Assets	3,499,521	19,755	3,519,276
Total Liabilities	2,561,142	(260,691)	2,300,451
Net Assets/Equity	938,379	(280,446)	1,218,825

The adjustments indicated were general in nature and mainly related to the over-provision and accrual of employee benefits.

Directors' Report

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been received and can be found directly following the directors' report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act of 2001.



Ian Olson

Director

30 September 2020

Auditor's Independence Declaration



Bentleys Audit & Corporate
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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the audit of the financial statements of Pointerra Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- ▶ the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ▶ any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2020



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- ▶ Advisors
- ▶ Accountants
- ▶ Auditors

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue		1,228,165	443,504
Other income	6	692,134	492,018
Cost of Services		(146,093)	(29,000)
Administrative expenses	7	(1,710,288)	(1,055,704)
Advertising and marketing expenses		(8,334)	(22,143)
Compliance and regulatory expenses		(133,549)	(183,732)
Research and development expenses	8	(1,213,237)	(1,087,207)
Share based payment expenses	18	(690,885)	(13,601)
Other expenses	9	(543,366)	(451,171)
Loss before income tax		(2,525,453)	(1,907,036)
Income tax expense	3	-	-
Loss after income tax for the year		(2,525,453)	(1,907,036)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(5,300)	(9,371)
Total comprehensive loss for the year attributable to members of the Company		(2,530,753)	(1,916,407)
Earnings per share		Cents	Cents
Basic and diluted loss per share	15	(0.45)	(0.37)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

as at 30 June 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	10	2,336,873	947,336
Trade and other receivables	11	602,990	535,560
Other		41,696	80,649
TOTAL CURRENT ASSETS		2,981,559	1,563,545
NON-CURRENT ASSETS			
Plant and equipment	12	82,411	58,735
Intangible assets	13	74,501	60,431
Right of use assets	26	380,805	-
TOTAL NON-CURRENT ASSETS		537,717	119,166
TOTAL ASSETS		3,519,276	1,682,711
CURRENT LIABILITIES			
Trade and other payables	14	793,317	500,112
Lease liabilities	27	81,586	-
Deferred revenue		811,210	282,359
Provisions		268,501	164,269
TOTAL CURRENT LIABILITIES		1,954,614	946,740
NON-CURRENT LIABILITIES			
Lease Liabilities	27	345,837	-
TOTAL NON-CURRENT LIABILITIES		345,837	-
TOTAL LIABILITIES		2,300,451	946,740
NET ASSETS		1,218,825	735,971
EQUITY			
Issued capital	16	9,175,895	6,821,694
Reserves	17	2,238,424	1,552,839
Accumulated losses		(10,195,494)	(7,638,562)
TOTAL EQUITY		1,218,825	735,971

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

	Note	Issued Capital	Option Reserves	Foreign exchange reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2018		5,728,469	1,550,551	(1,942)	(5,731,526)	1,545,552
Loss for the year		-	-	-	(1,907,036)	(1,907,036)
Other comprehensive income		-	-	(9,371)	-	(9,371)
Total comprehensive loss for the year		-	-	(9,371)	(1,907,036)	(1,916,407)
Transactions with owners Recorded directly in equity						
Share issued		1,150,000	-	-	-	1,150,000
Share issue transaction costs		(56,775)	-	-	-	(56,775)
Share-based payments	18	-	13,601	-	-	13,601
BALANCE AT 30 JUNE 2019		6,821,694	1,564,152	(11,313)	(7,638,562)	735,971
BALANCE AT 1 JULY 2019		6,821,694	1,564,152	(11,313)	(7,638,562)	735,971
Effects of AASB 16		-	-	-	(31,479)	(31,479)
Loss for the year		-	-	-	(2,525,453)	(2,525,453)
Other comprehensive income		-	-	(5,300)	-	(5,300)
Total comprehensive loss for the year		-	-	(5,300)	(2,525,453)	(2,530,753)
Transactions with owners recorded directly in equity						
Share issued		2,500,000	-	-	-	2,500,000
Share issue transaction costs		(145,799)	-	-	-	(145,799)
Share-based payments	18	-	690,885	-	-	690,885
BALANCE AT 30 JUNE 2020		9,175,895	2,255,037	(16,613)	(10,195,494)	1,218,825

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

for the year ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,843,086	851,860
Payments to suppliers and employees	(3,207,303)	(2,803,353)
Interest and other costs of finance paid	(28,665)	(2,713)
Interest received	1,309	19,083
Government grants and tax incentives	589,167	486,903
Net Cash Used In Operating Activities	22(b) <u>(802,406)</u>	<u>(1,448,220)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(60,476)	(29,300)
Payments to acquire intangible and other assets	(36,238)	(30,812)
Net Cash Used In Investing Activities	<u>(96,714)</u>	<u>(60,112)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	2,500,000	1,150,000
Payment of share issue and recapitalisation related costs	(159,880)	(62,454)
Lease payments	(29,761)	-
Net Cash Provided By Financing Activities	<u>2,310,359</u>	<u>1,087,546</u>
Net increase/(decrease) in cash held	1,411,239	(420,786)
Effect of movement in exchange rates on cash held	(21,702)	(17,712)
Cash and Cash Equivalents at beginning of the period	947,336	1,385,834
Cash and Cash Equivalents at the end of the period	22(a) <u><u>2,336,873</u></u>	<u><u>947,336</u></u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements

for the year ended 30 June 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Pointerra Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the ASX.

The registered office is:

C/- Westar Capital Limited, Level 4, 216 St Georges Terrace, Perth WA 6000

The principal place of business is:

Level 2, 27 Railway Road, Subiaco WA 6008

The financial report for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 30 September 2020.

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements comprise the financial statements of Pointerra Limited and its subsidiaries at the reporting date (the "Group").

The consolidated financial statements have been prepared on an accruals basis and are measured at historical cost, except for assets and liabilities acquired in business combinations, which are initially measured at fair value. All amounts are presented in Australian dollars.

Accounting policies have been consistently applied, unless otherwise stated.

Going Concern

The consolidated financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

As at 30 June 2020, the Group had cash and cash equivalents of \$2,336,873 (2019: \$947,336) and had a working capital surplus of \$1,026,945 (2019: \$616,805). The Group incurred an operating loss of \$2,525,453 for the year ended 30 June 2020 (2019: \$1,907,036) and net cash outflows from operating activities amounting to \$802,406 (2019: \$1,448,220). Subsequent to year end, the Group has raised \$2,500,000 through the issue of new shares, received \$419,450 on the exercise of options and \$527,758 from receipt of its R&D refund.

The Directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because of the following factors:

- the Directors have an appropriate plan to grow its revenue and generate positive cash flows from operations;
- the Group has the ability to issue additional shares to raise further capital. The Group has been successful in doing this previously, as evidenced by the \$2,500,000 raised via the issue of new shares, subsequent to the year-end; and
- the Group has the ability to curtail discretionary expenditure as and when required in order to manage its cash flows.

Based on the cashflow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate.

Acquisition of Pointerra Pty Ltd

On 30 June 2016, Pointerra Limited (formerly Soil Sub Technologies Limited) acquired 100% of the ordinary share capital of Pointerra Pty Ltd. In accordance with reverse asset acquisition accounting principles under AASB 3 Business Combinations, Pointerra Pty Ltd is the deemed acquirer of Soil Sub Technologies Limited.

Basis of consolidation

Subsidiaries are fully consolidated from the date the Group obtains control until such time as control ceases. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses arising from intra-group transactions are eliminated in full.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Pointerra Limited.

Income tax

The income tax expense / (benefit) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year and unused tax losses.

Current and deferred income tax expense / (benefit) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation legislation

Pointerra Limited and its wholly-owned Australian subsidiary have not implemented tax consolidation legislation.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in the profit and loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangibles

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- patents and trademarks: 5–20 years

Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming the market participants acts in their economic best interests.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit and loss through the amortisation process and when the financial liability is derecognised.

Derivative instruments

The Group does not trade or hold derivatives.

Financial guarantees

The Group has no material financial guarantees.

Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. No liabilities are recognised for non-accumulating sick leave.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The liability for long service leave and other employee entitlements expected to be settled more than 12 months from the reporting date is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and years of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Contributions to defined contribution superannuation funds are recognised as an expense as they become payable.

Foreign currency translation

Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with Directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes and Monte Carlo option pricing model.

For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services, the value of options is calculated using the Black-Scholes and Monte Carlo option pricing model, or the quoted bid price where applicable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months from the reporting date. They are recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction net of tax of the share proceeds received.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimate – Share-based payments

The Company measures the cost of equity-settled transactions with Directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes and Monte Carlo model using the assumptions disclosed in Note 18. The accounting estimates and assumptions relating to equity settled share-based payments used would have no impact on assets and liabilities within the next reporting period but may impact expenses and equity.

Key Estimate/Judgement – Pay-check Protection Program

The Company received \$100,545 loan proceeds from the US federal government, under the Pay-check Protection Program (PPP), during the financial year ended 30 June 2020. The loan bears a fixed interest rate of 1% per annum. The loan and any accrued interest are forgivable at the end of the loan deferral period if the loan proceeds have been used for qualifying purposes. In the Company's opinion, loan funds received during the period, were utilised to support qualifying payroll functions. The company has used the loan proceeds for purposes consistent with the PPP, and accordingly, the Company has met the conditions for forgiveness of the loan. Loan proceeds have therefore been recorded as Other Income (Note 6).

Key Judgement - Coronavirus (COVID-19) pandemic

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

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

Accounting Standards that are mandatorily effective for the current reporting year

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.

The following Accounting Standards and Interpretations are most relevant to the Group.

AASB 16: Leases has replaced AASB 117: Leases with a mandatory effective date for the Group of 1 July 2019.

The key change under AASB 16, and impact on the Group, is the requirement that operating leases be recognised on-balance sheet through the recognition of a Right-of-Use (ROU) Asset and Lease Liability. Lease expenditure is also no longer recognised as operating expenditure, but instead as depreciation and interest. This change directly impacts EBITDA (earnings before finance costs, income tax expense, and depreciation and amortisation), which is a key metric used by the Group.

AASB 16 eliminates the previous operating/finance lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model, similar to previous finance lease accounting. The assessment of whether a contract contains a lease determines whether the arrangement is recognised on- or off- balance sheet.

Definition of a Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and all three must be met in order for the contract to contain a lease and the entity therefore be able to apply lease accounting under AASB 16:

- Contract contains an identified asset;
- The lessee obtains substantially all the economic benefits from the use of the assets; and
- The lessee directs the use of the asset

Transition

The Group transitioned to AASB 16 from 1 July 2019, using the "modified retrospective" transition method whereby the right-of-use asset has been calculated at its carrying amount as if AASB 16 had been applied since the lease commencement date, but discounted using the Group's incremental borrowing rate at the date of initial application.

Under this method, there was no requirement to restate comparatives.

On transition the Group elected to apply the practical expedient to 'grandfather' the assessment of which contracts are leases – AASB 16 lease accounting is only applied to those contracts previously identified to contain a lease under AASB 117. The new lease definition requirement is only applied to those contracts entered after the date of initial application.

In applying the modified retrospective approach to leases previously classified as operating leases under AASB 117, the Group has elected, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. Pointerra has applied a number of the practical expedients and exemptions including:

- The application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Recognition exemption for short-term and low value leases – Leases which have a lease term of less than 12 months or are less than A\$10,000 in annual value will not be accounted for under AASB 16;
- Utilising previous assessments of onerous leases;
- The use of hindsight in determining the lease term.

Another practical expedient that was available to the Group, is to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The Group did not elect to combine lease and non-lease components for its property leases. As such, the calculated lease liability excludes an estimate of the stand-alone price of the non-lease component.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

The Group applied judgement to determine the lease term for some contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts on the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Impact on Retained Earnings at Transition

On transition to AASB 16, the Group recognised additional right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 July 2019
Right-of-use assets	429,032
Lease Liabilities	<u>(460,511)</u>
Transition impact for AASB 16 recognised in opening Retained earnings / (Accumulated losses)	(31,479)
Retained earnings / (Accumulated losses) as at 30 June 2019	(7,638,562)
Transition impact for AASB 16	<u>(31,479)</u>
Restated Retained earnings / (Accumulated losses) as at 1 July 2019 under AASB 16	(7,670,041)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using a borrowing rate of 5.3% at 1 July 2019.

Impacts for the period

As a result of initially applying AASB 16, in relation to the leases that were previously classified as operating leases, the Group recognised \$429,032 of right-of-use assets and \$460,511 of lease liabilities as at 1 July 2019.

Also, in relation to those leases under AASB 16, the Group has recognised depreciation and interest costs, instead of operating lease expenses. During the twelve months ended 30 June 2020, the Group recognised \$48,227 of depreciation charges and \$24,043 of interest costs from these leases.

There was no change in the Group's approach to calculating Net Tangible Assets (NTA), as allowed by the standard. The Group's NTA is calculated as the net of net assets (excluding net deferred tax, non-controlling interest and intangible assets) over fully paid ordinary shares.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 3. INCOME TAX

	2020	2019
	\$	\$
(a) The components of tax expense comprise:		
Current	-	-
Deferred	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax expense as follows:		
Prima facie tax on operating loss at 27.5% (2019: 27.5%)	(694,500)	(524,435)
Add / (Less):		
Tax effect of:		
Non-assessable income	(162,321)	(132,635)
Research & Development refundable offset	(194,118)	(173,953)
Other permanent differences	191,024	5,265
Deferred tax assets not brought to account	859,915	825,758
Income tax expense/(benefit)	-	-
(c) Deferred tax assets		
Accrued expenses	164,936	84,843
Capital raising costs	404,472	364,377
Tax losses	1,005,534	758,633
Total deferred tax assets	1,574,942	1,207,853
Set-off deferred tax liabilities pursuant to set-off provisions	(44,824)	(45,155)
Less deferred tax assets not recognised	(1,530,118)	(1,162,698)
Net deferred tax assets	-	-
(d) Deferred tax liabilities		
Other	44,824	45,155
Set-off deferred tax liabilities	(44,824)	(45,155)
Net deferred tax liabilities	-	-
(e) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	-	-
Potential tax benefit @ 27.5%	-	-

The benefit for tax losses will only be obtained if:

- i. The company and group derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- ii. The company and group continue to comply with the conditions for deductibility imposed by law; and
- iii. No changes to the tax legislation adversely affect the ability of the company and group to realise these benefits.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 4. AUDITOR'S REMUNERATION

	2020	2019
	\$	\$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	41,477	31,658
	<u>41,477</u>	<u>31,658</u>

NOTE 5. KEY MANAGEMENT PERSONNEL COMPENSATION AND RELATED PARTY TRANSACTIONS

Key management personnel compensation

Short-term employee benefits	312,000	342,000
Post-employment benefits	22,800	22,800
Share-based payments	298,175	-
	<u>632,975</u>	<u>364,800</u>

NOTE 6. OTHER INCOME

Research and development refundable tax offset	527,758	472,935
Other Income – US Govt Grant	100,545	-
Cashflow Boost	62,500	-
Interest Income	1,331	19,083
	<u>692,134</u>	<u>492,018</u>

NOTE 7. ADMINISTRATIVE EXPENSES

Accounting and audit fees	(138,261)	(117,164)
Consulting and contracting expenses	(60,000)	(55,000)
Director fees	(72,000)	(102,000)
Employee benefits expense	(1,440,027)	(781,540)
	<u>(1,710,288)</u>	<u>(1,055,704)</u>

NOTE 8. RESEARCH AND DEVELOPMENT EXPENSES

Employee benefits expense	(838,593)	(890,310)
Other research and development expenses	(374,644)	(196,897)
	<u>(1,213,237)</u>	<u>(1,087,207)</u>

NOTE 9. OTHER EXPENSES

Depreciation and amortisation expense	(104,314)	(50,613)
Legal fees	(5,989)	(1,622)
General operating expenses	(433,063)	(398,936)
	<u>(543,366)</u>	<u>(451,171)</u>

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 10. CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank	2,286,873	897,336
Deposits on call	50,000	50,000
	<u>2,336,873</u>	<u>947,336</u>

NOTE 11. TRADE AND OTHER RECEIVABLES

Trade receivables	60,227	43,410
R&D tax offset receivable	527,758	472,935
GST receivable	15,005	19,215
	<u>602,990</u>	<u>535,560</u>

The average credit period on provision of services is 25 days (2019: 29 days) and no interest is charged on trade receivables. Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Age of receivables that are past due but not impaired

60-90 days	-	1,760
91-120 days	-	880
121+ days	-	-
Total	<u>-</u>	<u>2,640</u>
Average age (days)	-	103

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is unrelated.

NOTE 12. PLANT AND EQUIPMENT

At cost	181,733	124,503
Accumulated depreciation	(99,322)	(65,768)
	<u>82,411</u>	<u>58,735</u>

Movement in the carrying amounts of plant and equipment during the year:

Balance at beginning of year	58,735	60,706
Additions	57,230	25,621
Depreciation expense	(33,554)	(27,592)
Balance at end of year	<u>82,411</u>	<u>58,735</u>

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 13. INTANGIBLE ASSETS

	2020	2019
	\$	\$
At cost	146,564	109,960
Accumulated amortisation	(72,063)	(49,529)
	<u>74,501</u>	<u>60,431</u>
Movement in the carrying amounts or intangible assets during the year:		
Balance at beginning of year	60,431	53,689
Additions	36,603	29,781
Amortisation expense	(22,533)	(23,039)
Balance at end of year	<u>74,501</u>	<u>60,431</u>

Intangible assets consist of patents and website development costs.

NOTE 14. TRADE AND OTHER PAYABLES

CURRENT

Unsecured Liabilities:

Trade Payables	371,688	193,577
Sundry creditors and accrued expense	421,629	306,535
	<u>793,317</u>	<u>500,112</u>

All amounts are expected to be settled on 30-day terms.

NOTE 15. EARNINGS PER SHARE

Earnings used in calculating basic loss per share	(2,525,453)	(1,907,036)
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Movements:

	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	<u>558,806,674</u>	<u>508,920,437</u>

This calculation does not include instruments that could potentially dilute basic earnings per share in the future, as these instruments are anti-dilutive, since their inclusion would reduce the loss per share.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 16. ISSUED CAPITAL

	2020	2019
	\$	\$
613,223,112 (2019: 521,223,112) fully paid ordinary shares	10,589,925	8,146,700
Less: capital raising fees	(1,414,030)	(1,325,006)
Net issued capital	<u>9,175,895</u>	<u>6,821,694</u>
Movements:	\$	No.
As at 1 July 2018	5,728,469	493,842,159
Capital raising	1,150,000	27,380,953
Share issue costs	(56,775)	-
As at 30 June 2019	<u>6,821,694</u>	<u>521,223,112</u>
Capital raising	2,500,000	50,000,000
Employee loan shares (1)	-	42,000,000
Share issue costs	(145,799)	-
As at 30 June 2020	<u>9,175,895</u>	<u>613,223,112</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(1) During the year ended 30 June 2020, remuneration in the form of Employee Loan Shares were issued to KMP and employees. See Note 18.

Year ended 30 June 2020

On 5 November 2019, 50,000,000 shares were placed to institutional and sophisticated investors at a price of \$0.05, raising \$2.5 million before costs.

Year ended 30 June 2019

On 11 December 2018, 27,380,953 shares were placed to institutional and sophisticated investors at a price of \$0.042, raising \$1.15 million before costs.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 16. ISSUED CAPITAL (continued)

Options

As at the reporting date, the following options over unissued ordinary shares were outstanding:

- 4,000,000 options expiring 25 September 2020 at an exercise price of \$0.05
- 4,000,000 options expiring 19 March 2021 at an exercise price of \$0.06
- 4,000,000 options expiring 19 March 2021 at an exercise price of \$0.09
- 5,000,000 options expiring 2 August 2020 at an exercise price of \$0.05

Capital Management

The Directors' objectives when managing capital are to ensure that the Company can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet business development and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

NOTE 17. RESERVES

	2020	2019
Option Reserves	\$	\$
Balance at beginning of year	1,564,152	1,550,551
Issuance of Employee loan shares	660,032	-
Options vesting over multiple periods	30,853	63,520
Forfeiture of options	-	(49,919)
Balance at end of year	<u>2,255,037</u>	<u>1,564,152</u>
Foreign Exchange Reserves		
Balance at beginning of year	(11,313)	(1,942)
Foreign currency translation difference	(5,300)	(9,371)
Balance at end of year	<u>(16,613)</u>	<u>(11,313)</u>

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 18. SHARE-BASED PAYMENTS

(a) Options issued to employees

3,000,000 incentive options with an expiry date of 20 May 2020 and an exercise price of \$0.07 were issued on 21 March 2018 pursuant to the Pointerra Ltd Employee Option Plan. The options were valued at \$0.0358 and during the year end 30 June 2018, \$29,937 was expensed as share-based payments. These options were subject to a vesting service condition of continuous employment. These conditions have since not been satisfied, therefore during the year ended 30 June 2019 the previously expensed share-based payments amount was reversed.

3,000,000 incentive options with an expiry date of 20 May 2020 and an exercise price of \$0.07 were issued on 21 March 2018 pursuant to the Pointerra Ltd Employee Option Plan. The options were valued at \$0.0358 and during the year end 30 June 2018, \$19,982 was expensed as share-based payments. These options were subject to a vesting service condition of continuous employment. These conditions have since not been satisfied, therefore during the year ended 30 June 2019 the previously expensed share-based payments amount was reversed.

2,500,000 incentive options with an expiry date of 2 August 2020 and an exercise price of \$0.05 were issued on 23 November 2018 pursuant to the Pointerra Ltd Employee Option Plan. The options were valued at \$0.0189 and were expensed as share-based payments, during the year end 30 June 2020 (\$5,992 was expensed).

2,500,000 incentive options with an expiry date of 2 August 2020 and an exercise price of \$0.05 were issued on 23 November 2018 pursuant to the Pointerra Ltd Employee Option Plan. The options were valued at \$0.0189 and were expensed as share-based payments, during the year end 30 June 2020 (\$24,861 was expensed).

(b) Option valuation assumptions

The fair value of the options granted was estimated as at the date of grant using a Black-Scholes option valuation model and a Monte Carlo simulation valuation model. The following table lists the inputs to the models:

	Dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Expected life (years)	Share price at grant date
2019					
Employee Incentive Scheme Options - issued 23 Nov 18	Nil	79	2.03	1.7	0.048
Employee Incentive Scheme Options - issued 23 Nov 18	Nil	79	2.03	1.7	0.048

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 18. SHARE-BASED PAYMENTS (continued)

(c) Options outstanding at end of year

The following table illustrates the number and weighted average exercise prices (WAEP) of share options granted as share-based payments on issue during the year.

	2020	2020 WAEP	2019	2019 WAEP
	Number	\$	Number	\$
Outstanding at 1 July	17,000,000	0.07	125,000,000	0.05
Granted during the year	-	-	5,000,000	0.05
Forfeited during the year	-	-	(6,000,000)	0.07
Expired during the year	-	-	(107,000,000)	0.05
Outstanding at 30 June	17,000,000	0.07	17,000,000	0.07

The weighted average remaining contractual life for options outstanding as at 30 June 2020 was 4.7 years (2019: 1.5 years).

(d) Share-based Payments summary

Class	Quantity	Grant date	Value recognised during year	Expiry date	Exercise price	Vesting date	Value recognised in future years
2019							
Options	(3,000,000)	21/03/2018	(29,937)	-	-	-	-
Options	(3,000,000)	21/03/2018	(19,982)	-	-	-	-
Options	2,500,000	23/11/2018	41,195	02/08/2020	0.05	-	5,992
Options	2,500,000	23/11/2018	22,325	02/08/2020	0.05	-	24,862
			13,601				
2020							
Options	2,500,000	23/11/2018	5,992	02/08/2020	0.05	-	-
Options	2,500,000	23/11/2018	24,861	02/08/2020	0.05	-	-
Loan Shares	35,000,000	07/05/2020	652,248	06/05/2025	0.06	07/05/2020	-
Loan Shares	7,000,000	07/05/2020	7,784	06/05/2025	0.06	Note 1	122,667
			690,885				

Note 1.

Vesting over multiple periods.

7million loan shares are subject to the following vesting conditions. Conditions shall cease to apply upon the holders remaining continually employed by the Company throughout the vesting period:

- One-third on the first anniversary of commencement of employment;
- One-third on the second anniversary of commencement of employment; and
- One-third on the third anniversary of commencement of employment

For the period ended 30 June 2020, \$7,784 was recognised in the consolidated statement of profit and loss and other comprehensive income.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 18. SHARE-BASED PAYMENTS (continued)

Employee loan shares

During the year ended 30 June 2020, remuneration in the form of Employee Loan Shares were issued to Key Management Personnel and employees.

Key Management Personnel

Participant	Number issued	Grant date	Share price at date of issue	Exercise price	Vesting conditions	Expected Volatility	Date of expiry	Risk free interest rate	Value per loan share	Valuation
Paul Farrell	3,000,000	07.05.20	\$0.032	\$0.060	Nil	89.75%	30.04.25	0.41%	\$0.0186	\$55,908
Ian Olson	10,000,000	07.05.20	\$0.032	\$0.060	Nil	89.75%	30.04.25	0.41%	\$0.0186	\$186,350
Neville Bassett	3,000,000	07.05.20	\$0.032	\$0.060	Nil	89.75%	30.04.25	0.41%	\$0.0186	\$55,908
Total	16,000,000									\$298,166

Employees

Participant	Number issued	Grant date	Share price at date of issue	Exercise price	Vesting conditions	Expected Volatility	Date of expiry	Risk free interest rate	Value per loan share	Valuation
Employees	19,000,000	07.05.20	\$0.032	\$0.060	Nil	89.75%	30.04.25	0.41%	\$0.0186	\$354,082
Employees Note 1	7,000,000	07.05.20	\$0.032	\$0.060	Note 1	89.75%	30.04.25	0.41%	\$0.0186	\$130,451
Total	26,000,000									\$484,533

Note 1. 7 million loan shares are subject to the following vesting conditions. Conditions shall cease to apply upon the holders remaining continually employed by the Company throughout the vesting period:

- One-third on the first anniversary of commencement of employment;
- One-third on the second anniversary of commencement of employment; and
- One-third on the third anniversary of commencement of employment

For the period ended 30 June 2020, \$7,784 was recognised in the consolidated statement of profit and loss and other comprehensive income.

The Loan Shares represent an option arrangement. Those with vesting conditions attached to the Loan Shares will be expensed over the vesting period.

Vesting conditions

The key terms of the Employee Share Plan and of each limited recourse loan provided under the Plan are as follows:

- The loan will be interest free;
- The loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares;
- The loan repayment date is 5 years from the date of issue;
- A Participant must repay the Loan in full by the loan repayment date but may elect to repay the Loan amount in respect of any or all of the Shares at any time prior to the loan repayment date;
- The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the ISP;
- A Loan will be non-recourse except against the Shares held by the Participant to which the loan relates;
- The Board may, in its absolute discretion, agree to forgive a Loan made to a Participant; and
- The total loan will be \$0.06 per Share which shall be deemed to have been drawn down at Settlement upon issue of the Loan Shares

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 18. SHARE-BASED PAYMENTS (continued)

Sale of Loan Shares

Shares may be subject to restriction conditions (such as a period of employment) which must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the ISP.

NOTE 19. COMMITMENT

	2020	2019
Commitments	\$	\$
Not later than 1 year	-	45,000
Later than 1 year and not later than 5 years	-	136,045
Later than 5 years	-	-

The Group has entered into a rental contract for the lease of office space from a third party.

The lease liability is now recognised in the balance sheet, in line with AASB 16. Refer to Note 27.

NOTE 20. CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets or liabilities.

NOTE 21. OPERATING SEGMENTS

The Group has only one reportable segment, being the development and commercialisation of its unique 3D geospatial data technology.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 22. CASH FLOW INFORMATION

(a) Reconciliation of cash	2020	2019
	\$	\$
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	2,336,873	947,336
(b) Reconciliation of cash flow from operations with operating profit after income tax		
Operating loss after income tax	(2,525,453)	(1,907,036)
Non-cash flows in loss from ordinary activities		
Depreciation and amortisation	56,087	50,631
Share-based payments	690,885	13,601
Foreign exchange	31,646	(38,101)
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	(28,477)	78,695
(Increase)/Decrease in right to use assets	(380,805)	-
Increase in trade and other payables	293,205	22,057
Increase in Lease liabilities	427,423	-
Increase in Deferred revenue	528,851	282,359
Increase in Provisions	104,232	49,574
Net Cash Used In Operating Activities	(802,406)	(1,448,220)

NOTE 23. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, other than the following:

- On 14 July 2020, the Company announced that Australian tech entrepreneur Bevan Slattery had invested \$2.5million in the Company via the placement of 50 million shares at \$0.05 per share. Funds to be used to accelerate the Company's global expansion;
- 7,510,000 options with varying expiry dates and exercise prices have been exercised, raising \$419,450;
- The Company received its R&D refund of \$527,758 on 29 September 2020; and
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no significant impact on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 24. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks and accounts payable. The main purpose of non-derivative financial instruments are to raise finance for company operations. The Company does not have any derivative instruments at 30 June 2020.

i. Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Company are confined to trade and other payables and lease liabilities, as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date. Lease liabilities are non-interest bearing and have fixed terms of repayment.

ii. Market Risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

iii. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments. Interest rate risk is not material to the Company as no debt arrangements have been entered into.

iv. Foreign exchange risk

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

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

The Group had net liabilities denominated in foreign currencies in USD (AUD equivalent \$556,622) as at 30 June 2020. Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% against this foreign currency, with all other variables held constant, the Groups loss before tax for the year would have been \$55,662 lower/\$27,831 higher and equity would have been \$55,662 lower/\$27,831 higher. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2020 was \$7,901 (2019: \$8,056).

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 24. FINANCIAL INSTRUMENTS (continued)

v. Credit Risk

Credit risk related to balances with banks and other financial institutions is managed by the Directors in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	2020	2019
Cash and cash equivalents	\$	\$
- AA- Rated	2,336,873	947,336

(b) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	2020				Total
	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing over 1 to 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	2,336,873	-	-	-	2,336,873
Trade and other receivables	-	-	-	644,686	644,686
	2,336,873	-	-	644,686	2,981,559
Weighted average interest rate	0.05%	0%	0%	0%	
Financial liabilities					
Trade and other payables	-	-	-	793,317	793,317
Lease liability	-	-	-	427,423	427,423
	-	-	-	1,220,740	1,220,740
2019					
	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing over 1 to 5 years	Non-interest bearing	Total
	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	947,336	-	-	-	947,336
Trade and other receivables	-	-	-	535,560	535,560
	947,336	-	-	535,560	1,482,896
Weighted average interest rate	0.09%	0%	0%	0%	
Financial liabilities					
Trade and other payables	-	-	-	500,112	500,112
	-	-	-	500,112	500,112

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 24. FINANCIAL INSTRUMENTS (continued)

Sensitivity Analysis

The sensitivity analysis below has been determined on the exposure to interest rates at the reporting date and on the basis of the stipulated change taking place at the beginning of the year and held constant throughout the reporting period. A sensitivity of 0.5% has been selected, as this is considered reasonable considering the current market conditions (2019: 0.5%).

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit/(loss) would have been affected as follows:

	2020	2019
	\$	\$
Profit/(loss) and equity		
+ 0.5% (50 basis points) (2019: +0.5% (50 basis points))	11,684	4,737
- 0.5% (50 basis points) (2019: -0.5% (50 basis points))	(11,684)	(4,737)

Fair value estimation

The carrying amounts of financial assets and financial liabilities are equal to their fair value based on their short-term nature. No financial assets or liabilities are required to be measured at their fair value on a recurring basis.

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 25. PARENT ENTITY INFORMATION

Pointerra Limited is the legal parent entity.

	2020	2019
	\$	\$
Current assets	2,294,898	1,416,297
Non-current assets	609,219	75,761
Total assets	2,904,117	1,492,058
Current liabilities	(1,685,292)	(779,260)
Total liabilities	(1,685,292)	(779,260)
Net assets	1,218,825	712,798
Equity		
Contributed equity	14,739,748	12,385,548
Reserves	2,273,951	1,583,066
Accumulated losses	(15,794,874)	(13,255,816)
Total equity	1,218,825	712,798
Total comprehensive loss	(2,539,058)	(3,089,519)

Legal subsidiaries

Name	Country of Incorporation	Class of share	% Equity interest 2020	% Equity interest 2019	Principal activities
Pointerra Technologies Pty Ltd ⁽ⁱ⁾	Australia	Ordinary	100%	100%	Provision of 3D digital asset management solutions
Pointerra US, Inc ⁽ⁱⁱ⁾	United States of America	Ordinary	100%	100%	Provision of 3D digital asset management solutions

i. Acquired 30 June 2016

ii. Incorporated 18 January 2018

Notes to the Financial Statements

for the year ended 30 June 2020 (continued)

NOTE 26. RIGHT TO USE ASSETS

The Group's lease portfolio includes buildings, plant and equipment. These leases have an average of 10 years as their lease term.

1. Variable lease payments

There are a number of property leases that contain variable payment terms which correlates to the revenue generated. These are retail stores that have up to 100% of the lease payment dependent on the store's revenue. These terms enable the Group to minimise fixed cost expense for store that have seasonal revenue period as well as stores that have just started business. These variable lease payments are recognised in the statement of profit or loss in the period which it occurs.

2. Options to extend or terminate

The option to extend or terminate are contained in several of the property leases of the Group. There were no extension options for equipment leases. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of use asset.

i) AASB 16 related amounts recognised in the balance sheet

Right of use assets

2020

\$

Leased Building	429,032
Accumulated depreciation	(48,227)
Total Right of use asset	<u>380,805</u>

Movement in carrying amounts:

Leased Buildings:

Recognised on Initial application of AASB 16 (previously classified as operating leases under AASB 117)	429,032
Depreciation expense	(48,227)
Net carrying amount	<u>380,805</u>

ii) AASB 16 related amounts recognised in the statement of profit or loss

2020

\$

Depreciation charge related to right-of-use assets	48,227
Interest expense on lease liabilities	24,043
Total cash outflows for leases	29,761

NOTE 27. LEASES

	2020	2019
	\$	\$
Current	81,586	-
Non-current	345,837	-
	<u>427,423</u>	-

Directors' Declaration

The directors of the Group, declare that:

- (1) the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the Group are in accordance with the Corporations Act 2001, including;
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Company's and Group's financial position as at 30 June 2020 and of their performance for the year ended on that date.
- (2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial report.
- (3) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (4) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended to 30 June 2020.

This declaration is made in accordance with a resolution of the Board of Directors of Pointerra Limited.



Ian Olson
Director

30 September 2020



Independent Auditor's Report

To the Members of Pointerra Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pointerra Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Independent Auditor's Report

Independent Auditor's Report To the Members of Pointerra Limited (Continued)



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Accounting for share based payments</p> <p>As disclosed in note 18 to the financial statements, during the year ended 30 June 2020 the Consolidated Entity incurred share based payments expense of \$690,885.</p> <p>Share based payments are considered to be a key audit matter due to</p> <ul style="list-style-type: none"> - the value of the transactions; - the complexities involved in the recognition and measurement of these instruments; and - the judgement involved in determining the inputs used in the valuations. <p>Management used the Black-Scholes option valuation model to determine the fair value of the options granted. This process involved significant estimation and judgement required to determine the fair value of the equity instruments granted.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> ➤ Analysing agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments; ➤ Evaluating management's Black-Scholes Valuation Models and assessing the assumptions and inputs used; ➤ Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements; ➤ Assessing the achievement of relevant milestones with reference to documentation from relevant bodies; ➤ agreeing the receipt of the refund to the bank statement subsequent to year end; and ➤ Assessing the adequacy of the disclosures included in Note 18 to the financial statements.
<p>Revenue recognition</p> <p>During the year, the sales revenue amounted to \$1,228,165. Revenue is the key driver of the Consolidated Entity.</p> <p>The recognition of revenue and associated unearned revenue was considered a key audit matter due to the judgement and estimates involved in determining when performance obligations are met and revenue is recognised.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ➤ Documenting the processes and assessing the internal controls relating to revenue processing and recognition; ➤ Reviewing the revenue recognition policy for revenue stream for compliance with AASB 15; ➤ Reviewing a sample of income to supporting contracts to ensure revenue was recognised in line with the revenue recognition policy as outlined in Note 2; ➤ Assessing cut-off of revenue at year end and ensuring revenue has been recorded in the correct reporting period; and

Independent Auditor's Report

Independent Auditor's Report To the Members of Pointerra Limited (Continued)



Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> ➤ Assessing the adequacy of the Consolidated Entity's revenue disclosure within the financial statements.
<p>Recognition of Research & Development Tax Incentive</p> <p>Under the Research and Development ("R&D") tax incentive scheme, the Consolidated Entity receives a 43.5% refundable tax offset of eligible expenditure of \$527,758 as disclosed in note 6 of the financial statements. An R&D submission has been filed with AusIndustry, and a receivable has been recorded at year end representing the expected claim to be received for the year ended 30 June 2020.</p> <p>This area is a key audit matter due to the inherent subjectivity that is involved in the Consolidated Entity making judgements in relation to estimation and recognition of the R&D tax incentive income and receivable.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ➤ obtaining an understanding of the objectives and activities in the R&D program; ➤ reviewing the lodgment documents and related working papers utilised by the expert engaged by the Consolidated Entity; ➤ assessing the scope of services and capabilities of the expert engaged by the Consolidated Entity; ➤ comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger; ➤ agreeing the receipt of the refund to the bank statement subsequent to year end; and ➤ assessing the adequacy of the disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Independent Auditor's Report To the Members of Pointerra Limited (Continued)



In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit

Independent Auditor's Report

Independent Auditor's Report To the Members of Pointerra Limited (Continued)



and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Pointerra Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2020

Corporate Governance Statement

The Board of Directors of the Company is responsible for the Corporate Governance of the Company. The Board is committed to achieving and demonstrating the highest standard of corporate governance applied in a manner that is appropriate to the Company's circumstances.

The Company has taken note of the Corporate Governance Principles and Recommendations 3rd edition, which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for the financial year beginning on or after 1 July 2014.

The Company's Corporate Governance Statement is current as of the date of this report and it has been approved by the Board. The Corporate Governance Statement is available on the Company's website at: www.pointerra.com

Additional Information for Shareholders

The shareholder information set out below was applicable as at 28 September 2020.

Distribution of equity securities:

Analysis of numbers of equity security holders by size of holding:

Holding	Total holders	Number of Shares	% of issued capital
1 - 1,000	839	59,564	0.009
1,001 - 5,000	1,279	3,481,644	0.519
5,001 - 10,000	649	5,106,913	0.761
10,001 - 100,000	1,634	60,525,378	9.024
100,001 - 999,999,999,999	588	601,559,613	89.687
Total	4,989	670,733,112	100

	Holders	Units
Less than marketable parcel	846	66,713

The names of the 20 largest holders of fully paid ordinary shares as at 28 September 2020:

Name	Number of shares	Percentage
1. Cartovista Pty Ltd	60,777,958	9.061
2. Bevan Andrew Slattery	50,000,000	7.455
3. Cartovista Pty Ltd	24,261,426	3.617
4. Jennifer Olson	19,983,793	2.979
5. Michael Freeth	17,016,407	2.537
6. Mark Morrison & Alison Morrison	14,586,710	2.175
7. Blaze Jasper	12,300,000	1.834
8. HSBC Custody Nominees (Australia) Limited	10,763,337	1.605
9. Lively Enterprises Pty Ltd <Newman Retirement Fund A/C>	10,160,632	1.515
10. Jennifer Olson	10,000,000	1.491
11. Randal Rhoads	9,000,000	1.342
12. Austral Capital Pty Ltd <Austral Equity Fund>	9,000,000	1.342
13. Keiran James Slee	8,046,301	1.200
14. Jennifer Olson	7,977,157	1.189
15. BNP Paribas Nominees Pty Ltd	7,809,405	1.164
16. Ian Olson	6,077,796	0.906
17. Kyriaco Barber Pty Ltd	5,829,096	0.869
18. Mark Morrison & Alison Morrison	5,822,742	0.868
19. Michael Freeth	5,822,742	0.868
20. Citicorp Nominees Pty Ltd	5,752,989	0.858
Total	300,988,491	44.875
Total all ordinary shares	670,733,112	

Additional Information for Shareholders

Substantial holders:

Substantial holders in the Company are set out below:

Name	Number of shares	Class of shares
Cartovista Pty Ltd	86,206,051	Ordinary
Jennifer Olson	37,960,950	Ordinary
Bevan Andrew Slattery <Capital B A/C>	50,000,000	Ordinary

Restricted Securities

The Company has no restricted securities on issue.

On-market Buy-back

There is no current on-market buy-back.

Consistency with business objectives

The Company has used its cash and assets in a form readily convertible to cash that it had at the time re-compliance in a way consistent with its stated business objectives.