RIGHTCROWD

EVERYONE ON SITE IS RIGHT

ANNUAL AND FINANCIAL REPORT

YEAR ENDING 30 JUNE

2019

RIGHTCROWD LIMITED AND CONTROLLED ENTITIES | A.B.N. 20 108 411 427

CHAIRMAN'S REPORT

Dear Shareholder,

The Board of RightCrowd Limited (RCW) is pleased to provide the 2019 annual report. In this report we set out RCW's financial results for the year ended 30 June 2019, its financial position at that date and commentary on its activities and outlook.

Since the IPO in 2017, dedicated sales and marketing teams have been established, marketing collateral has been developed, the web site has been refreshed, and our software implementation and development team sizes have been increased.

The completion of two strategic acquisitions during this financial year, of Offsite Vision Holdings Inc. ("Offsite Vision") and Ticto NV ("Ticto"), help extend the company's product range and geographic footprint to continue the company's growth as a market leader in the physical security and compliance market.

Offsite Vision has existing presence control solutions deployed. Since acquisition, RightCrowd has provided funding to accelerate the marketing and implementation of its solutions. Ticto has innovative solutions for wearable presence control. Since acquisition, RightCrowd has provided funding to further develop its products and solutions and support its early revenue growth strategies.

There is continuing confidence that the opportunity in the market for revenue growth is there. The Company achieved a 69.9% growth in software sales and software consulting revenue in FY 2019 and the management team expects continued growth in the FY 2020 year.

From a financial perspective, RCW increased its revenue from continuing operations from $5.520m in FY 2018 to $9.378m in FY 2019. As outlined in previous announcements the Company continues to invest in building the capabilities to sell, market, develop and deliver its solutions globally. All monies spent on these activities were expensed as incurred. As a result, and given acquisitions made during the financial year, the net loss for the year increased from $5.120m (FY 2018) to $6.171m (FY 2019).

Cash and cash equivalents at the end of FY 2019 total $4.972m. The balance of accounts receivable as at the end of FY 2019 is $4.371m, which includes $1.850m relating to the R&D tax rebate. The Company anticipates that the projected balance of cash and cash equivalents, including inflows from recurring annual revenue and ongoing projects, are sufficient to sustain operations through to the end of FY 2020. This excludes consideration of additional potential cash inflows from the growing sales pipeline.

Finally, I would like to thank our entire team and all of our shareholders, clients and partners for their support in this positive year for RightCrowd. Our team, led by Peter Hill, have shown great expertise and commitment in the execution of the Company's strategies.

I look forward to speaking with you, our shareholders, at the Company's AGM.

Yours sincerely

Robert Baker

Non-executive Chairman
RightCrowd Limited

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CORPORATE GOVERNANCE STATEMENT

RightCrowd Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. RightCrowd Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The corporate governance statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial year. The corporate governance statement was approved by the board on 18 September 2019. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at https://www.rightcrowd.com/about-us/investor-relations/.

DIRECTORS' REPORT

General information

Directors

Your directors present their report on the consolidated entity (referred to herein as the Group or RightCrowd) consisting of RightCrowd Limited and its controlled entities for the financial year ended 30 June 2019.

The names of directors in office at any time during or since the end of the year up to the date of this report are:

Mr Robert Baker

Non-executive Chairman. Appointed 6 August 2017.

Robert Baker has worked in both Australia and the UK. His main expertise and practice area was external audit, internal audit, financial reporting, internal control assessments and accounting advice. His business acumen resulted in clients (including ASX 100 companies) also engaging him to provide business and due diligence services.

Robert Baker has had nearly a decade of board experience. He has had experience as a board member of PricewaterhouseCoopers (2008-2013) serving its Finance, Country Admissions (nominations) and Partner Evaluation and Income (remuneration) Committees and has also been a Managing Partner in the Brisbane Office. He is currently a Director of Flight Centre Travel Group Limited (ASX: FLT) and has held that role since September 2013. He is also Chairman of Goodman Private Wealth Ltd and is an Advisory Board member for several not for profit organisations.

Mr Peter Hill

Managing Director and Chief Executive Officer. Appointed 18 March 2004.

Peter Hill founded the Company in 2004 and has been instrumental in growing the Company to its current level.

In early 2006, Peter sold the Company to a Silicon Valley company, which was then sold to SAP shortly thereafter. In 2007, Peter successfully re-acquired the Company from SAP and spun out the company as an independent entity. Peter is responsible for the Company's global business strategy and continues to drive partnerships with billion-dollar global physical security vendors, at both corporate and technical levels.

An entrepreneur for most of his 30 years in the information technology industry, Peter previously founded and led two other business software start-ups after finishing his career as a professional basketball player in the 1990's. Peter also holds a science degree majoring in computer science.

Mr Alfred Scott Goninan

Non-executive Director. Chairman of the Audit and Risk Committee. Appointed 6 August 2017 and resigned 20 August 2019.

Scott Goninan joined the RightCrowd Board after 26 years' experience as the original founder and Managing Director and CEO of the Durachrome Group. He is well practised in delivering strategic direction and implementation of business operations.

The Durachrome Group imported and exported materials globally and had three production facilities that operate 24hrs a day 7 days a week. In his role with Durachrome, Scott has developed international relationships throughout Asia and Europe.

Scott Goninan has experience in reporting to public company boards in his role as a Managing Director. Scott has ongoing ventures in property development; specialised imports and exports; commercial, industrial and personal finance; and research and development.

Mr Craig Davies

Non-executive Director. Chairman of the Audit and Risk Committee. Appointed 20 August 2019.

Craig Davies is CEO of TriSecOps, a specialist cybersecurity firm and is the former CEO for the Federal Government's AustCyber - The Australian Cyber Security Growth Network, former Head of Security at Atlassian and Chief Security Officer at Cochlear.

He has spent more than twenty years in cybersecurity working in several fields, including intelligence, infrastructure operations, security architecture and web development.

Craig started his career in Banking, initially with the Commercial Bank of Australia, then Westpac Banking Corporation, where worked across the organisation in Retail Banking, Legal Services and the Westpac IT Group.

Craig is a passionate supporter of Australia's startup ecosystem and has advised a range of companies including Bugcrowd and Deckee.

Directors interests in securities

At the date of this Report the interests of the Directors in the securities of the Company as follows:

Director	Listed Securities	Unlisted Securities
	Ordinary Securities	**Stock Options**
Robert Baker	433,333	Nil
Peter Hill (i)	53,907,428	Nil
Scott Goninan (ii)	17,422,517	Nil
Craig Davies (iii)	104,166	Nil

(i) Indirect interest held through CNI Pty Ltd ATF RightCrowd A/c
(ii) Indirect interests held through Goninan Property Investments Pty Ltd ATF The Goninan Wealth Trust and Regent Securities Pty Ltd ATF Platers & Associated CMP SF A/c.
(iii) Indirect interest held through Jaune Rose Pty Ltd ATF Davies Family Trust

Company Secretary

Mr Peter Hill was appointed Company Secretary on 18 March 2004 and resigned as Company Secretary on 10 August 2017 in order to focus on Managing Director responsibilities.

The Company appointed Joint Company Secretaries on 10 August 2017.

Kim Clark is the Head of Corporate Services for Boardroom Pty Ltd's Queensland office and currently acts as Company Secretary for various ASX listed and unlisted companies in Australia. Kim is an experienced business professional with 21 years' experience in Banking and Finance and 6 years as in-house Company Secretary of an ASX300 company.

Leslie Milne was appointed the Chief Financial Officer of the RightCrowd Group of companies on 3 January 2017 and resigned on 7 June 2019.

Events after Reporting Period

RightCrowd's non-executive director, Craig Davies, purchased 104,166 RCW shares via indirect interest on 5 September 2019.

Principal Activities

RightCrowd is a leading developer of physical security, safety and compliance software. Since 2004, the Company has invested in research and development to provide innovative solutions which improve security, safety and compliance for organisational workforces, including employees, contractors and visitors to sites.

Significant Changes to Activities

New entities added under the control of RightCrowd Ltd during the year ended 30 June 2019 include:

- Offsite Vision Holdings Inc (referred to as Offsite Vision) which was acquired on 29 October 2018. This is a US-based company that offers real-time life safety solutions via a cloud-based platform. Offsite Vision contributed a net loss of $0.546m during the financial year as additional investment is made to support its early stage revenue growth.

- Ticto NV and Ticto Inc (referred to as Ticto) which were acquired on 16 January 2019. This is a European based company that offers innovative presence control solutions. Ticto contributed a net loss of $1.040m during the financial year as additional investment is made to support its early stage revenue growth.

On the 28th of November 2018, RCW issued 11,588,431 fully paid ordinary shares pursuant to a share placement undertaken for the purposes of raising working capital.

There were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

Dividends Paid and Proposed

No dividends have been paid or proposed by the Company during or since the end of the financial year.

REVIEW OF OPERATIONS

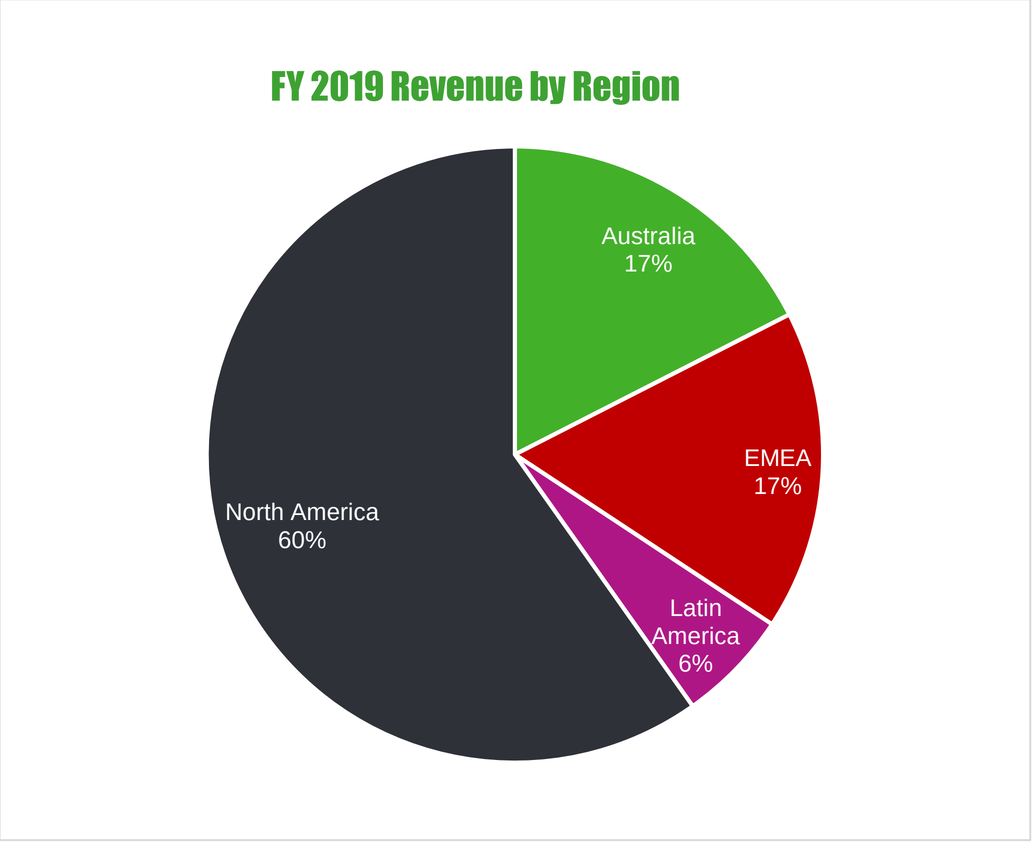
Business Model

The Company generates revenue from sales of its software, comprising up-front licence fees, annual subscription fees and annual support and maintenance fees. The software products include large scale enterprise software (predominantly sold direct to the customer) and 'out of the box' software (predominantly sold through channel partners). The Company also generates revenue from professional services that it provides to its clients. The pricing structures for sales of the Company's various products and consulting fees are dependent on the scale and complexity of the client requirement.

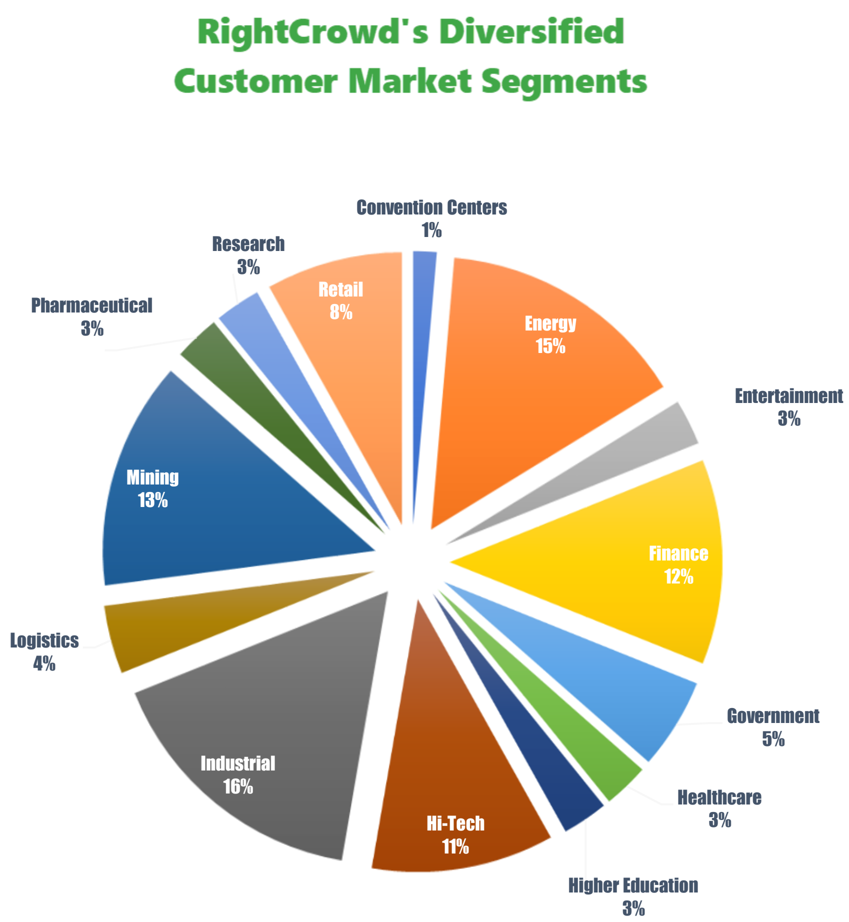
Commentary on the Results for the Period

Over the 2019 financial year, the Company grew revenue for software and related services from $5.520m (FY 2018) to $9.378m growing at an annual rate of 69.9%. This growth has come from new software deployments and strong growth from services revenue from both new and existing customers.

Investment since the IPO into the product and building a global team is beginning to pay-off. Revenue growth was truly global in nature with 83% of total sales coming from locations outside Australia. Particularly pleasing was a solid entry into the European market with some key deployments, which are being serviced by staff co-locating in our new European offices as a consequence of the acquisition made of Ticto during FY 2019.



The company has also continued to extend its clients across various industries and in particular the finance sector has shown strong growth during FY 2019 as RightCrowd won some major sales with top global financial institutions.



In addition to growing revenue in its core product set, RightCrowd is very excited by the opportunities presented by acquisitions made into new innovative product sets covering Presence Control. These acquisitions bring complementary products into the RightCrowd offering and help extend the position of the company as a market leader in software to support access and presence control. Furthermore, RightCrowd has continued to develop its new Access Analytics product, RightCrowd IQ and has complete roll-outs of the products to initial clients with positive feedback.

During the year there has been a continued focus on developing the RightCrowd technologies via R&D investment. This investment has resulted in a submitted claim for an R&D tax incentive rebate of approximately $1.850m. R&D activity will continue in future years as RightCrowd consolidates its product portfolio and continues to bring new innovative solutions to the market.

The cash position at the end of the financial year was $4.972m plus trade receivables of $2.521m and a receivable for an R&D tax credit cash rebate of $1.850m. This would give the Company approximately $9.343m of available cash to use in 2020 financial year to continue operating the business plan.

Revenue Pipeline Outlook

The Board is of the opinion that the contracts closed throughout the year are a good indicator of the sales momentum the Company has generated in the market. The Company continues to see significant interest from national and multi-national companies, including some in new market segments aiming to improve their physical security processes and achieve the productivity improvements offered by the RightCrowd solutions. Potential mid and large-scale implementations are a complex buying decision for organisations, and the initial purchase decision and contract negotiation typically requires an extended timeframe to complete.

In relation to the financial year ending 30 June 2020, the Company is projecting to continue to grow as it expands its market share across existing and new industries. The Company expects revenue growth from existing customers as successful deployments lead to scope extension both in terms of geographical coverage and additional product modules. The Company also expects further growth to come from recent acquisitions and the Company's bolstered presence with fully operational entities within the European market.

The Company maintains a CRM system in respect of its future opportunities and has a significant pipeline of future opportunities at varying levels of maturity, from early discussions, scope definition through to quotes submitted for approval. There is however, no guarantee what proportion of this pipeline will result in actual revenue, or the timing of receipt of revenue.

During the FY 2020 financial period, the Company will focus on activities with the aim of increasing sales, investing in development of marketing collateral to support direct selling and sales through its reseller channel partners, as well as continued R&D on existing and new products.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 19 of the financial report.

Board and Committee Attendance

Director's attendance at Board and Committee meetings is summarised below:

for the period 1 July 2018 to 30 June 2019

			Board Meetings		Audit Committee Meetings	
Director	**Date Appointed**	**Date Ceased**	**Attended**	**Held**	**Attended**	**Held**
Peter Leslie Hill	18/03/2004	Current	12	12	5	5
Alfred Scott Goninan	6/08/2017	Current*	12	12	5	5
Robert Anthony Baker	6/08/2017	Current	12	12	5	5

** Alfred Scott Goninan retired as director on 20 August 2019.*

Indemnification and Insurance for Directors and Officers

During the year the Company paid insurance in respect of a contract insuring all of the Directors and executive officers of the Group against a liability incurred in their role as Directors and officers of the group, except where:

- the liability arises out of conduct involving a wilful breach of duty; or
- there has been a contravention of Sections 182 or 183 of the Corporations Act 2001.

Options

At the date of this report, the unissued ordinary shares of RightCrowd Limited under the Employee Share Option Plan are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
13/09/2017	12/12/2019	$0.43	2,013,328
13/09/2017	12/12/2020	$0.43	2,013,328
30/05/2018	28/08/2019	$0.60	106,668
30/05/2018	27/08/2020	$0.68	106,666
30/05/2018	28/08/2021	$0.68	106,666
			4,346,656

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity. For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Non-audit services

No non-audit services were provided by BDO Audit Pty Ltd to the company during the year.

Environmental Issues

The Group's operations are not subject to any significant environmental regulations in the countries where it operates.

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of RightCrowd Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of RightCrowd Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders. The Remuneration Policy changed during the transition from a private to public company and was previously managed by the sole Director and since listing has been managed by the Board.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is as follows:

- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation and specified cash bonus if included in their agreed salary package and may, in future years, receive, additional fringe benefits, cash bonuses, options and performance incentives.

- Performance incentives will generally only be paid once predetermined key performance indicators (KPIs) have been met. Other than the Managing Director, Directors do not receive performance incentives.

- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means. Other than the Managing Director, it is not envisaged that Directors receive incentives in the form of options or rights.

The Board will review KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is to be measured against criteria agreed annually with each executive and is based predominantly on the forecast improvement in the consolidated group's performance and in shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

KMP do not receive any other retirement benefits.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board will determine payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

KMP are also entitled and encouraged to participate in the employee share option arrangements to align executives' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public. Option value is measured using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration. In addition, the Board's remuneration policy prohibits directors and KMP from using RightCrowd Limited shares as collateral in any financial transaction, including margin loan arrangements.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs will be assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs will be reviewed by the Board in light of the desired and actual outcomes, and their efficiency will be assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved the Board will base the assessment on audited figures where appropriate; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, or involves a non-financial measure, independent reports will be obtained from external organisations if required.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The Company's Director and KMP remuneration has been based on Company performance over the current and comparative financial periods. As part of the changes brought about by the listing of RightCrowd, the following policy items were applied to achieve the aim of increased shareholder and management goal congruence, the first being a performance-based bonus based on KPIs, and the second being the issue of options to the majority of executives to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profit / (loss) for the last 5 years for the entity. Over recent years the company has been managed as a research and development company and as such the maximum possible investment has been made in order to utilise available tax incentives in relation to this activity.

	2015 $	2016 $	2017 $	2018 $	2019 $
Revenue and other income	6,939,322	8,802,468	5,997,948	9,381,950	11,691,931
Net (loss)	(395,165)	(1,181,662)	(4,697,428)	(5,120,083)	(6,170,821)
Loss Per Share	(0.32)	(0.95)	(0.22)	(0.04)	(0.04)
Share Price at 30 June	N/A	N/A	N/A	0.40	0.26

Despite the 69.9% increase in software and consulting revenue, the Board acknowledges that the Company is only part way through its plan to commercialise the RightCrowd software portfolio. For that reason, no bonus or incentive rewards were awarded to the Managing Director in the current or previous financial year.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

	Position Held as at 30 June 2019 and any Change during the Year	Contract Details (Tenure)	Proportions of Elements of Remuneration Related to Performance (Other than Options Issued)		Proportions of Elements of Remuneration Not Related to Performance
			Non-salary Cash-based Incentives %	Shares/ Units %	Fixed Salary/ Fees %
Group KMP					
Peter Hill	CEO / Managing Director	15 years	-	-	100
James Stewart	CFO/COO	n/a[1]	-	-	-
Leslie Milne	CFO / Joint Company Secretary	2.5 years	-	-	100
Robert Baker	Non-Executive Chairman	2 years	-	-	100
Scott Goninan	Non-Executive Director	2 years	-	-	100

[1] James Stewart was appointed on 7 June 2019, and commenced on 15 July 2019

The employment terms and conditions of all KMP are formalised in contracts of employment. Leslie Milne was appointed CFO on 3 January 2017 and resigned 7 June 2019. James Stewart was appointed as CFO and COO on 7 June 2019 and commenced on 15 July 2019. Robert Baker and Scott Goninan were appointed as Directors on 6 August 2017. Contracts of Employment can be terminated by the employee or the Company as follows:

- CEO / Managing Director on giving six months' notice.
- CFO / COO on giving three months' notice
- Former CFO on giving two weeks' notice.
- Directors are appointed to act between AGMs of the company as per the Constitution.

Employment Contracts

CEO / Managing Director:

The company has entered into an employment contract with Mr Peter Hill. The key terms of the contract are:

- Remuneration is outlined in the contract of employment at $228,311 per annum plus statutory superannuation contributions with further opportunity for bonus incentives based on performance;
- 4 weeks annual leave per annum

Chief Financial Officer / Chief Operations Officer:

The company has entered into an employment contract with Mr James Stewart. The key terms of the contract are:

- Salary of $200,000 per annum plus statutory superannuation contributions;
- 4 weeks annual leave per annum;
- Up to $35,000 cash bonus per annum, subject to satisfying performance conditions.

Former Chief Financial Officer:

The company had entered into an employment contract with Mr Leslie Milne. The key terms of the contract are:

- Salary of $200,000 per annum plus statutory superannuation contributions;
- 4 weeks annual leave per annum;
- Previously agreed Performance bonus based on personal performance over the first 6 months of $10,000 payable in June 2018 was paid during prior financial year;

Non-Executive Chairman:

The company has entered into a Directors Agreement with Robert Baker. The key terms are set out in the Appointment letter effective 6 August 2017 and includes a base salary plus statutory superannuation contributions.

Non-Executive Director:

The company has entered into a Directors Agreement with Scott Goninan. The key terms are set out in the Appointment letter effective 6 August 2017 and includes a base salary plus statutory superannuation contributions.

Changes in Directors and Executives Subsequent to Year-end

On 20th August 2019, the Company announced the retirement of Scott Goninan from the Company's Board, and the subsequent appointment of Craig Davies as a Non-Executive Director on the Board.

Remuneration Expense Details for the Year Ended 30 June 2019

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated group. Such amounts have been calculated in accordance with Australian Accounting Standards.

		Short-term Benefits			Post-employment Benefits	Long-term Benefits		Termination	Equity-settled Share-based Payments	Total	Performance related %
		Salary, Fees and Leave $	Profit Share and Bonuses $	Other $	Pension and Super-annuation $	Incentive Plans $	LSL $	Termination Benefits $	Options/ Rights $	$	
Group KMP											
Peter Hill	**2019**	**220,221**	**-**	**281**	**21,003**	**-**	**3,805**	**-**	**-**	**245,310**	**0%**
Peter Hill	2018	234,593	-	1,354	20,115	-	17,808	-	-	273,870	**0%**
Robert Baker[1]	**2019**	**60,000**	**-**	**-**	**5,700**	**-**	**-**	**-**	**-**	**65,700**	**0%**
Robert Baker	2018	47,307	-	-	4,494	-	-	-	-	51,801	**0%**
Scott Goninan[2]	**2019**	**41,096**	**-**	**-**	**3,904**	**-**	**-**	**-**	**-**	**45,000**	**0%**
Scott Goninan	2018	32,402	-	-	3,078	-	-	-	-	35,480	**0%**
James Stewart[3]	**2019**	-	-	-	-	-	-	-	-	-	**0%**
James Stewart	2018	-	-	-	-	-	-	-	-	-	**0%**
Leslie Milne[4]	**2019**	**183,334**	**-**	**2,179**	**19,738**	**-**	**-**	**24,432**	**813**	**230,496**	**0%**
Leslie Milne	2018	199,965	20,000	432	18,050	-	-	-	7,063	245,510	**0%**
Total KMP	**2019**	**504,651**	**-**	**2,460**	**50,345**	**-**	**3,805**	**24,432**	**813**	**586,506**	**0%**
	2018	514,267	20,000	1,786	45,737	-	17,808	-	7,063	606,661	**0%**

[1] *Robert Baker Appointed 6 August 2017*
[2] *Scott Goninan Appointed 6 August 2017*
[3] *James Stewart appointed 7 June 2019; commenced 15 July 2019*
[4] *Leslie Milne Appointed 3 January 2017; resigned 7 June 2019*

Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

During the financial year ended 30 June 2019 the company granted no cash bonuses or share-based payments to members of KMP. The Board will continue to review these forms of remuneration in the coming year.

In the 2018 financial year, Leslie Milne, the former CFO, was paid a bonus of $20,000 on the basis of achieving performance objectives set out in his contract of employment in relation to year ended 30 June 2018. The bonus was deferred from the 2017 financial year as the criteria were principally agreed on the basis that an IPO would happen in that year. The IPO was delayed until the 2018 financial year, so the bonus criteria were carried forward. The company did not set up any additional performance bonus in relation to the current financial year.

The Company implemented an Employee Share Option Plan (ESOP) as a long-term incentive plan for all employees of the company.

Tranche 1 - Granted 13 September 2017

The Company granted 6,505,000 options to employees. The objective of this scheme is to incentivise the creation of additional shareholder value over the 3-year period. The only conditions in relation to exercise for each employee is a continuing employment status at the time of vesting. The Scheme is a Premium Priced Option scheme with an exercise price at year 1 (12 September 2018) of $0.38 and years 2 and 3 of $0.43. The market values of the 3 tranches of options were the following; - 1 $0.05, 2 $0.07, 3 $0.09. Vesting dates of the tranches are 12/09/18, 12/09/19 and 12/09/20.

Under this Plan the following KMPs were granted options during the previous financial year.

KMP	Options Granted	Expired/ Forfeited during year[1]
Leslie Milne	250,000	(250,000)

[1] Leslie Milne resigned on 7 June 2019 and his unvested 166,667 options were forfeited 30 days post resignation. During the year 83,333 options lapsed without exercise.

Tranche 2 - Granted 30 May 2018

A second grant of Options was approved and granted on 30 May 2018 but no KMP was granted any Options at this time.

KMP Shareholdings

The number of ordinary shares in RightCrowd Limited held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Peter Hill (i)	53,907,428	-	-	-	53,907,428
Leslie Milne (ii)	66,666	-	-	(66,666)	-
James Stewart	-	-	-	-	-
Robert Baker (iii)	100,000	-	-	333,333	433,333
Scott Goninan (iv)	17,422,517	-	-	-	17,422,517
	71,496,611	**-**	**-**	**266,667**	**71,763,278**

(i) Indirect interest through CNI Pty Ltd ACN 131 410 556
(ii) Leslie Milne resigned on 7 June 2019 and ceased being KMP.
(iii) Securities purchased through placement offering.
(iv) Indirect interest through Goninan Property Investments Pty Ltd ACN 151 022 052 ATF The Goninan Wealth Trust and Regent Securities Pty Ltd ATF Platers & Associated CMP SF A/c

KMP Options

The number of options in RightCrowd Limited held by each KMP of the group during the financial year as follows:

	Balance 1 July 2018	Granted as remuneration	Exercised	Lapsed/Other	Balance 30 June 2019
Peter Hill	-	-	-	-	-
James Stewart	-	-	-	-	-
Leslie Milne[1]	250,000	-	-	(250,000)	-
Robert Baker	-	-	-	-	-
Scott Goninan	-	-	-	-	-
	250,000	-	**-**	**(250,000)**	**-**

[1] Leslie Milne resigned on 7 June 2019 and his unvested 166,667 options were forfeited 30 days post resignation. During the year 83,333 options lapsed without exercise.

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Loans to/from KMP

There have been no loans to or from KMP during the financial year.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

End of remuneration report (Audited)

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors:

Peter Hill, Director

Dated: 27 September 2019

AUDITOR'S INDEPENDENCE DECLARATION

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

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
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Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY C K HENRY TO THE DIRECTORS OF RIGHTCROWD LIMITED

As lead auditor of RightCrowd Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of RightCrowd Limited and the entities it controlled during the period.

C K Henry
Director

BDO Audit Pty Ltd

Brisbane, 27 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
Revenue	3	9,378,615	5,520,755
Other income	3	2,313,316	3,861,195
Employee benefits expense	4	(13,128,451)	(9,560,768)
Depreciation and amortisation expense	4	(278,856)	(646,462)
Finance costs	4	(11,096)	(360,544)
Other expenses	4	(4,380,988)	(3,887,181)
Profit/(loss) before income tax		(6,107,460)	(5,073,005)
Income Tax Expense	5	(63,361)	(47,078)
Net (loss) for the year		(6,170,821)	(5,120,083)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations, net of tax		49,738	24,241
Total other comprehensive income for the year		49,738	24,241
Total comprehensive loss for the year		(6,121,083)	(5,095,842)
Earnings per attributable to ordinary equity holders of the company			
Basic loss per share	8	(0.037)	(0.043)
Diluted loss per share	8	(0.037)	(0.043)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	Consolidated Group 2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	4,972,136	6,609,297
Trade and other receivables	11	4,370,775	2,865,769
Inventories		202,891	-
Other assets	15	395,287	312,729
TOTAL CURRENT ASSETS		9,941,089	9,787,795
NON-CURRENT ASSETS			
Property, plant and equipment	13	284,004	218,993
Intangible assets	14	15,814,459	-
TOTAL NON-CURRENT ASSETS		16,098,463	218,993
TOTAL ASSETS		26,039,552	10,006,788
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	707,652	462,994
Borrowings	17	87,154	90,956
Other liabilities	18	2,485,776	1,507,255
Tax liabilities		30,849	4,944
Provisions	19	1,065,713	891,592
TOTAL CURRENT LIABILITIES		4,377,142	2,957,741
NON-CURRENT LIABILITIES			
Borrowings	17	27,623	-
Other liabilities	18	45,408	-
Provisions	19	150,767	158,579
TOTAL NON-CURRENT LIABILITIES		223,799	158,579
TOTAL LIABILITIES		4,600,942	3,116,320
NET ASSETS/(LIABILITIES)		21,438,610	6,890,468
EQUITY			
Issued capital	20	39,650,533	19,468,728
Reserves	26	782,956	245,798
Accumulated Losses		(18,994,879)	(12,824,058)
TOTAL EQUITY		21,438,610	6,890,468

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Issued Capital $	Accumulated Losses $	Foreign Currency Trans-lation Reserve $	Share Based Payment Reserve $	Convert-ible Note Reserve	Total $
Consolidated Group							
Balance at 1 July 2017		3,349,925	(8,455,911)	42,480	-	751,936	(4,311,570)
Comprehensive income							
(Loss) for the year		-	(5,120,083)	-	-	-	(5,120,083)
Other comprehensive income for the year		-	-	24,241	-	-	24,241
Total comprehensive income for the year		-	(5,120,083)	66,721	-	-	(5,095,842)
Transactions with owners, in their capacity as owners and other transfers							
Transfer of convertible note reserve to retained earnings upon settlement in cash		-	751,936	-	-	(751,936)	-
Share options expensed during the year		-	-	-	179,077	-	179,077
Shares issued during the year	20a	9,250,000	-	-	-	-	9,250,000
Shares converted during the year	20a	7,525,146	-	-	-	-	7,525,146
Transaction costs	20a	(656,343)	-	-	-	-	(656,343)
Total transactions with owners and other transfers		16,118,803	751,936	66,721	179,077	(751,936)	16,297,880
Balance at 30 June 2018		**19,468,728**	**(12,824,058)**	**66,721**	**179,077**	**-**	**6,890,468**
Balance at 1 July 2018		19,468,728	(12,824,058)	66,721	179,077	-	6,890,468
Comprehensive income							
(Loss) for the year		-	(6,170,821)	-	-	-	(6,170,821)
Other comprehensive income for the year		-	-	49,738	-	-	49,738
Total comprehensive income for the year		-	(6,170,821)	49,738	-	-	(6,121,083)
Transactions with owners, in their capacity as owners, and other transfers							
Share options expensed during the year		-	-	-	487,420	-	487,420
Shares issued during the year	20a	20,392,079	-	-	-	-	20,392,079
Transaction costs	20a	(210,274)	-	-	-	-	(210,274)
Total transactions with owners and other transfers		20,181,805	-	-	487,420	-	20,669,225
Balance at 30 June 2019		**39,650,533**	**(18,994,879)**	**116,459**	**666,497**	**-**	**21,438,610**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group 2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,837,203	6,466,694
Payments to suppliers and employees		(16,601,408)	(13,243,488)
Interest received		-	76,950
Finance costs		(11,096)	(33,072)
Income tax refunded (paid)		(37,457)	-
Grant income received		1,854,782	1,647,084
Net cash from operating activities	22	(5,957,976)	(5,085,832)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	20,546
Purchase of property, plant and equipment		(96,048)	(219,536)
Purchase of intangibles		(9,566)	-
Cash acquired from acquisition of subsidiaries		120,326	-
Net cash from investing activities		14,712	(198,990)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,562,719	9,250,000
Transaction costs		(210,274)	(656,344)
Proceeds from borrowings		208,298	346,958
Repayment of borrowings		(304,378)	(2,276,872)
Net cash from financing activities		4,256,365	6,663,742
Net increase in cash held		(1,686,899)	1,378,920
Net foreign exchange differences		49,738	52,616
Cash and cash equivalents at beginning of financial year		6,609,297	5,177,761
Cash and cash equivalents at end of financial year	10	4,972,136	6,609,297

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The consolidated financial statements and notes represent those of RightCrowd Limited and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, RightCrowd Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. Parent information is disclosed in note 2. The financial statements were authorised for issue on 27 September 2019 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on accruals basis and are based on historical cost.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.
The Group incurred a net loss after tax for the financial year ended 30 June 2019 of $6,170,821 (FY 2018: $5,120,083) and net cash operating outflows of $5,957,976 (FY 2018: $5,085,832). As at 30 June 2019, the consolidated group's total assets exceeded total liabilities by $21,438,610, and its current assets of $9,941,089 (FY 2018: $9,787,795) exceeded its current liabilities of $4,377,142 (FY 2018: $2,957,741) by $5,563,947 (FY 2018: $6,830,054).

As such the Group's ability to continue to adopt the going concern assumption will depend upon a number of matters including the successful continued development and further commercialisation of the RightCrowd solution and, should the Board consider it necessary, subsequent successful raisings of funds.

The Group has forecast its future cash flows requirements to 30 September 2020, which can currently be met by current level of cash reserves and expected cash inflows from sales and R&D claims. As such the directors are of the opinion that the use of the going concern assumption is appropriate.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the Australian Dollars ($AUD) are translated into $AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (RightCrowd Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 12.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b. **Income Tax**

The income tax expense (income) 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 for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, 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 and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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: (i) a legally enforceable right of set-off exists; and (ii) 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.

c. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, accumulated depreciation and any impairment losses.

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 in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1g) for details of impairment).

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 Group and the cost of the item can be measured reliably.

All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised leased assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation**
Leasehold improvements	2 - 40 years
Motor vehicles	8 years
Plant and equipment	1 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

e. **Leases**
Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

f. **Financial Instruments**
Applied from 1 July 2018
Initial recognition and measurement
Except for certain trade receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs.

Classification and subsequent measurement

(i) *Financial Assets*

Under AASB 9, financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the financial assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables.

The assessment of the Group's business models was made as of the date of initial application, 1 July 2018, and then applied to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the financial assets.

(ii) *Financial liabilities*

The accounting for the Group's financial liabilities remains the same as it was under AASB 139. Similar to the requirements of AASB 139, AASB 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the profit or loss.

The Group has not identified any embedded derivatives, nor does it use hedging contracts.

Impairment

Expected credit losses are to be determined as follows at the end of each reporting date:

- Stage 1: Credit risk has not increased significantly since initial recognition – recognise 12 months of ECL
- Stage 2: Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and interest is presented on a gross basis
- Stage 3: Financial asset is credit impaired (using the criteria currently included in AASB 139) – recognise lifetime ECL but present interest on a net basis (i.e. gross carrying amount less credit allowance).

The Group will assess at each reporting date whether there has been a significant increase in credit risk of financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

Expected credit losses are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;

Applied before 1 July 2018

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) *Financial liabilities*

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

Non-derivative financial liabilities are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the financial liabilities are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes that are fixed in nature, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost. The remainder of the proceeds at initial recognition are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

On the issue of the convertible notes that are variable in nature, both a host debt (for the principal component) and an embedded derivative (for the option component) exist. For such convertible notes, the combined host debt and embedded derivative are accounted for at fair value via the profit or loss. The combined host debt and embedded derivative are remeasured at fair value at each balance date with any movement in the fair value recognised via the profit or loss. The corresponding interest on convertible notes is expensed to profit or loss.

Impairment
A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

g. **Impairment of Non-Financial Assets**
At the end of each reporting period, the Group 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 joint ventures 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 of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Impairment testing is performed annually for goodwill and intangible assets not yet available for use.

h. **Intangible Assets Other than Goodwill**

Research and development
Expenditure during the research phase of a project and development costs are recognised as an expense when incurred.

Intellectual property in use
Intellectual property are recognised at cost on acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives.

Software and website development costs
Software and website development costs are capitalised only when the Group identifies that the project will deliver future economic benefits and these benefits can be measured reliably. Software and developed websites are considered as having finite useful lives and are amortised on a systematic basis over their useful lives so as to match the economic benefits received to the periods in which the benefits are received. Amortisation begins when the software or websites become operational**.**

The amortisation rates used for each class of intangible asset with a finite useful life are:

Class of Intangible Asset	Amortisation Rate
Software	20 - 40%
TICTO Wearable tech	20%
Intellectual property in use	10%

j. **Foreign Currency Transactions and Balances**

Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity'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.

Group companies
The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

k. **Employee Benefits**

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (i) the date when the Group can no longer withdraw the offer for termination benefits; and (ii) when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

l. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

n. **Revenue from Contracts with Customers and Other Income**

Applied after 1 July 2018

Refer to Note 1u. which describes the new accounting policy for Revenue from Contracts with Customers which has been applied for the first time in the current year.

Interest revenue is recognised using the effective interest method.

Government grant income (including research and development refundable tax offsets) are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating.

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

Applied before 1 July 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable after taking into account contractually defined terms of payment and excluding taxes (including GST) or duty.

Revenue from the sale of software licenses of a perpetual type is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of the right to use the software.
Interest revenue is recognised using the effective interest method.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is generally determined with reference to the project milestones set out in the project statement of work.

Government grant income (including research and development refundable tax offsets) are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating.

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

o. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1f for further discussion on the determination of impairment losses.

p. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

q. **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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

r. **Issued Capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds net of any income tax benefit.

s. **Equity-settled Share based Payment Transactions**

Equity-settled share-based compensation by way of issue of options are provided to employees in exchange for services rendered.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using various valuation methods including Black Scholes, Binomial and the Monte Carlo Simulation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expect price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

t. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements 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 Group.

Key judgement and estimates

(i) *Impairment*

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumption.

(ii) *Goodwill*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 14 for details of key assumptions contained in impairment assessment on cash generating units containing goodwill.

(iii) *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The Group assesses that there is no requirement to make a provision for impairment for receivables at the end of the current reporting period.

(iv) *Share based payment transactions*

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

(v) *Revenue recognition for multiple element arrangements*

Revenue is measured at the stand-alone selling price as allocated to the contractual performance obligations. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

The Group derives its revenues from the sale of perpetual software and hardware sales, subscription software and support and maintenance sales and consulting services incorporating implementation costs.

The Group recognises revenue by applying the five-step model to the group's activities as described in note 1(u). The Group basis its estimates on historical results, taking into consideration the type of customers, type of transactions and the specifics of each arrangement.

u. **New Accounting Standards and Interpretations Adopted for the first time**

The Group applies, for the first time, AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. The adoption of these new and revised Standards and Interpretations did not have any material impact on the amounts recognised in the financial statements of the group for the current or prior years. However, the accounting policies have changed from that disclosed in the 30 June 2018 financial statements.

The new accounting policies for the group adopted for the first time in these financial statements are as follows:

Applied from 1 July 2018

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of AASB 15 has been applied retrospectively however has not impacted the amounts disclosed within the financial statements.

The Group is in the business of development and sale of physical security, safety and compliance software. Since 2004, the Company has invested in research and development to provide innovative solutions which improve security, safety and compliance for organisational workforces, including employees, contractors and visitors to sites. Therefore, the major sources of income are:

Perpetual software and hardware sales

The Group has determined that revenue from the provision of software and hardware licensing is to be recognised when the products are provided to the client and they are invoiced. AASB 15 contains a practical expedient that allows revenue to be recognised when the entity has the right to invoice if the amount invoiced corresponds directly with the performance completed to date. This is the case with product sold on a perpetual license basis where the Group provides the software at a point in time which will be defined in the contract with the customer. It is at this point that the customer has the right to use the software and hardware.

Subscription software and support and maintenance sales

For software sold on a subscription basis the Group provides the software and, bundled, support on a rental basis for the period of the subscription term. In this method of sale, the Group considers that the performance obligation in the support element and the requirement that a customer would stop using the software at the end of the term would mean that the revenue should only be recognised in full at the point the performance obligation is satisfied. Therefore, revenue is recognised over time. The costs to fulfil the contract are also recognised over the term of the contract. With product support and maintenance, a continual assessment of the performance obligations is made, and revenue is only recognised at the point when the performance obligation is satisfied. Therefore, revenue is recognised over time.

Consulting Services

The Group supports the delivery and implementation of customer software with services provided by its professional services team. Customer contracts will include a statement of work, which will describe the work to be completed and the time frame for its completion. These services are invoiced at the point in time of completion of milestones within the statement of work. Therefore, revenue is recognised when the milestone (being the performance obligation) is completed.

Variable consideration and warranties and refunds

Contracts do not provide for discounts or rebates which give rise to variable consideration. Neither do they contain provision for warranties. Generally, refunds are not provided to customers.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The adoption of this standard has not impacted the amounts disclosed in these financial statements. The implementation of AASB 9 has had no material impact.

(a) Classification and measurement

Except for certain trade receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

– Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables, and Loans included under other non-current financial assets.

The assessment of the Group's business models was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. There has been no adjustment made to the amounts disclosed as a result of the application of this standard.

The accounting for the Group's financial liabilities remains largely the same as it was under AASB 139. Similar to the requirements of AASB 139, AASB 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

(b) Impairment

The adoption of AASB 9 has altered the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of AASB 9 has not resulted in any material change in impairment allowances of the Group's debt financial assets.

(c) Hedge accounting

The Group doesn't enter into any hedging arrangements.

(d) Fair value of financial instruments no carried at fair value

Due to the short-term nature of financial assets and financial liabilities, the Group has determined that their fair value approximates their carrying amount.

v. **New Accounting Standards for Application in Future Periods**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Management have assessed that on adopting AASB 16, non-current assets would increase by $494,698 for take up of Right-of-Use Property assets; increase current financial liabilities by $304,392 for current lease liabilities; increase non-current financial liabilities by $260,433 for the non-current lease liability; decrease retained earnings by $67,692 for finance and amortisation charges in excess of operating lease payments made.

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2019 $	2018 $
Statement of Financial Position		
ASSETS		
Current assets	4,141,045	2,243,456
Non-current assets	17,403,113	4,647,112
TOTAL ASSETS	21,544,158	6,890,568
LIABILITIES		
Current liabilities	53,075	100
Non-current liabilities	52,473	-
TOTAL LIABILITIES	105,548	100
EQUITY		
Issued capital	39,650,533	19,468,728
Accumulated profits	(18,878,420)	(12,757,337)
Reserves	666,497	179,077
TOTAL EQUITY	21,438,610	6,890,468
Statement of Profit or Loss and Other Comprehensive Income		
Total profit / (loss)	(19,472,552)	(4,343,906)
Total comprehensive income (loss)	(19,472,552)	(4,343,906)

a) The parent entity has no contingent liabilities (2018: nil).

b) The parent entity has no operating lease commitments.

c) The parent entity has not entered into any guarantees.

NOTE 3: REVENUE AND OTHER INCOME

	Note	Consolidated Group 2019 $	2018 $
a. **Revenue from contracts with customers**			
Sales revenue:			
– Perpetual software and hardware sales		1,337,102	106,122
– Subscription software and support and maintenance sales		2,617,212	2,033,389
– Consulting services		5,424,301	3,381,244
		9,378,615	5,520,755
Other Income:			
– interest received		71,175	76,950
– travel & accommodation recharge		82,125	22,335
– employee contributions		152	16,295
– foreign currency exchange gain		205,082	171,679
– profit on sale of assets		-	887
– Fair value gain on partial settlement of shadow equity plan		-	1,823,049
– R&D Refund		1,954,782	1,750,000
		2,313,316	3,861,195
Total revenue & Other Income		11,691,931	9,381,950

NOTE 4: LOSS BEFORE INCOME TAX

	Note	Consolidated Group 2019 $	2018 $
Loss before income tax from continuing operations includes the following specific expenses:			
a. **Expenses**			
Employee benefits expense:			
– salaries and wages		11,147,999	7,900,266
– defined contribution superannuation expense		610,024	553,312
– WorkCover		10,489	7,125
– other employment expenses		211,555	191,903
– employee share options expense		487,420	179,077
– bonus payments		228,018	144,629
– payroll taxes		334,716	307,595
– Increase in provisions		98,230	276,861
		13,128,451	9,560,768
Depreciation and amortisation expense:			
– depreciation expense		91,650	61,460
– amortisation expense		187,206	585,002
		278,856	646,462
Finance costs:		11,096	360,544
Other expenses:			
Rent expense		655,583	519,097
Travel expense		988,731	691,531
Professional and consulting expense		1,930,690	1,622,029
Other expenses		805,984	1,055,524
		4,380,988	3,887,181
Rent expenses include:			
Lease expenses		452,501	264,223

NOTE 5: TAX EXPENSE/(INCOME)

	Note	Consolidated Group 2019 $	2018 $
a. Income tax expense			
The components of tax expense/(income) comprise:			
Current tax		63,361	47,078
		63,361	47,078

b. Prima facie reconciliation

The prima facie tax, using tax rates applicable in the country of operation, on profit (loss) differs from the income tax provided in the financial statements as follows:

	2019	2018
(Loss) before income tax	(6,107,460)	(5,073,005)
Prima facie tax on (loss) from ordinary activities before income tax at Australian tax rate 27.5% (2018: 27.5%)	(1,679,552)	(1,395,076)
Tax effect of:		
– non-allowable (assessable) items	64,048	(397,220)
– net Impact of R&D Refund	698,217	625,072
– tax payable by subsidiaries - overseas tax	63,361	47,078
Deferred tax assets not recognised as recoverability criteria not met	917,287	1,167,225
Income tax expense	63,361	47,078

Deferred tax assets are not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur.

	2019	2018
Operating tax losses as at 30 June available to off-set future taxable income	7,821,268	5,029,644

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

During the year ended 30 June 2019 the company considers that the Group's KMP for the purpose of this note are the CEO and CFO.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2019 $	2018 $
Short-term employee benefits	507,111	536,053
Post-employment benefits	50,345	45,737
Other long-term benefits	3,805	17,808
Termination benefits	24,432	-
Share-based payments	813	7,063
Total KMP compensation	586,506	606,661

Short-term employee benefits

These amounts include salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's superannuation contributions and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accrued during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Audited Remuneration Report that forms part of the Directors' Report.

NOTE 7: AUDITOR'S REMUNERATION

	Consolidated Group	
	2019	**2018**
	$	**$**
Remuneration of the auditor (BDO Audit Pty Ltd) for:		
– auditing or reviewing the financial statements	84,000	61,500
	84,000	61,500

NOTE 8: LOSS PER SHARE

	Consolidated Group	
	2019	**2018**
	$	**$**
a. Reconciliation of earnings to profit or loss:		
Profit/(Loss)	(6,170,821)	(5,120,083)
Earnings used to calculate basic loss per share	(6,170,821)	(5,120,083)
Earnings used in the calculation of dilutive loss per share	(6,170,821)	(5,120,083)
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share	165,222,143	119,131,575

Options on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2019 and 2018. These options could potentially dilute basic earnings per share in the future.

NOTE 9: ACQUISITION OF SUBSIDIARIES

(i) *Offsite Vision Acquisition*

On the 29 October 2018, 100% of the shares in Offsite Vision Holdings Inc ("Offsite") were acquired. The Group acquired this entity as it saw a potential to extend the current core product offering and provide a footprint into the east cost of the US market.

Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	29-Oct-18	
	Offsite	
Purchase consideration	**USD**	**AUD**
Shares issued	831,502	1,171,295
Cash consideration	5,000	7,065
Contingent consideration	69,842	98,383
Total consideration	**906,344**	**1,276,743**
Assets and liabilities acquired:		
Cash and cash equivalents	7,511	10,581
Trade and other receivables	26,848	37,819
Inventories	84,500	119,031
Property, plant and equipment	54	76
Trade and other payables	(126,325)	(177,949)
Long term payables	(85,118)	(119,901)
Fair value of assets and liabilities acquired	(92,530)	(130,343)
Identifiable assets acquired		
Software	284,000	400,056
Total identifiable assets and liabilities acquired	**284,000**	**400,056**
Goodwill on acquisition	**714,874**	**1,007,030**
Cashflows on acquisition		
Cash consideration	(5,000)	(7,065)
Cash acquired	7,511	10,581
Total cashflow inflows on acquisition	**2,511**	**3,516**
Results included in the consolidated results relating to Offsite for the year since acquisition date		
Revenue	307,367	429,550
Profit or loss	(376,100)	(546,350)

The goodwill recognised represents expected synergies to be gained from combining the operations and the growth potential that the directors and management see in Offsite.

All trade receivables are classified as current and are expected to be received within terms (30 days).

As part of the acquisition agreement there are two contingent consideration components. Both of these relate to contracted revenue targets and a maximum of 2,777,778 shares can be issued should the targets be achieved. Of these shares 2,410,848 are attributable to two key employees who were retained as part of the acquisition. These shares have been determined by management to be share based payments and have been accounted for in accordance with AASB 2 *Share-based payment*.

Refer also to note 18 for assumptions used in determining the fair value of the contingent consideration reflected above.

(ii) Ticto NV acquisition

On the 15 January 2019, 100% of the shares in Ticto NV ("Ticto") were acquired. The Group acquired this entity as it saw a potential to extend the current core product offering and provide a footprint into the European market, with Ticto NV based in Belgium.

At 30 June 2019 provisional accounting has been applied for the acquisition.

Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	15 January 2019	
	Ticto NV	
Purchase consideration	**EUR**	**AUD**
Shares issue	9,208,196	14,658,065
Total consideration	9,208,196	14,658,065
Assets and liabilities acquired:		
Cash and cash equivalents	73,380	116,810
Trade and other receivables	31,748	50,538
Inventories	55,998	89,140
Other financial assets	70,280	111,875
Other current assets	10,703	17,037
Property, plant and equipment	38,030	60,537
Trade and other payables	(234,247)	(372,885)
Fair value of assets and liabilities acquired	**45,892**	**73,052**
Identifiable assets acquired		
Software	883,000	1,405,603
Wearable Tech	387,500	616,842
Total assets and liabilities acquired	**1,316,392**	**2,095,497**
Goodwill on acquisition	**7,891,804**	**12,562,568**

	15 January 2019	
	Ticto NV	
Cashflows on acquisition	**EUR**	**AUD**
Cash consideration	-	-
Cash acquired	73,380	116,810
Total cashflow outflows on acquisition		

Results included in the consolidated results relating to Ticto NV and its controlled entities for the year since acquisition date		
Revenue	60,228	96,064
Profit or loss	(668,679)	(1,040,045)

The goodwill recognised represents expected synergies to be gained from combining the operations and the growth potential that the directors and management see in Ticto.

(iii) Impact of the acquisitions on the results of the Group

Results of the Group had Offsite and Ticto NV and its controlled entities been consolidated for the full year

Revenue	9,791,261
Profit or loss	(7,745,650)

All trade receivables are classified as current and are expected to be received within terms (30 days).

Key Estimate and Judgement

Management has identified and valued software and wearable technology assets acquired as part of the Ticto NV acquisition. Software had been valued based on a fair value of forecasted future cashflows discounted at an appropriate discount rate and was cross-checked against market valuation methods for similar types of assets. Wearable Tech was modelled based on a Relief from Royalty method, given it is pre-revenue, using typical market royalties generated from similar assets.

NOTE 10: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2019	2018
		$	$
Cash at bank and on hand		4,972,136	6,609,297
		4,972,136	6,609,297
Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		4,972,136	6,609,297
		4,972,136	6,609,297

NOTE 11: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2019	2018
		$	$
CURRENT			
Trade receivables		2,520,775	1,115,769
		2,520,775	1,115,769
R & D Refundable Tax Offset receivable		1,850,000	1,750,000
		1,850,000	1,750,000
Total current trade and other receivables		4,370,775	2,865,769

Credit risk

The Group through relationships with partners and growing relationship with major clients does have significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount $	Past Due and Impaired $	Past Due but Not Impaired (Days Overdue) < 30 $	31–60 $	61–90 $	> 90 $	Within Initial Trade Terms $
2019							
Trade and term receivables	2,520,775	-	20,380	15,750	-	54,058	2,430,587
Other receivables	1,850,000	-	-	-	-	-	1,850,000
Total	4,370,775	-	20,380	15,750	-	54,058	4,280,587
2018							
Trade and term receivables	1,115,769	-	38,303	3,897	73,016	199,746	800,807
Other receivables	1,750,000	-	-	-	-	-	1,750,000
Total	2,865,769	-	38,303	3,897	73,016	199,746	2,550,807

NOTE 12: INTERESTS IN ENTITIES

a. **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation. There is no non-controlling interest for any entities in either the 2018 or 2019 financial years.

Name of Subsidiary	Principal Place of Business/country of incorporation	Ownership Interest Held by the Group 2019 %	2018 %
Subsidiary of RightCrowd Limited			
RightCrowd Software Pty Ltd	Australia	100%	100%
RightCrowd NV	Belguim	100%	-
Offsite Vision Holdings Inc.	U.S.A.	100%	-
Subsidiary of RightCrowd Software Pty Ltd			
RightCrowd Inc.	USA	100%	100%
RightCrowd Inc.	Philippines	100%	100%
Subsidiary of RightCrowd NV			
Ticto NV	Belgium	100%	-
Subsidiary of Ticto NV			
Ticto Inc.	USA	100%	-

b **Information about interests in other entities**

Reporia Pty Ltd	Australia	100%	100%

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group 2019 $	Consolidated Group 2018 $
Plant and Equipment		
At cost	486,019	343,576
Accumulated depreciation	(202,015)	(124,583)
	284,004	218,993
Leasehold improvements:		
At cost	-	2,558
Accumulated amortisation	-	(2,558)
Total property, plant and equipment	284,004	218,993

a. **Movements in Carrying Amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements $	Plant and Equipment $	Total $
Consolidated Group:			
Balance at 1 July 2017	1,993	132,225	134,218
Additions	-	219,536	219,536
Disposals	-	(73,301)	(73,301)
Depreciation expense	(1,993)	(59,467)	(61,460)
Balance at 30 June 2018	-	218,993	218,993
Acquired through business combination	-	60,613	60,613
Additions	-	96,048	96,048
Disposals	-	-	-
Depreciation expense	-	(91,650)	(91,650)
Balance at 30 June 2019	-	284,004	284,004

NOTE 14: INTANGIBLE ASSETS

	Consolidated Group 2019 $	Consolidated Group 2018 $
Goodwill:		
Cost	13,569,598	-
Software and website development costs:		
Cost	1,815,224	-
Accumulated amortisation and impairment losses	(150,489)	-
Net carrying amount	1,644,736	-
Wearable tech:		
Cost	616,842	-
Accumulated amortisation and impairment losses	(36,717)	-
Net carrying amount	580,125	-
Intellectual property in use:		
Cost	-	599,925
Accumulated amortisation and impairment losses	-	(599,925)
Net carrying amount	-	-
Total intangible assets	15,814,459	-

	Goodwill $	Software $	Ticto Wearable Tech $	Intellectual Property $	Total $
Consolidated Group:					
Year ended 30 June 2018					
Balance at 1 July 2017	-	848	-	584,925	585,773
Additions	-	-	-	-	-
Disposals	-	(771)	-	-	(771)
Amortisation charge	-	(77)	-	(584,925)	(585,002)
Closing value at 30 June 2018	-	-	-	-	-
Year ended 30 June 2019					
Acquired through business combination	13,569,598	1,805,659	616,842	-	16,001,664
Amortisation charge	-	(150,488)	(36,717)	-	(187,205)
Closing value at 30 June 2019	13,569,598	1,664,736	580,125	-	15,814,459

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss and other comprehensive income.

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units (CGU):

	Consolidated Group 2019 $	Consolidated Group 2018 $
Ticto division	12,562,568	-
Offsite division	1,007,030	-
	13,569,598	-

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year projection period approved by board of directors and extrapolated for a further 4 years, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following key assumptions were used in the discounted cash flow model for the Ticto operations CGU:

- 21% pre-tax discount rate;
- 3% Terminal growth rate;
- 50% per annum revenue growth after board approved budget for the final 4 years of the forecast period;
- 10% increase in FY21 then a further 15% per annum increase in operating costs and overheads for final 3 years of forecast period.

The discount rate of 21% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Directors believe the projected 50% revenue growth rate is appropriate, based on the ability of RightCrowd to convert new opportunities as the entity builds revenue from a currently nascent base and leverages available resources and customer relationships across the broader RightCrowd business.

Directors believe the projected 10% and 15% operating cost growth rate is appropriate, based on the current level of costs within the entity which are sufficient to support the growth assumptions.

There were no other key assumptions for the Ticto division.

Based on the above, the recoverable amount of the Ticto division exceeded the carrying amount by $1,968,000.

The following key assumptions were used in the discounted cash flow model for the Offsite division:

- 21% pre-tax discount rate;
- 15% and 20% per annum projected revenue growth rate;
- 5% per annum growth in operating costs and overheads.

The discount rate of 21% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the Offsite division, the risk free rate and the volatility of the share price relative to market movements.

Directors believe a 15% & 20% revenue growth rate is appropriate, based on the ability of to convert new opportunities as the entity builds revenue from a currently nascent base and leverages available resources and customer relationships across the broader RightCrowd business.

Directors believe a 5% operating cost growth rate is appropriate, based on the current level of costs within the entity which are sufficient to support the growth targets.

Based on the above, the recoverable amount of the Offsite division exceeded the carrying amount by $1,897,000.

Sensitivity

As disclosed in note 1, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Forecast revenue would need to decrease by more than 12% for the Ticto division before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by more than 1% (i.e. movement from 21% to 22%) for the Ticto division before goodwill would need to be impaired, with all other assumptions remaining constant.
- Forecast revenue would need to decrease by more than 20% for the Offsite division before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by more than 10% (i.e. movement from 21% to 31%) for the Offsite division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of Ticto and Offsite division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

NOTE 15: OTHER ASSETS

	Consolidated Group 2019 $	Consolidated Group 2018 $
CURRENT		
Deposits Held	104,355	71,542
Employee advances	4,458	-
Prepayments	286,473	241,187
	395,287	312,729

NOTE 16: TRADE AND OTHER PAYABLES

	Consolidated Group 2019 $	Consolidated Group 2018 $
CURRENT		
Unsecured liabilities:		
Trade payables	516,987	156,671
Payroll payables	47,855	223,973
Accrued expenses	142,710	82,250
Sundry payables	100	100
	707,652	462,994

NOTE 17: BORROWINGS

	Consolidated Group 2019 $	Consolidated Group 2018 $
CURRENT		
Unsecured liabilities:		
Insurance premium funding	20,830	90,956
Unsecured loan	66,324	-
Total current borrowings	87,154	90,956
NON-CURRENT		
Unsecured liabilities:		
Unsecured loan	27,623	-
Total non-current borrowings	27,623	-
Total borrowings	114,777	90,956
a. Insurance Premium Funding:		
Opening balance	90,956	-
Proceeds	208,298	346,958
Less repayments	(278,422)	(256,002)
Closing balance	20,830	90,956
b. Fixed convertible notes:		
Opening balance	-	1,708,552
Proceeds	-	-
	-	1,708,552
Unwinding of the discount	-	291,448
Cash settlement	-	(2,000,000)
Gross convertible note	-	-

In the prior year, on 15 September 2017 the fixed convertible notes were settled by way of repayment in cash of $2,000,000.

		Consolidated Group 2019 $	Consolidated Group 2018 $
c.	Variable convertible notes:		
	Opening balance		-
	Proceeds	-	7,200,000
	Conversion to ordinary shares	-	(7,200,000)
	Convertible note held at fair value	-	-

Upon completion of the Offer these convertible notes were converted into 25,083,819 ordinary shares on 14 September 2017. This conversion included $7,200,000 convertible notes at face value plus $352,146 interest which has been accrued and capitalised in payables over the term of the convertible note up to the date of conversion.

		Consolidated Group 2019 $	Consolidated Group 2018 $
d.	Unsecured loans:		
	Opening balance	-	-
	Additions through acquisitions	119,901	-
	Less repayments	(25,956)	-
	Closing balance	93,945	-

NOTE 18: OTHER LIABILITIES

	Consolidated Group 2019 $	Consolidated Group 2018 $
CURRENT		
Contract liabilities	2,432,801	1,474,590
Contingent consideration	52,975	-
Cash settled share-based payment at fair value (shadow equity plan)	-	32,665
	2,485,776	1,507,255
NON-CURRENT		
Contingent consideration	45,408	-
	2,531,184	1,507,255

Contract liabilities

Contract liabilities are considerations received in advance of the performance obligations being fully satisfied. The majority of liabilities relate to software and service and maintenance contracts.

Contingent consideration

The contingent consideration is related to the acquisition of Offsite Vision Holdings, Inc and is estimated using a present value technique. The value is estimated by probability-weighting the estimated future share issues, adjusting for risk and discounting. There are two milestones contained within this acquisition and probabilities were assigned to each of the milestones as to whether the conditions will be achieved. Milestone 1 was assessed as more likely to be achieved than Milestone 2. The fair value of the share price was determined to be $0.33 in calculating the fair value of the contingent consideration. It was also assumed that each milestone would be assessed as the end of each financial year and the shares would be issued at that point in time.

NOTE 19: PROVISIONS

Employee benefits	Consolidated Group 2019 $	Consolidated Group 2018 $
Current	1,065,713	891,592
Non-current	150,767	158,579
	1,216,480	1,050,171

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(k).

NOTE 20: ISSUED CAPITAL

		Consolidated Group No.	Consolidated Group $
a.	**Ordinary Shares**		
	Balance at 1 July 2017	62,346,778	1,349,925
	Share movements during the 2018 financial year:		
	– Preference shares converted to ordinary shares 31 August 2017[1]	20,000,016	2,000,000
	– Share consolidation 31 August 2017[2]	(4,930,613)	-
	– Convertible note conversion 14 September 2017[3]	25,083,819	7,525,146
	– Share issue 14 September 2017[4]	30,833,333	9,250,000
	– Share issue costs	-	(656,344)
	Balance at 30 June 2018	**133,333,333**	**19,468,728**

[1] *On 31 August 2017 20,000,016 preference shares were converted to ordinary shares on a 1:1 basis. The shares are eligible for dividends paid after 31 August 2017.*

[2] *On 31 August 2017 a share consolidation of 4,930,613 occurred prior to the IPO. For every 1 ordinary share held shareholders received 0.9401 ordinary shares after consolidation.*

[3] *On 14 September 2017 the convertible notes with a face value of $7,200,000 were converted into 25,083,819 ordinary shares. The shares are eligible for dividends paid after 14 September 2017.*

[4] *On 14 September 2017, 30,833,333 ordinary shares were issued at $0.30 each under a prospectus offer dated 11 August 2017. The shares are eligible for dividends paid after 14 September 2017. Share issue costs which have been deemed to relate to the raising of capital are $656,344 and have been capitalised accordingly against share capital.*

Share movements during the 2019 financial year:	Consolidated Group No.	$
– Share issue on 29 October 2018 [5]	3,549,377	1,171,295
– Share issue on 28 November 2018 [6]	11,588,431	3,476,529
– Share issue on 3 December 2018 [6]	2,620,632	786,190
– Share issue on 12 December 2018 [6]	666,666	200,000
– Share issue on 16 January 2019 [7]	45,806,452	14,658,065
– Share issue on 18 January 2019 [8]	333,333	100,000
– Share issue costs	-	(210,274)
Balance at 30 June 2019	**197,898,224**	**39,650,533**

[5] On 29 October 2018, 3,549,377 shares were issued at $0.33 each in relation to the acquisition of Offsite Vision Holdings, Inc. Refer to Note 9 for further details of the acquisition.

[6] These shares issues were pursuant to the share placement undertaken for the purpose of raising working capital. They were issued at $0.30 each. Total cash inflows of $4,462,719 resulted from these share issues.

[7] On 16 January 2019, 45,806,452 ordinary shares were issued at $0.32 each in relation to the acquisition of Ticto NV.

[8] On 18 January 2019 333,333 ordinary shares were issued at $0.30 per share to a sophisticated investor pursuant to the share placement for working capital purposes.

b. **Preference Shares**	Consolidated Group No.	$
Balance at 1 July 2017	20,000,016	2,000,000
Shares movements during the 2018 financial year:		
– Preference shares converted to ordinary 31 August 2017	(20,000,016)	(2,000,000)
Balance at 30 June 2018	**-**	**-**
Shares movements during the 2019 financial year:	-	-
Balance at 30 June 2019	**-**	**-**

In the prior year, on 31 August 2017, 20,000,016 preference shares were converted to ordinary shares on a 1:1 basis.

c. **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The gearing for the years ended 30 June 2019 and 30 June 2018 is as follows:

	Note	Consolidated Group 2019 $	2018 $
Total borrowings	17	114,777	90,956
Less cash and cash equivalents	10	(4,972,136)	(6,609,297)
Net debt / (funds)		(4,857,359)	(6,518,341)
Total equity		21,438,610	6,890,468

NOTE 21: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the opinion of the directors, there were no material or significant contingent liabilities or assets at 30 June 2019 (30 June 2018: none).

NOTE 22: CASH FLOW INFORMATION

		Consolidated Group 2019 $	2018 $
a.	**Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax**		
	Loss after income tax	(6,170,821)	(5,120,083)
	Non-cash flows in profit:		
	– amortisation	187,206	585,002
	– depreciation	91,650	61,460
	– fair value gain on partial settlement of shadow equity plan	-	(1,823,049)
	– share based payments	487,420	179,077
	– loss on disposal of fixed assets	-	887
	– unrealised foreign exchange loss/(gain)	(218,636)	(171,679)
	– convertible note amortisation	-	38,724
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– (increase)/decrease in trade and other receivables	(1,198,013)	319,736
	– increase in other assets	(65,521)	-
	– decrease in inventory	5,280	-
	– decrease in other current assets	111,875	-
	– increase other financial liabilities	925,546	648,870
	– Increase/(decrease) in trade payables and accruals	(306,175)	(81,637)
	– increase in employee provisions	166,309	276,860
	– increase in current tax liabilities	25,904	-
	Cash flows from operating activities	(5,957,976)	(5,085,832)
b.	**Non-cash Financing and Investing Activities**		
	(i) Acquisition of subsidiaries- shares issued for Offsite Vision and Ticto NV acquisitions	15,829,360	-
	(ii) Conversion of convertible notes 25,083,819 ordinary shares issued (inclusive of capitalised interest)	-	7,525,146

c. **Reconciliation of movement in liabilities to cash flows arising from financing activities**

	30 June 2018 $	Financing Cash Flows $	Non-Cash Acquired $	30 June 2019 $
Borrowings – Current	90,956	(72,384)	68,582	87,154
Borrowings – Non-Current	-	(23,696)	51,319	27,623
Total liabilities from financing activities	**90,956**	**(96,080)**	**119,901**	**114,777**

	30 June 2017	Financing Cash Flows	Non-Cash Unwinding of CN Discount	Non-Cash Conversion of CN to Ordinary Shares	30 June 2018
	$	$	$	$	$
Borrowings – Current	20,871	70,085	-	-	90,956
Borrowings– Non-Current	8,908,552	(2,000,000)	291,448	(7,200,000)	-
Total liabilities from financing activities	**8,929,423**	**(1,929,915)**	**291,448**	**(7,200,000)**	**90,956**

NOTE 23: EVENTS AFTER THE REPORTING PERIOD

RightCrowd's non-executive director, Craig Davies, purchased 104,166 RCW shares via an indirect interest on 5 September 2019.

NOTE 24: RELATED PARTY TRANSACTIONS

a. **Related parties**

The Group's main related parties are as follows:

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is RightCrowd Limited, which is incorporated in Australia.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6.

(iii) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

Two of the Directors' shareholdings are owned by companies

Peter Hill's shares held indirectly through CNI Pty Ltd ACN 131 410 556.

Scott Goninan's shares are held indirectly through Goninan Property Investments Pty Ltd ACN 151 022 052 ATF The Goninan Wealth Trust and Regent Securities Pty Ltd ATF Platers & Associated CMP SF A/c.

b. **Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

(i) *Key management personnel:*

Refer to note 6.

c. **Amounts payable to related parties**

No amounts are payable to related parties at balance date.

	Consolidated Group 2019 $	Consolidated Group 2018 $
d. **Convertible notes issued to related parties**		
(i) *Convertible notes issued to directors*		
Beginning of the period	-	5,000,000
Convertible notes issued	-	-
Notes converted to ordinary shares	-	(5,000,000)
End of the period	-	-

Interest expense capitalised to payables		
Opening balance of interest expense capitalised	-	198,904
Interest expense capitalised as interest payable	-	27,851
Interest expense capitalised converted to ordinary shares	-	(226,755)
End of the period	-	-

In the prior year, Mr Alfred Scott Goninan held convertible notes in the Group. Interest accrued on these convertible notes at 4% above the cash rate of the RBA and was accrued to 30 June 2017 at $198,904, with a further $24,302 accrued to in FY 2018, where the face value and the interest component to date was converted into 17,422,517 ordinary shares at a value of $5,226,755.

NOTE 25: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and convertible notes.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
Financial assets			
Cash and cash equivalents	10	4,972,136	6,609,297
Trade and other receivables	11	4,370,775	2,865,769
Total financial assets		9,342,911	9,475,066
Financial liabilities			
Financial liabilities at amortised cost:			
– Trade and other payables	16	707,653	462,994
– Borrowings	17	114,777	90,956
– Other liabilities	18	98,383	32,665
Total financial liabilities		920,813	586,615

Financial Risk Management Policies

The Company's Executives have been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The Executives monitor the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, foreign currency risk, liquidity risk, and interest rate risk. The Board oversees the Executives' management of risk.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 days from the invoice date. For fees with longer settlements, terms are specified in the individual client contracts.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group through relationships with partners and growing relationship with major clients does have significant concentration of credit risk with respect to any single counterparty or group of counterparties

Credit risk related to balances with banks and other financial institutions is managed by the Executive 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.

		2019	2018
		$	$
Cash and cash equivalents:			
– AA rated		2,798,597	5,626,932
– A rated		2,049,083	982,365
– BBB rated		124,456	-
	10	4,972,136	6,609,297

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities at 30 June 2019. No bank overdraft facilities have been extended to the Group.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 Years**		**Over 5 Years**		**Total**		**Weighted average interest rate**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Consolidated Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Financial liabilities due for payment										
Trade and other payables	707,653	462,994	-	-	-	-	707,653	462,994	n/a	n/a
Borrowings	87,154	90,956	27,623	-	-	-	114,777	90,956	2.70	5.58
Other liabilities	52,975	32,665	45,408	-	-	-	98,383	32,665	n/a	n/a
Total anticipated outflows	847,782	586,615	73,031	-	-	-	920,813	586,615		
Financial assets – cash flows realisable										
Cash and cash equivalents	4,972,136	6,609,297	-	-	-	-	4,972,136	6,609,297	1.23	1.31
Trade receivables	4,370,775	2,865,769	-	-	-	-	4,370,775	2,865,769	n/a	n/a
Total anticipated inflows	9,342,911	9,475,066	-	-	-	-	9,342,911	9,475,066		
Net (outflow)/ inflow on financial instruments	8,495,129	8,888,451	(73,031)	-	-	-	8,422,098	8,888,451		

c. **Market risk**

(i) *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 Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings, and cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate instruments. At 30 June 2018, the Group had interest-bearing convertible note financial liabilities. At 30 June 2019 the group had no financial assets nor financial liabilities with fixed interest rates.

(ii) *Foreign currency risk*

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US dollar and Philippines peso may impact on the Group's financial results unless those exposures are appropriately hedged.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent entity is considered immaterial and is therefore not shown.

Net Financial Assets / (Liabilities) in AUD

2019 **Consolidated Group**	**USD**	**AUD**	**EUR**	**PHP**	**Other**	**Total AUD**
Functional currency of entity:						
Australian dollar	1,932,309	4,676,362	1,021,001	(17)	100,995	7,730,650
US dollar	518,086	-		-	-	518,086
Euro			60,520			60,520
Philippines peso	-	-		112,842	-	112,842
Statement of financial position exposure	2,450,395	4,676,362	1,081,521	112,825	100,995	8,422,098

2018			**Net Financial Assets/(Liabilities) in AUD**		
Consolidated Group	**USD**	**AUD**	**PHP**	**Other**	**Total AUD**
Functional currency of entity:					
Australian dollar	3,331,407	5,509,617	-	197,241	9,038,265
US dollar	(151,960)	-	-	-	(151,960)
Philippines peso	-	-	2,146	-	2,146
Statement of financial position exposure	3,179,447	5,509,617	2,146	197,241	8,888,451

(iii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for securities.

The Group has no exposure to price risk.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities approximate their carrying value.
Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts approximate to their fair values.

	Consolidated Group		
	Level 1	Level 2	Level 3
Financial Liabilities at fair value through the profit and loss			
Contingent consideration	-	-	98,383
	-	**-**	**98,383**

Reconciliation of Level 3 fair value movements	**Contingent Consideration**
Opening balance at 1 July 2017	-
Recognition on acquisition / funding	-
Closing balance at 30 June 2018	**-**
Recognition on acquisition / funding	98,383
Closing balance at 30 June 2019	**98,383**

NOTE 26: RESERVES

a. **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	2019 $	2018 $
Balance at beginning of year	66,721	42,480
Exchange differences on translation of foreign operations	49,739	24,241
Balance at end of year	**116,459**	**66,721**

b. **Share Based Payment Reserve**

The share based payment reserve is used to recognise the value of equity settled share based payments.

	2019 $	2018 $
Balance at beginning of year	179,077	-
Share based payments	487,420	179,077
Balance at end of year	**666,497**	**179,077**

c. **Convertible Note Reserve**

The convertible note reserve records the equity component of issued convertible preference shares.

	2019 $	2018 $
Balance at beginning of year	-	751,936
Transfer of convertible note reserve to retained earnings upon settlement in cash	-	(751,936)
Balance at end of year	**-**	**-**
TOTAL RESERVES	**782,956**	**245,798**

NOTE 27: CAPITAL AND LEASING COMMITMENTS

Capital commitments

The Group has no capital commitments at 30 June 2019 (2018: Nil).

Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements as follows;

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
Not later than 12 months		348,542	375,951
Between 12 months and five years		214,771	204,953
Later than 5 years		-	-
		563,313	580,904

NOTE 28: SHARE BASED PAYMENTS EXPENSE

Options

The RightCrowd Limited Option Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. The performance standard for these options is that the option holder must remain employed by RightCrowd at the time the option vests. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights.
When exercisable, each option is convertible into one ordinary share.

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

	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2017		
Granted	6,825,000	$0.42
Forfeited	(215,000)	$0.41
Expired	-	-
Options outstanding as at 30 June 2018	6,610,000	$0.42
Granted	-	-
Forfeited	(166,666)	$0.42
Exercised	-	-
Expired	(2,096,695)	$0.38
Options outstanding as at 30 June 2019	4,346,639	$0.43

No share options were exercised during the periods covered above.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Date options granted	Expiry date	Exercise price	Share options 30 June 2019	Share options 30 June 2018
13/09/2017	12/12/2018	$0.38	-	2,096,695
13/09/2017	12/12/2019	$0.43	2,013,328	2,096,661
13/09/2017	12/12/2020	$0.43	2,013,311	2,096,644
30/05/2018	28/08/2019	$0.60	106,668	106,668
30/05/2018	27/08/2020	$0.68	106,666	106,666
30/05/2018	28/08/2021	$0.68	106,666	106,666
			4,346,639	**6,610,000**
Weighted average remaining contractual life of options outstanding at end of period			1.04 years	2.25 years

No new share options were granted in the current year.

Details of options issued during the prior financial year are as follows

a. On 13 September 2017, 6,505,000 share options were granted to employees under the RightCrowd Limited Employee Option Plan to take up ordinary shares. The options vest as follows:

Vesting Date	Number	Exercise Price	Expiry
13/09/2018	2,168,328	$0.43	12/12/2019
13/09/2019	2,168,309	$0.43	12/12/2020

The options hold no voting or dividend rights and are not transferable.

The fair value of these options was $425,966. This value was calculated using the Black-Scholes-Merton option pricing model applying the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Number of options	2,168,363	2,168,328	2,168,309
Exercise price	$0.38	$0.43	$0.43
Grant date	13/09/2017	13/09/2017	13/09/2017
Expiry date	12/12/2018	12/12/2019	12/12/2020
Volatility	58%	58%	58%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.8%	1.8%	1.8%
Fair value at grant date	$0.05	$0.07	$0.09

b. On 30 May 2018 320,000 share options were granted to employees under the RightCrowd Limited Employee Option Plan to take up ordinary shares. The options vest as follows:

Vesting Date	Number	Exercise Price	Expiry
30/05/2019	106,668	$0.60	28/08/2019
30/05/2020	106,666	$0.68	27/08/2020
30/05/2021	106,666	$0.68	27/08/2021

The options hold no voting or dividend rights and are not transferable.
The fair value of these options was $32,000. This value was calculated using the Black-Scholes-Merton option pricing model applying the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Number of options	106,668	106,666	106,666
Exercise price	$0.60	$0.68	$0.68
Grant date	30/05/2018	30/05/2018	30/05/2018
Expiry date	28/08/2019	27/08/2020	28/08/2021
Volatility	59%	59%	59%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.8%	1.8%	1.8%
Fair value at grant date	$0.07	$0.10	$0.13

The expense recognised in the profit or loss for these share-based payments is $487,420 (2018: $179,077). The total amount recognised in equity is $666,497 (2018: $179,077).

NOTE 29: SEGMENT REPORTING

Reportable segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Company currently operates predominantly in one segment, being the sale and service of the RightCrowd solution.

i) Revenue by geographical location:

Revenue by geographical location attributable to external customers is disclosed below, based on the location of the external customer.

	Consolidated Group	
	2019	**2018**
	$	**$**
North America	5,607,387	3,450,054
Europe, Middle East and Africa	1,575,700	228,708
Latin America	555,462	413,152
Oceania and Australia	1,640,066	1,428,841
	9,378,615	**5,520,755**

ii) Non-current assets by geographical location:

	Consolidated Group	
	2019	**2018**
	$	**$**
North America	1,395,047	30,858
Europe, Middle East and Africa	14,503,322	-
Latin America	-	-
Oceania and Australia	200,094	188,135
	16,098,463	**218,993**

iii) Major customers

There is one customer that contributes more than 10% of total revenue of the Group.

NOTE 30: COMPANY DETAILS

The registered office of the company is:

RightCrowd Limited
Ground Floor, Suite 2, 183 Varsity Parade, Varsity Lakes QLD 4227

ABN 20 108 411 427

www.rightcrowd.com

ASX Code RCW

Incorporated in Australia

Auditor BDO Brisbane

Share Registry Boardroom Pty Limited

Solicitor GRT Lawyers Brisbane

The principal places of business are:

Australia

Ground Floor, Suite 2
183 Varsity Parade
Varsity Lakes QLD 4227

United States

2505 2^{nd} Avenue, Suite 515
Seattle WA 98121

1 Rossmoor Drive, Suite 103
Monroe Two, NJ 08831

Philippines

Unit 2401, One San Miguel Avenue Building, Corner Shaw Boulevard
Ortigas Centre, Pasig City, Manila

Belgium

Co. Station, Oktrooiplein 1 bus 201
9000 Gent

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of RightCrowd Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 20 to 65, are in accordance with the *Corporations Act 2001* and:
    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
    b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated group;

2. 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; and

3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

At the date of this declaration, there are reasonable grounds to believe that the company will be able to meet any obligations or liabilities.

....
Peter Hill
Director

Dated this 27 September 2019

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Fax: +61 7 3221 9227
www.bdo.com.au

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of RightCrowd Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RightCrowd Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

BDO

Accounting for the acquisition of Offsite Vision Holdings Inc. and Ticto NV

Key audit matter	*How the matter was addressed in our audit*

• The Group's disclosures about the acquisition of Offsite Vision Holdings Inc. (Offsite) and Ticto NV (Ticto) are included in Note 9, which details the key events that occurred in the transaction including the consideration transferred, assets, and liabilities acquired.
• The acquisition of Offsite and Ticto are considered significant transactions for the group. The presentation, measurement and disclosures around these transactions are important in the users' understanding of the financial statements. The transactions are material in the context of the audit and involved significant auditor effort, and was therefore key to our audit.
• Management have completed a process to determine the purchase consideration and the fair value of the identifiable net assets acquired, including assessment of other intangible assets such as customer contracts and relationships and licenses and accreditations and the allocation of the difference to goodwill. This process involved estimation and judgement to calculate both the consideration and the fair value of identified intangible assets.
	Our procedures included, amongst others:
	• Assessing management's determination of whether the acquisition was a business combination or an asset acquisition
	• Evaluating management's assessment of the purchase consideration including contingent consideration arrangements
	• Evaluating management's assessment of the fair value of the identifiable assets and liabilities acquired including:
	  ○ Obtaining management's external valuation of the intangible assets acquired
	  ○ Assessing the professional competence and objectivity of the valuer
	  ○ Evaluating the appropriateness of the methods and assumptions used
	  ○ Challenging management in relation to the inputs and assumptions used by the valuer
	  ○ Providing the external valuation to the internal experts to assess the reasonableness of the structure and assumptions applied in the model including the discount rate.
	• Assessing the disclosures related to the acquisitions to ensure they are in compliance with applicable accounting standards.

Valuation of goodwill

Key audit matter	*How the matter was addressed in our audit*
• The Group's disclosures about goodwill impairment are included in Note 14, which details the allocation of goodwill to the groups various CGU's, sets out the key assumptions for value-in-use calculations and the impact of possible changes in these assumptions. • This annual impairment test was significant to our audit because the balance of goodwill as of 30 June 2019 is material to the financial statements. In addition, management's assessment process is complex and highly judgmental and is based on assumptions, specifically forecast future cash flows, growth rate, and discount rate, which are affected by expected future market or economic conditions.	Our procedures included, amongst others: • Assessing management's allocation of goodwill and assets and liabilities, including corporate assets to Cash Generating Units ("CGU's"). • Evaluating the inputs used in the value in use calculation including the growth rates, discount rates and underlying cash flows applied by management • Assessing the sensitivity of the assumptions used by management on the value in use calculation • Involving our internal specialists to assess the discount rates against comparable market information • Assessing the disclosures related to the goodwill and the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Revenue recognition and measurement

Key audit matter	*How the matter was addressed in our audit*
• The Group's disclosures about revenue recognition are included in Note 1, which details the accounting policies applied following the implementation of AASB 15 *Revenue from Contracts with Customers*. • The assessment of revenue recognition was significant to our audit because revenue is a material balance in the financial statements for the year ended 30 June 2019 and the Group was required to change its accounting policies to align with the new standard. • The assessment of revenue recognition and measurement required significant auditor effort.	Our procedures included, amongst others: • Assessing the revenue recognition policy for compliance with AASB 15 *Revenue from Contracts with Customers* • Documenting the processes and assessing the internal controls relating to revenue processing and recognition • Tracing a sample of revenue transactions to supporting documentation • Performing cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period • Assessing the adequacy of the Group's disclosures within the financial statements

Going Concern

Key audit matter	*How the matter was addressed in our audit*
Note 1 of the financial statements outlines the basis of preparation of financial statements which indicates being prepared on a going concern basis which contemplates that the group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Our assessment of the going concern basis was considered a key audit matter due to the judgements and assumptions made by the Directors. The ability of the Group to continue as a going concern is supported by the cash flow forecasts prepared by the Directors. These forecasts include the Directors' assumptions regarding the timing of future cash flows and operating results which are by their nature uncertain.	Our audit procedures included amongst others: • Obtaining and evaluating management's assessment of the group's ability to continue as a going concern • Assessing cash-flow forecasts and challenging management's assumptions around future performance, including considering post balance date performance • Analysing the impact of reasonable possible changes in cash flow forecasts and their timing by applying sensitivities to key inputs • Performing a sensitivity analysis over cash flow forecasts as prepared by management.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of RightCrowd Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

C R Henry

Director

Brisbane, 27 September 2019

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 26 August 2019:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	Number Holders	Number Units Held
1 – 1,000	14	4,548
1,001 – 5,000	43	125,429
5,001 – 10,000	46	404,699
10,001 – 100,000	310	12,349,765
100,001 and over	126	185,013,784
	539	197,898,225

b. There are twenty seven (27) shareholdings held in less than marketable parcels.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder:	Number Ordinary	% of Issued Capital
CNI Pty Ltd	53,907,428	27.240
Advance Marketing Technologies Pty Ltd	18,802,491	9.501
Goninan Property Investments Pty Ltd and related parties	17,422,517	8.804
	90,132,436	45.545

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders – Ordinary Shares**

	Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1.	CNI PTY LTD <RIGHT CROWD A/C>	53,907,428	27.240
2.	ADVANCED MARKETING TECHNOLOGIES PTY LTD <CHATFIELD FAMILY A/C>	18,802,491	9.501
3.	**GROUP**	**17,422,517**	**8.804**
	GONINAN PROPERTY INVESTMENTS PTY LTD <THE GONINAN WEALTH A/C>	*8,852,110*	*4.473*
	REGENT SECURITIES PTY LTD <PLATERS & ASSCTD CMP SF A/C>	*8,570,407*	*4.331*
4.	JOHAN VINCKIER	5,814,971	2.938
5.	SALMON EARTHMOVING CONTRACTORS PTY LTD <CROWNHURST NO 3 A/C>	5,571,856	2.816
6.	KMO Fin 2	4,806,594	2.429
7.	National Nominees Limited	4,003,066	2.023
8.	HSBC Custody Nominees (Australia) Limited	3,898,348	1.970
9.	KAREL VINCKIER	3,886,167	1.964
10.	Risk Capital LLC	3,430,098	1.733
11.	Bart Vansevenant	3,111,176	1.572
12.	Maarten Van Speybroeck	3,111,176	1.572
13.	Maarten Vandenbroucke	3,111,176	1.572
14.	HSBC Custody Nominees (Australia) Limited A/C 2	2,823,586	1.427
15.	EOS Invest NV	2,500,245	1.263
16.	David Thomas	2,206,262	1.115
17.	Pegavica SCRL	2,099,986	1.061
18.	Alex Vinckier	2,072,801	1.047
19.	Humana Pty Ltd	2,044,682	1.033
20.	BERNE NO 132 NOMINEES PTY LTD <W 1253672 A/C>	1,821,958	0.921
		146,446,584	74.001

2. The name of the company secretary is Kim Clark.

3. The address of the principal registered office in Australia is

   183 Varsity Parade, Varsity Lakes QLD 4227. Telephone 07 5593 2581.

4. Registers of securities are held at the following addresses:

   New South Wales Level 12, 225 George Street, Sydney, NSW 2000.

5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Unquoted Securities**

Options over Unissued Shares: A total of 4,346,656 options are on issue.

RIGHTCROWD

EVERYONE ON SITE IS RIGHT