RIGHTCROWD

ANNUAL AND FINANCIAL REPORT

YEAR ENDING 30 JUNE 2020

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CHAIRMAN'S REPORT

Dear Shareholder,

The Board of RightCrowd Limited (Company) is pleased to provide the 2020 annual report covering the operations of the Company and its controlled entities (Group). In this report we set out the Group's financial results for the year ended 30 June 2020.

The Company's sales performance in the last quarter of our 2020 financial year was adversely impacted by the COVID 19 pandemic, the effects of which will continue to be felt for some time. The pandemic has created an incredibly dynamic operating environment: for RightCrowd, for our partners and the customers we serve.

To this end, we are very proud of the way in which the RightCrowd team has responded and adapted to the changed operating environment, which includes the vast majority of staff moving to remote working, with limited interruption to their technical and client facing activities.

With inclusion of the first full year of operating costs of our FY19 Ticto and Offsite Vision acquisitions, the delay to executing new sales contracts due to COVID-19 impacts and an impairment charge of \$1.3m, the Group's statutory loss after tax grew by only \$0.6m.

Despite these difficult trading conditions, the COVID-19 pandemic has provided strong tailwinds for our solutions that help companies intelligently manage the presence and access of people in their facilities. COVID-19 has challenged organisations globally to take a new approach to workplace safety, and how they manage the operational and legal risks the virus presents. The Company has continued to add features to its existing solutions to help customers address immediate security and safety issues exposed by the pandemic. Leveraging customer feedback, the Company is also developing innovative solutions to help organisations to manage the ongoing operational risks of COVID-19 in the workplace.

The pandemic has delivered significant market interest for the Company's solutions that assist organisations return to the workplace and implement their ongoing COVID-19 management plans. In addition to progressing paid trial deployments with large multinational corporations, since year end the Company has commenced fulfilling significant sales orders.

During the year, the Company achieved a 23% growth in software sales and software consulting revenue from FY19 levels. The Company's total revenue and other income grew to \$16.2m, exceeding the prior year total by 38%. The management team expects the revenue growth rate to return to above 40% in FY21. The majority of the growth is expected to be achieved in the second half of FY21 as large organisations return their employees to work.

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.

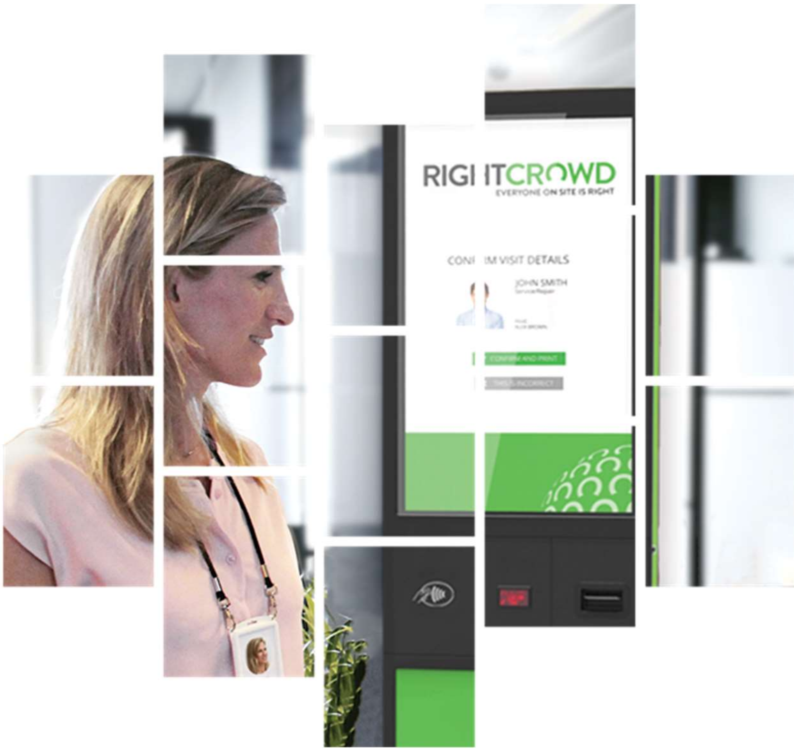
Cash and cash equivalents at the end of FY20 total \$1.472m. The balance of accounts receivable as at the end of FY20 is \$5.131m, which includes \$2.946m relating to the R&D tax rebate. Since year end the Company has raised \$4m of capital and obtained access to other funding which coupled with inflows from recurring annual revenue and ongoing projects, should be sufficient to comfortably sustain operations through to the end of FY21.

Finally, I would like to thank our team, shareholders and clients for their support during this volatile period. I look forward to speaking with you, our shareholders, at the Company's AGM.

Yours sincerely

Robert Baker

Non-executive Chairman
RightCrowd Limited


EVERYONE ON SITE IS RIGHT
JOHN SMITH

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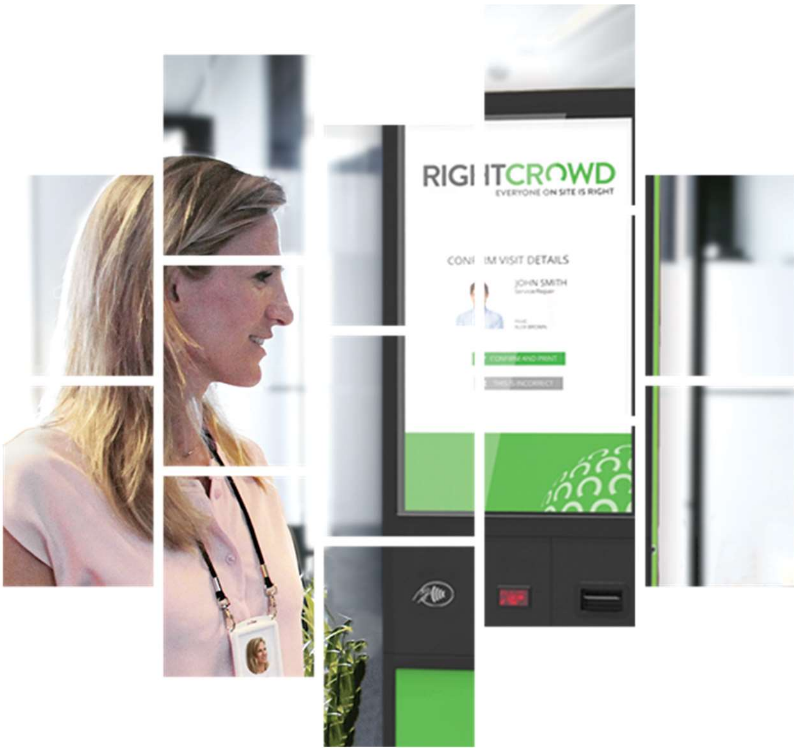

CORPORATE GOVERNANCE STATEMENT

RightCrowd Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The corporate governance statement is dated as at 30 June 2020 and reflects the corporate governance practices in place throughout the 2020 financial year. The corporate governance statement was approved by the board on 30 September 2020.

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, the Company or RightCrowd) consisting of RightCrowd Limited and its controlled entities for the financial year ended 30 June 2020.

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 has worked in the professional services industry both in 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 has had nearly a decade of board experience. His board experience includes as a board member of PricewaterhouseCoopers (2008-2013) serving its Finance, Country Admissions (nominations) and Partner Evaluation and Income (remuneration) Committees and 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 a director of Apollo Tourism & Leisure Limited (ASX: ATL), Chairman of Goodman Private Wealth Ltd and Neurosensory Limited and is an Advisory Board member for several not for profit organisations.

He is a Fellow of Chartered Accountants Australia & New Zealand and a Graduate of the Australian Institute of Company Directors.

Mr Peter Hill

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

Peter 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 Craig Davies

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

Craig is an executive with over 25 years' experience in technology and cybersecurity. Previously, he was the Chief Executive Officer at the Australian Government's cybersecurity industry growth centre, AustCyber, the Head of Security at Atlassian (NASDAQ:TEAM), and Chief Security Officer at Cochlear Ltd (ASX:COH) and held various technology roles with Westpac. He is a Non-Executive Director of Trimantium GrowthOps Ltd (ASX:TGO) and is a member of the Australian Institute of Company Directors.

Craig also plays an active role in Australia's start-up ecosystem, including acting as an adviser to Bugcrowd and Deckee.

Mr Alfred Scott Goninan

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

Scott joined the RightCrowd Board after 26 years' experience as the 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 operated 24hrs a day 7 days a week. In his role with Durachrome, Scott has developed international relationships throughout Asia and Europe.

Scott 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.

Directors interests in securities

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

Director	Fully paid ordinary Shares	Unissued shares under option
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 <RIGHT CROWD A/C>*
- *(ii) Indirect interests held through GONINAN PROPERTY INVESTMENTS PTY LTD <THE GONINAN WEALTH A/C> + REGENT SECURITIES PTY LTD <PLATERS & ASSCTD CMP SF A/C>*
- *(iii) Indirect interest held through JAUNE ROSE PTY LTD <DAVIES FAMILY TRUST>*

Board and Committee Attendance

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

for the period 1 July 2019 to 30 June 2020

			Board Meetings		Audit Committee Meetings	
Director	**Date Appointed**	**Date Ceased**	**Attended**	**Held**	**Attended**	**Held**
Peter Leslie Hill	18/03/2004	Current	13	13	7	7
Alfred Scott Goninan	6/08/2017	20/08/2019	1	1	1	1
Robert Anthony Baker	6/08/2017	Current	13	13	7	7
Craig Davies	20/08/2019	Current	13	13	7	7

** Alfred Scott Goninan retired as director on 20 August 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

Other than matters disclosed elsewhere in this Annual Report, 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's business model remained unchanged across FY20. The Company continues to generate revenue from sales of its software, comprising up-front licence fees, annual subscription fees and annual support and maintenance fees. The Company also generates revenue from professional services that it provides to its clients. The pricing structures for sales of the Company's various software and consulting solutions are dependent on the scale and complexity of the client requirement.

Following the outbreak of the COVID-19 pandemic the Company added functionality to existing solutions to deliver Social Distancing Monitoring and Contact Tracing features. This solution is offered as an annual subscription fee for the software and reporting features, and an up upfront purchase cost per item of hardware.

Results for the Period

The Company increased revenue for software and related services from $9.378m (in FY19) to $11.534m, an annual growth rate of 23%. Sales revenue growth has been generated through new software sales and strong growth from subscription and support services revenue.

A total of 85% of FY20 revenue has been generated from outside Australia, up from 83% in FY19. The North American market generated 67% of the FY20 revenue, courtesy of strong relationships with existing clients and new sales across the banking, technology and industrial sectors.

During the first half of FY20 revenue was generated through the delivery of major project milestones to a number of the world's leading banking and technology companies. New project wins across North America further cemented RightCrowd as a leading provider of physical access control automation software in the world's largest market. These project wins also enabled integrations with market leading physical access control systems, as well as commercial collaboration with their vendors. With a vast addressable market RightCrowd executed a targeted go-to-market strategy focussed on direct customer acquisition within the banking and finance industry.

The second half of FY20 was over shadowed by the outbreak of the COVID-19 pandemic which saw a weakening in trading conditions with the temporary suspension of a number of large projects and delays in the signing of several new substantial contracts, particularly towards the end of the fourth quarter. The Company qualified for the Australian Government's Job-Keeper program and the equivalent program in the USA. This government assistance helped retain our full team which maintained customer service levels.

During the fourth quarter of FY20 RightCrowd also saw significant market interest for the Company's solutions that assist organisations return to the workplace and manage the ongoing operational risks of COVID-19 to their business. Functionality was added to the Company's patented Presence Control technology to deliver a highly differentiated solution that turns existing security access cards into a privacy sensitive Social Distancing Monitoring tool. RightCrowd IQ's reporting function was reconfigured to deliver a highly flexible Contact Tracing and hot spot reporting engine.

There has been significant international interest in the solution as organisations plan their return to the workplace and implement their ongoing COVID-19 management strategies. A targeted go-to-market plan has delivered a material pipeline of new to market opportunities across Europe, the Middle East, South Asia, North America and South America. The Company is progressing over 30 paid trial deployments, many being large multinational corporations representing potentially significant order volumes. Several trials have successfully concluded with larger orders now being placed as new interest across the globe continues to register.

Leveraging customer feedback, the Company is also developing innovative solutions to further enhance its core technology and Presence Control solution to assist organisations to address the immediate security and safety issues exposed by the pandemic and manage the ongoing operational risks of COVID-19.

The Company has continued to focus on developing RightCrowd technologies via R&D investment and successfully applied for relevant parts of its significant overseas innovation investment to be included in the R&D tax incentive scheme. This has resulted in a submitted claim for an R&D tax incentive rebate of approximately $2.6m. R&D activity will continue in future years as RightCrowd enhances its product portfolio and continues to bring new innovative solutions to the market.

The statutory loss after tax for the year was $6.8m (2019 $6.2m). FY20 saw the first full year of the cost base from the Company's FY19 acquisitions and includes an impairment charge of $1.3m.

Revenue Pipeline Outlook

The Company continues to see significant interest from national and multinational companies for its core solutions, including some in new market segments aiming to improve their physical security processes and achieve the productivity improvements offered by the RightCrowd solutions.

The Company has also seen significant interest from companies of all sizes for its COVID-19 solutions. Since executing a targeted go-to-market strategy focussed on its Social Distancing Monitoring and Contact Tracing features, the Company has built a material pipeline of market opportunities across new and existing markets. In addition, the Company is also rapidly expanding its channel program and expects to announce new partnerships in the first half of FY21.

During the FY21 financial period, the Company will focus on activities to increase sales through both direct selling and through its reseller channel partners. The Company expects its sales revenue growth rate in FY21 to return to above 40%, with the majority of the growth expected in the second half of FY21 as large organisations return their employees to the workplace.

Impact of COVID-19 on going concern assumption

The COVID-19 pandemic has had a varying impact on the going concern position of the RightCrowd Group.

Offsite Vision, which is the Group's subsidiary located in New Jersey on the USA East Coast and part of the Group's New Products operating segment, has been most significantly impacted with a number of projects delayed as a result of the financial impact of the pandemic on key customers. The subsidiary has also experienced delays in forecast pipeline opportunities. As a result, the directors have recognised impairment of $1.3m, being the full balance of goodwill and intangible assets in respect of the CGU as at 30 June 2020. Refer to note 14 for further details of the impairment loss recognised.

The core business unit was also impacted by the pandemic, with two large new contracts originally budgeted to finalise in FY20 experiencing delays which pushed execution into FY21. One of these contracts has already been signed (August 2020) representing a multi-year deal with a Fortune 50 customer. The second major contract continues to progress and is expected to be recognised before the half year ended 31 December 2020. As a direct result, total revenue fell below the initial FY20 forecast of $13m, ending at $11.5m for the year ended 30 June 2020. As at March 2020, the Group had a clear line of sight towards achieving the forecast revenue target, however as a result of the delays outlined above, this target was not met at year end. The Group has subsequently reforecast FY21 to include revenue in respect of the contracts mentioned above.

While there have been a number of negative impacts of COVID-19 on the Group's ability to continue as a going concern, COVID-19 has also presented additional funding sources and opportunities for pathways into the rapidly developing market for technology solutions to address social distancing monitoring, contact tracing and managing the safe return to the workplace.

Through the year ended 30 June 2020, the Group secured additional funding to support continued growth through COVID-19 government assistance programs. The support payments received in FY20, totalling approximately $2m include payments under the Australian Government 'Job-keeper' scheme, the 'Payroll Protection Program' scheme in the USA, and various low interest, long term government funded loans. The Group has also received an advanced finding for the first time in the current year for the overseas R&D grant for work performed in connection with the development of Presence Control solutions and expects to receive the rebate post year-end. This contributed to a 101% increase in other income in comparison to the prior year (FY19: $2.3m, FY20: $4.6m). The increase has served to offset the delay in revenue recognition on major new contracts and has resulted in the Group's total revenue and other income exceeding the prior year total by 38%, or approximately $4.5m (FY20 total income: $16.2m; FY19: $11.7m).

Total cash and cash equivalents for the Group as at 30 June 2020 totalled $1.5m, down from $5m in FY19. The reduction in the cash balance is primarily due to the cash flow impact of delays outlined above and also the continued investment into the businesses acquired in FY19.

The Group's cash position has improved significantly subsequent to year end due to the receipt of $4m in funding via direct capital placements. The funding will be utilised to support the continued growth of the RightCrowd business. The Research and Development tax incentive scheme payments for both the overseas and local operations are due to be received early in FY21 totalling approximately $3m. The Group has a number of other debt finance options available should the need arise.

Contracts and implementation projects delayed as a result of the COVID-19 pandemic are expected to recommence during the FY21 year as restrictions ease worldwide and employees return to the workplace. As a result of the above factors and in conjunction with the $4m direct capital placement occurring in FY21, and the significant demand for the Group's COVID-19 solutions, the Directors are of the opinion that the RightCrowd Group can continue as a going concern for at least the next twelve months.

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.
- The directors covered under the policy are Peter Leslie Hill, Robert Anthony Baker and Craig Davies.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Company Secretary

The Company appointed Kim Clark as Company Secretary on 10 August 2017. Kim 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.

Events after Reporting Period

The Group has raised an additional $4m of capital in a placement of 22.2m shares at an issue price of $0.18 per share to sophisticated investors on 12th of August 2020. The Group has also secured an export business loan facility of $1.4m with the Australian Government's Export Finance Australia Ltd. The purpose of funding is to finance additional growth opportunities following the successful acquisition of new clients in the North American and European markets.

The Group has also finalised a major ongoing contract with a large fortune 50 customer.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 20 of the financial report.

Options & Performance Rights

At the date of this report, the unissued ordinary shares of RightCrowd Limited under the various employee share option and rights plans are as follows:

Grant Date	Date of Expiry	Exercise Price	Number unissued shares
13/09/2017*	12/12/2020	$0.43	1,789,980
30/05/2018*	27/08/2020	$0.68	93,333
30/05/2018*	28/08/2021	$0.68	93,333
28/02/2020#	30/09/2020	$0.00	1,692,774
28/02/2020#	30/09/2021	$0.00	4,029,806
29/10/2018#	29/10/2020	$0.00	1,388,889[1]
			9,088,115

*Options
Performance Rights

Option and Performance Rights 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 performance rights issued to the CFO as remuneration, refer to the Remuneration Report. No shares were issued due to exercising of options in the current year.

[1]Of the 1,388,889 performance rights issued, 1,205,424 are classified as share based payments to employees and the remainder are treated as contingent consideration and classified as a financial liability.

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

During the year KPMG, the Group's auditors, has performed certain other services in addition to the audit and review of the financial statements.

The board has considered the non-audit services provided during the year by the auditor and in accordance with advice provided by the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non audit assurance services provided during the year are set out below:

Services other than audit and review of the financial statements	**2020** **$**
Tax consultancy work	12,267

Environmental Issues

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

Rounding off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest dollar, unless otherwise stated.

REMUNERATION REPORT (Audited)

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 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 CFO/COO, Directors do not receive performance incentives.

- Incentives paid in the form of options or rights are intended to align the interests of the KMP 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. It is not envisaged that Directors receive incentives in the form of options or rights.

The Board reviews 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/or 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 based in Australia receive, at a minimum, a superannuation guarantee contribution required by the Australian 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 or performance rights not vested 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. The current maximum aggregate amount is $225,000.

Options and performance rights granted as part of remuneration to employees do not carry dividend or voting rights. Each option or performance right is entitled to be converted into one ordinary share once the vesting conditions have been met. Option and performance right 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. The following policy items were applied to achieve the aim of increased shareholder and management goal congruence: (i) performance-based bonus based on KPIs, (ii) the issue of options to the majority of executives to encourage the alignment of personal and shareholder interests, and (iii) the issue of performance rights to employees to encourage retention and alignment of personal effort to 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 primarily managed as a research and development company while transforming into a commercial operation. All research and development expenditure is expensed as incurred. FY20 results reflect the first full year of ownership of business acquired in Europe and the USA during FY19. Both of these acquisitions are in the early stage of product commercialisation.

	2016 $	2017 $	2018 $	2019 $	2020 $
Sales Revenue	7,015,630	4,146,976	5,520,755	9,378,615	11,534,107
Revenue and other income	8,802,468	5,997,948	9,381,950	11,691,931	16,192,273
Net (loss)	(1,181,662)	(4,697,428)	(5,120,083)	(6,170,821)	(6,786,378)
Loss Per Share	(0.95)	(0.22)	(0.04)	(0.04)	(0.03)
Share Price at 30 June	N/A	N/A	0.40	0.26	0.17

Despite the 23.0% increase in software and consulting revenue over the last financial year, 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 2020 and any Change during the Year	Tenure	At Risk		
			Short term incentive	Long term incentive	Fixed remuneration
Group KMP					
Peter Hill	CEO / Managing Director	16 years	-	-	100%
James Stewart	CFO / COO	1 year	14%	3%	83%
Robert Baker	Non-Executive Chairman	3 years	-	-	100%
Craig Davies*	Non-Executive Director	1 year	-	-	100%
Scott Goninan*	Non-Executive Director	2 years	-	-	100%

* Craig Davies was appointed on 20 August 2019 and Scott Goninan retired on that date.

The employment terms and conditions of all KMP are formalised in contracts of employment. 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
- 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; and
- 4 weeks annual leave per annum
- The contract was executed on the 10th of August 2017 and could be ended by either party giving 6 months' notice.

The Board has the power to change the payment terms of the contract in future periods.

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; and
- 4 weeks annual leave per annum;
- Inclusion in the Group's Long Term Incentive program.
- Commenced on the 15th of July 2019 and could be ended by either party giving 3 months' notice.
- Up to $35,000 cash bonus per annum, subject to satisfying performance conditions. During the financial year 100% of the bonus was achieved, with 75% paid in the year and the remainder paid after year end.

Non-Executive Chairman:

The company has entered into a Directors Agreement with Mr Robert Baker. The key terms are set out in the Appointment letter effective 6 August 2017 and includes a base salary of $60,000 plus statutory superannuation contributions.

Non-Executive Director:

The company has entered into a Directors Agreement with Mr Craig Davies. The key terms are set out in the Appointment letter effective 20 August 2019 and includes a base salary of $40,000 plus statutory superannuation contributions.

Non-Executive Director (retired):

The company had entered into a Directors Agreement with Mr Scott Goninan. On 20th August 2019, the Company annoucned 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 2020

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 $	Bonuses $	Other $	Pension and Super-annuation $	Incentive Plans $	LSL $	Termination Benefits $	Options/ Rights $	$	
Group KMP											
Peter Hill	**2020**	**228,311**	**-**	**-**	**21,003**	**-**	**4,379**	**-**	**-**	**253,693**	**0%**
Peter Hill	2019	220,221	-	281	21,003	-	3,805	-	-	245,310	0%
Robert Baker	**2020**	**60,000**	**-**	**-**	**5,700**	**-**	**-**	**-**	**-**	**65,700**	**0%**
Robert Baker	2019	60,000	-	-	5,700	-	-	-	-	65,700	0%
Scott Goninan[1]	**2020**	**5,638**	**-**	**-**	**536**	**-**	**-**	**-**	**-**	**6,174**	**0%**
Scott Goninan	2019	41,096	-	-	3,904	-	-	-	-	45,000	0%
James Stewart[2]	**2020**	**190,256**	**35,000**	**-**	**18,906**	**-**	**-**	**-**	**8,137**	**252,299**	**17%**
James Stewart	2019	-	-	-	-	-	-	-	-	-	0%
Leslie Milne[4]	2019	183,334	-	2,179	19,738	-	-	24,432	813	230,496	0%
Craig Davies[3]	**2020**	**31,706**	**-**	**-**	**3,012**	**-**	**-**	**-**	**-**	**34,718**	**0%**
Craig Davies	2019	-	-	-	-	-	-	-	-	-	0%
Total KMP	**2020**	**515,911**	**35,000**	**-**	**49,157**	-	**4,379**	**-**	**8,137**	**603,834**	**6%**
	2019	504,651	-	2,460	50,345	-	3,805	24,432	813	586,506	0%

[1] *Scott Goninan appointed 6 August 2017; resigned 20 August 2019*
[2] *James Stewart appointed 7 June 2019; commenced 15 July 2019*
[3] *Craig Davies appointed 20 August 2019*
[4] *Leslie Milne resigned on the 7th of June 2019*

Securities Received that Are Not Performance-related

No members of KMP with the exception of James Stewart (as disclosed) 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 2020 the company granted no cash bonuses or share-based payments to any Director, including the Managing Director. James Stewart, the CFO / COO who was paid a bonus of $26,250 (75% of the maximum bonus available) on the basis of achieving performance objectives set out in his contract of employment in relation to year ended 30 June 2020.

The Board will continue to review these forms of remuneration in the coming year.

In the Financial Year ending 30 June 2020, the Company issued performance rights to all eligible employees of the company with the following tranches in accordance with the Employee Share Plan:

Tranche A – Granted 28th February 2020

The Company granted 1,716,774 performance rights to employees. The objective of this scheme is to incentivise the creation of additional shareholder value with the award of performance rights to staff on the basis of meeting FY20 company targets and being in the employment of the company at vesting date. The Scheme is a performance right which vests on 1st of September 2020 based on the extent to which the company meets the budgeted FY20 revenue of $13.7m and net loss targets of $7.8m. Conditions were not met as at the 30th of June 2020 and no related expense has been recognised.

Tranche B – Granted 28th February 2020

The Company granted 4,029,806 performance rights to employees. The objective of this scheme is to incentivise the creation of additional shareholder value with the award of performance rights to staff on the basis of meeting FY21 company targets and being in the employment of the company at vesting date. The Scheme is a performance right which vests on 1st of September 2021 based on the extent to which the company meets the budgeted FY21 revenue of $19.15m and net loss targets of $2.4m.

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

KMP	Performance Rights Granted Tranche A	Performance Rights Granted Tranche B	Expired/ Forfeited during year
James Stewart	Number: 60,000 Fair value at grant date: $0.21 per performance right Exercise price: $0 Vesting date: 30 September 2020	Number: 140,000 Fair value at grant date: $0.21 per performance right Exercise price: $0 Vesting date: 30 September 2021	-

Performance rights can be exercised only after the vesting date of the plan.

KMP Shareholdings

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

30 June 2020	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Purchase of ordinary shares	Balance at End of Year
Peter Hill (i)	53,907,428	-	-	-	53,907,428
James Stewart	-	-	-	-	-
Robert Baker	433,333	-	-	-	433,333
Craig Davies (ii)	-			104,106	104,106
Scott Goninan (iii)	17,422,517	-	-	-	17,422,517
	71,763,278	**-**	**-**	**104,106**	**71,867,384**

(i) Indirect interest through CNI Pty Ltd <RIGHT CROWD A/C>
(ii) Indirect interest through JAUNE ROSE PTY LTD <DAVIES FAMILY TRUST>
(iii) Indirect interest through GONINAN PROPERTY INVESTMENTS PTY LTD <THE GONINAN WEALTH A/C> + REGENT SECURITIES PTY LTD <PLATERS & ASSCTD CMP SF A/C>

30 June 2019

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

(i) Indirect interest through CNI Pty Ltd <RIGHT CROWD A/C>
(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 <THE GONINAN WEALTH A/C> + REGENT SECURITIES PTY LTD <PLATERS & ASSCTD CMP SF A/C

KMP Options and Performance Rights

No options or performance rights were held during FY20 or FY19 by any KMP members other than James Stewart (as disclosed). None of the options held by KMP at 30 June 2020 had vested nor were exercisable.

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

Peter Hill, Director

Dated: 30 September 2020

Lead Auditor's Independence Declaration under

Section 307C of the Corporations Act 2001

To the Directors of RightCrowd Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of RightCrowd Limited for the financial year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow

Partner

Gold Coast

30 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group 2020 $	2019 $
Revenue	3	11,534,107	9,378,615
Other income	3	4,658,166	2,313,316
Employee benefits expense	4	(16,213,325)	(13,128,451)
Depreciation and amortisation expense	4	(1,064,826)	(278,856)
Impairment expense	14	(1,315,957)	-
Finance costs	4	(102,980)	(11,096)
Other expenses	4	(4,274,133)	(4,380,988)
Loss before income tax		(6,778,948)	(6,107,460)
Income Tax Expense	5	(7,430)	(63,361)
Net loss for the year		(6,786,378)	(6,170,821)
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		114,490	49,738
Total other comprehensive income for the year		114,490	49,738
Total comprehensive loss for the year		(6,671,888)	(6,121,083)
Earnings per share attributable to ordinary equity holders of the company			
Basic loss per share	8	(0.034)	(0.037)
Diluted loss per share	8	(0.034)	(0.037)

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 2020

	Note	Consolidated Group	
		2020	**2019**
ASSETS		**$**	**$**
CURRENT ASSETS			
Cash and cash equivalents	10	1,471,918	4,972,136
Trade and other receivables	11	5,131,949	4,370,775
Inventories		111,640	202,891
Financial assets		119,769	-
Other assets	15	424,146	395,287
TOTAL CURRENT ASSETS		7,259,422	9,941,089
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,864,107	284,004
Intangible assets and goodwill	14	14,568,006	15,814,459
TOTAL NON-CURRENT ASSETS		16,432,113	16,098,463
TOTAL ASSETS		23,691,535	26,039,552
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	1,072,334	707,652
Borrowings	17	1,256,381	87,154
Other liabilities	18	3,188,204	2,485,776
Tax liabilities		5,520	30,849
Provisions	19	1,549,055	1,065,713
TOTAL CURRENT LIABILITIES		7,071,494	4,377,142
NON-CURRENT LIABILITIES			
Borrowings	17	1,353,115	27,623
Other liabilities	18	-	45,408
Provisions	19	91,804	150,767
TOTAL NON-CURRENT LIABILITIES		1,444,919	223,799
TOTAL LIABILITIES		8,516,413	4,600,942
NET ASSETS		15,175,122	21,438,610
EQUITY			
Issued capital	20	40,088,786	39,650,533
Reserves	25	726,544	782,956
Accumulated Losses		(25,640,208)	(18,994,879)
TOTAL EQUITY		15,175,122	21,438,610

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2020

	Note	Issued Capital $	Accumulated Losses $	Foreign Currency Trans-lation Reserve $	Share Based Payment Reserve $	Total $
Consolidated Group						
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						
Shares issued during the year	20a	20,392,079	-	-	-	20,392,079
Share options expensed during the year		-	-	-	487,420	487,420
Transaction costs		(210,274)	-	-	-	(210,274)
Balance at 30 June 2019		**39,650,533**	**(18,994,879)**	**116,459**	**666,497**	**21,438,610**
Balance at 1 July 2019		**39,650,533**	**(18,994,879)**	**116,459**	**666,497**	**21,438,610**
Comprehensive income						
(Loss) for the year		-	(6,786,378)	-	-	(6,786,378)
Other comprehensive income for the year		-	-	114,490	-	114,490
Total comprehensive income for the year		-	(6,786,378)	114,490	-	(6,671,888)
Transactions with owners, in their capacity as owners, and other transfers						
Share options and performance rights expensed during the year	27	-	-	-	367,937	367,937
Shares issued during the year	20a	438,253	-	-	(397,790)	40,463
Transfer of expired options	27	-	141,049	-	(141,049)	-
Total transactions with owners and other transfers		438,253	141,049	-	(170,902)	408,400
Balance at 30 June 2020		**40,088,786**	**(25,640,208)**	**230,949**	**495,595**	**15,175,122**

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 2020

	Note	Consolidated Group 2020 $	Consolidated Group 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		12,726,720	8,837,203
Payments to suppliers and employees		(19,200,873)	(16,601,408)
Interest received		12,467	-
Finance costs		(112,397)	(11,096)
Income tax refunded (paid)		(24,467)	(37,457)
Grants received		3,181,100	1,854,782
Net cash from/ (used in) operating activities	22	(3,417,450)	(5,957,976)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(292,745)	(96,048)
Purchase of intangibles		-	(9,566)
Cash acquired from acquisition of subsidiaries		-	120,326
Cash deposits greater than 3 months		(119,769)	-
Net cash from/ (used in) investing activities		(412,514)	14,712
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	4,562,719
Transaction costs		-	(210,274)
Proceeds from borrowings		1,175,354	208,298
Repayment of borrowings		(196,895)	(304,378)
Repayment of lease liabilities		(549,708)	-
Net cash from financing activities		437,751	4,256,365
Net decrease in cash held		(3,392,213)	(1,686,899)
Effect of movements in exchange rates on cash held		(107,005)	49,738
Cash and cash equivalents at beginning of financial year		4,972,136	6,609,297
Cash and cash equivalents at end of financial year	10	1,471,918	4,972,136

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

NOTES TO THE FINANCIAL STATEMENTS

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

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The Group's operations primarily involve the development and sale of physical security, safety and compliance software.

These consolidated financial statements are presented in Australian Dollars, which is the Group's presentation currency.

The financial statements were authorised for issue on 30 September 2020 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

This is the first set of the Group's annual financial statements in which AASB 16 Leases has been applied. Changes to significant accounting policies are included in note 1.

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 2020 of $6,786,378 (FY 2019: $6,170,821) and net cash operating outflows of $3,417,450 (FY 2019: $5,957,976). As at 30 June 2020, the Consolidated Group's total assets exceeded total liabilities by $15,175,122 (FY19: $21,438,610), and its current assets of $7,259,422 (FY 2019: $9,941,089) exceeded its current liabilities of $7,071,494 (FY 2019: $4,377,142) by $187,928 (FY 2019: $5,563,946).

Subsequent to the end of the financial year, the Company raised $4m from a share placement.

The Directors have prepared cash flow projections that support the Group's ability to continue as a going concern. The cash flow projections indicate the Group will have sufficient cash to meet its minimum expenditure commitments. The Group's ability to continue to adopt the going concern assumption will depend upon a number of matters as follows:

- the successful continued development and further commercialisation of the RightCrowd solution;
- increased revenues being achieved through sales of products and services;
- receipt of future government grants, in particular the research and development tax incentive scheme; and
- maintaining expenses in line with available funding.
- The future impacts of COVID-19 remaining consistent with the group' assumptions in its cash flow forecasts

The directors believe the Group has the ability to meet it debts as and when they fall due for the reasons outlined above.

Significant changes in accounting policies for the year ended 30 June

1. Leases

The Group applied AASB 16 *Leases* from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect, if any, of initial application is recognised in retained earnings on 1 July 2019. Accordingly, the comparative information stated for 2019 is not restated. The details of the change in accounting policy is disclosed below.

Policy applicable from 1 July 2019

At inception of the contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applies AASB 16 only to contracts that were previously identififed as leases. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease under AASB 16.

Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencment date. The right-of-use asset is initally measured at cost, which comprises the intial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate to discount lease liabilities.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflect a similar risk profile to the Group and assessing the most appropriate rate to approximate the incremental borrowing rate.

Group as lessee (cont)

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

- Amounts expected to be payable under a residual value guarantee.
- The exercise price under a purchase option that the Group is reasonably certain to exercise.
- Penalties for early termination options unless the Group is reasonably certain not to terminate early.
- Lease payments related to an extension option period, if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, where the group utilises a purchase option, termination or extension option and for a chamge in estimate for residual value.

When the lease liability is remeasured in this way, a corrresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

The Group presents right-of-use assets in property, plant and equipment and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short term leasees and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Impact on transition

On transition to AASB 16, the Group recognised right-of-use assets and lease liabilties. The impact on trasition is summarised below:

Initial measurement of lease liabilities:

Operating lease commitments disclosed at 30 June 2019:	563,313
Additional future lease payments for expected extension options:	-
Discounted using the Group's incremental borrowing rate:	(15,740)
Lease liability recognised at 1 July 2019:	**547,573**

Adjustments recognised in the statement of financial position on 1 July 2019

Right of Use assets increased by:	547,573
Lease liabilities increased by:	547,573

There was no impact on accumulated losses upon adoption of AASB 16.

Adjustments recognised in the statement of financial position on 1 July 2019 (cont)

In applying AASB 16 for the first time, the Group has used the following practical expediants permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The exclusion of initial indirect costs for the measurement of the right-of-use asset at the date of initial application.
- Grandfathering the assessment of which transactions contain leases.

- Exclusion of leases with remaining terms less than 12 months as at transition date from recognition as Right of Use assets.

Incremental borrowing rate

The Group has applied an incremental borrowing rate of 7.32% to all its lease arrangements in order to calculate the present value of minimum lease payments. Given the Group had no market rate external borrowings, the rate was approximated by applying the Reserve bank of Australia interest rate offered on small business loans on similar terms as the Group's lease arrangements.

Policy applicable before 1 July 2019

Group as lessee

The Group's policy in the comparative period was to classify leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

The Group did not have any finance lease arrangements meeting the above criteria in the comparative period.

Operating leases were recognised in profit and loss on a straight line basis over the lease term.

OTHER SIGNIFICANT ACCOUNTING POLICIES

a. **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 subsidiaries 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 have 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.

b. **Principles of Consolidation**

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity. Any contingent consideration is measured at fair value at the date of acquisition and revalued at each reporting date.

Subsidiaries

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (RightCrowd Limited) and all of its 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.

c. **Income Tax**

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

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period plus any adjustments in respect of prior years. 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 (benefit) 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 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. The Group has not recognised any deferred tax assets in the statement of financial position in the current year. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

d. **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 (i.e. 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.

e. **Property, Plant and Equipment**

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

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.

Depreciation

The depreciable amount of all fixed assets and Right of Use assets is depreciated on a straight-line basis over the asset's useful life to the 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 estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation**
Furniture and fixtures:	10 years
Computer equipment:	4 years
Right of Use Buildings:	Underlying lease term
Right of Use Motor Vehicles:	Underlying lease term
Leasehold improvements	Underlying lease term

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

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.

f. Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

(i) *Financial Assets*

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').

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows that it would not meet this condition.

The Group's financial assets are held at amortised cost. The Group's business model is to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's cash and cash equivalents and trade and other receivables.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition.

(ii) *Financial liabilities*

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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

Allowance for expected credit losses
The allowance for expected credit losses 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, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses is calculated based on information at the time of preparation. The actual credit losses in future years may be higher or lower.

The group considers debts to be in default when credit terms have been exceeded by more than 60 days and subsequent collection procedures have been unsuccessful, at which point credit risk is deemed to have increased and an allowance for expected credit losses is raised.

De-recognition

The Group de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liabilty are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (inlcuidng any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

g. **Impairment of Non-Financial Assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Refer to note 14 of the financial statements for details of impairment tests carried out in relation to recorded goodwill.

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.

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 useful lives used for each class of intangible asset with a finite useful life are:

Class of Intangible Asset	Useful life
Software	7 years
TICTO Wearable tech	7 years

Amortisation rates, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

i. **Employee Benefits**

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 are recognised as current liabilities in the statement of financial position.

Other long-term employee benefits

Other long term employee benefits include long service leave and annual leave entitlements which are 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 liabilities in the 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 liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All Australia based 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.

j. **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.

k. **Cash and Cash Equivalents**
Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of three months or less.

l. **Revenue from Contracts with Customers**
The Group is in the business of development and sale of physical security, safety and compliance software. The major sources of revenue from contracts with customers are:

Perpetual software and hardware

The Group has determined that revenue from the provision of software and hardware licensing on a perpetual basis is to be recognised when products are provided to the customer. The customer receives the underlying software and hardware at a point in time when control is transferred to the customer.

Subscription software

For software sold on a subscription basis via on-premise deployment, the Group has determined that the contract consists of two separate performance obligations, being the delivery of the software license and the provision of ongoing support and maintenance.

The Group has determined that the performance obligation in respect of the delivery of the license is fulfilled when the license is provided to the customer where the customer has the right to use the software, and revenue is therefore recognised at the point in time of delivery of the licence. The date of invoicing is taken to approximate the subscription start/renewal date.

Support and maintenance

For support and maintenance, the Group has determined that the provision of support and maintenance constitutes one performance obligation which is satisfied over the period of the accompanying subscription license, and therefore revenue is recognised over that period, which is generally 12 months. The provision of support and maintenance consists of multiple highly inter related tasks including software upgrades and bug fixes which the group has determined constitute one bundled performance obligation.

Software as a service (Saas)

The group considers that the term contracts relating to software services provided to customers via a cloud environment represents a stand ready service for the duration of the contract term. Revenue related to these services is therefore recognised over the subscription term.

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 performance obligations within the statement of work as this is when control is delivered to the customer. This is also the point at which revenue is recognised.

Multiple performance obligations in a contract

When there are multiple performance obligations in a contract, the Group uses the stand alone selling price for each performance obligation to allocate the transaction price to the performance obligations. Stand-alone selling price is the price for when these services and products are sold in separate agreements.

Further information in respect of this estimate can be found in the significant estimates and judgement section of the summary of significant accounting policies.

Contract assets and contract liabilities

Contract liabilities relate to funds received from customers in advance of fulfilling its performance obligation to provide ongoing support and maintenance services included in a subscription license contract.

Contract assets are only recognised when the entity has a right to consideration in the contract as they have fulfilled their performance obligations but has not yet invoiced the customer.

Contract costs

Incremental costs incurred to obtain a contract are only capitalised if the amortisation period is expected to be greater than one year. If less than one year, the costs are expensed when incurred. The incremental costs relate to commissions paid to employees for obtaining new contracts.

Costs incurred in fulfilling a contract are capitalised if they relate directly to the contract and expected to be recovered. If they do not meet this criteria they are expensed when incurred.

Practical expedient

The Group has applied the practical expedient contained in AASB 15 and not disclosed the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) at the end of the reporting obligation on the basis that the performance obligations involved are associated with contracts having an expected duration of one year or less.

m. **Government grants**

The Group recognises an unconditional government grant in profit or loss as other income when the grant becomes receivable. The Group assesses the likelihood of grants being received based on the terms and conditions of the individual grants.

The Group has received government grants in the current year in relation to COVID-19 assistance and the Australian Government Research and Development Investment Scheme. The COVID-19 assistance grants primarily comprise the ‘Jobkeeper’ program in Australia and the ‘Payroll Protection Program’ in the USA and various low interest government support loans.

The Group has recorded the 'Jobkeeper' funds directly in other income. The Group has reviewed the requirements for the receipt of this grant and has assessed that recognition as other income is appropriate as the funds are unlikely to require repayment based on the terms and conditions attached to the grant. The terms and conditions of Jobkeeper require the funds provided to be expended solely for the purpose of paying salaries to employees.

The Payroll Protection Program relates to COVID-19 payroll assistance provided by the U.S. government for the Group's U.S. based operations. Funds received have initially been recognised as borrowings, and where loan forgiveness is deemed likely or has already been obtained from the U.S. government authorities, have been re-classified to other income in line with the amount forgiven or likely to be forgiven. The residual amount not expected to qualify for loan forgiveness has been classified as borrowings. The terms of and conditions of the PPP loan require that loan funds provided are expended solely for the purpose of paying salaries to employees. A portion of the loan funds may be eligible for forgiveness.

The Group has also received COVID-19 government assistance in the form of low interest government loans. The Group has recognised a portion of these low interest loans as other income, being the difference between the face value and fair value of the loan amount repayable.

Each year, the Group submits a claim to the Australian Taxation Office for the research and development refund. The refund is calculated based on an estimate of the proportion of costs incurred by the Group in respect of ongoing research and development activities. The amount receivable is included in other income each period given the Group has been successful in all claims submitted in past years and the receipt of the grant is therefore considered highly likely. The terms and conditions of the Research and Development grant require the group to have incurred expenditure connected to eligible Research and Development activities as defined by the Australian Taxation Office.

n. **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, and the Research and Development refund. 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 1(f) for further discussion on the determination of impairment losses.

The recognition of the research and development refund is described in note 1(m).

o. **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.

p. **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.

q. **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.

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

Equity-settled share-based compensation by way of issue of options and performance rights 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 such as Black Scholes which take 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.

Share based payment arrangements executed by the Group include both market and non-market performance conditions. Changes in market conditions are considered by adjusting the fair value of the underlying equity instruments directly. Changes in non-market conditions are reflected by adjusting the number of equity instruments ultimately expected to vest under the arrangement.

s. **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 judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(1) *Impairment of tangible assets*

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 assumptions, including the impact of COVID-19 on future trading and liquidity.

(2) *Impairment of intangible assets including 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 including the impacts of COVID-19 on future trading.

(3) *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. Consideration is made of debtor positions in light of the additional risks arising due to COVID-19 for industries expected to be highly impacted.

The Group assesses that there is no requirement to make a provision for impairment of receivables at the end of the current reporting period. This is based primarily on the composition of the Group's customer base, being mainly large corporates and with a history of minimal defaults, no increase in credit risk since initial recognition, historical experience and subsequent receipts post year end.

(4) *Share based payment transactions*
The Group measures the fair value 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.

(5) *Revenue recognition for subscription license sales – distinct performance obligations*
As described in note 1(l) to the financial statements, the Group has made judgements in determining whether the performance obligations are distinct. The provision of support and maintenance comprised of multiple tasks, such as troubleshooting, bug fixes, and software updates. Given solutions such as bug fixes and software updates are determined through issues identified as part of troubleshooting tasks, all these activities are highly interrelated with one another. As such, these tasks constitute a single performance obligation

There is judgement involved in determining the allocation of the transaction price to the multiple identified performance obligations. This is performed using the stand alone selling price approach in AASB 15, whereby the Group reviews perpetual license deals with similar terms and conditions in order to derive an allocation between the license component and accompanying support and maintenance.

(6) *Leases*
Signficant judgments and estimates have been applied in the current year first time application of AASB 16 'Leases'. These judgements and estimates are disclosed in note 1 to the financial statements and include the following:

- The use of a single discount rate across all the Group's lease arrangements as a proxy to reflect the rate across each lease.
- Consideration as to whether the group is reasonably certain to exercise its option to extend or terminate the lease.
- Estimation of Incremental borrowing rate based on Reserve Bank of Australia publicly available small business loan rates.

(7) *Government grants and low interest loans*
Signficant judgments and estimates have been applied in the current year in respect of government grants and low interest government loans received as follows:

- Recognition of funds received under the Australian Government 'Job keeper' scheme as other income on the basis that the Group has met the requirements under the funding terms and conditions and the funds will therefore not require repayment in a future period.
- Recognition of a portion of funds received as other income under the U.S. government 'Payroll Protection Program' on the basis that the Group has met the requirements under the terms and conditions of the program for the repayment of loan funds received to be forgiven. That portion of loan funds received for which the group has judged loan forgiveness to be unlikely has been recorded in borrowings.

- Recognition of a portion of loan funds received under the QRIDA loan facility as 'other income', being the difference between the fair value of the loan, and the face value of the loan which is subject to below market interest rates.
- Recognition of the R&D Refundable Tax Offset receivable and related income on the basis that the group has met the requirements for eligible activities and expenses which are claimable under the R&D tax incentive provided by the ATO and is reasonably certain that this will be received and will not require repayment in a future period.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Amendments to Australian Accounting Standards – Definition of Material

These amendments are intended to address concerns that the wording in the definition of 'material' was different in the Conceptual Framework for Financial Reporting, AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments address these concerns by:

- Replacing the term 'could influence' with 'could reasonably be expected to influence';
- Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material;
- Clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework; and
- Aligning the definition of material across IFRS Standards and other publications.

Amendments to AASB 3 Business Combinations

These amendments to clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

Amendments to various Accounting Standards and other pronouncements to support the issue of the revised Conceptual Framework for Financial Reporting. Some Accounting Standards and other pronouncements contain references to, or quotations from, the previous versions of the Conceptual Framework. This Standard updates some of these references and quotations so they refer to the Conceptual Framework issued by the AASB in June 2019, and also makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

The directors do not expect that the adoption of amendments listed above will have a material impact on the financial statements of the Group in the future periods.

NOTE 2: PARENT INFORMATION

As at, and throughout, the financial year ended 30 June 2020 the parent entity of the Group was RightCrowd Limited. The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2020 **$**	**2019** **$**
Statement of Financial Position		
ASSETS		
Current assets	3,077,056	4,141,045
Non-current assets*	13,089,864	18,069,610
TOTAL ASSETS	16,166,920	22,210,655
LIABILITIES		
Current liabilities	(956,002)	(719,572)
Non-current liabilities	(34,667)	(52,473)
TOTAL LIABILITIES	(990,669)	(772,045)
EQUITY		
Issued capital	40,088,786	39,650,533
Accumulated profits	(24,912,535)	(18,211,923)
TOTAL EQUITY	15,176,251	21,438,610

*non-current assets shown above includes share options of the parent entity issued to employees of a subsidiary entity of $367,937 (30 June 2019: $487,420).

Statement of Profit or Loss and Other Comprehensive Income

Total profit / (loss)	(6,700,612)	(19,472,553)
Total comprehensive income (loss)	(6,700,612)	(19,472,553)

a) The parent entity has no contingent liabilities (2019: 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

	2020 $	2019 $
a. **Revenue from contracts with customers**		
– Perpetual software and hardware sales	1,631,521	1,337,102
– Subscription software	1,242,154	631,744
– Support and maintenance	2,277,896	1,882,509
– Software as a service (SaaS)	489,670	102,959
– Consulting services	5,892,866	5,424,301
	11,534,107	9,378,615
Other Income:		
– interest received	12,495	71,175
– travel & accommodation recharge	75,244	82,125
– employee contributions	126	152
– foreign currency exchange gain (loss)	(54,188)	205,082
– profit on sale of assets	4,777	-
– R&D Refund	3,121,836	1,954,782
– Job-keeper grants	571,500	-
– Payroll Protection Program	638,561	-
– Fair value adjustment on low interest government loans	62,537	-
– Other government grants and subsidies	94,685	-
– Lease incentive	100,000	-
– Fair value adjustment on contingent consideration	30,593	-
	4,658,166	2,313,316
Total revenue & Other Income	16,192,273	11,691,931

For revenue disclosures by segment and geography, please refer to note 28.

NOTE 4: LOSS BEFORE INCOME TAX

		Consolidated Group	
		2020	2019
		$	$
Loss before income tax includes the following specific expenses:			
a.	**Expenses**		
	Employee benefits expense:		
–	salaries and wages	13,955,435	11,147,999
–	defined contribution superannuation expense	697,426	610,024
–	other employment expenses	323,706	222,044
–	employee share options and rights expense	367,937	487,420
–	bonus payments	195,265	228,018
–	payroll taxes	284,556	334,716
–	Increase in provisions	389,000	98,230
		16,213,325	13,128,451
	Depreciation and amortisation expense:		
–	depreciation expense	705,302	91,650
–	amortisation expense	359,524	187,206
		1,064,826	278,856
	Finance costs:	102,980	11,096
	Other expenses:		
	Rent expense	160,335	655,583
	Travel expense	792,613	988,731
	Professional and consulting expense	1,874,388	1,930,690
	Cost of sales	128,098	
	Other expenses	1,318,699	805,984
		4,274,133	4,380,988

NOTE 5: TAX EXPENSE/(INCOME)

		Consolidated Group 2020 $	Consolidated Group 2019 $
a.	**Income tax expense**		
	The components of tax expense/(income) comprise:		
	Current tax	7,430	63,361
		7,430	63,361
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:		
	(Loss) before income tax	(6,778,948)	(6,107,460)
	Prima facie tax on (loss) from ordinary activities before income tax at Australian tax rate 27.5% (2019: 27.5%)	(1,864,211)	(1,679,552)
	Tax effect of:		
	– non-allowable (assessable) items	77,299	64,048
	– net Impact of R&D Refund	820,210	698,217
	– tax payable by subsidiaries - overseas tax	7,430	63,361
	Deferred tax assets not recognised as recoverability criteria not met	966,702	917,287
	Income tax expense	7,430	63,361

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. The tax losses from which these deferred tax assets have arisen do not expire.

	2020	2019
Deferred tax assets for losses not brought into account	2,012,400	1,504,548
Deferred tax assets not recognised	1,129,375	644,013
Total deferred tax losses not brought into account	3,141,775	2,149,160

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

During the year ended 30 June 2020 the company considers that the Group's KMP for the purpose of this note are the CEO, CFO/COO and the directors of the company.

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

	2020 $	2019 $
Short-term employee benefits	516,597	507,111
Post-employment benefits	49,156	50,345
Bonuses	26,250	-
Other long-term benefits	4,379	3,805
Termination benefits	-	24,432
Share-based payments	8,137	813
Total KMP compensation	604,519	586,506

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.

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Other long-term benefits
These amounts represent long service leave benefits paid 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.

Further information in relation to share based payments can be found in note 27 to the financial statements.

Profit share and bonuses

These amounts relate to performance based incentives paid to Key Management Personnel.

NOTE 7: AUDITOR'S REMUNERATION

	Consolidated Group	
	2020	**2019**
	$	**$**
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	107,000	84,000
Non assurance services:		
– Tax consultancy services	12,267	-

NOTE 8: LOSS PER SHARE

		Consolidated Group	
		2020	**2019**
		$	**$**
a.	Reconciliation of earnings to profit or loss:		
	Profit/(Loss)	(6,786,378)	(6,170,821)
	Earnings used to calculate basic loss per share	(6,786,378)	(6,170,821)
	Earnings used in the calculation of dilutive loss per share	(6,786,378)	(6,170,821)
b.	Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share	198,660,976	165,399,033

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 2020 and 2019. 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 coast of the US market.

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

	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	**191,740**	**269,713**
Goodwill on acquisition	**714,604**	**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**

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

Impairment loss – Offsite Vision

Largely as a result of the COVID-19 pandemic, the expected synergies described above have been delayed and as a result, the directors have recognised impairment in respect of Offsite Vision acquired intangible assets and goodwill in the current year. Refer to note 14 of the financial statements for additional information on the impairment loss recognised.

NOTE 9: ACQUISITION OF SUBSIDIARIES (CONT)

Contingent consideration on acquisition

As part of the acquisition agreement there were two contingent consideration components. Both of these related to contracted revenue targets and a maximum of 2,777,778 shares were available to be issued should the targets have been 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 to note 27)*. The first contingent consideration component was met in full and shares were issued under the agreement. The second contingent consideration component is outstanding as at 30 June 2020.

Refer also to note 21 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.

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**
Cashflows on acquisition	**EUR**	**AUD**
Cash consideration	-	-
Cash acquired	73,380	116,810
Total cashflow outflows on acquisition		

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 cash-flows 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

	Consolidated Group	
	2020	**2019**
	$	**$**
Cash at bank and on hand	1,471,918	4,972,136

NOTE 11: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2020	**2019**
	$	**$**
CURRENT		
Trade receivables	2,186,222	2,520,775
R & D Refundable Tax Offset receivable	2,945,727	1,850,000
Total current trade and other receivables	5,131,949	4,370,775

Credit risk

The Group through relationships with partners and major clients has some credit risk concentrated on major customers. The revenue earned from the group's top five customers for the year ended 30 June 2020, which is an indicator of the degree of concentration of risk associated with trade receivables, was $7,066,429.

The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group. Within trade and other receivables, amounts receivable from trade customers for services and products provided are the main source of credit risk. Further information in relation to the Group's credit risk is disclosed in note 24 to these financial statements.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality. No provision for expected credit losses has been raised on the basis that customers to which receivables are past due relate solely to finance processing delays with the respective customers. There is no credit risk associated with other receivables on the basis that these amounts relate to research and development tax incentives received from the Australian Government.

			Past Due but Not Impaired (Days Overdue)				
	Gross Amount	**Past Due and Impaired**	**< 30**	**31–60**	**61–90**	**> 90**	**Within Initial Trade Terms**
	$	**$**	**$**	**$**	**$**	**$**	**$**
2020							
Trade and term receivables	2,186,222	-	407,393	-	429,578	51,927	1,297,324
Other receivables	2,945,727	-	-	-	-	-	2,945,727
Total	5,131,949	-	407,393	-	429,578	51,927	4,243,051
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

NOTE 11: TRADE AND OTHER RECEIVABLES (CONT)

Expected credit loss assessment for Corporate Customers

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from a variety of agencies.

The following table provides information about the exposure to credit risk and ECL's for trade receivables for corporate customers as at 30 June 2020:

	Equivalent to external credit rating	Weighted average loss rate $	Gross carrying amount	ECL	Credit impaired
30 June 2020					
Grade					
Low risk	BBB- to AAA	0%	2,945,727	-	No
Fair risk	BB- to BB+	0%	2,186,222	-	No
Total		-	5,131,949	-	

	Equivalent to external credit rating	Weighted average loss rate $	Gross carrying amount	ECL	Credit impaired
30 June 2019					
Grade					
Low risk	BBB- to AAA	0%	1,850,000	-	No
Fair risk	BB- to BB+	0%	2,520,775	-	No
Total		-	4,370,775	-	

There has been minimal impact on credit risk for the Group's customers as a result of the COVID-19 pandemic. Low risk trade receivables identified above relate to research and development grants payable by the Australian Government and as such have no risk of default.

Fair risk trade receivable balances above relate to amounts receivable from the Group's customers. The vast majority of customers are large corporate institutions, including Fortune 50 and ASX listed entities. These companies have continued to meet their credit obligations to the Group as and when they have fallen due. The group has not received any requests for payment extensions from these customers.

NOTE 12: INTEREST IN SUBSIDIARIES

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 are no significant restrictions on the ability of RightCrowd Limited to access of use the assets and settle the liabilities of the Group. No significant judgements or assumptions have been applied in determining that control over a subsidiary exists given all subsidiaries are 100% owned. There are no non-controlling interests for any entities in either the 2019 or 2020 financial years.

NOTE 12: INTEREST IN SUBSIDIARIES (CONT)

Name of Subsidiary	Principal Place of Business/country of incorporation	Ownership Interest Held by the Group 2020 %	2019 %
Subsidiary of RightCrowd Limited			
RightCrowd Software Pty Ltd	Australia	100%	100%
RightCrowd NV	Belguim	100%	100%
Offsite Vision Holdings Inc.	U.S.A.	100%	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%	100%
Subsidiary of Ticto NV			
Ticto Inc.	USA	0%	100%
b **Information about interests in other entities**			
Reporia Pty Ltd	Australia	100%	100%

Ticto Inc. was dissolved during the current year. All assets and liabilities of Ticto Inc were transferred to Ticto NV after dissolution.

The financial statements of Offsite Vision Holdings Inc. are as of a period different to the reporting period of the consolidated financial statements of the Group. Offsite Vision Holdings Inc. financial year end is 31 December.

This was the existing financial year end of the subsidiary when it was acquired on 29 October 2018. The Directors plan to align the year end of the subsidiary to the year end of the Group in a future period.

Reporia Pty Ltd was acquired to bring the intellectual property of the 'RightCrowd IQ' product into the RightCrowd Group during the 2017 financial year. The company is dormant and has no transactions or balances.

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group 2020 $	2019 $
Plant and equipment		
At cost	442,532	455,228
Accumulated depreciation	(220,619)	(202,015)
	221,913	253,213
Furniture and Fittings:		
At cost	168,673	30,791
Accumulated depreciation	(31,440)	-
	137,233	30,791

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONT)

Buildings:		
At cost	1,890,599	-
Accumulated depreciation	(498,048)	-
	1,392,551	
Vehicles Right of Use Asset:		
At cost	104,993	-
Accumulated depreciation	(41,395)	-
	63,598	
Leasehold improvements		
At cost	54,802	
Accumulated depreciation	(5,450)	
	49,352	
Total property, plant and equipment	1,864,107	284,004

Movements in carrying amounts:

	Plant and Equipment $	Furniture and fittings $	Buildings $	Vehicles $	Leasehold improvements $	Total $
Consolidated Group:						
Balance as at 1 July 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)
Re-presentation*	(30,791)	30,791	-	-	-	-
Closing value at 30 June 2019	**253,213**	**30,791**		**-**	**-**	**284,004**

Year ended 30 June 2020	Plant and Equipment $	Furniture and fittings $	Buildings $	Vehicles $	Leasehold improvements $	Total $
Balance at 1 July 2019	**253,213**	**30,791**	**-**	**-**	**-**	**284,004**
Recognition of right-of-use asset on Initial application of AASB 16	-	-	547,573	0	-	547,573
Additions	97,129	137,882	1,343,026	104,993	54,802	1,737,832
Disposals	-	-	-	-	-	-
Depreciation expense	(128,969)	(31,440)	(498,048)	(41,395)	(5,450)	(705,302)
Closing value at 30 June 2020	**221,373**	**137,233**	**1,392,551**	**63,598**	**49,352**	**1,864,107**

*Prior year disclosure did not include split between plant and equipment and furniture and fittings. Restated in current year.

NOTE 14: INTANGIBLE ASSETS

	Consolidated Group 2020 $	2019 $
Goodwill:		
Cost	13,569,598	13,569,598
Foreign currency revaluation	383,403	
Accumulated impairment losses	(1,007,030)	-
Net carrying amount	12,945,971	13,569,598
Software and website development costs:		
Cost	1,664,736	1,815,224
Foreign currency revaluation	28,364	
Accumulated amortisation	(277,055)	(150,489)
Accumulated impairment	(308,927)	-
Net carrying amount	1,107,118	1,644,736
Wearable tech:		
Cost	580,125	616,842
Foreign currency revaluation	17,261	
Accumulated amortisation and impairment losses	(82,469)	(36,717)
Net carrying amount	514,917	580,125
Total intangible assets	**14,568,006**	**15,814,459**

Movements in carrying amounts:	Goodwill $	Software $	Ticto Wearable Tech $	Total $
Consolidated Group:				
Year ended 30 June 2019				
Balance at 1 July 2018	-	-	-	-
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
Year ended 30 June 2020				
Balance at 1 July 2019	13,569,598	1,664,736	580,125	15,814,459
Foreign currency revaluation	383,403	28,364	17,261	429,028
Amortisation charge	-	(277,055)	(82,469)	(359,524)
Impairment expense	(1,007,030)	(308,927)	-	(1,315,957)
Closing value at 30 June 2020	12,945,971	1,107,118	514,917	14,568,006

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.

NOTE 14: INTANGIBLE ASSETS (CONT)

Impairment testing

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

	Consolidated Group	
	2020	**2019**
	$	**$**
Ticto division	12,945,971	12,562,568
Offsite division	-	1,007,030
	12,945,971	13,569,598

Both the Ticto and Offsite CGU's generate cash flows independently and represent the lowest level at which goodwill is monitored for internal management purposes. Impairment was recognised in the current year in respect of the Offsite Division cash generating unit intangible assets and goodwill balances.

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.

Ticto CGU – Key assumptions

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive. The following key assumptions were used in the discounted cash flow model for the Ticto CGU at 30 June 2020:

- 12.2% post-tax discount rate;
- 2% terminal growth rate;
- Forecast revenues of $3,921,000 for 2021 which are driven by pipeline opportunities adjusted for risk of non-achievement and rate of success to date and expected costs to achieve the forecast sales
- 50% per annum revenue growth rate for 2022, with growth thereafter reducing by 10% per annum over the final three years of the forecast period;
- 22% per annum increase in staff costs over the forecast period.

Discount rate

The discount rate of 12.2% post-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. The discount rate reflects the geographical location of the CGU's key customers, being primarily the USA and Europe.

Terminal growth rate

The terminal growth rate represents management's best estimate of the growth rate of the Ticto CGU beyond the forecast period. The rate assumes the Ticto CGU will grow at a set rate into perpetuity beyond the forecast period. Sensitivities in relation to the terminal growth rate are shown below.

Revenue growth rate

Directors believe the first year forecast and subsequent projected 50% revenue growth rate is appropriate. Although the COVID-19 pandemic has delayed some pipeline opportunities within the Ticto CGU, the Group has reacted quickly and developed new social distancing and contract tracing solutions for organisations looking to return employees to the workplace and has generated signficant interest for these products. Additional material orders are forecast to be placed throughout FY21.

NOTE 14: INTANGIBLE ASSETS (CONT)

The social distancing solutions, which have been developed using existing RightCrowd Presence Control technology, have been sold with the inclusion of Presence Control functionality. The Directors are of the view that even after the COVID-19 pandemic has eased, growth in Ticto NV will be ongoing as customers continue to utilise the product for both social distancing and Presence Control applications

Refer to below section 'changes in key assumptions from the prior year' for additional discussion on the increase in revenue growth rate through year one of the forcast period and beyond.

Staff costs growth rate

Directors believe the projected 22% per annum staff cost growth rate is appropriate. Signficant revenue growth has been incorporated into the Ticto Value in Use model, and although the manufacuring of the social distancing solutions are largely outsourced and the CGU already has an established development team in place, signficant revenue growth is likely to necessitate an increase in the staff base in order to meet manufacturing requirements. The Directors have assessed annual growth in staff costs of 22% to be a reasonable approximation of staff costs growth moving forward.

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 $7.3m.

Changes in key assumptions from the prior year

The following key assumptions have changed from the prior year for the Ticto CGU:

Key assumption	30 June 2020	30 June 2019	Movement (=-%)
Post tax discount rate	12.2%	15.2%	-3%
Terminal growth rate	2%	3%	-1%
Staff costs growth rate	22%	15%	+7%
Revenue growth rate after year one	50% year 2, thereafter 10% decline in revenue growth per year	50% annual growth rate over full forecast period	-10% per annum for the final three years of the forecast period.
Year one forecast revenue	$3,921,000	$633,000	+$3,288,000 (+519%)

Comments on changes in key assumptions

Post tax discount rate:

The Directors have assessed the post tax discount rate utilised in the impairment model and made amendments to make the rate more reflective of the location of the CGU's key customers, being primariliy in the U.S.A. Key customers in the prior year were mainly located in the European market.

Terminal growth rate:

The terminal growth rate has been adjusted to more accurately reflect the medium term inflation target within the CGU's resident country. This was assessed as indicating the highest rate of growth available into perpetuity.

Staff costs growth rate:

The directors have increased the staff costs growth rate as a result of the signficant growth in the customer pipeline for the CGU's social distancing solutions. As noted above, although the manufacturing of the solution is largely outsourced and the CGU has an established development team in place, the Directors have concluded that additional staff costs are more supportive of a signficant increase in revenue growth.

NOTE 14: INTANGIBLE ASSETS (CONT)

Revenue growth rate and Year 1 forecast revenue:

The directors have forecast a signficant increase in year one revenue in comparison to the prior period.

The key reasons for the signficant increase in forecast revenue are as follows:

- **Material increase in pipeline opportunities.** As at 30 June 2020, the CGU had a significant pipeline of open opportunities. These opportunities consist of a mix of very large fortune 50 customers, and equally large international businesses steadily returning their employees to the workplace post COVID-19. Given this material increase in pipeline opportunities and early high rates of conversion, the directors believe the significant year one revenue growth and significant growth thereafter is appropriate.

Specific Sensitivity Analysis – Revenue growth rate

The achievement of forecast revenue growth in year one, and growth thereafter, is dependent on a number of critical assumptions including the conversion of forecast pipeline oppurtunties and the continuity of customer demand for social distancing solutions in the future. There is a risk that should these critical assumptions not materialise, the Ticto CGU would be impaired.

The following tables present the impacts of variability in the achievement of these critical assumptions on the impairment / headroom calculated under the Ticto CGU value in use model. The table presents sensitivities calculated on year one revenue growth and growth rate thereafter. All other variables in the value in use model have remained constant under the sensitivity modelling. Sensitivity calculated on other components of the model is presented further below.

Revenue	**Headroom/(impairment)**
Revenue in 2021 decreases by 25%	($2.8 million)
Revenue growth in 2022 decreases to 40%	($2 million)

Sensitivity analysis – other key assumptions in Ticto Value is use model

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 and the Ticto CGU may be impaired. The following tables present sensitiviites run on the following model inputs, assuming all other inputs remain constant:

Assumption changes	**Headroom /(impairment)**
Discount rate increases to 13%	$5.4 million
Terminal growth rate decreases to 1%	$5.6 million
Staff costs growth rate increases to 40%	($264k)

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

NOTE 14: INTANGIBLE ASSETS (CONT)

Offsite Vision Key assumptions

The following key assumptions were used in the discounted cash flow model for the Offsite division as at 30 June 2020:

- 13.6% post-tax discount rate (2019: 15.3%);
- Forecast revenues of $894,000 for 2021 which are driven by pipeline opportunities adjusted for risk of non-achievement and rate of success to date and expected costs to achieve the forecast sales;
- 20% per annum projected revenue growth rate from year 2 onwards (2019: 20%);
- 14% per annum growth in staff costs (2019: 5%);
- 2% terminal value (2019: 3%).

Discount rate

The discount rate of 13.6% post-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. The discount rate reflects the geographical location of the CGU's key customers, being the USA.

Terminal growth rate

The terminal growth rate represents management's best estimate of the growth rate of the Offsite Vision CGU beyond the forecast period. The rate assumes the Offsite Vision CGU will grow at a set rate into perpetuity beyond the forecast period.

Staff costs growth rate

The staff costs growth rate of 14% represents the Directors best estimate of the growth in staff costs required to support the revenue growth rate of 20% detailed below.

Revenue growth rate

Directors believe the projected 20% revenue growth rate is appropriate. Offsite Vision was heavily impacted by the COVID-19 pandemic, with the majority of the small or initial customer base being located on the USA East Coast, one of the hardest hit regions globally. The pandemic resulted in delays in both the commencement of new projects and execution of forecast pipeline opportunities. COVID-19 continues to impact Offsite Vision's market.

Regardless of this, the Directors are of the opinion that the Offsite Vision CGU will convert a number of existing pipeline oppurtunites once the pandemic has eased and existing customers for which ongoing projects were put on hold as a result of the pandemic will re-commence in the 2021 financial year. The Directors therefore believe the 20% annual revenue growth rate is appropriate.

There were no other key assumptions for the Offsite division.

NOTE 14: INTANGIBLE ASSETS (CONT)

Offsite Vision Impairment

As a result of the carrying amount of the Offsite Vision CGU exceeding the recoverable amount, impairment was recognised in respect of the CGU in the current year. Total impairment of $1,315,957 was recognised relating to the following balances:

Balance	Book value prior to impairment	Impairment recognised
Goodwill	1,007,030	(1,007,030)
Software	308,927	(308,927)
Investment in Offsite Vision*	1,276,743	(1,276,743)

*parent entity balance refer to note 2

NOTE 15: OTHER ASSETS

	Consolidated Group	
	2020	2019
	$	$
CURRENT		
Deposits Held and advances	39,788	108,814
Prepayments	384,358	286,473
	424,146	395,287

NOTE 16: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2020	2019
	$	$
CURRENT		
Unsecured liabilities:		
Trade payables	619,319	516,987
Payroll payables	63,734	47,855
Accrued expenses	389,281	142,810
	1,072,334	707,652

Information about the Group's exposure to currency and liquidity risks is shown in note 24.

NOTE 17: BORROWINGS

	Consolidated Group 2020 $	2019 $
CURRENT		
Unsecured liabilities:		
Insurance premium funding	100,055	20,830
Lease liabilities	590,503	-
Other Unsecured loan	68,023	66,324
Secured liabilities		
R & D factoring*	497,800	-
Total current borrowings	1,256,381	87,154
NON-CURRENT		
Unsecured liabilities:		
Lease liabilities	925,759	-
Payroll protection program	196,377	-
Small Business Administration Loan	43,516	-
Unsecured loan	-	27,623
Secured liabilities		
QRIDA Loan*	187,463	-
Total non-current borrowings	1,353,115	27,623
Total borrowings	2,609,496	114,777

*secured by a General Security Agreement over the relevant company's assets

Terms and conditions

Borrowings disclosed above have the following terms and conditions:

Balance	Interest rate per annum	Repayment terms
Insurance premium funding	2.28%	Principal and interest, Repayable in full by 30 October 2020
Payroll Protection Program	1%	Principal and interest, 30-year repayment term commencing 12 months after facility commencement.
R & D factoring	12%	Principal and interest, Repayable in full by 30 November 2020
QRIDA loan	2.5%	10 year total term. Two years interest only from commencement of facility, balance repayable over remaining eight years.
SBA Loan	3.75%	Principal and interest, 30-year repayment term commencing 12 months after entering into the facility
Other unsecured loan	2%	Repayable in full by 30 August 2020
Lease Liabilities	Refer to note 1(a) in the 'Changes to Significant Accounting Policies' section and note 29 for detailed information on Right of Use liabilities, including repayment terms and details of incremental borrowing rate utilised.	

NOTE 17: BORROWINGS (CONT)

		2020 $	2019 $
Movements in carrying amounts:			
a.	Insurance Premium Funding:		
	Opening balance	20,832	90,956
	Proceeds	250,198	208,298
	Less repayments	(170,975)	(278,422)
	Closing balance	100,055	20,830
b	Unsecured loans:		
	Opening balance	93,945	-
	Additions through acquisitions	-	119,901
	Proceeds	43,516	-
	Less repayments	(25,922)	(25,956)
	Closing balance	111,539	93,945
c	Lease liabilities:		
	Opening balance	-	-
	Amounts recognised on initial application of AASB 16	547,573	-
	Additions	1,612,737	-
	Less repayments	(549,708)	
	Interest expense	(94,340)	-
	Closing balance	1,516,262	-
d	Payroll Protection Program (PPP)		
	Opening balance	-	-
	Proceeds	196,377	-
	Less repayments	-	-
	Closing balance	196,377	-
e	R&D Factoring		
	Opening balance	-	-
	Proceeds	497,800	-
	Less repayments	-	-
	Closing balance	497,800	-
f	QRIDA Loan		
	Opening balance	-	-
	Proceeds	250,000	-
	Day 1 gain*	(62,537)	
	Less repayments	-	-
	Closing balance	187,463	-

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is shown in note 24.

*adjustment to fair value relates to recognition as other income of low interest component of loan. Refer note 1(m)

NOTE 18: OTHER LIABILITIES

	Consolidated Group	
	2020	2019
	$	$
CURRENT		
Contract liabilities	3,160,777	2,432,801
Contingent consideration	27,427	52,975
	3,188,204	2,485,776
NON-CURRENT		
Contingent consideration	-	45,408
	3,188,204	2,531,184

Reconciliation of contract liabilities

Opening contract liabilities	2,432,801	1,474,590
Revenue recognised from opening contract liabilities	(1,495,757)	(1,317,905)
Billing received	2,223,733	2,276,116
Closing contract liabilities	**3,160,777**	**2,432,801**
Revenue recognised from opening contract liabilities comprises:		
Subscription licenses	592,870	445,608
Support and maintenance	902,887	872,297
Total	**1,495,757**	**1,317,905**

Contract liabilities

Contract liabilities relate to consideration 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. On initial recognition management assessed whether the shares should be classified as debt or equity in accordance with AASB 132 Financial Instruments: Presentation. The contingent consideration was classified as a liability due to the fact that a variable number of shares are issuable. The liability is initially recognised at fair value at transaction date and remeasured at each period end with movements in fair value recognised in profit and loss as incurred. The fair value is estimated by probability-weighting the estimated future share issues at market share price, adjusting for risk and discounting. There were two milestones contained within this acquisition and probabilities were assigned to each of the milestones as to whether the conditions would be achieved. The fair value of the share price was determined to be $0.33 in calculating the fair value of the contingent consideration at initial recognition. The liability is remeasured at the end of each reporting period to the fair value at that date with judgements made over whether the milestone will be hit and the number of shares that will be issued to extinguish the liability. Milestone 1 was achieved and shares were issued accordingly, with the fair value of the contingent consideration component adjusted. Contingent consideration and options on issue in respect of milestone 2 are outstanding as at 30 June 2020.

NOTE 19: PROVISIONS

	Consolidated Group	
Employee benefits	2020	2019
	$	$
Current	1,549,055	1,065,713
Non-current	62,571	150,767
	1,611,626	1,216,480
Lease make good costs		
Non-current	29,233	-

NOTE 20: ISSUED CAPITAL

Ordinary Shares
The company does not have authorised capital or par value in respect of its issued shares. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

	Consolidated Group	
a. **Ordinary Shares**	**No.**	**$**
Balance at 1 July 2018	133,333,333	19,468,728
Share movements during the 2019 financial year:		
– Share issue on 29 October 2018 [1]	3,549,377	1,171,295
– Share issue on 28 November 2018 [2]	11,588,431	3,476,529
– Share issue on 3 December 2018 [2]	2,620,632	786,190
– Share issue on 12 December 2018 [2]	666,666	200,000
– Share issue on 16 January 2019 [3]	45,806,452	14,658,065
Share issue on 18 January 2019 [4]	333,333	100,000
Share issue costs	-	(210,274)
Balance at 30 June 2019	**197,898,224**	**39,650,533**

[1] 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.

[2] 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.

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

[4] 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.

	Consolidated Group	
Share movements during the 2020 financial year:	**No.**	**$**
Balance at 1 July 2019	197,898,224	39,650,533
– Share issue on 13 December 2019 [5]	1,388,889	438,253
Balance at 30 June 2020	**199,287,114**	**40,088,786**

[5] On 13 December 2019, 1,388,889 ordinary shares were issued at $0.31 per share to Offsite Vision KMP as a result of the subsidiary meeting specified performance milestones as part of the acquisition agreement executed in the prior year

b. **Capital Management**

Management controls the capital of the Group, given the companies stage of development, the Board seeks to carry only low levels of debt, 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.

NOTE 20: ISSUED CAPITAL (CONT)

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.

As a result of the COVID-19 pandemic, the Group has introduced additional capital management strategies in order to mitigate short term cash flow shortages associated with contract delays caused by the pandemic. These include sourcing additional debt facilities to support the Group's growth trajectory and accessing COVID-19 government support grants. In addition, prior year operating lease commitments are now recorded as debt liabilities. This has resulted in a higher level of debt gearing for the year ended 30 June 2020 in comparison to the prior year. The gearing for the years ended 30 June 2020 and 30 June 2019 is as follows:

	Note	Consolidated Group	
		2020	2019
		$	$
Total borrowings	17	(2,609,496)	(114,777)
Less cash and cash equivalents	10	1,471,918	4,972,136
Net (debt) / funds		(1,137,578)	4,857,359
Total equity		15,175,122	21,438,610

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 2020 (30 June 2019: nil).

NOTE 22: CASH FLOW INFORMATION

		Consolidated Group	
		2020	2019
		$	$
a.	**Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax**		
	Loss after income tax	(6,786,378)	(6,170,821)
	Non-cash flows in profit:		
	– amortisation	359,524	187,206
	– depreciation	705,302	91,650
	– Impairment	1,315,957	-
	– Equity settled share-based payments	367,937	487,420
	– unrealised foreign exchange loss/(gain)	(8,038)	(218,636)
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
	– (increase)/decrease in trade and other receivables	(761,174)	(1,198,013)
	– (Increase) decrease in other assets	(28,868)	46,354
	– decrease in inventory	91,251	5,280
	– increase other liabilities	729,428	925,546
	– Increase/(decrease) in trade payables and accruals	364,682	(306,175)
	– increase in employee provisions	424,378	166,309
	– Increase (decrease) in current tax liabilities	(25,329)	25,904
	Cash flows from operating activities	(3,417,450)	(5,957,976)

NOTE 23: 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 family controlled entities.

Peter Hill's shareholding is held indirectly through CNI PTY LTD <RIGHT CROWD 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.

NOTE 24: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of short-term investments, being term deposits with maturities greater than 3 months, accounts receivable and payable, bills and leases.

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	
		2020	**2019**
		$	**$**
Financial assets			
Cash and cash equivalents	10	1,471,918	4,972,136
Trade and other receivables	11	5,131,949	4,370,775
Financial assets		119,769	-
Total financial assets		**6,723,636**	**9,342,911**
Financial liabilities			
Financial liabilities at amortised cost:			
– Trade and other payables	16	1,072,334	707,652
– Borrowings	17	2,609,496	114,777
– Other liabilities	18	27,427	129,152
Total financial liabilities		**3,709,257**	**951,581**

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 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.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT)

The COVID-19 pandemic has not resulted in a significant increase in the credit risk of the group. The groups customers are generally large multi-nationals and fortune 50 companies. While these companies have been impacted by the pandemic, they still have significant resources and high liquidity and therefore have continued to meet credit obligations pertaining to the RightCrowd group within payment terms.

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 (net of any provisions) as presented in the statement of financial position. Specific credit risk considerations in relation to the Group's trade and other receivables are shown in note 11 to the financial statements.

The Group through relationships with partners and major clients does have some concentration of credit risk with a group of counter parties. This is managed primarily through ensuring payment terms are strictly enforced for key customers.

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 BBB.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

		2020	**2019**
		$	**$**
Cash and cash equivalents:			
– AA rated		299,121	2,798,597
– A rated		1,083,324	2,049,083
– BBB rated		89,473	124,456
	9	**1,471,918**	**4,972,136**

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 2020. 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.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total		interest rate	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Consolidated Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Financial liabilities due for payment										
Trade and other payables	1,072,334	707,653	-	-	-	-	1,072,334	707,653	n/a	n/a
Borrowings										
QRIDA Facility	-	-	129,396	-	58,067	-	187,463	-	2.5	-
SBA Loan	-	-	20,738	-	22,778	-	43,516	-	3.75	-
R & D Factoring	497,800	-	-	-	-	-	497,800	-	12	-
Lease liabilities	590,503	-	925,759	-	-	-	1,516,262	-	7.32	-
Payroll Protection Program	114,621	-	81,756	-	-	-	196,377	-	1	-
Insurance funding	100,055	87,154	-	-	-	-	100,055	87,154	2.28	-
Other unsecured loan	68,023	-	-	27,623	-	-	68,023	27,623	2	2
Total borrowings	**1,371,002**	**87,154**	**1,157,649**	**-**	**80,845**	**-**	**2,609,496**	**114,777**		
Other liabilities	27,427	52,975	-	45,408	-	-	27,427	98,383	n/a	n/a
Total anticipated outflows	**2,470,623**	**874,782**	**1,157,649**	**73,031**	**80,845**	**-**	**3,709,257**	**920,813**		
Financial assets – cash flows realisable										
Cash and cash equivalents	1,471,918	4,972,136	-	-	-	-	1,471,918	4,972,136		
Financial assets	119,769	-	-	-	-	-	119,769	-		
Trade receivables	5,131,949	4,370,775	-	-	-	-	5,131,949	4,370,775		
Total anticipated inflows	**6,723,636**	**9,342,911**	**-**	**-**	**-**	**-**	**6,723,636**	**9,333,911**		

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

Interest rate risk is managed using fixed rate instruments. At 30 June 2020, all the group's borrowings have 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.

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT)

With instruments being held by overseas operations, fluctuations in the US dollar, Euro and Philippines peso may impact on the Group's financial results.

The following table shows the Group's net exposure to 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.

2020 **Consolidated Group**	**USD**	**AUD**	**EUR**	**PHP**	**Other**	**Total AUD**
Functional currency of entity:						
Australian dollar	1,860,655		30,246	(168,501)	108,145	1,830,545
Statement of financial position exposure	**1,860,655**	**0**	**30,246**	**(168,501)**	**108,145**	**1,830,545**

2019 **Consolidated Group**	**USD**	**AUD**	**EUR**	**PHP**	**Other**	**Total AUD**
Functional currency of entity:						
Australian dollar	1,932,309		1,021,001	(17)	100,995	3,054,288
Statement of financial position exposure	**1,932,309**	**0**	**1,021,001**	**(17)**	**100,995**	**3,054,288**

Foreign currency sensitivity analysis

The table below estimates the impact of a 10% change in the closing exchange rate of the AUD against significant currencies, on financial assets and financial liabilities. The impact is expressed in terms of the effect on net profit or loss. The sensitivities are based on financial assets and financial liabilities held at 30 June 2020, where balances are denominated in the functional currency of the subsidiary:

10% strengthening/weakening of AUD	**Effect on profit/(loss) ($000)**
USD	245/ (245)
EURO	2/ (2)
PESO	16/ (16)

FX rates used for sensitivity:

Rates:	**Spot rate 30 June 2020**	**plus 10%**	**minus 10%**
AUD/USD	0.6863	0.75493	0.610807
AUD/EURO	0.6111	0.67221	0.543879
AUD/PESO	34.385	37.8235	30.60265

NOTE 24: FINANCIAL RISK MANAGEMENT (CONT)

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	-	-	27,427
	-	**-**	**27,427**

Reconciliation of Level 3 fair value movements	**Contingent Consideration**
Opening balance at 1 July 2018	-
Recognition on acquisition / funding	98,383
Closing balance at 30 June 2019	**98,383**
Fair value adjustment on achievement of milestone	(70,956)
Closing balance at 30 June 2020	**27,427**

NOTE 25: RESERVES

a. **Foreign Currency Translation Reserve**

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

	2020	2019
	$	$
Balance at beginning of year	116,459	66,720
Exchange differences on translation of foreign operations	114,490	49,739
Balance at end of year	**230,949**	**116,459**

b. **Share Based Payment Reserve**

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

	2020	2019
	$	$
Balance at beginning of year	666,497	179,077
Share based payments	367,937	487,420
Options expired	(141,049)	-
Shares under option issued	(397,790)	
Balance at end of year	**495,595**	**666,497**

TOTAL RESERVES	**726,544**	**782,956**

NOTE 26: CAPITAL AND LEASING COMMITMENTS

Capital commitments

The Group has no capital commitments at 30 June 2020 (2019: Nil).

Operating lease commitments

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

	Consolidated Group	
	2020	2019
	$	$
Not later than 12 months	-	348,542
Between 12 months and five years	-	214,771
Later than 5 years	-	-
	-	563,313

The Group has applied the recognition, measurement, and disclosure requirements of AASB 16 for the first time in the current year, which has resulted in the transfer of all operating leases to the statement of financial position. Refer to note 29 for further details of the Group's adoption of AASB 16.

NOTE 27: SHARE BASED PAYMENTS

At 30 June 2020, the Group had the following share-based payment arrangements:

Performance Rights

RightCrowd have implemented a new long-term incentive plan in the current year through the issue of performance rights to eligible RightCrowd employees. Each performance right is convertible to one ordinary share in the company which only vests if certain performance conditions are met. The plan is split into two tranches, both of which have been granted in the current year. Performance rights are granted under the plan for no consideration and carry no voting rights.

The performance conditions attached to each Tranche include being a current employee of the company at vesting date and the achievement of performance targets related to revenue and net income as determined by the Board which are set out below***:***

- **Tranche A Performance Target**
  Sales revenue of $13.7m and net loss of $7.8m for the year ended 30 June 2020

- **Tranche B Performance Target**
  Sales revenue of $19.15m and net loss of $2.4m for the year ended 30 June 2020

Set out below is a summary of performance rights granted under the plan. The performance rights for Tranche A and Tranche B were granted on 28 February 2020:

	Tranche A	Tranche B
Performance rights issued at grant date:	1,716,774	4,029,806
Forfeited	(24,000)	(19,192)
Performance rights outstanding as at 30 June 2020	1,692,774	4,010,614
Grant date fair value per Performance Right	0.18	0.17

The fair value of the performance rights relating to the year ended 30 June 2020 was $247,381 and was calculated using the Black Scholes valuation model using the following inputs:

	Tranche 1	Tranche 2
Number of performance rights	1,716,774	4,005,806
Exercise price	-	-
Grant date	28/02/2020	28/02/2020
Expiry date	30/09/2020	30/09/2021
Vesting period (yrs.)	0.6	1.5
Volatility	68%	68%
Dividend yield	0%	0%
Risk-free interest rate	1.12%	1.12%
Fair value at grant date	$309,019	$685,067

Weighted average remaining contractual life of performance rights on issue at 30 June 2020: 1.23 years

The probability of performance rights being converted to ordinary shares based on satisfaction of non-market performance conditions was incorporated into the total share based payments expense by adjusting the number of performance rights ultimately expected to vest under the plan.

NOTE 27: SHARE BASED PAYMENTS (CONT)

Offsite Vision Performance Rights

As part of the acquisition of subsidiary 'Offsite Vision' in the prior year, performance rights were offered to two key employees to retain them. A maximum of 2,410,848 shares can be issued in two components, subject to the individuals meeting their service conditions, and contracted revenue targets. The first component was met in full and shares were issued under the agreement. The second component is outstanding as at 30 June 2020. Details of the performance rights under the agreement are as follows:

	Milestone 1	**Milestone 2**
Number of performance rights (maximum)	1,205,424	1, 205,424
Exercise price	-	-
Grant date	29/10/2018	29/10/2018
Expiry date	29/10/2019	29/10/2020
Vesting period (yrs.)	1	2
Volatility	61.9%	61.4%
Dividend yield	0%	0%
Risk-free interest rate	1.96%	1.97%
Grant date fair value	0.33	0.33

Set out below are the vesting conditions which includes a service condition and performance targets as follows:

	Milestone 1	**Milestone 2**
Service condition	12 months from 29 October 2018	12 months from 1 November 2019 to 29 October 2020
Performance condition	Contracted revenue in first twelve months as follows: • $US 250,000 to $US 500,000 - pro rata of 1,205,424 shares. • Greater than $US 500,000 - 1,205,424 shares.	Contracted revenue in first twelve as follows: • $US500,000 to $US 1,000,000 pro rata of 1,205,424 shares. • Greater than $US 1,000,000 – 1,205,424 shares.

Details of performance Rights outstanding in relation to the milestones is shown below:

	Number
Performance rights outstanding as at 1 July 2018	-
Granted	2, 410,848
Forfeited	-
Exercised	-
Expired	-
Performance rights outstanding as at 30 June 2019	2, 410,848
Granted	-
Forfeited	-
Exercised	1,205,424
Expired	-
Performance rights outstanding as at 30 June 2020	1,205,424

Weighted average remaining contractual life: 0.33 years

NOTE 27: SHARE BASED PAYMENTS (CONT)

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 employees remain employed by RightCrowd over the service period. 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.

The terms of the award required the employee to remain in employment at vesting date.

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 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
Granted	-	-
Forfeited	(328,347)	$0.43
Exercised	-	-
Expired	(1,908,312)	$0.44
Options outstanding as at 30 June 2020	1,976,646	$0.45

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 2020	Share options 30 June 2019
13/09/2017	12/12/2019	$0.43	-	2,013,328
13/09/2017	12/12/2020	$0.43	1,789,980	2,013,311
30/05/2018	28/08/2019	$0.60	-	106,668
30/05/2018	27/08/2020	$0.68	93,333	106,666
30/05/2018	28/08/2021	$0.68	93,333	106,666
			1,976,646	**4,346,639**
Weighted average remaining contractual life of options outstanding at end of period			0.47 years	2.25 years

No new share options were granted in the current year.

Details of options issued during the prior financial years 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 remaining unexpired 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.

NOTE 27: SHARE BASED PAYMENTS (CONT)

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 $367,937 (2019: $487,420). The total amount recognised in equity is $458,202 (2019: $666,497).

NOTE 28: SEGMENT REPORTING

Basis for segmentation

The Group's Board of Directors review the performance of the Group from the perspective of monitoring the continual growth of the core RightCrowd product, evaluating the success of new RightCrowd products introduced to the market and monitoring the progress of the Offsite Vision business for the purpose of reviewing progress against contingent consideration acquisition targets. The board monitor the Group internally on this basis. As such, the Board of Director's have identified three operating segments as shown below:

- **Core** – This segment reports the results and performance of the Group's core product, being the provision of workforce and visitor management solutions.
- **New Products** – This segment reports the results and performance of the Group's new products outside of the Group's core product offering.
- **Offsite Vision** – This segment reports the results of the Offsite Vision segment.

The number of operating segements reviewed by the Chief Operating Decision maker has increased from one reportable segment for the year ended 30 June 2019, to three reportable segments for the current year. This was a decision made by the Board of Directors in order to facilitate better resource allocation and performance management decisions for new RightCrowd products.

(a) Information about reportable segments

The Board of Directors, being the Chief Operating Decision Maker, review the internal management reports of each segment on a monthly basis. Performance management and resource allocation decisions are made based primarily on segment revenue and segment net income.

Information related to each reportable segment is set out below:

For the year ended 30 June 2020:

Segment Revenue	**Core**	**New Products**	**Offsite Vision**	**Total**
External revenues	11,200,250	192,472	141,385	11,534,107
Total revenue	**11,200,250**	**192,472**	**141,385**	**11,534,107**
Segment profit/loss before tax	(1,130,140)	(3,277,077)	(2,428,161)	(6,835,378)
Impairment expense	-	-	(1,315,957)	(1,315,957)
Employee benefits expense	(13,757,654)	(1,587,000)	(868,569)	(16,213,223)
Interest income	12,278	-	218	12,496
Interest expense	(71,182)	(22,534)	(9,264)	(102,980)
Depreciation and Amortisation	(439,307)	(496,819)	(128,700)	(1,064,826)
Equity settled share based payments	(367,937)	-	-	(367,937)
Segment assets	8,948,905	14,399,864	342,766	23,691,535
Segment liabilities	(7,316,610)	(711,399)	(488,404)	(8,516,413)

1. *Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year. There is no income tax payable in the Group's reportable segments.*

NOTE 28: SEGMENT REPORTING (CONT)

For the year ended 30 June 2019:

Segment Revenue	Core	New Products	Offsite Vision	Total
External revenues	8,674,501	274,564	429,550	9,378,615
Total revenue	**8,674,501**	**274,564**	**429,550**	**9,378,615**
Segment profit/loss before tax	(4,085,833)	(2,084,988)	(546,350)	(6,717,171)
Impairment expense	-	-	-	-
Employee benefits expense	(11,880,202)	(772,455)	(475,794)	(13,128,451)
Interest income	70,898	-	278	71,176
Interest expense	(11,096)	-	-	(11,096)
Depreciation and Amortisation	(76,560)	(171,607)	(30,688)	(278,855)
Equity settled share based payments	(487,420)	-	-	(487,420)
Segment assets	9,656,168	14,671,772	1,711,612	26,039,552
Segment liabilities	(7,316,610)	(468,529)	(230,275)	(8,015,414)

1. *Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year. There is no income tax payable in the Group's reportable segments.*

Reconciliations of reportable segment revenues and profit or loss

	Consolidated Group	
Profit or loss	**2020**	**2019**
	$	**$**
Total loss for reportable segments	(6,835,378)	(6,717,171)
Unallocated amounts:	-	-
Net other corporate income	56,430	609,711
Consoldiated loss before tax	**(6,778,948)**	**(6,107,460)**

Reconciliations of reportable assets and liabilities

Assets		
Total assets for reportable segments	23,691,535	26,039,552
Unallocated corporate assets	-	-
Consolidated total assets	23,691,535	26,039,552
Liabilities		
Total liabilities for reportable segments	(8,516,413)	(8,015,414)
Unallocated corporate liabilities	-	-
Consolidated total liabilities	(8,516,413)	(4,600,942)

NOTE 28: SEGMENT REPORTING (CONT)

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	
	2020	**2019**
	$	**$**
North America	7,763,262	5,607,387
Europe, Middle East and Africa	1,172,675	1,575,700
Latin America	895,148	555,462
Oceania and Australia	1,703,022	1,640,066
	11,534,107	**9,378,615**

ii) Non-current assets by geographical location*:

	Consolidated Group	
	2020	**2019**
	$	**$**
USA	214,815	30,858
Belgium	253,908	-
Latin America	-	-
Oceania and Australia	1,395,384	188,135
	1,864,107	**218,993**

*non-current assets exclude goodwill recognised on business combinations which is recognised on consolidation and not part of the foreign operation.

The Group has some degree of reliance on major customers. Total revenue earned from customers greater than 10% of the group and the segment to which the revenue relates:

30 June 2020 Revenue ($)	Segment
4,980,806	Core

30 June 2019 Revenue ($)	Segment
4,378,829	Core

NOTE 29: LEASES

a. *Leases as lessee*

The Group leases buildings and motor vehicles. The building leases relate to lease payments for the Group's global offices and typically run for periods between two and five years with options to renew at the end of the lease term, subject to lessor approval.

NOTE 29: LEASES (CONT)

The motor vehicle leases relate to lease payments on the Group's leased vehicles situated in Belgium. These leases typically run for a period of four years, with options to purchase the vehicles at the end of the lease term. Monthly lease payments are adjusted from to time based on vehicle usage.

b. Right-of-Use Assets

Right of Use assets and associated depreciation charges for the year are shown below:

	Buildings	Motor Vehicles	Total
Initial recognition of Right of use assets on initial application of AASB 16	547,573	-	547,573
Additions to Right of Use assets	1,343,026	104,993	1,448,018
Depreciation charge for the year	(498,048)	(41,395)	(539,443)
Balance at 30 June 2020	**1,392,551**	**63,598**	**1,456,149**

c. Amounts included in profit and loss

	Buildings	Motor Vehicles	Total
Interest expense on lease liabilities	88,056	6,285	94,341

d. Amounts recognised in statement of cash flows

	Buildings	Motor Vehicles	Total
Total cash outflow for leases	588,544	55,504	644,048

e. Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and re-assesses this determination each reporting period. Where the group has yet to determine whether an extension option will be exercised, the extension option is not included in the lease term. The exercise of extension options would result in an increase in the lease term and subsequent increase in the amount of the Right of Use liability for the lease in question.

f. Leases as lessor

The Group does not have any lease arrangements in which the Group acts as lessor.

Expenses relating to short term and low value leases

The group has excluded some short term leases from recognition as permitted by AASB 16. The following table shows the expenses relating to these short term leases recognised within rent expense in the statement of profit or loss and other comprehensive income for the year ended 30 June 2020. There were no leases excluded on the basis of low value:

Nature of Lease	Expiry date	Amount recognised in profit or loss ($) for the year ended 30 June 2020
Old head office building, Gold Coast Australia	31 October 2019	129,473

NOTE 30: EVENTS AFTER THE REPORTING PERIOD

The Group notes the following significant events occurring after the end of the 30 June 2020 financial reporting period:

$4 million capital raise

On 12 August 2020, the Group finalised a placement of 22,222,222 fully paid ordinary shares for a total consideration of $4 million. The funds raised under the placement will be used to support current revenue growth projections, and to accelerate necessary product manufacturing in order to meet the anticipated high demand for RightCrowd's COVID-19 related products and strengthen the statement of financial position.

Additional debt finance approval

Subsequent to year end, the Group obtained approval for the establishment of a short-term debt facility with the Australian Government's Export Finance agency. The amount of the facility available for drawdown is $1.4 million. No amounts have been drawn down as at the date of this report. The funding will be used to support the set up phase of major new contracts won by the RightCrowd Group.

Signing of major Fortune 50 customer

During July 2020, the Core segment of the Group finalised a major ongoing contract with a large fortune 50 customer. The contract was originally expected to finalise during FY20, however due to delays as a result of the COVID-19 pandemic, execution of the contract was delayed until August 2020.

No other events after the reporting period requiring disclosure in these financial statements were identified.

NOTE 31: COMPANY DETAILS

The registered office of the company is:

RightCrowd Limited

Suite 501, Level 5/203 Robina Town Centre Dr, Robina QLD 4226

ABN 20 108 411 427

Incorporated in Australia

www.rightcrowd.com

ASX Code: RCW

Auditor: KPMG

Share Registry: Boardroom Pty Limited

Solicitor: GRT Lawyers Brisbane

The principal places of business are:

Australia
Suite 501, Level 5/203 Robina Town Centre Dr, Robina QLD 4226

United States

2505 2nd 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 78, 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 2020 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.

....

Peter Hill
Director

Dated this 30 September 2020

Independent Auditor's Report

To the shareholders of RightCrowd Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of RightCrowd Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- *Consolidated statement of financial position* as at 30 June 2020;
- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended;
- Notes including a summary of significant accounting policies;
- *Directors' Declaration.*

The ***Group*** consists of RightCrowd Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

We have determined the matters described below to be the ***Key Audit Matters***:

- *Going concern basis of accounting*
- *Revenue recognition*
- *Recoverability of Goodwill*

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.

Going concern basis of accounting

Refer to Note 1 to the Financial Report

The key audit matter	How the matter was addressed in our audit

The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in Note 1.
 	
The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.
 	
We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:
 	
• The Group's planned levels of operational expenditures incorporating potential further impacts resulting from business interruption from COVID-19 on the Group, and the ability of the Group to manage cash outflows within available funding, particularly in light of loss making operations and business interruption from COVID-19.
	Working with our risk management partner our procedures included:
	
	• We analysed the cash flow projections by:
	
	  • Evaluating the underlying data used to generate the projections. We specifically checked the cash flow projections were updated for COVID-19 implications to the business based on credible authoritative sources. We looked for their consistency with those used by the Directors, and tested by us, as set out in the Recoverability of Goodwill key audit matter, their consistency with the Group's intentions, as outlined in Directors minutes and budgets and their comparability to past practices. We specifically assessed this against our understanding of Directors COVID-19 impact plans, obtained from our additional inquiries with them. Critical elements considered included an estimated rate of recovery, and expectations of full return to business as usual.
	
	  • Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were the sensitivity analysis on key cash flow projection assumptions and the impact of the pandemic and continued market uncertainty.
	
	  • Assessing the planned levels of operating expenditures for consistency of relationships and trends to the Group's historical results, particularly in light of the loss making operations and business interruption from COVID-19 on the Group, results since year end, and our understanding of the business, industry and expected market conditions due to COVID-19.
	
	  • We read correspondence from the government grant bodies and using the conditions for eligibility in these agreements, compared the expected R&D expenditure

• The Group's entitlement to receive future government grants, namely the Research and Development tax incentive. This included the Group's eligibility to receive the grant, the projected quantum and timing of receipt. • The Group's ability to meet current and future financing commitments. This included nature of planned methods to achieve this, feasibility, particularly in light of sustained uncertain market conditions due to COVID-19, and progress of those plans; • The Group's plans to achieve revenue growth forecasts to fund operational costs. This included the feasibility, projected timing, quantum of potential proceeds, and progress of the proposed sales, particularly in considering the current expected market conditions due to COVID-19. As the additional funds from shareholders raised subsequent to year end was critical to the Group's ability to continue as a going concern, the receipt of these funds necessitated additional scrutiny by us. In assessing this key audit matter, we involved our risk management partner and senior audit team members who understand the Group's business, industry and the economic environment it operates in.	against this criteria to assess the feasibility of forecast cash inflows related to expected additional R&D tax incentives in the forecast going concern period. • We read correspondence with existing and potential financiers to understand and assess the options available to the Group including negotiation of existing debt facilities, and negotiation of additional funding arrangements, particularly in considering the expected market conditions due to COVID-19. In addition, we have assessed the ability of the Group to raise additional shareholder funds which included obtaining evidence of funds secured from shareholders subsequent to balance date. • We read the sales contracts of existing and potential customers and evaluated the proposed sales opportunities to understand and assess the Group's plans to achieve the forecast revenue growth for feasibility, quantum and timing, and their impact to going concern and funding conditions. We used our knowledge of the client and its industry as well as previous performance to assess the level of associated uncertainty. • We checked funds raised from shareholders since year end to the Group's bank statement. • We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter and COVID-19 implications for the Group, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.

Revenue recognition (AUD $11,534,107)

Refer to Note 3 and Accounting policy at Note 1(l)

The key audit matter	How the matter was addressed in our audit
Revenue recognition relating to the provision of hardware, software and software related services is a key audit matter due to the significant audit effort and judgement we have applied in assessing the Group's recognition and measurement of revenue. This was driven from the: • Multiple revenue types with different recognition criteria across different products and services, increasing the possibility of the	Our procedures included: • We considered the appropriateness of the Group's revenue recognition policies against the requirements of AASB 15 and our understanding of the business; • Reading a sample of executed customer contracts to understand the key terms and conditions. We clarified elements of our understanding of the contracts through inquiries with the Group; • Comparing the relevant features of a sample of the underlying customer contracts to the criteria in the accounting standard,

Group inappropriately identifying performance obligations and incorrectly recognising revenue using AASB 15 Revenue from Contracts with Customers ('AASB 15'). • Complexity arising from the various terms and conditions included in revenue contracts entered into with the Group's customers. The various terms and conditions increases the risk of interpretational differences in accounting outcomes against the principles based criteria contained in AASB 15. RightCrowd generates revenue across its operating segments for a variety of product offerings and services. Significant revenue streams include fees from the: - Sale of software on a subscription or perpetual license - Sale of hardware - Sale of software as a service - Provision of software support and maintenance - Provision of software delivery and implementation services	those in the Group's policies, and against what the Group identified as performance obligations; • Using statistical sampling for each significant revenue type we checked the timing of revenue recognised by the Group to underlying documentation such as signed customer contracts, customer invoices, proof of acceptance from the customer, and against the Group's revenue recognition policies; • Using statistical sampling for each significant revenue type we recalculated the amount of revenue recognised by the Group. This necessitated also assessing how the Group allocated revenue to separately identified performance obligations from the same transaction or contract. We used underlying documentation obtained from our audit procedures above, such as, signed revenue contracts, proof of acceptance from the customer and criteria in the accounting standards for allocation of revenue. We compared our assessment to the amount recorded by the Group. We also checked customer receipts to the Group's bank statements; • Assessing the adequacy of the Group's revenue disclosures using our understanding obtained from our testing against the requirements of AASB 15.

Recoverability of goodwill ($14,568,006)	
Refer to Note 13 Intangible assets	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual testing of goodwill for impairment, given the size of the balance (being 56% of total assets) and the significantly higher estimation uncertainty continuing from the business disruption impact of the COVID-19 global pandemic. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focused on the significant forward-looking assumptions the Group applied in their value in use models, including: • forecast cash flows, growth rates and terminal growth rates – the Group has experienced challenging market conditions in the current year as a result of COVID-19. This impacted the Group through a reduction in the demand for certain products and services mainly relating to the Offsite CGU. These conditions and the uncertainty of their	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We, along with our modelling specialists, assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We met with management to understand the impact of COVID-19 to the Group and impact of government response programs to the FY20 results. • We compared the forecast cash flows contained in the value in use models to revised forecasts reflecting the Group's COVID-19 adjusted working models. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. We noted previous trends, in particular, for the

continuation increase the possibility of goodwill being impaired, plus the risk of inaccurate forecasts or a significantly wider range of possible outcomes, for us to consider. We focused on the expected rate of recovery for the Group, what the Group considers as their future business model, and continued access to government relief/stimulus measures when assessing the feasibility of the Group's revised COVID-19 forecast cashflows. • forecast growth rates and terminal growth rates – The Group is in its growth phase and has been impacted by COVID-19. In addition to the uncertainties described above, the Group's models are highly sensitive to small changes in these assumptions, indicating possible impairment. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • discount rate - these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the models approach to incorporating risks into the cash flows or discount rates. We involve our valuations specialists with the assessment. The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. The Group have not met prior forecasts, raising our concern for reliability of current forecasts. Complex modelling, particularly those containing highly judgemental allocations of corporate assets and costs to CGUs, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. In addition to the above, the Group recorded an impairment charge of $1,315,597 against goodwill and intangible	interdependencies of key assumptions and how they impacted the business, for use in further testing. • We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • We challenged the Group's significant forecast cash flow and growth assumptions in light of the expected continuation of unprecedented uncertainty of business disruption, impacts of the COVID-19 global pandemic and the increasing demand in certain of the Group's product offerings. Working with our valuation specialists we compared terminal growth rates to authoritative published studies of industry trends and expectations, and considered differences for the Group's operations. We assessed key assumptions such as forecast revenues and costs against past performance and post year-end performance. We used our knowledge of the Group, business and customers, and our industry experience. We sourced authoritative and credible inputs from our specialists and market advisors. • We checked the consistency of the growth rates to the Group's revised plans and our experience regarding the feasibility of these in the COVID-19 economic environment in which they operate. • Working with our valuation specialists we analysed the Group's discount rate against publicly available data of a group of comparable entities. We independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards. • We recalculated the impairment charge against the recorded amount disclosed.

assets in relation to the Offsite Division CGU. This resulted from the delay in business growth due to COVID-19 impacts on their local market being located on the USA East Coast, and thereby the ability of the business to produce profitable results within the expected timeframe, increasing the sensitivity of the model to small changes. This further increased our audit effort in this key audit area. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	

Other Information

Other Information is financial and non-financial information in RightCrowd Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

• preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*

• implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

• assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

• 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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 at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

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

Directors' 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 responsibilities

We have audited the Remuneration Report included in *pages 12 to 18* of the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Adam Twemlow

Partner

Gold Coast

30 September 2020

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 30 June 2020:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	Holders	Number Units Held	%
1 – 1,000	13	4,574	0.002%
1,001 – 5,000	38	117,352	0.059%
5,001 – 10,000	41	353,140	0.177%
10,001 – 100,000	280	11,850,962	5.947%
100,001 and over	131	186,961,086	93.815%
	503	199,287,114	100%

b. There are twenty five (25) shareholdings holding in less than a marketable parcel of shares.

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	27.05
Advance Marketing Technologies Pty Ltd	18,802,491	9.43
Goninan Property Investments Pty Ltd and related parties	17,422,517	8.74
	90,132,436	45.22

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	27.05
2.	ADVANCED MARKETING TECHNOLOGIES PTY LTD <CHATFIELD FAMILY A/C>	18,802,491	9.43
3.	**GONINAN GROUP**	**17,422,517**	**8.74**
	GONINAN PROPERTY INVESTMENTS PTY LTD <THE GONINAN WEALTH A/C>	*8,789,110*	*4.41*
	REGENT SECURITIES PTY LTD <PLATERS & ASSCTD CMP SF A/C>	*8,633,407*	*4.33*
4.	JOHAN VINCKIER	5,814,971	2.92
5.	SALMON EARTHMOVING CONTRACTORS PTY LTD <CROWNHURST NO 3 A/C>	5,571,856	2.80
6.	KMO Fin 2	4,806,594	2.41
7.	National Nominees Limited	3,909,922	1.96
8.	KAREL VINCKIER	3,886,167	1.95
9.	Risk Capital LLC	3,430,098	1.72
10.	Bart Vansevenant	3,111,176	1.56
11.	Maarten Van Speybroeck	3,111,176	1.56
12.	Maarten Vandenbroucke	3,111,176	1.56
13.	HSBC Custody Nominees (Australia) Limited A/C 2	2,823,586	1.42
14.	EOS Invest NV	2,500,245	1.25
15	HSBC Custody Nominees (Australia) Limited	2,337,213	1.17
16.	David Thomas	2,206,262	1.11
17.	Pegavica SCRL	2,099,986	1.05
18.	Alex Vinckier	2,072,801	1.04
19.	BERNE NO 132 NOMINEES PTY LTD <W 1253672 A/C>	1,821,958	0.91
20.	PYLMON PTY LTD	1,821,958	0.87
		144,473,920	72.5

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

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

Suite 501, Level 5/203 Robina Town Centre Dr, Robina QLD 4226

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

   Boardroom Limited

   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 1,976,646 options are on issue. There are also a total of 5,722,580 performance rights on issue.