

**RIGHTCROWD**  
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# Annual & Financial Report

Traded in Australia on the ASX (code: RCW) and in the US on the OTCQB (code: RCWDF)

**YEAR ENDED  
30 JUNE 2023**

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# FY2023 Financial Highlights



**\$15.7m\***

**Sales Revenue**

+4% on FY22 (\$15.1m)



**\$11.45m\***

**ARR**

+34.7% YoY Growth



**\$2.4m\***

**Cash Balance**

-49% on FY22 (\$4.7m)



**14\***

**ARR Customers**

Added during FY23



**\$18.8m\***

**Total Income**

+2% on FY22 (\$18.4m)



**10%\***

**YoY Cost Decrease**

Excludes impairment expense

\*Numbers relate to total continuing and discontinued operations

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## Corporate Directory

RightCrowd Limited – ABN 20 108 411 427 – incorporated in Australia

### Directors

Robert Baker

Craig Davies

Peter Hill

### Company Secretary

Kim Clark

### Principal place of business & registered offices

Australia:  
Suite 501, Level 5/203 Robina Town Centre Drive, Robina QLD, 4226 (HQ)

Unites States:  
1201 Third Avenue 1600, Seattle, WA 98101

Philippines:  
Unit 2401, One San Miguel Avenue Building, Pasig City, Manila

Belgium:  
105 Louisbergskaai, 9000 Gent

### Share Registry

Boardroom Pty Ltd

### Auditor

BDO Audit Pty Ltd

### Solicitor

GRT Lawyers Brisbane

### Bankers

Bank of Queensland (AU)

Wells Fargo (USA)

Belfius Bank (BE)

BDO (PH)

### Stock Exchange Listing

ASX (ticker: RCW)

### Website Address

[www.rightcrowd.com](http://www.rightcrowd.com)

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## Chairman's Report

Dear Shareholder,

The Board of RightCrowd Limited (Company) is pleased to provide the 2023 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 2023 and provide commentary on our business units' performance, strategy, and outlook.

FY23 has been one of the most challenging years for the Company since listing on the ASX. Despite increasing sales revenue to \$15.7m, increasing Annual Recurring Revenue to \$11.45m and reducing year-on-year cost (excluding impairment expense) by approximately 10%, an operating loss was achieved, albeit reduced from the FY22 level. This, together with adverse market conditions for debt or capital raising for companies still in the commercialisation phase, led to the Company agreeing to sell its Workforce Access, Visitor Management and Presence Control businesses. This sale was approved by shareholders after financial year end and the transaction has also now been completed.

The Company will shortly change its name to Gathid Limited and it will refocus on commercialising the retained Access Analytics business under the Gathid brandname.

The Board greatly appreciates the commitment of every member of the RightCrowd team to helping our Company succeed and wishes those employees who have left the Group with the sold businesses every success in the future. I would also like to thank our remaining team, shareholders, customers, and partners for your continuing support.

Yours sincerely



Non-Executive Chairman RightCrowd Limited

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## Corporate Governance Statement

RightCrowd Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance within the constraints that arise from the Company's small size. 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 reflects the corporate governance practices in place throughout the 2023 financial year and was approved by the Board on 22 August 2023.

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/>.

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# Director's Report

## Director's Report

The directors of RightCrowd Limited (the "Company") present their report together with the consolidated financial statements for the year ended 30 June 2023 and the audit report thereon.

### Directors

The Directors of the company at any time during or since the end of the year are:

Directors	Period of Directorship
<b>Robert Baker</b>	Since 2017
<b>Craig Davies</b>	Since 2019
<b>Peter Hill</b>	Since 2004



**Mr Robert Baker**

Non-executive Chairman

Appointed: 6 August 2017

Prior to his Board career, Robert 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 him also being involved in management of parts of that business.

Robert has over 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, September 2013 to present) and Tourism Holdings Limited (ASX: THL November 2022 to present). In addition to these roles, he is a director of unlisted companies Goodman Private Wealth Ltd and Ozcare and is an Advisory Board member for several not-for-profit organisations.

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





### Mr Peter Hill

Managing Director &  
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 based 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 cyber security.

Previously, he was the CEO at the Australian Government's cyber security industry growth centre, AustCyber, the Head of Security at Atlassian, and Chief Security Officer at Cochlear Ltd, and held various technology roles with Westpac.

He is a member of the Australian Institute of Company Directors and a Director of GrowthOps Ltd (October 2019 to present).

## Director's interests in securities

Director	Ordinary Shares	Stock Options / Performance Rights
Robert Baker	433,333	Nil
Craig Davies <sup>1</sup>	104,166	Nil
Peter Hill <sup>2</sup>	53,907,428	Nil

## 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 24 years' experience in Banking and Finance and 8 years as in-house Company Secretary of an ASX300 company.

## Principal Activities

RightCrowd is a global provider of safety, security and compliance solutions that manage the access and presence of people. RightCrowd are specialists in technology solutions for the world's most complex safety, security, and compliance challenges.

## 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.

<sup>1</sup> Indirect interest held through JAUNE ROSE PTY LTD <DAVIES FAMILY TRUST>

<sup>2</sup> Indirect interest held through CNI PTY LTD <RIGHT CROWD A/C>

## Review of Operations

On 4 July 2023 the Directors announced the Company entered into a Share Purchase Agreement with Bloom RC Holdings, Inc. for the sale of the Company's Workforce Access, Visitor Management and Presence Control businesses. As a result, those business have been treated as discontinued operations in this year's financial statements. The Sale completed after the year end date. For the purpose of the Review of Operations, comments are in respect of the whole business operated by the Company during the financial year.

**\*Numbers relate to total continuing and discontinued operations**

The financial results demonstrate the resilience of the business despite a challenging year driven by a continued slow-down in sales of the Company's Presence Control software solutions for social distancing and contact tracing purposes. Despite a fall in Presence Control revenue of almost \$2.7m FY23 annual sales revenue of \$15,686k\* was 4% higher than prior year (FY22: \$15,077k\*).

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 products and consulting fees are dependent on the scale and complexity of the client requirement.

During the 2023 financial year the RightCrowd Group continued its operations as in the previous year to support its three principal business units, being:

- **Workforce Management** – develops and delivers RightCrowd's Workforce and Visitor Management solutions.
- **Presence Control** – develop and delivers RightCrowd's Presence Control solutions,
- **Access Analytics** – develops and delivers RightCrowd's analytics solutions (formerly known as RightCrowd IQ),

The Company has retained the structure of its internal operational business units for the FY23 year as follows:

- **Customer Operations** – comprises all customer-facing teams including sales, marketing, and professional services resources.
- **Product** – comprises all product related teams including product management, engineering, and quality assurance resources.
- **Corporate Services** - comprises all internal support functions including finance, HR, IT, Compliance, and Learning & Development.

## Revenue

Revenue increased by 4% to \$15,686k\* (FY22: \$15,077k\*).

With the earlier than anticipated relaxation of COVID-19 restrictions during FY22, the Presence Control business unit saw a reduction of sales which resulted in lower than forecast revenue growth which continued into FY23.

Several large enterprise pipeline opportunities for Workforce Management solutions were closed in FY23 and together with continuing consulting work on previously won implementations, revenue from this solution increased by \$3m.

The Company also continued to promote Access Analytics as a critical tool for customers to manage and identify gaps in and across their access control systems. Seven new customers were added during FY23 with ARR reaching \$0.55m (FY22 \$0.1m) at the end of the year. Several other customers are in proof-of-concept phase, and this sales technique has been successful in establishing knowledge of product-market fit. In addition, the opportunity pipeline has continued to grow through effective digital marketing.

## Other Income

The Group's other income totalled \$3,105k\* during the period (FY22: \$3,290k\*). The principal contributors to other income were:

- An accrual of \$2,591k\* for the FY23 R&D rebate claimable under the rules of the R&D incentive scheme which was in line with prior year. The rebate is forecast to be received in Q2 FY24.
- Grant income of \$230k\* for the last part of the Cyber Skills partnership fund, an Australian government initiative to support the development of cyber security skills across the Australian workforce (FY22: 376k\*).

## Expenses

The Group continues to manage expenses carefully whilst making necessary investments to accelerate revenue opportunities. Total expenses, excluding impairment expense, were \$22,583k\* decreasing by 9.8% on prior year (FY22: \$25,041k\*).

The primary cost category continues to be employee related, with \$17,269k\* expensed during FY23 which was 4.3% lower than prior year (FY22: \$18,039k\*). The decrease in employment expenses reflects the decision to reduce headcount in the business during Q2 and continued careful management of hiring in the second half of the year.

Cost of goods sold reduced during the period to \$483k\* (FY22: \$2,031k\*) which was as a result of a drop in Presence Control sales, and also courtesy of some manufacturing improvements rolled out to reduce cost of manufacturing of the second-generation badge holder released during the year.

Other expenses decreased by 6.8% to \$3,614k\* in the period (FY22: \$3,876k\*) driven by the continued focus on spend management. During the period the Group increased its marketing expenditure to drive pipeline growth across all lines of business whilst making significant savings in other areas.

### **Net Loss**

The Group's net loss decreased by 37.5% to \$9,340k\* compared to prior period (FY22: \$14,939k\*). This improvement was assisted by a reduced goodwill impairment expense recognised on the Group's purchase of Ticto NV in 2019 (FY23 \$3,808k, FY22 \$8,259k). The Group has also written off \$1,509k of inventory and \$230k of prepayments for inventory respectively in FY23.

Excluding the impact of impairment, the Group's adjusted net loss decreased by 42.6% to \$3,831k\* (FY22: \$6,679k\*) which was a result of the growth in sales revenue and the planned reduction in costs across many areas of the business.

### **Annual Recurring Revenues (ARR)**

ARR is measured as the total annualized value of active customer contracts for subscription, support, and maintenance as at 30<sup>th</sup> of June 2023. ARR represents non-IFRS financial information which provides an indication of the annual value of all recurring software and support contracts transacted by the Group. ARR information has not been subject to external audit review.

The Group ended the FY23 period with a total ARR of \$11,448k\*. This represented growth of 34.8% on the prior period (FY22: \$8,489k\*) and was driven by new subscription contracts for existing Workforce Management customers and new Access Analytics customers, an uplift in support and maintenance contracts to existing customers and the appreciation of the USD over the period given that many the Group's contracts are in USD.

Overall growth in ARR in FY23 continued to be impacted by a reduction in Presence Control ARR by \$945k, reflecting customers not renewing or placing their subscription licenses on hold given the easing of the COVID-19 pandemic.

## Cash Position

In FY23 the Group continued with the deployment of capital raised in FY21 to provide continued ARR and revenue growth and at the same time the business was able to manage and reduce costs. Despite these positive outcomes, an operating loss was incurred and cash and cash equivalents reduced by 48% to \$2,413k\* (FY22: \$4,684k\*) by the end of the current period.

## **Review of Operations – Operational Highlights & Risks**

### Customer Growth

A total of 14 new active recurring contract customers were added during FY23. New customers added spanned a variety of industries with industrial, mining, technology, education, and utility companies selecting RightCrowd solutions during FY23. The Group also completed the transition to a Premium Support contract at a large enterprise client which added more than \$2.4m of ARR.

Customer churn decreased during the period. Total churn, when measured on an annual recurring revenue basis, was 9.5% (FY22: 21.5%) with 39 customers placing their annual contracts with RightCrowd on hold. The majority of these customers (30) related to Presence Control solutions, and the overall impact was a reduction in ARR of \$1,084k, of which \$945k (or 87%) related to Presence Control solutions. This churn was more than offset by the addition of new customers, extension of existing agreements, and appreciation of the USD which resulted in total ARR increasing over the period.

The Company expects customer acquisition for new customers and expansions at existing enterprise customers, to continue during FY24 but also expects the risk of customer churn to be much lower than in the past 2 financial years.

Consulting revenue reduced by 18% or \$828k from FY22 levels reflecting the achievement of fewer implementation milestones due to the complexity involved in large scale implementations.

### Organisational update

Following the leadership team adjustments made during FY22 the Group has continued with its strategy to strengthen commercial operations and has made some hires to build out the team reporting to the management level group. This has shown some promising signs of success in relation to ARR and revenue performance.

Brain McIlravey (President and Chief Operating Officer) and Bart Vansevenant (Chief Product Officer) have continued with the same portfolio of responsibilities during the FY23 year. As outlined in the Group's Quarterly Activity Statement, James Stewart resigned his position as Chief Financial Officer (leaving the company in May 2023) and Leslie Milne has returned, on an interim basis, to the position he held between 2017 and 2019.

## Access Analytics and market risk

RightCrowd continued with its go-to-market strategy for Access Analytics (formerly known as RightCrowd IQ) focused on helping companies identify risks in the management of their access permissions.

The Access Analytics product has been developed to quickly integrate with existing enterprise systems, including ERP and HR platforms, enabling fast deployment and pro-active identification of potential security threats.

During FY23 the Group continued to develop its sales and marketing processes in relation to the growing Identity and Cyber Governance market space and has been successful in generating encouraging levels of sales pipeline through a targeted digital marketing program. The Group added 7 new customers during the year, has a number of ongoing proof-of-concept projects and further opportunities progressing through the sales pipeline. Whilst Access Analytics is in the early stages of commercialisation, the company continues to mitigate the risk of market adoption through adopting strong lead acquisition and management processes, through management of the sales opportunities and through continued product development based on feedback from clients and proof-of-concept trials.

Following the completion of the sale of the Workforce Access, Visitor Management and Presence Control businesses, the Company will have sufficient funds to continue its current strategy for growing its Access Analytics business.

## Cyber Studio

RightCrowd was awarded \$1.1m\* under the Australian Federal Government's Cyber Security Skills Partnership Innovation Fund in late June 2021.

The Cyber Studio program is designed with the objective of creating job-ready cyber security professionals through a combination of training at Griffith University and focused work experience across RightCrowd's portfolio of products. RightCrowd has trained 16 graduates over a two-year period resulting in high-quality and well-trained industry professionals contributing towards the Company's growth objectives.

The second iteration of the program commenced in November 2022 but given the need to manage costs in a capital constrained environment, the company ceased its participation in the program in 2023.

## **Impact of COVID-19**

RightCrowd has continued to experience some impact from COVID-19 throughout the course past financial year. As COVID-19 pandemic related restrictions continued to ease from the second half of FY22 and through FY23, RightCrowd saw a reduction in Presence Control sales activity which has impacted the revenue growth trajectory and cash generation of the company.

## **FY23 Remuneration Strategy and employee risk**

Since listing in 2017, the Company has tightly managed its remuneration costs to ensure financial resources were targeted at developing its products and increasing its brand awareness. In response to COVID-19, many organisations in Australia and overseas have increased their focus on expanding their digital capability, resulting in a high demand for skilled IT people and consequently, talent shortages.

RightCrowd continued to seek sales growth and consistent with this strategy, has retained many of its skilled team and added critical roles where necessary. To manage the cash impact of increases in fixed remuneration driven by the demand in the IT employment market, the Company expanded its use of equity-based remuneration in its salary packages for FY22 and FY23. Following the sale of the discontinued business areas the company will be funded sufficiently to carefully consider the appropriate market salary rates and benefits to attract and retain key staff.

## **Events after Reporting Period**

On 24 August 2023 RightCrowd Limited shareholders voted to approve the sale of the Workforce Access, Visitor Management and Presence Control businesses, including the shares of RightCrowd Software Pty Ltd and RightCrowd NV. As a result of the completion of the transaction RightCrowd Limited will receive \$13.5 million of consideration before contract reductions and settlement of debt and transaction fee costs. This transaction will allow the Company to avoid further operating losses from the Workforce Access, Visitor Management and Presence Control businesses and allow the Company to focus on commercialising the Access Analytics product in the growing Identity and Cyber Governance market.

## **Auditor's independence declaration**

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 28 of the annual report.



## Board and Committee Attendance

Director's attendance at Board and Committee meetings for the period 1-July-2022 to 30-June-2023 is summarised below:

Director	Board Meetings		Audit & Risk Committee Meetings	
	Attended	Held	Attended	Held
Robert Baker	12	12	5	5
Craig Davies	12	12	5	5
Peter Hill	12	12	5	5

## Indemnification and Insurance for Directors and Officers

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

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

## Options & Performance Rights

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

Grant Date	Tranche	Date of Vesting	Exercise Price	# Performance Rights
28-Feb-2020	A (FY20)	30-Sep-2020	\$0.00	387,707
28-Feb-2020	B (FY21)	30-Sep-2021	\$0.00	1,724,595
29-Oct-2021	C (FY22)	30-Sep-2022	\$0.00	3,770,596
29-Oct-2021	C (FY23)	30-Sep-2023	\$0.00	3,470,600

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 directors and executives as remuneration, refer to the Remuneration Report.

## Proceedings on Behalf of the Company

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

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

### **Rounding of Amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **Non-audit Services**

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

### **Environmental Issues**

The Group's operations are not subject to any significant environmental regulations in the countries where it operates. The Group recognises its Environment, Social and Governance (ESG) responsibilities and will be working towards undertaking ESG related initiatives in future periods.

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# Remuneration Report

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# 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 equity incentives based on retention and 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 executive KMP receive a base salary (which is based on factors such as industry remuneration levels, length of service and experience), superannuation and if included in their agreed salary package, an opportunity to earn a specific performance-based cash bonus. In future years, KMP may 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. Non-executive Directors do not receive performance incentives.
- Incentives paid in the form of options or rights are intended to align the interests of the Executive KMP with those of the shareholders. In this regard, executive KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means. It is not envisaged that Non-executive KMP will receive incentives in the form of options or performance 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 executive KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast improvement in the Consolidated Group's performance. 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 was 10.5% of the individual's average weekly ordinary time earnings (AWOTE) during the reporting period. 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 remains unchanged since the Initial Public Offering in 2017 and is set at \$225,000. This amount is subject to approval by shareholders at an annual general meeting. Remuneration for non-executive directors in FY23 remained at FY22 levels.

Options and performance rights granted as part of remuneration to KMPs 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 considering 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 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 Group performance over the current and comparative financial periods. As part of the changes brought about by the listing of RightCrowd, the following policy items were applied to achieve the aim of increased shareholder and management goal congruence: (i) performance-based bonus based on KPIs, (ii) the issue of options to 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 Group. Over recent years the Group 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.

AUD (\$'000)	FY19	FY20	FY21	FY22	FY23
Sales Revenue	9,379	11,534	15,225	15,077	15,686
Total Income	11,692	16,192	19,426	18,367	18,792
Net Profit (Loss)	(6,171)	(6,786)	(4,663)	(14,939)	(9,380)
Loss per Share	(0.04)	(0.03)	(0.02)	(0.06)	(0.04)
Share Price (30-Jun)	0.26	0.17	0.335	0.043	0.012

The Board acknowledges that the Group 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.

The Managing Director is the Company's largest shareholder, creating a strong alignment to shareholder's interests.

## 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.

Group KMP	KMP Type	Position Held at 30-June	Contract Tenure	Performance Based		Fixed Remuneration (%)
				Non salary cash-based incentives (%)	Options / Performance Rights (%)	
Peter Hill	Executive	CEO / Managing Director	19 Years	-	-	100
James Stewart	Executive	Left company on 26 May 2023	4 Years	14	-	86
Robert Baker	Non-Executive	Non-Executive Chairman	6 Years	-	-	100
Craig Davies	Non-Executive	Non-Executive Director	4 Years	-	-	100

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 Group as follows:

- CEO / Managing Director on giving six months' notice.
- Directors are appointed to act between AGMs of the Company as per the Constitution.
- CFO on giving three months' notice. CFO left the business on 26 May 2023

The CFO was replaced on an interim basis and the Directors do not consider the interim appointee to be a member of the KMP during the year ended 30 June 2023.

## 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; and
- 4 weeks annual leave per annum

**Chief Financial Officer:**

The Company had an employment contract with Mr James Stewart. James resigned his position and left the business on 26 May 2023. The key terms of the contract were:

- Salary of \$200,000 per annum plus statutory superannuation contributions; and
- 4 weeks annual leave per annum; and
- Up to \$35,000 cash bonus per annum, subject to the Group meeting its compliance obligations.

**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. His base salary is \$64,800 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. His base salary is \$39,452 plus statutory superannuation contributions.

**Remuneration Expense Details for the Year Ended 30 June 2023**

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. Amounts have been calculated in accordance with Australian Accounting Standards.

Group KMP (\$)	FY	Short-term benefits		Post-employment benefits / Long-term benefits			TOTAL	% Performance related
		Salary, fees and leave	Bonuses	Pension & Super	Share based payment	LSL		
Peter Hill	FY23	228,311	0	23,973	0	3,805	256,088	0
	FY22	228,311	0	22,831	0	3,492	254,634	-
James Stewart	FY23	193,906	35,000	22,790	2,160	0	253,856	14%
	FY22	200,000	35,000	23,500	4,945	0	263,445	13%
Robert Baker	FY23	64,800	0	6,804	0	0	71,604	0
	FY22	64,800	0	6,480	0	0	71,280	-
Craig Davies	FY23	39,452	0	4,143	0	0	43,595	0
	FY22	39,452	0	3,945	0	0	43,397	-
<b>TOTAL KMP</b>	<b>2023</b>	<b>526,469</b>	<b>35,000</b>	<b>57,710</b>	<b>2,160</b>	<b>3,805</b>	<b>625,143</b>	<b>6%</b>
	<b>2022</b>	<b>532,563</b>	<b>35,000</b>	<b>56,756</b>	<b>4,945</b>	<b>3,492</b>	<b>632,756</b>	<b>6%</b>



## Securities Received that are not Performance-related

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

## Performance related bonuses and share-based payments

### Cash bonuses granted as compensation

During the financial year ended 30 June 2023 the Group granted no cash bonuses to its non-executive KMP.

James Stewart was paid a bonus of \$35,000 based on the Group meeting all of its statutory and legal compliance requirements as set out in his contract of employment in relation to year ended 30 June 2023.

### Performance Rights over equity Instruments granted as compensation

During the financial year ended 30 June 2023 the Group granted no share-based payments to its non-executive KMP or CEO.

Details on rights and options over ordinary shares in the Company that were granted as compensation to executive KMP in prior during the reporting periods are as follows:

KMP	Tranche	Number of rights granted during FY22	Vesting condition	Grant date	Fair Value @ grant date	Vesting Date	Expiry date
James Stewart	C (FY22)	600,000	Achieving revenue and net income targets for FY22 & in employment at vesting	29-Oct-21	\$156,000	30-Sep-22	30-Sep-32
	C (FY23)	300,000	Achieving revenue and net income targets for FY23 & in employment at vesting	29-Oct-21	\$78,000	30-Sep-23	30-Sep-33

No alterations have been made to the terms or conditions of the above Tranches nor have any rights vested or been forfeited since grant date during this financial year. The value of any performance rights that vest will be determined by the share price at that time.

In the prior year of FY22, the Company had not issued any options nor performance rights to KMP.

### Details of equity incentives affecting current and future remuneration

Details of vesting profiles of performance rights held by each KMP of the Group are detailed below:

KMP	Tranche	Performance Rights	Grant Date	Vesting Date	Status
James Stewart	A (FY20)	60,000	1-Apr-20	30-Sep-20	Granted
		15,000	1-Apr-20	N/A	Forfeited
		45,000	1-Apr-20	30-Sep-20	Vested
	B (FY21)	140,000	1-Apr-20	30-Sep-21	Granted
		24,500	1-Apr-20	N/A	Forfeited
		115,500	1-Apr-20	30-Sep-21	Vested
	C (FY22)	600,000	29-Oct-21	30-Sep-22	Granted
		240,000	29-Oct-21	30-Sep-22	Vested
		360,000	29-Oct-21	N/A	Forfeited
	C (FY23)	300,000	29-Oct-21	30-Sep-23	Forfeited

The fair value of the 400,500 vested rights at 30 June 2023 is \$32,702. The fair value of the 300,000 non-vested rights at 30 June 2023 is \$5,400. Exercise of any vested performance rights can take place at any time from vesting date for a period of 10 years.

### KMP Shareholdings

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

KMP	Balance at beginning of Year	Changes during the Year	Balance at End of Year
Peter Hill <sup>3</sup>	53,907,428	-	53,907,428
Robert Baker	433,333	-	433,333
Craig Davies <sup>4</sup>	104,166	-	104,166
James Stewart	-	-	-

### Loans to/from KMP

No loans were provided to / from KMP in the current reporting period.

<sup>3</sup> Indirect interest through CNI Pty Ltd <RIGHT CROWD A/C>

<sup>4</sup> Indirect interest through JAUNE ROSE PTY LTD <DAVIES FAMILY TRUST>

## 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**

**CEO**

Date: 29 September 2023



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Australia

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

As lead auditor of RightCrowd Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'C Henry', is written over a light grey rectangular background.

**C Henry**

Director

**BDO Audit Pty Ltd Brisbane,**

29 September 2023

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# Financial Report

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

Continuing operations	Note	30 June 2023 (\$'000)	30 June 2022 (\$'000) Re-presented
Revenue from contracts with customers	9	371	98
Other income	10	444	365
Cost of sales		(46)	(10)
Employee benefits expense	12.B	(1,639)	(1,497)
Depreciation and amortisation expense		(40)	(36)
Finance costs	11	(6)	(7)
Foreign currency gain /(loss)		(10)	(7)
Other expenses	12.A	(312)	(596)
<b>Loss before income tax from continuing operations</b>		<b>(1,238)</b>	<b>(1,690)</b>
Income tax expense	13	(3)	(1)
<b>Net loss for the year from continuing operations</b>		<b>(1,241)</b>	<b>(1,691)</b>
(Loss) after income tax from discontinued operations	15	<b>(2,591)</b>	<b>(4,989)</b>
Impairment expense on discontinued operation	15	(5,548)	(8,259)
<b>(Loss) after income tax attributable from operations</b>		<b>(9,380)</b>	<b>(14,939)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of discontinued operations		471	(471)
<b>Total other comprehensive income for the year</b>		<b>471</b>	<b>(471)</b>
<b>Total comprehensive loss for the year</b>		<b>(8,908)</b>	<b>(15,410)</b>
<b>Earnings per share for loss from continuing operations attributable to ordinary equity holders of the Company</b>			
Basic earnings per share	14	(0.005)	(0.006)
Diluted earnings per share	14	(0.005)	(0.006)
<b>Earnings per share for loss from discontinued operations attributable to ordinary equity holders of the Company</b>			
Basic earnings per share	14	(0.031)	(0.051)
Diluted earnings per share	14	(0.031)	(0.051)
<b>Earnings per share for loss for combined operations</b>		<b>(0.036)</b>	<b>(0.057)</b>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes. \*re-presented for discontinued operations. Refer to note 15 for information.

## Consolidated statement of financial position as at 30 June 2023

	Note	30 June 2023 (\$'000)	30 June 2022 (\$'000)
<b>ASSETS</b>			
Cash and cash equivalents	17	192	4,684
Trade and other receivables	18	658	4,579
Inventories	19	-	1,346
Short term deposits		-	69
Other assets	20	47	1,376
Assets classified as held for sale	15	10,175	-
<b>TOTAL CURRENT ASSETS</b>		<b>11,072</b>	<b>12,053</b>
Property, plant and equipment	21	60	1,912
Goodwill	22	-	3,688
Other intangible assets	22	-	985
<b>TOTAL NON-CURRENT ASSETS</b>		<b>60</b>	<b>6,585</b>
<b>TOTAL ASSETS</b>		<b>11,132</b>	<b>18,638</b>
<b>LIABILITIES</b>			
Trade and other payables	23	50	736
Borrowings	24	233	526
Contract liabilities	9(C)	375	2,915
Liabilities relating to assets held for sale	15	7,306	-
Tax liabilities		-	(5)
Provisions	25	311	2,070
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,275</b>	<b>6,242</b>
Borrowings	24	74	1,122
Provisions	25	33	119
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>107</b>	<b>1,241</b>
<b>TOTAL LIABILITIES</b>		<b>8,382</b>	<b>7,483</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>2,750</b>	<b>11,155</b>
<b>EQUITY</b>			
Issued capital	26	56,133	56,133
Reserves	26	1,078	103
Accumulated losses		(54,461)	(45,082)
<b>TOTAL EQUITY</b>		<b>2,750</b>	<b>11,155</b>

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

## Consolidated statement of changes in equity

For the year ended 30 June 2023

	Note	Issued capital (\$'000)	Accumulated losses (\$'000)	Foreign currency translation reserve (\$'000)	Share based payment reserve (\$'000)	Total (\$'000)
<b>Balance at 30 June 2022</b>		<b>56,133</b>	<b>(45,082)</b>	<b>(1,134)</b>	<b>1,237</b>	<b>11,155</b>
<b>Comprehensive income for the period</b>						
Loss for the period		-	(9,380)	-	-	(9,380)
Other comprehensive income		-	-	471	-	471
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(9,380)</b>	<b>471</b>	<b>-</b>	<b>(8,908)</b>
<b>Transactions with owners in their capacity as owners</b>						
Issue of ordinary shares	26	-	-	-	-	-
Share options and performance rights expensed during the year	31	-	-	-	504	504
Transfer of expired share options to accumulated losses	31	-	-	-	-	-
<b>Total transactions with owners in their capacity as owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2023</b>		<b>56,133</b>	<b>(54,461)</b>	<b>(663)</b>	<b>1,741</b>	<b>2,750</b>

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



## Consolidated statement of changes in equity

For the year ended 30 June 2022

	Note	Issued capital (\$'000)	Accumulated losses (\$'000)	Foreign currency translation reserve (\$'000)	Share based payment reserve (\$'000)	Total (\$'000)
<b>Balance at 30 June 2021</b>		56,133	(30,154)	(663)	567	25,884
<b>Comprehensive income for the period</b>						
Loss for the period		-	(14,939)	-	-	(14,939)
Other comprehensive income		-	-	(471)	-	(471)
<b>Total comprehensive income for the period</b>		-	(14,939)	(471)	-	(15,410)
<b>Transactions with owners in their capacity as owners</b>						
Issue of ordinary shares	26	-	-	-	-	-
Share options and performance rights expensed during the year	31	-	-	-	681	681
Transfer of expired share options to accumulated losses	31	-	11	-	(11)	-
<b>Total transactions with owners in their capacity as owners</b>		-	11	-	670	681
<b>Balance at 30 June 2022</b>		56,133	(45,082)	(1,134)	1,237	11,155

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

## Consolidated statement of cash flows

For the year ended 30 June 2023

Continuing operations	Note	30 June 2023 (\$'000)	30 June 2022 (\$'000)
<b>Cash flows from operating activities</b>			
Cash receipts from customers		479	52
Cash payments to suppliers and employees		(1,951)	(2,028)
Finance costs		(2)	-
Interest received		2	-
Grant income received		365	307
<b>Net cash (used in) from operating activities - continuing operations</b>	35	<b>(1,107)</b>	<b>(1,669)</b>
<b>Net cash (used in) from operating activities - discontinued operations</b>		<b>(1,603)</b>	<b>(1,936)</b>
<b>Total net cash (used in) from operating activities</b>		<b>(2,711)</b>	<b>(3,605)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3)	-
<b>Net cash (used in) from investing activities - continuing operations</b>		<b>(3)</b>	<b>-</b>
<b>Net cash (used in) from investing activities - discontinued operations</b>		<b>(29)</b>	<b>(192)</b>
<b>Total net cash (used in) from investing activities</b>		<b>(32)</b>	<b>(192)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		118	-
Repayment of borrowings		(31)	-
Repayment of lease liabilities		(69)	-
<b>Net cash (used in) from financing activities - continuing operations</b>		<b>18</b>	<b>-</b>
<b>Net cash (used in) from financing activities - discontinued operations</b>		<b>337</b>	<b>(1,342)</b>
<b>Total net cash (used in) from financing activities</b>		<b>355</b>	<b>(1,342)</b>
<b>Net increase (decrease) in cash and cash equivalents - continuing operations</b>			
		<b>(1,092)</b>	<b>(1,669)</b>
Cash and cash equivalents at 1 July		<b>4,684</b>	<b>9,872</b>
Effect of exchange rate fluctuations on cash held	15	116	(49)
Cash flows from discontinued operations	15	(1,295)	(3,470)
<b>Cash and cash equivalents at 30 June - combined operations</b>	17	<b>2,413</b>	<b>4,684</b>

For cash flows of discontinued operations, see note 15.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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# Notes to the Consolidated Financial Statements

## Notes to the consolidated financial statements

### 1. Reporting entity

RightCrowd Limited (the "Company") is a company domiciled in Australia. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for-profit entity and is primarily involved in the development and sale of physical security, safety, and compliance software.

### 2. Basis of preparation

These consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board. They were authorised for issue by the Board of Directors on 29 September 2023.

Details of the Group's accounting policies are included throughout the notes to the financial statements.

### 3. Functional and presentation currency and rounding of amounts

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

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### 4. Use of 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.

Significant judgements and estimates are outlined in note 7 to these financial statements.

### 5. Going Concern

The consolidated financial statements as at and for the year ended 30 June 2023 have been prepared on a going concern basis, indicating that the Group is able to pay its debts as and when they fall due for at least the next twelve months.

## Notes to the consolidated financial statements

The Group's cash and cash equivalent position is \$2,413k\* as at 30 June 2023, which has reduced from \$4,684k\* as at 30 June 2022, representing an decrease of \$2,271k\* over the last 12 months. This decrease has primarily been driven by (a) operating costs totalling more than receipts from customers and grant income, and (b) repayment of external borrowings during the period.

The Directors have prepared cash flow projections that support the Group's ability to continue as a going concern based on all contracted customer payments, completion of customer project milestones, and a probability weighted conversion of open sales pipeline and the completion of the sale of assets to Bloom RC Holdings, Inc ("Bloom"). 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 on a number of matters as follows:

- The successful development and further commercialisation of RightCrowd solutions;
- 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.

Whilst the current balance sheet position shows a relatively low net assets value and substantial level of net operating cash outflows, the inflow of proceeds from the transaction with Bloom (\$13.5m less any costs and adjustments) will substantially improve the net assets position and reduce operating cash outflows. As such the Directors believe that the going concern basis of preparation is appropriate

### 6. Summary of significant accounting policies

#### a.) Basis of consolidation

##### i. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

##### ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group '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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

## Notes to the consolidated financial statements

### iii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains and losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **b.) Foreign currency**

#### i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented as a foreign currency gain / (loss) in the income statement.

#### ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated into \$AUD at the prevailing exchange rates at the reporting date. The income and expenses of foreign operations are translated into \$AUD at the prevailing exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

### **c.) 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:

#### i. Perpetual software

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

## Notes to the consolidated financial statements

### ii. Subscription software and support and maintenance

For software sold on a subscription basis via on-premises 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 license and invoicing for the full subscription period in full. The date of invoicing is taken to approximate the subscription start/renewal date.

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 the period, which is generally 12 months. The provision of support and maintenance consists of multiple highly interrelated tasks including software upgrades and bug fixes which the Group has determined constitute one bundled performance obligation.

Revenue invoiced is booked as a deferred revenue liability and amortised to the profit or loss over the period of the contract as the service is provided to the customer.

### iii. 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 right to access license for the duration of the contract term.

Revenue is invoiced in full for the defined contract period and is booked as a deferred revenue liability and amortised to the profit or loss over the period of the contract as the service is provided to the customer.

### iv. Consulting Services

The Group supports the delivery and implementation of customer software with services provided by its professional services team. Customer contracts include a statement of work, which describes the tasks to be completed and the time frame for 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 under the contract.

### vi. Hardware

The Group provides components of hardware to customers with accompanying software licenses as part of its presence control and visitor management solutions. The Group has determined that the supply of the hardware and the provision of the software licenses represent two separate performance obligations, with the software component recognised under the 'software as a service', 'subscription software and support & maintenance' policies described above.

The performance obligation in respect of the hardware is satisfied at the point in time at which the customer obtains control of the hardware, which is generally at the time of delivery. Revenue is therefore invoiced in full and recognised at this point.

## Notes to the consolidated financial statements

### vii. 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 products and services are sold in separate agreements.

Further information in respect of this estimate can be found in note 7(v) to the financial statements.

### viii. Contract assets and contract liabilities

Contract liabilities relate to funds received from customers in advance of the Group fulfilling its performance obligations under the relevant contract.

Contract assets are only recognised when the entity has a right to consideration under the contract but has not yet invoiced the customer.

### ix. Contract costs

Incremental costs incurred to obtain a contract are expensed when incurred. The incremental costs relate to commissions paid to employees for obtaining new contracts.

Costs incurred in fulfilling a contract are expensed when incurred.

### x. 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 partly satisfied) at the end of the reporting period on the basis that the performance obligations involved are associated with contracts having an expected duration of one year or less.

## **d.) Employee benefits**

### i. Short-term employee benefits

Short term employee benefits are expensed as the related services is provided. Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### ii. Share-based payment arrangements

The grant-date fair value of equity settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at vesting date.



## Notes to the consolidated financial statements

### *iii. Defined contribution plans*

Obligations for defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### *iv. Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurements are recognised in profit or loss in the period in which they arise.

### **e.) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group has received government grants in the current year in relation to the Australian Government Research and Development Scheme and the Cyber Security Skills Partnership Innovation Fund.

#### *i. Research and development fund*

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.

#### *ii. Cyber Security Skills Partnership Innovation Fund*

In February 2021, the Group was awarded a grant as part of the Cyber Security Skills Partnership Innovation Fund. The grant provides the Group with funding to build a talent pool for job-ready early-career professionals with cybersecurity work experience for roles in Regional Australia. The grant represents 50% of the cost for the Group to provide a two-year program to recent graduates to build these skills whilst working at RightCrowd. The terms and conditions of the grant require the Group to have incurred expenditure connected to the program as defined and agreed with the Commonwealth government.

## Notes to the consolidated financial statements

### f.) Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### g.) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

#### *i. Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss.

#### *ii. Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the

## Notes to the consolidated financial statements

temporary differences and it is probable that they will not reverse in the foreseeable future;  
and

- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

### *(iii) Offsetting*

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **h.) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in / first-out basis
- Finished and sub-assembled goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **i.) Property, plant, and equipment**

#### *i. Recognition and measurement*

Items of property, plant and equipment are measured at cost, less accumulated depreciation, and any accumulated impairment losses.

## Notes to the consolidated financial statements

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### *ii. Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

### *iii. Depreciation*

Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Class of fixed asset	Estimated useful life
Furniture and fittings	10 years
Plant and equipment	4 years
Right-of-use Buildings	Underlying lease term
Right-of-use Vehicles	Underlying lease term
Right-of-use Laptops	Underlying lease term
Leasehold improvements	Underlying lease term

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

## j.) Intangible assets and goodwill

### *i. Recognition and measurement*

Item	Description
Goodwill	Goodwill arising on the acquisition of subsidiaries is recognised at cost less accumulated impairment losses.
Research and Development	Expenditure incurred in the research phase of a project is recognised as an expense when incurred.
Software and wearable technology	Software and wearable technology costs are capitalised only when the Group identifies that the project will generate future economic benefits which can be measured reliably.  Software and wearable technology are considered as having finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

## Notes to the consolidated financial statements

Item	Description
	<p>Costs that are directly associated with the development of the software are recognised as an intangible asset where the Group can demonstrate all of the following:</p> <p>(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;</p> <p>(b) Intention to complete the intangible asset and use or sell it;</p> <p>(c) Ability to use or sell the intangible asset;</p> <p>(d) How the intangible asset will generate probable economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset</p> <p>(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and</p> <p>(f) Ability to measure reliably the expenditure attributable to the intangible asset during its development.</p>

### *ii. Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

### *iii. Amortisation*

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

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

Class of intangible asset	Estimated useful life
Software	7 years
Presence Control Wearable Tech	7 years

## **k. Financial instruments**

### *i. Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other 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 or minus, for an item not at Fair Value Through Profit or Loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

## Notes to the consolidated financial statements

### ii. Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost. The Group does not hold any financial assets subsequently measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for management financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

The Group's financial assets are measured at amortised cost as a result of meeting the following two conditions:

- The financial assets are held within a business model whose objective is to hold assets to collect contractual flows; and
- The contractual terms of the Group's financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;

#### Financial assets – assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual term of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would meet this condition. In making this assessment, the Group considers:

## Notes to the consolidated financial statements

- Contingent events that would change the amount or timing of cash flows;
- Prepayment and extension features;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### *Financial assets at amortised cost – subsequent measurement and gains and losses*

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### *Financial liabilities – classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost. The Group does not hold any financial liabilities classified at FVTPL. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### *iii. Derecognition*

#### *Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire.

#### *Financial liabilities*

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 liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

### *iv. Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off

## Notes to the consolidated financial statements

the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### I. Share capital

#### *i. Ordinary shares*

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with note 6g to these financial statements.

### m. Impairment

#### *i. Non derivative financial assets*

##### *Financial instruments*

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost, being the Group's trade and other receivables. The Group measures loss allowances at an amount equal to lifetime ECLs.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instruments.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



## Notes to the consolidated financial statements

Evidence that the financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as default or being more than 180 days past due;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.

### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

### *ii. 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 of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-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 other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes to the consolidated financial statements

### n. Leases

At inception of a 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 in exchange for consideration.

#### *i. As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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 readily be determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has applied an incremental borrowing rate to all its lease arrangements in order to calculate the present value of the minimum lease payments. Given the Group has 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.

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 rate, initially measured using the index or rate as at the commencement date; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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, if there is a change in the Group's estimate of the amount expected to be payable under a residual value

## Notes to the consolidated financial statements

guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding 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 has been reduced to zero.

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

### *Short-term and leases of low value assets*

The Group has not applied the exemption allowed to short-term leases and leases for which the underlying asset is of low value. The accounting policy for these leases are in line with the above.

## 7. Use of judgements and estimates

The following key judgements and estimates have been used in the preparation of these consolidated financial statements.

### *i. Impairment of property, plant and equipment*

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.

### *ii. 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 6m. The recoverable amount 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 current cost of capital and growth rates of the estimated future cash flows. Refer to note 22 for details of key assumptions contained in the impairment assessment on cash generating units containing goodwill, including the impacts of COVID-19 on future trading.

### *iii. Allowance for expected credit losses*

The allowance for expected credit losses (ECLs) 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.

### *iv. Share based payment arrangements*

## Notes to the consolidated financial statements

The Group measures the fair value of equity settled share-based payment 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 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 or equity.

### v. Revenue recognition for subscription license sales – distinct performance obligations

As described in note 6c to the financial statements, the Group has made judgements in determining the allocation of the transaction price to the identified performance obligations.

### vi. Government grants

Significant judgements and estimates have been applied in the current year in respect of government grants received as follows:

- Recognition of the Research and Development tax offset receivable and related income on the basis that the Group has met the requirements for eligible activities and expenses which are claimable in accordance with Australian Taxation Office guidance and is reasonably certain that this will be received and will not require repayment in a future period; and
- Grant funding received via the Cyber Security Skills Partnership Innovation Fund is recognised upon funds receipt, reflecting the completion of pre-agreed milestones that trigger release of funding. As such, no accruals are included in the current period for future funding due courtesy of this program.

### vii. Discontinued operations

Significant judgement and estimates have been applied in determining what relates to the continuing and discontinued operations. Refer to note 15 on the judgement applied in determining this.

## **8. Accounting Standards issued but not yet effective**

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 2023. This includes:

### i. Amendments to Classification of Liabilities as Current or Non-Current (AASB 2020-1)

As these amendments only apply for the first time to the 30 June 2024 balance sheet (and 30 June 2023 comparative balance sheet), the Group is not yet able to make an assessment of the impact regarding the right to defer settlement, compliance with bank covenants, and intention to settle. However, regarding the classification of liabilities that could be settled prior to maturity by the entity transferring its own equity instruments, the entity does not believe that the amendments will have a significant impact on the classification of liabilities in either the 30 June 2024 balance sheet (or 30 June 2023 comparative balance sheet).

### ii. Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2)

## Notes to the consolidated financial statements

There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, i.e. annual periods beginning on or after 1 July 2023.

### *iii. Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2)*

This has a disclosure impact only with material accounting policy information requiring to be disclosed relating to material transactions for financial years beginning on or after 1 January 2023.

## 9. Revenue

### A. Revenue streams

The following table shows revenue earned from each of the material revenue streams of the Continuing operation:

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Subscription software / Software as a Service and Support and maintenance	280	98
Consulting	91	-
<b>Total:</b>	<b>371</b>	<b>98</b>
<b>Revenue from Discontinued operations</b>	<b>15,315</b>	<b>14,978</b>

## Notes to the consolidated financial statements

### B. Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by service/product line and timing of revenue recognition. The table also includes a reconciliation between the disaggregated revenue with the Group's reportable segments.

	Discontinued operations				Continuing operations			
	Workforce Management (\$'000)		Presence Control (\$'000)		Access Analytics (\$'000)		Total (\$'000)	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
<i>Revenue by service line</i>								
Perpetual Software	557	651	-	-	-	-	557	651
Subscription software and support and maintenance	9,428	5,448	2	238	148	98	9,578	5,784
Consulting	3,640	4,559	-	-	91	-	3,731	4,559
Software as a service	-	-	1,550	2,327	132	-	1,681	2,327
Presence control hardware	-	(33)	138	1,789	-	-	138	1,756
<b>Total</b>	<b>13,625</b>	<b>10,624</b>	<b>1,690</b>	<b>4,354</b>	<b>371</b>	<b>98</b>	<b>15,686</b>	<b>15,077</b>
<i>Timing of recognition</i>								
Point in time recognition	4,198	5,176	138	1,789	91	-	4,427	6,965
Over time recognition	9,427	5,448	1,552	2,565	280	98	11,259	8,112
<b>Total:</b>	<b>13,625</b>	<b>10,624</b>	<b>1,690</b>	<b>4,354</b>	<b>371</b>	<b>98</b>	<b>15,686</b>	<b>15,077</b>

## Notes to the consolidated financial statements

### C. Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers:

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Receivables, which are included in 'trade and other receivables'	214	1,438
Contract liabilities	(375)	(2,915)
Contract assets	-	329
<b>Net contract balances:</b>	<b>(161)</b>	<b>(1,148)</b>

Contract liabilities relate to invoices raised in respect of support and maintenance and software as a service revenue, for which the related performance obligations under the contracts have not been met as at year end. The performance obligations will be satisfied over the underlying contract periods, which are typically over a period of 12 months.

Contract assets relate to work completed for which invoices are yet to be raised in respect of consulting related deliverables for which milestone sign-off is imminently expected from the customer.

### D. Reconciliation of contract liabilities

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Opening contract liabilities	46	4,122
Revenue recognised from opening contract liabilities	(46)	(2,889)
Billings received	375	1,683
<b>Closing contract liabilities</b>	<b>375</b>	<b>2,915</b>
Closing contract liabilities continuing operations	375	46
Closing contract liabilities discontinued operations	-	2,869
Revenue recognised discontinued operations	2,551	-

Revenue recognised from opening contract liabilities comprises:

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Subscription licenses	46	624
Support and maintenance	-	979
Software as a service	-	1,287
Solution Support	-	-
<b>Total</b>	<b>46</b>	<b>2,889</b>

## Notes to the consolidated financial statements

### E. Performance obligations and revenue recognition policies

Information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies are shown in note 6c to the financial statements.

### 10. Other income

	30 June 2023 (\$'000)	30 June 2022 (\$'000) Re-presented
Research and development grant	444	365
<b>Total:</b>	<b>444</b>	<b>365</b>

### 11. Finance income and finance costs

See accounting policies in note 6f

	30 June 2023 (\$'000)	30 June 2022 (\$'000) Re-presented
Interest income under the effective interest method on:		
Cash and cash equivalents	-	8
<b>Total interest income arising from financial assets</b>	<b>-</b>	<b>8</b>

	30 June 2023 (\$'000)	30 June 2022 (\$'000) Re-presented
Finance costs on financial liabilities:		
Related to Lease Liabilities	6	7
<b>Total finance costs arising from financial liabilities</b>	<b>6</b>	<b>7</b>

### 12.A Other expenses

	30 June 2023 (\$'000)	30 June 2022 (\$'000) Re-presented
Rental outgoings	15	15
Travel expense	37	32
Professional and consulting	124	158
Other expenses	136	391
<b>Total:</b>	<b>312</b>	<b>596</b>



## Notes to the consolidated financial statements

### 12.B Employee benefits expense

Employee benefits expense includes the following amounts for Defined Contribution superannuation.

	30 June 2023 (\$'000)	30 June 2022 (\$'000) Re-presented
<b>Total</b>	<b>76</b>	<b>74</b>

### 13. Income taxes

See accounting policies in note 6g.

#### A. Amounts recognised directly in profit or loss

<b>Total Operation</b>	30 June 2023 (\$'000)	30 June 2022 (\$'000) Re-presented
Current tax expense	39	5

#### B. Reconciliation of effective tax rate

	30 June 2023 (\$'000)	30 June 2022 (\$'000) Re-presented
Loss before income tax combined continuing and discontinued operations	(9,340)	(14,306)
Tax using the Company's domestic tax rate of 25% (30 June 2022: 25%)	(2,335)	(3,576)
Tax effect of:		
- Restate closing balance of DTA at 25%	-	-
- Non-deductible expenses	362	(89)
- Impairment of Goodwill	952	(1,908)
- Net impact of R & D refund	870	913
- Tax payable by foreign subsidiaries	39	5
Current-year losses for which no deferred tax asset is recognised	(196)	845
<b>Income tax expense combined operations</b>	<b>39</b>	<b>5</b>
Income tax is attributable to:		
Continuing operations	3	1
Discontinued operations – Note 15	36	4
	<b>39</b>	<b>5</b>

## Notes to the consolidated financial statements

### C. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Deductible temporary differences	422	445
Tax losses	2,893	2,719
Foreign Deferred tax assets	-	-
<b>Total deferred tax assets not brought to account</b>	<b>3,315</b>	<b>3,164</b>

### 14. Loss per share

#### A. Basic and dilutive loss per share

##### *i. Profit (loss) attributable to ordinary shareholders (basic and dilutive)*

The calculation of basic loss per share has been based on the following profit attributable to ordinary shareholders and weighted number of ordinary shares outstanding.

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
(Loss) for the year for continuing operations, attributable to owners of the Company	(1,241)	(1,691)
(Loss) for the year for continuing operations used to calculate basic and dilutive earnings per share	(1,241)	(1,691)
(Loss) for the year for discontinued operations, attributable to the owners of the Company	(8,139)	(13,248)

##### *ii. Weighted-average number of ordinary shares (basic and dilutive)*

	30 June 2023	30 June 2022
Opening Balance	261,385,289	260,149,975
Weighted Average effect of share placements	-	-
Weighted Average effect of performance rights exercised	720,380	678,504
Weighted average # of ordinary shares for period	262,105,669	260,828,479

Performance rights granted during the year but not yet vested are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2023.

At 30 June 2023, 2,548,257 performance rights (30 June 2022: 7,241,196 performance rights) were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. These performance rights could potentially dilute basic earnings per share in the future.

## Notes to the consolidated financial statements

### 15. Discontinued operations

#### Description

On 30 June 2023, the Company entered into a Share Purchase Agreement with Bloom RC Holdings Inc. Under the terms of the Agreement the Company will sell 100% of the issued share capital of RightCrowd Software Pty Ltd and RightCrowd NV for a purchase price of \$13,500,000 less amounts specified in the Agreement. These two companies, and their subsidiaries, operate the Company's Workforce Access, Visitor Management and Presence Control businesses. The Agreement has now become unconditional and was approved by the shareholders at an EGM held on the 24 August 2023. Following the sale, the Company will focus on growing its Access Analytics business. The consideration amount may be reduced by Net Debt, Transaction costs and other items specified in the Agreement.

#### Financial performance information of the Discontinued businesses

		30 June 2023 (\$'000)	30 June 2022 (\$'000)
Revenue from contracts with customers		15,315	14,979
Other income		2,662	2,925
Cost of goods sold		(437)	(2,021)
Employee benefits expense		(15,631)	(16,542)
Depreciation and amortisation expense		(936)	(937)
Finance costs		(131)	(130)
Foreign currency gain /(loss)		(94)	21
Other expenses		(3,303)	(3,280)
<b>Loss before income tax</b>		<b>(2,555)</b>	<b>(4,985)</b>
Income tax expense	13B	(36)	(4)
<b>Loss after income tax</b>		<b>(2,591)</b>	<b>(4,989)</b>
Impairment expense on discontinued operations		(5,548)	(8,259)
<b>Net loss for the year from discontinued operations</b>		<b>(8,139)</b>	<b>(13,248)</b>
Exchange differences on translation of discontinued operations		471	(471)
<b>Other comprehensive income from discontinued operations</b>		<b>471</b>	<b>(471)</b>

The cumulative foreign exchange losses recognised in other comprehensive income in relation to the discontinued operation as at 30 June 2023 were \$663,000.

The impairment of investment in Ticto included within the \$5,548k for FY23 (\$3,808k) was included in the results for the half year to 31 December 2022 prior to the signing of the Share Purchase Agreement with Bloom. The impairment for inventory in the Presence Control part of the discontinued business (1740k) occurred at the year-end date. The impairment expense amounting to

## Notes to the consolidated financial statements

\$8.259 million recognised for the year ended 30 June 2022 relates to the impairment of Goodwill allocated to the Presence Control Cash Generating Unit (CGU).

### Cash flow information

		30 June 2023 (\$'000)	30 June 2022 (\$'000)
<b>Cash flow from discontinued operations</b>			
<b>Net cash (used in) from operating activities</b>		(1,603)	(1,936)
<b>Net cash (used in) from investing activities</b>		(29)	(192)
<b>Net cash (used in) from financing activities</b>		337	(1,342)
<b>Net cash (used in) discontinued operations</b>		(1,295)	(3,470)
<b>Foreign exchange differences</b>		116	-

### Carrying amounts of assets and liabilities held for sale

		30 June 2023 (\$'000)
<b>ASSETS</b>		
Cash and cash equivalents		2,234
Trade and other receivables		4,749
Inventories		790
Short term deposits		5
Other assets		287
Property, plant and equipment		1,342
Goodwill		-
Other intangible assets		768
<b>TOTAL ASSETS</b>		<b>10,175</b>
<b>LIABILITIES</b>		
Trade and other payables		(739)
Borrowings		(2,272)
Contract liabilities		(2,684)
Tax liabilities		2
Provisions		(1,514)
<b>TOTAL LIABILITIES</b>		<b>(7,306)</b>
<b>NET ASSETS</b>		<b>2,869</b>

The Cash and cash equivalents line in the table above is an estimate of the total balance that should be allocated to the Discontinuing operation based on a similar estimate basis used for other accounts items. This is based on an appropriate headcount allocation. Under the purchase agreement with Bloom any cash net of debt borrowings, at the completion date will be retained by RightCrowd Limited.

## Notes to the consolidated financial statements

### Accounting policy for discontinued operations

A discontinued operation is a component of the Company that is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

### 16. Auditor's remuneration

#### Audit and review services

Auditor of the Group – BDO Audit Pty Ltd

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Audit and review of financial statements – Group	166	125
Audit and review of financial statements – Controlled entities*	35	32
<b>Total:</b>	<b>201</b>	<b>157</b>

\* The audit of RightCrowd Europe, a controlled entity, is conducted by KPMG Belgium.

### 17. Cash and cash equivalents

See accounting policy note 6k.

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Bank balances	192	4,684
<b>Total:</b>	<b>192</b>	<b>4,684</b>
<b>Bank balance - continuing operation</b>	<b>192</b>	<b>4,684</b>
<b>Bank balance - discontinued operations</b>	<b>2,221</b>	<b>-</b>
<b>Bank balance - combined operations</b>	<b>2,413</b>	<b>4,684</b>

The Cash and cash equivalents line in the table above is an estimate of the total balance that should be allocated to the Continuing operation based on a similar estimate basis used for other accounts items. This is based on an appropriate headcount allocation. Under the purchase agreement with Bloom any cash net of debt borrowings, at the completion date will be retained by RightCrowd Limited.

### 18. Trade and other receivables

See accounting policy note 6k.

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Trade receivables arising from contracts with customers	214	1,594
Loss Allowance for bad debts and expected credit loss	-	(156)

## Notes to the consolidated financial statements

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Research and Development Grant receivable	444	2,682
Other receivables	-	130
Accrued revenue	-	329
<b>Total:</b>	<b>658</b>	<b>4,579</b>

### Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 27.

### 19. Inventories

See accounting policy note 6h.

	30 June 2023 (\$'000)	30 June 2022 (\$'000) Re-presented
Raw materials and finished goods	-	85
Sub-assembled goods	-	1,261
Finished Goods	-	-
<b>Total:</b>	<b>-</b>	<b>1,346</b>

There are no Inventory amounts in the Continuing operation of the business.

In the Discontinued Operation the amount of inventory recognised as an expense was \$148k with a further \$1,509k recognised as an impairment expense during the period (Note 15). There was no reversal of any write-downs during the period.

### 20. Other assets

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Prepayments for inventory	-	1,186
Other prepayments	47	190
<b>Total:</b>	<b>47</b>	<b>1,376</b>

In the Discontinued operation the amount of prepayment for inventory was impaired by \$231k during the period. The write-down of inventory has been recognised in the Discontinued operations profit and loss (note 15.) as an Impairment expense.

## Notes to the consolidated financial statements

### 21. Property, plant, and equipment

Refer accounting policy note 6i.

#### A. Reconciliation of carrying amounts

	Plant and equipment (\$'000)	Furniture and fittings (\$'000)	Right of Use Buildings (\$'000)	Right of Use Vehicles (\$'000)	Right of Use Laptops (\$'000)	Leasehold Improvements (\$'000)	Total (\$'000)
<b>Balance at 1 July 2022</b>	<b>326</b>	<b>145</b>	<b>1,385</b>	<b>0</b>	27	29	<b>1,912</b>
Additions	5	-	-	-	-	-	5
Disposals	(5)	-	-	-	-	-	(5)
Depreciation expense	(12)	(4)	(24)	-	(1)	-	(40)
Assets classified as non-current assets held for sale	(288)	(128)	(1,340)	-	(26)	(29)	(1,811)
<b>Balance at 30 June 2023</b>	<b>26</b>	<b>13</b>	<b>21</b>	-	-	-	<b>60</b>

	Plant and equipment (\$'000)	Furniture and fittings (\$'000)	Right of Use Buildings (\$'000)	Right of Use Vehicles (\$'000)	Right of Use Laptops (\$'000)	Leasehold Improvements (\$'000)	Total (\$'000)
<b>Balance at 1 July 2021</b>	<b>338</b>	<b>134</b>	<b>1,478</b>	<b>61</b>	<b>44</b>	<b>38</b>	<b>2,094</b>
Additions	172	30	367	-	-	3	572
Disposals	(1)	-	-	(61)	-	-	(62)
Depreciation expense	(183)	(19)	(460)	-	(18)	(12)	(692)
<b>Balance at 30 June 2022</b>	<b>326</b>	<b>145</b>	<b>1,385</b>	<b>0</b>	<b>27</b>	<b>29</b>	<b>1,912</b>

## Notes to the consolidated financial statements

### 22. Intangible assets and goodwill

Refer accounting policy notes 6j and 6m.

#### A. Reconciliation of carrying amounts

	Goodwill (\$'000)	Software and wearable technology (\$'000)	Total (\$'000)
<b>Balance at 1 July 2022</b>	<b>3,688</b>	<b>985</b>	<b>4,673</b>
Exchange differences	-	-	-
Impairment / adjustments related to Presence Control business	(3,688)	(985)	(4,673)
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Goodwill (\$'000)	Software and wearable technology (\$'000)	Total (\$'000)
<b>Balance at 1 July 2021</b>	<b>12,490</b>	<b>1,214</b>	<b>13,704</b>
Exchange differences	(543)	(32)	(575)
Amortisation	-	(197)	(197)
Impairment	(8,259)	-	(8,259)
<b>Balance at 30 June 2022</b>	<b>3,688</b>	<b>985</b>	<b>4,673</b>

There are no intangible assets in the Continuing Operation but for the Discontinued business 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.

In FY23 the remaining carrying value of the Intangible assets in the Ticto (Presence Control business) / Offsite Vision combined CGU were impaired. This was primarily due to the business's subscription contracts being cancelled or put on hold following the end of the COVID 19 pandemic.

For completeness the following disclosures have been retained to outline the company's process for assessing whether impairment was required in the comparative financial year (FY22).

#### B. Impairment testing

Included in the Discontinued operations business streams, the Group reported goodwill on the statement of financial position of \$3,688k\* at 30 June 2022 resulting from the acquisition of RightCrowd Europe and the Presence Control solution on 15 January, 2019. This goodwill was allocated to the Presence Control Cash Generating Unit (CGU) for impairment testing purposes. This amount was fully impaired this in the current period. (FY22 impairment expense of \$8,259k\*).

The Presence Control CGU is a business operations focused on the Presence Control product and generates cash flows independently representing the lowest level at which goodwill is monitored for internal management purposes.



## Notes to the consolidated financial statements

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

### 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 Presence Control CGU at 30 June 2022:

- 16.5% post-tax discount rate.
- 2% terminal growth rate.
- Forecast sales of \$1,000k for FY23 based on estimated sales of 6,000 badge holder units.
- Forecast revenue growth of 15% per annum in FY24, increasing to 20% in FY25, and 25% revenue growth in FY26 and FY27.
- Staff and allocated costs of \$3,186k for FY23, and increasing by 10% in FY24, and by 15% per annum each year thereafter.

### Discount rate

The discount rate of 16.5% post-tax reflects an estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk-free interest rate, and the volatility of the share price relative to market movements. The discount rate reflects has been based on market data collected with consideration of industry and company size.

### Terminal growth rate

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

### 23. Trade and other payables

See accounting policy note 6k.

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Trade payables	50	673
Accrued expenses	-	63
<b>Total:</b>	<b>50</b>	<b>736</b>

### 24. Borrowings

See accounting policy notes 6k.

## Notes to the consolidated financial statements

Borrowings	30 June 2023 (\$'000)	30 June 2022 (\$'000)
<b>CURRENT</b>		
Insurance premium funding	7	61
Lease liabilities	59	465
Other unsecured loan	-	-
R&D Factoring	167	-
<b>Total borrowings (current):</b>	<b>233</b>	<b>526</b>
<b>NON-CURRENT</b>		
Lease liabilities	74	1,056
Payroll Protection Program loan	-	(1)
Small Business Administration loan	-	67
<b>Total borrowings (non-current):</b>	<b>74</b>	<b>1,122</b>
<b>TOTAL BORROWINGS</b>	<b>307</b>	<b>1,648</b>

### A. Terms and conditions

Terms and conditions of the Group's current borrowings are shown in the below table:

Loan	Repayment Terms and Interest rate P/A
Insurance premium funding	Principal and interest, repayable in full by 30 November 2023, 2.69% interest per annum.
Small Business Administration Loan	Principal and interest, 30-year repayment term commencing 12 months after entering into facility. 3.75% interest.
Lease liabilities	Refer to accounting policy note 6n and note 27 for detailed information on Lease liabilities.
R&D Loan Facility	Principal and interest, repayable in full by 30 November 2023, 15% interest per annum.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 27.

### B. Reconciliation of movements of borrowings to cash flows arising from financing activities

Combined continuing and discontinued operations	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Balance at 1 July	1,648	2,180
<b>Changes from financing cash flows:</b>		
Proceeds from (repayments of) Borrowings, net	(322)	(642)
Repayment of lease liabilities	(722)	(700)
Proceeds from (repayments of) issue of shares or debt	1,400	-
<b>Non-cash changes:</b>		
New lease liabilities	673	810
Fair value adjustments	-	-

## Notes to the consolidated financial statements

Combined continuing and discontinued operations	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Exchange differences	-	-
<b>Balance at 30 June</b>	<b>2,677</b>	<b>1,648</b>

Continuing operations share		30 June 2023 (\$'000)	30 June 2022 (\$'000)
Repayments of borrowings		(36)	(31)
Repayment of lease liabilities		(21)	(7)
Proceeds from issue of debt		167	-
New lease / funding arrangements		123	14

### 25. Provisions

See accounting policy note 6d.

#### Employee benefit liabilities

##### i. Current

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Provision for annual leave	213	1,262
Provision for long service leave	98	729
<b>Total:</b>	<b>311</b>	<b>1,991</b>

##### ii. Non-current

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Provision for long service leave	33	87
<b>Total:</b>	<b>33</b>	<b>87</b>

#### Other provisions

##### i. Warranty expenses – current

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Provision for warranty expenses	-	79
<b>Total:</b>	<b>-</b>	<b>79</b>

## Notes to the consolidated financial statements

There are no warranty provisions in relation to the ongoing operations of the company. The Group's provision for warranty expenses in the prior year was in relation to the Presence Control business and estimated the future outlays required by the Group over the next twelve months to cover potential warranty claims by customers on sales of presence control hardware. The Group measures the provision using historical information on actual warranty claims made.

*ii. Lease make good costs – non-current*

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Provision for lease make good costs	-	32
<b>Total:</b>	<b>-</b>	<b>32</b>

The Group's provision for lease make-good costs relate to the Group's contractual obligation under certain lease agreements to restore leased premises to their original condition, including rectification of any damage, removal of signage etc. The Group measures the provision as the present value of estimated future outlays in respect of the make good obligations.

The lease to the property in Australia has been assigned to the discontinued operation and provision allocated to liabilities relating to assets held for sale.

*iii. Total provisions*

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Current	311	2,070
Non-current	33	119
<b>Total:</b>	<b>344</b>	<b>2,190</b>

## 26. Capital and reserves

### A. Ordinary share capital

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.

	FY23 (no. of shares)	Value of shares FY23 (\$)	FY22 (no. of shares)	Value of shares FY22 (\$)
Opening Balance	261,385,289	11,239,567	260,149,975	88,450,992
Share issuance	-	-	-	-
Exercise of performance rights	1,806,527	21,678	1,235,314	53,119

## Notes to the consolidated financial statements

	FY23 (no. of shares)	Value of shares FY23 (\$)	FY22 (no. of shares)	Value of shares FY22 (\$)
Impact of changes in share price	-	(8,102,943)	-	(77,264,544)
<b>Closing Balance</b>	<b>263,191,816</b>	<b>3,158,302</b>	<b>261,385,289</b>	<b>11,239,567</b>

### Details of share issues in the current and comparative period

- During the course of FY23, the Group issued 1,806,527 shares to eligible employees through exercise of performance rights under Tranches A, B and C of the RightCrowd Long Term Incentive plan.
- During the course of FY22, the Group issued 1,235,314 shares to eligible employees through exercise of performance rights issued from Tranche A and Tranche B of the RightCrowd long term incentive plan.

### B. Nature and Purpose of Reserves

#### *i. Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### *ii. Share-based payment reserve*

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

## **27. Capital management**

The board of directors control the capital of the Group. Given the Group's stage of development, the Board seeks to carry only low levels of debt, generate long-term shareholder value, and ensure 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.

The board of directors 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 the market. These responses include the management of debt levels, consideration of equity fund raising options including capital placements and asset divestments.

Throughout the COVID-19 pandemic and since then, the Group sourced additional debt financing to support continued growth as several projects were placed on hold and pipeline opportunities delayed. The Group has repaid most existing debt facilities.

The Group monitors capital using a ratio of 'net debt to equity'. Net debt is calculated as total borrowings less cash and cash equivalents. Borrowings include lease liabilities for Right of Use assets.

## Notes to the consolidated financial statements

Equity comprises total equity as shown in the statement of financial position. The Group's net debt to equity ratio is shown in the following table for the combined operations:

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Borrowings	(2,676)	(1,648)
Less: cash and cash equivalents	2,413	4,684
<b>Net funds/(debt)</b>	<b>(263)</b>	<b>3,036</b>
Total equity	2,750	11,155
<b>Net debt to equity ratio</b>	<b>(0.10)</b>	<b>N/A</b>

### 28. Financial instruments – Financial risk management

#### A. Accounting classifications

The following table shows the carrying amounts of financial assets and financial liabilities as at 30 June 2023. All the Group's financial instruments are measured at amortised cost. The Group does not have any financial assets or financial liabilities measured at fair value through profit or loss.

##### i. Financial assets at amortised cost:

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Cash and cash equivalents	192	4,684
Trade and other receivables	658	4,579
Short term deposits	-	69
<b>Total financial assets</b>	<b>850</b>	<b>9,332</b>

##### ii. Financial liabilities at amortised cost:

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Trade and other payables	50	736
Borrowings	307	1,648
Other liabilities	-	-
<b>Total financial liabilities</b>	<b>357</b>	<b>2,384</b>

#### B. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see section (ii))
- Liquidity risk (see section (iii))
- Market risk (see section (iv))

##### i. Risk management framework

## Notes to the consolidated financial statements

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the audit and risk committee, which is responsible for developing and monitoring the Group's risk management policies. All directors are a member of the committee.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks faced and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit and risk committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### *ii. Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure. There were no impairment losses on financial assets recognised in profit or loss during the year.

#### Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The revenue earned from the Group's top five customers, which is an indicator of the degree of concentration risk associated with trade receivables, was \$8,342k\* (30 June 2022: \$7,028k\*).

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases, bank references.

The Group manages its exposure to credit risk from trade receivables by establishing maximum payment periods of 180 days.

Most of the Group's largest customers have been transacting with the Group for over five years, and none of these customer balances have been written off or are credit impaired at reporting date. The Group's customers are generally large multinationals and Fortune 500 customers, and as such, the COVID-19 pandemic has had minimal impact on the Group's exposure to credit risk.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

## Notes to the consolidated financial statements

### Expected credit loss assessment

The Group allocates each exposure to 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 ECLs for trade receivables:

#### *30 June 2023 – for continuing operation*

Credit risk grade	Weighted average loss rate	Gross carrying amount (\$'000)	Impairment loss allowance (\$'000)	Credit-impaired?
Low risk	0%	658	-	No
Fair risk	1.1%	-	-	Yes
<b>TOTAL</b>	<b>0.6%</b>	<b>658</b>	<b>-</b>	

#### *30 June 2022 – for combined operation*

Credit risk grade	Weighted average loss rate	Gross carrying amount (\$'000)	Impairment loss allowance (\$'000)	Credit-impaired?
Low risk	0%	2,681	-	No
Fair risk	9.8%	1,898	156	Yes
<b>TOTAL</b>	<b>4.1%</b>	<b>4,579</b>	<b>156</b>	

Fair risk trade receivable balances above relate to amounts receivable from the Group's customers. The majority of customers are large corporate institutions, including global Fortune 500 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.

### Expected credit loss assessment for individual customers

The following table provides information about exposure to credit risks and ECLs for trade receivables from individual customers.

#### *30 June 2023 for continuing operation*

Aging category	Expected credit loss rate	Gross carrying amount (\$'000)	Loss allowance (\$'000)	Credit impaired?
Current (not past due)	0%	214	-	No



## Notes to the consolidated financial statements

Aging category	Expected credit loss rate	Gross carrying amount (\$'000)	Loss allowance (\$'000)	Credit impaired?
1-30 days past due	0%	-	-	No
31-60 days past due	0%	-	-	No
61-90 days past due	2%	-	-	No
More than 90 days past due	8%	-	-	Yes
		<b>214</b>	-	

30 June 2022 – for combined operation

Aging category	Expected credit loss rate	Gross carrying amount (\$'000)	Loss allowance (\$'000)	Credit impaired?
Current (not past due)	0%	765	1	No
1-30 days past due	0%	402	-	No
31-60 days past due	0%	-	-	No
61-90 days past due	2%	81	2	No
More than 90 days past due	44%	346	153	Yes
		<b>1,594</b>	<b>156</b>	

Loss rates are based on actual credit loss experience over the past seven years. These rates are adjusted for differences in economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

### iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its financial liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of cash and cash equivalents and short-term deposits at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

### Exposure to liquidity risk

## Notes to the consolidated financial statements

The following are the remaining contractual maturities of financial liabilities at the reporting date being the undiscounted future cashflows or nominal payments inclusive of interest if interest bearing.

30 June 2023 - Continuing operation		<i>Contractual cash flows and interest payments</i>		
Category	Carrying amount (\$'000)	Within 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)
Borrowings	174	(174)	-	-
Lease Liabilities	133	(59)	(74)	-
Trade and other payables	50	(50)	-	-
<b>TOTAL</b>	<b>357</b>	<b>(283)</b>	<b>(74)</b>	<b>-</b>

30 June 2022 - combined operation		<i>Contractual cash flows and interest payments</i>		
Category	Carrying amount (\$'000)	Within 1 year (\$'000)	1 to 5 years (\$'000)	Over 5 years (\$'000)
Borrowings	127	(96)	-	(66)
Lease Liabilities	1,521	(566)	(1,316)	(45)
Trade and other payables	736	(736)	-	-
<b>TOTAL</b>	<b>2,384</b>	<b>(1,398)</b>	<b>(1,316)</b>	<b>(111)</b>

#### iv. Market risk

##### Overview

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of the Group is the Australian dollar. The Group does engage in select hedging to manage currency risk.

##### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

*30 June 2023 Combined Continuing & Discontinued Operations*

## Notes to the consolidated financial statements

Balance	USD (\$'000)	EUR (\$'000)	PHP (\$'000)	CAD (\$'000)
Cash and cash equivalents	944	105	844	113
Trade receivables	879	555	543	16
Borrowings	(230)	(209)	(2,570)	0
Trade payables	(84)	(234)	(1,219)	(18)
<b>Net statement of financial position exposure</b>	<b>1,509</b>	<b>217</b>	<b>(2,402)</b>	<b>111</b>

30 June 2022

Balance	USD (\$'000)	EUR (\$'000)	PHP (\$'000)	Other (\$'000)
Cash and cash equivalents	1,764	411	8	250
Trade receivables	1,166	1,424	11	116
Borrowings	(547)	(349)	(17)	-
Trade payables	16	(483)	(34)	(18)
<b>Net statement of financial position exposure</b>	<b>2,397</b>	<b>1,003</b>	<b>(32)</b>	<b>348</b>

The following significant exchange rates have been applied:

AUD	Average rate		Year-end spot rate	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
USD	0.6700	0.7234	0.6634	0.6863
EUR	0.6398	0.6447	0.6103	0.6111
PHP	37.5023	37.1592	36.6921	34.3850
CAD	0.9007	0.9003	0.8793	0.8882

### Sensitivity analysis

A reasonable possible strengthening (weakening) of the Australian dollar against all other currencies at 30 June 2023 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. Base rates used for the purposes of the sensitivity analysis are as per the significant exchanges rates disclosed above.

30 June 2023	Profit or loss (\$'000)		Equity, net of tax (\$'000)	
	Strengthening	Weakening	Strengthening	Weakening
USD (10% movement)	207	(207)	207	(207)

## Notes to the consolidated financial statements

30 June 2023	Profit or loss (\$'000)		Equity, net of tax (\$'000)	
Effect in AUD	Strengthening	Weakening	Strengthening	Weakening
EUR (10% movement)	32	(32)	32	(32)
PHP (10% movement)	(6)	6	(6)	6
CAD (10% movement)	11	(11)	11	(11)

30 June 2022	Profit or loss (\$'000)		Equity, net of tax (\$'000)	
Effect in AUD	Strengthening	Weakening	Strengthening	Weakening
USD (10% movement)	(218)	218	(218)	218
EUR (10% movement)	(91)	91	(91)	91
PHP (10% movement)	3	(3)	3	(3)

### 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.

The financial instruments that primarily expose the Group to interest rate risk are borrowings.

Interest rate risk is managed using fixed rate instruments. At 30 June 2023, all the Group's borrowings have fixed interest rates.

### **29. List of subsidiaries**

See accounting policy note 6a. Set out below is a list of material subsidiaries of the Group.

Parent entity	Name of Subsidiary	Principal place of business and country of incorporation	Ownership interest - 30 June 2023	Ownership interest - 30 June 2022
<b>RightCrowd Limited</b>	RightCrowd Software Pty Ltd	Australia	100%	100%
	RightCrowd NV	Belgium	100%	100%
	Offsite Vision Holdings Inc	U.S.A.	100%	100%
<b>RightCrowd Software Pty Ltd</b>	RightCrowd Software Inc.	U.S.A.	100%	100%
	RightCrowd Software Inc.	Philippines	100%	100%
	RightCrowd Canada Inc.	Canada	100%	100%
<b>RightCrowd NV</b>	RightCrowd Europe NV	Belgium	100%	100%

Information about principal subsidiaries

## Notes to the consolidated financial statements

The subsidiaries listed above 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. There are no significant restrictions on the ability of RightCrowd Limited, the ultimate parent entity of the Group, to access or 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 2023 or 2022 financial years.

### Information about other entities

100% of the issued shares of Reporia Pty Ltd was acquired to bring the intellectual property of the 'RightCrowd Access Analytics' product into the RightCrowd Group during the 2017 financial year. The Company is dormant and has no transactions or balances.

### **30. Leases**

See accounting policy note 6n.

#### A. Leases as lessee

The Group leases buildings, motor vehicles and laptops. 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.

The motor vehicles 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 time to time based on vehicle usage.

Laptop leases relate to hire purchase agreements in respect of employee laptops. The leases run for a period of two years, with the Group taking ownership of the laptops at the end of the lease term.

#### i. Right of use assets

Refer to note 20 for the Right of use assets movement reconciliation.

#### ii. Interest expense recognised in profit or loss in the combined operations of the business

<b>30-June-2023</b>	<b>Buildings (\$'000)</b>	<b>Motor Vehicles (\$'000)</b>	<b>Laptops (\$'000)</b>	<b>Total (\$'000)</b>
Interest expense on lease liabilities	100	-	1	102

<b>30-June-2022</b>	<b>Buildings (\$'000)</b>	<b>Motor Vehicles (\$'000)</b>	<b>Laptops (\$'000)</b>	<b>Total (\$'000)</b>
Interest expense on lease liabilities	119	-	3	121

## Notes to the consolidated financial statements

iii. Amounts recognised in statement of cash flows

30-June-2023	Buildings (\$'000)	Motor Vehicles (\$'000)	Laptops (\$'000)	Total (\$'000)
Total cash outflow for leases	702	-	20	722

30-June-2022	Buildings (\$'000)	Motor Vehicles (\$'000)	Laptops (\$'000)	Total (\$'000)
Total cash outflow for leases	680	-	20	700

iv. 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. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the extension options if there is a significant event or significant changes in circumstances within its control. The exercise of extension options would result in an increase in the lease term and subsequent increase in the amount of the relevant right-of-use liability. There are no future cash outflows to which the Group is currently exposed such as extension or termination options that are not reflected in the measurement of lease liabilities.

### B. Leases as lessor

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

### **31. Share based payment arrangements**

See accounting policy note 6d.

At 30 June 2023, the Group had the following share based payment arrangements:

i. RightCrowd Long term Incentive plan

The RightCrowd long term incentive plan has been implemented 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 Performance Rights are granted under the plan for no consideration and carry no voting rights. The plan is split into four tranches. The performance targets attached to each Tranche are set out below:

Performance Target	Tranche A	Tranche B	Tranche C - FY22	Tranche C - FY23
Performance Period	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
Revenue	\$13.7 million	\$19.1 million	\$21.8 million	40% annual revenue growth
Net income	(\$7.8 million)	(\$2.4 million)	(\$3.5 million)	Profitable in FY23

## Notes to the consolidated financial statements

Tranche A of the long-term incentive plan vested on 30 September 2020, whilst tranche B vested on 30 September 2021. Tranche C was granted during FY22 but will not begin to vest until FY23.

For Tranche A and Tranche B non-market performance conditions relating to revenue and net income were not achieved, however the board of directors exercised their discretion as permitted under the plan and awarded employees a percentage of the total possible performance rights available. This was in recognition that the performance targets were set in a pre COVID19 environment and the Company was on track to achieve its targets prior to the delays in contract execution or milestone completion caused by COVID restrictions.

Set out below is a summary of performance rights granted under the plan for each Tranche and movements in rights from grant date to 30 June 2023.

	Tranche A	Tranche B	Tranche C - FY22	Tranche C - FY23
Performance rights outstanding on 1 July 2022	387,707	1,724,595	3,770,596	3,470,600
Awarded	0	0	0	0
Forfeited	0	0	2,149,813	922,353
Exercised	57,236	740,099	1,009,192	0
<b>Total Performance rights outstanding on 30 June 2023</b>	<b>330,471</b>	<b>984,496</b>	<b>611,591</b>	<b>2,548,247</b>
<i>Of which: Vested</i>	<i>330,471</i>	<i>984,496</i>	<i>611,591</i>	<i>0</i>
<i>Of which: Non vested</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,548,247</i>
Weighted average remaining contractual life	-	-	-	0.25

30-June-2022	Tranche A	Tranche B	Tranche C - FY22	Tranche C - FY23
Performance rights outstanding on 1 July 2021	586,431	3,395,180	-	-
Awarded	-	-	4,226,990	3,926,992
Forfeited	-	(633,995)	(456,394)	(456,392)
Exercised	(198,724)	(1,036,590)	-	-
<b>Total Performance rights outstanding on 30 June 2022</b>	<b>387,707</b>	<b>1,724,595</b>	<b>3,770,596</b>	<b>3,470,600</b>
<i>Vested</i>	<i>387,707</i>	<i>1,724,595</i>	<i>-</i>	<i>-</i>
<i>Non-vested</i>	<i>-</i>	<i>-</i>	<i>3,770,596</i>	<i>3,470,600</i>
Weighted average remaining contractual life (years)*	-	-	0.26	1.25

## Notes to the consolidated financial statements

\* For employees based in the US or Europe, the Vesting Date is the same as the Exercise Date. For employees based in Australia or Philippines, the exercise date can be at any time from vesting date for a period of 10 years.

The expense recognised in relation to the performance rights for the year ended 30 June 2023 was \$504k. The fair value was calculated using the Black Scholes model using the following inputs:

Item	Tranche A	Tranche B	Tranche C - FY22	Tranche C - FY23
Number of performance rights issued at Grant Date	1,716,774	4,029,806	4,226,990	3,926,992
Exercise price	-	-	-	-
Grant date	28/02/2020	28/02/2020	29/10/2021	29/10/2021
Vesting Date	30/09/2020	30/09/2021	30/09/2022	30/09/2023
Expiry Date	30/09/2030	30/09/2031	30/09/2032	30/09/2033
Vesting period (years)	0.6	1.5	1.0	2.0
Volatility	68%	68%	69%	69%
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	1.12%	1.12%	0.99%	0.99%
Fair value at grant date	\$309,019	\$685,067	\$427,537	\$813,490

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.

Volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

### ii. RightCrowd Limited Option Plan

The RightCrowd Limited option plan was designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, which is split into three tranches, participants are granted options which only vest if employees remain employed by the Group 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 voting rights. The terms of the award required the employee to remain in employment at vesting date. When exercisable, each option is convertible to one ordinary share.

At 30 June 2022 all options had expired out of the money:

	Number	Weighted average exercise price
<b>Options outstanding at 1 July 2021</b>	<b>93,333</b>	<b>\$0.68</b>
New options granted	-	-



## Notes to the consolidated financial statements

	Number	Weighted average exercise price
Options forfeited	-	-
Options exercised	-	-
Options Expired	(93,333)	\$0.68
<b>Options outstanding at 30 June 2022</b>	<b>Nil</b>	

### Details of options granted in prior financial years under the RightCrowd Limited Option Plan

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. All options under this plan have expired as at 30 June 2021, with the final tranche expiring on 12 December 2020.

The fair value of these options was \$425,966. This value was calculated using the Black-Scholes 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 September 2017	13 September 2017	13 September 2017
Expiry date	12 December 2018	12 December 2019	12 December 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 hold no voting rights and are not transferable.

The fair value of these options was \$32,000. This value was calculated using the Black-Scholes pricing model using 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 May 2018	30 May 2018	30 May 2018
Expiry date	28 August 2019	28 August 2020	28 August 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

## Notes to the consolidated financial statements

### Summary of total expense recognised in profit or loss from share-based payment arrangements

The total expense recognised in profit or loss for the above share-based payment arrangements is shown in the following table:

Share based payment arrangement	Amount recognised in profit or loss	
	30 June 2023 (\$'000)	30 June 2022 (\$'000)
RightCrowd Performance Rights plan	504	681
<b>Sub-Total</b>	<b>504</b>	<b>681</b>
Discount due to restriction period on LTI plan shares	-	-
Total share-based payment expense	<b>504</b>	<b>681</b>

### 32. Commitments and contingencies

The Group has no commitments or contingencies requiring disclosure in these financial statements as at 30 June 2023 (30 June 2022: nil).

### 33. Related party transactions

#### A. Transactions with key management personnel

Key management personnel compensation comprised the following:

	30 June 2023	30 June 2022
Short term employee benefits	526,468	532,562
Post-employment benefits	61,515	60,249
Bonuses	35,000	35,000
Share-based payments	2,160	4,945
<b>Total KMP compensation</b>	<b>625,143</b>	<b>632,756</b>

Compensation of the Group's key management personnel includes salaries, bonuses, and contributions to superannuation funds. Key management personnel also participate in the Group's long term incentive plan (see note 31).

There were no transactions with Key Management Personnel (KMP) during the reporting period.

#### B. Other related party transactions and relationships

Other related parties of the Group comprise the following:

##### *a.) Other entities over which key management personnel have control.*

One of the Group's directors have shareholdings which are held by family entities which they control. Peter Hill's shareholding is held indirectly through CNI PTY LTD.

Several of the Group's directors hold directorships in other entities; however, these directorships do not result in control or significant influence and these entities are therefore not classified as related parties of the Group.

## Notes to the consolidated financial statements

There are no other related party relationships.

### b.) *Related party transactions*

Apart from key management personnel transactions disclosed above, there were no other related party transactions occurring during the year. No amounts are payable to or receivable from related parties at year end.

## 34. Operating segments

### A. Basis for segmentation and change in reportable segments

As the commercialisation of the presence control and access analytics product suites continues, the Group has maintained the same internal organisation and composition of operating segments, for the current year up to the point that it signed the conditional Share Purchase Agreement. Segment assets and segment liabilities are no longer reported given they are not regularly compiled for or reviewed by the Chief Operating Decision Maker of the Group.

The nature of the Group's operating segments is described below:

- **Workforce Management:** Development and delivery of RightCrowd's core Workforce and Visitor Management Solutions.
- **Presence Control:** Development and delivery of RightCrowd's Presence Control solutions.
- **Access Analytics:** Development and delivery of analytics software for identifying user access compliance issues.

## Notes to the consolidated financial statements

### B. Information about reportable segments in the combined operation

The board of directors, being the chief operating decision maker of the Group, review the internal management reports of the segments 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:

	Discontinued operation				Continuing operation			
	Workforce Management (\$)		Presence Control (\$)		Access Analytics (\$)		Total (\$)	
	30 June 2023 (\$'000)	30 June 2022 (\$'000)	30 June 2023 (\$'000)	30 June 2022 (\$'000)	30 June 2023 (\$'000)	30 June 2022 (\$'000)	30 June 2023 (\$'000)	30 June 2022 (\$'000)
External Revenues	13,625	10,625	1,690	4,354	371	98	<b>15,686</b>	<b>15,077</b>
Other Income	2,464	2,452	197	531	444	307	<b>3,105</b>	<b>3,290</b>
Cost of goods sold	(129)	(262)	(308)	(1,769)	(46)	-	<b>(483)</b>	<b>(2,031)</b>
Direct and allocated costs	(18,968)	(17,155)	(1,126)	(3,714)	(2,006)	(2,142)	<b>(22,100)</b>	<b>(23,011)</b>
<b>Segment profit (loss) before tax and excluding impairment</b>	<b>(3,008)</b>	<b>(4,340)</b>	<b>453</b>	<b>(598)</b>	<b>(1,237)</b>	<b>(1,737)</b>	<b>(3,792)</b>	<b>(6,675)</b>

Impairment expense is considered as a group expense and is not included above.

## Notes to the consolidated financial statements

### C. Reconciliation of information on reportable segments to the amounts reported in the financial statements

#### i. Loss before tax excluding impairment

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Total loss before tax for reportable segments	(3,792)	(6,675)
<b>Consolidated loss before tax</b>	<b>(3,792)</b>	<b>(6,675)</b>

### D. Geographic information

The following geographic information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on geographic location of customers and segment assets were based on the geographic location of the assets. Non-current assets exclude goodwill and software recognised on business combinations which is recognised on consolidation and not part of the foreign operation.

#### i. Revenue

Country - Group	30 June 2023 (\$'000)	30 June 2022 (\$'000)
North America	11,079	9,771
Europe, Middle East and Africa	1,124	1,172
Asia and Oceania	3,090	3,412
Latin America	393	722
<b>Total</b>	<b>15,686</b>	<b>15,077</b>

Country - Continuing operation	30 June 2023 (\$'000)	30 June 2022 (\$'000)
North America	30	-
Europe, Middle East and Africa	26	49
Asia and Oceania	315	49
<b>Total</b>	<b>371</b>	<b>98</b>

#### ii. Non-current assets (excludes goodwill)

Country	30 June 2023 (\$'000)	30 June 2022 (\$'000)
USA	363	506
Belgium	385	444
Oceania and Australia	1,424	1,947
<b>Total</b>	<b>2,172</b>	<b>2,897</b>

## Notes to the consolidated financial statements

### E. Major customers

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

Segment	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Workforce Management	6,811	3,564

### 35. Reconciliation of cash flows from operating activities

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
Continuing operations	(1,241)	(1,691)
Discontinued operations	(8,139)	(13,248)
Loss for the year combined operation	(9,380)	(14,939)
Depreciation & Amortisation	975	973
Impairment losses on intangible assets and goodwill	5,548	8,259
Equity settled share-based payment transactions	504	681
Unrealised foreign exchange loss (gain)	(297)	20
Loan forgiveness income <sup>5</sup>	-	(135)
Other non-cash income	27	56
	<b>(2,622)</b>	<b>(5,085)</b>
<b>Changes in:</b>		
Trade and other receivables	(825)	2,367
Other assets	1,042	494
Inventories	556	(365)
Other liabilities & Reserves	(585)	(536)
Trade and other payables	53	(770)
Provisions and employee benefits	(331)	297
Current tax liabilities	3	(7)
<b>Net cash from operating activities</b>	<b>(2,711)</b>	<b>(3,605)</b>
<b>Net cash from continuing operating activities (Cash flow Statement)</b>	<b>(1,107)</b>	<b>(1,669)</b>
<b>Net cash from discontinued operating activities (Note 15)</b>	<b>(1,603)</b>	<b>(1,936)</b>

### 36. Parent entity information

As at, and throughout, the financial year ended 30 June 2023 the parent entity of the Group was RightCrowd Limited.

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## Notes to the consolidated financial statements

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
<b>Result of parent entity</b>		
Profit / (Loss) for the year	2,610	1,289
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>2,610</b>	<b>1,289</b>

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
<b>Financial position of parent entity at year end</b>		
Current assets	1,270	2,685
<b>Total assets</b>	<b>4,379</b>	<b>9,918</b>
Current liabilities	-	-
<b>Total liabilities</b>	<b>(1,455)</b>	<b>(530)</b>

	30 June 2023 (\$'000)	30 June 2022 (\$'000)
<b>Total equity of the parent entity, comprising</b>		
Share capital	56,254	56,254
Accumulated losses	(53,329)	(46,336)
<b>Total equity</b>	<b>2,924</b>	<b>9,918</b>

The parent entity has no contingent liabilities or commitments as at 30 June 2023 (2022: nil)

Total assets shown above includes share-based payments reserve of the parent entity issued to employees of subsidiary entities of \$1,741k (30 June 2022: \$1,237k)

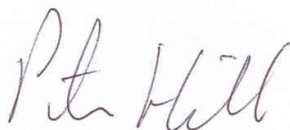
### 37. Events after the reporting period

The Directors draw attention to the information provided in the Directors' report and the Company's releases to the ASX in relation to the Share Purchase Agreement signed with Bloom RC Holdings Inc on the 30 June 2023 and approval for the sale of the Workforce Access, Visitor Management and Presence Control businesses which was approved by the shareholders on 24 August 2023. The transaction became unconditional on 8 September 2023 and completed on 22 September 2023. Under the terms of this Agreement Bloom has paid \$13.5m for the shares of RightCrowd Software Pty Ltd and RightCrowd Software NV in order to take ownership of the Workforce Access, Visitor Management and Presence Control businesses. The agreement of the Completion Statement is currently in process and some adjustments may be required in relation to Debt, Net Working Capital and other cost items. The parent company RightCrowd Limited will change its name to Gathid Limited and retain the Access Analytics business.

## Director's Declaration

1. In the opinion of the directors of RightCrowd Limited:
  - a) the financial statements and notes set out on pages 29 to 87, and the Remuneration Report in the Directors' Report, set out on pages 19 to 27, are in accordance with the Corporations Act 2001, including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;
  - b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
  
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2023.
  
3. The directors draw attention to note 2 of the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This report has been signed in accordance with a resolution of the directors and is dated 29 September 2023



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Peter Hill

Director





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 Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of RightCrowd Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of RightCrowd Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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



## Key audit matters

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

### Asset held for sale and discontinued operations

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Refer to Note 15 - Discontinued operations</p> <p>Subsequent to year end, RightCrowd and Bloom RC Inc. entered into a Share Purchase Agreement to buy the rights, title and interest of Rightcrowd's software and the majority of it's business. There was a risk around the accounting and disclosures required in regards to the discontinued operations.</p> <p>The treatment of the business to be sold to Bloom RC Inc in the 30 June 2023 financial statements was considered a key audit matter due to:</p> <ul style="list-style-type: none"> <li>Judgement involved in determining whether parts of the business to be sold met the requirement to be classified as Held for Sale and discontinued operations as at 30 June 2023.</li> <li>The significance of this transaction to the Group; and</li> <li>The level of disclosure required in the 30 June 2023 financial statement to present the discontinued operations.</li> </ul>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>Examining the underlying documentation related to the transaction to consider if the classification as held for sale and a discontinued operation is appropriate and in line with the criteria in AASB 5 Non-current Assets Held for Sale and Discontinued Operations;</li> <li>Testing the schedules supporting the assets, liabilities and revenue and expenses allocated to the discontinued operation including the impact on comparative results; and</li> <li>Critically assessing the disclosure requirements of the discontinued operation and the impact on other disclosures within the financial statements and comparing these disclosures to our understanding of the matter.</li> </ul>



### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

### Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](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 on the Remuneration Report

We have audited the Remuneration Report included in page 19 to 27 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of RightCrowd Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

**BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'C Henry', is written over a faint, stylized 'BDO' logo.

**C Henry**  
Director

Brisbane, 29 September 2023

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# Shareholders Information

## Shareholder Information

The following information is current as at 18 September 2023:

### A. Shareholding – distribution of shareholders:

Category (size of holding)	Fully paid ordinary shares			Options / Rights over Fully paid ordinary shares		
	Holders	Number of units held	% of units held	Holders	Number of units held	% of units held
1-1000	29	7,679	0.00%	3	3,000	0.08%
1001-5000	98	271,628	0.10%	16	55,605	1.56%
5001-10000	73	548,896	0.23%	14	102,195	2.87%
10001-100000	231	9,084,166	3.50%	75	2,662,010	74.87%
100001 and over	127	249,913,826	96.17%	4	732,900	20.61%
	<b>558</b>	<b>259,862,195</b>	<b>100%</b>	<b>112</b>	<b>3,555,710</b>	<b>100%</b>

### B. Less than marketable parcel

As at 17 September 2023, There are 268 shareholders holding a less than marketable parcel of shares in the Company.

### C. Substantial shareholders

The names of the substantial shareholders in the Company at 17 September 2023 are shown in the following table:

Shareholder	Number of ordinary shares held	% of ordinary shares
CNI PTY LTD <RIGHT CROWD A/C>	53,907,428	20.465%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,858,831	8.298%
CITICORP NOMINEES PTY LIMITED	20,752,882	7.878%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	19,935,901	7.568%
NATIONAL NOMINEES LIMITED	19,135,346	7.264%
ADVANCED MARKETING TECHNOLOGIES PTY LTD <CHATFIELD FAMILY A/C>	18,802,491	7.138%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	18,429,428	6.996%
	<b>135,590,388</b>	<b>51.573%</b>

## D. Voting rights

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.

## Shareholder Information

### E. 20 Largest shareholders

The 20 largest shareholdings in the Company are shown in the below table:

#	Shareholder	Number of ordinary shares held	% of ordinary shares
1	CNI PTY LTD <RIGHT CROWD A/C>	53,907,428	20.465%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,858,831	8.298%
3	CITICORP NOMINEES PTY LIMITED	20,752,882	7.878%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	19,935,901	7.568%
5	NATIONAL NOMINEES LIMITED	19,135,346	7.264%
6	ADVANCED MARKETING TECHNOLOGIES PTY LTD <CHATFIELD FAMILY A/C>	18,802,491	7.138%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	18,429,428	6.996%
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	8,166,203	3.100%
9	JOHAN VINCKIER	5,814,971	2.208%
10	SALMON EARTHMOVING CONTRACTORS PTY LTD <CROWNHURST NO 3 A/C>	4,651,856	1.766%
11	RISK CAPITAL LLC	3,430,098	1.302%
12	BART VANSEVENANT	3,111,176	1.181%
13	EOS INVEST NV	2,500,245	0.949%
14	WHILEY CLOSE INVESTMENTS PTY LTD <SIMS FAMILY SUPER FUND A/C>	2,500,000	0.949%
15	FLST PTY LTD	2,400,000	0.911%
16	BERNE NO 132 NOMINEES PTY LTD <W 1253672 A/C>	2,271,958	0.862%
17	UBS NOMINEES PTY LTD	2,150,000	0.816%
18	ALEX VINCKIER	2,072,801	0.787%
19	DANBRO LLC	1,895,141	0.719%
20	WHILEY CLOSE HOLDINGS PTY LTD <WHILEY CLOSE A/C>	1,854,782	0.704%
	<b>Total Securities of Top 20 Holdings</b>	<b>215,641,538</b>	<b>81.863%</b>

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#### **F. Company secretary**

The name of the Company secretary is Kim Clark.

### **Shareholder Information**

#### **G. Address and principal office**

The address of the principal registered office in Australia is:

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

#### **H. Register of Securities**

Registers of securities are held at the following address:

Boardroom Limited

Level 12, 225 George Street, Sydney NSW 2000

#### **I. Unquoted Securities**

As of 17 September 2023, there are also a total of 1,926,558 vested performance rights on issue.