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intelliHR

2020

A N N U A L
R E P O R T



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2020 HIGHLIGHTS

(NON INTERNATIONAL FINANCIAL REPORTING STANDARDS MEASURES)

CONTRACTED SUBSCRIBERS

14,531

MILESTONE OF 20,000
NOW IN SIGHT

↑ UP 53.7% YOY

CONTRACTED ARR

\$1,955,000

ANNUAL RECURRING REVENUE
EXCEEDED

↑ UP 62.3% YOY

CONTRACTED CUSTOMERS

109

OPERATING IN 15
GLOBAL COUNTRIES

↑ UP 51 YOY

CASH RECIEPTS

\$1,501,000

CASH GENERATED
FROM CUSTOMERS

↑ UP 126% YOY

GLOBAL REVENUE

25.1%

NEW ZEALAND, US, CANADA, EUROPE, UK,
THAILAND, PHILIPPINES, INDIA AND SINGAPORE + MORE

AVE CONTRACTED CUSTOMER ARR

\$17,938

ANNUAL RECURRING
REVENUE

TOTAL CUSTOMER LIFETIME VALUE

\$12,676,875

NET PROMOTER SCORE

74

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CORPORATE DIRECTORY

DIRECTORS

G Baynton *M.Econ St, MBA, B.Bus, PG.Dip. Applied Fin & Inv.*

A Bellas *B.Econ, DipEd, MBA, FAICD, FCPA, FAIM*

A Bignell *B.Bus, MBA, CPA*

R Bromage *B.Bus, CAHRI*

N Cook *B.Arts, MBA, GAICD*

J Duffield *MAICD*

D Slocomb *B.Bus (Fin), LLB (Hons I), MFin*

SECRETARY

S M Yeates *CA, B.Bus*

PRINCIPAL PLACE OF BUSINESS

Level 28, 345 Queen Street, Brisbane QLD 4000

REGISTERED OFFICE

Level 28, 345 Queen Street, Brisbane QLD 4000

SHARE REGISTER

Link Market Services Limited

Level 21, 10 Eagle Street

Brisbane QLD 4000

www.linkmarketservices.com.au

AUDITOR

BDO Audit Pty Ltd

Level 10, 12 Creek Street

Brisbane QLD 4000

www.bdo.com.au

SOLICITORS

Atkinson Corporate Lawyers

Level 8

99 St Georges Tce

Perth, WA, 6000

BANKERS

Commonwealth Bank of Australia

STOCK EXCHANGE LISTING

intelliHR Limited shares are listed on the Australian Securities Exchange (ASX:IHR).

WEBSITE ADDRESS

www.intellihr.co

CHAIRMAN AND MANAGING DIRECTOR'S LETTER

It is our pleasure to present the Annual Report of IntelliHR Limited for the year to 30 June 2020.



Having commenced operations in 2014, IntelliHR commercialised its product in 2016 and listed on the Australian Stock Exchange in 2018. "Product Market Fit" was established in 2019 and today IntelliHR is an exciting global scale up.

FY 2020 presented unprecedented operating conditions with the COVID-19 global pandemic gripping the world in a health crisis, simultaneously crippling economies worldwide due to significant disruption to organisations caused by lengthy lock down restrictions. Many organisations were forced to scale back their workforces and pause all planned investments as they moved into a state of conservation and survival. In large numbers, organisations also responded by quickly transitioning to distributed workforces creating a seismic shift in the way they work. This disruption served to increase the relevance of IntelliHR as an essential tool to assist organisations in managing the engagement and effectiveness of their greatest asset, their people.

IntelliHR successfully navigated the impact of the pandemic, with decisive actions to protect both its team members and cash reserves. The business demonstrated agility and innovation to support its customers by creating a COVID-19 HR Essentials capability rolling it out late March 2020 to existing customers. It also proudly made the solution free for any organisation

worldwide, signing up and supporting a further 49 organisations with thousands of their employees in a matter of weeks.

IntelliHR did not lose focus on its business plan, continuing with its growth agenda to deliver important scale opportunities. It achieved significant business milestones including securing its 100th paying customer, launch of three new products under a value based pricing model and the establishment of an embryonic sales force in North America, a key target market which is 15 times larger than the Australia-New Zealand market.

In December 2019, a leading Australian mid-market private equity firm, Colinton Capital Partners, invested \$2.74 Million to cornerstone IntelliHR, becoming its largest investor recognising the global growth opportunity and differentiated product offering of customisability and analytical capabilities.

Still an early stage technology business, IntelliHR is in a very exciting growth phase having recorded its strongest 12 month period of customer cash receipts and revenue growth. The Company successfully grew revenue by 161%, almost tripling from \$478,838 in FY2019 to \$1,250,471 in FY2020 year. Cash receipts increased 126% to \$1.5 Million. Revenue retention for the 12 months to June 2020 was also excellent at 113%, up from 111% as at June 2019.

Key drivers of performance have included the Company's investment into growth of the sales pipeline and continued optimisation to win new business faster in the mid-market through its direct sales channel and integration partners, including notable global brands such as Xero the global small business platform with intelliHR receiving certification of its payroll on-boarding app.

intelliHR has also honed its product and market focus upon People Management to better leverage the competitiveness of our Performance HR capabilities. A key competitive advantage is our SaaS technology which delivers our best-in-breed people management systems, allowing organisations to maintain a real-time handle on performance, create a culture aligned with business strategy and contribute to strategic decision-making with data-driven insights.

intelliHR continues to deliver results for our 153 high profile customers (109 paying) including lower costs, higher productivity and improved revenues. The value of intelliHR's people management platform to its customers is reflected in its strong customer retention to date. intelliHR's global relevance is also evidenced by the expansion of subscribers into 15 countries and 25% of revenue is now accounted for by our global subscriber base.

In the year ahead, the Company's growth strategy will be intensely focused on continuing to build scale and leverage the strong relationships being built with partners. It will continue to focus on high value integrations to support new customer lead generation opportunities and fast track the building of an ecosystem of integrated best in class HR tools, centred around intelliHR as the essential core people management platform for business.

A significant post-balance day development has been the investment in intelliHR by Australian tech entrepreneur, Bevan

Slattery through the Slattery Family Trust. The investment of \$2.5 million was made through a placement of shares at 7.5 cents per share. This placement formed the cornerstone for a 1 for 5 rights issue, also at 7.5 cents per share, to existing investors to raise a further \$3.0 million. The rights issue was jointly underwritten by Colinton Capital Partners and Bevan Slattery.

This capital raising has strengthened the company's balance sheet and will provide additional funds to: accelerate intelliHR's global expansion strategy; increase its marketing investment in the North American market; and support ongoing R&D and product development.

In closing, we would like to thank the talented and energetic team at intelliHR for their efforts over the year. As well, we would like to thank our other Independent Directors, Greg Baynton, Alan Bignell, Jamie Duffield, Nicole Cook and David Slocomb for their diligence and support in guiding the Company through this exciting phase in its development.

TONY BELLAS

Chairman



ROB BROMAGE

Managing Director



DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of IntelliHR Limited and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Throughout the report, the consolidated entity is referred to as the Group.

DIRECTORS AND COMPANY SECRETARY

The following persons were Directors of IntelliHR Limited during the whole of the financial year or from the date of appointment and up to the date of this report.

- > A Bellas > G Baynton > A Bignell > N Cook
- > R Bromage > J Duffield > D Slocomb

The Company Secretary is Suzanne Yeates. Suzanne was appointed to the position of Company Secretary in 2016. She is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the development of an innovative, cloud-based people management platform.

No significant change in the nature of these activities occurred during the period.

DIVIDENDS

The Directors do not recommend the payment of a dividend.

No dividend was paid during the year.

COVID 19 IMPACT

IntelliHR responded to the unprecedented conditions created by COVID-19 by taking measures to preserve its business, including reviewing its budgets, tightly controlling cash flow and successfully deploying measures to protect both its existing customer portfolio and sales pipeline. The business created a new "freemium" platform capability aimed at assisting businesses

to keep their staff connected and engaged during this period of significant workplace disruption. The COVID-19 product functionality was added to existing customer platforms and was then subsequently made free to organisations globally.

REVIEW OF OPERATIONS

FY2020 delivered continued levels of growth. Despite the broader impact of the COVID-19 pandemic, IntelliHR executed its strongest 12 month period of customer cash receipts and revenue growth, efficiently leveraging capital to continue to execute a high growth strategy and position well for future scaling opportunities.

Financial Performance

- > 161% Revenue growth, an increase of \$772,000 over FY2019
- > 126% Customer Cash Receipts growth, an increase of \$835,863 over FY2019
- > 37% or \$1,165,082 improvement in net cash outflow from operating activities reducing from (\$3,177,654) in FY 2019 to (\$2,012,572) in FY 2020
- > 35.5% or \$621,006 improvement in net cash outflow from investing activities reducing from (\$1,750,664) in FY 2019 to (\$1,129,658) in FY 2020.

Customer Growth

- > Global expansion with users now extending across 15 countries: 25% of revenue is accounted for by our Global Activities, and this is expected to continue rapidly expanding
- > \$1.96M Contracted ARR, 109 paying customers and 14,531 paying subscribers contracted as at 30 June 2020 with significant milestone of 100 paying customers contracted achieved in May 2020.
- > 61% Annual Recurring Revenue (ARR) growth contracting \$738,661 ARR over FY2020
- > Launch of Freemium COVID-19 HR Essentials platform signing up 49 customers in addition to the 109 paying customers on platform
- > Increased traction was achieved across key established industries including Professional Services, Technology, Financial Services,

Engineering, Not For Profit and General Industry, whilst growing strongly in new sectors of Medical, Pharmacy, Pathology and Allied Health.

Operational Performance

- › Reorganisation of the product and engineering teams to achieve deeper innovation, product leadership and velocity
- › Expansion of the public API - giving flexibility to connect IntelliHR with other technologies used across business operations
- › Continued R&D investment into Analytics & AI notably IntelliHR's beta insight generation capabilities were released to select customers for testing, together with a variety of key IP development initiatives being progressed
- › Significant technology transformation projects were undertaken and completed to increase platform performance for enterprise data sets and improving user experience
- › Continued expansion of the Partner Program to over 40 consulting service providers and technology vendors including notable certification by the Xero and admission into the Xero App Marketplace for IntelliHR's payroll onboarding app
- › Successful repricing of Professional Services fees resulting in an increase in revenue from implementation services
- › Growth of sales pipeline. As at 30 June 2020 the qualified sales pipeline had 376 active customer sales opportunities with potential total ARR estimated to be in excess of \$16.4m.

Strategic and Outlook

- › In December 2019, leading Australian mid-market private equity firm Colinton Capital Partners invested \$2.74 Million to cornerstone IntelliHR, becoming IntelliHR's largest investor recognising the global growth opportunity and differentiated product offering of the business
 - › In March 2020, the introduction of a freemium product created community goodwill during the pandemic whilst demonstrating the configurability of the platform and adding a new lead generation source. An evergreen freemium product is currently in development
 - › In May 2020, launched a value-based pricing model offering three different plans to suit individual customer requirements and positioning the business to execute a genuine land- and-expand strategy. The greater level of sophistication in the way IntelliHR packages its offering increases the range of customer size and complexity by targeting different audiences at different price points with different emergent problems to solve
 - › In June 2020, subsidiary IntelliHR America's Ltd was established, initially employing 2 sales people based in Toronto Canada to service North America expanding operating hours to 21 hours coverage. Market reach subsequently is now increased by a 15x multiple.
- Overall, IntelliHR has achieved positive growth and momentum during unprecedented times. It has continued to invest

into efficiently scaling sales operations through a range of development initiatives including product refinement and market expansion with the establishment of the America's sales team. Our technology has demonstrated proven results for customers and continues to successfully compete with incumbent technologies, locally and globally. IntelliHR's business model is becoming more sophisticated and will continue to be developed with a healthy balance of disruptive innovation and customer feedback.

We are very pleased with our progress over the year and excited by what we expect to achieve in 2021.

As disclosed in the financial report, the Group achieved a net loss of \$4,820,837 (2019: \$5,432,113) and net operating cash outflows of \$2,012,572 (2019: \$3,177,654) for the year ended 30 June 2020.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In December 2019, \$2.74 million was raised through the placement of 36,500,000 shares.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Comments on likely developments and expected results of operations are included in the review of operations above.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Since the 30 June 2020, the Company has :

- a. Announced a \$5.5 million capital raising, consisting of a \$2.5 million placement (of which 2,731,956 fully paid ordinary shares were issued on 10 August 2020, the balance is subject to Shareholder approval) and a 1 for 5 fully underwritten non-renounceable rights issue which will raise \$3 million. Shares under both the placement and the rights issue will be issued at \$0.075 per share.
- b. Issued 4,181,888 fully paid ordinary shares on the exercise of options held by employees and Directors.
- c. Issued 1,375,758 fully paid ordinary shares on the vesting of performance rights.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.



TONY BELLAS

Chair – Non-executive

EXPERIENCE AND EXPERTISE

Mr Bellas brings over 30 years of experience in the public and private sectors. Tony was previously CEO of the Seymour Group, one of Queensland's largest private investment and development companies. Prior to joining the Seymour Group, Tony held the position of CEO of Ergon Energy, a Queensland Government-owned corporation involved in electricity distribution and retailing. Before that, he was CEO of CS Energy, also a Queensland Government-owned corporation and the State's largest electricity generation company, operating over 3,500 MW of gas-fired and coal-fired plant at four locations.

Tony had a long career with Queensland Treasury, achieving the position of Deputy Under Treasurer.

Tony is a Director of the following unlisted companies:

Loch Explorations Pty Ltd, Colonial Goldfields Pty Ltd, Burlington Mining Pty Ltd, Healthcare Logic Pty Ltd,

West Bengal Resources (Australia) Pty Ltd and the

Endeavour Foundation. He is also a director of the following listed companies:

"intelliHR's quick response to the unprecedented challenges of Covid-19 has assisted organisations to reshape their workplaces."

OTHER CURRENT DIRECTORSHIPS

Chairman of NOVONIX Limited (ASX: NVX) and Director of State Gas Limited (ASX: GAS).

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

- > Corporate Travel Management Ltd (ASX: CTD)
 - Ceased March 2019
- > ERM Power Ltd (ASX: EPW)
 - Ceased February 2019
- > Shine Corporate Ltd (ASX: SHI)
 - Ceased June 2020.

SPECIAL RESPONSIBILITIES

- > Chairman of the Board
- > Member of the Audit Committee
- > Member of the Risk Committee

INTERESTS IN SHARES AND OPTIONS

- > 4,131,288 ordinary shares



Greg BAYNTON

Non-Executive Director

EXPERIENCE AND EXPERTISE

Mr Baynton is Founder and Managing Director of ORBIT CAPITAL, an investment and advisory firm and holder of an Australian Financial Services Licence. He has been a Director of ASX-listed companies for over 20 years, in sectors including technology, infrastructure and resources.

Mr Baynton has experience in investment banking, merchant banking, infrastructure investment, IPOs, public company directorships, Queensland Treasury and the Department of Mines and Energy. He holds a Bachelor of Business, a Postgraduate Diploma in Applied Finance and Investment, a Masters of Economic Studies, and a Masters of Business Administration. He is a Fellow of the Geological Society of London.

"Responding to the uncertainty of 2020 has been one of IntelliHR's finest hours, with a 'freemium' COVID-19 Essentials HR product, while growing its customer base."

OTHER CURRENT DIRECTORSHIPS

Non-executive Director of Superloop Limited (ASX: SLC). Executive Director of State Gas Limited (ASX: GAS) and NOVONIX Limited (ASX: NVX).

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

> None

SPECIAL RESPONSIBILITIES

- > Chairman of the Audit Committee
- > Member of the Risk Committee

INTERESTS IN SHARES AND OPTIONS

> 5,719,742 ordinary shares



A BIGNELL

Non-Executive Director

EXPERIENCE AND EXPERTISE

Mr Bignell served as COO and CFO of simPRO Software (an Australian SaaS software business) from 2012 to 2019 as it grew to become a successful global SaaS business.

Mr Bignell has experience in operations management, finance, international capital raising, banking and finance.

He holds a Masters of Business Administration and Bachelor of Business (Accountancy).

"In a year full of unpredictable challenges, IntelliHR has thrived due to the strong and adaptable commitment of our people."

OTHER CURRENT DIRECTORSHIPS

> None

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

> None

SPECIAL RESPONSIBILITIES

> Member of the Audit Committee

INTERESTS IN SHARES AND OPTIONS

> 206,630 ordinary shares



N COOK

Non-Executive Director

EXPERIENCE AND EXPERTISE

Ms Cook is currently an independent advisor to growing scaleup and start-up businesses in Australia. Formerly the Managing Director of innovative global outsourced recruitment and HR firm PeopleScout, she oversaw the delivery and growth of their solutions in the APAC region as well as the development of their recruitment platform, Springboard. Ms Cook has over 20 years of experience growing SaaS based technology businesses, is a trusted management consultant and has deep domain expertise in human resources, energy efficiency, supply chain, fin tech and more. As the former CEO for Jobs for NSW, Ms Cook remains focused on driving innovation through growing Australian businesses in order to create the jobs and skills of the future. She holds a bachelor in French from the Catholic University of America, studied business at the School of European Business in Paris, France, completed a Senior Executive MBA at Melbourne Business School and is a graduate of the Australian Institute of Company Directors.

"The intelliHR leadership team navigated unprecedented challenging times resulting in a pivotal year of growth and establishing the foundations for the next phase of the business."

OTHER CURRENT DIRECTORSHIPS

- > Non-Executive Director, AMA Group Ltd (ASX: AMA)
- > Chair, Advisory Board, Sydney School of Entrepreneurship

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

- > None

SPECIAL RESPONSIBILITIES

- > None

INTERESTS IN SHARES AND OPTIONS

Pursuant to a Call Option Deed with Colinton Capital Partners I (A) Pty Ltd (ACN 620 748 718) as Trustee for Colinton Capital Partners Fund I (A) Trust (CCP) dated 17 January 2020, Nicole Cook has an option to acquire 1,200,000 of the IHR ordinary shares (Cook Option Shares) held by CCP as the registered holder for an exercise price of \$0.075, exercisable at any time before 17 January 2023, subject to certain vesting conditions.



J DUFFIELD

Non-Executive Director

EXPERIENCE AND EXPERTISE

Mr Duffield has over 20 years of experience in the IT industry and is the CEO and a Director of Revolution IT, a leading quality assurance consulting firm which he co-founded in 2004. He has strong risk, governance and commercial experience with expertise in driving growth through sales, marketing, mergers and acquisitions.

Jamie is also a Director of www.crowdsprint.com and a graduate of the Australian Institute of Company Directors.

"FY20 was a strong year for IntelliHR with record sales and a very strong and happy customer base."

OTHER CURRENT DIRECTORSHIPS

> None

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

> None

SPECIAL RESPONSIBILITIES

- > Chairman of the Risk Committee
- > Member of the Audit Committee

INTERESTS IN SHARES AND OPTIONS

> 3,462,986 ordinary shares



MR BROMAGE

Managing Director

EXPERIENCE AND EXPERTISE

Mr Bromage is a HR Professional with 22 years in the industry. An experienced businessman his entrepreneurial flair and continuous, forward-thinking improvement is fueled by his passion for HR and high-performing business. His career has centered around the field of building validated performance prediction models, developing his expertise in human capital management analytics. He actively researches the future of people management, which drives IntelliHR's evolution.

Career highlights include:

- › Founder and current CEO of IntelliHR – an Australian HR technology business developing and currently marketing a next-generation cloud-based people management Platform
- › Founder of APRG – a Human Capital Management Consulting organisation focused on delivering leading consulting services to Australian businesses.

Specialties:

People and Culture Strategy Alignment, Performance Management Frameworks, HR Process Design, Attrition Reduction, HR Software Development, HR Technology Implementation, HR Metrics and Predictive Analytics.

"I am so proud of how our team stood up to support our customers and community this year. We have such a high calibre and quality group of people."

OTHER CURRENT DIRECTORSHIPS

- › None

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

- › None

SPECIAL RESPONSIBILITIES

- › Managing Director

INTERESTS IN SHARES AND OPTIONS

- › 22,563,978 ordinary shares
- › 4,728,875 options over ordinary shares



DAVID SLOCOMB

Non-Executive Director

EXPERIENCE AND EXPERTISE

Mr Slocomb is a Junior Partner/Managing Director at Australian mid-market private equity firm, Colinton Capital. Mr Slocomb has significant prior experience in private equity and investment banking with former roles at global investment firms The Carlyle Group, Oaktree Capital and Macquarie Group. He was also previously CFO at Guzman y Gomez. He holds a Masters of Finance from INSEAD Business School and a Bachelor of Business (Finance)/Bachelor of Laws (Hons I) from the Queensland University of Technology.

"intelliHR delivered robust growth in FY20 despite COVID-19 and is well positioned to benefit from the structural shift to remote working."

OTHER CURRENT DIRECTORSHIPS

> None

FORMER LISTED DIRECTORSHIPS IN LAST 3 YEARS

> None

SPECIAL RESPONSIBILITIES

> None

INTERESTS IN SHARES AND OPTIONS

> None

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Our purpose is to have a meaningful and positive impact on people's lives at work so they can do their best.

Our vision is to be the # 1 people technology platform in the world, renowned for transforming workplaces for the better one at a time.

Our mission is to be the most valuable, addictive and must-have technology for every person, leader and enterprise worldwide.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF AUDIT COMMITTEE	
	A	B	A	B
A Bellas	6	7	2	2
G Baynton	7	7	2	2
J Duffield	6	7	2	2
A Bignell	4	4	N/A	N/A
D Slocomb	3	3	N/A	N/A
N Cook	3	3	N/A	N/A
R Bromage	7	7	N/A	N/A

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

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REMUNERATION REPORT (AUDITED)

The Directors present the IntelliHR Limited 2020 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- | | | | |
|-----|---|-----|--|
| (a) | Key management personnel (KMP) covered in this report | (e) | Remuneration expenses for executive KMP |
| (b) | Remuneration policy and link to performance | (f) | Contractual arrangements for executive KMP |
| (c) | Elements of remuneration | (g) | Non-executive Director arrangements |
| (d) | Link between remuneration and performance | (h) | Additional statutory information |

(A) KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT

NON-EXECUTIVE AND EXECUTIVE DIRECTORS, AND OTHER KEY MANAGEMENT PERSONNEL
(See pages 10 to 16 for details about each Director)

NON-EXECUTIVE DIRECTORS

A Bellas (Non-executive Chairman)

G Baynton (Non-executive Director)

J Duffield (Non-executive Director)

A Bignell (Non-executive Director) (Appointed 9 September 2019)

D Slocomb (Non-executive Director) (Appointed 8 January 2020)

N Cook (Non-executive Director) (Appointed 17 January 2020)

EXECUTIVE DIRECTORS

R Bromage (Managing Director)

OTHER KEY MANAGEMENT PERSONNEL

P Trappett (Chief Operating Officer)

(B) REMUNERATION POLICY AND LINK TO PERFORMANCE

The role of a remuneration committee is performed by the full Board of Directors. The Board reviews and determines the remuneration policy and structure annually to ensure it remains aligned to business needs and conforms with our remuneration principles. In particular, the Board aims to ensure that remuneration practices are:

- > competitive and reasonable, enabling the Group to attract and retain key talent
- > aligned to the Group's strategic and business objectives and the creation of shareholder value
- > transparent and easily understood, and
- > align with shareholder interests and are acceptable to shareholders

ELEMENT	PURPOSE	PERFORMANCE METRICS	POTENTIAL VALUE	CHANGES FOR FY 2020
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	None
STI	Reward for in-year performance	Based on individual KPIs.	50% of TFR	Introduction of STIs
LTI	Alignment to long-term shareholder value	Performance vesting conditions	50% of TFR	Introduction of formal LTIs

Long term incentives are assessed periodically and are designed to promote long-term stability in shareholder returns.

Assessing performance

The Board of Directors is responsible for assessing performance against KPIs and determining the LTI to be paid.

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(C) ELEMENTS OF REMUNERATION**(i) Fixed annual remuneration (FR)**

Executives receive their fixed remuneration as cash. FR is reviewed annually and is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The Board has the flexibility to take into account capability, experience, value to the organisation and performance of the individual. The Group has not engaged an external remuneration consultant during FY2020.

Superannuation is included in FR for executives.

(ii) Short term incentives

Short term incentives for all key management personnel (excluding non-executive Directors) have been implemented for FY2020. They are eligible to receive a cash bonus of up to 50% of their total fixed remuneration at the end of the financial year subject to the executive achieving the KPIs set for them during the financial year.

The Group reserves the right to pay any STI in either cash, fully paid ordinary shares or performance rights at the Board of Director's sole discretion.

If an executive does not achieve each of the KPIs during the financial year, the Board shall determine the appropriate pro rate STI to be received by the Executive. The Board of Directors shall make this determination for both the Managing Director and the Chief Operating Officer.

For the year ended 30 June 2020, key performance indicators were based on the Group objectives focusing on customer growth. Achievement against KPIs is reviewed annually by the Board of Directors.

For each KMP eligible for short-term incentive, the percentage split of the available bonus awarded and forfeited is disclosed in the following table.

NAME	2020		2019	
	AWARDED %	FORFEITED %	AWARDED %	FORFEITED %
R Bromage	75%*	25%	0%	100%
P Trappett	64%*	36%	54%	46%

* STI awarded for 2020 will be settled in shares.

** STI awarded to be settled in shares subject to shareholder approval.

(iii) Long-term incentives

Executive KMP participate, at the Board's discretion, in a performance based long term incentive program (LTI) with a maximum annual benefit of 50% of TFR, which is assessed over a three year period and is payable in shares or performance rights at the discretion of the Board. Performance is assessed against an earnings per share growth hurdle, unless otherwise agreed.

Options

There were no options granted to KMP during FY2020.

(D) LINK BETWEEN REMUNERATION AND PERFORMANCE

During the year, the Group has generated losses from its principal activity. As the Group is still growing the business, the link between remuneration, Group performance and shareholder wealth is difficult to define. Share prices are subject to the influence of fluctuation in the domestic and global economy, and as such, increases and decreases may occur independently of executive performance.

Given the nature of the Group's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods. The details of market price movements are as follows:

	SHARE PRICE
Year end 30 June 2020	5.2 cents
Year end 30 June 2019	7.7 cents
On admission to ASX - 23 January 2018	30 cents

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(E) REMUNERATION EXPENSES FOR EXECUTIVE KMP

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

NAME	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		TOTAL \$	RELATED TO PERFORMANCE %
		CASH SALARY \$	NON- MONETARY BENEFITS \$	ANNUAL AND LONG SERVICE LEAVE** \$	POST- EMPLOYMENT BENEFITS \$	OPTIONS* \$	STI \$		
EXECUTIVE DIRECTORS									
R Bromage	2020	300,000	7,042	16,843	28,500	27,846	112,500	492,731	28.5%
	2019	300,000	7,314	23,360	28,500	69,693	-	428,867	16.3%
J Fong	2020	-	-	-	-	-	-	-	-
	2019	220,546	-	(54,619)	16,442	(87,686)	-	94,683	(92.6%)
NON-EXECUTIVE DIRECTOR									
A Bellas	2020	30,000	-	-	2,850	7,685	-	40,535	19.0%
	2019	30,000	-	-	2,850	53,969	-	86,819	62.2%
G Baynton	2020	30,000	-	-	2,850	7,631	-	40,481	18.9%
	2019	30,000	-	-	2,850	53,686	-	86,536	62.0%
J Duffield	2020	30,000	-	-	2,850	7,685	-	40,535	19.0%
	2019	30,000	-	-	2,850	53,969	-	86,819	62.2%
A Bignell	2020	24,318	-	-	2,310	-	-	26,628	0%
	2019	-	-	-	-	-	-	-	-
D Slocomb	2020	15,793	-	-	-	-	-	15,793	0%
	2019	-	-	-	-	-	-	-	-
N Cook	2020	13,615	-	-	1,293	-	-	14,908	0%
	2019	-	-	-	-	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL									
P Trappett	2020	180,000	-	4,766	17,100	106,286	-	308,152	34.5%
	2019	175,846	-	6,203	16,705	119,977	-	318,731	37.6%
TOTAL KMP REMUNERATION EXPENSED									
	2020	623,726	7,042	21,609	57,753	157,133	112,500	979,763	-
	2019	786,392	7,314	(25,056)	70,197	263,608	-	1,102,455	-

* Options/performance rights granted under the executive options or performance rights Incentive plan are expensed over the performance period, which includes the year in which the options / performance rights are granted and the subsequent vesting period.

** Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8. The amounts disclosed in this column represent the movements in the associated provision. They may be negative where a KMP has taken more leave than accrued during the year.

(F) CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KMP

COMPONENT	MD	COO
Fixed remuneration	\$328,500	\$197,100
Contract duration	Ongoing	Ongoing
Notice by the individual / Company	6 months	6 months
Termination benefits	-	-

(G) NON-EXECUTIVE DIRECTOR ARRANGEMENTS

All non-executive Directors receive fees of \$30,000 per annum plus superannuation. Fees are reviewed annually by the Board taking into account comparable roles. The current base fees were reviewed with effect from 23 January 2018. The maximum annual aggregate non-executive Directors' fee pool limit is \$300,000 and was set out in the 2017 Prospectus. All non-executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration relevant to the office of Director.

(H) ADDITIONAL STATUTORY INFORMATION

(i) Performance based remuneration granted, exercised and forfeited during the year

The table below shows for each KMP the value of options that were granted, exercised and forfeited during FY2020. The number of options and percentages vested/forfeited for each grant are disclosed on page 25.

LTI OPTIONS 2020	VALUE GRANTED* \$	VALUE EXERCISED** \$
A Bellas	-	-
G Baynton	-	-
J Duffield	-	90,174
A Bignell	-	-
D Slocomb	-	-
N Cooke	-	-
R Bromage	-	-
P Trappett	-	-

* The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration

** The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

LTI PERFORMANCE RIGHTS 2020	VALUE GRANTED* \$	VALUE EXERCISED** \$
P Trappett	81,818	14,878

* The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration

** The value at the exercise date of performance rights that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the performance rights at that date.

(ii) Terms and conditions of the share-based payment arrangements

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	PERFORMANCE ACHIEVED	% VESTED
23/11/2016	30/09/2018	1/12/2021	\$0.01	\$0.1294	100%	100%
23/11/2016	31/12/2018	1/12/2021	\$0.01	\$0.1298	100%	100%
23/11/2016	31/03/2019	1/12/2021	\$0.01	\$0.1301	100%	100%
23/11/2016	30/06/2019	1/12/2021	\$0.01	\$0.1304	100%	100%
23/11/2016	30/09/2019	1/12/2021	\$0.01	\$0.1307	100%	100%
23/11/2016	31/12/2019	1/12/2021	\$0.01	\$0.1309	100%	100%
23/11/2016	31/03/2020	1/12/2021	\$0.01	\$0.1311	100%	100%
23/11/2016	30/06/2020	1/12/2021	\$0.01	\$0.1313	100%	100%
23/11/2016	30/09/2020	1/12/2021	\$0.01	\$0.1314	-	-
23/11/2016	30/09/2018	1/12/2021	\$0.20	\$0.1055	100%	100%
23/11/2016	31/12/2018	1/12/2021	\$0.20	\$0.1071	100%	100%
23/11/2016	31/03/2019	1/12/2021	\$0.20	\$0.1084	100%	100%
23/11/2016	30/06/2019	1/12/2021	\$0.20	\$0.1096	100%	100%
23/11/2016	30/09/2019	1/12/2021	\$0.20	\$0.1108	100%	100%
23/11/2016	31/12/2019	1/12/2021	\$0.20	\$0.1117	100%	100%
23/11/2016	31/03/2020	1/12/2021	\$0.20	\$0.1126	100%	100%
23/11/2016	30/06/2020	1/12/2021	\$0.20	\$0.1134	100%	100%
23/11/2016	30/09/2020	1/12/2021	\$0.20	\$0.1140	-	-
16/12/2016	30/09/2018	1/12/2021	\$0.01	\$0.1293	100%	100%
16/12/2016	31/12/2018	1/12/2021	\$0.01	\$0.1297	100%	100%
16/12/2016	31/03/2019	1/12/2021	\$0.01	\$0.1300	100%	100%
16/12/2016	30/06/2019	1/12/2021	\$0.01	\$0.1303	100%	100%
16/12/2016	30/09/2019	1/12/2021	\$0.01	\$0.1306	100%	100%
16/12/2016	31/12/2019	1/12/2021	\$0.01	\$0.1308	100%	100%
05/01/2017	30/09/2018	1/12/2021	\$0.04	\$0.1202	100%	100%
05/01/2017	31/12/2018	1/12/2021	\$0.04	\$0.1213	100%	100%
05/01/2017	31/03/2019	1/12/2021	\$0.04	\$0.1222	100%	100%
05/01/2017	30/06/2019	1/12/2021	\$0.04	\$0.1230	100%	100%
05/01/2017	30/09/2019	1/12/2021	\$0.04	\$0.1238	100%	100%
05/01/2017	31/12/2019	1/12/2021	\$0.04	\$0.1244	100%	100%

The number of options over ordinary shares in the Company provided as remuneration to key management personnel is shown in the table on page 26. The options carry no dividend or voting rights. There are no other conditions that must be satisfied for the options to vest.

When exercisable, each option is convertible into one ordinary share of IntelliHR Limited.

Performance Rights

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE	VALUE PER PERFORMANCE RIGHT AT GRANT DATE	PERFORMANCE ACHIEVED	% VESTED
1/7/2018	1/7/2021	1/7/2022	N/A	\$0.20	-	-
1/9/2019	1/7/2020	1/9/2022	N/A	\$0.075	64%	64%

The number of performance rights over ordinary shares in the Company provided as remuneration to key management personnel is shown on page 27. The performance rights carry no dividend or voting rights. The performance rights vest as follows:

- a) 367,347 vest on 1 July 2021 if the relative total shareholder return is at or above the 3-year average of the S&P ASX small ordinaries Ex A-REIT Franking Credit Adjusted Annual Total Return Index Cap Index
- b) 1,090,909 vest on achievement of mutually agreed KPIs that relate to FY2020.

When exercisable, each performance right is convertible into one ordinary share of IntelliHR Limited.

If an executive ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

(iii) Reconciliation of options, performance rights and ordinary shares held by KMP

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY2020.

No options were forfeited during the year.

Options

2020 NAME & GRANT DATES	BALANCE AT THE START OF THE YEAR		PLACEMENT BONUS OPTIONS	GRANTED AS COMPENSATION	VESTED	EXERCISED	BALANCE AT THE END OF THE YEAR		
	UNVESTED	VESTED					VESTED AND EXERCISABLE	% VESTED	UNVESTED
A BELLAS									
16/12/2016	462,432	1,618,512		-	462,432	-	2,080,944	100	-
G BAYNTON									
16/12/2016	410,000	1,435,000		-	410,000	-	1,845,000	100	-
05/01/2017	52,432	183,512		-	52,432	-	235,944	100	-
J DUFFIELD									
16/12/2016	462,432	924,864		-	462,432	1,387,896	-	-	-
A BIGNELL									
-	-	-		-	-	-	-	-	-
D SLOCOMB									
-	-	-		-	-	-	-	-	-
N COOK									
-	-	-		-	-	-	-	-	-
R BROMAGE									
23/11/2016	1,217,362	2,678,181	833,332	-	973,884	-	4,485,397	95%	243,478
P TRAPPETT									
-	-	-		-	-	-	-	-	-

Performance Rights

The table below shows how many performance rights were granted and vested during the year. No performance rights were forfeited during the year:

NAME & GRANT DATES	BALANCE AT THE START OF THE YEAR		VESTED DURING THE YEAR	FORFEITED DURING THE YEAR	GRANTED AS COMPENSATION	BALANCE AT THE END OF THE YEAR		MAXIMUM VALUE YET TO VEST* \$
	UNVESTED	VESTED				UNVESTED	VESTED	
P TRAPPETT								
2020	734,694	-	198,367	(168,980)	1,090,909	1,458,256	-	24,534
2019	-	-	-	-	734,694	734,694	-	49,002

* The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the rights that are yet to be expensed. The minimum value of deferred shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

Shareholdings

2020 NAME	BALANCE AT THE START OF THE YEAR	ISSUED ON EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
ORDINARY SHARES				
A Bellas	1,383,678	-	666,666**	2,050,344
G Baynton	3,638,798	-	-	3,638,798
J Duffield	2,075,690	1,387,296	-	3,462,986
A Bignell	-	-	206,630*	206,630
D Slocomb	-	-	-	-
N Cook	-	-	-	-
R Bromage	21,471,075	-	1,092,903***	22,563,978
P Trappett	478,540	198,367	347,126**	1,024,033

* Shareholding at date of appointment.

** Participation In August 2019 placement.

*** 833,333 shares acquired In April 2019 placement and 259,570 acquired on market.

(iv) Other transactions with key management personnel

R Bromage, acting as trustee for The Bromage Family Investment Trust, loaned the Group \$100,000 on the 2nd of May 2019. The loan was interest free and represents an advance on funds to acquire shares.

The loan was repaid 3 days after the Extraordinary General Meeting held on the 5th August 2019 when shareholder approval was given to issue 833,333 fully paid ordinary shares with one attaching April Placement Option and one attaching April Placement Bonus Option for every 2 shares issued under the April Placement.

END OF REMUNERATION REPORT (AUDITED)

SHARES UNDER OPTION

Unissued ordinary shares

Unissued ordinary shares of IntelliHR Limited under option at the date of this report are as follow:

SECURITIES	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
OPTIONS			
23/11/2016	01/12/2021	\$0.01	377,778
16/12/2016	01/12/2021	\$0.01	5,313,240
05/01/2017	01/12/2021	\$0.04	298,838
23/11/2016	01/12/2021	\$0.20	3,895,543
01/04/2017	31/03/2022	\$0.04	32,000
11/08/2017	11/08/2022	\$0.02	693,000
27/02/2018	14/02/2023	\$0.32	294,000
23/07/2018	30/06/2023	\$0.30	370,000
PERFORMANCE RIGHTS			
03/09/2018	01/07/2022	N/A	367,347
09/11/2018	01/11/2022	N/A	250,000
03/09/2019	01/09/2022	N/A	1,878,788

Unissued ordinary shares of IntelliHR Limited under performance right at the date of this report total 2,496,135. 1,458,256 of these performance rights are the performance rights granted as remuneration to Mr Trappett. The remaining 1,037,879 performance rights were granted to other employees during the prior financial year. Details of the performance rights granted to key management personnel are disclosed on page 27 above.

No performance right holder or option holder has any right to participate in any other share issue of the Company or any other entity. No performance rights have been granted since the end of the financial year.

INSURANCE OF OFFICERS AND INDEMNITIES

(a) Insurance of officers

During the financial year, IntelliHR Limited paid a premium of \$96,134 to insure the Directors and Secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

IntelliHR Limited has not agreed to indemnify their auditors.

(c) Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

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NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (BDO) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- › all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- › none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED	
	2020 \$	2019 \$
Taxation services		
BDO Qld Pty Ltd: Preparation of Tax and FBT Return, and R&D AusIndustry Return	29,725	44,844
TOTAL REMUNERATION FOR NON-AUDIT SERVICES	29,725	44,844

Auditor's independence declaration

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 32.

This report is made in accordance with a resolution of Directors.



A Bellas

Chairman

Brisbane, 21 August 2020



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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF INTELLIHR LIMITED

As lead auditor of IntelliHR Limited for the year ended 30 June 2020, 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 IntelliHR Limited and the entities it controlled during the year.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 21 August 2020

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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Corporate governance statement

intelliHR Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

intelliHR Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2020 corporate governance statement is dated as at 30 June 2020 and reflects the corporate governance practices in place throughout the 2020 financial year. The 2020 corporate governance statement was approved by the Board on 21 August 2020.

A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at <https://intellihr.com.au/investor-relations/#corporate-governance>.

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2020

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R E P O R T



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These financial statements are for intelliHR Limited.

The financial statements are presented in the Australian currency.

intelliHR Limited is a Company limited by shares, incorporated and domiciled in Australia.

Its principal place of business is:

intelliHR Limited

Level 28, 345 Queen Street

Brisbane QLD 4000

All press releases, financial reports and other information are available at our website: www.intellihr.co.

ANNUAL REPORT 2020

FINANCIAL REPORT

INTELLIHR LIMITED

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	CONSOLIDATED	
		2020 \$	2019 \$
Revenue	3	1,250,471	478,838
Other income	3	256,876	85,957
Employee benefits expense	4	(2,671,420)	(2,043,754)
Directors remuneration	4	(676,258)	(789,163)
Depreciation and amortisation expense	4	(1,872,281)	(1,583,302)
Marketing expense		(363,581)	(567,325)
Finance expense		(125,635)	(75,094)
General and administrative expense	4	(619,009)	(938,270)
Loss before income tax expense	4	(4,820,837)	(5,432,113)
Income tax expense	5	-	-
Other comprehensive income for the period, net of tax		38	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(4,820,799)	(5,432,113)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share	8	(2.83)	(5.08)
Diluted earnings per share	8	(2.83)	(5.08)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020

		CONSOLIDATED	
		2020	2019
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	9	2,790,577	1,956,906
Trade and other receivables	11	319,037	316,171
Total current assets		3,109,614	2,273,077
Non-current assets			
Investments	10	416,838	466,838
Plant and equipment	12	6,150	25,972
Right-of-use asset	13	2,388,249	2,821,917
Intangible assets	14	2,135,128	2,288,025
Total non-current assets		4,946,365	5,602,752
TOTAL ASSETS		8,055,979	7,875,829
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,468,586	823,820
Lease liability	13	404,308	378,319
Loan from related party	23	-	100,000
Total current liabilities		1,872,894	1,302,139
Non-current liabilities			
Provisions	16	7,906	-
Lease liability	13	2,240,885	2,519,820
Total non-current liabilities		2,248,791	2,519,820
TOTAL LIABILITIES		4,121,685	3,821,959
NET ASSETS		3,934,294	4,053,870
EQUITY			
Contributed equity	17	18,671,536	14,341,235
Reserves	18	2,737,601	2,366,641
Accumulates losses		(17,474,843)	(12,654,006)
Total equity		3,934,294	4,053,870

The above consolidated balance sheet should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	CONTRIBUTED EQUITY \$	SHARE BASED PAYMENTS RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
BALANCE AT 30 JUNE 2018	11,915,456	2,164,992		(7,221,893)	6,858,555
Loss for the period	-	-	-	(5,432,113)	(5,432,113)
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-	(5,432,113)	(5,432,113)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	2,210,611	-	-	-	2,210,611
Share-based payments	-	416,817	-	-	416,817
STI settled in shares	215,168	(215,168)	-	-	-
BALANCE AT 30 JUNE 2019	14,341,235	2,366,641	-	(12,654,006)	4,053,870
Loss for the period	-	-	-	(4,820,837)	(4,820,837)
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-	(4,820,837)	(4,820,837)
Foreign Currency Translation	-	-	38	-	38
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	4,330,301	-	-	-	4,330,301
Share-based payments	-	370,922	-	-	370,922
BALANCE AT 30 JUNE 2020	18,671,536	2,737,563	38	(17,474,843)	3,934,294

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 2020

	Notes	CONSOLIDATED	
		2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		1,500,941	665,078
Payments to suppliers and employees (GST inclusive)		(3,578,426)	(3,823,193)
Interest received		22,594	36,968
Interest paid		(106,826)	(57,351)
Income tax refund		-	844
Government incentives		149,145	-
Net cash outflow from operating activities	20(a)	(2,012,572)	(3,177,654)
Cash flows from investing activities			
Payments for development		(1,830,448)	(2,143,144)
Payments for plant and equipment		(6,288)	(11,018)
Proceeds from sale of plant and equipment		609	500
Research and development tax incentive refund		656,469	819,836
Receipts/(Payments) for security deposits		50,000	(416,838)
Net cash outflow from investing activities		(1,129,658)	(1,750,664)
Cash flows from financing activities			
Proceeds on issue of shares		4,338,974	2,337,499
Payment of capital raising costs and listing expenses		(108,674)	(126,888)
Proceeds from loan from related entity		-	100,000
Principal element of lease payments		(254,247)	(138,747)
Net cash inflow from financing activities		3,976,053	2,171,864
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		833,823	(2,756,454)
Cash and cash equivalents at the beginning of the year		1,956,906	4,713,360
Effects of exchange rate changes on cash and cash equivalents		(152)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20(b)	2,790,577	1,956,906

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of IntelliHR Limited (the Company) as at and for the year ended 30 June 2020 comprise the company and its controlled entities (the Group).

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

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial report, the Group achieved a net loss of \$4,820,837 (2019: \$5,432,113) and net operating cash outflows of \$2,012,572 (2019: \$3,177,654) for the year ended 30 June 2020. As at 30 June 2020, the Group has cash of \$2,790,577 (2019: \$1,956,906).

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- › the ability of the Group to raise capital as and when necessary;
- › the ability to complete successful development and commercialisation of the Group's software platform.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate due to the proven ability of the Group to raise necessary funding via the issue of shares and also the increased revenues now being achieved through software sales, along with its growing sales pipeline. The ability of the Group to raise capital is evidenced by the announcement on 6 August 2020 of a \$5,500,000 capital raising, consisting of a fully underwritten non-renounceable rights issue of \$3,000,000 and a \$2,500,000 placement (to strategic investor, Bevan Slattery). The rights issue has been underwritten by Bevan Slattery and Colinton Capital (IntelliHR's largest shareholder). \$2,300,000 of the placement is subject to receipt of shareholder approval at the General Meeting of Shareholders scheduled for 10 September 2020 (refer Note 22). The Directors currently expect that there will be strong participation in the rights issue, given its pricing at \$0.075 per share in the context of the prevailing share price at the time of issue of the Annual Report.

The Directors have considered the impact of Covid 19 and found that the pandemic has increased sales prospects due to the greater global need for businesses to manage employees remotely using HR platforms. In response to the onset of COVID-19, the Group has tightly controlled expenses immediately suspending all non-essential expenditure in March 2020. Savings have been made with the elimination of business travel, office running costs and the suspension of the establishment of an international office. The business deferred rent payments for the months April, May and June 2020 with a view to progressively repay in FY 2021. In addition, Covid 19 has not adversely impacted the collection of Trade Receivables and the Directors do not expect increased credit losses.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

The financial statements were authorised for issue by the Directors on 21 August 2020. The Directors have the power to amend and reissue the financial statements.

a. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IntelliHR Limited ('Company' or 'Parent Entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. IntelliHR Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group.

Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**b. Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- › When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- › When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

c. Foreign Currency Transactions and Balances**Functional and presentation currency**

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

Transactions and balances

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

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Group companies

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

- › Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- › Income and expenses are translated at the average exchange rates for the period; and
- › Accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

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

d. Revenue from contracts with customers**Measurement and recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Service operating fees primarily consists of fees that give customers access to the IntelliHR platform and to technical support. These revenues are recognised over time as they are delivered and consumed concurrently over the contractual term, beginning on the date the service is made available to the customer. Contracts typically have a term of 1 to 3 years in duration. Customers are invoiced monthly in advance for service operating fees. Service initiation fees charged to customers for implementation services are recognised over time and amortised over the life of these contracts, and costs directly attributable to the implementation services are capitalised and amortised over a period consistent with the term of revenue recognition.

Consulting workshops are provided to customers to assist with redesigning HR processes. These are invoiced at the time of the delivery and are recognised at a point in time.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds 1 year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. Payments from customers are generally collected in advance of provision of services.

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

In applying AASB 15 to contracts with customers, the Group has determined that there are no material rights offered by way of options for additional services to be provided at a discount within the contractual terms. Where the Group provides discounts or rebates to customers, these are factored into the transaction price and are recognised on a systematic basis in line with the revenue stream to which they relate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grant revenue

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

e. Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

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

f. Development costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a straight-line basis over three years, which given the constant and rapid development of the project, management considers to represent the useful life of the project.

g. Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment – 2 years

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

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

h. Right-of-use assets

Right-of-use assets are measured at cost which includes the lease payments and direct costs incurred over the life of the lease, plus an estimate of a "make good" payment, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the shorter of the assets useful life and the lease term.

The lease liability is measured at the present value of the lease payments discounted at the Group's incremental borrowing rate. Lease payments include fixed payments, and variable lease payments.

i. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as 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.

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees in exchange for the rendering of services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

j. Provisions

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

k. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes fixed term deposits.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**l. Trade and other receivables**

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

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The Group has applied the simplified approach to measuring expected credit losses, which has a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue and assessed for recoverability based on historical payments received. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

m. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

n. Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

o. Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

p. Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

r. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

s. Critical accounting estimates and judgements

Recognition of Development Costs

For the purpose of measurement, AASB 138 allows costs incurred in the development stage to be capitalised if certain requirements are met, including:

- > It is technically feasible that the intangible asset will be completed so that it will be available for use;
- > It is the intention to complete the intangible asset and use it;
- > It can be demonstrated that it is probable that the intangible asset will generate future economic benefits;
- > There are adequate resources to complete the development of the intangible asset;
- > The expenditure attributable to the intangible asset during its development can be measured reliably.

As the Group meets all of the above requirements, all costs directly attributable and necessary to create, produce and prepare the asset to be capable of operating in the manner intended, have been capitalised.

All costs to maintain the development asset are expensed as incurred.

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NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)**Share based payment transactions**

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

Covid 19 Impact on Expected Credit Losses

Whilst there was some reduction in subscriber numbers invoiced as some customers were forced to downsize, this was offset by increased subscriber numbers through the continued onboarding of new paying customers. Several customers were granted extended payment terms during the months of April and May 2020 and these accounts were subsequently paid. As at the signing of the Annual Report, there were no outstanding receivables at risk of non payment. The Group's expectation of Credit Losses has not been adversely impacted by Covid 19.

t. New and Amended Accounting Policies Adopted by the Group

There were no new or amended policies adopted by the Group for the first time.

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NOTE 2 PARENT INFORMATION

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

	2020 \$	2019 \$
BALANCE SHEET		
ASSETS		
Current assets		
Cash and cash equivalents	2,686,260	1,816,242
Trade and other receivables	90,623	190,854
Total current assets	2,776,883	2,007,096
Non-current assets		
Plant and equipment	6,150	25,972
Intangible assets	1,231,574	2,288,025
Total non-current assets	1,237,724	2,313,997
TOTAL ASSETS	4,014,607	4,321,093
LIABILITIES		
Current liabilities		
Payables	80,313	267,223
Total current liabilities	80,313	267,223
TOTAL LIABILITIES	80,313	267,223
NET ASSETS	3,934,294	4,053,870
EQUITY		
Contributed equity	18,671,536	14,341,235
Reserves	2,737,564	2,366,641
Accumulates losses	(17,474,806)	(12,654,006)
Total equity	3,934,294	4,053,870
Statement of Profit or Loss and Other Comprehensive Income		
TOTAL LOSS AND TOTAL COMPREHENSIVE INCOME	(4,820,800)	(5,659,690)

Guarantees

intelliHR Limited has not entered into any guarantees, in the current or previous reporting period, in relation to the debts of its subsidiaries.

NOTE 2 PARENT INFORMATION (CONTINUED)**Contingent liabilities**

At 30 June 2020, intelliHR Limited did not have any contingent liabilities (2019:Nil).

Contractual commitments

At 30 June 2020, intelliHR Limited did not have any contractual commitments (2019: Nil).

NOTE 3 REVENUE

	2020			2019		
	AUSTRALIA	REST OF THE WORLD	TOTAL	AUSTRALIA	REST OF THE WORLD	TOTAL
Revenue from contracts with customers						
Over time (Service Operating Fees)	833,096	281,925	1,115,021	416,105	18,038	434,143
Over time (Service Initiation Fees)	73,690	30,904	104,594	37,940	2,255	40,195
At a point in time (Workshop Fees)	29,000	1,856	30,856	4,500	-	4,500
Total revenue	935,786	314,685	1,250,471	458,545	20,293	478,838
Other income						
Interest received	22,594	-	22,594	36,968	-	36,968
Government grant income	164,871	-	164,871	-	-	-
Other income	69,411	-	69,411	48,989	-	48,989
Total other income	256,876	-	256,876	85,957	-	85,957

NOTE 4 LOSS FOR THE YEAR

Loss before income tax from continuing operations includes the following items that are unusual because of their nature, size or incidence:

	2020 \$	2019 \$
Amortisation of intangible assets	1,411,203	1,307,257
Depreciation of property, plant and equipment	26,110	61,076
Depreciation of right-of-use asset	434,968	214,969
Total	1,872,281	1,583,302
Included in employee benefits expense and Directors remuneration:		
Superannuation contributions	241,054	195,876
Share based payments expense	355,398	442,850
Loss on foreign exchange	10,250	1,449
Interest paid on lease liabilities	106,826	57,351

NOTE 5 INCOME TAX EXPENSE

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2020 \$	2019 \$
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(4,820,837)	(5,432,113)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	(1,325,729)	(1,493,831)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible items	602,060	464,491
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	723,669	1,029,340
Income tax expense / (benefit)	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	10,738,895	7,904,349
Potential tax benefit @ 27.5% (2019: 27.5%)	2,953,196	2,173,696
(c) Tax expense (income) recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax: Share issue costs		-

NOTE 5 INCOME TAX EXPENSE (CONTINUED)

	2020 \$	2019 \$
(d) Deferred tax assets		
<i>The balance comprises temporary differences attributable to:</i>		
Tax losses	2,953,196	2,173,696
Employee entitlements	122,846	96,861
Share issue costs	112,507	130,395
Accrued expenses	43,326	38,016
Rights of use asset	70,659	-
TOTAL DEFERRED TAX ASSETS	3,302,534	2,438,968
Set-off of deferred tax liabilities pursuant to set-off provisions	(62,062)	(60,708)
Deferred tax assets not recognised	(3,240,472)	(2,378,260)
Net deferred tax assets	-	-
(e) Deferred tax liabilities		
<i>The balance comprises temporary differences attributable to:</i>		
Development assets	8,535	17,358
Interest receivable	3,318	3,308
Prepayments	50,209	40,042
TOTAL DEFERRED TAX LIABILITIES	62,062	60,708
Set-off of deferred tax liabilities pursuant to set-off provisions	(62,062)	(60,708)
NET DEFERRED TAX LIABILITIES	-	-

Unused losses which have not been recognised as an asset, will only be obtained if:

- (i) the Group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
- (ii) the Group continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Group in realising the losses.

NOTE 6 KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2020.

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

	2020 \$	2019 \$
Short-term employee benefits	652,377	768,650
Other long-term benefits	57,753	70,197
Share-based compensation	269,633	263,608
TOTAL KMP COMPENSATION	979,763	1,102,455

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Directors as well as all salary, paid leave benefits and fringe benefits paid to Executive Directors and employees.

Other long-term benefits

These amounts are the current-year's superannuation contributions made during the year and the movement of long service leave liabilities.

Share-based payments

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

Further information in relation to KMP remuneration can be found in the Remuneration report.

NOTE 7 AUDITOR'S REMUNERATION

	2020 \$	2019 \$
Remuneration of the auditor for:		
Auditing or reviewing the financial reports	82,774	73,385
Remuneration for non-audit services		
Preparation of Tax and FBT Return, and R&D AusIndustry Return	29,725	44,844
TOTAL AUDITOR'S REMUNERATION	112,499	118,229

NOTE 8 EARNINGS PER SHARE

	2020 Cents	2019 Cents
(a) Basic earnings per share		
TOTAL BASIC EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY	(2.83)	(5.08)
(b) Diluted earnings per share		
TOTAL DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY	(2.83)	(5.08)
(c) Reconciliations of earnings used in calculating earnings per share	2020 \$	2019 \$
BASIC EARNINGS PER SHARE		
(Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(4,820,837)	(5,432,113)
DILUTED EARNINGS PER SHARE		
(Loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	(4,820,837)	(5,432,113)
(d) Weighted average number of shares used as the denominator	2020 Number	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	170,311,424	106,985,988
(e) Information concerning the classification of securities		
(i) Options and rights		
Options on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2020. These options could potentially dilute basic earnings per share in the future. Details relating to options are set out in note 21.		

NOTE 9 CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Cash at bank and on hand	2,790,577	1,956,906
TOTAL CASH AND CASH EQUIVALENTS	2,790,577	1,956,906

NOTE 10 INVESTMENTS

	CONSOLIDATED	
	2020 \$	2019 \$
Non-current fixed term cash deposits (restricted) (Deposits are Bank Guaranteed Security on the leased premises)	416,838	466,838
TOTAL INVESTMENTS	416,838	466,838

NOTE 11 TRADE AND OTHER RECEIVABLES

	2020 \$	2019 \$
Trade receivables	53,028	42,440
Other receivables	12,064	41,184
Prepayments	253,945	232,547
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	319,037	316,171

Credit risk

The Group has no significant concentration of credit risk with respect to any counterparties or on a geographical basis.

From 1 July 2018 the Group now assess impairment on trade and receivables using the simplified approach of the expected credit loss (ECL) model under AASB 9. Due to the minimal history of bad debt write offs and strong credit approval processes, the Group have determined that the ECL model will not have a material effect on impairment as at 30 June 2020.

The balance of receivables that remain within initial trade terms are considered to be of high credit quality.

NOTE 12 PLANT AND EQUIPMENT

	CONSOLIDATED	
	2020 \$	2019 \$
PLANT AND EQUIPMENT		
At cost	148,278	143,707
Accumulated depreciation	(142,128)	(117,735)
TOTAL PROPERTY, PLANT AND EQUIPMENT	6,150	25,972
MOVEMENTS IN CARRYING AMOUNTS		
Plant and equipment		
Balance at 1 July	25,972	76,031
Additions	6,288	11,017
Disposals	-	-
Depreciation expense	(26,110)	(61,076)
BALANCE AT 30 JUNE	6,150	25,972

NOTE 13 LEASES

The Group is the lessee of an office premises and information about this lease is presented below:

	2020 \$	2019 \$
RIGHT-OF-USE ASSET		
Balance at Lease Inception	3,038,186	3,036,886
Accumulated Depreciation	(649,937)	(214,969)
Balance at 30 June 2020	2,388,249	2,821,917

	2020 \$	2019 \$
LEASE LIABILITIES		
Maturity Analysis		
Less than one year	404,308	378,319
One to five years	2,240,885	2,259,468
More than five years	-	260,352
Total Lease Liabilities at 30 June	2,645,193	2,898,139

	2020 \$	2019 \$
AMOUNTS RECOGNISED IN PROFIT OR LOSS		
Interest on lease liabilities	106,826	57,351
Depreciation right-of-use-asset	434,968	214,969

	2020 \$	2019 \$
AMOUNTS RECOGNISED IN THE STATEMENT OF CASHFLOWS		
Cashflows from operating activities		
Interest paid	106,826	57,351
Cash flows from financing activities		
Principal element of lease payments	254,247	138,747

NOTE 14 INTANGIBLE ASSETS

	2020 \$	2019 \$
DEVELOPMENT COSTS		
Cost	6,340,079	5,081,773
Accumulated amortisation	(4,204,951)	(2,793,748)
TOTAL DEVELOPMENT COSTS	2,135,128	2,288,025

	2020	2019
MOVEMENTS IN CARRYING AMOUNTS		
Balance at 1 July	2,288,025	2,249,518
Additions – internally developed	1,845,974	2,117,111
Research and development tax incentive	(587,668)	(771,347)
Amortisation charge	(1,411,203)	(1,307,257)
BALANCE AT 30 JUNE	2,135,128	2,288,025

NOTE 14 INTANGIBLE ASSETS (CONTINUED)**Impairment testing**

The recoverable amount of the Development Asset (Note 14) and the Right of Use Asset (Note 13) is determined based on value-in-use calculations. These calculations utilised cash flow projections for five years based on the FY2021 and FY2022 budget which has been risk adjusted and reviewed by management.

On this basis, the Group determined that the recoverable amount of the Development asset of \$2,135,128 (2019 \$2,288,025) and the Right of Use Asset \$2,388,249 (2019 \$2,821,917) exceeded their combined carrying value and no impairment charge was required in this financial year (2019: Nil).

The value-in-use calculations are sensitive to discount rates, revenue and cash flow forecasts. The Group has performed detailed sensitivity analysis as part of its impairment testing to ensure that the results of its testing are reasonable.

Key assumptions used for value-in-use calculations

Revenue projections are based on sales for the year ended 30 June 2020 and revenue projections for 2021 to 2022 based on the key drivers in the current business. Expenses are based on detailed knowledge of the business, historic activity, and projections for 2021 to 2022 based on the key drivers in the current business. These have been extrapolated in years 2023 to 2027 with a growth rate of 25% for FY2023 and 3% for FY2024 to FY2027.

The discount rate applied to cash flow projections is 20% post-tax. Discount rate applied reflects management's estimate of the time value of money and the consolidated entities weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

A terminal rate of 2.4% was used in the value-in-use calculation.

Sensitivity

The directors have made judgements and estimates in respect of impairment testing of the Development asset and the Right of Use Asset. Should these judgements and estimates not occur, the resulting Development Asset and Right of Use Asset may vary in carrying value.

The points noted below are sensitivities of these estimates:

- › The discount rate would need to increase by more than 40% before the assets would be impaired, with all other assumptions remaining constant.
- › Revenue growth would need to decrease by 26% annually over the FY2022 to FY2027 period before the assets would be impaired, with all other assumptions remaining constant.

Management believes that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying value to exceed its recoverable amount.

NOTE 15 TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
UNSECURED LIABILITIES		
Trade payables	55,681	112,664
Other payables	966,190	358,936
Accrual for annual leave	356,801	268,060
Accrual for long service leave	89,914	84,160
TOTAL TRADE AND OTHER PAYABLES	1,468,586	823,820

NOTE 16 PROVISIONS

	2020 \$	2019 \$
Provision for long service leave	7,906	-
TOTAL PROVISIONS	7,906	-

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NOTE 17 CONTRIBUTED EQUITY

(a) Share capital	2020 Shares	2019 Shares	2020 \$	2019 \$
FULLY PAID ORDINARY SHARES	193,407,826	133,042,546	18,671,536	14,341,235

(b) Ordinary share capital

DATE	DETAILS	NOTE	NUMBER OF SHARES	ISSUE PRICE	\$
1 JULY 2018	BALANCE		103,895,094		11,915,456
July 2018	Exercise of options	(e)	697,814	\$0.01	6,978
	Exercise of options	(e)	24,000	\$0.02	480
October 2018	Exercise of options	(e)	16,664	\$0.01	167
	Exercise of options	(e)	16,000	\$0.02	320
	STI settled shares	(f)	717,227	\$0.30	215,168
April 2019	Exercise of options	(e)	1,186,875	\$0.01	11,869
	Exercise of options	(e)	86,000	\$0.02	1,720
	Exercise of options	(e)	49,995	\$0.04	2,000
	Placement shares	(d)	6,071,666	\$0.12	728,600
May 2019	Placement shares	(d)	1,428,335	\$0.12	171,400
June 2019	Placement shares	(c)	18,852,876	\$0.075	1,413,966
	Share issue costs		-		(126,889)
30 JUNE 2019	BALANCE		133,042,546		14,341,235
August 2019	Placement shares	(h)	21,147,124	\$0.075	1,586,035
	Placement shares	(i)	833,333	\$0.12	100,000
September 2019	STI shares issued		385,867		-
January 2020	Exercise of options	(e)	66,660	\$0.01	667
	Exercise of options	(e)	45,000	\$0.02	900
	Placement shares	(h)	36,500,000	\$0.075	2,737,500
February 2020	Exercise of options	(e)	1,387,296	\$0.01	13,873
	Share issue costs				(108,674)
30 JUNE 2020	BALANCE		193,407,826		18,671,536

NOTE 17 CONTRIBUTED EQUITY (CONTINUED)

(c) Issue to sophisticated and institutional investors

The issue of 18,852,876 fully paid ordinary shares to sophisticated and institutional investors at an issue price of \$0.075 cash.

(d) Issue to sophisticated investors

The issue of 7,500,001 fully paid ordinary shares to sophisticated and institutional investors at an issue price of \$0.12 cash.

(e) Exercise of options

The issue of fully paid ordinary shares on the exercise of options.

(f) STI shares issued

On 29 October 2018 following receipt of shareholder approval at the 2018 AGM, 717,227 shares were issued to R Bromage and J Fong as settlement of their FY2018 STI's.

(g) Issued to sophisticated and institutional investors

The issue of fully paid ordinary shares to sophisticated and institutional investors at an issue price of \$0.075 cash.

(h) Issued to sophisticated and Institutional Investors

The Issue of 57,647,124 fully paid ordinary shares to sophisticated and Institutional Investors at an Issue price of \$0.075 cash.

(i) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements.

The Covid 19 pandemic has not impacted the Group's ability to raise capital as evidenced by the announcement on the 6th August 2020 of a \$5.5 million raising. (Refer Note 22). Based on this, the Group's strategy for capital risk management is unchanged from prior years.

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NOTE 18 RESERVES

	2020 \$	2019 \$
Share-based payment reserve	2,737,563	2,366,641
Movements:		
Balance 1 July	2,366,641	2,164,992
Share based payments expensed	242,898	442,850
Share based payments capitalised	15,524	(26,033)
STI's settled in shares	-	(215,168)
STI's to be settled in shares	112,500	-
BALANCE 30 JUNE 2020	2,737,563	2,366,641

The share-based payment reserve records items recognised as expenses on valuation of director, employee and contractor options.

	2020 \$	2019 \$
Foreign currency translation reserve	38	-

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1c and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

NOTE 19 OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis that is the location where revenue is derived.

Management currently identifies the Group as having only one operating segment, being the development and commercialisation of a cloud-based people management platform in Australasia. All assets and revenue are derived from the one geographical location, being Australia. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

The Group has no customers from which it generates greater than 10% of its revenue. (2019 : One customer was \$59,258).

NOTE 20 CASH FLOW INFORMATION

(a) Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities	2020 \$	2019 \$
PROFIT / (LOSS) FOR THE PERIOD	(4,820,838)	(5,432,113)
Adjustments for:		
Share based payments	355,398	442,850
Depreciation and amortisation	1,437,313	1,368,333
Depreciation Right-of-use asset	434,968	214,969
Profit on sale of plant and equipment	(609)	(500)
Research and development tax incentive	(68,802)	(48,489)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(10,588)	14,603
Decrease in other assets	236,160	131,546
Increase in trade and other payables	322,024	99,472
Increase in provisions	102,402	31,675
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	(2,012,572)	(3,177,654)

CONSOLIDATED			
(b) Cash and cash equivalents shown in the statement of cashflows comprises the following:	Note	2020 \$	2019 \$
Cash and cash equivalents	9	2,790,577	1,956,906
TOTAL CASH AND CASH EQUIVALENTS		2,790,577	1,956,906

(c) Non-cash financing and investing activities	2020 \$	2019 \$
Share based payments capitalised	15,524	(26,033)
Acquisition of Right of Use Asset by means of a lease	-	3,636,886
STI settled in shares	-	215,168

NOTE 20 CASH FLOW INFORMATION (CONTINUED)

(d) Net debt reconciliation	2020	2019
This section sets out an analysis of net debt, and the movements in net debt for each period presented.	\$	\$
Cash and cash equivalents	2,790,577	1,956,906
Borrowings – repayable within one year	(404,308)	(478,319)
Borrowings – repayable after one year	(2,240,855)	(2,519,820)
Net debt	145,414	(1,041,233)
Cash and cash equivalents	2,790,577	1,956,906
Gross debt – non-interest bearing	-	(100,000)
Gross debt – fixed interest rates	-	-
Gross debt – variable interest rates	(2,645,163)	(2,898,139)
Net debt	145,414	(1,041,233)

	CASH/BANK OVERDRAFT \$	LIABILITIES FROM FINANCING ACTIVITIES		TOTAL \$
		BORROWINGS DUE WITHIN 1 YEAR \$	BORROWING DUE AFTER 1 YEAR \$	
Net debt as at 30 June 2018	4,713,360	-	-	4,713,360
Cashflows	(2,856,454)	138,747	-	(2,717,707)
Lease liability	-	(321,911)	(2,714,975)	(3,036,886)
Loan from related party	100,000	(100,000)	-	-
Other non-cash movements	-	(195,155)	195,155	-
Net debt as at 30 June 2019	1,956,906	(478,319)	(2,519,820)	(1,041,233)
Cashflows	833,671	361,072	-	1,194,743
Lease liability	-	25,367	(133,463)	(108,096)
Loan from related party	-	100,000	-	100,000
Other non-cash movements	-	(412,428)	412,428	-
Net debt as at 30 June 2020	2,790,577	(404,308)	(2,240,855)	145,414

NOTE 21 SHARE-BASED PAYMENTS**OPTIONS**

The IntelliHR Limited Employee Option Plan is designed to provide long-term incentives for employees to deliver long-term shareholder returns.

Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

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

	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
OPTIONS OUTSTANDING AS AT 30 JUNE 2018	15,521,074	\$0.07
Granted	440,000	\$0.30
Forfeited	(2,818,327)	\$0.06
Exercised	(2,077,348)	\$0.01
Expired	-	-
OPTIONS OUTSTANDING AS AT 30 JUNE 2019	11,065,399	\$0.09
Granted	-	
Forfeited	(184,229)	\$0.15
Exercised	(1,498,956)	\$0.01
Expired	-	
OPTIONS OUTSTANDING AS AT 30 JUNE 2020	9,382,214	\$0.10

The weighted average share price on the exercise of options was \$0.08 (2019: \$0.18).

No options expired during the periods covered by the above table.

NOTE 21 SHARE-BASED PAYMENTS (CONTINUED)

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

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE	SHARE OPTIONS 30 JUNE 2020
23/11/2016	01/12/2021	\$0.01	288,889
16/12/2016	01/12/2021	\$0.01	3,925,944
05/01/2017	01/12/2021	\$0.04	298,838
23/11/2016	01/12/2021	\$0.20	3,895,543
01/04/2017	31/03/2022	\$0.04	32,000
11/08/2017	11/08/2022	\$0.02	517,000
27/02/2018	14/02/2023	\$0.32	200,000
30/06/2018	30/06/2023	\$0.30	224,000
TOTAL OF SHARE OPTIONS			9,382,214
Weighted average remaining contractual life of options outstanding at end of period			1.5 years

PERFORMANCE RIGHTS

A summary of movements of all performance rights issued is as follows:

	NUMBER
PERFORMANCE RIGHTS OUTSTANDING AS AT 30 JUNE 2019	1,234,694
Granted	1,878,788
Vested	(385,867)
Forfeited	(231,480)
Expired	-
PERFORMANCE RIGHTS OUTSTANDING AS AT 30 JUNE 2020	2,496,135

The weighted average remaining contractual life of performance rights outstanding at year end was 2.2 years (2019: 3.1 years).

1,878,788 performance rights were granted to executives on 1 September 2019 (details included in the table below).

GRANT DATE	NUMBER OF RIGHTS	VESTING CONDITIONS	VESTING DATE	% VESTED	EXPIRY DATE	FAIR VALUE AT GRANT DATE PER RIGHT
01/09/2019	1,878,788	Achievement of mutually agreed KPI's for FY 2020.	01/07/2020	0%	01/09/2022	\$0.075

NOTE 21 SHARE-BASED PAYMENTS (CONTINUED)

On 1 September 2019, 1,878,788 performance rights were granted to an employee under the IntelliHR Limited Performance Rights Plan to take up ordinary shares. All performance rights expire on 1 September 2022.

250,000 of the performance rights have been awarded under the Group's STI program and vest on achievement of mutually agreed KPI's. The other 250,000 performance rights have been awarded under the Group's LTI program and will vest if the relative total shareholder return is measured at or above the 3-year average of the P&S ASX small ordinaries Ex A-REIT Franking Credit Adjusted Total Return Index Cap Index.

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

The fair value of these performance rights was \$70,000. This value was calculated using a Monte Carlo Simulation option pricing model applying the following inputs:

MONTE CARLO SIMULATION OPTION PRICING MODEL APPLYING THE FOLLOWING INPUTS:	
Number of performance rights	1,878,788
Grant date	01/09/2019
Expiry date	01/09/2022
Volatility*	108.37%
Dividend yield	0%
Risk-free interest rate	0.69%
Fair value at grant date	Average of \$0.075

*Volatility has been determined by looking at the historical volatility over the same period as the expected life of the option, long term average level of volatility, the length of time an entity's shares have been publicly traded, and the appropriate interval for price observations. The company does not have a reasonable history of share transactions by which to gauge the company's volatility. Due to this fact an average volatility of comparable companies share transactions over the same period of time have been used to calculate an appropriate volatility.

NOTE 22 EVENTS AFTER THE REPORTING DATE

Since the 30 June 2020, the Company has :

- a. Announced a \$5.5 million capital raising, consisting of a \$2.5 million placement (of which 2,731,956 fully paid ordinary shares were issued on 10 August 2020, the balance is subject to Shareholder approval) and a 1 for 5 fully underwritten non-renounceable rights issue which will raise \$3 million. Shares under both the placement and the rights issue will be issued at \$0.075 per share;
- b. Issued 4,181,888 fully paid ordinary shares on the exercise of options held by employees and Directors;
- c. Issued 1,375,758 fully paid ordinary shares on the vesting of performance rights.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

NOTE 23 RELATED PARTY TRANSACTIONS**Related Parties**

The Group's main related parties are as follows:

a. Entities exercising control over the Group

The company does not have an ultimate controlling entity.

b. Key management personnel

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

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

c. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

d. Transactions with related parties

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

The following transactions occurred with related parties:

	2020 \$	2019 \$
OTHER RELATED PARTIES		
Purchase of goods and services:		
A company of which R Bromage is a director provided recruiting services during the year under normal commercial terms and conditions.	52,163	58,627
Sales of goods and services:		
The same company was a customer during the year under normal commercial terms and conditions.	6,670	12,154
LOAN FROM RELATED PARTY	-	100,000
R Bromage, a director, acting as trustee for The Bromage Family Investment Trust, loaned the Group \$100,000 on the 2nd of May 2019. The loan was repaid 3 days after the Extraordinary General Meeting held on the 5th August 2019 when shareholder approval was given to issue 833,333 fully paid ordinary shares with one attaching April Placement Option and one attaching April Placement Bonus Option for every 2 shares issued under the April Placement. Due to the short-term nature of the loan the carrying amount is not materially different to the fair value.		

NOTE 24 CONTINGENT ASSETS AND LIABILITIES

The Group does not have any contingent assets or liabilities as at 30 June 2020.

NOTE 25 COMMITMENTS

The Group does not have any commitments as at 30 June 2020.

NOTE 26 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

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

	Note	2020 \$	2019 \$
Financial assets			
Cash and cash equivalents	9	2,790,577	1,956,906
Trade and other receivables	11	65,092	71,594
Cash deposits	10	416,838	466,338
TOTAL FINANCIAL ASSETS		3,272,507	2,494,838
Financial liabilities			
Trade and other payables	15	1,021,871	471,600
Loan from a related party	23	-	100,000
TOTAL FINANCIAL LIABILITIES		1,021,871	571,600

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted.

Refer to Note 11 for further details on credit risks associated with trade receivables.

NOTE 26 FINANCIAL RISK MANAGEMENT (CONTINUED)**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

Most financial assets and financial liabilities mature within one year.

Market risk

Market risk is the risk that the change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group is not exposed to market risks other than interest rate risk, and foreign exchange risk.

The Group's exposure to foreign currency risk at the 30 June 2020, expressed in Australian dollars, was:

	2020 \$	2019 \$
Cash and cash equivalents – CA \$	4,578	-
Trade receivables – US\$ and NZ\$	20,378	4,347
Trade Payables – US\$	29,128	-

Cash flow and fair value interest rate risk

As the Group has interest-bearing cash assets, the Group's income and operating cash flows are exposed to changes in market interest rates. The Group manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2020, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit / (loss) for the year would have been \$27,406 (2019: \$19,569) lower/higher, as a result of higher/lower interest income from cash and cash equivalents.

Fair Value

The carrying value of all financial assets and financial liabilities approximate their fair value, due to their short term nature.

DIRECTORS' DECLARATION

IN THE DIRECTORS' OPINION:

- (a) the financial statements and notes set out on pages 35 to 73 are in accordance with the Corporations Act 2001, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



A Bellas
Chairman
Brisbane, 21 August 2020



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INDEPENDENT AUDITOR'S REPORT

To the members of intelliHR Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of intelliHR Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial 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 2020 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.

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Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Capitalisation of Development Costs

Key audit matter	How the matter was addressed in our audit
<p>The Group capitalises costs incurred in the development of its software, as disclosed in note 14. These costs are then amortised over the estimated useful life of the asset.</p> <p>The capitalisation of development costs was a key audit matter due to the significance of the balance and the judgement involved in assessing whether the criteria set out in AASB 138 <i>Intangible Assets</i> required for capitalisation of such costs have been met and the useful life of the asset is reasonable.</p> <p>The Group's judgements include whether the costs capitalised, including payroll costs, were directly attributable to development projects, rather than related to research or maintenance operations.</p>	<p>Our work on capitalised development costs was focused on the Group's process in determining the projects which should be capitalised and the determination of the appropriate allocation of overhead and payroll costs to be capitalised in accordance with AASB 138.</p> <p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> Assessed the nature of a sample of projects against the requirements of AASB 138 to determine if they were capital in nature, including an assessment of whether capitalised costs related to the development phase of the project and the generation of probable future economic benefits. On a sample basis, vouched the payroll costs capitalised to supporting payroll records and assessed the procedures applied by the Group to appropriately record and allocate staff costs to capitalised development expenditure. On a sample basis, vouched overhead costs capitalised to supporting documentation and assessed the procedures applied by the Group to appropriately allocate overhead costs to capitalised development expenditure. Assessing the adequacy of disclosures in the financial statements.

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Impairment of Capitalised Development Costs & Right of Use Asset

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Right of Use Asset (note 13) and Development Costs (note 14) make up a significant portion of the Group's assets.</p> <p><i>AASB 136 Impairment of Assets</i> requires that finite intangible assets be tested for impairment whenever there is an indication that the intangible assets may be impaired and this assessment requires judgement.</p> <p>The assessment as to whether there are any indicators of impairment requires the consideration of both internal and external sources of information.</p> <p>Given the level of complexity and the judgement exercised by the Group in determining the recoverable amount of the assets, we considered this area to be significant for our audit.</p>	<p>The assets are supported by a value in use calculation. Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the 'Value in Use' model and evaluating management's methodologies and their key assumptions • Assessing management's allocation of assets and liabilities, including corporate assets to CGU's • Evaluating the inputs used in the value in use calculation including the growth rates, discount rates and the underlying cash flows by comparing them to historical results, current contracts, economic and industry forecasts • We reviewed the adequacy of the disclosures related to the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

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Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 28 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of IntelliHR Limited for the year ended 30 June 2020, 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 'R M Swaby', is written over a faint, light-colored BDO logo watermark.

R M Swaby
Director

Brisbane, 21 August 2020

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SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 17 August 2020.

A DISTRIBUTION OF EQUITY SECURITIES

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

	CLASS OF EQUITY SECURITY
	ORDINARY SHARES
1 - 1,000	14
1,001 - 5,000	141
5,001 - 10,000	111
10,001 - 50,000	344
50,001 - 100,000	100
100,001 and over	224
TOTAL DISTRIBUTION OF EQUITY SECURITIES	934

There were 40 holders of less than a marketable parcel of ordinary shares.

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B EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

NAME	ORDINARY SHARES	
	NUMBER HELD	% OF ISSUED SHARES
Colinton Capital Partners Pty Ltd	36,500,000	17.88
Mr Robert Jon Bromage	22,563,978	11.06
Immanuel Developments Pty Ltd	7,250,001	3.55
Intercontinental Pty Limited	5,026,094	2.46
Altor Capital Management Pty Ltd	5,000,000	2.45
AG & M Bellas Super Fund Pty Ltd	4,131,288	2.02
Workforce Guardian Pty Ltd	4,000,000	1.96
JD Investments Holding Pty Ltd	3,462,986	1.70
K R Khatri (Dental) Pty Ltd	3,225,277	1.58
Jodie Ann Slattery	2,731,956	1.34
Mr Thomas George Hackett & Mrs Nerida Leith Hackett	2,271,400	1.11
Mrs Lori Michele Lowther	2,211,300	1.08
J J N A Super Pty Ltd	2,147,533	1.05
Mr Adam Patrick Warbrooke	2,048,394	1.00
Cassa Trading Pty Ltd	2,000,000	0.98
Kokoris Superannuation Pty	1,851,000	0.91
Chatterton Pty Ltd	1,813,744	0.89
Colinton Capital Pty Limited	1,787,880	0.88
Mrs Wendy Laura Hopsick	1,750,000	0.86
Ms Marilyn Joan Bromage	1,656,103	0.81
TOTAL	113,428,934	55.57

Unquoted equity securities

	NUMBER OF ISSUE	NUMBER OF HOLDERS
Options over ordinary shares	11,095,996	48
Performance rights	617,347	2

Holders of more than 20% of unquoted share options on issue

	NUMBER HELD	% OF TOTAL ON ISSUE
Robert Bromage	4,728,875	42.62%

Holders of more than 20% of unquoted performance rights on issue

	NUMBER HELD	% OF TOTAL ON ISSUE
Paul Trappett	367,347	59.50%
Glenn Donaldson	250,000	40.50%

C SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	NUMBER HELD	PERCENTAGE
Ordinary shares		
Colinton Capital Partners Pty Ltd	38,287,880	19.90%
Robert Bromage	22,563,978	11.06%

D VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Performance rights: No voting rights
- (c) Share options: No voting rights

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