



**RIGHTCROWD LIMITED
AND CONTROLLED ENTITIES**

A.B.N. 20 108 411 427

**APPENDIX 4E AND PRELIMINARY FINANCIAL REPORT
(UNAUDITED)**

**FOR THE YEAR ENDED
30 JUNE 2020**

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**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2020 (unaudited)**

Results for Announcement to the Market

	2020	2019	Change
	\$	\$	%
Sales Revenue	11,534,107	9,378,615	23
Total Revenue & Other Income	16,192,272	11,691,931	38
Loss from ordinary activities after tax attributable to members	(6,785,761)	(6,170,821)	(11)

Statement of Retained Earnings Showing Movements

	2020	2019
	\$	\$
Balance at the beginning of the year	(18,994,879)	(12,824,058)
Transfer to share capital for completion of Offsite Vision Performance Milestone	(397,790)	-
Transfer of expired share options (employee share options)	576,232	-
Net (loss) attributable to members of the parent entity	(6,785,761)	(6,170,821)
Balance at the end of the year	(25,602,199)	(18,994,879)

Dividends / Distributions

	Amount per security	Franked amount per security
Interim dividend	0.0c	0.0c
Final dividend	0.0c	0.0c

Net Tangible Assets

	30 June 2020	30 June 2019
Net Tangible Asset backing per ordinary share	\$0.003	\$0.028

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Commentary on the Results for the Period

The Board is pleased to announce that the Company has delivered strong growth despite the impact of the COVID-19 pandemic. RightCrowd workforce and visitor management solutions continued to be adopted by large global multi-national corporations during FY20. While the COVID-19 pandemic did ultimately result in some delays in new customer acquisition and existing project implementations during the final quarter of FY20, the Company seized the opportunity to leverage existing presence control technology and introduce RightCrowd COVID-19 social distancing solutions to the market, resulting in significant growth in revenue pipeline opportunities.

Sales revenue from the provision of software and related services increased by 23% from the prior year, increasing from \$9.4m in 2019 to \$11.5m in FY20. The revenue growth was primarily driven by continued growth in the Core division, both through contract renewals for existing customers and enterprise sales to several new customers. Sales in the New Products division began accelerating towards the end of FY20, with initial starter-kit sales of the Company's social distancing solutions executed across a number of countries and industries.

Total income for the year totalled \$16.2m, representing a 38% increase from the prior year total of \$11.7m. During FY20, RightCrowd qualified for the Australian Government's overseas R&D Tax Incentive scheme for the ongoing development of the Company's presence control solutions. RightCrowd also qualified for COVID-19 government stimulus packages during the latter half of FY20. The net result was additional other income of \$4.7m for the year, representing a 101% increase in other income from the prior year (FY19 other income: \$2.3 million).

There was an increase in the overall cost base (excluding impairment) from \$17.8m in FY19 to \$21.6m in FY20 (unaudited) with the majority of the increase relating to staff payroll costs. This cost base increase predominantly reflects the first full year of ownership of acquisitions made in the US and Europe during FY19. There were also some additional staff added through the course of FY20 to continue commercialisation of RightCrowd's software solutions across various international markets. The total number of staff at end of FY20 stood at 150.

Impairment expense of \$1.4m was recognised in the current year in respect of the Offsite Vision subsidiary, which consisted of impairment of goodwill and software intangible assets. Offsite Vision was heavily impacted by the COVID-19 pandemic, with much of the customer base being located on the eastern coast of USA, one of the hardest hit regions globally. The pandemic resulted in delays in both the commencement of new projects and execution of forecast pipeline opportunities. COVID-19 continues to impact Offsite Vision's market and therefore impairment of the full balance of goodwill and software intangible assets was recognised in the current year.

RightCrowd expenses all costs associated with its research and development activities. The statutory loss for the year was \$6.8m (FY 2019: \$6.2m). The increase in net loss is primarily due to the non-cash impairment expense recognised on the Offsite Vision business. The net loss before impairment expense reduced year-on-year, reflecting the increase in revenue and other income and careful management of the overall cost base by the Company throughout FY20. The Company expects to reduce statutory losses further in FY21 as RightCrowd solutions continue to be adopted by customers globally.

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Cash and cash equivalents totalled \$1.5m at end of FY20, down from \$5.0m at end of FY19. Trade and other receivables increased by 17% from \$4.4m in the prior year to \$5.1 million at the end of the current year with the primary component of the balance related to research and development related receivables of \$2.9m.

Commentary on the Results for the Period

As announced to the market on the 26th of June 2020 and on the 12th of August 2020, the Company secured significant additional funding to accelerate continued growth opportunities. Funding included a \$4 million direct capital placement subscribed by institutional and sophisticated investors, establishment of short-term debt facilities and COVID-19 government assistance. As a result of the above funding inflows, the Company's cash balance at end August 2020 has increased to \$5.1m and provides a solid platform to accelerate growth opportunities in FY21.

Status of Audit

The 30 June 2020 financial statements and accompanying notes for RightCrowd Limited are in the course of being audited and as such these results may be subject to some adjustment upon completion of the audit.

Control Gained or Lost over Entities in the Year

No new group entities were acquired, nor entities sold / disposed, during the year ended 30 June 2020.

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

	Note	Consolidated Group	
		2020 \$	2019 \$
Revenue	2	11,534,107	9,378,615
Other income	2	4,658,166	2,313,316
Employee benefits expense	3	(16,213,323)	(13,128,451)
Depreciation and amortisation expense	3	(1,122,609)	(278,856)
Impairment expense	3	(1,364,319)	-
Finance costs	3	(93,716)	(11,096)
Other expenses	3	(4,176,636)	(4,380,988)
Profit/(Loss) before income tax		(6,778,330)	(6,107,460)
Income Tax Expense	4	(7,430)	(63,361)
Net Profit/(Loss) for the year		(6,785,761)	(6,170,821)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations, net of tax		163,135	49,738
Total other comprehensive income for the year		163,135	49,738
Total comprehensive loss for the year		(6,622,626)	(6,121,083)
Earnings per share attributable to ordinary equity holders of the Company	5	(0.034)	(0.037)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Consolidated Group	
		2020	2019
ASSETS		\$	\$
Cash and cash equivalents	6	1,471,918	4,972,136
Trade and other receivables	7	5,131,949	4,370,775
Inventories		111,640	202,891
Financial assets		119,769	-
Other assets	10	473,405	395,287
TOTAL CURRENT ASSETS		7,308,681	9,941,089
Property, plant and equipment	8	1,864,107	284,004
Intangible assets and goodwill	9	14,568,006	15,814,459
TOTAL NON-CURRENT ASSETS		16,432,113	16,098,463
TOTAL ASSETS		23,740,794	26,039,552
LIABILITIES			
Trade and other payables	11	1,072,334	707,652
Borrowings	12	1,496,274	87,154
Other liabilities	13	3,160,777	2,485,776
Tax liabilities		5,520	30,849
Provisions	14	1,549,055	1,065,713
TOTAL CURRENT LIABILITIES		7,283,959	4,377,142
Borrowings	12	1,113,222	27,623
Other liabilities	13	27,427	45,408
Provisions	14	91,803	150,767
TOTAL NON-CURRENT LIABILITIES		1,232,452	223,799
TOTAL LIABILITIES		8,516,411	4,600,942
NET ASSETS		15,224,382	21,438,610
EQUITY			
Issued capital	15	40,088,785	39,650,533
Reserves		737,796	782,956
Accumulated Losses		(25,602,199)	(18,994,879)
TOTAL EQUITY		15,224,382	21,438,610

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

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

Note	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payment Reserve	Total
	\$	\$	\$	\$	\$
Consolidated Group					
Balance at 1 July 2018	19,468,728	(12,824,058)	66,721	179,077	6,890,468
Comprehensive income					
(Loss) for the year	-	(6,170,821)	-	-	(6,170,821)
Other comprehensive income for the year	-	-	49,738	-	49,738
Total comprehensive income for the year	-	(6,170,821)	49,738	-	(6,121,083)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	20,392,079	-	-	-	20,392,079
Transaction costs	(210,274)	-	-	-	(210,274)
Balance at 30 June 2019	39,650,533	(18,994,879)	116,459	666,497	21,438,610
Balance at 1 July 2019	39,650,533	(18,994,879)	116,459	666,497	21,438,610
Comprehensive income					
(Loss) for the year	-	(6,785,761)	-	-	(6,785,761)
Other comprehensive income for the year	-	-	163,135	-	163,135
Total comprehensive income for the year	-	(6,785,761)	163,135	-	(6,622,626)
Transactions with owners, in their capacity as owners, and other transfers					
Share options expensed during the year	-	-	-	367,937	367,937
Shares issued during the year (Offsite Vision Performance Milestone)	438,253	(397,790)	-	-	40,463
Transaction costs	-	-	-	-	-
Transfer of expired options	-	576,232	-	(576,232)	-
Total transactions with owners and other transfers	438,253	178,442	-	(208,295)	408,400
Balance at 30 June 2020	40,088,785	(25,602,199)	279,594	458,202	15,224,382

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

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group	
		2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		12,718,281	8,837,203
Payments to suppliers and employees		(19,208,606)	(16,601,408)
Interest received		12,467	-
Finance costs		(103,133)	(11,096)
Income tax refunded (paid)		(24,467)	(37,457)
Grants received		3,266,744	1,854,782
Net cash from operating activities	6	(3,338,713)	(5,957,976)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(255,523)	(96,048)
Purchase of intangibles		-	(9,566)
Cash acquired from acquisition of subsidiaries		-	120,326
Net cash from investing activities		(255,523)	14,712
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	4,562,719
Transaction costs		-	(210,274)
Proceeds from borrowings		1,045,398	208,298
Repayment of borrowings		(170,973)	(304,378)
Repayment of lease liabilities		(644,048)	-
Net cash from financing activities		230,378	4,256,365
Net decrease in cash held		(3,363,859)	(1,686,899)
Effect of movements in exchange rates on cash held		(16,590)	49,738
Cash and cash equivalents at beginning of financial year		4,972,136	6,609,297
Cash and cash equivalents at end of financial year	6	1,591,687	4,972,136

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

The separate financial statements of the parent entity, RightCrowd Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

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

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group	
	2020	2019
	\$	\$
a. Revenue from continuing operations		
Sales Revenue:		
– Perpetual software and hardware sales	1,631,520	1,337,102
– Subscription software and support and maintenance sales	4,009,721	2,617,212
– Consulting services	5,892,866	5,424,301
	11,534,107	9,378,615
Other Income:		
– interest received	12,495	71,175
– travel & accommodation recharge	75,244	82,125
– employee contributions	56	152
– foreign currency exchange gain (loss)	(54,118)	205,082
– profit on sale of assets	4,777	-
– other government grants*	1,367,283	-
– Lease Incentive	100,000	-
– R&D Refund	3,121,836	1,954,782
– Fair value adjustment on contingent consideration	30,593	-
	4,658,166	2,313,316

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Total Sales Revenue & Other Income	16,192,272	11,691,931
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*Other government grants are primarily waged based subsidies available under COVID-19 assistance programs

NOTE 3: LOSS BEFORE INCOME TAX

Loss before income tax from continuing operations includes the following specific expenses:

a. Expenses	2020	2019
	\$	\$
Employee benefits expense:		
– salaries and wages	13,955,435	11,147,999
– defined contribution superannuation expense	697,426	610,024
– WorkCover	10,220	10,489
– other employment expenses	313,485	211,555
– employee share benefits expense	367,937	487,420
– bonus payments	195,265	228,018
– payroll taxes	284,554	334,716
– Increase in employee benefit provisions	389,000	98,230
	16,213,323	13,128,451
Depreciation and amortisation expense:		
– depreciation expense	763,085	91,650
– amortisation expense	359,524	187,206
	1,122,609	278,856
Finance costs:	93,716	11,096
Other expenses:		
Rent expense	80,037	655,583
Travel and trade show expense	792,613	988,731
Professional and consulting expense	1,874,388	1,930,690
Cost of sales	128,098	-
Other expenses	1,301,500	805,984
	4,176,636	4,380,988

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Impairment	1,364,319	-
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The group has recognised impairment in the current year in respect of the Offsite Vision CGU on recorded goodwill and intangible assets. The CGU was heavily impacted by the COVID-19 pandemic and experienced delays in both new project commencement and realisation of pipeline opportunities as pipeline customers re-prioritised spending in their business. Refer to note 9 for further information on impairment.

Included within total expenses for the year are costs incurred in respect of ongoing research and development activities. The total of these costs included in the current year submission to the Australian Taxation Office is \$6,401,596. Although the group may be eligible to capitalise a portion of these costs for accounting purposes, a conservative approach has been taken and these costs have been expensed to the statement of profit or loss and other comprehensive income as incurred.

NOTE 4: INCOME TAX EXPENSE (BENEFIT)

	2020	2019
	\$	\$
a. Income tax expense		
The components of tax expense/(income) comprise:		
Current tax	7,430	63,361
 b. Prima facie reconciliation		
(Loss) before income tax	(6,778,330)	(6,107,460)
Prima facie tax on (loss) from ordinary activities before income tax at Australian tax rate 27.5% (2019: 27.5%)	(1,864,041)	(1,679,552)
Tax effect of:		
– non-allowable (assessable) items	1,713,607	64,048
– net Impact of R&D Refund	(54,299)	698,217
– tax payable by subsidiaries	7,430	63,361
Deferred tax assets not recognised as recoverability criteria not met	204,734	917,287
Income tax expense	7,430	63,361

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 5: LOSS PER SHARE

	2020 \$	2019 \$
a. Reconciliation of earnings to profit or loss:		
Profit/(Loss)	(6,785,761)	(6,170,821)
Earnings used to calculate basic loss per share	(6,785,761)	(6,170,821)
Earnings used in the calculation of dilutive loss per share	(6,785,761)	(6,170,821)
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share	199,201,447	165,222,143

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2020 \$	2019 \$
Cash at bank and on hand	1,471,918	4,972,136
	1,471,918	4,972,136
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	1,471,918	4,972,136
Financial assets	119,769	-
Cash and cash equivalents per statement of cash flows	1,591,687	4,972,136

NOTE 7: TRADE AND OTHER RECEIVABLES

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2020	2019
	\$	\$
Plant and Equipment		
At cost	523,297	402,110
Accumulated depreciation	(301,928)	(118,106)
	221,369	284,004
Leasehold improvements:		
At cost	54,803	-
Accumulated depreciation	(5,450)	-
	49,353	-
Furniture and fittings:		
At cost	205,595	-
Accumulated depreciation	(68,359)	-
	137,237	-
Buildings – Right of Use		
At cost	1,970,924	-
Accumulated depreciation	(578,373)	-
	1,392,551	-
Vehicles – Right of Use		
At cost	104,993	-
Accumulated depreciation	(41,395)	-
	63,598	-
Total property, plant and equipment	1,864,107	284,004

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

a. Movements in Carrying Amounts

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

	Plant and Equipment \$	Furniture and fittings \$	Buildings \$	Vehicles \$	Leasehold improvements \$	Total \$
Consolidated Group:						
Balance as at 1 July 2018	218,993	-	-	-	-	218,993
Acquired through business combination	60,613	-	-	-	-	60,613
Additions	96,048	-	-	-	-	96,048
Disposals	-	-	-	-	-	-
Depreciation expense	(91,650)	-	-	-	-	(91,650)
Closing value at 30 June 2019	284,004	-	-	-	-	284,004
Balance at 1 July 2019	253,209	30,795	-	-	-	284,004
Recognition of right-of-use asset on initial application of AASB 16	-	-	1,970,924	104,993	-	2,075,917
Additions	97,129	115,344	-	-	54,802	267,275
Disposals	-	-	-	-	-	-
Depreciation expense	(128,969)	(8,898)	(578,373)	(41,935)	(5,450)	(763,085)
Closing value at 30 June 2020	221,639	137,237	1,392,551	63,598	49,352	1,864,107

NOTE 9: INTANGIBLE ASSETS

	Consolidated Group	
	2020	2019
	\$	\$
Goodwill:		
Cost	13,955,731	13,569,598
Accumulated impairment losses	(1,041,635)	-
Net carrying amount	12,914,096	13,569,598

Software and website development costs:

Cost	1,858,749	1,815,224
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9: INTANGIBLE ASSETS

	Consolidated Group	
	2020	2019
	\$	\$
Accumulated amortisation	(418,793)	(150,489)
Accumulated impairment	(322,684)	-
Net carrying amount	1,117,271	1,644,736
Wearable tech:		
Cost	634,102	616,842
Accumulated amortisation	(119,185)	(36,717)
Net carrying amount	514,917	580,125
Total intangible assets	14,568,006	15,814,459

	Goodwill	Software	Wearable Tech	Total
	\$	\$	\$	\$
Consolidated Group:				
Year ended 30 June 2019				
Balance at 1 July 2018	-	-	-	-
Acquired through business combination	13,569,598	1,815,224	616,842	16,001,664
Amortisation charge	-	(150,488)	(36,717)	(187,205)
Closing value at 30 June 2019	13,569,598	1,664,736	580,125	15,814,459
Year ended 30 June 2020				
Balance 1 July 2019	13,569,598	1,664,736	580,125	15,814,459
Foreign currency revaluation	386,133	43,525	17,260	426,946
Impairment	(1,041,635)	(322,684)	-	(1,364,319)
Amortisation charge	-	(268,304)	(82,468)	(359,524)
Closing value at 30 June 2020	12,914,096	1,117,271	514,917	14,568,006

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Impairment was recognised for the Offsite Vision CGU in the current year primarily due to the impact of the COVID-19 pandemic on the commencement of new projects and the development of forecast pipeline opportunities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 10: OTHER ASSETS

	Consolidated Group	
	2020	2019
	\$	\$
CURRENT		
Deposits Held	31,424	104,355
Employee advances	8,364	4,458
Prepayments	433,616	286,473
	473,405	395,287

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT		
Unsecured liabilities:		
Trade payables	619,319	516,987
Payroll payables	389,181	47,855
Accrued expenses	63,734	142,710
Sundry payables	100	100
	1,072,334	707,652

NOTE 12: BORROWINGS

CURRENT		
<i>Unsecured liabilities:</i>		
Insurance premium funding	100,055	20,830
Right of Use liabilities	590,503	-
Payroll protection program	196,377	-
Other unsecured loan	111,539	66,324
<i>Secured liabilities:</i>		
R & D factoring	497,800	-
Total current borrowings	1,496,274	87,154

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12: BORROWINGS (CONT)

NON-CURRENT

Unsecured liabilities:

Right of Use liabilities	925,759	-
Other unsecured loan	-	27,623

Secured liabilities:

QRIDA Loan	187,643	-
Total non-current borrowings	1,113,222	27,623
Total borrowings	2,609,496	114,777

a. *Insurance Premium Funding:*

Opening balance	20,830	90,956
Proceeds	250,198	208,298
Less repayments	(170,973)	(278,422)
Closing balance	100,055	20,830

b. *Unsecured loans:*

Opening balance	93,945	-
Additions through acquisitions	-	119,901
Proceeds	43,516	-
Less repayments	(25,922)	(25,956)
Closing balance	111,539	93,945

c. *Right of Use liabilities:*

<i>Opening balance</i>	-	-
Additions through initial application of AASB 16	2,160,310	-
Less repayments	(644,048)	-
Closing balance	1,516,262	-

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d	<i>Payroll protection program</i>		
	Opening balance	-	-
	Proceeds	196,377	-
	Less repayments	-	-
	Closing balance	196,377	-
e	<i>R & D Factoring</i>		
	Opening balance	-	-
	Proceeds	497,800	-
	Less repayments	-	-
	Closing balance	497,800	-
f	<i>QRIDA Loan</i>		
	Opening balance	-	-
	Proceeds	250,000	-
	Adjustment to fair value	(62,537)	-
	Less repayments	-	-
	Closing balance	187,463	-

NOTE 13: OTHER LIABILITIES

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

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Contract liabilities

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

Contingent consideration

The contingent consideration is related to the acquisition of Offsite Vision Holdings Inc. and is estimated using a present value technique. The value is estimated by probability-weighting the estimated future share issues, adjusting for risk and discounting.

There were two milestones contained within this acquisition and probabilities were assigned to each of the milestones as to whether the conditions will be achieved. Milestone 1 was achieved, and shares were issued in consideration of the achievement of the milestone. Milestone 2 is unlikely to be achieved and as such the probability weighted future share issues have been allocated a 0% probability of being achieved. The fair value of the share price was determined to be \$0.33 in calculating the fair value of the contingent consideration.

NOTE 14: PROVISIONS

	Consolidated Group	
	2020	2019
	\$	\$
Employee benefits		
Current	1,549,055	1,065,713
Non-current	62,571	150,767
	1,611,626	1,216,480
Lease make good costs	29,232	
Total Non-current	91,803	-

NOTE 15: ISSUED CAPITAL

a. Ordinary Shares	Consolidated Group	
	No.	\$
Balance at 1 July 2019	133,333,333	19,468,728
Share movements during the 2019 financial year:		
– Share issue on 29 October 2018 ¹	3,549,377	1,171,295
– Share issue on 28 November 2018 ²	11,588,431	3,476,529
– Share issue on 3 December 2018 ²	2,620,632	786,190
– Share issue on 12 December 2018 ²	666,666	200,000

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NOTE 15: ISSUED CAPITAL

– Share issue on 16 January 2019 ³	45,806,452	14,658,065
– Share issue on 17 January 2019 ⁴	333,333	100,000
– Share issue costs	-	(210,274)
Balance at 30 June 2019	197,898,224	39,650,533
- Share issue on 13 December 2019 ⁵	1,388,889	438,253
Balance at 30 June 2020	199,287,113	40,088,785

1 On 29 October 2018, 3,549,377 shares were issued at \$0.33 each in relation to the acquisition of Offsite Vision Holdings, Inc. Refer to Note 8 for further details of the acquisition.

2 These shares issues were pursuant to the share placement undertaken for the purpose of raising working capital. They were issued at \$0.30 each. Total cash inflows of \$4,262,719 resulted from these share issues.

3 On 16 January 2019, 45,806,452 ordinary shares were issued at a nominal price of \$0.50 per share as part of the acquisition of Ticto NV.

4 On 17 January 2019, 333,333 ordinary shares were issued at \$0.30 per share to a sophisticated investor pursuant to the share placement for working capital purposes.

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

NOTE 16: CASH FLOW INFORMATION

	Consolidated Group	
	2020	2019
	\$	\$
a. Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax		
Loss after income tax	(6,785,761)	(6,170,821)
Non-cash flows in profit:		
– amortisation	359,524	187,206
– depreciation	763,085	91,650
– share based payments	367,937	487,420
– Impairment	1,364,319	-
– Unrealised foreign exchange loss/(gain)	43,345	218,636

Changes in assets and liabilities

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NOTE 16: CASH FLOW INFORMATION

	Consolidated Group	
	2020	2019
	\$	\$
- (increase)/decrease in trade and term receivables	761,174	(1,198,013)
- increase in other assets	-	(62,521)
- decrease in inventory	91,251	5,280
- Increase in financial assets	(119,769)	-
- (Increase) decrease in other current assets	(123,556)	111,875
- increase other financial liabilities	675,001	925,546
- Increase in right of use liabilities	(1,498,993)	-
- increase/(decrease) in trade payables and accruals	364,682	(306,175)
- increase in provisions	424,378	166,309
- current tax liabilities	(25,330)	25,904
Cash flows from operating activities	(3,338,713)	(5,957,976)
b. Non-cash Financing and Investing Activities		
(i) Acquisition of subsidiaries- shares issued for- Offsite Vision and Ticto NV acquisitions		15,829,360

NOTE 17: SEGMENT REPORTING

(a) Basis for segmentation

The Group's Board of Directors review the performance of the group from the perspective of monitoring the continual growth of the core RightCrowd product and evaluating the success of new RightCrowd products introduced to the market. As such, the Board of Director's have identified two operating segments as shown below:

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

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

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(b) Information about reportable segments

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

Information related to each reportable segment is set out below:

For the year ended 30 June 2020:

Segment revenue	Core	New Products
External revenues	11,125,672	408,435
Total revenue	11,125,672	408,435
 Segment profit/(loss) before tax	 (1,081,881	 (5,703,880)
)	
Impairment expense	-	(1,364,319)
Interest income	12,278	218
Interest expense	(71,182)	(22,534)
Depreciation and amortisation	(519,605)	(603,005)
Equity settled share-based payments	(367,937)	-
NOTE 17: SEGMENT REPORTING	Core	New Products
Segment assets	8,998,164	14,742,630
Segment liabilities	(8,226,904)	(289,507)

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

For the year ended 30 June 2019:

Segment revenue	Core	New Products
External revenues	8,674,500	704,114
Total revenue	8,674,500	704,114
 Segment profit/(loss) before tax	 (3,539,483)	 (2,631,338)
Interest income	70,897	278
Interest expense	(11,096)	-
Depreciation and amortisation	(76,560)	(202,295)
Equity settled share-based payments	(487,420)	-

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Segment assets	9,656,168	16,383,384
Segment liabilities	(4,279,467)	(321,475)

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

Revenue by geographical location:

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

	Consolidated Group	
	2020	2019
	\$	\$
North America	7,763,262	5,607,387
Europe, Middle East and Africa	1,172,675	1,575,700
Latin America	895,148	555,462
Oceania and Australia	1,703,021	1,640,066
	11,534,107	9,378,615

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