# Asset Owl

ACN 122 727 342

# CONSOLIDATED ANNUAL FINANCIAL REPORT

# FOR THE YEAR ENDED 30 JUNE 2020

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# CORPORATE DIRECTORY

| | |
|---|---|
| **DIRECTORS** | Simon Trevisan (Non-Executive Chairman)<br>Andrew Lane (Non-Executive Director)<br>Geoff Baldwin (Non-Executive Director) |
| **COMPANY SECRETARY** | Sean Meakin |
| **REGISTERED AND PRINCIPAL OFFICE** | Level 14<br>225 St Georges Terrace<br>PERTH WA 6000<br>Telephone: (08) 9424 9320<br>Facsimile: (08) 9321 5932<br>Website: www.assetowl.com<br>Email: sales@assetowl.com |
| **AUDITORS** | BDO Audit (WA) Pty Ltd<br>38 Station Street<br>SUBIACO WA 6008 |
| **SHARE REGISTRY** | Advanced Share Registry<br>110 Stirling Highway,<br>Nedlands, WA 6009<br>Telephone: 1300 113 258 (within Australia)<br>+61 (0) 8 9389 8033 (international) |
| **HOME EXCHANGE** | Australian Securities Exchange Ltd<br>Central Park<br>152-158 St Georges Terrace<br>PERTH WA 6000<br>**ASX Code: AO1** |
| **SOLICITORS** | Jackson McDonald<br>Level 17,<br>225 St Georges Terrace<br>PERTH WA 6000 |
| **BANKERS** | St George Bank<br>Level 3, Brookfield Place Tower 2<br>123 St Georges Terrace<br>PERTH WA 6000 |

## LETTER TO SHAREHOLDERS

Dear Fellow Shareholder,

It gives me great pleasure to present the 2020 Annual Report for AssetOwl Limited (ASX: AO1) as we reflect on a year of solid progress for the Company as a disruptor in residential property management.

The past 12 months saw us achieve several significant milestones, including the launch of our inspector360 platform, and enter into important partnerships that will help us grow now and into the future.

Australians, like everyone, have been severely affected by the COVID-19 pandemic. We have had to learn to work from home and conduct our daily lives without reliance on direct contact. How we live has changed suddenly and dramatically and so too has how our homes are managed. AssetOwl is well placed to help our industry and community with these new challenges by providing tools for creating and maintaining photo-centric records of properties that can be created remotely with a smart phone. We can work more flexibly and manage real estate investments more efficiently and less intrusively for the tenants.

Inspector360 is a next-generation photo-centric property management platform, designed to benefit property owners, tenants, agents and managers. It incorporates 360-degree imagery, video, voice-to-text and hot-spot mapping of floor plans to accurately document property condition reports and improve inspection process efficiency.

AssetOwl launched inspector360 in September 2019, building on our existing residential inspection software, InspectorAsset, which uses virtual reality technology for property inspections. The app allows property managers to "virtually" inspect a property managing the camera and app from their remote location. The inspector360 platform was trialled with several cornerstone customers including RE/MAX WA and leading property inspection service PCR & Inspection Services (PCRS) and feedback was to further enhance our offering. In recent months we have added further functions, with a virtual tour mode and video conferencing capabilities the latest add-ons which we expect to grow in popularity and acceptance due to social changes accelerated by COVID-19 restrictions.

With this optimised offering, we have executed commercial licence agreements with PCRS and RE/MAX WA, which is recommending inspector360 to other RE/MAX franchisees in Australia. We also partnered with MRI Software via its Australia subsidiary Rockend Technology, which developed the Property Tree software used by more than 3,500 real estate agency customers across Australia and NZ. MRI showcased inspector360 to more than 650 property industry professionals during a virtual conference in July 2020.

inspector360 also integrated into PropertyMe, one of Australia's largest and most complete cloud property management software providers, used by 2,500 agencies and customers in Australia.

We have initially provided full inspector360 functionality for WA-based real estate agents, and will soon be rolled out to other States.

We commenced trials with several other existing partners including Colliers International WA, The Agency Group Australia and Attree Real Estate, as well as four independent agencies.

## LETTER TO SHAREHOLDERS

In May 2020, we completed a $1.5 million capital raising, comprising a $600,000 Placement and ~$900,000 Entitlement Offer, to scale deployment of inspector360 over the coming year. We thank shareholders for their support in these activities and their continued belief that AssetOwl is on track to become a disruptor in real estate property management. We are encouraged by the improvement we've seen in AssetOwl's share price in recent months, and hope this momentum will continue into FY21 as brand awareness and adoption of our technology continue to grow.

I would also like to thank our staff and management for their efforts over the past year that has helped us achieve such important milestones in AssetOwl's history. We are a small team that understands the importance of working together to achieve a common goal and I believe we are beginning to see rewards for hard work over the past few years.

AssetOwl has an exciting future ahead as we aim to grow the customer base of inspector360 in Australia and other parts of the world. I look forward to keeping you updated on our progress.

**Simon Trevisan**
Non-Executive Chairman

# OPERATIONAL REPORT

## OPERATIONS REVIEW

*Highlights*

- Launch of AssetOwl's photo-centric property management platform Inspector360 in September 2019
- Agreements entered into with customers for the use of the inspector360 platform
- Exclusive partnership secured with PPM Group, marketing inspector360 to more than 9,000 real estate agencies
- Long-term strategic partnership secured with leading property management software, Property Tree
- PropertyMe integration completed, providing AssetOwl with access to Australia's premier real estate agencies
- Virtual Tours for Sales functionality launched and remote routine inspection app completed and rolled out
- AssetOwl completes $1.5 million capital raising, comprising $600,000 Placement and approximately $900,000 Entitlement Offer, to scale deployment of inspector360

*Overview*

AssetOwl Limited (ASX: AO1, 'AssetOwl' or 'the Company') is an innovative technology company which has developed an enterprise software application. It provides cloud-based software services for real estate asset management to the residential, retail and government property sectors.

AssetOwl launched its photo-centric property management platform, inspector360, in September 2019. The app provides tenants, property managers and landlords with an exact record of the condition of residential properties during a tenancy and when tenants move in and out, using AssetOwl's proprietary virtual tour technology to create an internal view of a property.

Following the launch of inspector360, the Company received positive user feedback, and acceptance trials were completed with AssetOwl's cornerstone customers RE/MAX WA, part of international real estate agency group, RE/MAX Holdings Inc (NYSE: RMAX), and leading property inspection service provider leading PCR & Inspection Services ('PCRS').

*Agreements for the use of the inspector360 platform*

In September 2020, AssetOwl reached agreement with two independent Western Australian real estate agencies, Thorpe Realty and Cortes Management Group ('the Agencies') for the use of the inspector360 platform across a combined property management portfolio of in excess of 1,050 properties.

For the term of the agreements, being a fixed term of 24 months, the agencies will each benefit from the full suite of inspector360 functionality including all additional features planned for release over the coming two years.

*Marketing partnership with PPM Group*

In April 2020, AssetOwl secured an exclusive 12-month marketing partnership with PPM Group, a leading Australian provider of property management solutions. The PPM Group was founded in 2000 by Managing Director Debbie Palmer, a leading property management influencer, in response to an opportunity to meet the need for property management procedural systems, learning resource tools, due diligence and rent roll sales. This inspired the development of a platform, the PPMsystem, that can be implemented into all real estate agencies, small or large, established or start-up.

PPM maintains one of Australia's largest property management databases, which has regular contact with clients, members and subscribers. The database includes more than 9,000 individual real estate agencies, more than 25,000 individual team members, and a rapidly growing social media network with reach to more than 23,000 property managers and business owners.

Under the partnership, AssetOwl and its real estate inspection products will be promoted directly to PPM Group's clients and through PPM's social media network. PPM will market AssetOwl and inspector360 during 2020 across advertorials, social media posts, live webinars and training broadcasts, and branding/naming rights associated with PPM's national conference.

*Partnership with MRI Software/Rockend Technology*

In March 2020, AssetOwl entered a five-year strategic partnership agreement with Rockend Technology Pty Ltd ('Rockend'), an Australian subsidiary of MRI Software, headquartered in the United States. Rockend Pty Ltd is a leading provider of real estate management software, whose product suite includes Property Tree. Property Tree is a leading cloud-based property management software, with more than 3,500 real estate agency customers across Australia and New Zealand.

*Integration with PropertyMe*

Technical integration of inspector360 with PropertyMe, a leading trust accounting and communication platform, and one of Australia's largest and most complete cloud property management software providers, was completed during the March quarter. More than 2,500 real estate agencies and property management customers utilise the PropertyMe platform.

The integration of inspector360 with the PropertyMe property management platform allows real estate agencies and property managers to access information on their properties under management to complete property inspections.

Subsequent to year-end, AssetOwl completed the full technical development of PropertyMe specific functionality for WA-based real estate agencies, building on the earlier integration. WA-based real estate agencies which use PropertyMe can now seamlessly incorporate inspector360 into their workflow. A nationwide PropertyMe roll-out will be implemented over the coming months on a stepped basis following the completion of further state specific development.

*Virtual Tours for Sales functionality and remote routine inspection app*

In April 2020, AssetOwl achieved the first commercial use of its then newly launched virtual tour module for the inspector360 platform. RE/MAX WA was the first to use inspector360 to show potential buyers through properties with a virtual tour.

Following this, the Company achieved the first use of its remote inspection add-on to inspector360, with the functionality being delivered to cornerstone customer RE/MAX Exchange. The remote inspection add-on provides for video conferencing within the inspector360 app, allowing a property manager to talk the tenant or occupier through the conduct of a property inspection without the need for face-to-face interaction.

inspector360 is believed to be the only inspection product available that permits a routine inspection to be conducted remotely in accordance with industry and regulatory requirements in Australia, as it enables the property manager to retain control of the inspection process through the application.

Whilst AssetOwl expects performance of property inspections in this way to become standard practice, tighter COVID-19 restrictions imposed in Victoria during July-September 2020 brought forward the importance of property inspections being able to be completed in a manner which does not require property manager / tenant interaction.

*Patent pending*

Inspector360 includes a number of novel and unique features. AssetOwl engaged Wrays Patent Attorneys to prepare patent applications, which were filed with the Australian Patent Office for Intellectual Property in January 2020. Filing the provisional patent application allows AssetOwl's software to be sold commercially while protecting the IP.

**CORPORATE**

*Completion of Capital Raising*

The Company completed an equity capital raising in May 2020, raising $1,503,662 (before costs). The capital raising comprised a Placement to new and existing professional and sophisticated investors to raise $600,000, and a non-renounceable pro-rata entitlement offer ('Entitlement Offer'), on a 3-for-8 basis, raising a further $903,662.

The Placement utilised the Temporary Extra Placement Capacity Waiver dated 22 April 2020 granted by ASX. No Placement shares were issued to any director or other related party of the Company or person referred to in ASX Listing Rule 10.11.

Company Directors Mr Simon Trevisan, Mr Andrew Lane, Mr Geoffrey Baldwin, and Chief Technology Offer, Mr Giuseppe Di Franco, and their associated entities, acquired approximately $168,000 of new shares by way of accepting their entitlements under the Entitlement Offer. In addition, significant shareholder Ogee Australia Pty Ltd acquired $55,000 of its entitlements under the Entitlement Offer.

AssetOwl will use proceeds from the Placement and Entitlement Offer predominantly to scale the deployment capability of inspector360, and provide working capital as the Company rolls out inspector360. The capital raising was managed by Sequoia Corporate Finance Pty Ltd.

*Appointment of Company Secretary*

In September 2019, the Company appointed Mr Sean Meakin as its Company Secretary. Mr Meakin took over this role from Ms Fleur Hudson.

Mr Meakin is a Chartered Accountant and an associate member of the Governance Institute of Australia, he is also the Company Secretary of BMG Resources Limited (ASX: BMG), and unlisted company Zeta Petroleum Plc.

## OPERATIONAL REPORT

Ms Hudson continues to provide management and commercial support to AssetOwl as Executive Director of Tribis Pty Ltd, AssetOwl's largest shareholder.

*Resignation of Alternate Director*

Mr Jack Stone retired as alternate director of the Company's Chairman Mr Simon Trevisan on 17 July 2019.

## DIRECTORS' REPORT

The Directors present their report together with the financial report of AssetOwl Limited (**Company**) and consolidated subsidiaries ('**the Group**') for the financial year ended 30 June 2020 and the Auditor's Report thereon.

### DIRECTORS

The names and details of the Directors in office during the financial year and until the date of this report are set out below.

- Simon Trevisan (Non-Executive Chairman)
- Andrew Lane (Non-Executive Director)
- Geoff Baldwin (Non-Executive Director)

Directors have been in office the entire period.

### PRINCIPAL ACTIVITIES

The Group's principal activity is technology and software development.

### DIVIDENDS PAID OR RECOMMENDED

The Directors of the Group do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2020.

### OPERATING RESULTS

The Group's net loss after providing for income tax for the year ended 30 June 2020 amounted to $1,127,409 (2019: loss of $2,010,860). At 30 June 2020, the Group had $966,272 of cash and cash equivalents (2019: $717,948).

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company notes that on 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

All significant changes in the state of affairs of the Group during the year are discussed in detail in the Review of Operations set out from page 6.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The full impact of the COVID-19 outbreak, continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

On 3 July 2020 the Company issued 1,250,000 Ordinary Shares to PPM Group Managing Director, Ms Debbie Palmer, at a price of $0.008 per share.

No other matters or circumstances have arisen since 30 June 2020 that have significantly affected the Group's operations, results, or state of affairs, or may do so in future years.

# DIRECTORS' REPORT

## BOARD OF DIRECTORS

| **Simon Trevisan B Econ, LLB (Hons), MBT – Non-Executive Chairman** | |
|---|---|
| **Experience and Expertise** | Simon Trevisan is the managing director of Tribis Pty Ltd, and its property arm, Iris Residential Pty Ltd. He has significant experience in public and private investments, corporate finance, and management of large public and private businesses.<br><br>Mr Trevisan has been responsible for the funding and management of a number of public companies, and substantial private and public real estate and infrastructure investments. His experience includes the establishment and listing of Mediterranean Oil & Gas plc, an AIM-listed oil and gas company with production and a substantial oil discovery in Italy, the successful listing of Ausgold Ltd and Regalpoint Resources Ltd, and the relisting of Brazilian Metals Group Ltd amongst other ASX-traded companies.<br><br>He holds a Bachelor of Economics and a Bachelor of Laws from the University of Western Australia, and a Masters Degree in Business and Technology from the University of New South Wales. Before becoming a full-time executive with Tribis, Mr Trevisan practiced as a solicitor with Allens Arthur Robinson Legal Group firm, Parker and Parker, in the corporate and natural resources divisions.<br><br>He is currently a Director of ASX-listed company BMG Resources Limited, and unlisted company, Zeta Petroleum Plc. He is also on the board of St George's College Foundation.<br><br>Mr Trevisan is the Chairman of the Board, Chairman of the Nomination and remuneration Committee and a member of the Audit and Risk Committee. |
| **Other Current Directorships** | Managing Director of Tribis Pty Ltd<br>Managing Director of Iris Residential Pty Ltd<br>Non-Executive Director of BMG Resources Limited (ASX: BMG)<br>Non-Executive Director of Zeta Petroleum Plc<br>Director of Port Coogee No 790 Pty Ltd |
| **Former Directorships in last 3 years** | Non-Executive Director of Neurotech International Limited (retired 16 April 2019) |
| **Special Responsibilities** | Chairman of the Board of Directors<br>Chairman of the Nomination and Remuneration Committee<br>Member of the Audit and Risk Committee |
| **Interests in AssetOwl Limited** | 63,259,020 ordinary shares |

| **Andrew Lane** B Bus, FCPA, CTA, MAICD – **Non-Executive Director** | |
|---|---|
| **Experience and Expertise** | Mr Lane is a Certified Practising Accountant and Chartered Tax Advisor. He is currently the managing director of Matrix Partners, Tax and Business Advisors, having been made a director in 1991.<br><br>Mr Lane specialises in the area of taxation and has professional expertise in strategic planning and business consultancy. Over the last 30 years, he has had considerable experience in public practice, including as a company secretary of an ASX-listed company. During this time he has offered consultancy advice to a wide range of corporate businesses including IT, mining services, property, building, wholesale, sporting, financial services, transport and high net worth individuals.<br><br>Mr Lane has held, and continues to hold, non-executive director and advisory board positions. Other than AssetOwl, he has been involved with Access Group Australia Pty Ltd since 2002 and was subsequently appointed chairman in March 2009.<br><br>Mr Lane holds a Bachelor of Business degree from Edith Cowan University. He has also completed the Certified Practising Accountants Programme at Deakin University and is |

| | |
|---|---|
| | a holder of a Public Practice Certificate. Mr Lane is a member of the Australian Institute of Company Directors, the Australian Society of Certified Practising Accountants and is a Fellow Member of the Taxation Institute of Australia.<br><br>Mr Lane is a Chairman of the Audit and Risk Committee. |
| **Other Current Directorships** | Managing Director Matrix Partners Pty Ltd |
| **Former Directorships in last 3 years** | None |
| **Special Responsibilities** | Chairman of the Audit and Risk Committee |
| **Interests in AssetOwl Limited** | 28,285,460 ordinary shares |

| **Geoff Baldwin** MAICD **- Non-Executive Director** | |
|---|---|
| **Experience and Expertise** | Mr Baldwin has over 30 years' experience in the real estate sector and is currently the Managing Director and Owner of RE/MAX Western Australia (since 2009), and Managing Director and Co-Owner of Phoenix CPD, a Real Estate training company, providing compulsory professional development and elective training and coaching for real estate industry professionals.<br><br>Mr Baldwin is a former director and owner of Greatnet, a real estate technologies company, Mr Baldwin's firm developed the first real estate property inspection software in Australia, introduced Virtual Tour technology to the real estate industry in WA and developed websites and client management software for the industry. Mr Baldwin's other property experience has included being CEO of the Roy Weston Group from 2001 to 2006, and subsequent to this; being the co-owner of Consolidated Property Management and the Geoff Baldwin Realty Group.<br><br>As well as having an extensive property background, Mr Baldwin's professional memberships include: WA Chamber of Commerce & Industry, the Real Estate Institute of WA and the Australian Institute of Company Directors. He has made multiple contributions to the Real Estate Industry, including being past Councillor and Treasurer of the Real Estate Institute of WA and Chairman of the Certified Practising Real Estate Agents from 2015 to 2017.<br><br>Mr Baldwin is a member of the Nomination and Remuneration Committee. |
| **Other Current Directorships** | Geoff Baldwin.com Realty Group Pty Ltd (T/A RE/MAX Western Australia) |
| **Former Directorships in last 3 years** | None |
| **Special Responsibilities** | Member of the Nomination and Remuneration Committee |
| **Interests in AssetOwl Limited** | 1,964,284 ordinary shares |

# DIRECTORS' REPORT

## COMPANY SECRETARY

| **Sean Meakin** B. Bus (Acc), B. IT (Info Sys), CA, AGIA | |
|---|---|
| **Experience and Expertise** | Mr Meakin has a Bachelor of Business degree majoring in Accounting, and a Bachelor of Information Technology degree majoring in Information Systems from Charles Darwin University. Mr Meakin is a Chartered Accountant and an associate of the Governance Institute of Australia.<br><br>Mr Meakin was appointed as Company Secretary of the Company in September 2019, he is also the Company Secretary of BMG Resources Limited (ASX: BMG), and joint Company Secretary of unlisted company, Zeta Petroleum PLC.<br><br>Mr Meakin works closely with the Company's finance team for the preparation of Company's annual report and half yearly financial report.<br><br>Mr Meakin is an employee of Tribis Pty Ltd and provides services to the Company pursuant to Administration Services Agreement in place with Tribis Pty Ltd. |

## DIRECTORS' MEETINGS

During the financial year, there were 6 Board of Director's meetings and 2 Audit Committee meetings held. Attendances by each Director during the year were as follows:

| | Directors' Meetings | | Audit and Risk Committee Meetings* | |
|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| **Directors** | | | | |
| Simon Trevisan | 6 | 6 | 2 | 2 |
| Andrew Lane | 6 | 6 | 2 | 2 |
| Geoff Baldwin | 6 | 6 | - | - |

The chairman of the Nomination and Remuneration Committee did not consider it necessary to call a committee meeting during the year.

## DIRECTORS' REMUNERATION

Information about the remuneration of Directors is set out in the Remuneration Report below.

## REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of AssetOwl Limited and other Key Management Personnel. This Remuneration Report outlines the Director and Executive remuneration arrangements of the Group and has been audited in accordance with the requirements of section 308(3C) of the *Corporations Act 2001* and the Corporations Regulations 2001.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Group. The Entity presently has two Non-Executive Directors and a Non-Executive Chairman.

# DIRECTORS' REPORT

### *Key Management Personnel disclosed in the Report*

Names and positions held of the Group's Directors and Key Management Personnel in office at any time during the financial year are:

| | |
|---|---|
| ***Directors*** | |
| Mr Simon Trevisan | (Non-Executive Chairman) |
| Mr Andrew Lane | (Non-Executive Director) |
| Mr Geoff Baldwin | (Non-Executive Director) |
| ***Other Key Management Personnel*** | |
| Mr Giuseppe Di Franco | (Chief Technology Officer) |

### *Remuneration Governance*

The Nomination and Remuneration Committee provides assistance to the Board with respect to the following:

(a) Remuneration policies and practices;

(b) Remuneration of the Executive Officer and Executive Directors;

(c) Composition of the Board; and

(d) Performance Management of the Board and of the Executive Officer.

### *Use of Remuneration Consultants*

During the year, the Group has not required or used any remuneration consultants.

### *Membership and Composition*

The minimum number of members required on the Committee is two Directors. At least one member of the Committee must be a Non-Executive Director of the Board.

The Chair of the Committee is to be a Non-Executive Director, nominated by the Board, who may be the Chairman of the Board.

The Secretary of the Committee shall be the Company Secretary, or such other person as nominated by the Board.

### *Executive Remuneration Policy and Framework*

The Nomination and Remuneration Committee is to review and make recommendations regarding the following:

(a) strategies in relation to executive remuneration policies;

(b) compensation arrangements for the Executive Director, Non-Executive Directors and other senior executives as appropriate;

(c) performance related incentive policies;

(d) the Group's recruitment, retention and termination policies;

(e) the composition of the Board having regard to the skills/experience desired and skills/experience represented;

(f) the appointment of Board members;

(g) the evaluation of the performance of the Executive Director;

(h) consideration of potential candidates to act as Directors; and

(i) succession planning for Board members.

***Processes***

The Committee shall meet as frequently as required to undertake its role effectively and properly. A quorum for the Committee meeting is when at least two members are present. Any relevant employees may be invited to attend the Committee meetings.

The issues discussed at each Committee meeting as well as the Minutes of each meeting are reported at the next Board Meeting. The Committee Chair shall report the Committee's recommendations to the Board after each meeting.

The Committee reviews, and may recommend to the Board, any necessary actions and/or changes it considers appropriate. The Committee may undertake any other special duties as requested by the Board.

***Key Management Personnel Remuneration Policy***

The Board's policy for determining the nature and amount of remuneration of Key Management Personnel for the economic entity is as follows:

The remuneration structure for Key Management Personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group. The contracts for service between the Group and Key Management Personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

The Nomination and Remuneration Committee determines the proportion of fixed and variable compensation for each Key Management Personnel.

Setting of remuneration is designed to increase goal congruence between Shareholders, Directors and Executives. The board may consider the issue of options as part of the Director's remuneration to encourage the alignment of personal interest and shareholder interests.

***Director Remuneration***

On appointment to the Board, all Non-Executive Directors enter into an agreement with the Group. The Letter of Appointment summarises the Board policies and terms, including remuneration, relevant to the Office of Director.

Directors do not receive additional fees for chairing or participating on Board committees. Directors do not receive retirement allowances. Directors do not receive performance-based pay.

Fees are reviewed annually by the Board taking into account comparable roles. The current base fees were reviewed with effect from 1 July 2016. Fees for the Directors of the Company are below:

| | From 1 July 2020 ($) | From 1 July 2019 to 30 June 2020 ($) |
|---|---|---|
| Non-Executive Chairman (fee per month) | 5,000 | 5,000 |
| Non-Executive Director (fee per month) | 3,000 | 3,000 |

***Remuneration of other Key Management Personnel***

The Group's Chief Technology Officer Giuseppe Di Franco has an executive services agreement with the Group, for the entire financial year he was remunerated at a rate of $181,589 per annum, exclusive of Superannuation, and as at the date of this report, continues to be remunerated at this rate. The agreement is an ongoing agreement which may be terminated by either party giving the other party 3 months' notice of termination.

Under the terms of the agreement, Mr Di Franco may be provided equity securities or other incentive remuneration (including performance-based remuneration) on terms and in a form to be agreed with the Group and the executive. In the 2020 financial year, no performance-based remuneration has been granted to Mr Di Franco.

***Link between remuneration and performance***

The Group's total remuneration of Key Management Personnel during the 2020 financial year is comparable with that of the 2019 financial year, no element of Key Management Personnel remuneration in either financial year is related to the financial performance of the Group.

The table below shows key performance indicators of the Group for the previous four financial years.

On 23rd December 2016, the nature of the Group changed from a mineral exploration company (when the Company was named Regalpoint Resources Limited) to a technology and software development company when AssetOwl Technologies Pty Ltd was acquired, accordingly financial information is not provided below for financial years prior to the 2017 year, due to the change in nature of the Company's operations.

| | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| **Net (Loss) after tax** | ($1,127,409) | ($2,010,860) | ($3,415,961) | ($1,405,763) |
| **Basic earnings per share (cents per share)** | (0.35) | (1.82) | (5.22) | (3.16) |
| **30 June share price** | $0.007 | $0.007 | $0.032 | $0.16 |
| **(Decrease) in share price (%)** | - | (78%) | (80%) | * |

*Prior to 23 December 2016, AssetOwl Limited was a mineral exploration company and hence in a different business to the current business operations, technology software development. As a result, a measure of the change in share price for the period 1 July 2016 to 30 June 2017 is not provided.

# DIRECTORS' REPORT

### *Key Management Personnel Remuneration*

The tables below detail the nature and amount of each element of remuneration of the Key Management Personnel of the Group:

| 2020 Key Management Personnel | Short-term Benefits | | | Post-employment Benefits | | |
|---|---|---|---|---|---|---|
| | Salary ($) | Annual and Long Service Leave ($) | Other Benefits ($) | Superannuation ($) | Total ($) | Performance Related (%) |
| ***DIRECTORS*** | | | | | | |
| Simon Trevisan[1] | 60,000 | - | - | - | 60,000 | - |
| Andrew Lane | 36,000 | - | - | - | 36,000 | - |
| Geoff Baldwin | 36,000 | - | - | - | 36,000 | - |
| ***OTHER KEY MANAGEMENT PERSONNEL*** | | | | | | |
| Giuseppe Di Franco (Chief Technology Officer) | 181,590 | 13,968 | - | 17,251 | 212,809 | - |
| **TOTAL** | **313,590** | **13,968** | **-** | **17,251** | **344,809** | **-** |

1. Mr Trevisan's fees are paid to Albuquerque Trevisan Pty Ltd, a Company of which he is a director and shareholder.

| 2019 Key Management Personnel | Short-term Benefits | | | Post-employment Benefits | | |
|---|---|---|---|---|---|---|
| | Salary ($) | Annual and Long Service Leave ($) | Other Benefits ($) | Superannuation ($) | Total ($) | Performance Related (%) |
| ***DIRECTORS*** | | | | | | |
| Simon Trevisan | 60,000 | - | - | - | 60,000 | - |
| Andrew Lane | 36,000 | - | - | - | 36,000 | - |
| Geoff Baldwin | 36,000 | - | - | - | 36,000 | - |
| Ian Murchison[1] | 30,000 | - | - | - | 30,000 | - |
| Bruce McCracken[2] | 66,000 | - | - | 6,270 | 72,270 | - |
| Jack Stone[3] | - | - | - | - | - | - |
| ***OTHER KEY MANAGEMENT PERSONNEL*** | | | | | | |
| Giuseppe Di Franco (Chief Technology Officer) | 178,821 | 13,968 | 37,461[4] | 16,988 | 247,238 | - |
| **TOTAL** | **406,821** | **13,968** | **37,461** | **23,258** | **481,508** | **-** |

1. Mr Murchison was a Director of the Company during the year until his retirement from the Board on 23 April 2019.
2. Mr McCracken was a Director of the Company during the year until his retirement from the Board on 23 April 2019. Mr McCracken continues to provide consulting services to the Company.
3. Mr Jack Stone was an Alternate Director to Mr Simon Trevisan for the period from 1 July 2018 until his resignation after the end of the financial year on 17 July 2019. He received no remuneration from the Group.
4. This is the value of the amount Mr Di Franco owed to the Company at 30 June 2019 before the Company agreed with Mr Di Franco to forgive this debt.

## DIRECTORS' REPORT

### *Equity instruments disclosure held by Key Management Personnel Shareholdings*

#### *Share Holdings*

Number of shares held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

| 2020<br>Key Management Personnel | Balance at the start of the year | Participation in Entitlement Offer | Sale of shares | Balance at the end of the year |
|---|---|---|---|---|
| ***Directors of AssetOwl Limited*** | | | | |
| Simon Trevisan | 48,146,520 | 15,112,500 | - | 63,259,020 |
| Andrew Lane | 21,410,460 | 6,875,000 | - | 28,285,460 |
| Geoff Baldwin | 1,428,570 | 535,714 | - | 1,964,284 |
| ***Other Key Management Personnel*** | | | | |
| Giuseppe Di Franco | 5,208,411 | 1,640,000 | (864,286)[1] | 5,984,125 |

1. Off-market transfer of 864,286 Ordinary Shares from Imprint Investments Pty Ltd to two AssetOwl employees.

There were no options issued to Directors and Executives as part of their remuneration during the year ended 30 June 2020.

There were no options exercised by Directors or Key Management Personnel during the year ended 30 June 2020.

### OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

#### Administration services

Tribis Pty Ltd, a company associated with Simon Trevisan provides office space, office equipment, supplies, corporate management and administration services in connection with the operations of the Company and amounts are payable on a monthly basis.

Corporate administration services include those services necessary for the proper administration of a small public Company, including:

(a) administrative, management, corporate, advisory and other similar services;
(b) management of third party professional and expert services including legal and audit and investment banking, independent technical expert and other services;
(c) head office support services including provision of office space for the Company's managing director and one other Company appointee, shared access to Tribis' office IT and telecommunications equipment and access to third party-provided communications systems and support;
(d) company secretarial, administrative support, accounting, payroll business analysis and recruitment and employee administration services; and
(e) other administration services as may be requested from time to time by the Board and as agreed by Tribis.

The Group must pay a monthly fee to Tribis Pty Ltd plus reimbursement for each month of the certain costs, expenses and liabilities incurred and/or paid by Tribis on behalf of the Group during the month.

Since 1 March 2016, Tribis Pty Ltd, has charged a fee of $5,000 plus GST per month, subsequent to the end of the reporting period, with effect from 1 July 2020, the Group agreed for the fee to be increased to $10,000 plus GST per month.

Simon Trevisan (Chairman of the Group) is the Managing Director and a substantial shareholder of Tribis Pty Ltd.

### Loan provided by Tribis Pty Ltd

During the year, Tribis Pty Ltd provided a loan to the Group to a total of $162,000, these funds were lent to the Group on an interest free basis.

In May 2020, following completion of the 3:8 entitlement offer, Tribis participated in this entitlement offer for $120,000, which was applied against the loan value.

The remaining $42,000 was settled via a cash payment.

### Participation in Rights Issue by Key Management Personnel

During the year the Group completed a 3:8 Entitlement Offer to raise $1,376,091 before costs.

Entities related to Non-Executive Chairman Mr Simon Trevisan participated in the entitlement offer for a total value of $120,900, to acquire 15,112,500 Ordinary Shares.

An entity related to Non-Executive Director Mr Andrew Lane participated in the entitlement offer for a total value of $55,000, to acquire 6,875,000 Ordinary Shares.

An entity related to Non-Executive Director Mr Geoffrey Baldwin participated in the entitlement offer for a total value of $4,286 to acquire 535,714 Ordinary Shares.

An entity related to Chief Technology Officer Mr Giuseppe Di Franco participated in the entitlement offer for a total value of $13,033 to acquire 1,629,048 Ordinary Shares.

### Engagement of a Director on a consultancy basis

From 1 January 2020, the Company has engaged Company Director Mr Geoffrey Baldwin to provide services to the Company requiring a time commitment at a level over and above those previously provided to the Company.

For these services, Mr Baldwin is paid a fee of $12,000 per month.

# DIRECTORS' REPORT

### *Transactions with Related Parties*

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

Aggregate amounts of each of the above types of other transactions with key management personnel of the Group:

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **Amounts recognised as expense** | | |
| Administration Fees to Tribis Pty Ltd | 60,000 | 60,000 |
| Consultancy fees paid to Geoff Baldwin.com Realty Group Pty Ltd | 54,000 | - |
| **Other transactions** | | |
| Loan to AssetOwl Limited by Tribis Pty Ltd | 162,000 | 150,000 |
| Settlement of Tribis Pty Ltd Loan via cash payment | (42,000) | (150,000) |
| Settlement of Tribis Pty Ltd Loan via entitlement offer participation | (120,000) | - |
| Forgiveness of Debt | - | 37,461 |

### *Voting and comments made at the Group's 2019 Annual General Meeting*

The Group received 100% "yes" votes on its Remuneration Report for the 2019 financial year.

The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

***This is the end of the Audited Remuneration Report.***

## PROCEEDINGS ON BEHALF OF THE GROUP

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

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

## INDEMNIFICATION OF DIRECTORS AND OFFICERS

### (a) Indemnification

The Group has agreed to indemnify the current Directors and Company Secretary of the Group against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Company Secretary of the Group, except where the liability arises out of conduct involving a lack of good faith.

The Agreement stipulates that the Group will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

# DIRECTORS' REPORT

### (b) Insurance Premiums

During the year ended 30 June 2020, the Group paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Group. The liabilities insured are for damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Group to the extent permitted by the *Corporations Act 2001*. On 12 May 2020, the Group paid an insurance premium of $24,751 covering the period from 2 March 2020 to 2 March 2021 (2019: $22,605).

## NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act 2001*.

The Board and the Audit and Risk Committee have considered the non-audit services provided during the financial year by the Auditor and are satisfied that the provision of those non-audit services during the financial year by the Auditor is compatible with, and did not compromise, the Auditor's independence requirements of the *Corporations Act 2001* for the followings reasons:

(a) all non-audit services were subject to the Corporate Governance procedures adopted by the Group; and

(b) the non-audit services provided do not undermine the general principals relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

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:

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **Non-Assurance Services** | | |
| BDO Corporate Tax (WA) Pty Ltd – R&D Incentive services | 22,390 | 22,440 |
| **Total remuneration for non-audit services** | **22,390** | **22,440** |

## AUDITORS INDEPENDENCE DECLARATION

The Auditors Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and can be found on page 24.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the

**Simon Trevisan**
Non-Executive Chairman
Dated at Perth, Western Australia, this 25th September 2020

# CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Group, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

The Group's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available on the Group's website at Corporate Governance Statement September 2020

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Australia

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF ASSETOWL LIMITED

As lead auditor of AssetOwl 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 AssetOwl Limited and the entities it controlled during the period.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 25 September 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020 ($) | 2019 ($) |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Revenue | 2 | 16,437 | 13,696 |
| Other Income | 3 | 522,775 | 402,744 |
| **EXPENSES** | | | |
| Accounting and Audit expenses | | (50,358) | (45,687) |
| Legal expenses | | (13,492) | (20,494) |
| Corporate and administrative expenses | | (90,466) | (137,361) |
| Professional consultant and contractor fees | | (206,133) | (71,329) |
| Employee benefit expenses | | (187,766) | (317,322) |
| Research expenses | | (955,838) | (854,030) |
| Depreciation and amortisation | | (40,385) | (42,717) |
| Tenements administration expenses | | 4,293 | (101,052) |
| Other expenses from ordinary activities | | (126,476) | (101,455) |
| Impairment expense | 3 | - | (735,853) |
| **(LOSS) BEFORE INCOME TAX** | | **(1,127,409)** | **(2,010,860)** |
| Income tax benefit | 4 | - | - |
| **(LOSS) FOR THE YEAR** | | **(1,127,409)** | **(2,010,860)** |
| Loss is attributable to: | | | |
| Owners of AssetOwl Limited | | (1,127,409) | (2,010,860) |
| **NET (LOSS) FOR THE YEAR** | | **(1,127,409)** | **(2,010,860)** |
| Other Comprehensive Income | | - | - |
| **TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR** | | **(1,127,409)** | **(2,010,860)** |

| | Notes | 2020 ($) | 2019 ($) |
|---|---|---|---|
| Total comprehensive loss for the year is attributable to | | | |
| Owners of AssetOwl Limited | | **(1,127,409)** | **(2,010,860)** |
| Basic loss (cents per share) | 19 | (0.35) | (1.82) |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2020

| | Notes | 2020 ($) | 2019 ($) |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 966,272 | 717,948 |
| Trade and other receivables | 8 | 480,707 | 443,065 |
| **TOTAL CURRENT ASSETS** | | **1,446,979** | **1,161,013** |
| **NON-CURRENT ASSETS** | | | |
| Property, Plant and Equipment | 9 | 5,370 | 15,586 |
| Intangible Assets (including goodwill) | 10 | 1,066,201 | 1,091,201 |
| **TOTAL NON-CURRENT ASSETS** | | **1,071,571** | **1,106,787** |
| **TOTAL ASSETS** | | **2,518,550** | **2,267,800** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 69,221 | 96,615 |
| Employee Benefits payable | 12 | 88,924 | 62,639 |
| **TOTAL CURRENT LIABILITIES** | | **158,145** | **159,254** |
| **TOTAL LIABILITIES** | | **158,145** | **159,254** |
| **NET ASSETS** | | **2,360,405** | **2,108,546** |
| **EQUITY** | | | |
| Contributed Equity | 13 | 19,496,256 | 18,156,122 |
| Reserves | 14 | 39,134 | - |
| Accumulated Losses | 16 | (17,174,985) | (16,047,576) |
| **TOTAL EQUITY** | | **2,360,405** | **2,108,546** |

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | Contributed Equity ($) | Option Reserve ($) | Shares Reserve ($) | Accumulated Losses ($) | Total ($) |
|---|---|---|---|---|---|---|
| **BALANCE AT 01 JULY 2018** | | **16,828,594** | **1,518,435** | **40,000** | **(15,555,151)** | **2,831,878** |
| (loss) for the year | | - | - | - | (2,010,860) | (2,010,860) |
| **Total comprehensive income** | | - | - | **-** | **(2,010,860)** | **(2,010,860)** |
| Transactions with equity holders in their capacity as equity holders: | | | | | | |
| Share issued for capital raising | 13 | 1,490,976 | - | - | - | 1,490,976 |
| Share issue costs | 13 | (203,448) | - | - | - | (203,448) |
| Shares to be issued for professional services | 13,14 | 40,000 | - | (40,000) | - | - |
| Transfer of Reserve to Accumulated Losses | 14 | - | (1,518,435) | | 1,518,435 | - |
| **BALANCE AT 30 JUNE 2019** | | **18,156,122** | **-** | **-** | **(16,047,576)** | **2,108,546** |
| | | | | | | |
| **BALANCE AT 01 JULY 2019** | | **18,156,122** | **-** | **-** | **(16,047,576)** | **2,108,546** |
| (loss) for the year | | - | - | - | (1,127,409) | (1,127,409) |
| **Total comprehensive income** | | - | - | **-** | **(1,127,409)** | **(1,127,409)** |
| Transactions with equity holders in their capacity as equity holders: | | | | | | |
| Share issued for capital raising | 13 | 1,503,663 | - | - | - | 1,503,663 |
| Share issue costs | 13 | (163,529) | - | - | - | (163,529) |
| Shares to be issued for professional services | 13,14 | - | - | 39,134 | - | 39,134 |
| **BALANCE AT 30 JUNE 2020** | | **19,496,256** | **-** | **39,134** | **(17,174,985)** | **2,360,405** |

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020 ($) | 2019 ($) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 15,682 | 13,696 |
| Receipt of R&D Tax Incentive | | 398,269 | 983,418 |
| Payments to suppliers and employees | | (1,718,641) | (1,742,937) |
| Payments for exploration and evaluation expenditure | | (16,707) | (81,593) |
| Government Grants received | | 74,000 | - |
| Interest received | | 1,621 | 4,477 |
| **NET CASH FLOWS (USED IN) OPERATING ACTIVITIES** | 17 | **(1,245,776)** | **(822,939)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from disposal of Property, Plant & Equipment | | - | 1,060 |
| Payment to acquire Property, Plant & Equipment | | (5,168) | - |
| **NET CASH FLOWS PROVIDED BY / (USED IN) INVESTING ACTIVITIES** | | **(5,168)** | **1,060** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | 1,503,663 | 1,317,739 |
| Payment of Share Issue Costs | | (124,395) | (88,563) |
| Receipt of loan from related party | | 162,000 | 150,000 |
| Repayment of loan to related party | | (42,000) | (150,000) |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | | **1,499,268** | **1,229,176** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS HELD** | | **248,324** | **407,297** |
| Cash and cash equivalents at beginning of year | | 717,948 | 310,651 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 7 | **966,272** | **717,948** |

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The primary accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### (a) General Information

AssetOwl Limited (**Company**) or (**Entity**) is a public Company listed on the Australian Securities Exchange (ASX ticker: AO1), incorporated in Australia and operating in Australia. The financial report of the Company for the financial year ended 30 June 2020 comprises the Company and its subsidiaries (together referred to as the '**Group**'). The address of the Group's registered office is Level 14, 225 St Georges Terrace, Perth WA 6000, Australia. The primary business of the Group is technology and software development.

### (b) Basis of Preparation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. AssetOwl Limited is a for profit entity for the purpose of preparing the Financial Statements.

***Compliance with IFRS***

The Financial Statements of the Group also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standard Board (IASB).

The Financial Statements were approved by the Board of Directors on 25 September 2020.

***Historical cost convention***

The financial report has been prepared on an accrual basis and is based on historical costs *modified* by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

All amounts are presented in Australia dollars, unless otherwise noted.

### (c) Going Concern

The Directors are satisfied that the going concern assumption has been appropriately applied in preparing the financial statements and the historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2020 the Group made a loss of $1,127,409 (2019: loss of $2,010,860) and had cash outflows from operating activities of $1,245,776 (2019: cash outflows of $822,939). The COVID-19 pandemic, announced by the World Health Organisation on 31 January 2020, is having a negative impact on world stock markets, currencies and general business activity. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the Group to continue as a going concern will be dependent on the following:

- The successful commercialisation of Inspector360 leading to a material increase in sales revenue, and accordingly receipts from customers.
- Raising additional capital to provide working capital for the business, of a quantum and timing to be determined by the Board to meet the needs of the business.

As at 24 September 2020, the Group has $659,265 cash and cash equivalents on hand, and accordingly the Directors believe that there are reasonable grounds that the Company and consolidated entity will continue as a going concern

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

### (d) New or amended Accounting Standards and Interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period except for the adoption of AASB 16: Leases which became mandatory for the first time this reporting period commencing 1 July 2019. The adoption of this standard did not result in a material adjustment to the amounts or disclosures in the current or prior year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### Other standards not yet applicable

A number of other standards, amendments to standards and interpretations issued by the AASB which are not materially applicable to the Group have not been applied in preparing these consolidated financial statements.

### (e) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy. The values are included in compliance with AASB 101 *Presentation of Financial Statements*.

### (f) Principles of Consolidation

#### *Subsidiaries*

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

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right 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 deconsolidated from the date that control ceases.

In preparing the Consolidated Financial Statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from inter-entity transactions have been eliminated in full. 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 investments in subsidiaries held by AssetOwl Limited are accounted for at cost in the separate Financial Statements of the Group less any impairment charges. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

### (g) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty relate to the following:

- Intangibles, including recognition of impairment (note 1(o) and note 10)
- Share based payments (note 1(x), note 15)

### Impact of Coronavirus (COVID-19) pandemic.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### (h) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Board of AssetOwl Limited assesses the financial performance and position of the Entity and makes strategic decisions. The Board of Directors which has been identified as being the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments.

### (i) Revenue

In the 2020 and 2019 financial years, the Group generated revenue through allowing retailers to use its management platform, following execution of a software service agreement with the counterparty.

Software service agreements allow counterparties access to specific management platform modules including the platform's Audit and Properties modules, revenue is generated on a 'pay per action' basis therefore the level of revenue from a customer for a particular period is directly related to the counterparties usage level of the Group's management platform in that period. The Group generates a fee for each usage instance of the Audit module or Properties module, pursuant to the software service agreement entered into with the counterparty.

The Group has identified that the performance obligation under the software services agreements is the allowance of the counterparty to use the management platform as and when required by the counterparty, the Group generates a nominal amount of revenue for this access, with this fee being the base charge in any month.

The Group recognises revenue at the point in time when the performance obligation is satisfied, in the month when the end customer receives a benefit from the use of the management platform, revenue is generated when the management platform is used, on a "Pay per action" basis.

### (j) Other Income

***Interest Income***

Interest income is recognised using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

***Research and Development tax incentive benefit***

Research and Development tax incentive benefit includes Research and Development ("R&D") concessions received or receivable in respect of eligible R&D as registered with AusIndustry. The R&D concession is brought to account when the eligible R&D expenditure has been identified and the resulting expected R&D incentive amount receivable has been quantified.

The R&D concession amount is recognised in other income as it relates to spending that has been expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The R&D tax incentive amount is recognised as a current asset in the Consolidated Statement of Financial Position as the Group has turnover of less than $20 Million and therefore the R&D tax incentive amount is a refundable tax offset for the Group.

### (k) Income Tax Expenses or Benefit

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### (l) Cash and Cash Equivalents

'Cash and Cash Equivalents' includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity 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, and bank overdrafts.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### (m) Other Receivables

Other receivables include the Research and Development tax incentive benefit from the Australian Taxation Office, GST receivable and Government Grants receivable.

These items are measured at amortised cost and represent the amount expected to be received by the Group.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

### (n) Property, Plant and Equipment

***Recognition and measurement***

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the reporting period in which they are incurred.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortization are expensed.

Depreciation is calculated using the straight-line method to allocation the cost of property, plant and equipment items, net of their residual values. Useful lives of the plant and equipment is 2 to 10 years.

### (o) Intangible Assets

***Goodwill***

Goodwill is measured as described in note 1(f), being the excess of: the consideration transferred; amount of any non-controlling interest in the acquired entity; and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. The determination of gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

Impairment testing requires an estimation of the recoverable amount of the cash generating unit to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount of goodwill are discussed in Note 10.

# NOTES TO THE FINANCIAL STATEMENTS

***Intellectual Property***

Intellectual property represents an intangible asset which underpins the business of the Group; this was acquired by subsidiary company, AssetOwl Technologies Pty Ltd at the company's inception and represents a capital contribution. Intellectual property is measured initially at fair value and subsequently measured on the cost model.

Intellectual property is amortised on a straight-line basis over 5 years.

**(p) Trade and Other Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Entity. Trade accounts payable are normally settled within 60 days.

**(q) Employee Benefits**

***Short-term Employee Benefit Obligations***

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Short Term employee benefit liabilities are included within employee benefits payable on the Consolidated Statement of Financial Position.

***Other long-term Employee Benefit Obligations***

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expect future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

***Termination Benefits***

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the followings dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the Group recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## NOTES TO THE FINANCIAL STATEMENTS

### (r) Financial Assets

***Classification***

All of the Group's financial assets, which are included on the Consolidated Statement of Financial Position as "Trade other Receivables" are classified as subsequently measured at amortised cost. Management determines the classification of financial assets at initial recognition.

***Recognition and derecognition***

A financial asset is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

***Measurement***

Financial Assets are initially measured at fair value plus any transaction costs that are directly attributable to the acquisition or issue of the asset. The Group's financial assets are subsequently measured at amortised cost using the effective interest method. The fair value of trade receivables is their nominal value less estimated credit adjustments.

Financial Assets are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

### (s) Financial Liabilities

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. Financial liabilities in the former category include contingent consideration payable on business combinations, financial liabilities in the latter category include trade payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Fair value is determined based on the value of the entity's equity instruments when the related business combination takes place.

***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss are subsequently measured, at each reporting date, at the fair value of the amount estimated to settle the liability. The increase or decrease in the value of the liability, other than movements in the value of the liability which arise through part settlement of the liability is recognised in the profit or loss.

***Financial liabilities at amortised cost***

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group, less any discounts given. Trade accounts payable are normally settled within 60 days.

# NOTES TO THE FINANCIAL STATEMENTS

### (t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the Taxation Authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

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

### (u) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. 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.

***Financial Assets***

Impairment of financial assets is recognised on the basis of the expected credit loss, for trade receivables, the impairment recognised is equal to the lifetime expected credit loss for each individual receivable.

***Non-Financial Assets***

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset of the Group that generates cash flows that largely are independent from other assets and companies. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

### (v) Contributed Equity

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.

Any In-specie distributions are recognised as a reduction in the value of contributed equity, with a corresponding reduction in the value of the Company's asset(s) which has been distributed to shareholders.

## (w) Earnings per share

***Basic earnings per share***

Basic earnings per share are calculated by dividing:

- the profit or loss attributable to owners of the Group, 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 year and excluding treasury shares.

***Diluted earnings per share***

Diluted earnings per share adjust 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## (x) Share-based Payment Transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services in exchange for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services received cannot be reliably measured, the transaction is measured by reference to the fair value of the instruments granted.

The calculation of the fair value of equity instruments at the date at which they are granted is determined using a Black-Scholes option pricing model, calculation of the fair value involves estimations of the relevant inputs to the pricing model.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. REVENUE

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **REVENUE FROM CUSTOMERS** | | |
| Revenue from Services | 16,437 | 13,696 |
| | **16,437** | **13,696** |

## 3. OTHER INCOME AND EXPENSES

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **OTHER INCOME** | | |
| Other Income | 400 | - |
| Government Grants | 98,500 | - |
| Interest received | 1,621 | 4,477 |
| R&D tax incentive benefit | 422,254 | 398,267 |
| | **522,775** | **402,744** |

### OTHER INCOME

#### *Government Grants*

Government grants related to income are recognised in the in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as “Government Grant – Job Keeper”.

The Group benefited from two Government Grants in the financial year.

**Boosting Cash Flow for Employers**

The Group received *Boosting Cash Flow for Employers* payments, accordingly, during the year, the Group received $50,000. The Group received these payments as it derived income in the 2019-20 financial year, of less than $50 million, and it made eligible payments, including payment of salary and wages.

The Group is also eligible for the Additional Cash flow boost, which for AssetOwl, is a further $50,000. This is to be received in four instalments of $12,500 each. The first instalment, of $12,500, attributable to PAYG withheld during the June 2020 period, is recognised within “Other Receivables”, with the balance not being recognised in the financial statements and was subsequently received by the Group.

The total *Boosting Cash Flow for Employers grant* recognised is therefore $62,500. This is recognised in the Consolidated Statement of Profit or Loss and other Comprehensive Income over the period to which the grant relates, to match with the costs for which it compensates.

**Job Keeper**

The Group received *Job Keeper* payments of $24,000 during the year. The Group’ subsidiary AssetOwl Technologies Pty Ltd is an eligible Employer with Eligible employees, which it continues to employ, and has complied with the conditions attaching to this grant.

The Group has recognised an amount of $12,000 in Other Receivables, this is the Company’s Job Keeper amount receivable for the period 25 May 2020 to 21 June 2020, which has been received subsequent to 30 June 2020.

# NOTES TO THE FINANCIAL STATEMENTS

The total *Job Keeper grant* recognised is therefore $36,000. This is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the period to which the grant relates, to match with the costs for which it compensates.

***R&D tax incentive benefit***

The Research and Development (R&D) benefit recognised arises from the Group's expenditure on eligible R&D activities performed in the financial year.

**EXPENSES**

***Research and Development Expense***

During the year, the Group continued to invest in software development to develop its inspector360 product for the residential property sector.

Consistent with prior reporting periods, it is the accounting policy of the Group that all costs incurred on Research and Development activities is recognised as an expense.

***Impairment Expense***

The Group has recognised impairment of $735,853 for the year ended 30 June 2019, this impairment expense arose following the reduction in the Group's market capitalisation over that year, the Group's market capitalisation at 30 June 2019 was $2,108,546. As outlined in note 10, market capitalisation is assessed as the basis for the recoverable amount of the AssetOwl CGU. This impairment expense was recognised as a reduction in the value of the Group's Goodwill, which arose on the acquisition of AssetOwl Technologies Pty Ltd in December 2016.

Consistent with disclosure at note 10 below, it was not necessary to recognise impairment expense in relation to the current financial year.

At 30 June 2020, the value of the Group's net assets were $2,360,405, with a market capitalisation of $3,424,250 at that date, a headroom of $1,063,845 existed, and accordingly, the Company's Goodwill value is maintained at 30 June 2020. Management is of the view that no impairment is necessary as the Group continues to realise benefit from the acquisition of AssetOwl Technologies Pty Ltd acquired in December 2016.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. INCOME TAX BENEFIT

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Movement in tax reconciliation | | |
| **Tax Rates** | | |
| The potential tax benefit in respect of tax losses not brought into account has been calculated at 27.5% (30 June 2019: 27.5%). | | |
| **Numerical reconciliation between tax expenses and pre-tax net loss** | | |
| Income tax benefit at the beginning of the year | | |
| Loss before income tax expense | (1,127,409) | (2,010,860) |
| Income tax benefit calculated at rates noted above | (310,037) | (552,986) |
| Tax effect on amounts which are not tax deductible | 134,063 | 153,167 |
| Movement in deferred tax asset not bought to account | 175,974 | 399,819 |
| Income tax benefit | - | - |
| **Deferred tax assets not brought to account** | | |
| Unused tax losses | 8,833,961 | 7,979,726 |
| Future 'blackhole' deductions | 420,473 | 483,531 |
| Other timing difference | 80,742 | 66,706 |
| | **9,335,176** | **8,529,963** |
| **Tax at 27.5% (30 June 2019: 27.5%)** | **2,567,173** | **2,345,740** |

The tax note above relates to the Groups' parent company AssetOwl Limited, and the Group's operating subsidiary AssetOwl Technologies Pty Ltd, these two Companies are not part of an income tax consolidated group for the purposes of the income tax assessment act 1997.

Of the unused tax losses disclosed above, $7,327,846 (2019: $6,673,654) relates to AssetOwl Limited and $1,506,115 (30 June 2019: $1,306,072) relates to AssetOwl Technologies Pty Ltd.

For AssetOwl Limited and AssetOwl Technologies Pty Ltd as separate entities, the benefit of the unused tax losses will only be obtained if:

(a) each entity derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(b) each entity continues to comply with the conditions for deductibility imposed by Law; and

(c) no changes in tax legislation adversely affect the ability of the each entity to realise these benefits.

## 5. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 – Operating segments. Operating Segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker, which is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows.

# NOTES TO THE FINANCIAL STATEMENTS

The Group has one geographical location being Australia and operates in one business segment being software development.

The below tables show the assets and liabilities of the Group's segment, segment result and reconciliations to the Group's financial statements at pages 25 to 28.

| | Software Development ($) | Unallocated ($) | Total ($) |
|---|---|---|---|
| **30 June 2020** | | | |
| Assets | 2,518,550 | - | 2,518,550 |
| Liabilities | (118,251) | (39,894) | (158,145) |
| **30 June 2019** | | | |
| Assets | 2,267,800 | - | 2,267,800 |
| Liabilities | (99,903) | (59,351) | (159,254) |

| | Software Development ($) | Total ($) |
|---|---|---|
| **Year to 30 June 2020** | | |
| Revenue from external sources | 16,437 | 16,437 |
| Reportable segment (loss) | (690,504) | (690,504) |
| | | |
| ***Material and Non-Cash items within the segment profit/(loss)*** | | |
| R&D Incentive benefit | 422,254 | 422,254 |
| Depreciation and Amortisation | (40,385) | (40,385) |
| | | |
| **Year to 30 June 2019** | | |
| Revenue from external sources | 13,696 | 13,696 |
| Reportable segment (loss) | (1,387,783) | (1,387,783) |
| | | |
| ***Material and Non-Cash items within the segment profit/(loss)*** | | |
| R&D Incentive benefit | 398,267 | 398,267 |
| Depreciation and Amortisation | (42,717) | (42,717) |
| Debt Forgiveness | (37,461) | (37,461) |
| Impairment Expense | (735,853) | (735,853) |

**Reconciliation of Segment Operating Loss to net loss before Income Tax**

| | 30 June 2020 ($) | 30 June 2019 ($) |
|---|---|---|
| **Segment Operating (Loss)** | **(690,504)** | **(1,387,783)** |
| Interest Income | 1,620 | 4,346 |
| Other non-segment specific expenditure | (438,525) | (627,423) |
| **(Loss) before Income Tax** | **(1,127,409)** | **(2,010,860)** |

## 6. FINANCIAL RISK MANAGEMENT

### (a) Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital.

AssetOwl's Risk Management Framework is supported by the Board, Management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Group's Risk Management Strategy and Policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by the Group and considering the effectiveness of its internal control system. Management and the Audit and Risk Committee report to the Board.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

The Group holds the following financial instruments.

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Cash and cash equivalents | 966,272 | 717,948 |
| Trade and other Receivables | 1,931 | 5,900 |
| | **968,203** | **723,848** |
| **FINANCIAL LIABILITIES** | | |
| Trade and other payables | 69,221 | 96,615 |
| Employee Contractual Obligations | 48,480 | 35,642 |
| | **117,701** | **132,257** |

### (b) Financial Risk Management Objectives

The overall financial Risk Management Strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

#### Credit Risk

Credit risk is the risk of financial loss the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, deposits with banks, financial institutions and receivables generated in the course of business. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Group does not hold any credit derivatives to offset its credit exposure. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **Receivables** | | |
| Accounts Receivable | 1,931 | 1,100 |
| Office Bond paid | - | 4,800 |
| | **1,931** | **5,900** |
| **Cash at bank** | | |
| Cash at bank | 966,272 | 717,948 |
| | **966,272** | **717,948** |

No amount of the Group's receivables is considered to be impaired or past due.

#### Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors. The Board has determined an appropriate Liquidity Risk Management Framework for the Management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant. The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

## NOTES TO THE FINANCIAL STATEMENTS

| | Carrying Amount ($) | Contractual Cash Flows ($) | 6 Months or less ($) | 6-12 Months ($) | 1-2 Years ($) | 2-5 Years ($) |
|---|---|---|---|---|---|---|
| **30 June 2020** | | | | | | |
| Trade and other payables | (69,221) | (69,221) | (69,221) | - | - | - |
| Employee Contractual Obligations | (48,480) | (48,480) | (48,480) | | | |
| **30 June 2019** | | | | | | |
| Trade and other payables | (96,615) | (96,615) | (96,615) | - | - | - |
| Employee Contractual Obligations | (35,642) | (35,642) | (35,642) | | | |

### Market Risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. At the end of the financial year, The Group's sole exposure to market risk is interest rate risk.

#### *Interest Rate Risk*

The Group's exposure to interest rates primarily relates to the Group's cash and cash equivalents. The Group manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates.

#### *Profile*

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments are:

#### *Variable Rate Instruments*

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Financial Assets | 966,272 | 717,948 |
| | **966,272** | **717,948** |

The Group manages its interest rate risk by monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held in AA-rated bank accounts. The Group's exposure to interest rate risk and the effective weighted average interest rate by maturing periods is set out the table below.

| | Weighted Average Effective Interest Rate | Total ($) | Weighted Average Effective Interest Rate | Total ($) |
|---|---|---|---|---|
| | **2020** | **2020** | **2019** | **2019** |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 0.46% | 966,272 | 1.00% | 717,948 |

### (c) Capital Management

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Group had no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity. There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

### 7. CASH AND CASH EQUIVALENTS

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Cash at bank | 966,272 | 717,948 |
| | **966,272** | **717,948** |

#### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows as follows:

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Balance as above | 966,272 | 717,948 |
| **Balance per Statement of Cash Flows** | **966,272** | **717,948** |

#### (b) Restricted cash

The Company has no restricted cash at 30 June 2020 (30 June 2019: no restricted cash).

### 8. TRADE AND OTHER RECEIVABLES

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Accounts Receivable | 1,931 | 1,100 |
| Net GST Receivable | 32,024 | 38,898 |
| R&D offset receivable | 422,252 | 398,267 |
| Office bond paid | - | 4,800 |
| Government Grants receivable | 24,500 | - |
| | **480,707** | **443,065** |

The Research and Development (R&D) offset receivable is the amount expected to be received from the Australian Taxation Office relating to eligible R&D costs incurred.

The amount recognised as R&D Offset receivable is regarded as an estimate as the amount is not confirmed until it is received by the Company from the ATO, following submission of the Company's tax return. The Company uses external professional advisers to calculate the amount of the R&D Offset receivable and for advice and support on the preparation of the required documentation for submission to AusIndustry.

#### *Fair Value and Credit Risk*

Due to the short-term nature of the trade receivables, the carrying amount is assumed to approximate their fair value. The exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note 6 for more information on the Risk Management Policy of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 9. PROPERTY, PLANT AND EQUIPMENT

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Opening net book value | **15,586** | **38,381** |
| Additions | 5,168 | - |
| Disposals | - | (5,210) |
| Depreciation Charge | (15,384) | (17,585) |
| Closing net book value | **5,370** | **15,586** |
| | | |
| Cost of assets | 59,244 | 54,076 |
| Accumulated Depreciation | (53,874) | (38,490) |
| Net carrying amount | **5,370** | **15,586** |

## 10. INTANGIBLE ASSETS

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Intellectual property | - | 25,000 |
| Goodwill | 1,066,201 | 1,066,201 |
| | **1,066,201** | **1,091,201** |
| | | |
| **Reconciliation of Intellectual property** | | |
| At 1 July | 25,000 | 50,000 |
| Amortisation Charge | (25,000) | (25,000) |
| **At 30 June** | **-** | **25,000** |
| | | |
| **Reconciliation of Goodwill** | | |
| Beginning of reporting period | 1,066,201 | 1,802,054 |
| Impairment recognised | - | (735,853) |
| **End of reporting period** | **1,066,201** | **1,066,201** |

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **Accumulated impairment losses** | | |
| Beginning of reporting period | (4,681,722) | (3,945,869) |
| Impairment recognised | - | (735,853) |
| **End of reporting period** | **(4,681,722)** | **(4,681,722)** |
| | | |
| **Net balance at end of reporting period** | **1,066,201** | **1,066,201** |

# NOTES TO THE FINANCIAL STATEMENTS

The Intellectual Property and Goodwill of the Group arose upon the acquisition of AssetOwl Technologies Pty Ltd which occurred in December 2016. Intellectual property is amortised over a period of 5 years.

The goodwill is attributable to the cash flows expected to arise from the acquisition of AssetOwl Technologies Pty Ltd in December 2016. The Board views the Group as one CGU ('AssetOwl CGU') and monitors the Group's goodwill at this level. The Board has determined the recoverable amount of the AssetOwl CGU by assessing the fair value less cost of disposal (FVLCOD) of the underlying assets. The method applied was the market approach based on the current market capitalisation (number of shares on issue multiplied by the quoted market price per share) of the Group on the Australian Securities Exchange (ASX). The recoverable value is a Level 1 measurement based on observable inputs of publicly traded shares in an active market.

The Group's market capitalisation at 30 June 2020 was $3,424,250, being 489,178,617 shares at $0.007 cents per share, consistent with above disclosure, this is taken to be the CGU's recoverable amount, for the purposes of the assessing impairment.

At 30 June 2020, the value of the Group's net assets were $2,360,405, resulting in a headroom of $1,063,845 and accordingly the Company's Goodwill value is maintained at 30 June 2020.

### 11. TRADE AND OTHER PAYABLES

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Trade creditors and accruals | 69,221 | 96,615 |
| | **69,221** | **96,615** |

### 12. EMPLOYEE BENEFIT OBLIGATIONS

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Employee Contractual Obligations | 48,480 | 35,642 |
| Statutory Obligations | 40,444 | 26,997 |
| | **88,924** | **62,639** |

### 13. CONTRIBUTED EQUITY

A reconciliation of the movement in capital for the Group can be found in the Consolidated Statement of Changes in Equity.

#### (a) Movements of share capital during the year

| Date | Details | No of shares | Issue price ($) | $ |
|---|---|---|---|---|
| | **Balance at 30 June 2018** | **88,496,178** | | **16,828,594** |
| 04.07.2018 | Corporate Advisory Services | 888,889 | - | 40,000 |
| 24.05.2019 | Rights issue[1] | 178,770,134 | 0.007 | 1,251,391 |
| 24.05.2019 | Rights issue (Shortfall fee shares)[2] | 8,125,325 | 0.008 | 65,003 |
| 06.06.2019 | Rights issue (Placement)[1] | 17,814,286 | 0.007 | 124,700 |
| 10.06.2019 | Rights issue (Corporate Advisory Fee and Selling Fee)[3] | 7,126,000 | 0.007 | 49,882 |

## NOTES TO THE FINANCIAL STATEMENTS

| Date | Details | No of shares | Issue price ($) | $ |
|---|---|---|---|---|
| | Share Issue cost[4] | - | - | (203,448) |
| **Closing Balance as at 30 June 2019** | | **301,220,812** | | **18,156,122** |
| | **Balance at 30 June 2019** | **301,220,812** | | **18,156,122** |
| 07.05.2020 | Share Placement[5] | 75,000,000 | 0.008 | $600,000 |
| 25.05.2020 | Entitlement Offer[6] | 78,950,708 | 0.008 | $631,606 |
| 02.06.2020 | Entitlement Offer (placement of shortfall)[7] | 34,007,097 | 0.008 | $272,057 |
| | Share Issue cost[8] | - | - | (163,529) |
| **Closing Balance as at 30 June 2020** | | **489,178,617** | | **19,496,256** |

1. On the 26th of April 2019, AssetOwl Limited issued a prospectus to issue up to 178,770,134 ordinary shares via a fully underwritten renounceable 2:1 pro-rata rights issue, at $0.007 per share.

   On the 10th of June 2019, AssetOwl Limited placed a further 17,814,286 shares to sophisticated and professional investors to meet excess demand arising from the Rights Issue.

2. AssetOwl Limited was required to issue shares to the underwriters as a fee, being “Shortfall Fee shares”, with the number of shares calculated on a basis of 1 share for every 8 shares to be placed to the underwriter. The Shortfall was 65,002,607 shares, and accordingly AssetOwl was required to issue 8,125,325 shares. These shares were valued by the Company at $0.008 per share, being the Company’s share price at the date when the shortfall was confirmed, 17 May 2019, a total value of $65,003.

3. The Company issued 5,714,286 shares to Patersons Securities Limited for their role as lead manager and underwriter for the Rights Issue to settle the Corporate Advisory fee of $40,000. The number of shares issued was based on the capital raising price of $0.007 per share.

   The Company issued 1,411,714 shares to Patersons Securities Limited to settle a “Selling Fee”, pursuant to the underwriting agreement, the selling fee was calculated as 6% of the amount of funds raised in excess of the rights offer amount of $1,251,391. The selling fee was settled through the issue of 1,411,714 shares, for a total value of $9,882.

4. Share Issue costs includes the underwriting fee payable to the Underwriter, the value of the Shortfall Fee shares, the Corporate Advisory Fee and the Selling Fee.

5. On the 7th of May 2020, the Company issued 75,000,000 ordinary shares to professional and sophisticated investors at $0.008 per share.

6. On the 25th of May 2020, the Company issued 78,950,708 ordinary shares via a non-renounceable 3:8 pro-rata Entitlement Offer, at $0.008 per share. The shares were issued pursuant the Offer document issued on 1 May 2020.

7. On the 2nd of June 2020, the Company issued 34,007,097 ordinary shares, the shortfall to the Entitlement Offer, to investors who participated in the Company’s Placement which was completed on 7th May 2020.

8. Share Issue costs is fees including management fees paid in cash to the Lead Manager of the Capital raising, Sequoia Corporate Finance Pty Ltd (‘Sequoia’), and the value of shares to be issued to Sequoia as the fee payable in the form of shares in the Company, based on the fair value of the services provided, in accordance with terms of engagement.

### *Ordinary Shares*

The holder of ordinary shares is entitled to participate in dividends and the proceeds on winding up of the Parent Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Parent company does not have a limited amount of authorised capital.

## 14. RESERVES

### *Option Reserve*

The option reserve is used to record the value of the share-based payments provided to employees, consultants and for options issued pursuant to any acquisitions or in exchange for services.

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Reserve at the beginning of the year | - | 1,518,435 |
| Movement during the year: | | |
| Transfer balance of Option reserve to accumulated losses on lapse of 34,890,793 Options during the financial year | - | (1,518,435) |
| Reserve at the end of the year | - | - |

There are no options outstanding at 30 June 2020 or 30 June 2019 as all options which were on issue at the commencement of the 2019 financial year lapsed during that year.

The Group issued no share options during the 2020 or 2019 financial years, nor were any options exercised.

### *Shares Reserve*

The Shares reserve is used to record the value of shares to be issued to service providers in exchange for services.

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Reserve at the beginning of the year | - | 40,000 |
| Movement during the year: | | |
| Issue of shares for corporate advisory services[1] | - | (40,000) |
| Issue of shares for corporate advisory services[2] | 39,134 | - |
| Reserve at the end of the year | 39,134 | - |

1. Representing 888,889 shares issued to a nominee of Patersons Securities Limited for Corporate Advisory services provided in connection with the Group's rights issue announced in April 2018.
2. Representing 4,076,488 shares to be issued to Sequoia Corporate Finance, to satisfy a fee payable for the Company's Entitlement Offer and Placement completed in May 2020, to be issued subject to shareholder approval.

## 15. SHARE BASED PAYMENTS

The Company engaged the services of Sequoia Corporate Finance Pty Ltd (Sequoia) to manage its capital raising which was completed during the year, comprising of an Entitlement Offer and a Placement to sophisticated and professional investors.

Pursuant to the terms of a Corporate Advisory services agreement between the Company and Sequoia, the parties that agreed that in the event that Sequoia raised at least $1,500,000, Sequoia would be entitled to receive a payment from the Company in the form of shares.

The Company's capital raising was completed in full, with 187,957,805 shares issued, at $0.008, to raise $1,503,663, the fee was calculated on the following terms, *Sequoia shall be entitled to 1% of the post-money capital at the placement price taken in shares at a 20% premium to the placement price*, and is calculated below:

| | |
|---|---|
| Shares on issue before capital raising | 301,220,812 |
| Capital raising | 187,957,805 |
| Number of shares on issue post raising | 489,178,617 |
| Post money capital at capital raising price of $0.008 per share | $3,913,429 |
| 1% | $39,134 |
| Placement price + 20% premium | $0.0096 |
| Number of shares | 4,076,488 |

These share-based payments are measured at the fair value of the service received.

In the comparative period, the year ended 30 June 2019, the Company issued share-based payments in connection with the Company's underwritten renounceable Rights Issue, details of the share-based payments are displayed in the table below:

| Recipient | Purpose | Value | Number of Shares | Valuation basis |
|---|---|---|---|---|
| Patersons Securities Limited* | Corporate advisory fee | $40,000 | 5,714,286 | Fair value of service received |
| Patersons Securities Limited* | Selling fee | $9,882 | 1,411,714 | Fair value of service received |
| Underwriters (including sub underwriters) to whom the Rights Issue shortfall was placed | Shortfall fee shares | $65,003 | 8,125,325 | Fair value of equity instruments granted |
| Total | | $114,885 | 15,251,325 | |

*Acquired by Canaccord Genuity.

All share-based payments in the 2019 financial year were costs for the issue of shares and are recognised as an offset to the value of Contributed Equity.

Full detail on the share-based payments of the 2019 financial year are provided in the 2019 Annual Report.

## 16. ACCUMULATED LOSSES

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Accumulated (loss) at the beginning of the year | **(16,047,576)** | **(15,555,151)** |
| Transfer option premium reserve for expired options | - | 1,518,435 |
| Net (loss) attributable to Shareholders | (1,127,409) | (2,010,860) |
| Accumulated (loss) at end of the year | **(17,174,985)** | **(16,047,576)** |

# NOTES TO THE FINANCIAL STATEMENTS

## 17. CASH FLOW INFORMATION

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax: | | |
| Non-cash flows in (loss) from operating activities | | |
| Net (Loss) after Income Tax | (1,127,409) | (2,010,860) |
| Conversion of current year Director fees to equity | - | 33,351 |
| Write-off of Property, Plant and Equipment | - | 4,150 |
| Depreciation and Amortisation | 40,385 | 42,717 |
| Settlement of related party loan through participation in 3:8 Entitlement Offer | (120,000) | - |
| Settlement of related party debts at 30 June 2019 through participation in 2:1 renounceable rights issue | - | 25,000 |
| Impairment expense | - | 735,853 |
| **CHANGES IN ASSETS & LIABILITIES FROM OPERATING ACTIVITIES** | | |
| (Increase)/Decrease in trade and other receivables | (37,643) | 597,412 |
| Increase/(Decrease) in trade and other payables | (27,394) | (17,053) |
| Increase/(Decrease) in employee benefits payable | 26,285 | (233,509) |
| **Cash flow generated (used in) Operating Activities** | **(1,245,776)** | **(822,939)** |

***Non-cash investing and financing activities.***

***Transactions in connection with 3:8 Entitlement Offer***

During the year, the Company completed a 3 for 8 Entitlement Offer ('Entitlement Offer'), Tribis who had provided a loan to the Company totaling $162,000 participated in the Entitlement Offer for $120,000, with the remaining $42,000 settled via a cash payment.

## 18. COMMITMENTS

The Commitment expenditure at reporting date is as follows:

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Not later than one year | 60,000 | 30,000 |
| **TOTAL** | **60,000** | **30,000** |

There are no commitments for period beyond one year.

The nature of these commitments is disclosed below:

***Administration Services Fees Commitment***

The Group entered into an Administration Services Agreement with Tribis Pty Ltd and agreed to retain to provide administration services to the Group on the terms and conditions set out in the agreement. These services include the engagement of Mr. Sean Meakin as Group Company Secretary.

The Group must pay a monthly fee to Tribis plus reimbursement for each month of the certain costs, expenses and liabilities incurred and/or paid by Tribis on behalf of the Group during the month. The fee is currently $5,000 plus GST per month, which is required to be paid in full by the Group on ordinary terms.

The agreement has no specified end date and could be cancelled by either party after the provision of 6 months' notice, as a result, the above commitments table includes 6 months of payments, being $60,000. The increase in value from $30,000 to $60,000 is consistent with disclosure provided at note 21 below.

Simon Trevisan (Non-Executive Chairman of the Group) is the Managing Director and a substantial shareholder of Tribis.

### 19. LOSS PER SHARE

The calculation of basic loss per share for the financial year was based on the loss attributable to ordinary Shareholders of $1,127,409 (2019: loss of $2,010,860) and a weighted average number of ordinary shares outstanding during the year of 323,167,211 (2019: 110,270,291).

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Basic loss per share (cents per share) | (0.35) | (1.82) |
| **(a) RECONCILIATION OF EARNINGS TO OPERATING LOSS** | | |
| **Loss attributable to ordinary Shareholders** | | |
| Loss after tax | **(1,127,409)** | **(2,010,860)** |
| Loss used in the calculation of EPS | **(1,127,409)** | **(2,010,860)** |

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **(b) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR** | | |
| **Weighted average number of ordinary shares (WANOS)** | | |
| Weighted average number of ordinary shares | **323,167,211** | **110,270,291** |

### 20. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the Auditor of the Group and its related parties.

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **Auditors of the Group – BDO Audit (WA) Pty Ltd** | | |
| Audit and Review of Financial Statements | | |
| Group | 40,423 | 36,177 |
| **Total audit and review of financial statements** | **40,423** | **36,177** |
| | | |
| **Non-audit services – BDO Corporate Tax (WA) Pty Ltd** | | |
| R&D Incentive Services | 22,390 | 22,440 |
| **Total non-audit services** | **22,390** | **22,440** |
| **Total services provided by BDO** | **62,813** | **58,617** |

## 21. RELATED PARTY DISCLOSURES

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

### *Key Management Personnel*

Directors and Executives compensation comprises:

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **Directors** | | |
| Short-term benefits | 132,000 | 228,000 |
| Post-employment benefits | - | 6,270 |
| **Other Key Management Personnel** | | |
| Short-term benefits | 195,558 | 230,250 |
| Post-employment benefits | 17,251 | 16,988 |
| **TOTAL** | **344,809** | **481,508** |

Detailed remuneration disclosures are provided in the Remuneration Report on pages 13 to 21.

### *Transactions with other related parties*

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

The following transaction occurred with related parties for the year ended 30 June 2020.

| | 2020 ($) | 2019 ($) |
|---|---|---|
| **Other transactions** | | |
| Administration Fees (Tribis) | 60,000 | 60,000 |
| Loan provided to AssetOwl Limited by Tribis Pty Ltd | 162,000 | 150,000 |
| Settlement of Loan from Tribis Pty Ltd | (162,000) | (150,000) |
| Consultancy Services (Geoff Baldwin.Com Realty Group Pty Ltd) | 54,000 | - |
| Forgiveness of Debt | - | 37,461 |
| TOTAL | **114,000** | **97,461** |

## NOTES TO THE FINANCIAL STATEMENTS

The aggregate amounts recognised during the year relating to Key Management Personnel and their related entities were as follows.

| Key Management Personnel (Capacity) | Transaction | Transactions value for the year ended 30 June | | Balance outstanding as at 30 June | |
|---|---|---|---|---|---|
| | | 2020 ($) | 2019 ($) | 2020 ($) | 2019 ($) |
| **Directors** | | | | | |
| Simon Trevisan (Director and controlling Shareholder of Tribis Pty Ltd) | Administrative fee for office space, telecommunications, office supplies, accounting support and administration and business support services | 60,000 | 60,000 | - | - |
| | Loan provided by Tribis Pty Ltd | 162,000 | 150,000 | - | - |
| | Settlement of Loan provided by Tribis Pty Ltd | (162,000) | (150,000) | - | - |
| **Geoff Baldwin** (Director and shareholder of Geoff Baldwin.Com Realty Group Pty Ltd) | Services provided in leading the Company's efforts to roll out inspector360 | 54,000 | - | - | - |
| **Other Key Management Personnel** | | | | | |
| Giuseppe Di Franco (Director of Imprint Investments Pty Ltd) | Forgiveness of Debt | - | 37,461 | - | - |

### Notes in relation to the table of related party transactions.

### Transactions with an entity related to Non-Executive Chairman Mr Simon Trevisan

Simon Trevisan (Non-Executive Chairman of the Group) is the Managing Director and a substantial shareholder of Tribis Pty Ltd.

### Administration Services Agreement

The Group is party to an Administration Services Agreement with Tribis Pty Ltd and provides administration services to the Group on the terms and conditions set out in the agreement. These services include the engagement of Mr Sean Meakin as Company Secretary.

The Group must pay a monthly fee to Tribis plus reimbursement for each month of the certain costs, expenses and liabilities incurred and/or paid by Tribis on behalf of the Group during the month. For the year to 30 June 2020, the fee was $5,000 plus GST per month.

On 15th June 2020, with effect from 1 July 2020, the Board resolved to vary the monthly fee payable to Tribis, to $10,000 per month plus GST. Until this time, the fee paid to Tribis had been $5,000 per month since 1 March 2016.

### Provision of Loan

During the year, Tribis provided a loan to the company of total value $162,000, the loan was provided on an interest free basis.

# NOTES TO THE FINANCIAL STATEMENTS

The loan was settled on 25 May 2020 when the Company completed its Non-Renounceable Entitlement Offer to raise $903,663, including placement of the shortfall on 2nd June 2020.

The loan was settled through Tribis' participation in the Entitlement Offer, being $120,000, with the balance, $42,000 settled in cash.

Simon Trevisan (Non-Executive Chairman of the Group) is the Managing Director and a substantial shareholder of Tribis.

### *Transactions with an entity related to Non-Executive Director Mr Geoff Baldwin*

Geoff Baldwin (Non-Executive Director of the Group) is a director and shareholder of Geoff Baldwin.Com Realty Group Pty Ltd.

The Company paid $54,000 in fees to Geoff Baldwin.Com Realty Group Pty Ltd for services provided in leading the Company's efforts to roll out inspector360. These fees are recognized in Professional consultant and contractor fees on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## 22. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, AssetOwl Limited. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

| | 2020 ($) | 2019 ($) |
|---|---|---|
| Current assets | 1,360,928 | 1,165,725 |
| Non-current assets | 1,066,201 | 1,028,740 |
| **Total Assets** | **2,427,129** | **2,194,465** |
| | | |
| Current liabilities | 37,247 | 56,442 |
| Non-Current liabilities | 29,477 | 29,477 |
| **Total Liabilities** | **66,724** | **85,919** |
| **Net Assets** | **2,360,405** | **2,108,546** |
| Contributed equity | 19,496,255 | 18,156,122 |
| (Accumulated losses) | (17,135,850) | (16,047,576) |
| **Total Equity** | **2,360,405** | **2,108,546** |
| | | |
| (loss) for the year | (1,164,870) | (2,126,143) |
| **Total Comprehensive (loss) for the Year** | **(1,164,870)** | **(2,126,143)** |

There are no other separate commitments and contingencies for the parent entity as at 30 June 2020.

### 23. INTERESTS IN OTHER ENTITIES

| Name of Entity | Place of business/country of incorporation | Ownership Interest 2020 | Ownership Interest 2019 | Principal Activities |
|---|---|---|---|---|
| AssetOwl Technologies Pty Ltd | Australia | 100% | 100% | Technology and Software Development |
| Regalpoint Resources Pty Ltd | Australia | 100% | 100% | Formerly held the Group's Exploration tenement in Queensland. |

### 24. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The full impact of the COVID-19 outbreak, continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

On 3 July 2020 the Company issued 1,250,000 Ordinary Shares to PPM Group Managing Director, Ms Debbie Palmer, at a price of $0.008 per share.

No other matters or circumstances have arisen since 30 June 2020 that have significantly affected the Group's operations, results, or state of affairs, or may do so in future years.

### 25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Due to their short-term nature, the carrying amounts of the current receivables and current payables are assumed to approximate their fair value.

# DIRECTORS' DECLARATION

In the opinion of the Directors of AssetOwl Limited:

(a) the Financial Statements and Notes set out on pages 25 to 56 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and other mandatory professional reporting requirements.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1.

(c) there are reasonable grounds to believe that AssetOwl Limited will be able to pay its debts as and when they become due and payable; and

(d) the Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Financial Officer for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Board of Directors.

**Simon Trevisan**
Non-Executive Chairman
Dated at Perth, Western Australia, this 25th September 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of AssetOwl Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of AssetOwl 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.

BDO



## Material uncertainty related to going concern

We draw attention to Note 1(c) 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.

### Carrying value of Goodwill

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| At 30 June 2020, AssetOwl Limited recognised goodwill as disclosed in note 10.<br><br>An annual impairment test for goodwill is required under Australian Accounting Standard AASB 136 Impairment of Assets.<br><br>The assessment of the carrying value of goodwill is considered to be a key audit matter due to the significance of the asset to the Group's consolidated statement of financial position, and the assessment requires management to make significant judgements and estimates in determining the recoverable amount of goodwill. | In addressing this matter our procedures included, but were not limited to the following:<br><br>• Evaluating management's impairment assessment of the goodwill by challenging the key estimates and assumptions used by management;<br><br>• Challenging the appropriateness of the Capitalised Market Approach (fair value less cost of disposal) valuation method used to determine the fair value in accordance with AASB 13 Fair Value;<br><br>• Compared AssetOwl Limited's net assets to its market capitalisation as at 30 June 2020; and<br><br>• • Assessing the adequacy of the Group's disclosures and impairment assessment methodology as disclosed in note 10 to the financial report. |

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 20 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of AssetOwl 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 (WA) Pty Ltd

BDO

Neil Smith

Director

Perth, 25 September 2020

# ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 September 2020.

## (a) Distribution of equity securities

| Holding | Ordinary Shares Number of Holders |
|---|---|
| 1 - 1,000 | 61 |
| 1,001 - 5,000 | 83 |
| 5,001 - 10,000 | 38 |
| 10,001 - 100,000 | 264 |
| 100,001 - and over | 371 |
| **Total** | **817** |

There were 288 holders of less than a marketable parcel of ordinary shares.

## (b) Top twenty shareholders

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

| Listed Fully Paid Ordinary Shares | | Number of Shares | Percentage of Shares |
|---|---|---|---|
| 1 | TRIBIS PTY LTD | 62,846,520 | 12.81% |
| 2 | OGEE AUSTRALIA PTY LTD | 28,285,466 | 5.77% |
| 3 | NCKH PTY LTD | 28,285,460 | 5.77% |
| 4 | T T NICHOLLS PTY LTD | 15,000,000 | 3.06% |
| 5 | MR RICHARD THOMAS HAYWARD DALY & MRS SARAH KAY DALY | 13,659,132 | 2.79% |
| 6 | MELSHARE NOMINEES PTY LTD | 10,000,000 | 2.04% |
| 7 | MR MICHAEL FRANK MANFORD | 8,255,195 | 1.68% |
| 8 | CHESAPEAKE CAPITAL LTD | 7,500,000 | 1.53% |
| 9 | RETZOS INVESTMENTS PTY LTD | 7,318,732 | 1.49% |
| 10 | ON THE CUSP INVESTMENTS PTY LTD | 6,919,585 | 1.41% |
| 11 | IMPRINT INVESTMENTS PTY LTD | 5,973,172 | 1.22% |
| 12 | THE CONSTANTINE FAMILY FOUNDATION PTY LTD | 5,101,262 | 1.04% |
| 13 | SAM GOULOPOULOS PTY LTD | 5,000,000 | 1.02% |
| 14 | MS CHUNYAN NIU | 5,000,000 | 1.02% |
| 15 | PASIAS HOLDINGS PTY LTD | 4,932,799 | 1.01% |
| 16 | CITICORP NOMINEES PTY LTD | 4,803,203 | 0.98% |
| 17 | MAGEDO SUPER PTY LTD | 4,531,250 | 0.92% |
| 18 | JASPER HILL RESOURCES PTY LTD | 4,439,146 | 0.91% |
| 19 | SHAYDEN NOMINEES PTY LTD | 4,421,477 | 0.90% |
| 20 | ATLANTIS MG PTY LTD | 4,000,001 | 0.82% |
| **Total** | | **236,272,400** | **48.19%** |

# ASX ADDITIONAL INFORMATION

### (c) Substantial Shareholders

Substantial holders of shares in the in the Parent company are set out below

Ordinary Shares:

| | Number | Percentage |
|---|---|---|
| TRIBIS PTY LTD | 62,846,520 | 12.81% |
| OGEE AUSTRALIA PTY LTD | 28,285,466 | 5.77% |
| NCKH PTY LTD | 28,285,460 | 5.77% |

### *Voting Rights*

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

There are no voting rights attached to performance rights issued.