

For personal use only

**RIGHTCROWD LIMITED
AND CONTROLLED ENTITIES**

A.B.N. 20 108 411 427

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

**FOR THE YEAR ENDED
30 JUNE 2019**

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

Results for Announcement to the Market

| Key Information | 2019 \$ | 2018 \$ | Change % |
|---|-------------------|-------------------|--------------------|
| Sales Revenue | 9,378,615 | 5,520,755 | 69.9 |
| Total Revenue | 11,691,931 | 9,381,950 | 24.6 |
| Loss from ordinary activities after tax attributable to members | (6,170,821) | (5,120,083) | 20.4 |

Statement of Retained Earnings Showing Movements

| | 2019 \$ | 2018 \$ |
|---|---------------------|---------------------|
| Balance at the beginning of the year | (12,824,058) | (8,455,911) |
| Cash settlement of convertible note equity component | - | 751,936 |
| Net (loss) attributable to members of the parent entity | (6,170,821) | (5,120,083) |
| Balance at the end of the year | <u>(18,994,879)</u> | <u>(12,824,058)</u> |

Dividends / Distributions

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

Net Tangible Assets

| | 30 June 2019 | 30 June 2018 |
|---|---------------------|---------------------|
| Net Tangible Asset backing per ordinary share | \$0.03 | \$0.05 |

Commentary on the Results for the Period

The Board is pleased to announce that the Company has delivered excellent sales growth in its core business during the FY 2019 financial year whilst also making further strategic investments that help position the Company well to capitalise on future global market opportunities.

Over the 2019 financial year, the Company grew revenue for software and related services by 69.9% from \$5.520m in FY 2018 to \$9.378m in FY 2019 (unaudited). The core RightCrowd business (which excludes the two newly acquired entities) generated \$8.853m of sales revenue in FY 2019 at a 60.4% annual growth rate on prior year. This growth has come courtesy of new software sales to clients and solution deployments across North America, South America, Europe, and Australia. The company continues to expand internationally with 83% of FY 2019 sales revenue generated outside of Australia.

Total Revenue was \$11.692m in FY 2019 (unaudited) which also includes the research & development tax rebate and other income items.

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

Commentary on the Results for the Period (continued)

The Company has continued to invest in additional staff to commercialise the RightCrowd software solutions for the global market and to support the revenue growth of the Company. Additionally, the Company has made two strategic acquisitions, which are complimentary to the current set of software solutions offered by RightCrowd and extends the international presence and capability of the Company. The resultant outcome is an increase in the overall cost base from \$14.455m in FY 2018 to \$17.862m in FY 2019 (unaudited) with the majority of the increase relating to the addition of the two newly acquired businesses cost-bases.

The statutory loss for the year was \$6.171m (FY 2018: \$5.120m). The Adjusted net loss of the company on a "like for like" basis decreased after exclusion of one-off items and stripping out the loss contribution of the two new acquisitions, both of which are in an early revenue growth phase. The Adjusted net loss in FY 2019 narrowed to \$4.584m¹ from \$6,943m² in FY 2018.

Cash and cash equivalents at the end of FY 2019 total \$4.972m. The balance of accounts receivable as at end of FY 2019 is \$4.371m, which includes \$1.850m relating to the R&D tax rebate. The Company anticipates that the projected balance of cash and cash equivalents, including inflows from recurring annual revenue and ongoing projects, are sufficient to sustain operations through to the end of FY 2020. This excludes consideration of additional potential cash inflows from the growing sales pipeline.

Status of Audit

The 30 June 2019 financial statements and accompanying notes for RightCrowd Limited are in the course of being audited and as such these results may be subject to some adjustment upon completion of the audit.

Control Gained or Lost over Entities in the Year

The Group's acquired ownership of Offsite Vision Holdings Inc. and Ticto NV Group during the year ended 30 June 2019.

- Offsite Vision Holdings Inc. was acquired on 29 October 2018 and is a US based company, which offers real time life safety solutions via a cloud-based platform.
- Ticto NV Group was acquired on 15 January 2019 and is a European based company, which offers innovative presence control solutions.

These two entities contributed \$1,586,395 loss to the Group's consolidated profit from ordinary activities during the year ended 30 June 2019 (2018: NIL) which was in line with expectations given that both entities are at an early stage of revenue growth.

The Adjusted net loss is a non-IFRS measure and is unaudited.

¹ The FY 2019 Adjusted net loss of \$4,584m is calculated by excluding the net loss relating to the two acquisition of \$1,586m from the consolidated net loss of \$6,171m.

² FY 2018 Adjusted net loss of \$6,943m is calculated by excluding the one-off gain of \$1,823m realised through a fair value gain on partial settlement of the shadow equity plan from the total net loss of \$5,120m.

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

CONTENTS

| | |
|---|---|
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 5 |
| Consolidated Statement of Financial Position | 6 |
| Consolidated Statement of Changes in Equity | 7 |
| Consolidated Statement of Cash Flows | 8 |
| Notes to the Financial Statements | 9 |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities**
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

| | Note | Consolidated Group | |
|--|------|--------------------|--------------------|
| | | 2019 \$ | 2018 \$ |
| Revenue | 2 | 9,378,615 | 5,520,755 |
| Other income | 2 | 2,313,316 | 3,861,195 |
| Employee benefits expense | 3 | (13,287,516) | (9,560,768) |
| Depreciation and amortisation expense | 3 | (278,856) | (646,462) |
| Finance costs | 3 | (11,096) | (360,544) |
| Other expenses | 3 | (4,221,923) | (3,887,181) |
| Profit/(loss) before income tax | | (6,107,460) | (5,073,005) |
| Income Tax Expense | 4 | (63,361) | (47,078) |
| Net (loss) from continuing operations | | (6,170,821) | (5,120,083) |
| Net (loss) for the year | | (6,170,821) | (5,120,083) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss when specific conditions are met | | | |
| Exchange differences on translating foreign operations, net of tax | | 49,738 | 24,241 |
| Total other comprehensive income for the year | | 49,738 | 24,241 |
| Total comprehensive loss for the year | | (6,121,083) | (5,095,842) |
| Earnings per share for loss from continuing and discontinuing operations attributable to ordinary equity holders of the company | | | |
| Basic loss per share | 5 | (0.038) | (0.043) |
| Diluted loss per share | 5 | (0.038) | (0.043) |

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

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

| | Note | Consolidated Group | |
|--------------------------------------|------|--------------------|-------------------|
| | | 2019 | 2018 |
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 4,972,136 | 6,609,297 |
| Trade and other receivables | 8 | 4,370,775 | 2,865,769 |
| Inventories | | 202,891 | - |
| Other assets | 11 | 395,287 | 312,729 |
| TOTAL CURRENT ASSETS | | 9,941,089 | 9,787,795 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 284,004 | 218,993 |
| Intangible assets | 10 | 15,814,459 | - |
| TOTAL NON-CURRENT ASSETS | | 16,098,463 | 218,993 |
| TOTAL ASSETS | | 26,039,552 | 10,006,788 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 707,652 | 462,994 |
| Borrowings | 13 | 87,154 | 90,956 |
| Other financial liabilities | 14 | 2,485,776 | 1,507,255 |
| Tax liabilities | | 30,849 | 4,944 |
| Provisions | 15 | 1,065,713 | 891,592 |
| TOTAL CURRENT LIABILITIES | | 4,377,142 | 2,957,741 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 13 | 27,623 | - |
| Other financial liabilities | 14 | 45,408 | - |
| Provisions | 15 | 150,767 | 158,579 |
| TOTAL NON-CURRENT LIABILITIES | | 223,799 | 158,579 |
| TOTAL LIABILITIES | | 4,600,942 | 3,116,320 |
| NET ASSETS/(LIABILITIES) | | 21,438,610 | 6,890,468 |
| EQUITY | | | |
| Issued capital | 16 | 39,650,533 | 19,468,728 |
| Reserves | | 782,956 | 245,798 |
| Accumulated Losses | | (18,994,879) | (12,824,058) |
| TOTAL EQUITY | | 21,438,610 | 6,890,468 |

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

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

| | Note | Issued Capital \$ | Accumulated Losses \$ | Foreign Currency Trans- lation Reserve \$ | Share Based Payment Reserve \$ | Convert- ible Note Reserve | Total \$ |
|---|------|----------------------|-----------------------------|--|--|----------------------------------|-------------------|
| Consolidated Group | | | | | | | |
| Balance at 1 July 2017 | | 3,349,925 | (8,455,911) | 42,480 | - | 751,936 | (4,311,570) |
| Comprehensive income | | | | | | | |
| (Loss) for the year | | - | (5,120,083) | - | - | - | (5,120,083) |
| Other comprehensive income for the year | | - | - | 24,241 | - | - | 24,241 |
| Total comprehensive income for the year | | - | (5,120,083) | 66,721 | - | - | (5,095,842) |
| Transactions with owners, in their capacity as owners, and other transfers | | | | | | | |
| Transfer of convertible note reserve to retained earnings upon settlement in cash | | - | 751,936 | - | - | (751,936) | - |
| Share options expensed during the year | | - | - | - | 179,077 | - | 179,077 |
| Shares issued during the year | 16a | 9,250,000 | - | - | - | - | 9,250,000 |
| Shares converted during the year | 16a | 7,525,146 | - | - | - | - | 7,525,146 |
| Transaction costs | 16a | (656,343) | - | - | - | - | (656,343) |
| Total transactions with owners and other transfers | | 16,118,803 | 751,936 | 66,721 | 179,077 | (751,936) | 16,297,880 |
| Balance at 30 June 2018 | | 19,468,728 | (12,824,058) | 66,721 | 179,077 | - | 6,890,468 |
| Balance at 1 July 2018 | | | | | | | |
| Balance at 1 July 2018 | | 19,468,728 | (12,824,058) | 66,721 | 179,077 | - | 6,890,468 |
| Comprehensive income | | | | | | | |
| (Loss) for the year | | - | (6,170,821) | - | - | - | (6,170,821) |
| Other comprehensive income for the year | | - | - | 49,738 | - | - | 49,738 |
| Total comprehensive income for the year | | - | (6,170,821) | 49,738 | - | - | (6,121,083) |
| Transactions with owners, in their capacity as owners, and other transfers | | | | | | | |
| Share options expensed during the year | | - | - | - | 487,420 | - | 487,420 |
| Shares issued during the year | 16b | 20,392,079 | - | - | - | - | 20,392,079 |
| Transaction costs | 16b | (210,274) | - | - | - | - | (210,274) |
| Total transactions with owners and other transfers | | 20,181,805 | - | - | 487,420 | - | 20,669,225 |
| Balance at 30 June 2019 | | 39,650,533 | (18,994,879) | 116,459 | 666,497 | - | 21,438,610 |

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

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

| | Note | Consolidated Group | |
|--|------|--------------------|--------------|
| | | 2019 \$ | 2018 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 8,486,705 | 6,466,694 |
| Payments to suppliers and employees | | (16,601,408) | (13,243,488) |
| Interest received | | - | 76,950 |
| Finance costs | | (11,096) | (33,072) |
| Income tax refunded (paid) | | (37,457) | - |
| Grant income received | | 1,854,782 | 1,647,084 |
| Net cash provided by operating activities | 17 | (5,957,976) | (5,085,832) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | - | 20,546 |
| Purchase of property, plant and equipment | | (96,048) | (219,536) |
| Purchase of intangibles | | (9,566) | - |
| Net cash used in investing activities | | (105,614) | (198,990) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | 4,562,719 | 9,250,000 |
| Transaction costs | | (210,274) | (656,344) |
| Proceeds from borrowings | | 208,298 | 346,958 |
| Repayment of borrowings | | (304,378) | (2,276,872) |
| Net cash provided by/(used in) financing activities | | 4,256,365 | 6,663,742 |
| Net increase in cash held | | (1,807,225) | 1,378,920 |
| Cash acquired from acquisition of subsidiaries | | 120,326 | - |
| Net foreign exchange differences | | 49,378 | 52,616 |
| Cash and cash equivalents at beginning of financial year | | 6,609,297 | 5,177,761 |
| Cash and cash equivalents at end of financial year | 7 | 4,972,136 | 6,609,297 |

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

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

The financial statement, except for cash flow information, have been prepared on accruals basis and are based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

NOTE 2: REVENUE AND OTHER INCOME

| | Note | Consolidated Group | |
|---|-------------|---------------------------|-------------|
| | | 2019 | 2018 |
| | | \$ | \$ |
| a. Revenue from continuing operations | | | |
| Sales revenue: | | | |
| – Perpetual software and hardware sales | | 1,337,102 | 106,122 |
| – Subscription software and support and maintenance sales | | 2,617,212 | 2,033,389 |
| – Consulting services | | 5,424,301 | 3,381,244 |
| | | 9,378,615 | 5,520,755 |
| Other Income: | | | |
| – interest received | | 71,175 | 76,950 |
| – travel & accommodation recharge | | 82,125 | 22,335 |
| – employee contributions | | 152 | 16,295 |
| – foreign currency exchange gain | | 205,082 | 171,679 |
| – profit on sale of assets | | - | 887 |
| – Fair value gain on partial settlement of shadow equity plan | | - | 1,823,049 |
| – R&D Refund | | 1,954,782 | 1,750,000 |
| | | 2,313,316 | 3,861,195 |
| Total revenue | | 11,691,931 | 9,381,950 |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: LOSS BEFORE INCOME TAX

| | Note | | Consolidated Group |
|---|-------------|------------|---------------------------|
| Loss before income tax from continuing operations includes the following specific expenses: | | | |
| a. Expenses | | | |
| Employee benefits expense: | | | |
| – salaries and wages | | 11,147,999 | 7,900,266 |
| – defined contribution superannuation expense | | 610,024 | 553,312 |
| – WorkCover | | 10,489 | 7,125 |
| – other employment expenses | | 370,620 | 191,903 |
| – employee share options expense | | 487,420 | 179,077 |
| – bonus payments | | 228,018 | 144,629 |
| – payroll taxes | | 334,716 | 307,595 |
| – Increase in provisions | | 98,230 | 276,861 |
| | | 13,287,516 | 9,560,768 |
| Depreciation and amortisation expense: | | | |
| – depreciation expense | | 91,650 | 61,460 |
| – amortisation expense | | 187,206 | 585,002 |
| | | 278,683 | 646,462 |
| Finance costs: | | 11,096 | 360,544 |
| Other expenses: | | | |
| Rent expense | | 617,449 | 519,097 |
| Travel expense | | 980,259 | 691,531 |
| Professional and consulting expense | | 1,869,934 | 1,622,029 |
| Other expenses | | 754,281 | 1,055,524 |
| | | 4,221,923 | 3,887,181 |
| Rent expenses include: | | | |
| Lease expenses | | 452,501 | 264,223 |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 4: TAX EXPENSE/(INCOME)

| | Note | Consolidated Group | |
|--|------|--------------------|-------------|
| | | 2019 | 2018 |
| | | \$ | \$ |
| a. Income tax expense | | | |
| The components of tax expense/(income) comprise: | | | |
| Current tax | | 63,361 | 47,078 |
| | | 63,361 | 47,078 |
| b. Prima facie reconciliation | | | |
| The prima facie tax, using tax rates applicable in the country of operation, on profit (loss) differs from the income tax provided in the financial statements as follows: | | | |
| (Loss) before income tax | | (6,107,460) | (5,073,005) |
| Prima facie tax on (loss) from ordinary activities before income tax at Australian tax rate 27.5% (2018: 27.5%) | | (1,679,552) | (1,395,076) |
| Tax effect of: | | | |
| – non-allowable (assessable) items | | 64,048 | (397,220) |
| – net Impact of R&D Refund | | 479,935 | 625,072 |
| – tax payable by subsidiaries | | 63,361 | 47,078 |
| Deferred tax assets not recognised as recoverability criteria not met | | 1,135,569 | 1,167,225 |
| Income tax expense | | 63,361 | 47,078 |

NOTE 5: LOSS PER SHARE

| | Consolidated Group | |
|--|--------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| a. Reconciliation of earnings to profit or loss: | | |
| Profit/(Loss) | (6,170,821) | (5,120,083) |
| Earnings used to calculate basic loss per share | (6,170,821) | (5,120,083) |
| Earnings used in the calculation of dilutive loss per share | (6,170,821) | (5,120,083) |
| b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share | 163,329,899 | 119,131,575 |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Options on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2019 and 2018. These options could potentially dilute basic earnings per share in the future.

NOTE 6: ACQUISITION OF SUBSIDIARIES

(i) Offsite Vision Acquisition

On the 29 October 2018, 100% of the shares in Offsite Vision Holdings, Inc ("Offsite") were acquired. The Group acquired this entity as it saw a potential to extend the current core product offering and provide a footprint into the east coast of the US market.

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

| | 29-Oct-18 | |
|--|-----------------|------------------|
| | Offsite | |
| | USD | AUD |
| Purchase consideration | | |
| Shares issue | 831,502 | 1,171,295 |
| Cash consideration | 5,000 | 7,065 |
| Contingent consideration | 69,842 | 98,383 |
| Total consideration | 906,344 | 1,276,743 |
| Assets and liabilities acquired: | | |
| Cash and cash equivalents | 7,511 | 10,581 |
| Trade and other receivables | 26,848 | 37,819 |
| Inventories | 84,500 | 119,031 |
| Property, plant and equipment | 54 | 76 |
| Trade and other payables | (126,325) | (177,949) |
| Long term payables | (85,118) | (119,901) |
| Fair value of assets and liabilities acquired | (92,530) | (130,343) |
| Identifiable assets acquired | | |
| Software | 284,000 | 400,056 |
| Total identifiable assets acquired and liabilities assumed | 284,000 | 400,056 |
| Goodwill on acquisition | 714,874 | 1,007,030 |
| Cashflows on acquisition | | |
| Cash consideration | (5,000) | (7,065) |
| Cash acquired | 7,511 | 10,581 |
| Total cashflow inflows on acquisition | 2,511 | 3,516 |
| Results included in the consolidated results relating to Offsite for the year | | |
| Revenue | 307,367 | 429,550 |
| Profit and loss | (376,100) | (546,350) |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: ACQUISITION OF SUBSIDIARIES

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

All trade receivables are classified as current and are expected to be received within terms (30 days).

(ii) Ticto NV acquisition

On the 15 January 2019, 100% of the shares in Ticto NV ("Ticto") were acquired. The Group acquired this entity as it saw a potential to extend the current core product offering and provide a footprint into the European market, with Ticto NV based in Belgium.

At 30 June 2019 provisional accounting has been applied for the acquisition.

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

| | 15 January 2019 | |
|---|------------------|-------------------|
| | Ticto NV | |
| | EUR | AUD |
| Purchase consideration | | |
| Shares issue | 9,208,196 | 14,658,065 |
| Total consideration | 9,208,196 | 14,658,065 |
| Assets and liabilities acquired: | | |
| Cash and cash equivalents | 73,380 | 116,810 |
| Trade and other receivables | 31,748 | 50,538 |
| Inventories | 55,998 | 89,140 |
| Other financial assets | 70,280 | 111,875 |
| Other current assets | 10,703 | 17,037 |
| Property, plant and equipment | 38,030 | 60,537 |
| Trade and other payables | (234,247) | (372,885) |
| Fair value of assets and liabilities acquired | 45,892 | 73,052 |
| Identifiable assets acquired | | |
| Software | 883,000 | 1,405,603 |
| Wearable Tech | 387,500 | 616,842 |
| Total identifiable assets acquired and liabilities assumed | 1,316,392 | 2,095,497 |
| Goodwill on acquisition | 7,891,804 | 12,562,568 |
| | | |
| | 15 January 2019 | |
| | Ticto NV | |
| | EUR | AUD |
| Cashflows on acquisition | | |
| Cash consideration | - | - |
| Cash acquired | 73,380 | 116,810 |
| Total cashflow outflows on acquisition | | |
| Results included in the consolidated results relating to Ticto NV and its controlled entities for the year | | |
| Revenue | 60,228 | 96,064 |
| Profit and loss | (668,679) | (1,040,045) |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: CASH AND CASH EQUIVALENTS

| | Note | Consolidated Group | |
|---|-------------|---------------------------|-------------|
| | | 2019 | 2018 |
| | | \$ | \$ |
| Cash at bank and on hand | | 4,972,136 | 6,609,297 |
| | | 4,972,136 | 6,609,297 |
| Reconciliation of cash | | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: | | | |
| Cash and cash equivalents | | 4,972,136 | 6,609,297 |
| | | 4,972,136 | 6,609,297 |

NOTE 8: TRADE AND OTHER RECEIVABLES

| | Note | Consolidated Group | |
|---|-------------|---------------------------|-------------|
| | | 2019 | 2018 |
| | | \$ | \$ |
| CURRENT | | | |
| Trade receivables | | 2,520,775 | 1,115,769 |
| | | 2,520,775 | 1,115,769 |
| R & D Refundable Tax Offset receivable | | 1,850,000 | 1,750,000 |
| | | 1,850,000 | 1,750,000 |
| Total current trade and other receivables | | 4,370,775 | 2,865,769 |

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

| | Consolidated Group | |
|----------------------------|---------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Plant and Equipment | | |
| At cost | 402,110 | 343,576 |
| Accumulated depreciation | (118,106) | (124,583) |
| | 284,004 | 218,993 |
| Leasehold improvements: | | |
| At cost | - | 2,558 |
| Accumulated amortisation | - | (2,558) |
| | - | - |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

| | Consolidated Group | |
|-------------------------------------|---------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Total property, plant and equipment | 284,004 | 218,993 |

a. Movements in Carrying Amounts

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

| | Leasehold Improvements | Plant and Equipment | Total |
|---------------------------------------|-----------------------------------|--------------------------------|--------------|
| | \$ | \$ | \$ |
| Consolidated Group: | | | |
| Balance at 1 July 2017 | 1,993 | 132,225 | 134,218 |
| Additions | - | 219,536 | 219,536 |
| Disposals | - | (73,301) | (73,301) |
| Depreciation expense | (1,993) | (59,467) | (61,460) |
| Balance at 30 June 2018 | - | 218,993 | 218,993 |
| Acquired through business combination | - | 60,613 | 60,613 |
| Additions | - | 96,048 | 96,048 |
| Disposals | - | - | - |
| Depreciation expense | - | (91,650) | (91,650) |
| Balance at 30 June 2019 | - | 284,004 | 284,004 |

NOTE 10: INTANGIBLE ASSETS

| | Consolidated Group | |
|--|---------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Goodwill: | | |
| Cost | 13,569,598 | - |
| Software and website development costs: | | |
| Cost | 1,815,224 | - |
| Accumulated amortisation and impairment losses | (150,489) | - |
| Net carrying amount | 1,644,736 | - |
| Wearable tech: | | |
| Cost | 616,842 | - |
| Accumulated amortisation and impairment losses | (36,717) | - |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: INTANGIBLE ASSETS

| | Consolidated Group | |
|--|---------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Net carrying amount | 580,125 | - |
| Intellectual property in use: | | - |
| Cost | - | 599,925 |
| Accumulated amortisation and impairment losses | - | (599,925) |
| Net carrying amount | - | - |
| Total intangible assets | 15,814,459 | - |

| | Goodwill | Software | Wearable Tech | Intellectual Property | Total |
|---------------------------------------|-----------------|-----------------|--------------------------|----------------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ |
| Consolidated Group: | | | | | |
| Year ended 30 June 2018 | | | | | |
| Balance at 1 July 2017 | - | 848 | - | 584,925 | 585,773 |
| Additions | - | - | - | - | - |
| Disposals | - | (771) | - | - | (771) |
| Amortisation charge | - | (77) | - | (584,925) | (585,002) |
| Closing value at 30 June 2018 | - | - | - | - | - |
| Year ended 30 June 2019 | | | | | |
| Acquired through business combination | 13,569,598 | 1,815,224 | 616,842 | - | 16,001,664 |
| Amortisation charge | - | (150,488) | (36,717) | - | (187,205) |
| Closing value at 30 June 2019 | 13,569,598 | 1,664,736 | 580,125 | - | 15,814,459 |

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss.

NOTE 11: OTHER ASSETS

| | Consolidated Group | |
|-------------------|---------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| CURRENT | | |
| Deposits Held | 104,355 | 71,542 |
| Employee advances | 4,458 | - |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: OTHER ASSETS

| | Consolidated Group | |
|-------------|---------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Prepayments | 286,473 | 241,187 |
| | 395,287 | 312,729 |

NOTE 12: TRADE AND OTHER PAYABLES

| | Consolidated Group | |
|------------------------|---------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| CURRENT | | |
| Unsecured liabilities: | | |
| Trade payables | 867,483 | 156,671 |
| Payroll payables | 47,856 | 223,973 |
| Accrued expenses | 142,710 | 82,250 |
| Sundry payables | 100 | 100 |
| | 1,058,149 | 462,994 |

NOTE 13: BORROWINGS

| | Consolidated Group | |
|------------------------------|---------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| CURRENT | | |
| Unsecured liabilities: | | |
| Insurance premium funding | 20,830 | 90,956 |
| Unsecured loan | 66,324 | - |
| Total current borrowings | 87,154 | 90,956 |
| NON-CURRENT | | |
| Unsecured liabilities: | | |
| Unsecured loan | 27,623 | - |
| Total non-current borrowings | 27,623 | - |
| Total borrowings | 114,777 | 90,956 |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: BORROWINGS

| | | Consolidated Group | |
|----|-------------------------------------|---------------------------|-------------|
| | | 2019 | 2018 |
| | | \$ | \$ |
| a. | Insurance Premium Funding: | | |
| | Opening balance | 90,956 | - |
| | Proceeds | 208,298 | 346,958 |
| | Less repayments | (278,424) | (256,002) |
| | Closing balance | 20,830 | 90,956 |
| | | | |
| b. | Fixed convertible notes: | | |
| | Opening balance | - | 1,708,552 |
| | Proceeds | - | - |
| | | - | 1,708,552 |
| | Unwinding of the discount | - | 291,448 |
| | Cash settlement | - | (2,000,000) |
| | Gross convertible note | - | - |
| | | | |
| c. | Variable convertible notes: | | |
| | Opening balance | | - |
| | Proceeds | - | 7,200,000 |
| | Conversion to ordinary shares | - | (7,200,000) |
| | Convertible note held at fair value | - | - |
| | | | |
| d. | Unsecured loans: | | |
| | Opening balance | - | - |
| | Additions through acquisitions | 119,901 | - |
| | Less repayments | (25,956) | - |
| | Closing balance | 93,945 | - |

NOTE 14: OTHER FINANCIAL LIABILITIES

| | | Consolidated Group | |
|----------------|----------------------|---------------------------|-------------|
| | | 2019 | 2018 |
| | | \$ | \$ |
| CURRENT | | | |
| | Contract liabilities | 2,432,801 | 1,474,590 |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14: OTHER FINANCIAL LIABILITIES

| | | |
|--|-----------|-----------|
| Contingent consideration | 52,975 | - |
| Cash settled share-based payment at fair value (shadow equity plan) | - | 32,665 |
| | 2,485,776 | 1,507,255 |
| NON-CURRENT | | |
| Contingent consideration | 45,408 | - |
| | 2,531,184 | 1,507,255 |

Contract liabilities

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

Contingent consideration

The contingent consideration is related to the acquisition of Offsite Vision Holdings Inc. and is estimated using a present value technique. The value is estimated by probability-weighting the estimated future share issues, adjusting for risk and discounting. There are two milestones contained within this acquisition and probabilities were assigned to each of the milestones as to whether the conditions will be achieved. Milestone 1 was assessed as more likely to be achieved than Milestone 2. The fair value of the share price was determined to be \$0.33 in calculating the fair value of the contingent consideration. It was also assumed that each milestone would be assessed as the end of each financial year and the shares would be issued at that point in time.

NOTE 15: PROVISIONS

| | Consolidated Group | |
|--------------------------|---------------------------|-------------|
| | 2019 | 2018 |
| Employee benefits | \$ | \$ |
| Current | 1,065,713 | 891,592 |
| Non-current | 150,767 | 158,579 |
| | 1,216,480 | 1,050,171 |

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: PROVISIONS

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(k).

NOTE 16: ISSUED CAPITAL

| a. Ordinary Shares | Consolidated Group | |
|---|---------------------------|-------------------|
| | No. | \$ |
| Balance at 1 July 2017 | 62,346,778 | 1,349,925 |
| <i>Share movements during the 2018 financial year:</i> | | |
| – Preference shares converted to ordinary shares 31 August 2017 | 20,000,016 | 2,000,000 |
| – Share consolidation 31 August 2017 | (4,930,613) | - |
| – Convertible note conversion 14 September 2017 | 25,083,819 | 7,525,146 |
| – Share issue 14 September 2017 | 30,833,333 | 9,250,000 |
| – Share issue costs | - | (656,344) |
| Balance at 30 June 2018 | 133,333,333 | 19,468,728 |
| <i>Share movements during the 2019 financial year:</i> | | |
| – Share issue on 29 October 2018 ¹ | 3,549,377 | 1,171,295 |
| – Share issue on 28 November 2018 ² | 11,588,431 | 3,476,529 |
| – Share issue on 3 December 2018 ² | 2,620,632 | 786,190 |
| – Share issue on 12 December 2018 ² | 666,666 | 200,000 |
| – Share issue on 16 January 2019 ³ | 45,806,452 | 14,658,065 |
| – Share issue on 17 January 2019 ⁴ | 333,333 | 100,000 |
| – Share issue costs | - | (210,274) |
| Balance at 30 June 2019 | 197,898,224 | 39,650,533 |

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

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

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

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

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16: ISSUED CAPITAL

| | Consolidated Group | |
|--|---------------------------|-------------|
| | No. | \$ |
| b. Preference Shares | | |
| Balance at 1 July 2017 | 20,000,016 | 2,000,000 |
| <i>Shares movements during the 2018 financial year:</i> | | |
| – Preference shares converted to ordinary 31 August 2017 | (20,000,016) | (2,000,000) |
| Balance at 30 June 2018 | - | - |
| <i>Shares movements during the 2019 financial year:</i> | | |
| Balance at 30 June 2019 | - | - |

NOTE 17: CASH FLOW INFORMATION

| | Consolidated Group | |
|---|---------------------------|-------------|
| | 2019 | 2018 |
| | \$ | \$ |
| a. Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax | | |
| Loss after income tax | (6,170,821) | (5,120,083) |
| Non-cash flows in profit: | | |
| – amortisation | 187,206 | 585,002 |
| – depreciation | 91,650 | 61,460 |
| – fair value gain on partial settlement of shadow equity plan | - | (1,823,049) |
| – share based payments | 487,420 | 179,077 |
| – loss on disposal of fixed assets | - | 887 |
| – unrealised foreign exchange loss/(gain) | (218,636) | (171,679) |
| – convertible note amortisation | - | 38,724 |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries: | | |
| – (increase)/decrease in trade and term receivables | (1,198,013) | 319,736 |
| – increase in other assets | (65,521) | - |
| – decrease in inventory | 5,280 | - |
| – decrease in other current assets | 111,875 | - |
| – increase other financial liabilities | 925,546 | 648,870 |
| – increase/(decrease) in trade payables and accruals | (306,175) | (81,637) |
| – increase in employee provisions | 166,309 | 276,860 |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17: CASH FLOW INFORMATION

| | | Consolidated Group | |
|-----------|--|---------------------------|---------------------|
| | | 2019 | 2018 |
| | | \$ | \$ |
| | – current tax liabilities | 25,904 | - |
| | Cash flows from operating activities | (5,957,976) | (5,085,832) |
| | | | |
| b. | Non-cash Financing and Investing Activities | | |
| | (i) Acquisition of subsidiaries- shares issued for Offsite Vision and Ticto NV acquisitions | 15,829,360 | - |
| | (ii) Conversion of convertible notes | | |
| | 25,083,819 ordinary shares issued (inclusive of capitalised interest) | - | 7,525,146 |
| | | | |
| c. | Reconciliation of movement in liabilities to cash flows arising from financing activities | | |
| | | Non-Cash | |
| | | 30 June 2018 | 30 June 2019 |
| | | \$ | \$ |
| | Borrowings – Current | 90,956 | 87,154 |
| | Borrowings – Non-Current | - | 27,623 |
| | Total liabilities from financing activities | 90,956 | 114,777 |
| | | | |
| | | Non-Cash | |
| | | 30 June 2017 | 30 June 2018 |
| | | \$ | \$ |
| | Borrowings – Current | 20,871 | 90,956 |
| | Borrowings– Non-Current | 8,908,552 | - |
| | Total liabilities from financing activities | 8,929,423 | 90,956 |

For personal use only

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18: SEGMENT REPORTING

Reportable segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Company currently operates predominantly in one segment, being the sale and service of the RightCrowd solution.

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

| | Consolidated Group | |
|--------------------------------|---------------------------|------------------|
| | 2019 | 2018 |
| | \$ | \$ |
| North America | 5,607,387 | 3,450,054 |
| Europe, Middle East and Africa | 1,575,700 | 228,708 |
| Latin America | 555,462 | 413,152 |
| Oceania and Australia | 1,640,066 | 1,428,841 |
| | 9,378,615 | 5,520,755 |

For personal use only