Mad Paws Pty. Ltd.

ABN 78 600 835 425

Annual Report - 30 June 2020

The directors present their report, together with the financial statements, on the Company for the year ended 30 June 2020.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Jan Pacas
Alexis Soulopoulos
Justus Hammer (appointed on 7 August 2020)
Rolf Weber (resigned on 5 May 2020)

Principal activities

During the financial year, the principal continuing activities of the Company consisted of the provision of an online pet platform, making the process of owning and caring for a pet more accessible, convenient and cheaper. The Company's platforms enable Pet Owners to find Pet Sitters who provide pet boarding and other services.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Company after providing for income tax amounted to $2,188,019 (30 June 2019: $2,788,542).

Refer to note 2 for further information on going concern.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

The impact of the Coronavirus ('COVID-19') pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is impacted by measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. While revenue in the period March 2020 to June 2020 was negatively impacted by COVID-19, subsequent to year end the Company has returned to growth and is currently meeting budget.

On 22 December 2020, the Company entered into a Share Sale Agreement with Mad Paws Holdings Limited (formerly named Arugam Limited). The sale transaction was given effect via a share exchange, with existing Company shareholders obtaining newly issued shares in Mad Paws Holdings Limited. Following the completion of the sale transaction, the Company became a 100% subsidiary of Mad Paws Holdings Limited, with existing Company shareholders obtaining an 80% shareholding in Mad Paws Holdings Limited. The transaction resulted in the Company having access to an additional $975,000 of cash, being the cash balance held by Mad Paws Holdings Limited immediately prior to the sale transaction. Existing share options under the Company ESOP Plan were cancelled and replaced with new share options in Mad Paws Holdings Limited (under similar terms and conditions to the historical Company ESOP Plan).

On 23 December 2020, the newly formed group (being Mad Paws Holdings Limited and its 100% subsidiary, Mad Paws Pty Ltd) issued $5,600,000 of convertible notes to both new and existing investors. This gave the Group access to additional funding of $5,600,000 to fund future growth initiatives. These convertible notes will convert to ordinary shares on the occurrence of any of the following conversion events – Initial Public Offering ('IPO'), Share Sale, Asset Sale or a Capital Raising in excess of $5,000,000. The notes mature in 24 months and will be required to be repaid should they not have converted prior to maturity (repayable amount being principal plus 8% interest per annum).

The newly formed Group is in the process of preparing for an initial public offering ('Offer') of fully paid ordinary shares in Mad Paws Holdings Limited, with plans to have the Offer completed by March 2021.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation
The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option
Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Exercise price	Number under option
1/07/2015	$0.35	1,889
1/10/2015	$0.35	10,500
15/11/2015	$0.35	1,340
1/02/2016	$0.35	1,340
26/04/2016	$14.76	2,690
1/07/2017	$0.35	3,681
1/09/2018	$3.65	1,304
17/09/2018	$3.65	326
9/01/2019	$3.65	17,400
15/01/2019	$3.65	1,250
1/02/2019	$3.65	1,250
3/06/2019	$2.52	652
8/07/2019	$2.52	3,922
24/02/2020	$2.93	350
01/07/2020 - 31/10/2020	$2.93	63,489
		111,383

As disclosed in note 31, events after the reporting period, as part of the Share Sale Agreement, on 22 December 2020, existing share options under the Company Employee Share Options Plan ('ESOP') were cancelled and replaced with new share options in Mad Paws Holdings Limited (under similar terms and conditions to the historical Company ESOP Plan).

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

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

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this directors' report.

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

On behalf of the directors

DocuSigned by:
Jan Pacas
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Jan Pacas
Chairman

DocuSigned by:
Justus Hammer
75E2348F10F7457...

Justus Hammer
Chief Executive Officer

12 January 2021

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12 January 2021

The Board of Directors
Mad Paws Pty. Ltd.
55 Pyrmont Bridge Road
Pyrmont NSW 2009

Dear Board Members

Mad Paws Pty. Ltd.

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Mad Paws Pty. Ltd.

As lead audit partner for the audit of the financial report of Mad Paws Pty. Ltd. for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Crowe Sydney.

Crowe Sydney

Barbara Richmond
Partner

Contents

Mad Paws Pty. Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	4	1,999,614	1,578,651
Other income	5	354,594	337,493
Interest revenue calculated using the effective interest method		4,298	127
Expenses			
Employee benefits expense		(1,683,666)	(1,492,105)
Contractors expense		(242,982)	(281,455)
Depreciation and amortisation expense	6	(200,389)	(114,632)
IT expenses		(533,395)	(502,317)
Marketing expenses		(1,423,386)	(1,743,397)
Occupancy costs		(38,323)	(75,525)
Professional and consultancy expenses		(91,277)	(79,734)
Travel expenses		(19,635)	(15,889)
Other expenses		(277,640)	(339,192)
Finance costs	6	(35,832)	(60,567)
Loss before income tax expense		(2,188,019)	(2,788,542)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Mad Paws Pty. Ltd.		(2,188,019)	(2,788,542)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Mad Paws Pty. Ltd.		(2,188,019)	(2,788,542)

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

Mad Paws Pty. Ltd.
Statement of financial position
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	8	984,822	1,262,276
Trade and other receivables	9	7,663	-
Research and development tax incentive		232,594	321,666
Other	10	-	185,324
Total current assets		1,225,079	1,769,266
Non-current assets			
Right-of-use assets	11	215,609	-
Intangibles	12	758,382	494,411
Total non-current assets		973,991	494,411
Total assets		2,199,070	2,263,677
Liabilities			
Current liabilities			
Trade and other payables	13	267,784	362,116
Contract liabilities	14	34,349	115,211
Borrowings	15	-	1,530,638
Lease liabilities		79,300	-
Employee benefits		114,714	78,312
Other	16	456,511	1,135,363
Total current liabilities		952,658	3,221,640
Non-current liabilities			
Lease liabilities		139,692	-
Employee benefits		39,434	26,486
Total non-current liabilities		179,126	26,486
Total liabilities		1,131,784	3,248,126
Net assets/(liabilities)		1,067,286	(984,449)
Equity			
Issued capital	17	10,102,685	6,130,266
Reserves	18	700,118	432,783
Accumulated losses		(9,735,517)	(7,547,498)
Total equity/(deficiency)		1,067,286	(984,449)

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

Mad Paws Pty. Ltd.
Statement of changes in equity
For the year ended 30 June 2020

	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2018	6,130,266	259,819	(4,758,956)	1,631,129
Loss after income tax expense for the year	-	-	(2,788,542)	(2,788,542)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,788,542)	(2,788,542)
Transactions with owners in their capacity as owners:				
Share-based payments (note 30)	-	172,964	-	172,964
Balance at 30 June 2019	6,130,266	432,783	(7,547,498)	(984,449)

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019	6,130,266	432,783	(7,547,498)	(984,449)
Loss after income tax expense for the year	-	-	(2,188,019)	(2,188,019)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,188,019)	(2,188,019)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	3,972,419	-	-	3,972,419
Share-based payments (note 30)	-	267,335	-	267,335
Balance at 30 June 2020	10,102,685	700,118	(9,735,517)	1,067,286

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

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,432,128	8,266,210
Payments to suppliers and employees (inclusive of GST)		(3,902,627)	(3,759,218)
Payments to suppliers - sitters payment		(8,199,891)	(6,330,961)
		(2,670,390)	(1,823,969)
Interest received		4,298	127
Other revenue		-	15,827
Government grants received		122,000	-
Interest and other finance costs paid		(5,516)	(1,368)
Research and development tax incentive		321,666	252,319
Net cash used in operating activities	27	(2,227,942)	(1,557,064)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(15,261)
Payments for intangibles	12	(429,584)	(316,001)
Net cash used in investing activities		(429,584)	(331,262)
Cash flows from financing activities			
Proceeds from issue of shares	17	2,502,418	-
Share issue transaction costs		(90,953)	-
Proceeds from convertible notes		-	1,486,571
Convertible note transaction costs		-	(17,987)
Repayment of lease liabilities		(31,393)	-
Net cash from financing activities		2,380,072	1,468,584
Net decrease in cash and cash equivalents		(277,454)	(419,742)
Cash and cash equivalents at the beginning of the financial year		1,262,276	1,682,018
Cash and cash equivalents at the end of the financial year	8	984,822	1,262,276

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

Note 1. General information

The financial statements cover Mad Paws Pty. Ltd. as an individual entity. The financial statements are presented in Australian dollars, which is Mad Paws Pty. Ltd.'s functional and presentation currency.

Mad Paws Pty. Ltd. is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3
55 Pyrmont Bridge Road
Pyrmont NSW 2009

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 January 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

Interpretation 23 Uncertainty over Income Tax
The Company has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the Company to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Company to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Company concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 July 2019.

AASB 16 Leases
The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

Note 2. Significant accounting policies (continued)

The effect on accumulated losses at 1 July 2019 was $nil. On the 1 July 2019, the Company had entered into one lease agreement which had a remaining term of less than 12 months as at 30 June 2019.

In applying AASB 16 for the first time, the Company applied the practical expedient in relation to leases that have a remaining lease term of less than 12 months as at 1 July 2019. As such, no right-of-use asset and no corresponding lease liability was recognised at 1 July 2019. Instead, the leases have been accounted for in the same way as short term leases and all rental payments have been expensed.

Subsequent to 1 July 2019, the Company entered into a new lease in the reporting period which has been accounted for under AASB 16.

Going concern

The Company has prepared the financial statements for the year ended 30 June 2020 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2020, the Company recorded a net loss of $2,188,019 (2019: $2,788,542) and had net cash outflows from operating activities of $2,227,942 (2019: $1,557,064). At 30 June 2020, the Company had cash and cash equivalents of $984,822 (2019: $1,262,276) and net assets of $1,067,286 (2019: net liabilities of $984,449).

The following matters have been considered by the directors when determining the appropriateness of the going concern assumption:

- While revenue in the period March 2020 to June 2020 was negatively impacted by COVID-19, subsequent to year end the business has returned to growth and is currently meeting budget. As travel restrictions continue to be unwound by the Australian Government, it is expected that this will have a positive impact on year on year revenue growth over the coming months.
- A significant portion of marketing expense and employee benefit expense relates to expenditure on activities to drive future growth in the business, as opposed to maintaining current levels of operations.
- As described in note 31, events after the reporting period, on 22 December 2020, the Company entered into a Share Sale Agreement with Mad Paws Holdings Limited (formerly named Arugam Limited). The transaction resulted in the Company having access to an additional $975,000 of cash, being the cash balance held by Mad Paws Holdings Limited immediately prior to the sale transaction.
- The Company has consistently demonstrated the ability to raise capital from investors. As described in note 31, events after the reporting period, on 23 December 2020, the newly formed group (being Mad Paws Holdings Limited and its 100% subsidiary, Mad Paws Pty Ltd) issued $5,600,000 of convertible notes to both new and existing investors. This gave the Group access to additional funding of $5,600,000 to fund current operations and future growth initiatives.
- The cashflow forecast for the Company for the next 12 months demonstrates the ability of the Company to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that might be necessary should the Company not continue as a going concern.

Basis of preparation

Although the Company is not a reporting entity and is not subject to Part 2M.3 of the Corporations Act, these general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Note 2. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Mad Paws Pty. Ltd.'s functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition
The Company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Judgment is required in determining whether the Company is the principal or agent in the delivery of the services. The Company has determined that it is an agent, and therefore recognises revenue on a net basis, for the following reasons:
(i) The Company does not pre-purchase or otherwise obtain control of the services prior to the transfer to the end-user.
(ii) The Company does not direct the pet sitters to perform the service on the Company’s behalf, and the pet sitters have the sole ability to decline a transaction request.
(iii) The Company does not set the price for the services.

Booking fee
Booking fee revenue is recognised at the point in time of booking the sitting service. This is non-refundable should pet owners cancel the booking.

Service fee
Service fee revenue is recognised at the point in time of commencement of the sitting service.

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

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

Note 2. Significant accounting policies (continued)

Research and development tax incentive
The Company has adopted the income approach to accounting for research and development tax incentive pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance' whereby the incentive is recognised in profit or loss on a systematic basis over the periods in which the Company recognises the eligible expenses. Where the research and development costs are capitalised as an intangible asset, the Company recognises the incentive as income in profit or loss on a systematic basis matching the useful life of the asset.

Government grants
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

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

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

Deferred tax assets and liabilities are always classified as non-current.

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

Note 2. Significant accounting policies (continued)

Trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website and software development
Website and software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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

Sitter deposit accounts
Sitter deposit accounts represent liabilities to sitters comprising the following:
- Payments for bookings made where the sitting event has not yet occurred; or
- Amounts due to sitters post the sitting event, which have not yet been redeemed.

Note 2. Significant accounting policies (continued)

Contract liabilities
Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Convertible notes are classified as debt until the time of conversion to equity. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

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

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

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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

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

Note 2. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

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

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

Issued capital
Ordinary shares are classified as equity.

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Note 2. Significant accounting policies (continued)

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the Company operates. While revenue in the period March 2020 to June 2020 was negatively impacted by COVID–19, subsequent to year-end the business has returned to growth and is currently meeting budget. As travel restrictions continue to be unwound by the Australian Government, it is expected that this will have a positive impact on revenue growth over the coming months.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Capitalised development software
Capitalised development software costs have been capitalised on the basis that the software project to which they relate will be a success considering its commercial and technical feasibility, from which time the costs will be amortised. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered through the successful commercialisation of the software assets. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Research and development tax incentives
The Company determines the estimated research and development tax incentive. These calculations incorporate a number of key assumptions and estimates to determine the expenditure that is eligible for the research and development tax incentive.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Revenue

	2020 $	2019 $
Rendering of services - booking fee	443,777	314,820
Rendering of services - service fee	1,555,837	1,263,831
Revenue	1,999,614	1,578,651

Disaggregation of revenue
Revenue from contracts with customers is derived from bookings fees and service fees.

Booking fee
Booking fee revenue is recognised at the point in time of booking the sitting service. This is non-refundable should pet owners cancel the booking.

Service fee
Service fee revenue is recognised at the point in time of commencement of the sitting service.

All revenue from contracts with customers is generated in Australia.

Note 5. Other income

	2020 $	2019 $
Government grants (COVID-19)	122,000	-
Rental income	-	15,827
Research and development rebate	232,594	321,666
Other income	354,594	337,493

Government grants (COVID-19) represents grants received from the Government comprising of:

(i) JobKeeper support payments - during the Coronavirus (COVID-19) pandemic, the Company has received JobKeeper support payments from the Australian Government which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense. The Company is eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

(ii) Cash Boost support payments - during the year the Company received payments from the Australian Government as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the Company will comply with any conditions attached.

Note 6. Expenses

	2020 $	2019 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Computer equipment	-	208
Office equipment	-	15,053
Buildings right-of-use assets	34,776	-
Total depreciation	34,776	15,261
Amortisation		
Website and software development	165,613	99,371
Total depreciation and amortisation	200,389	114,632
Finance costs		
Interest and finance charges paid/payable on borrowings	30,797	60,567
Interest and finance charges paid/payable on lease liabilities	5,035	-
Finance costs expensed	35,832	60,567
Net foreign exchange loss		
Net foreign exchange loss	2,240	-
Leases		
Minimum lease payments	-	75,525
Short-term lease payments	38,323	-
	38,323	75,525
Superannuation expense		
Defined contribution superannuation expense	115,434	110,390

Note 7. Income tax

	2020 $	2019 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,188,019)	(2,788,542)
Tax at the statutory tax rate of 27.5%	(601,705)	(766,849)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	9,554	229,334
	(592,151)	(537,515)
Current year tax losses not recognised	592,151	537,515
Income tax expense	-	-

	2020 $	2019 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	6,854,519	4,701,241
Potential tax benefit @ 27.5%	1,884,993	1,292,841

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	2020 $	2019 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	43,291	28,819
Total deferred tax assets not recognised	43,291	28,819

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 8. Current assets - cash and cash equivalents

	2020 $	2019 $
Cash on hand	177	177
Cash at bank	984,645	1,262,099
	984,822	1,262,276

Note 9. Current assets - trade and other receivables

	2020 $	2019 $
GST receivable	7,663	-

Note 10. Current assets - other

	2020 $	2019 $
Prepayments	-	185,324

Note 11. Non-current assets - right-of-use assets

	2020 $	2019 $
Buildings - right-of-use	250,385	-
Less: Accumulated depreciation	(34,776)	-
	215,609	-

The Company leases an office space under an agreement for three years, which includes options to extend. The lease has escalation clauses at each extension period. On renewal, the terms of the lease is negotiated.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Buildings - right-of-use $
Balance at 1 July 2019 - initial recognition of AASB 16	-
Additions	250,385
Depreciation expense	(34,776)
Balance at 30 June 2020	215,609

Note 12. Non-current assets - intangibles

	2020 $	2019 $
Patents and trademarks - at cost	1,803	1,803
Website and software development - at cost	1,101,877	672,293
Less: Accumulated amortisation	(345,298)	(179,685)
	756,579	492,608
	758,382	494,411

Note 12. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Patents and trademarks $	Website and software development $	Total $
Balance at 1 July 2018	1,803	275,978	277,781
Additions	-	316,001	316,001
Amortisation expense	-	(99,371)	(99,371)
Balance at 30 June 2019	1,803	492,608	494,411
Additions	-	429,584	429,584
Amortisation expense	-	(165,613)	(165,613)
Balance at 30 June 2020	1,803	756,579	758,382

Note 13. Current liabilities - trade and other payables

	2020 $	2019 $
Accrued expenses and other payables	267,784	359,713
GST payable	-	2,403
	267,784	362,116

Refer to note 20 for further information on financial instruments.

Note 14. Current liabilities - contract liabilities

	2020 $	2019 $
Contract liabilities	34,349	115,211

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	2020 $	2019 $
Opening balance	115,211	68,279
Payments received in advance	1,474,975	1,310,763
Transfer to revenue (service) - performance obligations satisfied in current year	(1,555,837)	(1,263,831)
Closing balance	34,349	115,211

Note 14. Current liabilities - contract liabilities (continued)

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $34,349 as at 30 June 2020 ($115,211 as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

	2020 $	2019 $
Within 6 months	34,349	115,211
6 to 12 months	-	-
	34,349	115,211

Note 15. Current liabilities - borrowings

	2020 $	2019 $
Convertible notes payable	-	1,530,638

Refer to note 20 for further information on financial instruments.

On 28 December 2018, the Company issued convertible notes, with a face value of $1, for total proceeds of $1,486,571. Interest is paid at a rate of 8% per annum from the date of issue to the date of conversion of the notes. The notes are convertible into a variable number of ordinary shares of the Company, based on the market price per share at the date of conversion. The notes are convertible on the occurrence of any of the following events:
(1) An Exit event
(2) Completion of qualifying financing
(3) On maturity of the note (being 1 year post the issue date).

Transaction costs of $16,500 at the date of issue have been offset against the convertible note payable liability.

These notes subsequently converted to equity in September 2019.

Note 16. Current liabilities - other

	2020 $	2019 $
Sitter deposit accounts	456,511	1,135,363

Note 17. Equity - issued capital

	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	549,295	392,701	9,102,685	5,130,266
Preference shares - fully paid	32,958	32,958	1,000,000	1,000,000
	582,253	425,659	10,102,685	6,130,266

Note 17. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	392,701		5,130,266
Balance	30 June 2019	392,701		5,130,266
Conversion of convertible note to ordinary shares		69,005	$22.86	1,577,454
Issue of ordinary shares		87,589	$28.57	2,502,418
Share issue transaction costs, net of tax		-	$0.00	(107,453)
Balance	30 June 2020	549,295		9,102,685

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Preference shares
Preference shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held, with priority over ordinary shareholders.

Preference shares do not have any voting rights.

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

Note 18. Equity - reserves

	2020 $	2019 $
Share-based payments reserve	700,118	432,783

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 18. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payments $
Balance at 1 July 2018	259,819
Share-based payments	172,964
Balance at 30 June 2019	432,783
Share-based payments	267,335
Balance at 30 June 2020	700,118

Note 19. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 20. Financial instruments

Financial risk management objectives
The Company's principal financial liabilities comprise trade and other payables and convertible notes. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and short-term deposits that derive directly from its operations.

The Company is primarily exposed to liquidity risk. The current activities of the Company do not expose it to any significant market risk (including foreign currency risk, price risk and interest rate risk) or credit risk. The Company's overall risk management strategy seeks to minimise potential adverse effects on the financial performance and financial position of the Company. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use cash deposits, capital raisings, lease contracts and through the issue of shares. The Company uses different methods to measure its liquidity risk including cash flow analysis.

Risk management is carried out by senior executives under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits.

Market risk

The Company is not exposed to any significant foreign currency risk, price risk and interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Due to the nature of the Company's activities, the Company does not have any financial assets that are susceptible to credit risk (such as trade receivables) therefore, the Company is not exposed to any significant credit risk.

Liquidity risk
Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 20. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Accrued expenses and other payables	-	267,784	-	-	-	267,784
Sitter deposit accounts	-	456,511	-	-	-	456,511
Interest-bearing - fixed rate						
Lease liability	5.24%	88,300	145,692	-	-	233,992
Total non-derivatives		812,595	145,692	-	-	958,287

2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Accrued expenses and other payables	-	362,116	-	-	-	362,116
Sitter deposit accounts	-	1,135,363	-	-	-	1,135,363
Interest-bearing - fixed rate						
Convertible notes payable	8.00%	1,561,435	-	-	-	1,561,435
Total non-derivatives		3,058,914	-	-	-	3,058,914

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 21. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 22. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2020 $	2019 $
Short-term employee benefits	132,459	122,705
Share-based payments	155,735	107,707
	288,194	230,412

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Crowe Sydney, the auditor of the Company:

	2020 $	2019 $
Audit services - Crowe Sydney		
Audit of the financial statements	25,000	20,000

Note 24. Contingent liabilities

There are no contingent liabilities as at 30 June 2020 and 30 June 2019.

Note 25. Commitments

	2020 $	2019 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	44,632

Operating lease commitments were disclosed under the requirements of AASB 117 'Leases'. AASB 117 was superseded by AASB 16 'Leases' effective 1 July 2019. Operating leases commitments are no longer disclosed under AASB 16.

Note 26. Related party transactions

Parent entity
Mad Paws Pty. Ltd. is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 27. Reconciliation of loss after income tax to net cash used in operating activities

	2020 $	2019 $
Loss after income tax expense for the year	(2,188,019)	(2,788,542)
Adjustments for:		
Depreciation and amortisation	200,389	114,632
Share-based payments	267,335	172,964
Non-cash finance costs	30,316	59,199
Change in operating assets and liabilities:		
Increase in trade and other receivables	(7,663)	-
Decrease in prepayments	185,324	455,437
Decrease/(increase) in research and development tax incentive	89,072	(69,347)
Increase/(decrease) in trade and other payables	(773,184)	435,850
Increase/(decrease) in contract liabilities	(80,862)	46,932
Increase in employee benefits	49,350	15,811
Net cash used in operating activities	(2,227,942)	(1,557,064)

Note 28. Non-cash investing and financing activities

	2020 $	2019 $
Shares issued on conversion of convertible notes	1,577,454	-

Note 29. Changes in liabilities arising from financing activities

	Convertible notes $	Lease liabilities $	Total $
Balance at 1 July 2018	2,855	-	2,855
Net cash from financing activities	1,468,584	-	1,468,584
Interest on convertible notes	59,199	-	59,199
Balance at 30 June 2019	1,530,638	-	1,530,638
Net cash used in financing activities	-	(31,393)	(31,393)
Conversion of convertible notes to ordinary shares	(1,577,454)	-	(1,577,454)
New lease agreement recognised	-	250,385	250,385
Interest on convertible notes	30,316	-	30,316
Other changes	16,500	-	16,500
Balance at 30 June 2020	-	218,992	218,992

Note 30. Share-based payments

Employee share options have been granted to certain employees as part of their remuneration package. Options vest over 3 years, subject to the employees satisfying the vesting condition, which is an employment condition. There are no other vesting conditions attaching to the share options. Options vest as follows: one third over 12 months after start date, one third over 24 months after start date and one third over 36 months after start date. The options have no expiry date.

Note 30. Share-based payments (continued)

2020

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2015	$0.35	1,889	-	-	-	1,889
01/10/2015	$0.35	10,500	-	-	-	10,500
15/11/2015	$0.35	1,340	-	-	-	1,340
01/02/2016	$0.35	1,340	-	-	-	1,340
26/04/2016	$14.76	2,690	-	-	-	2,690
01/07/2017	$0.35	3,681	-	-	-	3,681
01/09/2018	$3.65	1,467	-	-	(163)	1,304
17/09/2018	$3.65	326	-	-	-	326
09/01/2019	$3.65	17,400	-	-	-	17,400
15/01/2019	$3.65	1,250	-	-	-	1,250
01/02/2019	$3.65	1,250	-	-	-	1,250
03/06/2019	$2.52	652	-	-	-	652
08/07/2019	$2.52	-	3,922	-	-	3,922
24/02/2020	$2.93	-	350	-	-	350
		43,785	4,272	-	(163)	47,894
Weighted average exercise price		$2.90	$2.55	$0.00	$3.65	$2.87

2019

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2015	$0.35	1,889	-	-	-	1,889
01/10/2015	$0.35	10,500	-	-	-	10,500
15/11/2015	$0.35	1,340	-	-	-	1,340
01/02/2016	$0.35	1,340	-	-	-	1,340
26/04/2016	$14.76	2,690	-	-	-	2,690
01/07/2017	$0.35	3,681	-	-	-	3,681
01/10/2017	$3.64	489	-	-	(489)	-
01/09/2018	$3.65	-	1,467	-	-	1,467
17/09/2018	$3.65	-	326	-	-	326
09/01/2019	$3.65	-	17,400	-	-	17,400
15/01/2019	$3.65	-	1,250	-	-	1,250
01/02/2019	$3.65	-	1,250	-	-	1,250
03/06/2019	$2.52	-	652	-	-	652
		21,929	22,345	-	(489)	43,785
Weighted average exercise price		$2.19	$3.62	$0.00	$3.64	$2.90

Set out below are the options exercisable at the end of the financial year:

Note 30. Share-based payments (continued)

Grant date	2020 Number	2019 Number
01/07/2015	1,889	1,889
01/10/2015	10,500	10,500
15/11/2015	1,340	1,340
01/02/2016	1,340	1,340
26/04/2016	2,690	2,690
01/07/2017	2,454	1,227
01/09/2018	435	-
17/09/2018	109	-
09/01/2019	5,800	-
15/01/2019	417	-
01/02/2019	417	-
03/06/2019	217	-

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Notional expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
08/07/2019	08/07/2022	$22.86	$2.52	60.00%	-	0.95%	$20.450
24/02/2020	24/02/2023	$28.57	$2.93	60.00%	-	0.63%	$25.730

Note 31. Events after the reporting period

The impact of the Coronavirus ('COVID-19') pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is impacted by measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. While revenue in the period March 2020 to June 2020 was negatively impacted by COVID-19, subsequent to year end the Company has returned to growth and is currently meeting budget.

On 22 December 2020, the Company entered into a Share Sale Agreement with Mad Paws Holdings Limited (formerly named Arugam Limited). The sale transaction was given effect via a share exchange, with existing Company shareholders obtaining newly issued shares in Mad Paws Holdings Limited. Following the completion of the sale transaction, the Company became a 100% subsidiary of Mad Paws Holdings Limited, with existing Company shareholders obtaining an 80% shareholding in Mad Paws Holdings Limited. The transaction resulted in the Company having access to an additional $975,000 of cash, being the cash balance held by Mad Paws Holdings Limited immediately prior to the sale transaction. Existing share options under the Company ESOP Plan were cancelled and replaced with new share options in Mad Paws Holdings Limited (under similar terms and conditions to the historical Company ESOP Plan).

On 23 December 2020, the newly formed group (being Mad Paws Holdings Limited and its 100% subsidiary, Mad Paws Pty Ltd) issued $5,600,000 of convertible notes to both new and existing investors. This gave the Group access to additional funding of $5,600,000 to fund future growth initiatives. These convertible notes will convert to ordinary shares on the occurrence of any of the following conversion events – Initial Public Offering ('IPO'), Share Sale, Asset Sale or a Capital Raising in excess of $5,000,000. The notes mature in 24 months and will be required to be repaid should they not have converted prior to maturity (repayable amount being principal plus 8% interest per annum).

The newly formed Group is in the process of preparing for an initial public offering ('Offer') of fully paid ordinary shares in Mad Paws Holdings Limited, with plans to have the Offer completed by March 2021.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Mad Paws Pty. Ltd.
Directors' declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Accounting Standards and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes presents fairly, the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

DocuSigned by:
Jan Pacas
93C82BB1422B45E...
Jan Pacas
Chairman

DocuSigned by:
Justus Hammer
75E2348F10F7457...
Justus Hammer
Chief Executive Officer

12 January 2021

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Independent Auditor's Report to the Members of Mad Paws Pty. Ltd.

Opinion

We have audited the financial report of Mad Paws Pty. Ltd. (the Company) which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Mad Paws Pty. Ltd. presents fairly, in all material respects, the financial position of the Company as at 30 June 2020, and its financial performance and its cashflows for the year then ended in accordance with Australian Accounting Standards.

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 Company in accordance with the auditor independence requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and the Auditor's Report Thereon

The directors are responsible for the other information. The other information is the director's report accompanying the financial report. Our opinion on the financial report does not cover the other information and accordingly 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 consistent 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 and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that 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 Company 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 Company or to cease operations, or have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Sydney

Barbara Richmond
Partner

12 January 2021
Sydney