RIGHTCROWD
EVERYONE ON SITE IS RIGHT

ANNUAL AND FINANCIAL REPORT

YEAR ENDING 30 JUNE 2021

CONTACT US.

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www.rightcrowd.com

Traded in Australia on the ASX (code: RCW) and in the US on the OTCQB (code: RCWDF)

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FY2021 Financial Highlights

Sales Revenue
$15.2m
+32% on FY20 ($11.5m)

ARR
$8.1m
+103% since FY20 ($4.0m)

Total Income
$19.4m
+20% on FY20 ($16.2m)

Cash Balance
$9.9m
+571% on FY20 ($1.5m)

New Customers
101.2%
Growth in total active customers in FY21

Cost Increase
0.5%
Increase of $0.1m YoY in total expenses excluding COGS and impairment

Corporate Directory

RightCrowd Limited – ABN 20 108 411 427 – incorporated in Australia	
Directors	Robert Baker Craig Davies Peter Hill
Company Secretary	Kim Clark
Principal place of business & registered offices	**Australia:** Suite 501, Level 5/203 Robina Town Centre Drive, Robina QLD, 4226 (Headquarters) **Unites States:** 1201 Third Avenue 1600, Seattle, WA 98101 **Philippines:** Unit 2401, One San Miguel Avenue Building, Ortigas Centre, Pasig City, Manila **Belgium:** Co. Station, Oktrooiplein 1 bus 201, 9000 Gent
Share Registry	Boardroom Pty Ltd
Auditor	KPMG
Solicitor	GRT Lawyers Brisbane
Bankers	Bank of Queensland (AU) Wells Fargo (USA) Belfius Bank (BE) BDO (PH)
Stock Exchange Listing	ASX – ticker code RCW
Website Address	www.rightcrowd.com

Chairman's Report

Dear Shareholder,

The Board of RightCrowd Limited (Company) is pleased to provide the 2021 annual report covering the operations of the Company and its controlled entities (Group). In this report we set out the Group's financial results for the year ended 30 June 2021.

This time last year I commented on the operating environment for RightCrowd, our partners and our customers as a result of the COVID 19 pandemic. Some twelve months later, COVID 19 continues to influence our business in different ways.

The rapid acceleration of companies looking to proactively manage the safety of their workforce brought the benefits of our Presence Control solutions into sharp focus. However, travel restrictions within and between countries had an adverse impact on the achievement of project milestones, and therefore consulting revenue, in our Core solutions business.

The Board is very satisfied with RightCrowd's performance in this operating environment. Total sales revenue increased by 32% to $15.2m, which included a 103% increase in Annualised Recurring Revenue and the new products division (Presence Control solutions) significantly increasing its revenue to $4.6m. A continuing focus on cost control resulted in a 31% reduction in the net loss for the year to $4.7m.

During the financial year RightCrowd raised $16.5m from share issues and used those funds to reduce external borrowings, increase inventory on hand and ordered, and to strengthen the balance sheet. Cash at year end stood at $9.9m.

The Directors Report contains information on RightCrowd's strategy for FY22 and the key recruitments made to date as part of strategy. The Board looks forward to FY23 with confidence.

Thank you to our team, shareholders, customers and partners for your continuing support.

Yours sincerely

Robert Baker

Non-Executive Chairman
RightCrowd Limited

Corporate Governance Statement

RightCrowd Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The corporate governance statement is dated on 30 June 2021 and reflects the corporate governance practices in place throughout the 2021 financial year. The corporate governance statement was approved by the Board on 14 September 2021.

A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at

https://www.rightcrowd.com/about-us/investor-relations/.

Director's Report

The directors of RightCrowd Limited (the "Company") present their report together with the consolidated financial statements for the year ended 30 June 2021 and the audit report thereon.

Directors

The Directors of the company at any time during or since the end of the year are:

Directors	Period of Directorship
Robert Baker	Since 2017
Craig Davies	Since 2019
Peter Hill	Since 2004

Mr Robert Baker
Non-executive Chairman

Appointed: 6 August 2017

Robert has worked in the professional services industry both in Australia and the UK. His main expertise and practice area was external audit, internal audit, financial reporting, internal control assessments and accounting advice. His business acumen resulted in clients (including ASX 100 companies) also engaging him to provide business and due diligence services.

Robert has had nearly a decade of board experience. His board experience includes as a board member of PricewaterhouseCoopers (2008-2013) serving its Finance, Country Admissions (nominations) and Partner Evaluation and Income (remuneration) Committees and Managing Partner in the Brisbane Office. He is currently a Director of Flight Centre Travel Group Limited (ASX: FLT) and has held that role since September 2013. He is also a director of Apollo Tourism & Leisure Limited (ASX: ATL), Chairman of Goodman Private Wealth Ltd and Neurosensory Limited and is an Advisory Board member for several not-for-profit organisations.

He is Fellow of Chartered Accountants Australia & New Zealand and a Graduate of the Australian Institute of Company Directors.

Mr Peter Hill

Managing Director and Chief Executive Officer

Appointed: 18 March 2004

Peter founded the Company in 2004 and has been instrumental in growing the Company to its current level. In early 2006, Peter sold the Company to a Silicon Valley based company, which was then sold to SAP shortly thereafter.

In 2007, Peter successfully re-acquired the Company from SAP and spun out the Company as an independent entity. Peter is responsible for the Company's global business strategy and continues to drive partnerships with billion-dollar global physical security vendors, at both corporate and technical levels.

An entrepreneur for most of his 30 years in the information technology industry, Peter previously founded and led two other business software start-ups after finishing his career as a professional basketball player in the 1990's. Peter also holds a science degree majoring in computer science.

Mr Craig Davies

Non-executive Director & Chairman of the Audit and Risk Committee.

Appointed: 20 August 2019

Craig is an executive with over 25 years' experience in technology and cyber security.

Previously, he was the CEO at the Australian Government's cyber security industry growth centre, AustCyber, the Head of Security at Atlassian, and Chief Security Officer at Cochlear Ltd, and held various technology roles with Westpac.

He is a member of the Australian Institute of Company Directors.

Director's interests in securities

Director	Ordinary Shares	Stock Options / Performance Rights
Robert Baker	433,333	Nil
Craig Davies [1]	104,166	Nil
Peter Hill [2]	53,907,428	Nil

Company Secretary

The Company appointed Kim Clark as Company Secretary on 10 August 2017. Kim is the Head of Corporate Services for Boardroom Pty Ltd.'s Queensland office and currently acts as Company Secretary for various ASX listed and unlisted companies in Australia. Kim is an experienced business professional with 23 years' experience in Banking and Finance and 7 years as in-house Company Secretary of an ASX300 company.

Principal Activities

RightCrowd is a global provider of safety, security and compliance solutions that manage the access and presence of people. RightCrowd are specialists in technology solutions for the world's most complex safety, security, and compliance challenges.

Significant Changes to Activities

Other than matters disclosed elsewhere in this Annual Report, there were no other significant changes in the nature of the Consolidated Group's principal activities during the financial year.

Dividends Paid and Proposed

No dividends have been paid or proposed by the Company during or since the end of the financial year.

[1] *Indirect interest held through JAUNE ROSE PTY LTD <DAVIES FAMILY TRUST>*
[2] *Indirect interest held through CNI PTY LTD <RIGHT CROWD A/C>*

Review of Operations – Financial Highlights

The Board is pleased to announce the Consolidated Group's results for the 2021 financial year delivering a very strong financial performance by increasing revenue 32%, resulting in a 31% improvement of the overall net loss during the period.

The Company continues to generate revenue from sales of its software, comprising up-front licence fees, annual subscription fees and annual support and maintenance fees. The Company also generates revenue from professional services that it provides to its clients. The pricing structures for sales of the Company's various products and consulting fees are dependent on the scale and complexity of the client requirement.

During FY21, the RightCrowd Group organized its operations to support its three principal business units:

- **Core** – develops and delivers RightCrowd's workforce and visitor management solutions.
- **New Products** – develops and delivers RightCrowd's presence control solutions and RightCrowd's analytics and cyber security solutions (RightCrowd IQ).
- **Offsite Vision** – develops and delivers RightCrowd's evacuation management solutions.

At the end of FY21, the Company announced that the Offsite Vision evacuation management product suite would be consolidated within the presence control suite of products. From FY22 onwards, the Company will thus operate the following business units:

- **Workforce Management** – develops and delivers RightCrowd's workforce and visitor management solutions (formerly known as CORE).
- **Presence Control** – develops and delivers RightCrowd's presence control solutions (previously included within the New Products business unit).
- **Access Analytics** – develops and delivers RightCrowd's analytics and cyber security solutions (formerly known as RightCrowd IQ and included within the New Products business unit).

All business units are supported by the centralized engineering and corporate services business units of RightCrowd.

Revenue Growth

Revenue grew by 32% to $15.2m (FY20: $11.5m). Growth was driven by an increase of $3.1m in recurring revenue[3] on prior year (FY20: 4.0m) and an increase of $2.9m of hardware sales (FY20: $0.1m). The compound annual growth rate[4] for revenue since listing on the ASX is 38%.

The New Products business unit generated revenue of $4.6m during the period (FY20: $0.2m) representing significant growth of 2,274% as RightCrowd moved quickly to seize the market opportunity to support companies safely managing the return of their workforce. RightCrowd grew to 173 active customers[5] by the end of FY21 which represented growth of 101% since the end of FY20.

The Core business unit continued to generate strong recurring revenue from its existing client base, and it added a number of enterprise customers during FY21, which include 2 major US Fortune 500 organisations. Consulting activities generated $3.6m in revenue, down 38% on prior period (FY20: $5.8m) due to the impact of the COVID-19 which postponed the closure of a number of major project milestones until FY22 and delayed customer decisions on new license and consulting engagements.

The Access Analytics business unit was positioned for further commercialisation during FY21. Leveraging the feedback from existing domestic customers of RightCrowd IQ, the product has been enhanced and re-branded as Access Analytics and a go-to-market strategy put in place to drive sales, particularly in the North American market.

Other Income

The Group's other income totalled $4.2m during the period (FY20: $4.7m). The principal contributors to other income were:

- An accrual of $2.7m for the R&D rebate claimable under the rules of the R&D incentive scheme and. This was slightly lower than prior year (FY20: $3.1m) because the prior period included R&D payments relating to FY19 following the extension of the R&D claim to the presence control product during FY20. The R&D rebate for FY21 is forecast to be received in Q2 FY22.

- Subsidies of $1.4m received via Australian & US government COVID-19 related stimulus measures of JobKeeper and the Paycheck Protection Program (PPP) respectively. This was broadly in line with subsidies received in prior year (FY20: $1.3m)

[3] *Recurring revenue consists of support and maintenance, subscription software, and software as a service.*
[4] *Revenue compound annual growth rate FY17 to FY21.*
[5] *Excludes partners.*

Expenses

The Group continues to manage expenses carefully to ensure continued progress towards profitability. Total expenses were $24.1m growing by 5% on prior year (FY20: $23.0m).

The primary cost category continues to be employee related, with $16.9m expensed during the FY21 (FY20: $16.2m). The 4% increase in employment benefit expense was driven by additional headcount hired during the year and in prior periods to support the increase in sales and customers.

Cost of goods sold increased during the period to $2.4m (FY20: $0.1m) which was as a direct consequence of the ramp up in hardware sales that are a component of presence control solutions sold.

Other expenses reduced by 15% to $3.5m in the period (FY20: $4.1m) driven in large part by a reduction of $0.6m in travel and trade exhibition expenses.

Net Loss

The Group improved its net loss by 31% to $4.7m compared to prior period (FY20: $6.8m).

The operating result represents a strong step towards achieving profitability as its commercial activities scale with R&D related spend remains stable.

Annual Recurring Revenues (ARR)

The Group ended the period with a total ARR[6] of $8.1m. This represented growth of 103% on the prior period (FY20: $4.0m) and was driven by an uplift in support and maintenance services to existing customers and the ramp-up in new to market Software as a Service (SaaS) sales of presence control solutions.

Strengthening of the Balance Sheet

RightCrowd took significant steps towards bolstering cash balances and strengthening the balance sheet during the period. Cash balance grew 571% to $9.9m (FY20: $1.5m) following capital raises of $16.5m completed during FY21. The Company has raised these funds to support

[6] *ARR is measured as the total annualized value of active customer contracts for subscription, support and maintenance and Software as a Service (SaaS) as at 30th of June 2021. ARR is non-IFRS financial information which has not been subject to audit or review*

the growth of the Company which includes making further investments into hardware inventory ahead of future sales of presence control solutions. Total inventory increased 778% in the period to $1.0m (FY20: $0.1m) while prepayments for future inventory were also made totalling $1.5m. Overall borrowings, excluding leases, were reduced by 55% to $0.5m (FY20: $1.1m)

Review of Operations – Operational Highlights

Customer Growth

Total customers, excluding partners, increased by 87 during the period to a total of 173. Most new customers added were as a result of a highly effective marketing campaign for social distancing and contact tracing generating presence control solution sales. New customers added spanned a variety of industries with industrial, mining, government and finance companies generating the largest amount of revenue in FY21.

Customer churn continues to be low during FY21. Total churn was 3.3% when measured on an annual recurring revenue basis.

The Company expects strong customer acquisition to continue during FY22, in combination with existing customers extending the solution across their organisations.

Organisational changes and key new hires

As communicated during the capital raise in March 2021, RightCrowd has commenced execution of its strategy to strengthen commercial operations with a focus on sales and channel partnerships. RightCrowd has recently made several key hires:

- David Oller joined RightCrowd in May as Vice President, Sales and Alliances. David is based on the west coast of USA and has led direct and channel sales teams for 25+ years primarily in the Cybersecurity marketplace. He has worked with seven venture capital backed organisations where he has driven sales from less than five million to between thirty and one hundred million in annual revenues. David will lead the sales organisation with a focus on further developing sales channels and partnerships. Marc Ellis, a new account executive has also started with RightCrowd based out of Seattle and will focus on North American sales for presence control and access analytics.
- Brian McIlravey will join RightCrowd in Q2 FY22 as Chief Operating Officer. Brian is based in Ontario, Canada and will assume responsibility for building a world class customer

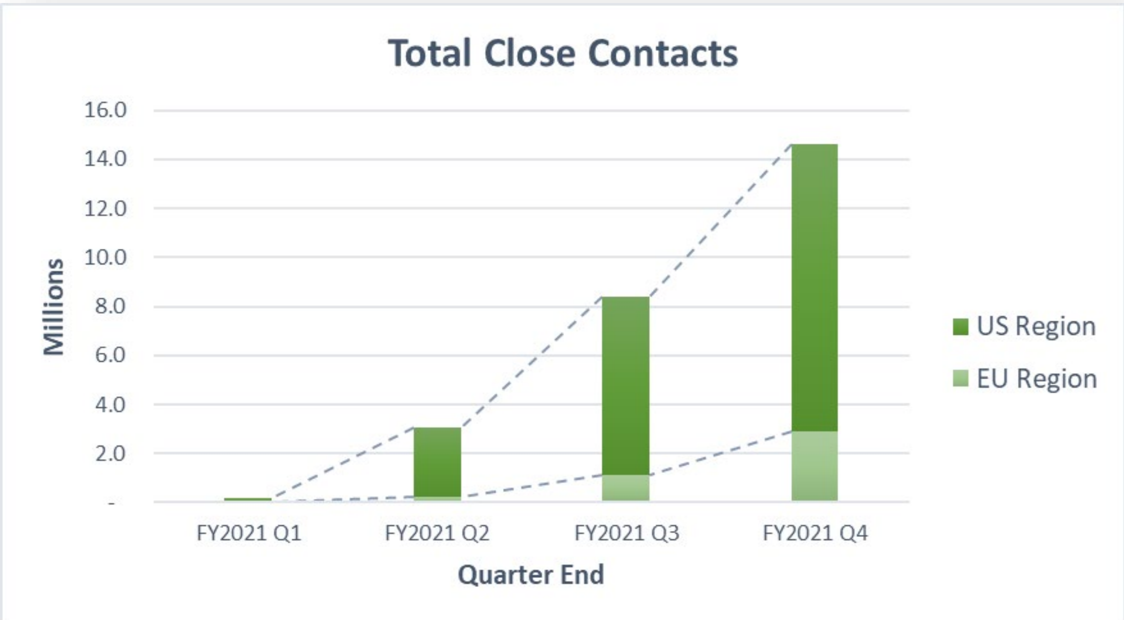
experience for RightCrowd customers. Brian has extensive experience in the Security and software industry. He is the former CEO of security incident management software company PPM 2000, Executive Vice President & GM corporate Security Products Division at Resolver Inc, and most recently Vice President of Customer Experience at Igloo Software where he managed a $25 million dollar business unit.

- Bryan Jones will join RightCrowd in Q2 FY22 as Chief Technology Officer. Bryan is an executive with over 20 years of experience, most of which was gained while working at Honeywell in roles as Director of Engineering and European Technology Leader. Bryan is a thought leader in the security industry, having registered several patents during his career around the physical access control space. These areas include mobile phone door access control, smart card technology & adaptive building security based on the current threat level.

Customer use of Presence Control Solutions

RightCrowd sold approximately 27k digital badgeholders in FY21, the key hardware required to support presence control software solutions.

Across its US and European cloud platforms, the company registers so-called 'Close Contacts' amongst the workforce of its customers. The number of Close Contacts grew from 175k as at the end of Q1 FY21 to over 14 million in total by the end of FY21. The growth reflects the growing use of the presence control solution by RightCrowd's customers.



RightCrowd's presence control solution has capabilities beyond social distancing and contract tracing and during FY21, RightCrowd added several new use cases to its presence control product line, including presence reporting, questionnaire features, and evacuation management.

Access Analytics

RightCrowd launched its go-to-market for Access Analytics (formerly known as RightCrowd IQ) focused specifically on helping companies identify risks in the management of their physical control processes. The Access Analytics product has been developed to quickly integrate with existing physical access control systems as well as ERP platforms, enabling fast deployment and pro-active identification of potential security threats. Product demonstrations, sales, and marketing collateral have all been produced and outbound sales activity has commenced with a particular focus on the North American market in H2 FY22.

Cyber Studio

RightCrowd was awarded $1.1m under the Australian Federal Government's Cyber Security Skills Partnership Innovation Fund in late June 2021[7]. The Cyber Studio program will meet the objective of creating job-ready cyber security professionals through a combination of training at Griffith University and focused work experience across RightCrowd's portfolio of products. RightCrowd will train 16 graduates over the next two years resulting in high-quality and well-trained industry professionals contributing towards the Company's growth objectives.

OTCQB

RightCrowd registered its shares for trading on the OTCQB market in the US (stock code RCWDF) on the 1st of July 2021. The OTCQB is recognized by the U.S. Securities and Exchange Commission as an established public market providing public information for analysis and value of securities. As a verified market with efficient access for U.S investors, OTCQB helps companies build shareholder value with a goal of enhancing liquidity and achieving a fair valuation, and the Company has seen strong interest with increased trading volumes initiated in the US market since registration on the OTCQB.

Other Operational Initiatives

RightCrowd continued to upgrade and consolidate its infrastructure and processes during FY21, achieving:

[7] *Proceeds from this fund are expected to be received in future periods*

- ISO27001 compliance, signifying compliance with market standards for Information and Security Management Systems (ISMS).
- Successful implementation of Microsoft Dynamics Business Central as the single finance platform for all RightCrowd entities.
- Consolidation of the Company's Support infrastructure onto a single platform for all products.
- Migration onto Zoho People as the Company's HR platform for all staff.

Further operational improvements are planned in FY22 to continue to scale existing operational processes to support the growth of the Company.

Strategy and Outlook

RightCrowd continues to be a fast-growing global software business. The FY21 results demonstrate that the Company continues to build out a strong market position and generate strong revenue growth as it tracks towards profitability.

RightCrowd has seen a rapid acceleration of companies looking to proactively manage the safety of their workforce which has become a prominent objective since the outset of the COVID-19 pandemic. The Company expects that this focus will extend beyond the pandemic as companies make the necessary investments to automate their safety, security, and compliance solutions.

RightCrowd software is now used by 8 of the global top 100 companies[8] who have been able to successfully scale the Company's solutions across their large workforce. This gives great comfort to the Company that the software is fit for use across a very broad segment with few competitors offering a similar set of integrated solutions. As such the strategy for RightCrowd continues to be commercialising the software through effective channel partnerships and an uptick in direct sales particularly in growth markets of the United States and Europe.

A summary of the strategic objectives and progress against them in FY2021 is summarised in the below table:

Strategic Objective	Objective Description	Progress made in FY21
Leverage Global Partnerships	Scale existing and add new channel partnerships in targeted geographic	Revenue from partner relationships grew by \$0.5m to \$2.3m in FY21 (FY20: \$1.7m). Partner agreements signed during FY21 to extend

[8] *Global Top 100 companies by market capitalization – PWC May 2021*

Strategic Objective	Objective Description	Progress made in FY21
	markets to achieve $30m sales in FY23.	product coverage to Presence Control and Access Analytics solutions. Training of partner channels commenced during FY21 on these new solutions. New hires have been made by RightCrowd during the period focussed on growing channel revenue during FY22.
Boost presence in the United States	Position for US economic recovery and add key roles to support customers and prospects in RightCrowd's fastest growing market.	Revenue from North America grew by 36% to $10.6m in FY21 (FY20: $7.8m). Key hires have been made in the United States to support increased revenue from sales and consulting activities in FY22. Ongoing investment into Support, Customer Success, and Professional Services in the US to build further engagement in RightCrowd's largest geographical market.
Market Leading Innovation	Extend Presence Control and Access Analytics solutions to meet the needs of growing safety and cyber security markets.	Presence Control and Access Analytics generated $4.6m, or 30% of total sales revenue in FY21 (FY20: $0.2m). Access Analytics has been launched in FY21 geared towards clients seeking to manage their ongoing access control compliance. The solution leverages market leading analytic capability and is quick to deploy. Investment into product R&D continues with new patents filed in the UK during FY21, adding to active patents in the US, Europe, and China.
P&L Profitability	Combination of increased sales and prudent cost management to achieve P&L profitability in FY23.	New hires have been made to build stronger channel partners and increase sales momentum. Investment into product R&D continues with new patents filed in the UK during FY21, adding to patents already in place in the US, Europe, and China. Total expenditure on R&D and other operating costs are forecast to remain stable with select investments in new resources to progress towards reducing the net loss in FY22.

Events after Reporting Period

There are no significant events since the end of the Reporting Period.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 30 of the annual report.

Board and Committee Attendance

Director's attendance at Board and Committee meetings for the period 1-July-2020 to 30-June-2021 is summarised below:

Director	Board Meetings		Audit Committee Meetings	
	Attended	Held	Attended	Held
Robert Baker	14	14	6	6
Craig Davies	14	14	6	6
Peter Hill	14	14	6	6

Indemnification and Insurance for Directors and Officers

During the year the Company paid insurance in respect of a contract insuring all of the Directors and executive officers of the Group against a liability incurred in their role as Directors and officers of the group, except where:

- the liability arises out of conduct involving a wilful breach of duty; or
- there has been a contravention of Sections 182 or 183 of the Corporations Act 2001.

Options & Performance Rights

At the date of this report, the unissued ordinary shares of RightCrowd Limited under the Employee Share Option Plan are as follows:

Grant Date	Date of Expiry	Exercise Price	# Options
30-May-2018	28-Aug-21	$0.68	93,333

At the date of this report, the unissued ordinary shares of RightCrowd Limited under the Employee Share Performance Right Plan are as follows:

Grant Date	Date of Vesting	Exercise Price	# Performance Rights
28-Feb-2020	30-Sep-2020	$0.00	1,049,519
28-Feb-2020	30-Sep-2021	$0.00	3,366,255

Option / Performance Rights holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity. For details of options / performance rights issued to directors and executives as remuneration, refer to the Remuneration Report.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

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

Non-audit services

No non-audit services were provided by KPMG to the company during the period.

Environmental Issues

The Group's operations are not subject to any significant environmental regulations in the countries where it operates.

Remuneration Report (Audited)

Remuneration Policy

The remuneration policy of RightCrowd Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific equity incentives based on retention and key performance areas affecting the Consolidated Group's financial results.

The Board of RightCrowd Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Consolidated Group, as well as create goal congruence between directors, executives, and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated Group is as follows:

- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation and if included in their agreed salary package, an opportunity to earn a specific performance-based cash bonus. In future years, KMP may receive additional fringe benefits, cash bonuses, options and performance incentives.
- Performance incentives will generally only be paid once predetermined key performance indicators (KPIs) have been met. Directors do not receive performance incentives.
- Incentives paid in the form of options or rights are intended to align the interests of the KMP and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means. It is not envisaged that Directors receive incentives in the form of options or rights.

The Board reviews KMP packages annually by reference to the Consolidated Group's performance, executive performance, and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast improvement in the Consolidated Group's performance. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP based in Australia receive, at a minimum, a superannuation guarantee contribution required by the Australian government, which is currently 10% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation. KMP do not receive any other retirement benefits. Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised, or performance rights not vested before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment, and responsibilities. The Board will determine payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties, and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

Options and performance rights granted as part of remuneration to employees do not carry dividend or voting rights. Each option or performance right is entitled to be converted into one ordinary share once the vesting conditions have been met. Option and performance right value is measured using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration. In addition, the Board's remuneration policy prohibits directors and KMP from using RightCrowd Limited shares as collateral in any financial transaction, including margin loan arrangements.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs will be assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs will be reviewed by the Board considering the desired and actual outcomes, and their efficiency will be assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether a KPI has been achieved the Board will base the assessment on audited figures where appropriate; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, or involves a non-financial measure, independent reports will be obtained from external organisations if required.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors, and executives. The Company's Director and KMP remuneration has been based on Company performance over the current and comparative financial periods. As part of the changes brought about by the listing of RightCrowd, the following policy items were applied to achieve the aim of increased shareholder and management goal congruence: (i) performance-based bonus based on KPIs, (ii) the issue of options to executives to encourage the alignment of personal and shareholder interests, and (iii) the issue of performance rights to employees to encourage retention and alignment of personal effort to shareholder interests.

The following table shows the gross revenue, profit / (loss) for the last 5 years for the entity. Over recent years the company has been primarily managed as a research and development company while transforming into a commercial operation. All research and development expenditure is expensed as incurred.

AUD $	2017	2018	2019	2020	2021
Sales Revenue	4,146,976	5,520,755	9,378,615	11,534,107	15,225,100
Total Income	5,997,948	9,381,950	11,691,931	16,192,273	19,425,784
Net Loss	(4,697,428)	(5,120,083)	(6,170,821)	(6,786,378)	(4,663,370)
Loss per Share	(0.22)	(0.04)	(0.04)	(0.03)	(0.02)
Share Price at 30-Jun	N/A	0.40	0.26	0.17	0.335

Despite the 32% increase in software and consulting revenue over the last financial year, the Board acknowledges that the Company is only part way through its plan to commercialise the RightCrowd software portfolio. For that reason, no bonus or incentive rewards were awarded to the Managing Director in the current or previous financial year. The Managing Director is the Company's largest shareholder, creating a strong alignment to shareholder's interests.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the Consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

Group KMP	Position Held at 30-June	Contract Tenure	Performance Based		Fixed Remuneration (%)
			Non salary cash-based incentives (%)	Shares / Options / Performance Rights (%)	
Peter Hill	CEO / Managing Director	17 Years	-	-	100
James Stewart	CFO / COO	2 Years	13	5	82
Robert Baker	Non-Executive Chairman	4 Years	-	-	100
Craig Davies	Non-Executive Director	2 Years	-	-	100

The employment terms and conditions of all KMP are formalised in contracts of employment. Contracts of Employment can be terminated by the employee, or the Company as follows:

- CEO / Managing Director on giving six months' notice.
- CFO / COO on giving three months' notice
- Directors are appointed to act between AGMs of the company as per the Constitution.

Employment Contracts

CEO / Managing Director:

The company has entered into an employment contract with Mr Peter Hill. The key terms of the contract are:

- Remuneration is outlined in the contract of employment at $228,997 per annum plus statutory superannuation contributions with further opportunity for bonus incentives based on performance; and
- 4 weeks annual leave per annum

Chief Financial Officer / Chief Operating Officer:

The company has entered into an employment contract with Mr James Stewart. The key terms of the contract are:

- Salary of $200,000 per annum plus statutory superannuation contributions; and
- 4 weeks annual leave per annum; and
- Up to $35,000 cash bonus per annum, subject to satisfying performance conditions.

Non-Executive Chairman:

The company has entered into a Directors Agreement with Mr Robert Baker. The key terms are set out in the Appointment letter effective 6 August 2017 and includes a base salary of $60,000 plus statutory superannuation contributions.

Non-Executive Director:

The company has entered into a Directors Agreement with Mr Craig Davies. The key terms are set out in the Appointment letter effective 20 August 2019 and includes a base salary of $40,000 including statutory superannuation contributions.

Remuneration Expense Details for the Year Ended 30 June 2021

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Consolidated Group. Amounts have been calculated in accordance with Australian Accounting Standards.

Group KMP ($)	Financial Year	Short-term benefits		Post-employment benefits	Long-term benefits		TOTAL	% Performance related
		Salary, fees and leave	Profit share and bonuses	Pension & super-annuation	Share based payment	AL / LSL		
Peter Hill	**2021**	**228,997**	**-**	**21,003**	**-**	**25,877**	**275,877**	**-**
	2020	228,311	-	21,003	-	4,379	253,693	-
James Stewart[9]	**2021**	**200,000**	**35,000**	**22,325**	**15,075**	**-**	**272,400**	**18%**
	2020	190,256	35,000	18,906	8,137	-	252,299	17%
Robert Baker	**2021**	**60,000**	**-**	**5,700**	**-**	**-**	**65,700**	**-**
	2020	60,000	-	5,700	-	-	65,700	-
Craig Davies[10]	**2021**	**36,530**	**-**	**3,470**	**-**	**-**	**40,000**	**-**
	2020	31,706	-	3,012	-	-	34,718	-
Scott Goninan[11]	2021	-	-	-	-	-	-	-
	2020	5,638	-	536	-	-	6,174	-
TOTAL KMP	**2021**	**525,526**	**35,000**	**52,498**	**15,075**	**25,877**	**653,977**	**8%**
	2020	515,911	35,000	49,157	8,137	4,379	612,584	7%

[9] *James Stewart commenced employment on 15 July 2019*
[10] *Craig Davies appointed to the Board on 20 August 2019*
[11] *Scott Goninan resigned from the Board on 20 August 2019*

Securities Received that are not Performance-related

No members of KMP are entitled to receive securities that are not performance or retention based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

During the financial year ended 30 June 2021 the company granted no cash bonuses or share-based payments to any Director, including the Managing Director. James Stewart, the CFO / COO, was paid a bonus of $35,000 based on achieving performance objectives set out in his contract of employment in relation to year ended 30 June 2021. The Board will continue to review these forms of remuneration in the coming year.

In the Financial Year ending 30 June 2021, no new tranches of options or performance rights were issued to employees of the Company. In the prior year, the Company issued performance rights to all eligible employees as follows:

Tranche A

The Company granted 1,716,774 performance rights to employees. The objective of this scheme is to incentivise the creation of additional shareholder value with the award of performance rights to staff based on the extent FY20 Company revenue and cost targets were met and being in the employment of the company on the vesting date of 30 September 2020. Based on FY20 performance, a total of 1,327,070 rights vested during FY21 of which 277,551 have been exercised and converted to shares.

Tranche B

The Company granted 4,029,806 performance rights to employees. The objective of this scheme is to incentivise the creation of additional shareholder value with the award of performance rights to staff based on the extent FY21 Company revenue and cost targets were met and being in the employment of the company on the vesting date of 30 September 2021.

Rights and options over equity Instruments granted as compensation

Details on rights and options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Rights	Number of rights granted during 2020-21	Vesting condition	Grant date	Fair value at grant date	Expiry date
James Stewart – Tranche A	-	-	-	-	-
James Stewart – Tranche B	-	-	-	-	-

Rights	Number of rights granted during 2019-20	Vesting condition	Grant date	Fair value at grant date ($)	Expiry date
James Stewart – Tranche A	60,000	Revenue, net income, continuing employment	28 February 2020	0.21	30/09/2030
James Stewart – Tranche B	140,000	Revenue, net income, continuing employment	28 February 2020	0.21	30/09/2031

All rights and options expire on the earlier of their expiry date or termination of the individual's employment. The rights vest on 30 September 20 (Tranche A) and on 30 September 21 (Tranche B) . In addition to a continuing employment service condition, vesting is conditional on the Group achieving certain performance hurdles. Details of the performance criteria are included in note 27 to the financial statements.

Exercise of options granted as compensation

No shares were issued on the exercise of options previously granted as compensation during the 2021 financial year (2020: nil).

Details of equity incentives affecting current and future remuneration

Details of vesting profiles of the rights and options held by each key management person of the Group are detailed below:

	Number of rights granted during 2020-21	Grant date	% Vested in year	% Forfeited in year (A)	Financial years in which grant vests
James Stewart – Tranche A	-	-	-	-	-
James Stewart – Tranche B	-	-	-	-	-

	Number of rights granted during 2019-20	Grant date	% Vested in year	% Forfeited in year (A)	Financial years in which grant vests
James Stewart – Tranche A	60,000	28 February 2020	75%	25%	30/06/2021
James Stewart – Tranche B	140,000	28 February 2020	-%	-%	30/06/2022

(A) The percentage forfeited in the year represents the reduction from the maximum number of rights available to vest due to performance criteria not being achieved.

Analysis of movement in equity instruments

The value of rights over ordinary shares in the Company granted and exercised by each key management person during the reporting period is detailed below:

Period	KMP name	Granted in year ($)	Value of rights exercised in year ($)
30 June 2021	James Stewart	-	-
30 June 2020	James Stewart	$38,850	-

Options and rights over equity instruments

The movement during the reporting period, by number of rights over ordinary shares in the Group, held by each key management person is as follows:

Performance Rights	James Stewart – 30 June 2021	
	Tranche A	Tranche B
Held at 1 July	60,000	140,000
Granted as compensation	-	-
Exercised	-	-
Lapsed	-	-
Forfeited	(15,000)	-
Held at 30 June	45,000	140,000
Vested during the year	45,000	-

Performance Rights	James Stewart – 30 June 2021	
Vested and exercisable at 30 June	45,000	-

Performance Rights	James Stewart – 30 June 2020	
	Tranche A	Tranche B
Held at 1 July	-	-
Granted as compensation	60,000	140,000
Exercised	-	-
Lapsed	-	-
Forfeited	-	-
Held at 30 June	60,000	140,000
Vested during the year	-	-
Vested and exercisable at 30 June	-	-

FY22 Remuneration Strategy

Since listing in 2017, the Company has tightly managed its remuneration costs to ensure financial resources were targeted at developing its products and increasing its brand awareness. In response to COVID-19, many organisations In Australia and overseas have increased their focus on expanding their digital capability, resulting in a high demand for skilled IT people and consequently, talent shortages.

RightCrowd continues to seek sales growth and consistent with this strategy, has retained many of its skilled team and recently successfully recruited several senior roles. To manage the cash impact of increases in fixed remuneration driven by the demand in the IT employment market, the Company has expanded its use of equity-based remuneration in FY22 packages.

KMP Shareholdings

The number of ordinary shares in RightCrowd Limited held by each KMP of the Group during the financial year is as follows:

KMP	Balance at beginning of Year	Changes during the Year	Balance at End of Year
Peter Hill [12]	53,907,428	-	53,907,428
James Stewart	-	-	-
Robert Baker	433,333	-	433,333
Craig Davies [13]	104,166	-	104,166

[12] *Indirect interest through CNI Pty Ltd <RIGHT CROWD A/C>*
[13] *Indirect interest through JAUNE ROSE PTY LTD <DAVIES FAMILY TRUST>*

Loans to/from KMP

The following loans have been provided by KMP to the Company during the financial year, and prior to the capital raise, to enable inventory orders to be placed and manufacturing of presence control hardware to be completed to support sales.

KMP	Loan Amount ($)	Outstanding balance at End of Year	Interest Rate (%)
Peter Hill	200,000	-	6.00
James Stewart	30,000	-	6.00

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation, and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

End of remuneration report (Audited)

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors:

Peter Hill
CEO

Date: 23 September 2021

RIGHTCROWD
EVERYONE ON SITE IS RIGHT

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of RightCrowd Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of RightCrowd Limited for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow

Partner

Gold Coast

23 September 2021

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	30 June 2021 ($)	30 June 2020 ($)
Revenue	8	15,225,100	11,534,107
Other income	9A	4,200,684	4,712,354
Cost of goods sold		(2,355,044)	(128,098)
Employee benefits expense		(16,918,964)	(16,213,325)
Depreciation and amortisation expense		(1,059,726)	(1,064,826)
Impairment expense	18,19	(40,019)	(1,315,957)
Finance costs	10	(159,340)	(102,980)
Foreign currency gain /(loss)		(4,799)	(54,188)
Other expenses	9B	(3,539,622)	(4,146,035)
Loss before income tax		**(4,651,730)**	**(6,778,948)**
Income tax expense		**(11,639)**	**(7,430)**
Net loss for the year		**(4,663,370)**	**(6,786,378)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(893,963)	114,490
Total other comprehensive income for the year		**(893,963)**	**114,490**
Total comprehensive loss for the year		**(5,557,332)**	**(6,671,888)**
Earnings per share (cents)			
Basic earnings per share	12	(0.020)	(0.034)
Diluted earnings per share	12	(0.020)	(0.034)

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

Consolidated statement of financial position

As at 30 June 2021

	Note	30 June 2021 ($)	30 June 2020 ($)
ASSETS			
Cash and cash equivalents	14	9,872,524	1,471,918
Trade and other receivables	15	6,945,926	5,131,949
Inventories	16	980,500	111,640
Short term deposits		119,769	119,769
Other assets	17	1,869,253	424,146
TOTAL CURRENT ASSETS		**19,787,972**	**7,259,422**
Property, plant and equipment	18	2,093,951	1,864,107
Goodwill	19	12,489,924	12,945,971
Other intangible assets	19	1,213,530	1,622,035
TOTAL NON-CURRENT ASSETS		**15,797,405**	**16,432,113**
TOTAL ASSETS		**35,585,377**	**23,691,535**
LIABILITIES			
Trade and other payables	22	1,505,896	1,072,334
Borrowings	23	663,556	1,256,381
Contract liabilities	8C	4,121,660	3,188,204
Tax liabilities		1,608	5,520
Provisions	24	1,739,416	1,549,055
TOTAL CURRENT LIABILITIES		**8,032,136**	**7,071,494**
Borrowings	23	1,516,463	1,353,115
Provisions	24	152,689	91,804
TOTAL NON-CURRENT LIABILITIES		**1,669,152**	**1,444,919**
TOTAL LIABILITIES		**9,701,288**	**8,516,413**
NET ASSETS		**25,884,089**	**15,175,122**
EQUITY			
Issued capital	20	56,133,457	40,088,786
Reserves	20	(95,770)	726,544
Accumulated losses		(30,153,598)	(25,640,208)
TOTAL EQUITY		**25,884,089**	**15,175,122**

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

Consolidated statement of changes in equity

For the year ended 30 June 2021

	Note	Issued capital ($)	Accumulated losses ($)	Foreign currency translation reserve ($)	Share based payment reserve ($)	Total ($)
Balance at 30 June 2020		**40,088,786**	**(25,640,208)**	**230,949**	**495,595**	**15,175,122**
Comprehensive income for the period						
Loss for the period		-	(4,663,370)	-	-	(4,663,370)
Other comprehensive income		-		(893,963)	-	(893,963)
Total comprehensive income for the period		-	**(4,663,370)**	**(893,963)**	-	**(5,557,332)**
Transactions with owners of the company						
Issue of ordinary shares	20	16,507,000	-	-	-	16,507,000
Transfer on exercise to share capital	20	137,980			(137,980)	-
Transaction costs		(600,308)	-	-	-	(600,308)
Share options and performance rights expensed during the year	28	-	-	-	359,609	359,609
Transfer of expired share options to retained earnings		-	149,979	-	(149,979)	-
Total transactions with owners of the company		**16,044,672**	**149,979**	-	**71,650**	**16,266,301**
Balance at 30 June 2021		**56,133,457**	**(30,153,598)**	**(663,014)**	**567,245**	**25,884,089**

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

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Note	Issued capital ($)	Accumulated losses ($)	Foreign currency translation reserve ($)	Share based payment reserve ($)	Total ($)
Balance at 30 June 2019		**39,650,533**	**(18,994,879)**	**116,459**	**666,497**	**21,438,610**
Comprehensive income for the period						
Loss for the period		-	(6,786,378)	-	-	(6,786,378)
Other comprehensive income		-	-	114,490	-	114,490
Total comprehensive income for the period		**-**	**(6,786,378)**	**114,490**	**-**	**(6,671,888)**
Transactions with owners of the company						
Issue of ordinary shares	20	438,253	-	-	(397,790)	40,463
Share options and performance rights expensed during the year	28	-	-	-	367,937	367,937
Transfer of expired share options to retained earnings		-	141,049	-	(141,049)	-
Total transactions with owners of the company		**438,253**	**141,049**	**-**	**(170,902)**	**408,400**
Balance at 30 June 2020		**40,088,786**	**(25,640,208)**	**230,949**	**495,595**	**15,175,122**

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

Consolidated statement of cash flows

For the year ended 30 June 2021

	Note	30 June 2021 ($)	30 June 2020 ($)
Cash flows from operating activities			
Cash receipts from customers		13,275,059	12,726,720
Cash payments to suppliers and employees		(23,513,513)	(19,200,873)
Finance costs		(155,732)	(112,397)
Interest received		9,486	12,467
Income tax refunded (paid)		(14,324)	(24,467)
Grant income received		4,286,193	3,181,100
Net cash (used in) from operating activities		**(6,112,832)**	**(3,417,450)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(236,331)	(292,745)
Cash deposits greater than 3 months		-	(119,769)
Net cash (used in) from investing activities	32	**(236,331)**	**(412,514)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares		16,507,000	-
Share issue costs		(605,308)	-
Proceeds from borrowings	23	1,800,189	1,175,354
Repayment of borrowings	23	(2,323,350)	(196,895)
Repayment of lease liabilities	23	(666,526)	(549,708)
Net cash (used in) from financing activities		**14,712,005**	**437,751**
Net increase (decrease) in cash and cash equivalents		**8,362,842**	**(3,392,213)**
Cash and cash equivalents at 1 July		1,471,918	**4,972,136**
Effect of exchange rate fluctuations on cash held		37,764	**(107,005)**
Cash and cash equivalents at 30 June	14	**9,872,524**	**1,471,918**

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

Notes to the consolidated financial statements

1. Reporting entity

RightCrowd Limited (the "Company") is a company domiciled in Australia. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for-profit entity and is primarily involved in the development and sale of physical security, safety, and compliance software.

2. Basis of preparation

These consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the *Corporations Act 2001.* The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board. They were authorised for issue by the Board of Directors on 23 September 2021.

Details of the Group's accounting policies are included throughout the notes to the financial statements.

3. Functional and presentation currency

These consolidated financial statements are presented in Australian Dollars which is the Group's functional currency.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant judgements and estimates are outlined in note 7 to these financial statements.

5. Going Concern

The consolidated financial statements as at and for the year ended 30 June 2021 have been prepared on a going concern basis, indicating that the Group is able to pay its debts as and when they fall due for at least the next twelve months.

Notes to the consolidated financial statements (cont)

5. Going Concern (cont)

The Group has significantly improved its cash position since the last annual financial statements. As at 30 June 2021, the Group has $9.873m in cash and cash equivalents, representing an increase of $8.401m from 30 June 2020 ($1.472m). This increase has primarily been driven by successful capital raises, the receipt of the Research and Development rebate from the Australian Taxation Office, and an increase in revenue generated by the Group's New Products division related to the sale of presence control solutions.

The Directors have prepared cash flow projections that support the Group's ability to continue as a going concern. The cash flow projections indicate the Group will have sufficient cash to meet its minimum expenditure commitments. The Group's ability to continue to adopt the going concern assumption will depend on a number of matters as follows:

- The successful development and further commercialisation of RightCrowd solutions;
- Increased revenues being achieved through sales of products and services;
- Receipt of future government grants, in particular the research and development tax incentive scheme;
- Maintaining expenses in line with available funding;
- The future impacts of COVID-19 remaining consistent with the Group's assumptions in its cash flow forecasts.

As of 30 June 2021, the Group's current assets of $19.788m (30 June 2020: $7.259m) exceed its current liabilities of $8.032m (30 June 2020: $7.071m) by $11.756m.

Given the surplus of current assets, strengthened cash position, and increase in revenue generated by the New Products division, the directors are of the opinion that the Group can continue as a going concern for at least the next twelve months.

6. Summary of significant accounting policies

a.) Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

a.) Basis of consolidation (cont)

iii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains and losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b.) Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated into $AUD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into $AUD at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

c.) Revenue from contracts with customers

The Group is in the business of development and sale of physical security, safety, and compliance software. The major sources of revenue from contracts with customers are:

i. Perpetual software

The Group has determined that revenue from the provision of software licensing on a perpetual basis is to be recognised when products are provided to the customer. The customer receives the underlying software at a point in time when control is transferred to the customer.

ii. Subscription software

For software sold on a subscription basis via on-premise deployment, the Group has determined that the contract consists of two separate performance obligations, being the delivery of the software license and the provision of ongoing support and maintenance.

The Group has determined that the performance obligation in respect of the delivery of the license is fulfilled when the license is provided to the customer where the customer has the right to use the software, and revenue is therefore recognised at the point in time of delivery of the license. The date of invoicing is taken to approximate the subscription start/renewal date.

iii. Support and maintenance

For support and maintenance, the Group has determined that the provision of support and maintenance constitutes one performance obligation which is satisfied over the period of the accompanying subscription license, and therefore revenue is recognised over the period, which is generally 12 months. The provision of support and maintenance consists of multiple highly interrelated tasks including software upgrades and bug fixes which the group has determined constitute one bundled performance obligation.

iv. Software as a service (SaaS)

The group considers that the term contracts relating to software services provided to customers via a cloud environment represents a right to access license for the duration of the contract term. Revenue related to these services is therefore recognised over the subscription term.

v. Consulting Services

The Group supports the delivery and implementation of customer software with services provided by its professional services team. Customer contracts include a statement of work, which describes the tasks to be completed and the time frame for completion. These services are invoiced at the point in time of completion of performance obligations within the statement of work as this is when control is delivered to the customer. This is also the point at which revenue is recognised under the contract.

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

c.) Revenue from contracts with customers (cont)

vi. Hardware

The Group provides components of hardware to customers with accompanying software licenses as part of its presence control and visitor management solutions. The group has determined that the supply of the hardware and the provision of the software licenses represent two separate performance obligations, with the software component recognised under the 'software as a service', 'subscription software', or 'support & maintenance' policies described above.

The performance obligation in respect of the hardware is satisfied at the point in time at which the customer obtains control of the hardware, which is generally at the time of delivery. Revenue is therefore recognised at this point.

Other considerations

i. Multiple performance obligations in a contract

When there are multiple performance obligations in a contract, the Group uses the stand-alone selling price for each performance obligation to allocate the transaction price to the performance obligations. Stand-alone selling price is the price for when these products and services are sold in separate agreements.

Further information in respect of this estimate can be found in note 7(v) to the financial statements.

ii. Contract assets and contract liabilities

Contract liabilities relate to funds received from customers in advance of the group fulfilling its performance obligations under the relevant contract.

Contract assets are only recognised when the entity has a right to consideration under the contract but has not yet invoiced the customer. This generally does not occur with the group's contracts with customers and as such, no contract assets have been recognised.

iii. Contract costs

Incremental costs incurred to obtain a contract are expensed when incurred. The incremental costs relate to commissions paid to employees for obtaining new contracts.

Costs incurred in fulfilling a contract are expensed when incurred.

iv. Practical expedient

The group has applied the practical expedient contained in AASB 15 and not disclosed the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partly satisfied) at the end of the reporting period on the basis that the performance obligations involved are associated with contracts having an expected duration of one year or less.

6. Summary of significant accounting policies (cont)

d.) Employee benefits

i. Short-term employee benefits

Short term employee benefits are expensed as the related services is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

ii. Share-based payment arrangements

The grant-date fair value of equity settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at vesting date.

iii. Defined contribution plans

Obligations for defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine present value. Remeasurements are recognised in profit and loss in the period in which they arise.

e.) Government grants

The Group recognises an unconditional government grant in profit or loss as other income when the grant becomes receivable. The Group assesses the likelihood of grants being received based on the terms and conditions of the individual grants.

The Group has received government grants in the current year in relation to COVID-19 assistance and the Australian Government Research and Development Scheme. The COVID-19 assistance grants primarily comprise the 'JobKeeper' program in Australia and the 'Paycheck Protection Program' in the USA, as well as various low interest government support loans.

6. Summary of significant accounting policies (cont)

e.) Government grants (cont)

i. JobKeeper

The Group has recorded the JobKeeper funds directly in other income. The Group has reviewed the requirements for the receipt of this grant and has assessed that recognition as other income is appropriate as the funds do not require repayment based on the terms and conditions attached to the grant. The terms and conditions required the funds provided to be expected solely for the purpose of paying salaries to employees. The groups eligibility for the JobKeeper program ended during the period.

ii. Paycheck Protection Program (PPP)

The Paycheck Protection Program relates to COVID-19 payroll assistance provided by the U.S. government for the Group's U.S. based operations. Funds received have initially been recognised as borrowings, and where loan forgiveness is deemed likely or has already been obtained from the U.S. government, have been re-classified to other income in line with the amount forgiven or likely to be forgiven. The residual amount not expected to qualify for loan forgiveness has been classified as borrowings. The terms and conditions of the loan require that loan funds provided are expended solely for the purpose of paying salaries to employees.

iii. Low interest government loans

The Group has also received COVID-19 assistance in the form of low interest government loans. The Group has recognised a portion of these low interest loans as other income, being the difference between the face value and fair value of the loan amount repayable.

iv. Research and development refund

Each year, the Group submits a claim to the Australian Taxation Office for the research and development refund. The refund is calculated based on an estimate of the proportion of costs incurred by the group in respect of ongoing research and development activities. The amount receivable is included in other income each period given the Group has been successful in all claims submitted in past years and the receipt of the grant is therefore considered highly likely. The terms and conditions of the Research and Development grant require the Group to have incurred expenditure connected to eligible research and development activities as defined by the Australian Taxation Office.

f.) Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

f.) Finance income and finance costs (cont)

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

g.) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

g.) Income tax (cont)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset only if certain criteria are met.

h.) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured social distancing hardware, cost includes an appropriate share of production overheads based on normal operating capacity.

i.) Property, plant, and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation, and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

i.) Property, plant and equipment (cont)

Class of fixed asset	**Estimated useful life**
Furniture and fixtures	10 years
Computer equipment	4 years
Right-of-use buildings	Underlying lease term
Right-of-use motor vehicles	Underlying lease term
Right-of-use laptops	Underlying lease term
Leasehold improvements	Underlying lease term

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

j.) Intangible assets and goodwill

__i. Recognition and measurement__

Goodwill	Goodwill arising on the acquisition of subsidiaries is recognised at cost less accumulated impairment losses.
Research and Development	Expenditure incurred in the research phase of a project is recognised as an expense when incurred.
Software and website development costs	Software and website development costs are capitalised only when the Group identifies that the project will deliver future economic benefits which can be measured reliably. Software and developed websites are considered as having finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

__ii. Subsequent expenditure__

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure Is recognised in profit or loss as incurred.

__iii. Amortisation__

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

Class of intangible asset	**Estimated useful life**
Software	7 years
RightCrowd Europe Wearable Tech	7 years

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

k. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair Value Through Profit and Loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost. The group does not hold any financial assets subsequently measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for management financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

The groups financial assets are measured at amortised cost as a result of meeting the following two conditions:

- The financial assets are held within a business model whose objective is to hold assets to collect contractual flows; and
- The contractual terms of the group's financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

k. Financial instruments (cont)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

ii. Classification and subsequent measurement (cont)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual term of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Prepayment and extension features;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at amortised cost – subsequent measurement and gains and losses

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. The group does not hold any financial liabilities classified at FVTPL. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

k. Financial instruments (cont)

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

l. Share capital

i. Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with note 6g to these financial statements.

m. Impairment

i. Non derivative financial assets

Financial instruments

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost, being the Groups trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECL's.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

m. Impairment (cont)

information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instruments.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that the financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as default or being more than 180 days past due;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate

Notes to the consolidated financial statements (cont)

6. Summary of significant accounting policies (cont)

m. Impairment (cont)

customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

6. Summary of significant accounting policies (cont)

n. Leases (cont)

i. As a lessee (cont)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before ethe commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has applied an incremental borrowing rate to all its lease arrangements in order to calculate the present value of the minimum lease payments. Given the group has no market rate external borrowings, the rate was approximated by applying the Reserve Bank of Australia interest rate offered on small business loans on similar terms as the Group's lease arrangements.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Notes to the consolidated financial statements (cont)

n. Leases (cont)

i. As a lessee (cont)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term and leases of low value assets

The group has not excluded any right-of-use assets and corresponding lease liabilities for low value assets or short-term leases.

7. Use of judgements and estimates

The following key judgements and estimates have been used in the preparation of these consolidated financial statements.

i. Impairment of tangible assets

The group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions, including the impact of COVID-19 on future trading and liquidity.

ii. Impairment of intangible assets including goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 6m. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on current cost of capital and growth rates of the estimated future cash flows. Refer to note 19 for details of key assumptions contained in the impairment assessment on cash generating units containing goodwill, including the impacts of COVID-19 on future trading.

iii. Allowance for expected credit losses

The allowance for expected credit losses (ECLs) assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. Consideration is made of debtor positions in light of the additional risks arising due to COVID-19 for industries expected to be highly impacted.

Notes to the consolidated financial statements (cont)

7. Use of judgements and estimates (cont)

iii. Allowance for expected credit losses (cont)

The Group has assessed that there is no requirement to make a provision for impairment of financial assets measured at amortised cost, being the Group's trade and other receivables, at the end of the current reporting period. This is based primarily on the composition of the Group's customer base, being mainly large corporates with a history of minimal defaults, no increase in credit risk since initial recognition, historical experience, and subsequent receipts post year end.

iv. Share based payment arrangements

The Group measures the fair value of equity settled share-based payment 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 using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit and loss or equity.

v. Revenue recognition for subscription license sales – distinct performance obligations

As described in note 6c to the financial statements, the Group has made judgements in determining whether the performance obligations are distinct. The provision of support and maintenance is comprised of multiple tasks, such as troubleshooting, bug fixes, and software updates. Given solutions such as bug fixes and software updates are determined through issues identified as part of troubleshooting tasks, all these activities are highly interrelated with one another. As such, these tasks constitute a single performance obligation.

There is judgement involved in determining the allocation of the transaction price to the multiple identified performance obligations. This is performed using the stand alone selling price approach in AASB 15, whereby the Group reviews perpetual license deals with similar terms and conditions in order to derive an allocation between the license component and accompanying support and maintenance.

vi. Leases

The following judgements and estimates have been applied in the application of AASB 16 to the groups lease arrangements:

- The use of a single discount rate across all of the Group's lease arrangements as a proxy to reflect the rate across each lease.
- Consideration as to whether the group is reasonably certain to exercise its option to extend or terminate the lease.
- Estimation of the incremental borrowing rate based on Reserve Bank of Australia publicly available small business loan rates.

7. Use of judgements and estimates (cont)

vii. Government grants and low interest loans

Significant judgements and estimates have been applied in the current year in respect of government grants and low interest government loans received as follows:

- Recognition of funds received under the Australian Government 'JobKeeper' scheme as other income on the basis that the Group has met the requirements under the funding terms and conditions and the funds will therefore not require repayment in a future period.
- Recognition of a portion of funds received as other income under the U.S. government 'Paycheck Protection Program' on the basis that the Group has met the requirements under the terms and conditions of the program for the repayment of loan funds received to be forgiven. That portion of loan funds received for which the group has judged loan forgiveness to be unlikely has been recorded in borrowings.
- Recognition of a portion of loan funds received under the QRIDA loan facility as 'other income', being the difference between the fair value of the loan, and the face value of the loan which is subject to below market interest rates.
- Recognition of the Research and Development tax offset receivable and related income on the basis that the group has met the requirements for eligible activities and expenses which are claimable in accordance with Australian Taxation Office guidance and is reasonably certain that this will be received and will not require repayment in a future period.

7B. Accounting Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

A. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

B. Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

7B. Accounting Standards issued but not yet effective (cont)

B. Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (cont)

- Changes in the basis for determining contractual cash flows of financial assets, financial liabilities, and lease liabilities; and
- Hedge accounting.

i. Change in the basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cashflows of a financial assets or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

ii. Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas:

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-groups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

C. Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- COVID 19-Related Rent Concessions (Amendment to IFRS 16).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

Notes to the consolidated financial statements (cont)

8. Revenue

A. Revenue streams

The following table shows revenue earned from each of the group's material revenue streams:

	30 June 2021 ($)	30 June 2020 ($)
Support and maintenance	4,292,006	2,277,896
Subscription software	1,019,069	1,242,154
Software as a Service	1,825,113	489,670
Perpetual software	1,507,042	1,631,521
Hardware	3,004,731	148,137
Consulting	3,577,139	5,744,729
Total:	**15,225,100**	**11,534,107**

Notes to the consolidated financial statements (cont)

B. Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by service/product line and timing of revenue recognition. The table also includes a reconciliation between the disaggregated revenue with the Group's reportable segments.

	Core ($)		New Products ($)		Offsite Vision ($)		Total ($)	
	30 June 21	30 June 20	30 June 21	30 June 20	30 June 21	30 June 20	30 June 21	30 June 20
Revenue by service line								
Perpetual Software	1,507,042	1,631,521	-	-	-	-	1,507,042	1,631,521
Subscription software	885,887	1,100,770	-	-	133,182	141,384	1,019,069	1,242,154
Consulting	3,509,096	5,744,729	65,264	-	2,779	-	3,577,139	5,892,866
Support and Maintenance	4,292,006	2,277,896	-	-	-	-	4,292,006	2,277,896
Software as a service	386,428	386,428	1,438,685	103,242	-	-	1,825,113	489,670
Hardware	-	148,137	3,004,731	-	-	-	3,004,731	148,137
Total	**10,580,459**	**11,289,481**	**4,508,680**	**103,242**	**135,961**	**141,384**	**15,225,100**	**11,534,107**
Timing of recognition								
Point in time recognition	5,902,025	8,625,157	3,069,995	-	135,961	141,384	9,107,981	8,766,541
Over time recognition	4,678,434	2,664,324	1,438,685	103,242	-	-	6,117,119	2,767,566
Total:	**10,580,459**	**11,289,481**	**4,508,680**	**103,242**	**135,961**	**141,384**	**15,225,100**	**11,534,107**

Notes to the consolidated financial statements (cont)

C. Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers:

	30 June 2021 ($)	30 June 2020 ($)
Receivables, which are included in 'trade and other receivables'	3,193,924	2,186,222
Contract liabilities	(4,121,660)	(3,160,777)
Net contract balances:	**(927,736)**	**(974,555)**

Contract liabilities relate to invoices raised in respect of support and maintenance and software as a service revenue, for which the related performance obligations under the contracts have not been met as at year end. The performance obligations will be satisfied over the underlying contract periods, which are typically over a period of 12 months.

D. Reconciliation of contract liabilities

	30 June 2021 ($)	30 June 2020 ($)
Opening contract liabilities	3,160,777	2,432,801
Revenue recognised from opening contract liabilities	(2,327,605)	(1,495,757)
Billings received	3,288,488	2,223,733
Closing contract liabilities	**4,121,660**	**3,160,777**

Revenue recognised from opening contract liabilities comprises:

	30 June 2021 ($)	30 June 2020 ($)
Subscription licenses	602,750	206,681
Support and maintenance	1,338,666	902,887
Software as a service	386,189	386,189
Total	**2,327,605**	**1,495,757**

E. Performance obligations and revenue recognition policies

Information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies are shown in note 6c to the financial statements.

Notes to the consolidated financial statements (cont)

9. Income and expenses

A. Other income

	30 June 2021 ($)	30 June 2020 ($)
COVID support government incentives	1,379,486	1,322,597
Research and development grant	2,681,985	3,121,836
Other income	139,213	267,921
Total:	**4,200,684**	**4,712,354**

B. Other expenses

	30 June 2021 ($)	30 June 2020 ($)
Rent expense	108,920	160,335
Travel expense	142,213	792,613
Professional and consulting	1,545,439	1,874,388
Advertising and marketing	199,633	88,142
Communication	121,810	164,606
Software rental	352,274	270,391
Insurance	302,579	370,503
Other expenses	766,755	425,057
Total:	**3,539,622**	**4,146,035**

10. Finance income and finance costs

See accounting policies in note 6f

	30 June 2021 ($)	30 June 2020 ($)
Interest income under the effective interest method on:		
Cash and cash equivalents	2,116	12,495
Total interest income arising from financial assets	**2,116**	**12,495**

Notes to the consolidated financial statements (cont)

10. Finance income and finance costs (cont)

	30 June 2021 ($)	30 June 2020 ($)
Finance costs on financial liabilities:		
Financial liabilities not measured at FVTPL (Interest expense on loans and lease liabilities)	159,340	102,980
Net foreign exchange loss (gain)	4,799	54,188
Total finance costs arising from financial liabilities	**164,139**	**157,168**

11. Income taxes

See accounting policies in note 6g.

A. Amounts recognised directly in profit or loss

	30 June 2021 ($)	30 June 2020 ($)
Current tax expense	11,639	7,430

B. Reconciliation of effective tax rate

	30 June 2021 ($)	30 June 2020 ($)
Loss before income tax	(4,651,730)	(6,778,948)
Tax using the Company's domestic tax rate of 26% (30 June 2020: 27.5%)	(1,209,450)	(1,864,211)
Tax effect of:		
- Restate closing balance of DTA at 25%	88,755	-
- Non-deductible expenses	185,838	77,299
- Net impact of R & D refund	955,497	820,210
- Tax payable by foreign subsidiaries	11,639	7,430
- Current-year losses for which no deferred tax asset is recognised	(20,640)	966,702
Income tax expense	**11,639**	**7,430**

Notes to the consolidated financial statements (cont)

11. Income taxes (cont)

C. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	30 June 2021 ($)	30 June 2020 ($)
Deductible temporary differences	361,481	1,086,583
Tax losses	1,857,385	2,012,400
Foreign Deferred tax assets	-	42,792
Total deferred tax assets not brought to account	**2,218,866**	**3,141,775**

12. Loss per share

A. Basic and dilutive loss per share

i. Profit (loss) attributable to ordinary shareholders (basic and dilutive)

The calculation of basic loss per share has been based on the following profit attributable to ordinary shareholders and weighted number of ordinary shares outstanding.

	30 June 2021 ($)	30 June 2020 ($)
Profit (Loss) for the year, attributable to owners of the company	(4,663,370)	(6,786,378)
Profit (Loss) for the year used to calculate basic and dilutive earnings per share	(4,663,370)	(6,786,378)

ii. Weighted-average number of ordinary shares (basic and dilutive)

	30 June 2021	30 June 2020
Number of ordinary shares at 1 July	199,287,114	197,898,224
Effect of share options exercised	16,488	-
Effect of shares issued	29,053,303	757,230
Weighted average number of ordinary shares at 30 June	228,356,906	198,655,454

12. Loss per share (cont)

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 2021 and 2020. These options could potentially dilute basic earnings per share in the future.

At 30 June 2021, 93,333 (30 June 2020: 1,976,646) options were excluded from the diluted weighted-average number of ordinary shares calculation because their effective would have been anti-dilutive.

13. Auditor's remuneration

Audit and review services

Auditor of the Group - KPMG

	30 June 2021 ($)	30 June 2020 ($)
Audit and review of financial statements – Group	165,000	107,000
Audit and review of financial statements – controlled entities	29,647	-
Total:	**194,647**	**107,000**

Other services

Auditor of the Group - KPMG

	30 June 2021 ($)	30 June 2020 ($)
Taxation advice and tax compliance services	-	12,267
Total:	**-**	**12,267**

14. Cash and cash equivalents

See accounting policy note 6k.

	30 June 2021 ($)	30 June 2020 ($)
Bank balances	9,872,524	1,471,918
Total:	**9,872,524**	**1,471,918**

Notes to the consolidated financial statements (cont)

15. Trade and other receivables

See accounting policy note 6k.

	30 June 2021 ($)	30 June 2020 ($)
Trade receivables arising from contracts with customers	3,193,924	2,186,222
Research and Development Grant receivable	2,646,634	2,945,727
Other receivables	217,198	-
Accrued revenue	888,170	
Total:	**6,945,926**	**5,131,949**

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 25.

16. Inventories

See accounting policy note 6h.

	30 June 2021 ($)	30 June 2020 ($)
Raw materials and finished goods	980,500	111,640
Total:	**980,500**	**111,640**

17. Other assets

	30 June 2021 ($)	30 June 2020 ($)
Prepayments for inventory	1,467,299	-
Other prepayments	401,954	424,146
Total:	**1,869,253**	**424,146**

Notes to the consolidated financial statements (cont)

18. Property, plant, and equipment

Refer accounting policy note 6i

<u>A. Reconciliation of carrying amounts</u>

	Plant and equipment ($)	Furniture and fittings ($)	Right of Use Buildings ($)	Right of Use Vehicles ($)	Right of Use Laptops ($)	Leasehold Improvements ($)	Total ($)
Balance at 1 July 2019	**253,213**	**30,791**	-	-	-	-	**284,004**
Additions through first time application of AASB 16	-	-	547,573	-	-	-	**547,573**
Additions	97,129	137,882	1,343,026	104,993	-	54,802	**1,737,832**
Depreciation expense	(128,969)	(31,440)	(498,048)	(41,395)	-	(5,450)	**(705,302)**
Balance at 30 June 2020	**221,373**	**137,233**	**1,392,551**	**63,598**	**-**	**49,352**	**1,864,107**

Notes to the consolidated financial statements (cont)

18. Property, plant, and equipment (cont)

A. Reconciliation of carrying amounts (cont)

	Plant and equipment ($)	Furniture and fittings ($)	Right of Use Buildings ($)	Right of Use Vehicles ($)	Right of Use Laptops ($)	Leasehold Improvements ($)	Total ($)
Balance at 1 July 2020	**221,373**	**137,233**	**1,392,551**	**63,598**	**-**	**49,352**	**1,864,107**
Additions	251,077	15,378	678,197	41,400	53,346	-	**1,039,399**
Depreciation expense	(120,906)	(12,400)	(572,520)	(43,845)	(8,892)	(10,973)	**(769,536)**
Impairment[14]	(13,739)	(5,800)	(20,479)	**-**	**-**	**-**	**(40,019)**
Balance at 30 June 2021	**337,804**	**134,411**	**1,477,748**	**61,153**	**44,454**	**38,379**	**2,093,951**

[14] *Relates to restructuring of the Offsite Vision business unit during the year*

Notes to the consolidated financial statements (cont)

19. Intangible assets and goodwill

Refer accounting policy notes 6m, 6j

A. Reconciliation of carrying amounts

	Goodwill ($)	Software and wearable technology ($)	Total ($)
Balance at 1 July 2019	**13,569,598**	**2,244,861**	**15,814,459**
Foreign currency revaluation	383,403	45,625	429,028
Amortisation	-	(359,524)	(359,524)
Impairment	(1,007,030)	(308,927)	(1,315,957)
Balance at 30 June 2020	**12,945,971**	**1,622,035**	**14,568,006**

Notes to the consolidated financial statements (cont)

19. Intangible assets and goodwill (cont)

A. Reconciliation of carrying amounts (cont)

	Goodwill ($)	Software and wearable technology ($)	Total ($)
Balance at 1 July 2020	**12,945,971**	**1,622,035**	**14,658,006**
Foreign currency revaluation	(456,047)	(118,315)	(574,362)
Amortisation	-	(290,190)	(290,190)
Balance at 30 June 2021	**12,489,924**	**1,213,530**	**13,703,454**

19. Intangible assets and goodwill

B. Impairment testing

The group reports goodwill on the statement of financial position of $12,489,924 at 30 June 2021 resulting from the acquisition of RightCrowd Europe on 15 January, 2019. This goodwill has been allocated to the RightCrowd Europe Cash Generating Unit (CGU) for impairment testing purposes. Goodwill in relation to the acquisition of Offsite Vision on 29 October 2018 was fully impaired in the prior year ended 30 June 2020.

The RightCrowd Europe CGU generates cash flows independently and represents the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of allocated goodwill has been determined through the use of a value in use calculation using a discounted cash flow model, based on a 1 year projection period approved by the board of directors and extrapolated for a further four years, together with a terminal value.

Key assumptions

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive. The following key assumptions were used in the discounted cash flow model for the RightCrowd Europe CGU at 30 June 2021:

- 12.2% post-tax discount rate;
- 2% terminal growth rate;
- Forecast revenues of $6.3m for FY22 which are driven by additional partnerships and pipeline opportunities adjusted for risk of non-achievement and rate of success to date and expected costs to achieve forecast sales.
- 25% per annum revenue growth rate for 2023 and 2024, declining to 15% over the final two years of the forecast period.
- 10% per annum increase in staff costs over the first two years of the forecast period, with no growth in staff costs over the final three years.

Discount rate

The discount rate of 12.2% post-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk-free interest rate, and the volatility of the share price relative to market movements. The discount rate reflects the geographical location of the CGU's key customers, being primarily the U.S.A. and Europe.

Terminal growth rate

The terminal growth rate represents management's best estimate of the growth rate of the RightCrowd Europe CGU beyond the forecast period. The rate assumes the RightCrowd Europe CGU will grow at a set rate into perpetuity beyond the forecast period. Sensitivities in relation to the terminal growth rate are shown below.

Notes to the consolidated financial statements (cont)

19. Intangible assets and goodwill (cont)

B. Impairment testing (cont)

Revenue growth rate

Directors believe the projected annual revenue growth rates are appropriate. As a result of the COVID-19 pandemic easing, organisations have commenced the process of returning employees to the workplace.

The Group, through the RightCrowd Europe CGU, has experienced significant growth in revenue as a result of organisations engaging RightCrowd's social distancing and contact tracing solutions to ensure the return to the workplace is safe. The Group is continuing to experience high enquiry for the solutions, indicating that COVID-19 safety has become a critical part of organisations ongoing safety and compliance practices.

In addition, the Group continues to develop additional use cases for the technology that will further enhance the functionality of the solutions outside of social distancing and contact tracing.

For this reason, the Directors believe that strong revenue growth in the RightCrowd Europe CGU will continue over the forecast period.

Staff costs growth rate

The Directors believe the projected 10% per annum staff cost growth rate is appropriate. Significant revenue growth has been incorporated into the RightCrowd Europe CGU Value-In-Use model and although the manufacturing of the social distancing solutions are largely outsourced and the CGU already has an established development team in place, significant revenue growth is likely to necessitate an increase in the staff base in order to meet quality control and sales requirements. The Directors have assessed annual growth in staff costs of 10% in the first two years to be a reasonable approximation of staff costs growth moving forward. In relation to years 3 to 5, given the scalability of the solution and flattening revenue growth, no growth in staff costs is expected to be required.

There were no other key assumptions for the RightCrowd Europe CGU.

Based on the above, the recoverable amount of the RightCrowd Europe CGU exceeded the carrying amount by $3.0m.

Changes in key assumptions from the prior year

The following key assumptions have changed from the prior year for the RightCrowd Europe CGU:

Key assumption	**30 June 2021**	**30 June 2020**	**Movement**
Staff costs growth rate	10%	22%	-12%
Revenue growth rate post year 1	25% growth year 2 and 3, 15% growth years 4 and 5.	50% year 2, 10% decline per year thereafter	-25% year 1
Year one forecast revenue	6,276,000	3,921,000	2,228,000

Notes to the consolidated financial statements (cont)

19. Intangible assets and goodwill (cont)

B. Impairment testing (cont)

Comments on changes in key assumptions

Staff costs growth rate

The directors have revised the anticipated staff costs growth rate. This revision was based primarily on the scalability of the business whereby all manufacturing is outsourced to an external provider. While some growth in the sales teams will be required initially to establish markets and key partnerships, the resultant increased number of units sold will not result in an increased staff headcount, but rather will increase outsourced manufacturing costs which are built into the impairment model.

Revenue growth rate and year 1 forecast revenue

The directors have revised the years 2 to 5 revenue growth rates and year 1 forecast revenue in the model. The decrease to ongoing growth rates in years 2 to 5 was based on an expectation that the market for social distancing solutions will gradually mature as more companies introduce competing solutions to the market.

The increase to year 1 forecast revenue was driven by the success rates of the previous financial year, and the group's renewed focus on establishing partnerships and investment made in key sales staff in the U.S. markets. These two factors are expected to significantly increase revenue over the next twelve months.

Specific sensitivity analysis – revenue growth rate

The achievement of forecast revenue growth in year one, and growth thereafter, is dependent on a number of critical assumptions including the conversion of forecast pipeline opportunities and the continuity of customer demand for social distancing solutions in the future. There Is a risk that should these critical assumptions not materialise, the RightCrowd Europe CGU would be impaired.

The following tables present the impacts of variability in the achievement of these critical assumptions on the impairment / headroom calculated under the RightCrowd Europe value in use model. The tables present sensitivities calculated on year one revenue growth and growth thereafter. All other variables in the value in use model have remained constant under the sensitivity modelling. Sensitivity on other components of the model is presented further below.

Revenue variability	***Headroom / (impairment)***
Revenue growth in FY22 decreases by 8%	-
Average forecast revenue growth rate decreases from 20% to 17%	-

Notes to the consolidated financial statements (cont)

19. Intangible assets and goodwill (cont)

B. Impairment testing (cont)

Sensitivity analysis – other key assumptions in RightCrowd Europe value in use model

As disclosed in note 7ii to the financial statements, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur, the resulting goodwill amount may decrease and the RightCrowd Europe CGU may be impaired. The following table presents sensitivities run on the following model inputs, assuming all other inputs remain constant.

Change in key assumption	***Headroom / (impairment) $***
Discount rate increases to 13.2%	2.4m
Terminal growth rate decreases to 1%	2.8m
Staff cost growth rate increases to 20% (years 2 and 3)	1.6m

The Directors believe that other reasonable changes in the key assumptions on which the recoverable amount of the RightCrowd Europe goodwill is based would not cause the CGUs carrying amount to exceed its recoverable amount.

C. Offsite Vision Impairment – comparative period

The Group recognised impairment in respect of the Offsite Vision CGU in the prior year as a result of the carrying amount of the CGU exceeding the recoverable amount. Total impairment of $1,315,957 was recognised relating to the following balances:

Balance	**Book value prior to impairment**	**Impairment recognised**
Goodwill	1,007,030	(1,007,030)
Software	308,927	(308,927)
Investment in Offsite Vision*	1,276,743	(1,276,743)

*parent entity balance eliminated on consolidation

Key assumptions

The following key assumptions were used in the discounted cash flow model for the Offsite Vision CGU as at 30 June 2020:

- 13.6% post tax discount rate;
- Forecast revenue of $894,000 for 2021;
- 20% per annum projected revenue growth rate from year 2 onwards;
- 14% per annum growth in staff costs;
- 2% terminal value.

Notes to the consolidated financial statements (cont)

19. Intangible assets and goodwill (cont)

C. Offsite Vision Impairment – comparative period (cont)

Key assumptions (cont)

Discount rate

The discount rate of 13.6% post-tax reflected management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements. The discount rate reflected the geographical location of the CGU's key customers, being the U.S.A.

Terminal growth rate

The terminal growth rate represented management's best estimate of the growth rate of the Offsite Vision CGU beyond the forecast period. The rate assumed the Offsite Vision CGU would grow at a set rate into perpetuity beyond the forecast period.

Staff costs growth rate

The staff costs growth rate of 14% represents the Directors best estimate of the growth in staff costs required to support the revenue growth rate of 20% detailed below.

Revenue growth rate

Directors projected a 20% revenue growth rate for the CGU based on the anticipated conversion of pipeline opportunities and recommencement of projects delayed because of the COVID-19 pandemic.

20. Capital and reserves

A. Ordinary share capital

The company does not have authorised capital or par value in respect of its issued shares. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

Notes to the consolidated financial statements (cont)

20. Capital and reserves (cont)

A. Ordinary share capital (cont)

	2021 (no. of shares)	2021 ($ of shares)	2020 (no. of shares)	2020 ($ of shares)
On issue at 1 July	**199,287,114**	**40,088,786**	**197,898,224**	**39,650,428**
Share issue on 13 December 2019	-	-	1,388,889	483,253
Share issue on 12 August 2020	22,222,222	4,000,000	-	-
Share issue on 31 March 2021	37,900,000	11,906,692	-	-
Exercise of performance rights on 19 April 2021	83,589	137,980	-	-
On issue at 30 June	**259,452,925**	**56,133,458**	**199,287,113**	**40,088,786**

20. Capital and reserves (cont)

A. Ordinary share capital (cont)

Details of share issues in the current and comparative period

(a.) On 13 December 2019, 1,388,889 ordinary shares were issued at $0.31 per share to Offsite Vision KMP as a result of the subsidiary meeting specified performance milestones as part of the acquisition agreement executed in 2018.

(b.) On 12 August 2020, the Group issued 22,222,222 fully paid ordinary shares at $0.18 per share to institutional and sophisticated investors for a total consideration of $4 million.

(c.) On 31 March 2021, the Group issued 37,900,000 fully paid ordinary shares at $0.33 per share to institutional and sophisticated investors for a total consideration of $12,507,000.

(d.) On 19 April 2021, the Group issued 83,589 shares to eligible employees under Tranche A of the RightCrowd Long term incentive plan. An amount of $137,980 was transferred from share based payment reserve to share capital.

B. Nature and Purpose of Reserves

i. Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

20. Capital and reserves (cont)

B. Nature and Purpose of Reserves (cont)

ii. Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity settled share-based payments.

21. Capital management

The board of directors control the capital of the group. Given the Group's stage of development, the Board seeks to carry only low levels of debt, generate long-term shareholder value, and ensure the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

The board of directors manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of debt levels and consideration of equity fund raising options including capital placements.

Throughout the COVID-19 pandemic, the group sourced additional debt financing to support continued growth as several projects were placed on hold and pipeline opportunities delayed. The Group has repaid most existing debt facilities and raised significant additional capital during the year resulting in an improved net debt to equity position in comparison to the prior year.

The Group monitors capital using a ratio of 'net debt to equity'. Net debt is calculated as total borrowings less cash and cash equivalents. Borrowings include lease liabilities for Right of Use assets. Equity comprises total equity as shown in the statement of financial position. The Group's net debt to equity ratio is shown in the following table:

	30 June 2021 ($)	30 June 2020 ($)
Borrowings	(2,180,018)	(2,609,496)
Less: cash and cash equivalents	9,872,524	1,471,918
Net funds/(debt)	7,692,506	(1,137,578)
Total equity	25,884,089	15,175,122
Net debt to equity ratio	**0.30**	**(0.075)**

Notes to the consolidated financial statements (cont)

22. Trade and other payables

See accounting policy note 6k.

	30 June 2021 ($)	30 June 2020 ($)
Trade payables	1,282,415	683,053
Accrued expenses	223,481	389,281
Total:	**1,505,896**	**1,072,334**

23. Borrowings

See accounting policy notes 6e and 6m

Borrowings (current)	30 June 2021 ($)	30 June 2020 ($)
Insurance premium funding	83,029	100,055
Lease liabilities	573,124	590,503
Other unsecured loan	7,403	68,023
R & D Factoring	-	497,800
Total borrowings (current):	**663,556**	**1,256,381**

Borrowings (non-current)	30 June 2021 ($)	30 June 2020 ($)
Lease liabilities	1,110,002	925,759
Payroll Protection Program loan	157,191	196,377
Small Business Administration loan	61,807	43,516
QRIDA Loan	187,463	187,463
Total borrowings (non-current):	**1,516,463**	**1,353,115**
Total borrowings:	**2,180,019**	**2,609,496**

Notes to the consolidated financial statements (cont)

23. Borrowings (cont)

A. Terms and conditions

Terms and conditions of the Group's borrowings are shown in the below table:

Loan	Repayment Terms and Interest rate P/A
Insurance premium funding	Principal and interest, repayable in full by 30 October 2021, 2.15% interest.
Payroll protection program	Principal and interest, 30-year repayment term commencing 12 months after facility commencement. 1% interest.
R & D factoring *	Principal and interest. This loan was repaid in full on 30 November 2020. 12% interest.
QRIDA loan *	10-year total term. Two years interest only from commencement of facility, balance repayable over remaining eight years. 2.5% interest.
SBA Loan	Principal and interest, 30-year repayment term commencing 12 months after entering into facility. 3.75% interest.
Other unsecured loan	Principal and interest. This loan was repaid in full on 30 August 2020.
Export Finance *	Principal and interest, maximum facility limit $1.4 million, maximum term 12 months. A total of 500K was drawn down on the facility during the term, which was fully repaid in May 2021. 6.45% interest.
Lease liabilities	Refer to accounting policy note 6n and note 27 for detailed information on Lease liabilities.

*Secured by a general security agreement over all the groups assets.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 25.

Notes to the consolidated financial statements (cont)

23. Borrowings (cont)

B. Reconciliation of movements of borrowings to cash flows arising from financing activities

	30 June 2021	30 June 2020
Balance at 1 July	2,609,496	114,777
Changes from financing cash flows:		
Proceeds from (repayments of) Borrowings, net	(523,161)	978,459
Repayment of lease liabilities	(666,526)	(549,708)
Non-cash changes:		
New lease liabilities	772,943	1,995,591
Fair value adjustments	-	62,605
Exchange differences	(12,733)	7,772
Balance at 30 June 2021	**2,180,019**	**2,609,496**

24. Provisions

See accounting policy note 6d

Employee benefit liabilities

Current

	30 June 2021 ($)	30 June 2020 ($)
Provision for annual leave	1,078,284	1,045,500
Provision for long service leave	604,116	503,555
Total:	**1,682,400**	**1,549,055**

Non-current

	30 June 2021 ($)	30 June 2020 ($)
Provision for long service leave	101,820	62,571
Total:	**101,820**	**62,571**

Notes to the consolidated financial statements (cont)

24. Provisions (cont)

Other provisions

Warranty expenses - current

	30 June 2021 ($)	30 June 2020 ($)
Provision for warranty expenses	57,016	-
Total:	**57,016**	**-**

The Group's provision for warranty expenses estimates the future outlays required by the Group over the next twelve months to cover potential warranty claims by customers on sales of presence control hardware. The group measures the provision using historical information on actual warranty claims made.

Lease make good costs – non-current

	30 June 2021 ($)	30 June 2020 ($)
Provision for lease make good costs	50,868	29,233
Total:	**50,868**	**29,233**

The Group's provision for lease make-good costs relate to the Group's contractual obligation under certain lease agreements to restore leased premises to their original condition, including rectification of any damage, removal of signage etc. The group measures the provision as the present value of estimated future outlays in respect of the make good obligations.

Total provisions

	30 June 2021 ($)	30 June 2020 ($)
Current	1,739,416	1,549,055
Non-current	152,689	91,804

Notes to the consolidated financial statements (cont)

25. Financial instruments – Financial risk management

A. Accounting classifications

The following table shows the carrying amounts of financial assets and financial liabilities as at 30 June 2021. All the group's financial instruments are measured at amortised cost. The group does not have any financial assets or financial liabilities measured at fair value through profit and loss.

Financial assets at amortised cost:

	30 June 2021 ($)	30 June 2020 ($)
Cash and cash equivalents	9,872,524	1,471,918
Trade and other receivables	6,945,926	5,131,949
Short term deposits	119,769	119,769
Total financial assets	**16,938,220**	**6,723,636**

Financial liabilities at amortised cost:

	30 June 2021 ($)	30 June 2020 ($)
Trade and other payables	1,505,896	1,072,334
Borrowings	2,180,019	2,609,496
Other liabilities	-	27,427
Total financial liabilities	**3,685,915**	**3,709,257**

B. Financial risk management

The group has exposure to the following risks arising from financial instruments:

- Credit risk (see B(ii));
- Liquidity risk (see B(iii));
- Market risk (see B(iv)).

i. Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the audit and risk committee, which is responsible for developing and monitoring the Group's risk management policies. All directors are a member of the committee.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks faced and adherence to limits.

Notes to the consolidated financial statements (cont)

25. Financial instruments – Financial risk management (cont)

B. Financial risk management (cont)

i. Risk management framework (cont)

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit and risk committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. **ii. Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure. There were no impairment losses on financial assets recognised in profit and loss during the year.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The revenue earned from the group's top five customers, which is an indicator of the degree of concentration risk associated with trade receivables, was $7.259m (30 June 2020: $7.066m).

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases, bank references.

The group manages its exposure to credit risk from trade receivables by establishing maximum payment periods of 180 days.

Most of the Group's largest customers have been transacting with the group for over five years, and none of these customer balances have been written off or are credit impaired at reporting date. The Group's customers are generally large multi nationals and Fortune 500 customers, and as such, the COVID-19 pandemic has had minimal impact on the group's exposure to credit risk.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Notes to the consolidated financial statements (cont)

25. Financial instruments – Financial risk management (cont)

B. Financial risk management (cont)

ii. Credit risk (cont)

Trade receivables (cont)

Expected credit loss assessment for corporate customers

The Group allocates each exposure to credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are alighted to external credit rating definitions from a variety of agencies.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for corporate customers:

30 June 2021

Credit risk grade	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit-impaired?
Low risk	0%	2,646,634	-	No
Fair risk	0%	3,193,925	-	No
		5,840,559	-	

30 June 2020

Credit risk grade	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit-impaired?
Low risk	0%	2,945,727	-	No
Fair risk	0%	2,186,222	-	No
		5,131,949	**-**	

Notes to the consolidated financial statements (cont)

25. Financial instruments – Financial risk management (cont)

B. Financial risk management (cont)

ii. Credit risk (cont)

Trade receivables (cont)

Expected credit loss assessment for corporate customers (cont)

Fair risk trade receivable balances above relate to amounts receivable from the Group's customers. The majority of customers are large corporate institutions, including global Fortune 500 and ASX listed entities. These companies have continued to meet their credit obligations to the Group as and when they have fallen due. The group has not received any requests for payment extensions from these customers.

Expected credit loss assessment for individual customers

The following table provides information about exposure to credit risks and ECLs for trade receivables from individual customers.

30 June 2021

Aging category	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit impaired?
Current (not past due)	0%	1,434,675	-	No
1-30 days past due	0%	1,436,295	-	No
31-60 days past due	0%	155,226	-	No
61-90 days past due	0%	83,988	**-**	No
More than 90 days past due	0%	83,740	-	No
		3,193,925	-	

Notes to the consolidated financial statements (cont)

25. Financial instruments – Financial risk management (cont)

B. Financial risk management (cont)

ii. Credit risk (cont)

Trade receivables (cont)

Expected credit loss assessment for individual customers (cont)

30 June 2020

Aging category	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit impaired?
Current (not past due)	0%	1,297,324	-	No
1-30 days past due	0%	407,393	-	No
31-60 days past due	0%	-	-	No
61-90 days past due	0%	429,578	-	No
More than 90 days past due	0%	51,927	-	No
		2,186,222	-	

Loss rates are based on actual credit loss experience over the past seven years. These rates are adjusted for differences in economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its financial liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of cash and cash equivalents and short-term deposits at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Notes to the consolidated financial statements (cont)

25. Financial instruments – Financial risk management (cont)

iii. Liquidity risk

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The repayments do not include future contractual interest payments.

30 June 2021

		Contractual cash flows		
Category	**Carrying amount**	**Within 1 year**	**1 to 5 years**	**Over 5 years**
Borrowings	2,180,019	(663,556)	(1,110,002)	(406,461)
Trade and other payables	1,505,996	(1,505,996)	-	-
	3,686,015	**(2,169,552)**	**(1,110,002)**	**(406,461)**

30 June 2020

		Contractual cash flows		
Category	**Carrying amount**	**Within 1 year**	**1 to 5 years**	**Over 5 years**
Borrowings	2,609,496	(1,371,002)	(1,157,649)	(80,845)
Trade and other payables	1,072,334	(1,072,334)	-	-
Other liabilities	27,427	(27,427)	-	-
	3,709,257	**(2,470,623)**	**(1,157,649)**	**(80,845)**

iv. Market risk

Overview

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the consolidated financial statements (cont)

25. Financial instruments – Financial risk management (cont)

iv. Market risk (cont)

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of the Group is the Australian dollar. The group does not engage in hedging to manage currency risk.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

30 June 2021

Balance	USD	EUR	PHP	Other
Cash and cash equivalents	785,584	354,579	23,502	86,303
Trade receivables	2,079,269	41,785	-	116,359
Borrowings	(819,705)	(103,285)	(66,799)	-
Trade payables	(104,048)	(825,358)	(94,230)	(773)
Net statement of financial position exposure	**1,941,100**	**(532,279)**	**(137,527)**	**201,889**

30 June 2020

Balance	USD	EUR	PHP	Other
Cash and cash equivalents	684,135	8,038	-	108,145
Trade receivables	1,011,923	22,208	-	-
Borrowings			(168,501)	
Trade payables	(762,913)	-	-	-
Net statement of financial position exposure	**933,145**	**30,246**	**(168,501)**	**108,145**

Notes to the consolidated financial statements (cont)

25. Financial instruments – Financial risk management (cont)

iv. Market risk (cont)

Exposure to currency risk (cont)

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
AUD	**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**
USD	0.7484	0.6713	0.7501	0.6863
EUR	0.6255	0.6069	0.6319	0.6111
PHP	36.2637	34.0932	36.6367	34.3850

Sensitivity analysis

A reasonable possible strengthening (weakening) of the Australian dollar against all other currencies at 30 June 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. Base rates used for the purposes of the sensitivity analysis are as per the significant exchanges rates disclosed above.

30 June 2021

	Profit or loss ($000)		Equity, net of tax ($000)	
Effect in AUD	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
USD (10% movement)	(167)	167	(167)	167
EUR (10% movement)	48	(48)	48	(48)
PHP (10% movement)	12	(12)	12	(12)

30 June 2020

	Profit or loss ($000)		Equity, net of tax ($000)	
Effect in AUD	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
USD (10% movement)	(245)	245	(245)	245
EUR (10% movement)	(2)	2	(2)	2
PHP (10% movement)	(16)	16	(16)	16

Notes to the consolidated financial statements (cont)

25. Financial instruments – Financial risk management (cont)

iv. Market risk (cont)

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

The financial instruments that primarily expose the Group to interest rate risk are borrowings.

Interest rate risk is managed using fixed rate instruments. At 30 June 2021, all the group's borrowings have fixed interest rates.

26. List of subsidiaries

See accounting policy note 6a

Set out below is a list of material subsidiaries of the group.

Parent entity	Name of Subsidiary	Principal place of business and country of incorporation	Ownership interest – 30 June 2021	Ownership interest – 30 June 2020
RightCrowd Limited	RightCrowd Software Pty Ltd	Australia	100%	100%
	RightCrowd NV	Belgium	100%	100%
	Offsite Vision Holdings Inc	U.S.A.	100%	100%
RightCrowd Software Pty Ltd	RightCrowd Software Inc.	U.S.A.	100%	100%
	RightCrowd Software Inc.	Philippines	100%	100%
RightCrowd NV	RightCrowd Europe NV	Belgium	100%	100%

26. List of subsidiaries (cont)

Information about principal subsidiaries

The subsidiaries listed above have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. There are no significant restrictions on the ability of RightCrowd Limited, the ultimate parent entity of the Group, to access or use the assets and settle the liabilities of the Group. No significant judgements or assumptions have been applied in determining that control over a subsidiary exists given all subsidiaries are 100% owned. There are no non-controlling interests for any entities in either the 2021 or 2020 financial years.

Information about other entities

100% of the issued shares of Reporia Pty Ltd was acquired to bring the intellectual property of the 'RightCrowd IQ' product into the RightCrowd Group during the 2017 financial year. The company is dormant and has no transactions or balances.

27. Leases

See accounting policy note 6n.

A. Leases as lessee

The Group leases buildings, motor vehicles and laptops. The building leases relate to lease payments for the Group's global offices and typically run for periods between two and five years with options to renew at the end of the lease term, subject to lessor approval.

The motor vehicles leases relate to lease payments on the Group's leased vehicles situated in Belgium. These leases typically run for a period of four years, with options to purchase the vehicles at the end of the lease term. Monthly lease payments are adjusted from time to time based on vehicle usage.

Laptop leases relate to hire purchase agreements in respect of employee laptops. The leases run for a period of two years, with the Group taking ownership of the laptops at the end of the lease term.

Notes to the consolidated financial statements (cont)

27. Leases (cont)

i. Right of use assets

30 June 2021

	Buildings	Motor Vehicles	Laptops	Total
Balance at 1 July 2020	1,392,551	63,598	-	1,456,149
Depreciation charge for the year	(572,520)	(43,845)	(8,892)	(625,257)
Additions to right-of-use assets	678,197	41,400	53,346	772,943
Impairment	(20,479)	-	-	(20,479)
Balance at 30 June 2021	**1,477,748**	**61,153**	**44,454**	**1,583,356**

30 June 2020

	Buildings	Motor Vehicles	Laptops	Total
Balance at 1 July 2019	-	-	-	-
Initial recognition of right-of-use assets on application of AASB 16	547,573	-	-	547,573
Additions to right-of-use assets	1,343,026	104,993	-	1,448,018
Depreciation charge for the year	(498,048)	(41,395)	-	(539,443)
Balance at 30 June 2020	**1,392,551**	**63,598**	**-**	**1,456,149**

ii. Amounts recognised in profit or loss

30 June 2021

	Buildings	Motor Vehicles	Laptops	Total
Interest expense on lease liabilities	84,279	6,567	1,860	92,706

Notes to the consolidated financial statements (cont)

27. Leases (cont)

ii. Amounts recognised in profit or loss (cont)

30 June 2020

	Buildings	Motor Vehicles	Laptops	Total
Interest expense on lease liabilities	88,056	6,285	-	94,341

iii. Amounts recognised in statement of cash flows

30 June 2021

	Buildings	Motor Vehicles	Laptops	Total
Total cash outflow for leases	606,042	47,244	13,240	666,526

30 June 2020

	Buildings	Motor Vehicles	Laptops	Total
Total cash outflow for leases	512,358	37,350	-	549,708

iv. Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the extension options if there is a significant event or significant changes in circumstances within its control. The exercise of extension options would result in an increase in the lease term and subsequent increase in the amount of the relevant right-of-use liability.

B. Leases as lessor

The Group does not have any lease arrangements in which the Group acts as lessor.

Notes to the consolidated financial statements (cont)

28. Share based payment arrangements

See accounting policy note 6d.

At 30 June 2021, the Group had the following share based payment arrangements:

i. RightCrowd Long term Incentive plan

The RightCrowd long term incentive plan has been implemented through the issue of performance rights to eligible RightCrowd employees. Each performance right is convertible to one ordinary share in the company which only vests if certain performance conditions are met. The Performance Rights are granted under the plan for no consideration and carry no voting rights.

The plan is split into two tranches. The performance targets attached to each Tranche are set out below:

	Tranche A performance target	**Tranche B performance target**
Performance Period	Financial Year 2020	Financial Year 2021
Revenue	$13.7 million	$19.1 million
Net income	($7.8 million)	($2.4 million)

Tranche A of the long-term incentive plan vested on 30 September 2020, whilst tranche B vests on 30 September 2021. Although non-market performance conditions relating to revenue and net income were not achieved, the board of directors exercised their discretion as permitted under the plan and awarded employees a percentage of the total possible performance rights available. This was in recognition that the performance targets were set in a pre COVID19 environments and the company was on track to achieve its targets prior to the delays in contract execution or milestone completion caused by COVID restrictions.

Set out below is a summary of performance rights granted under the plan for each Tranche and movements in rights from grant date to 30 June 2021. Performance rights under each Tranche were granted on 28 February 2020.

30 June 2021

	Tranche A	**Tranche B**
Performance rights outstanding at 1 July 2020	1,692,774	4,010,614
Not awarded or forfeited	(88,153)	(644,359)
Vested	(1,327,070)	-
Exercised	(277,551)	-
Non vested Performance rights outstanding at 30 June 2021	-	3,366,255
Weighted average remaining contractual life	-	0.26

Notes to the consolidated financial statements (cont)

28. Share based payment arrangements (cont)

i. RightCrowd Long term Incentive plan (cont)

30 June 2020

	Tranche A	Tranche B
Performance rights issued at grant date	1,716,774	4,029,806
Not awarded or forfeited	(24,000)	(19,192)
Performance rights outstanding at 30 June 2020	1,692,774	4,010,614
Weighted average remaining contractual life	0.23	1.23

The expense recognised in relation to the performance rights for the year ended 30 June 2021 was $377,045. The fair value was calculated using the Black Scholes model using the following inputs:

	Tranche A	Tranche B
Number of performance rights	1,716,774	4,029,806
Exercise price	-	-
Grant date	28/02/2020	28/02/2020
Expiry date	30/09/2020	30/09/2021
Vesting period (years)	0.6	1.5
Volatility	68%	68%
Dividend yield	0%	0%
Risk-free interest rate	1.12%	1.12%
Fair value at grant date	$309,019	$685,067

The probability of performance rights being converted to ordinary shares based on satisfaction of non-market performance conditions was incorporated into the total share-based payments expense by adjusting the number of performance rights ultimately expected to vest under the plan.

Volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

ii. RightCrowd Limited Option Plan

The RightCrowd Limited option plan was designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plan, which is split into three tranches, participants are granted options which only vest if employees remain employed by the Group over the service period. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no voting rights. The terms of the award required the employee to remain in employment at vesting date. When exercisable, each option is convertible to one ordinary share.

At 30 June 2021, only one tranche of the Option plan was still ongoing. Details of remaining options that have not yet expired are as follows:

Notes to the consolidated financial statements (cont)

28. Share based payment arrangements (cont)

ii. RightCrowd Limited Option Plan (cont)

	Tranche 3
Number of Options	93,333
Exercise price ($)	0.68
Grant date	30/05/2018
Expiry date	28/08/2021

Set out below are summaries of the movements in options granted under the RightCrowd Limited Option Plan:

30 June 2021

	Number	Weighted average exercise price
Options outstanding at 1 July 2020	**1,976,646**	**$0.45**
New options granted	-	-
Options forfeited	-	-
Options exercised	-	-
Options Expired	(1,883,313)	$0.42
Options outstanding at 30 June 2021	**93,333**	**$0.68**

30 June 2020

	Number	Weighted average exercise price
Options outstanding at 1 July 2019	**4,346,639**	**$0.43**
New options granted	-	-
Options forfeited	(328,397)	$0.43
Options exercised	-	-
Options Expired	(1,908,312)	$0.44
Options outstanding at 30 June 2020	**1,976,646**	**$0.45**

Share options outstanding under the plan have the following expiry date and exercise prices:

30 June 2021

Grant date	Expiry date	Exercise Price	Number of options
30 May 2018	28 August 2021	$0.68	93,333
Total number of options outstanding at year end:			93,333
Weighted average remaining contractual life of options outstanding at 30 June:			0.16

Notes to the consolidated financial statements (cont)

28. Share based payment arrangements (cont)

ii. RightCrowd Limited Option Plan (cont)

30 June 2020

Grant date	Expiry date	Exercise Price	Number of options
13 September 2017	12 December 2020	$0.43	1,789,980
30 May 2018	27 August 2020	$0.68	93,333
30 May 2018	28 August 2021	$0.68	93,333
Total number of options outstanding at year end:			1,976,646
Weighted average remaining contractual life of options outstanding at 30 June:			0.47 years

Details of options granted in prior financial years under the RightCrowd Limited Option Plan

a. On 13 September 2017, 6,505,000 share options were granted to employees under the RightCrowd Limited Employee option plan to take up ordinary shares. All options under this plan have expired as at 30 June 2021, with the final tranche expiring on 12 December 2020.

The fair value of these options was $425,966. This value was calculated using the Black-Scholes pricing model, applying the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Number of options	2,168,363	2,168,328	2,168,309
Exercise price	$0.38	$0.43	$0.43
Grant date	13 September 2017	13 September 2017	13 September 2017
Expiry date	12 December 2018	12 December 2019	12 December 2020
Volatility	58%	58%	58%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.8%	1.8%	1.8%
Fair value at grant date	$0.05	$0.07	$0.09

b. On 30 May 2018, 320,000 share options were granted to employees under the RightCrowd Limited Employee Option Plan to take up ordinary shares.

Notes to the consolidated financial statements (cont)

28. Share based payment arrangements (cont)

ii. RightCrowd Limited Option Plan (cont)

Details of options granted in prior financial years under the RightCrowd Limited Option Plan (cont)

The remaining unexpired options vest as follows:

Vesting date	Number	Exercise price	Expiry
30 May 2021	93,333	$0.68	28 August 2021

The options hold no voting rights and are not transferable.

The fair value of these options was $32,000. This value was calculated using the Black-Scholes pricing model using the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Number of options	106,668	106,666	106,666
Exercise price	$0.60	$0.68	$0.68
Grant date	30 May 2018	30 May 2018	30 May 2018
Expiry date	28 August 2019	28 August 2020	28 August 2021
Volatility	59%	59%	59%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.8%	1.8%	1.8%
Fair value at grant date	$0.07	$0.10	$0.13

iii. Offsite Vision Performance Rights

As part of the acquisition of Offsite Vision in the 2019 financial year, performance rights were offered to two key employees to retain them. A maximum of 2,410,848 were available to be issued in two instalments, subject to the individuals meeting their service conditions and contracted revenue targets. The first instalment was met in full, and shares were issued under the agreement. The second instalment was not met and the performance rights expired without issue.

Details of the performance rights subject to the agreement are as follows:

Notes to the consolidated financial statements (cont)

28. Share based payment arrangements (cont)

iii. Offsite Vision Performance Rights (cont)

	Milestone 1	Milestone 2
Number of performance rights (maximum)	1,205,424	1,205,424
Exercise price	-	-
Grant date	29/10/2018	29/10/2018
Expiry date	29/10/2019	29/10/2020
Vesting period (years)	1	2
Volatility	61.9%	61.4%
Dividend yield	0%	0%
Risk free interest rate	1.96%	1.97%
Grant date fair value	0.33	0.33
Number of shares issued at 30 June 2021	1,205,424	0
Weighted average remaining contractual life	0	0

Set out below are the vesting conditions, including service conditions and performance targets, which were issued as part of the plan:

Service conditions:

Milestone 1	Milestone 2
12 months service from 29 October 2018	12 months service from 1 November 2019 to 29 October 2020

Performance conditions – Milestone 1

Contracted revenue (first 12 months)	
$USD 250,000 to $USD 500,000	**Greater than $USD 500,000**
Pro rata issue of 1,205,424 shares	Full issue of 1,205,424 shares

Performance conditions – Milestone 2

Contracted revenue (second 12 months)	
$USD 500,000 to $USD 1,000,000	**Greater than $USD 1,000,000**
Pro rata issue of 1,205,424 shares	Full issue of 1,205,424 shares

Notes to the consolidated financial statements (cont)

28. Share based payment arrangements (cont)

iii. Offsite Vision Performance Rights (cont)

Details of performance rights outstanding and movements in performance rights in relation to the milestones is shown below:

30 June 2021

	Milestone 1	Milestone 2
Performance rights outstanding at 1 July 2020	-	1,205,404
Exercised	-	-
Expired	-	(1,205,404)
Performance rights outstanding at 30 June 2021	-	-
Weighted average remaining contractual life	-	-

30 June 2020

	Milestone 1	Milestone 2
Performance rights outstanding at 1 July 2019	1,205,404	1,205,404
Exercised	1,205,404	-
Performance rights outstanding at 30 June 2020	-	1,205,404
Weighted average remaining contractual life	-	0.33 years

Summary of total expense recognised in profit or loss from share-based payment arrangements

The total expense recognised in profit or loss for the above share-based payment arrangements is shown in the following table:

	Amount recognised in profit and loss	
Share based payment arrangement	**30 June 2021**	**30 June 2020**
RightCrowd long term incentive plan	377,045	211,804
RightCrowd Limited Option plan	2,588	90,692
Offsite Vision Performance Rights	(20,027)	85,439
Sub-Total	**359,606**	**387,935**
Discount due to restriction period on LTI plan shares	**-**	**(19,998)**
Total share-based payment expense	**359,606**	**367,937**

29. Commitments and contingencies

The Group has no commitments or contingencies requiring disclosure in these financial statements as at 30 June 2021 (30 June 2020: nil).

Notes to the consolidated financial statements (cont)

30. Related party transactions

A. Transactions with key management personnel

i. Key management personnel compensation

Key management personnel compensation comprised the following:

	30 June 2021 ($)	30 June 2020 ($)
Short term employee benefits	525,526	515,911
Post-employment benefits	52,498	49,157
Bonuses	35,000	35,000
Other long-term benefits	25,877	4,379
Share-based payments	15,075	8,137
Total KMP compensation	**653,976**	**612,584**

Compensation of the Group's key management personnel includes salaries, bonuses, and contributions to superannuation funds.

Key management personnel also participate in the Group's long term incentive plan (see note 28).

As a result of the termination of one of the Group's Key Management Personnel in the prior year, the group recognised a termination benefit of $4,379.

ii. Key management personnel transactions

On 6 August 2020, members of Key Management Personnel (KMP) loaned the company $230,000. The purpose of the loan was to assist in securing additional manufacturing capacity to enable the company to meet significant short-term demand for its social distancing solutions. The loan was provided with an interest rate of 6% per annum unsecured and maximum repayment term of 6 months. The loan was fully repaid by 30 June 2021.

The names of KMP involved and amounts lent and interest paid are shown in the below table:

KMP	Position	Loan Amount ($)	Interest ($)
Peter Hill	Chief Executive Officer	200,000	4,570
James Stewart	Chief Financial and Operating Officer	30,000	685

There were no other transactions with Key management personnel during the year.

Notes to the consolidated financial statements (cont)

30. Related party transactions (cont)

B. Other related party transactions and relationships

i. Relationships

Other related parties of the group comprise the following:

a.) *Other entities over which key management personnel have control.*

One of the Group's directors have shareholdings which are held by family entities which they control. Peter Hill's shareholding Is held indirectly through CNI PTY LTD.

Several the Group's directors hold directorships in other entities; however, these directorships do not result in control or significant influence and these entities are therefore not classified as related parties of the Group.

There are no other related party relationships.

ii. Transactions

Apart from key management personnel transactions disclosed above, there were no other related party transactions occurring during the year. No amounts are payable to or receivable from related parties at year end.

31. Operating segments

A. Basis for segmentation

The Group's Board of Directors review the performance of the Group from the perspective of monitoring the continual growth of the core RightCrowd product, evaluating the success of new RightCrowd products introduced to the market and monitoring the progress of the Offsite Vision acquisition. The board monitor the Group internally on this basis. As such, three operating segments have been identified as shown below:

- **Core** – this segment reports the results and performance of the Group's core product, being the provision of workforce and visitor management solutions.
- **New Products –** This segment reports the results and performance of the Group's new products division, comprising primarily presence control solutions (including social distancing solutions) and Access Analytics (formerly known as RightCrowd IQ).
- **Offsite Vision** – This segment reports the results of the Offsite Vision segment.

B. Information about reportable segments

The board of directors, being the chief operating decision maker of the Group, review the internal management reports of the segments on a monthly basis. Performance management and resource allocation decisions are made based primarily on segment revenue and segment net income.

Information related to each reportable segment is set out below:

Notes to the consolidated financial statements (cont)

31. Operating segments (cont)

B. Information about reportable segments (cont)

	Core ($)		New Products ($)		Offsite Vision ($)		Total ($)	
	30 June 21	**30 June 20**	**30 June 21**	**30 June 20**	**30 June 21**	**30 June 20**	**30 June 21**	**30 June 20**
Sales Revenue	10,516,147	11,200,250	4,568,039	192,472	140,913	141,385	15,225,100	11,534,107
Other Income	3,000,257	3,157,515	1,060,652	1,477,146	139,775	77,693	4,200,684	4,712,354
Employee benefits expense	(11,783,733)	(11,963,343)	(3,980,355)	(3,062,457)	(1,154,876)	(1,187,423)	(16,918,964)	(16,213,223)
Impairment expense	-	-	-	-	(40,019)	(1,315,957)	(40,019)	(1,315,957)
Cost of goods sold	-	-	(2,325,632)	(128,098)	(29,412)	-	(2,355,044)	(128,098)
Other expenses	(4,044,458)	(4,253,706)	(479,353)	(574,743)	(239,676)	(549,682)	(4,763,487)	(5,378,131)
Net Profit (Loss) before income tax	**(2,311,787)**	**(1,859,284)**	**(1,156,648)**	**(2,095,680)**	**(1,183,295)**	**(2,833,984)**	**(4,651,730)**	**(6,788,948)**
Segment assets	18,337,340	8,948,905	17,223,646	14,399,864	24,391	342,766	35,585,377	23,691,535
Segment liabilities	(6,362,706)	(7,316,610)	(2,961,880)	(711,399)	(376,701)	(488,404)	(9,701,288)	(8,516,413)

Segment revenue reported above represents revenue generated from external customers. Where income or expenses are not directly attributable to an operating segment, they have been allocated based on a standard allocation key based upon overall operating segments cost as a proportion of total cost.

Notes to the consolidated financial statements (cont)

31. Operating segments (cont)

C. Reconciliation of information on reportable segments to the amounts reported in the financial statements

i. Loss before tax

	Note	30 June 2021	30 June 2020
Total loss before tax for reportable segments		(4,651,730)	(6,778,948)
Consolidated loss before tax		**(4,651,730)**	**(6,778,948)**

D. Geographic information

The following geographic information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on geographic location of customers and segment assets were based on the geographic location of the assets. Non-current assets exclude goodwill and software recognised on business combinations which is recognised on consolidation and not part of the foreign operation.

i. Revenue

Country	30 June 2021	30 June 2020
North America	10,586,225	7,763,262
Europe, Middle East and Africa	1,745,102	1,172,675
Oceania and Australia	2,394,563	1,703,022
Latin America	499,210	895,148
Total	**15,225,100**	**11,534,107**

ii. Non-current assets

Country	30 June 2021	30 June 2020
USA	571,081	214,815
Belgium	229,154	253,908
Oceania and Australia	1,293,716	1,395,384
Total	**2,093,951**	**1,864,107**

Notes to the consolidated financial statements (cont)

31. Operating segments (cont)

E. Major customers

The group has some degree of reliance on major customers. Total revenue earned from customers greater than 10% of the Group's revenue and the segment to which the revenue relates are shown below:

	Customer revenue	
Segment	**30 June 2021**	**30 June 2020**
Core	4,112,618	3,567,864

Notes to the consolidated financial statements (cont)

32. Reconciliation of cash flows from operating activities

	Note	30 June 2021	30 June 2020
Cash flows from operating activities			
Loss for the year		(4,663,370)	(6,786,378)
Adjustments for			
Depreciation		769,536	705,302
Amortisation		290,190	359,524
Impairment losses on intangible assets and goodwill		-	1,315,957
Other impairment losses		40,019	-
Equity settled share-based payment transactions		359,649	367,937
Unrealised foreign exchange loss (gain)		(228,104)	(8,038)
Loan forgiveness income[15]		(139,736)	**-**
Other non-cash income		(27,427)	**-**
		(3,599,243)	**(4,045,696)**
Changes in:			
Trade and other receivables		(1,813,977)	(761,174)
Other assets		(1,445,106)	(28,868)
Inventories		(868,860)	91,251
Other liabilities		933,456	729,428
Trade and other payables		433,562	364,682
Provisions and employee benefits		251,247	424,378
Current tax liabilities		(3,911)	(25,329)
Net cash from operating activities		**(6,112,832)**	**(3,417,450)**

[15] *Relates to forgiveness of PPP loan in Offsite Vision*

Notes to the consolidated financial statements (cont)

33. Parent entity information

As at, and throughout, the financial year ended 30 June 2021 the parent entity of the Group was RightCrowd Limited.

	30 June 2021	30 June 2020
Result of parent entity		
Loss for the year	(5,336,833)	(6,700,612)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(5,336,833)**	**(6,700,612)**

	30 June 2021	30 June 2020
Financial position of parent entity at year end		
Current assets	11,028,204	3,077,056
Total assets	**26,414,081**	**16,166,920**
Current liabilities	(529,992)	(956,002)
Total liabilities	**(529,992)**	**(990,669)**

	30 June 2021	30 June 2020
Total equity of the parent entity, comprising		
Share capital	56,133,457	40,088,786
Accumulated losses	(30,249,368)	(24,912,535)
Total equity	**25,884,089**	**15,176,251**

The parent entity has no contingent liabilities or commitments as at 30 June 2021 (2020: nil)

Total assets shown above includes share options of the parent entity issued to employees of a subsidiary entity of $359,649 (30 June 2020: $367,937)

34. Events after the reporting period

The Directors are not aware of any events occurring subsequent to the end of the reporting period requiring disclosure in these financial statements.

Director's Declaration

1. In the opinion of the directors of RightCrowd Limited:

a) the financial statements and notes set out on pages 31 to 104, and the Remuneration Report in the Directors' Report, set out on pages 20 to 29, are in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;

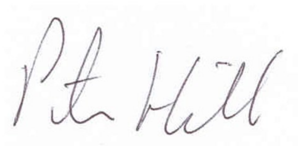
b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2021.

3. The directors draw attention to note 2 of the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This report has been signed in accordance with a resolution

of the directors and is dated 23 September 2021:



Peter Hill

Director

Independent Auditor's Report

To the shareholders of RightCrowd Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of RightCrowd Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the **Group**'s financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

The ***Group*** consists of RightCrowd Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

We have determined the matters described below to be the ***Key Audit Matters***:

- Revenue recognition
- Recoverability of goodwill and other intangible assets

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition ($15,225,100)

Refer to Note 8 and Accounting policy at Note 6 c)

The key audit matter	How the matter was addressed in our audit
Revenue recognition relating to the provision of hardware, software and software related services is a key audit matter due to the significant audit effort and judgement we have applied in assessing the Group's recognition and measurement of revenue. This was driven from the: • Multiple revenue types with different recognition criteria across different products and services, increasing the possibility of the Group inappropriately identifying performance obligations and incorrectly recognising revenue using AASB 15 *Revenue from Contracts with Customers* ('AASB 15'). • Complexity arising from the various terms and conditions included in revenue contracts entered into with the Group's customers. The various terms and conditions increase the risk of interpretational differences in accounting outcomes against the principles-based criteria contained in AASB 15. RightCrowd generates revenue across its operating segments for a variety of product offerings and services. Significant revenue streams include fees from the: – Sale of software on a subscription or perpetual license – Sale of hardware – Sale of software as a service – Provision of software support and maintenance	Our procedures included: • We considered the appropriateness of the Group's revenue recognition policies against the requirements of AASB 15 and our understanding of the business; • Reading a sample of executed customer contracts to understand the key terms and conditions. We clarified elements of our understanding of the contracts through inquiries with the Group; • Comparing the relevant features of a sample of the underlying customer contracts to the criteria in the accounting standard, those in the Group's policies, and against what the Group identified as performance obligations; • Using statistical sampling for each significant revenue type, we checked the timing of revenue recognised by the Group to underlying documentation such as signed customer contracts, customer invoices, proof of acceptance from the customer, proof of delivery to the customer and against the Group's revenue recognition policies; • Using statistical sampling for each significant revenue type, we recalculated the amount of revenue recognised by the Group. This necessitated also assessing how the Group allocated revenue to separately identified performance obligations from the same transaction or contract. We used underlying documentation obtained from our audit

– Provision of consulting services	procedures above, such as, signed revenue contracts, proof of acceptance from the customer and criteria in the accounting standards for allocation of revenue. We compared our assessment to the amount recorded by the Group. We also checked customer receipts to the Group's bank statements; • Assessing the adequacy of the Group's revenue disclosures using our understanding obtained from our testing against the requirements of AASB 15.

Recoverability of goodwill and other intangible assets ($13,703,454)	
Refer to Note 19 Intangible assets and Accounting policy at Note 6 m) and 6 j)	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual testing of goodwill and other intangible assets for impairment, given the size of the balance (being 39% of total assets) and the significantly higher estimation uncertainty due to the business being in a growth phase. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focused on the significant forward-looking assumptions the Group applied in its value in use model, including: • forecast cash flows, particularly in relation to the year 1 growth in new and recurring customers and conversion of pipeline, growth rates and terminal growth rate - the Group is in a growth phase and this increases the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. The recoverable amount is also sensitive to small changes in these assumptions. This drives additional audit effort specific to the feasibility of key assumptions and consistency of application to the Group's strategy. • discount rate - these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the model's approach to incorporating risks into the cash flows or	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We, along with our valuation specialists, assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model. We noted previous trends for the interdependencies of key assumptions and how they impacted the business, for use in further testing. • We considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, the terminal growth rate, and the discount rate, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.

discount rates. We involve our valuations specialists with the assessment. The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions tend to be prone to greater risk for potential bias, error, and inconsistent application. These conditions necessitate additional scrutiny by us, to address the objectivity of sources used for assumptions, and their consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	• We challenged the Group's forecast cash flow and growth assumptions in light of the expected continuation of the increasing demand in certain of the Group's product offerings. Working with our valuation specialists we compared terminal growth rates to authoritative published studies of industry trends and expectations and considered differences for the Group's operations. We assessed key assumptions such as forecast revenues having regard to pipeline opportunities and historical conversion rates, and costs against past performance and post year-end performance. We used our knowledge of the Group, business and customers, and our industry experience. We sourced authoritative and credible inputs from our specialists and market advisors. • We checked the consistency of the growth rates to the Group's forecast and our experience regarding the feasibility of these in industry and economic environment in which it operates. • Working with our valuation specialists, we analysed the Group's discount rate against publicly available data of a group of comparable entities. We independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the CGU and the industry it operates in. • We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in RightCrowd Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and 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 objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of RightCrowd Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 20 to 29 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Adam Twemlow

Partner

Gold Coast

23 September 2021

Shareholder Information

The following information is current as at 31 August 2021:

A. Shareholding – distribution of shareholders:

	Fully paid ordinary shares			Options over Fully paid ordinary shares		
Category (size of holding)	**Holders**	**Number of units held**	**% of units held**	**Holders**	**Number of units held**	**% of units held**
1-1000	23	6,514	0.003%	-	-	-
1001-5000	148	432,703	0.017%	-	-	-
5001-10000	125	971,353	0.0370%	-	-	-
10001-100000	418	16,279,986	6.260%	3	93,333	100%
100001 and over	117	242,459,419	93.200%	-	-	-
	831	**260,149,975**	**100%**	**3**	**93,333**	**100%**

B. Less than marketable parcel

As at 31 August 2021, There are 54 shareholders holding a less than marketable parcel of shares in the Company.

C. Substantial shareholders

The names of the substantial shareholders in the company at 31 August 2021 are shown in the following table:

Shareholder	Number of ordinary shares held	% of ordinary shares
CNI Pty Ltd	53,907,428	21%
National Nominees Limited	30,012,215	12%
Advanced Marketing Technologies Pty Ltd	18,802,491	7%
Citicorp Nominees Pty Ltd	18,673,313	7%
HSBC Custody Nominees	16,196,726	6%
	137,592,173	**53%**

Shareholder Information (cont)

D. Voting rights

Each ordinary share is entitled to one vote when a poll is called; otherwise, each member present at a meeting or by proxy has one vote on a show of hands.

E. 20 Largest shareholders

The 20 largest shareholdings in the company are shown in the below table:

Shareholder	Number of ordinary shares held	% of ordinary shares
1. CNI Pty Ltd	53,907,428	20.78%
2. National Nominees Limited	30,012,215	11.57%
3. Advanced Marketing Technologies Pty Ltd	18,802,491	7.25%
4. Citicorp Nominees Pty Ltd	18,673,313	7.2%
5. HSBC Custody Nominees	16,196,726	6.24%
6. JP Morgan Nominees Australia	9,139,898	3.52%
7. BNP Paribas Nominees Pty Ltd	9,022,460	3.48%
8. Regent Securities Pty Ltd	8,480,129	3.27%
9. HSBC Custody Nominees	7,059,362	2.72%
10. Johan Vinckier	5,814,971	2.24%
11. Salmon Earthmoving Contractors	4,651,858	1.79%
12. CS Third Nominees Pty Ltd	4,562,492	1.76%
13. Karel Vinckier	3,886,167	1.50%
14. Risk Capital LLC	3,430,098	1.32%
15. Bart Vansevenant	3,111,176	1.20%
16. EOS Invest NV	2,500,245	0.96%
17. Berne No 132 Nominees Pty Ltd	2,271,958	0.88%
18. David Thomas	2,206,262	0.85%

Shareholder	Number of ordinary shares held	% of ordinary shares
19. UBS Nominees Pty Ltd	2,150,000	0.83%
20. Alex Vinckier	2,072,801	0.80%
	206,639,391	**79.43%**

F. Company secretary

The name of the company secretary is Kim Clark.

G. Address and principal office

The address of the principal registered office in Australia is:

Suite 501, Level 5/203 Robina Town Centre Drive, Robina QLD 4226

H. Register of Securities

Registers of securities are held at the following address:

Boardroom Limited

Level 12, 225 George Street, Sydney NSW 2000

I. Unquoted Securities

A total of 93,333 options are on issue.

As at 31 August 2021, there are also a total of 3,896,911 performance rights on issue.