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INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

**RightCrowd Limited and
Controlled Entities**
A.B.N 20 108 411 427

RIGHTCROWD
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Appendix 4D Half-year report

1. Company details

Name of entity:	RightCrowd Limited and its controlled entities
ABN:	20 108 411 427
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

	31 December 2021 (\$)	Change on Prior Period
Revenue	7,747,056	Increased by 11%
Net loss for the half year	(3,412,911)	Increased by 18%

Refer to the Review of Operations and Business Outlook included within the Directors' Report for further commentary on the half-year's results, financial position, and likely developments in future years.

3. Net tangible assets

	31 December 2021	30 June 2021
Net tangible assets per ordinary security (cents)	0.04	0.05

The net tangible asset per ordinary security is calculated based on 259,587,482 ordinary shares on issue at 31 December 2021 and 259,452,925 shares that were on issue at 30 June 2021.

4. Entities over which control has been gained or lost during the period

There was no gain or loss of control of any entities during the period.

5. Dividends

No dividends have been paid or declared in the current reporting period or since the end of the reporting period.

6. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

7. Signed

Signed



Date: 24 February 2022

Peter Hill
CEO



RightCrowd Limited 31 December 2021 Interim Financial Report

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RightCrowd Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Suite 501, Level 5, 203 Robina Town Centre Drive, Robina, Queensland. Its shares are listed on the Australian Stock Exchange.

Releases, financial reports and other information are available on our website: www.rightcrowd.com

Directors Report

The directors of RightCrowd Limited (the “Company”) present their report together with the consolidated financial statements for the six months ended 31 December 2021 and the review report thereon.

Directors

The Directors of the Company at any time during or since the end of the interim period are:

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

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.

Review of Operations

FY22 is the first year whereby the Company reports its results based on its restructured product divisions. They are:

- **Workforce Management** – develops and delivers RightCrowd’s Workforce and Visitor Management solutions.
- **Presence Control** – develops and delivers RightCrowd’s Presence Control and Contact Tracing solutions.
- **Access Analytics** – develops and delivers analytics software for identifying user access compliance issues.

These business units are supported by the engineering, customer operations, and corporate services business units of RightCrowd.

The half-year has delivered solid results as the Company continued to grow its sales revenue and annual recurring revenue (ARR)¹ during the first half of FY22. This growth was driven by the

¹ ARR is measured as the total annualised value of active customer contracts for annual subscription, support, and maintenance services as at 31st of December 2021.

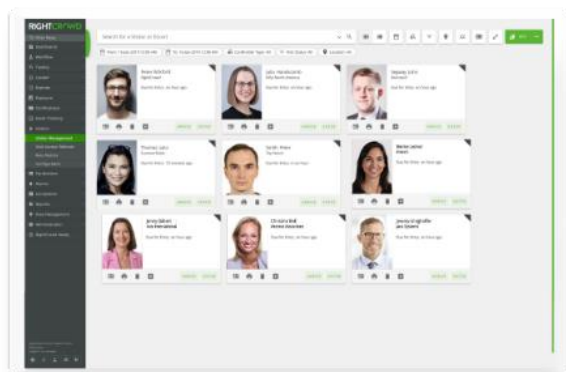
continuing sales of the Company's Workforce Management and Presence Control solutions as customers seek to safely return their staff to the workplace.

RightCrowd also launched its Access Analytics product and is actively promoting the solution with existing clients and prospects internationally. The Company is pleased to report that its first international sale of Access Analytics was executed during the period.

Revenue

Despite interruptions in activities and cancellations of trade shows resulting from COVID during the period, the Group has delivered a strong 1st half result in FY22.

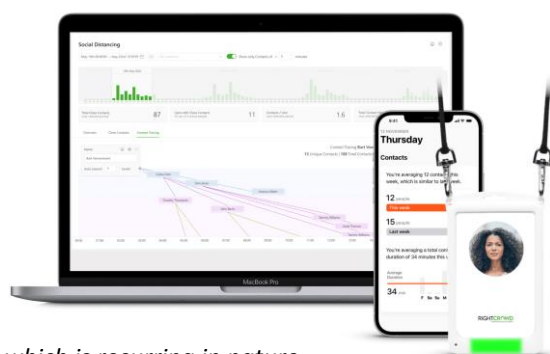
Revenue for the half year was \$7,747,056 (FY21 H1: \$6,955,799) representing a 11% increase on prior year. Growth was driven by a 197% increase in H1 SaaS² revenue to \$1,561,334 (FY21 H1: \$525,507) driven by increasing subscription revenue from Presence Control customers. Perpetual License sales were up 58% on prior half year driven by new sales for Workforce Management solutions, while consulting revenue remained broadly in line with the previous corresponding period.



The Workforce Management business generated revenue of \$4,982,130 and was up by 3.7% versus prior period (FY21 H1: \$4,802,060). The business unit maintained minimal churn (0.5% as measured on an ARR basis) and added 1 new customer during the period as the sales pipeline continued to be impacted by pandemic operating environment. Although consulting revenue remained in line with the prior period, it was very pleasing to see two major US Fortune-50 customers go live with the enterprise Workforce

Management solution during H1 with expectations of being able to grow the implementation scope over time.

The Presence Control business unit generated revenue of \$2,759,926 during the half year (FY21 H1: \$2,103,739) registering growth of 31% as RightCrowd continued to add new customers, and existing customers extended their subscription licenses across their organisations. RightCrowd added 13 new Presence Control customers during



² Software as a Service (SaaS) is an annual subscription license which is recurring in nature

the first half of FY22 with churn remaining relatively low (4.9% as measured on an ARR basis).

The Access Analytics business unit concentrated on an international go to market campaign during the period. Revenue fell when compared to prior period due to the expected churn of one of the existing domestic customers who had wound down their operations. Access Analytics had been deployed specifically to assist with that process. H2 will be focussed on adding new customers to the product and using channel partnerships to roll out the Access Analytics tool, which will be offered via a SaaS subscription model.

Other Income

The Group's other income totalled \$1,662,515 during the 1st half of FY22 (FY21 H1: \$2,487,486). Other income comprises of accruals for the FY22 R&D rebate and government grants received for the Cyber Studio program. The reduction in other income relative to prior period was driven by COVID subsidies received in Australia and the United States in the first half of FY21.

Operating Expenses

The Group continues to manage costs carefully to ensure continued progress towards profitability. The primary cost category continues to be employee related expenses, with \$9,175,360 expensed during the first half of FY22 representing an 8% increase on prior period (FY21 H1: \$8,491,438). The increased expense reflects the impact of additional headcount hired including the hire of two new executives into the COO and CTO roles. The Group continues to extend its employee share scheme as part of its overall remuneration strategy and to align employee remuneration with share price.

Cost of goods sold increased by 8% during the period to \$1,353,266 (FY21 H1: \$1,251,128) which represented hardware inventory costs. The Group continues to make improvements to its hardware production process which is forecast to improve future gross hardware margins.

Non-employee benefit expenses totalled \$2,291,821 which reduced by 12% on prior year (FY21 H1: \$2,591,497), driven partly due to a reduction in FX loss with the Company hedging a portion of its foreign currency exposure in FY22. There were also reductions in the Company's professional services expenses which totalled \$495,134 during the first half of FY22 (FY21 H1: \$678,719) with external design costs incurred relating to the Presence Control solution being incurred in the prior period.

Cashflows

Cashflows from operating activities reduced to a total net outflow of \$729,529 from prior period (FY21 H1: \$1,129,220). Operating outflows includes \$1,774,131 in payments to suppliers to secure hardware inventory for future sales.

Cash outflows from financing activities was \$770,384 due to repayment of borrowings during the period, while cashflows from investing activities had a net outflow of \$162,403 primarily due to expenditure on property, plant, and equipment.

Financial Position

The cash position stood at \$8,229,111 on the 31st of December 2021 having decreased from \$9,872,524 at the end of FY21. Trade and Other Receivables stood at \$5,027,324 (30 June 2021: \$6,945,926) which related mostly to \$3,428,040 of receivables due from customers (30 June 2021: \$3,193,924). The remaining receivable is a year-to-date accrual of the FY22 R&D rebate (\$1,340,670).

The continued growth of sales of Presence Control solutions resulted in hardware inventory of \$798,392 on 31st December 2021, slightly less than the \$980,500 of inventory held at the end of FY21.

Other current assets grew slightly to \$2,135,519 (FY21: \$1,869,253) which represents prepayments made for inventory and insurance coverage.

Trade payables reduced to \$940,408 on the 31st of December 2021 from \$1,505,896 at the end of FY21 due to settlement of payments due to RightCrowd's Presence Control hardware provider.

The growth in Provisions to \$2,088,567 (current & non-current) on the 31st of December 2021 from \$1,892,105 at the end of FY21 was due to increases in leave and long-service accruals as a result of an increasing staff base.

Business Outlook

RightCrowd is a fast-growing global software business that has grown annual sales revenue by 267% from \$4,146,976 in FY17 to \$15,225,100 in FY21.

The Company maintains its full-year guidance and expects to accelerate revenue growth in the second half of FY22 to hit its full-year target. RightCrowd continues to see strong demand from companies looking for solutions to proactively manage the safety of their workforce, and the Company expects that investments made into channel partnerships and experienced personnel will help to drive increased sales across all of RightCrowd's business units in the second half of FY22.

The Company continues to work towards a scalable business model for revenue growth, which requires further development of its partner channels. The Company has added two new partners in the US and New Zealand during the period and continues to work with existing partners to introduce

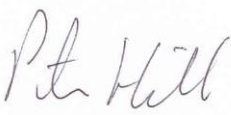
Presence Control and Access Analytics into the channel, including the roll-out of detailed sales training to partner sales personnel.

The growth in sales revenue is expected to be driven by increasing sales of presence control badgeholders and a number of large new enterprise workforce management pipeline wins. The Annual Recurring Revenue stands at \$9.1m at 31 December 2021, and the Company maintains guidance that this will exceed \$11.5m by the end of FY22. Annual recurring revenue represents the total value of all active recurring customer contracts.

Costs are forecast to remain in line with the first half of FY22, albeit with cost of goods sold increasing in line with the forecast increase in sales of presence control solutions.

Auditor's independence declaration

The lead auditor's independence declaration is set out on page 10 and forms part of the directors' report for the six months ended 31 December 2021.

Signed 

Date: 24 February 2022

Peter Hill
CEO


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DECLARATION OF INDEPENDENCE BY C HENRY TO THE DIRECTORS OF RIGHTCROWD LIMITED

As lead auditor for the review of RightCrowd Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of RightCrowd Limited and the entities it controlled during the period.



C Henry
Director

BDO Audit Pty Ltd

Brisbane, 24 February 2022

Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2021

	Note	31 December 2021 (\$)	31 December 2020 (\$)
Revenue	5a	7,747,056	6,955,799
Other income	5b	1,662,515	2,487,486
Cost of goods sold		(1,353,266)	(1,251,128)
Employee benefits expense		(9,175,360)	(8,491,438)
Depreciation and amortisation expense		(497,410)	(526,126)
Finance costs		(67,358)	(96,475)
Foreign currency gain /(loss)		(41,990)	(396,438)
Other expenses	6	(1,685,063)	(1,572,458)
Loss before income tax		(3,410,876)	(2,890,778)
Income tax expense		(2,035)	(3,368)
Net loss for the half year		(3,412,911)	(2,894,146)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(203,007)	(428,651)
Total other comprehensive income for the half year		(203,007)	(428,651)
Total comprehensive loss for the half year		(3,615,918)	(3,322,797)
Earnings per share (cents)			
Basic earnings per share		(1.5)	(1.3)
Diluted earnings per share		(1.5)	(1.3)

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

Condensed consolidated statement of financial position

As at 31 December 2021

	Note	31 December 2021 (\$)	30 June 2021 (\$)
ASSETS			
Cash and cash equivalents		8,229,111	9,872,524
Trade and other receivables	5c, 8	5,027,324	6,945,926
Inventories		798,392	980,500
Short term deposits		119,769	119,769
Other assets		2,135,519	1,869,253
TOTAL CURRENT ASSETS		16,310,115	19,787,972
Property, plant and equipment		2,167,002	2,093,951
Goodwill		12,320,014	12,489,924
Other intangible assets		1,002,512	1,213,530
TOTAL NON-CURRENT ASSETS		15,489,528	15,797,405
TOTAL ASSETS		31,799,643	35,585,377
LIABILITIES			
Trade and other payables		940,408	1,505,896
Financial liabilities		134,438	-
Borrowings	9	751,049	663,556
Contract liabilities	5c	3,853,179	4,121,660
Tax liabilities		1,587	1,608
Provisions		1,970,538	1,739,416
TOTAL CURRENT LIABILITIES		7,651,199	8,032,136
Borrowings	9	1,306,247	1,516,463
Provisions		118,209	152,689
TOTAL NON-CURRENT LIABILITIES		1,424,456	1,669,152
TOTAL LIABILITIES		9,075,655	9,701,288
NET ASSETS		22,723,988	25,884,089
EQUITY			
Issued capital		56,133,457	56,133,457
Reserves		146,414	(95,770)
Accumulated losses		(33,555,883)	(30,153,598)
TOTAL EQUITY		22,723,988	25,884,089

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

Condensed consolidated statement of changes in equity

For the half year ended 31 December 2021

	Note	Issued capital (\$)	Accumulated losses (\$)	Foreign currency translation reserve (\$)	Share based payment reserve (\$)	Total (\$)
Balance at 30 June 2021		56,133,457	(30,153,650)	(656,045)	567,245	25,884,089
Comprehensive income for the period						
Loss for the period		-	(3,412,911)	-	-	(3,412,911)
Other comprehensive income		-	-	(203,007)	-	(203,007)
Total comprehensive income for the period		-	(3,412,911)	(203,007)	-	(3,615,918)
Share options and performance rights expensed during the period		-	-	-	448,899	448,898
Transfer of expired share options to accumulated losses		-	10,678	-	(10,678)	-
Total transactions with owners of the Company		-	10,678	-	438,220	448,898
Balance at 31 December 2021		56,133,457	(33,555,883)	(859,052)	1,005,466	22,723,988

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

Condensed consolidated statement of changes in equity

For the half year ended 31 December 2020

	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		-	(2,894,146)	-	-	(2,894,146)
Other comprehensive income		-		(428,651)	-	(428,651)
Total comprehensive income for the period		-	(2,894,146)	(428,651)	-	(3,322,797)
Issue of ordinary shares	12	4,000,000	-	-	-	4,000,000
Transfer on exercise to share capital	12	137,980			(137,980)	-
Transaction costs		(50,000)	-	-	-	(50,000)
Share options and performance rights expensed during the year	12	-	-	-	357,453	357,453
Transfer of expired share options to accumulated losses		-	149,979	-	(149,979)	-
Total transactions with owners of the Company		4,087,980	149,979	-	69,494	4,307,453
Balance at 31 December 2020		44,176,766	(28,384,375)	(197,702)	565,089	16,159,774

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

Condensed consolidated statement of cash flows

For the half year ended 31 December 2021

	Note	31 December 2021 (\$)	31 December 2020 (\$)
Cash flows from operating activities			
Cash receipts from customers		8,212,181	6,262,045
Cash payments to suppliers and employees		(11,762,879)	(11,318,761)
Interest paid		(67,864)	(96,112)
Interest received		5,442	4,636
Income tax refunded (paid)		(1,322)	(11,625)
Grant income received		2,884,913	4,030,597
Net cash (used in) from operating activities		(729,529)	(1,129,220)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		11,931	-
Purchase of property, plant and equipment		(174,334)	(98,118)
Net cash (used in) from investing activities		(162,403)	(98,118)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	4,000,000
Share issue costs		-	(55,000)
Proceeds from borrowings		-	1,555,852
Repayment of borrowings		(484,330)	(1,735,925)
Repayment of lease liabilities		(286,054)	(272,119)
Net cash (used in) from financing activities		(770,384)	3,492,808
Net increase (decrease) in cash and cash equivalents		(1,662,316)	2,265,470
Cash and cash equivalents at 1 July		9,872,494	1,471,918
Effect of exchange rate fluctuations on cash held		18,933	29,708
Cash and cash equivalents at 31 December		8,229,111	3,767,096

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

Notes to the condensed consolidated financial statements

1. Reporting entity

RightCrowd Limited (the “Company”) is a company domiciled in Australia. These condensed consolidated interim financial statements (“interim financial statements”) as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the development and sale of physical security, safety, and compliance software.

2. Basis of preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

They do not include all the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2021.

These interim financial statements were authorised for issue by the Company’s Board of Directors on 24 February 2022.

3. Use of judgements and estimates

In preparing these interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for the composition of the Groups Cash Generating Unit’s (CGUs) for impairment testing purposes. As a result of the change in the composition of the group’s operating segments (refer note 11), the group’s CGU for goodwill impairment testing purposes has changed from the RightCrowd Europe entity in the preceding half year ended 31 December 2020, to the Presence Control business unit for the current half year ended 31 December 2021.

4. Going Concern

The interim consolidated financial statements as at and for the half year ended 31 December 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 condensed consolidated financial statements (cont)

4. Going Concern (cont)

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 at 31 December 2021, the Group's current assets of \$16,310,115 (30 June 2021: \$19,787,972) exceed its current liabilities of \$7,651,199 (30 June 2021: \$8,032,136) by \$8,658,916 (30 June 2021: \$11,755,836).

Given the surplus of current assets, strong cash position, and increase in revenue generated by the Presence Control business unit, the directors are of the opinion that the Group can continue as a going concern for at least the next twelve months.

5a. Revenue

	31 December 2021 (\$)	31 December 2020 (\$)
Subscription software and support and maintenance	2,379,803	2,317,852
Software as a Service	1,561,334	525,507
Perpetual software	422,598	268,190
Presence control hardware	1,374,170	1,771,446
Consulting	2,009,151	2,072,804
Total:	7,747,056	6,955,799

Notes to the condensed consolidated financial statements (cont)

5b. Other income

	31 December 2021 (\$)	31 December 2020 (\$)
COVID support government incentives	-	1,003,500
Research and development grant	1,380,678	1,347,625
Cyber skills grant	177,177	-
Other income	104,660	136,361
Total:	1,662,515	2,487,486

The Group receives a research and development rebate from the Australian Taxation Office each year based on qualifying research and development expenditure incurred.

The Group considers that there is reasonable assurance in relation to the claim for expenses incurred within the current half year and has therefore included an estimate of the rebate receivable in the financial statements for the half year ended 31 December 2021.

5c. Contract balances

	31 December 2021 (\$)	30 June 2021 (\$)
Trade receivables arising from contracts with customers	3,428,040	3,193,924
Contract liabilities	(3,853,179)	(4,121,660)
Net contract balances	(425,139)	(927,736)

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 contract have not been met as at the half year end. The performance obligations will be satisfied over the underlying contract periods, which are typically over a period of 12 months.

Notes to the condensed consolidated financial statements (cont)

6. Other Expenses

	31 December 2021 (\$)	31 December 2020 (\$)
Rent expense	67,341	59,559
Travel expense	108,971	34,621
Professional and consulting	495,134	678,719
Advertising and marketing	162,592	70,052
Communication	49,067	76,613
Software rental	273,673	207,494
Insurance	203,752	223,893
Cyber studio expenses	100,000	-
Warranty expenses	22,166	-
Other expenses	202,367	221,507
Total:	1,685,063	1,572,458

Notes to the condensed consolidated financial statements (cont)

7. Disaggregation of Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. 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.

	Workforce Management (\$)		Presence Control (\$)		Access Analytics (\$)		Total (\$)	
	31 Dec 21	31 Dec 20	31 Dec 21	31 Dec 20	31 Dec 21	31 Dec 20	31 Dec 21	31 Dec 20
Revenue by service line								
Perpetual Software	422,598	268,190	-	-	-	-	422,598	268,190
Subscription software and support and maintenance	2,374,803	2,267,852	-	-	5,000	50,000	2,379,803	2,317,852
Consulting	1,991,515	2,072,804	17,636	-	-	-	2,009,151	2,072,804
Software as a service	193,214	193,214	1,368,120	332,293	-	-	1,561,334	525,507
Presence control hardware	-	-	1,374,170	1,771,446	-	-	1,374,170	1,771,446
Total	4,982,130	4,802,060	2,759,926	2,103,739	5,000	50,000	7,747,056	6,955,799
Timing of recognition								
Point in time recognition	2,904,559	2,573,990	1,391,806	1,771,446	-	-	4,296,365	4,345,436
Over time recognition	2,082,571	2,278,070	1,368,120	332,293	5,000	50,000	3,450,691	2,610,363
Total:	4,982,130	4,802,060	2,759,926	2,103,739	5,000	50,000	7,747,056	6,955,799

Notes to the condensed consolidated financial statements (cont)

8. Trade and other receivables

	31 December 2021 (\$)	30 June 2021 (\$)
Trade receivables arising from contracts with customers	3,428,040	3,193,924
Research and Development Grant receivable	-	2,646,634
Accrued Research and Development Grant income	1,340,670	-
Other receivables	199,917	217,198
Accrued revenue	58,697	888,170
Total:	5,027,324	6,945,926

9. Borrowings

	31 December 2021 (\$)	30 June 2021 (\$)
Borrowings (current)		
Insurance premium funding	242,547	83,029
Lease liabilities	508,502	573,124
Other unsecured loan	-	7,403
Total borrowings (current):	751,049	663,556
Borrowings (non-current)		
Lease liabilities	1,230,218	1,110,002
Payroll Protection Program loan	12,162	157,191
Small Business Administration loan	63,867	61,807
QRIDA Loan	-	187,463
Total borrowings (non-current):	1,306,247	1,516,463
Total borrowings:	2,057,296	2,180,019

Terms and conditions of borrowings are as disclosed in the most recent annual financial statements for the year ended 30 June 2021.

Notes to the condensed consolidated financial statements (cont)

10. Share based payment arrangements

At 31 December 2021, the Group had granted the following share based payment awards:

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 three tranches. The performance targets attached to each Tranche are set out below:

	Tranche A performance target	Tranche B performance target	Tranche C performance target
Performance Period	Financial Year 2020	Financial Year 2021	Financial Year's 2022 and 2023
Sales Revenue	\$13.7 million	\$19.1 million	\$21.8 million (2022 target), 40% growth on 2022 (2023 target)
Net income	(\$7.8 million)	(\$2.4 million)	(\$3.5 million) (2022 target), P & L profit (2023 target)

Tranche A of the long-term incentive plan vested on 30 September 2020, and tranche B vested on 30 September 2021. Although non-market performance conditions relating to revenue and net income in respect of Tranche A and B 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 Company was on track to achieve its targets prior to the delays in contract execution or milestone completion caused by COVID restrictions.

Tranche C of the long-term incentive plan was granted on 29 October 2021.

The fair value of each Tranche was calculated using the Black Scholes model using the following inputs:

	Tranche A	Tranche B	Tranche C
Number of performance rights	1,716,774	4,029,806	8,153,982
Exercise price	-	-	-
Grant date	28/02/2020	28/02/2020	29/10/2021
Expiry date	30/09/2020	30/09/2021	30/09/2023
Vesting period (years)	0.6	1.5	1.9
Volatility	68%	68%	69%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.12%	1.12%	0.99%
Fair value at grant date	\$309,019	\$685,067	\$2,238,435

Notes to the condensed consolidated financial statements (cont)

10. Share based payment arrangements (cont)

RightCrowd Long term Incentive plan (cont)

Set out below is a summary of performance rights granted under the plan for each Tranche and movements in rights from grant date to 31 December 2021.

	Tranche A	Tranche B	Tranche C
Performance rights issued at grant date	1,716,774	4,029,806	8,153,982
Not awarded or forfeited	(112,153)	(1,188,448)	(43,324)
Vested	(738,980)	(2,000,574)	-
Exercised	(865,641)	(840,784)	-
Performance rights outstanding at 31 December 2021	-	-	8,110,658

The expense recognised in relation to the performance rights for the half year ended 31 December 2021 was \$448,898 (2020: \$357,493). The expense was recognised in respect of the following Tranches:

	Amount recognised in profit or loss	
RightCrowd Long Term Incentive Plan	31 December 2021	31 December 2020
Tranche A	-	172,257
Tranche B	248,788	185,236
Tranche C	200,111	-
Total share-based payment expense	448,899	357,493

No other share-based payment transactions were completed during the period.

Notes to the condensed consolidated financial statements (cont)

11. Operating segments

As a result of the commercialisation of the presence control and access analytics product suite, the Group has changed its internal organisation and composition of its operating segments, which has resulted in a change in reportable segments. Accordingly, the Group has restated the previously reported segment information for the six months ended 31 December 2020. Segment assets and segment liabilities are no longer reported given they are not regularly compiled for or reviewed by the Chief Operating Decision Maker of the group.

The nature of the Group's operating segments is described below:

- **Workforce Management:** Development and delivery of RightCrowd's core Workforce and Visitor Management Solutions.
- **Presence Control:** Development and delivery of RightCrowd's Presence Control and Contact Tracing solutions.
- **Access Analytics:** Development and delivery of analytics software for identifying user access compliance issues.

	Workforce Management (\$)		Presence Control (\$)		Access Analytics (\$)		Total (\$)	
	31 Dec 21	31 Dec 20 (restated)	31 Dec 21	31 Dec 20 (restated)	31 Dec 21	31 Dec 20 (restated)	31 Dec 21	31 Dec 20
External Revenues	4,982,130	4,802,060	2,759,926	2,103,739	5,000	50,000	7,747,056	6,955,799
Segment profit (loss) before tax	(2,606,115)	(1,845,457)	4,646	(414,708)	(809,407)	(630,613)	(3,410,876)	(2,890,778)
Employee benefits expense	(6,954,923)	(6,436,510)	(1,449,707)	(1,341,647)	(770,730)	(713,281)	(9,175,360)	(8,491,438)
Cost of goods sold	(129,846)	(12,882)	(1,223,420)	(1,238,246)	-	-	(1,353,266)	(1,251,128)
Depreciation and amortisation expense	(377,037)	(398,804)	(78,591)	(83,128)	(41,782)	(44,195)	(497,410)	(526,126)
Other expenses	(1,277,278)	(1,191,923)	(266,240)	(248,448)	(141,545)	(132,086)	(1,685,063)	(1,572,458)

Notes to the condensed consolidated financial statements (cont)

12. Events after the reporting period

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

13. Commitments and contingencies

The Directors are not aware of any commitments or contingencies relating to the group as at 31 December 2021 (31 December 2020: Nil).

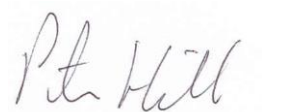
Directors Declaration

In the opinion of the directors of RightCrowd Limited ("the Group"):

- (a) the condensed consolidated financial statements and notes set out on pages 11 to 25, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance, for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (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.

Signed in accordance with a resolution of the directors:

Dated 24th of February 2022



Peter Hill

Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of RightCrowd Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of RightCrowd Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

The image shows a handwritten signature in black ink. The signature appears to be 'C Henry' and is written in a cursive, flowing style.

C Henry
Director

Brisbane, 24 February 2022