RIGHTCROWD
EVERYONE ON SITE IS RIGHT

Annual & Financial Report

YEAR ENDING
30 JUNE 2022

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

(07) 5619 7854
info@rightcrowd.com
www.rightcrowd.com

Everyone on site is right

RightCrowd was founded in 2004 to challenge the way companies use and think about their physical access control investments.

We understand that managing the access and presence of a large workforce is complex which require intelligent and automated solutions.

We help our customers to get more out of their physical access control system by keeping it synchronized with the rest of the organisation, to keep their people safe, secure, and compliant. Our award-winning solutions automate everyday business processes, enforce policies, and manage presence in the workplace. We give our customers confidence that everyone on site is right!

For 18 years RightCrowd has worked with the best in the physical security industry and our product suite is used by some of the world's largest enterprises. Combined with our long-standing relationships with major security and business systems vendors, we are able to deliver world-class solutions to meet our customers' most difficult security and compliance challenges.

Our vision is to be the most trusted provider of intelligent workforce access solutions that manages the safety, security, and compliance of people.

Contents

FY2022 Financial Highlights

$15.1m
Sales Revenue
-1% on FY21 ($15.2m)

$8.5m
ARR
+5.1% YoY Growth

$4.7m
Cash Balance
-53% on FY21 ($9.9m)

+19
ARR Customers
Added during FY22

$18.4m
Total Income
-5% on FY21 ($19.4m)

4.2%
YoY Cost Increase
Excludes impairment expense

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 (HQ)

Unites States:
1201 Third Avenue 1600, Seattle, WA 98101

Philippines:
Unit 2401, One San Miguel Avenue Building, Pasig City, Manila

Belgium:
105 Louisbergskaai, 9000 Gent

Share Registry

Boardroom Pty Ltd

Auditor

BDO Audit Pty Ltd

Solicitor

GRT Lawyers Brisbane

Bankers

Bank of Queensland (AU)

Wells Fargo (USA)

Belfius Bank (BE)

BDO (PH)

Stock Exchange Listing

ASX (ticker: RCW) & OTCQB (ticker: RCWDF)

Website Address

www.rightcrowd.com

Chairman's Report

Dear Shareholder,

The Board of RightCrowd Limited (Company) is pleased to provide the 2022 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 2022 and provide commentary on our business units' performance, strategy, and outlook.

This year has been a difficult year for emerging IT companies and companies who had seen revenue growth in FY21 from COVID related solutions. RightCrowd has both of these characteristics and despite achieving sales revenue of $15.1m, (FY21 $15,2m) has seen its market capitalisation reduce significantly.

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 during H1 FY22. However, the rapid lifting of COVID restrictions by most Governments around the world in early H2 FY22 severely impacted new and continuing demand for these solutions. At the same time, corporations continued to allow staff to work from home, delaying the closing of several large Workforce Management Solutions opportunities that had substantially progressed through our sales pipeline.

In response to the difficult trading conditions, we changed our business operating structure to bring a sharper focus to sales and product areas and to further control costs. We are now seeing interest in RightCrowd's Workforce Management and Access Analytics solutions increase and the Board is confident that FY23 will be a year of sales revenue growth for the Company.

The Board greatly appreciates the commitment of every member of the RightCrowd team to helping our Company succeed and I would like to thank 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 reflects the corporate governance practices in place throughout the 2022 financial year and was approved by the Board on 16 August 2022.

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

(07) 5619 7854
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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 2022 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

Prior to his Board career, Robert 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 him also being involved in management of parts of that business.

Robert has over 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, September 2013 to present) and Apollo Tourism & Leisure Limited (ASX: ATL, January 2020 to present). In addition to these roles, he is a director of unlisted companies Goodman Private Wealth Ltd and Ozcare 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 & 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 and a Director of GrowthOps Ltd (October 2019 to present).

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 24 years' experience in Banking and Finance and 8 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

The Board is pleased to announce and present the Consolidated Group's results for the 2022 financial year.

The financial results demonstrate the resilience of the business despite a challenging year driven by a sharp slow-down in sales of the Company's Presence Control software solutions for social distancing and contact tracing purposes. This impacted overall performance with FY22 annual sales revenue of $15,077k which was 1% lower than prior year (FY21: $15,225k).

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.

Prior to the commencement of FY22, the RightCrowd Group re-organized its operations to support its three principal business units, being:

- **Workforce Management** – develops and delivers RightCrowd's Workforce and Visitor Management solutions.
- **Presence Control** – develop and delivers RightCrowd's Presence Control solutions,
- **Access Analytics** – develops and delivers RightCrowd's analytics solutions (formerly known as RightCrowd IQ),

At that time, the Company also announced that the Offsite Vision evacuation management product suite would be consolidated as a module within the Presence Control solution.

The Company also restructured its internal operational business units as follows:

- **Customer Operations** – comprises all customer-facing teams including sales, marketing, and professional services resources.
- **Product** – comprises all product related teams including product management, engineering, and quality assurance resources.
- **Corporate Services** - comprises all internal support functions including finance, HR, IT, Compliance, and Learning & Development.

Revenue

Revenue reduced by 1% to $15,077k (FY21: $15,225k). The Company had forecast strong growth, particularly from Presence Control on the back of a very strong FY21 result driven by customer requirements for contact tracing and social distancing solutions to address the COVID-19 pandemic. With the earlier than anticipated relaxation of COVID-19 restrictions during FY22, the Presence Control business unit saw a reduction of sales which resulted in lower than forecast revenue growth. which resulted in it not achieving its revenue forecast. Companies did not return their people to the workforce as quickly as anticipated which resulted in flat growth for Workforce Management and Access Analytics, thereby not offsetting the decline in sales for Presence Control during the period.

Focus continues towards generating new sales and servicing RightCrowd's enterprise customers, particularly for Workforce Management solutions. The Company has been encouraged by the demand from our customers for extending their current rollouts which are generating extensions to current engagements and pipeline build continues to be strong as the Company receives requests from companies to safely manage the return of their workforces to the workplace. Several large enterprise pipeline opportunities moved to an advanced stage during FY22 and are expected to be executed in first half of FY23.

Although there has been a slow-down in revenue generation over the second half of FY22, a total of 18,827 badge holder units have been invoiced during FY22 for Presence Control (FY21: 26,744 badge holder units). Demand is expected to be subdued in the short-term given the growing relaxation of COVID19 measures globally, however the Presence Control solution has developed a broader set of security use-cases required by customers including evacuation management and visitor tethering which are expected to generate growth for the Company during FY23.

The Company also continues to focus on Access Analytics as a critical tool for customers to manage and identify gaps in and across their access control systems. Three new customers were added during FY22 having purchased subscription licenses for the newly released product. The Company was also pleased that RightCrowd Access Analytics was selected as a winner of the prestigious Security Industry Association, New Product Showcase awards at ISC West in FY22, winning the Threat / Risk Management Software category. The award represents a major milestone in the launch of the RightCrowd Access Analytics product and the company has generated a great deal of public relations activity in the United States security market on the back of the award win.

Other Income

The Group's other income totalled $3,290k during the period (FY21: $4,201k). The principal contributors to other income were:

- An accrual of $2,681k for the R&D rebate claimable under the rules of the R&D incentive scheme which was in line with prior year. The R&D rebate for FY22 is forecast to be received in Q2 FY23.

- Grant income of $376k for the Cyber Skills partnership fund, an Australian government initiative to support the development of cyber security skills across the Australian workforce (FY21: nil).

- Overall, there was a drop in subsidies received during FY22 with no further COVID-19 related funding receipts which had generated other income of $1,379k in FY21.

Expenses

The Group continues to manage expenses carefully whilst making necessary investments to accelerate revenue opportunities. Total expenses, excluding impairment expense, were $25,041k growing by 4.2% on prior year (FY21: $24,037k).

The primary cost category continues to be employee related, with $18,039k expensed during FY22 which was 6.6% higher than prior year (FY21: $16,919k). The increase in employment expenses was driven by additional headcount hired during the year to help drive revenue opportunities.

Cost of goods sold reduced during the period to $2,031k (FY21: $2,355k) which was as a result of a drop in Presence Control sales, and also courtesy of some manufacturing improvements rolled out to reduce cost of manufacturing of the second-generation badge holder released during the year.

Other expenses increased by 9.5% to $3,876k in the period (FY21: $3,540k) driven by increased spend on marketing activities and industry events as COVID-19 restrictions eased. There were also additional costs incurred during FY22 relating to the Cyber Skills partnership which are partially offset by funding received.

Net Loss

The Group's net loss increased by 220% to $14,939k compared to prior period (FY21: $4,663k). This was driven by an impairment expense recognised on the Group's purchase of Ticto NV in 2019 resulting in a reduction in the value of goodwill on the consolidated balance sheet and an impairment expense of $8,259k recognised in this period.

Excluding the impact of impairment, the Group's adjusted net loss increased by 44.5% to $6,679k (FY21: $4,623k) which was a result the growth in sales revenue being lower than the growth in costs for the period.

Annual Recurring Revenues (ARR)

ARR is measured as the total annualized value of active customer contracts for subscription, support, and maintenance as at 30th of June 2022. ARR represents non-IFRS financial information which provides an indication of the annual value of all recurring software and support contracts transacted by the Group. ARR information has not been subject to external audit review.

The Group ended the FY22 period with a total ARR of $8,489k. This represented growth of 5.1% on the prior period (FY21: $8,081k) and was driven by an uplift in support and maintenance contracts to existing customers and the appreciation of the USD over the period given that a large number of the Group's contracts are in USD.

Growth in ARR was impacted due to a number of the Group's Presence Control customers not renewing or placing their subscription licenses on hold given the easing of the COVID-19 pandemic. This resulted in $1,733k of ARR being removed from the ARR calculation over the course of FY22.

Cash Position

Following successful capital raises and strengthening of the balance sheet completed during the prior year, RightCrowd began to deploy capital to accelerate commercialisation in FY22. New executive staff were added, additional salespersons hired, and new marketing initiatives were executed during the period.

Coupled with the repayment of debt facilities during the year, cash and cash equivalents reduced by 53% to $4,684k (FY21: $9,873k) by the end of the current period.

Review of Operations – Operational Highlights

Customer Growth

A total of 19 new active recurring contract customers were added during FY22. New customers added spanned a variety of industries with industrial, mining, technology, education, and utility companies selecting RightCrowd solutions during FY22.

Customer churn increased during the period. Total churn, when measured on an annual recurring revenue basis, was 21.5% with 32 customers placing their annual contracts with RightCrowd on hold. The majority of these customers (28) were relating to Presence Control solutions, and the overall impact was a reduction in ARR of $1.829k, of which $1,733k (or 94%) related to Presence Control solutions. This impact of churn was more than offset by the addition of new customers, extension of existing agreements, and appreciation of the USD which resulted in total ARR increasing over the period.

The Company expects customer acquisition to continue during FY23 however churn rates may remain high over the short-term as Presence Control renewals are put on hold. The Company does expect overall churn to start to reduce given that many of the remaining Presence Control customers are broadening their use of the solution beyond contact tracing and social distancing monitoring.

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 made the following leadership adjustments in FY22 to streamline the management of the Company:

- James Stewart continues as Company CFO and maintains responsibility for all the Company's corporate functions and general operations. James joined RightCrowd in July 2019 and is an accomplished leader having held senior executive positions internationally within the finance and technology industries and was previously Managing Director for Wolters Kluwer's Finance Risk and Reporting business unit in Asia managing a growth business with an annual turnover of US$30m.

- Brian McIlravey has taken responsibility for all the Company's customer operations, including sales and marketing, Brian McIlravey joined RightCrowd in October 2021 as President and Chief Operating Officer. Brian is based in Ontario, Canada and has extensive experience in the security and software industries. 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 US$25m business unit.

- Bart Vansevenant has taken the Chief Product Officer role and now oversees the combined product and engineering teams; Bart is the former co-founder and Chief Marketing Officer at Ticto NV and has been with the Company since the Ticto acquisition in January 2019. Bart has over 20 years of cyber product management experience and is a highly regarded product specialist within the security industry.

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 have commenced with a particular focus on the North American market.

Cyber Studio

RightCrowd was awarded $1.1m under the Australian Federal Government's Cyber Security Skills Partnership Innovation Fund in late June 2021.

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 a two-year period resulting in high-quality and well-trained industry professionals contributing towards the Company's growth objectives.

The program is underway and has proved to be very successful to date, with 8 graduates scheduled to complete their 1-year program in October 2022. A second iteration of the program is scheduled to commence in November 2022.

Impact of COVID-19

RightCrowd has been materially impacted by COVID-19 throughout the course of the last 2.5 years. In the early phase of the pandemic, RightCrowd saw a material decline in revenue and received resultant support from government initiatives. As the pandemic progressed, the Presence Control product identified an opportunity to develop use cases for contact tracing and social distancing which helped to drive strong growth during the FY21 period.

As COVID-19 pandemic related restrictions eased in second half of FY22, RightCrowd saw a reduction in Presence Control sales activity which has impacted the strong revenue growth trajectory of the company. Offsetting the drop in Presence Control sales is strong development of pipeline for Workforce Management and Access Analytics as customers look for solutions to manage safety, security and compliance of their workforces as they begin to return to the workplace. The conversion of this pipeline into sales revenue is forecast to accelerate in FY23.

Other Operational Initiatives

RightCrowd continued to upgrade and consolidate its infrastructure and processes during FY22, with notable developments being:

- Maintaining and extending ISO27001 compliance, ensuring compliance with market standards for Information and Security Management Systems (ISMS).
- Completion of restructuring of the Offsite Vision entity. This has resulted in net losses from the entity reducing from $1,065k in FY21 to $18k in FY22.
- The set-up of a new entity in Canada (RightCrowd Canada) which will become fully operational in FY23. This entity will enable the Company to build a stronger presence covering the east coast of North America.
- Roll-out of a standard product pricing for integrated solution sales,
- Roll-out of a Company-wide Objectives and Key Results framework, and
- Launching a new contract renewal process to streamline the process and upgrade existing customer contracts.

Further operational improvements are planned in FY23 to allow the Company to continue to scale existing operational processes in support the forecast revenue growth.

Strategy and Outlook

FY22 demonstrated that the Company results can be volatile as new product streams come on-line and/or market trends move quickly.

The Company has a strong base of recurring revenue however its fast growth is heavily dependent on the success of growth in sales and scalability of its product solutions. The Company has demonstrated its capability to quickly generate sales as evidenced by the revenue growth in Presence Control during the pandemic. The Company is pursuing a similar growth trajectory for Access Analytics.

The Company is also focusing on a faster deployment cycle for its Workforce and Visitor Management solutions during FY23. Strong revenue growth coupled with a steady to reducing overall cost-base will help the Company accelerate towards cashflow and P/L break-even.

Over the last six months, 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 with their workforces returning to work.

RightCrowd software is used by 7 of the global top 100 companies[3] 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 purpose 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 FY2022 is summarised in the below table:

Strategic Objective	Objective Description	Progress made in FY22
Leverage Global Partnerships	Scale existing and add new channel partnerships in targeted geographic markets.	Two new partner agreements were signed during FY22 and RightCrowd partnered with industry leading organizations at trade shows to demonstrate the latest innovations in the security software industry. Overall, the Company has not yet seen a growth in partner generated revenue indicating more work is required in this area during FY23.
Boost presence in the United States	Position for US Covid recovery and add key roles to support customers and prospects in RightCrowd's fastest growing market.	Revenue from North America decreased by 8% to \$9.8m in FY22 (FY21: \$10.6m). Key hires have been made in the United States to support increased revenue from sales and consulting activities during FY22. Ongoing investment is being made 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 \$4.4m, or 29% of total sales revenue in FY22 (FY21: \$4.5m). Access Analytics has added 3 new customers in FY22 helping them to manage their ongoing access control compliance. The solution leverages market leading analytic capability and is quick to deploy. Presence Control has added a new Visitor Tethering feature and has successfully rolled out its evacuation management module with a major global resources company.
P&L Profitability	Combination of increased sales and prudent cost management to achieve P&L profitability.	The Company was impacted by COVID-19 in FY22 resulting in a correction of the trend towards P&L profitability. The P&L result is heavily impacted by an impairment expense included in the FY22 accounts.

[3] *Global Top 100 companies by market capitalization – PWC May 2022*

Strategic Objective	Objective Description	Progress made in FY22
		The Company has restructured its operations and continues to focus on building successful customer and partner relationships to continue its move towards profitability in FY23.

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.

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 2022 has been received and can be found on page 31 of the annual report.

Board and Committee Attendance

Director's attendance at Board and Committee meetings for the period 1-July-2021 to 30-June-2022 is summarised below:

Director	Board Meetings		Audit Committee Meetings	
	Attended	Held	Attended	Held
Robert Baker	11	11	7	7
Craig Davies	11	11	7	7
Peter Hill	11	11	7	7

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 Performance Right Plan are as follows:

Grant Date	Tranche	Date of Vesting	Exercise Price	# Performance Rights
28-Feb-2020	A (FY20)	30-Sep-2020	$0.00	387,707
28-Feb-2020	B (FY21)	30-Sep-2021	$0.00	1,724,595
29-Oct-2021	C (FY22)	30-Sep-2022	$0.00	3,770,596
29-Oct-2021	C (FY23)	30-Sep-2023	$0.00	3,470,600

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 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.

Rounding of Amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Non-audit Services

No non-audit services were provided by BDO Audit Pty Ltd 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. The Group recognises its Environment, Social and Governance (ESG) responsibilities and will be working towards undertaking ESG related initiatives in future periods.

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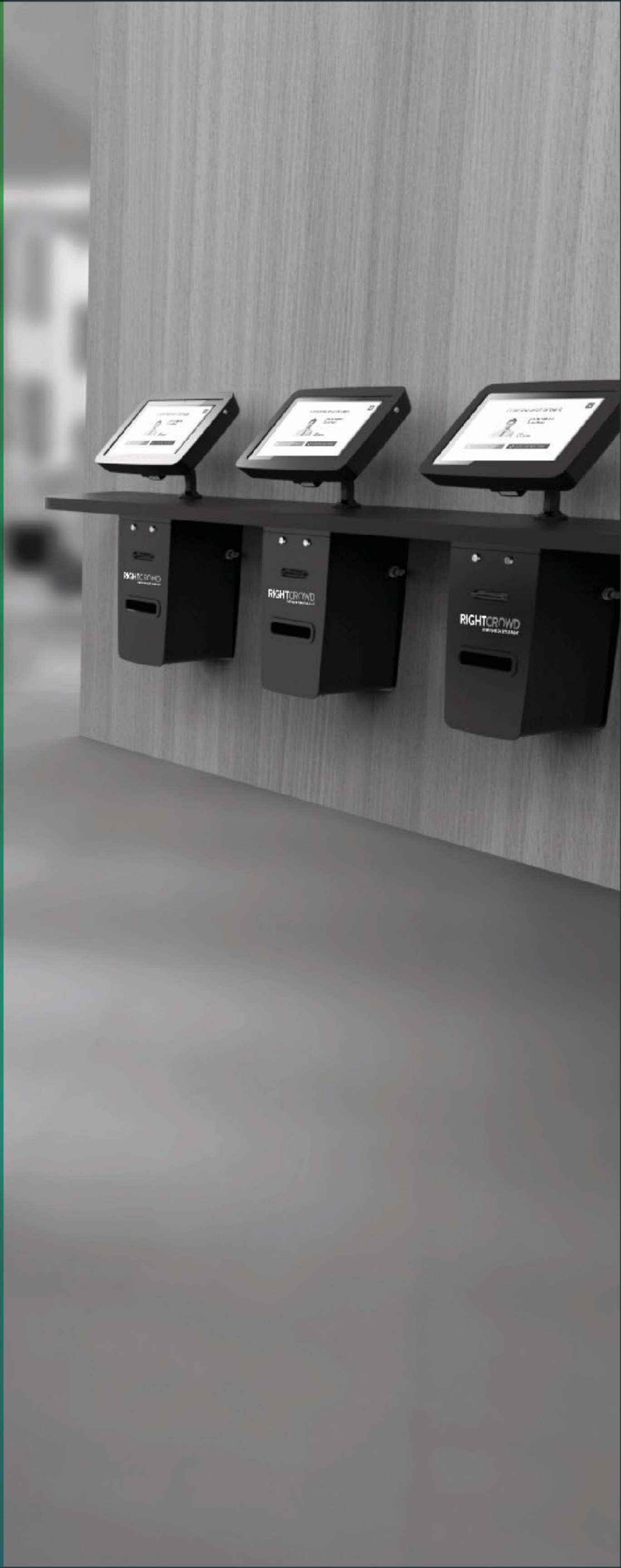

Remuneration Report

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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 executive 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. Non-executive Directors do not receive performance incentives.
- Incentives paid in the form of options or rights are intended to align the interests of the Executive KMP with those of the shareholders. In this regard, executive KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means. It is not envisaged that Non-executive KMP will receive incentives in the form of options or performance 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 executive 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 was 10% of the individual's average weekly ordinary time earnings (AWOTE) during the reporting period. 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 remains unchanged since the Initial Public Offering in 2017 and is set at $225,000. This amount is subject to approval by shareholders at an annual general meeting. Remuneration for non-executive directors was increased in FY22 based on market benchmarking. This was the first increase since listing in 2017.

Options and performance rights granted as part of remuneration to KMPs 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 Group 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 Group. Over recent years the Group 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 ($'000)	FY18	FY19	FY20	FY21	FY22
Sales Revenue	5,521	9,379	11,534	15,225	15,077
Total Income	9,382	11,692	16,192	19,426	18,367
Net Profit (Loss)	(5,120)	(6,171)	(6,786)	(4,663)	(14,939)
Loss per Share	(0.04)	(0.04)	(0.03)	(0.02)	(0.06)
Share Price (30-Jun)	0.40	0.26	0.17	0.335	0.043

The Board acknowledges that the Group 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	KMP Type	Position Held at 30-June	Contract Tenure	Performance Based		Fixed Remuneration (%)
				Non salary cash-based incentives (%)	Options / Performance Rights (%)	
Peter Hill	Executive	CEO / Managing Director	18 Years	-	-	100
James Stewart	Executive	CFO	3 Years	13	2	85
Robert Baker	Non-Executive	Non-Executive Chairman	5 Years	-	-	100
Craig Davies	Non-Executive	Non-Executive Director	3 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 Group as follows:

- CEO / Managing Director on giving six months' notice.
- CFO 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 $228,311 per annum plus statutory superannuation contributions; and
- 4 weeks annual leave per annum

Chief Financial 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 the Group meeting its compliance obligations.

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 $64,800 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 $39,452 plus statutory superannuation contributions.

Remuneration Expense Details for the Year Ended 30 June 2022

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 ($)	FY	Short-term benefits		Post-employment benefits / Long-term benefits			TOTAL	% Perform. related
		Salary, fees and leave	Cash Bonuses	Pension & Super	Share based payment	LSL		
Peter Hill	**FY22**	**228,311**	**-**	**22,831**	**-**	**3,492**	**254,634**	**-**
	FY21	228,997	-	21,003	-	25,877	275,877	-
James Stewart	**FY22**	**200,000**	**35,000**	**23,500**	**4,945**		**263,445**	**13%**
	FY21	200,000	35,000	22,325	15,075	-	272,400	15%
Robert Baker	**FY22**	**64,800**	**-**	**6,480**	**-**	**-**	**71,280**	
	FY21	60,000	-	5,700	-	-	65,700	-
Craig Davies	**FY22**	**39,452**	**-**	**3,945**	**-**	**-**	**43,397**	
	FY21	36,530	-	3,470	-	-	40,000	-
TOTAL KMP	**FY22**	**532,563**	**35,000**	**56,756**	**4,945**		**632,756**	**6%**
	FY21	525,527	35,000	52,498	15,075	25,877	653,977	8%

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.

Performance related bonuses and share-based payments

Cash bonuses granted as compensation

During the financial year ended 30 June 2022 the Group granted no cash bonuses to its non-executive KMP.

James Stewart was paid a bonus of $35,000 based on the Group meeting all of its statutory and legal compliance requirements as set out in his contract of employment in relation to year ended 30 June 2022.

Performance Rights over equity Instruments granted as compensation

During the financial year ended 30 June 2022 the Group granted no share-based payments to its non-executive KMP or CEO.

Details on rights and options over ordinary shares in the Company that were granted as compensation to executive KMP during the reporting period are as follows:

KMP	Tranche	Number of rights granted during FY22	Vesting condition	Grant date	Fair Value @ grant date	Vesting Date	Expiry date
James Stewart	C (FY22)	600,000	Achieving revenue and net income targets for FY22 & in employment at vesting	29-Oct-21	$156,000	30-Sep-22	30-Sep-32
	C (FY23)	300,000	Achieving revenue and net income targets for FY23 & in employment at vesting	29-Oct-21	$78,000	30-Sep-23	30-Sep-33

No alterations have been made to the terms or conditions of the above Tranches nor have any rights vested or been forfeited since grant date during this financial year. The value of any performance rights that vest will be determined by the share price at that time.

In the prior year of FY21, the Company had not issued any options nor performance rights to KMP.

Details of equity incentives affecting current and future remuneration

Details of vesting profiles of performance rights held by each KMP of the Group are detailed below:

KMP	Tranche	Performance Rights	Grant Date	Vesting Date	Status
James Stewart	A (FY20)	60,000	1-Apr-20	30-Sep-20	Granted
		15,000	1-Apr-20	N/A	Forfeited
		45,000	1-Apr-20	30-Sep-20	Vested
	B (FY21)	140,000	1-Apr-20	30-Sep-21	Granted
		24,500	1-Apr-20	N/A	Forfeited
		115,500	1-Apr-20	30-Sep-21	Vested
	C (FY22)	600,000	29-Oct-21	30-Sep-22	Granted
	C (FY23)	300,000	29-Oct-21	30-Sep-23	Granted

The fair value of the 45,000 vested rights at 30 June 2022 is $6,902. The fair value of the 900,000 non-vested rights at 30 June 2022 is $38,700. Exercise of any vested performance rights can take place at any time from vesting date for a period of 10 years.

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 [4]	53,907,428	-	53,907,428
Robert Baker	433,333	-	433,333
Craig Davies [5]	104,166	-	104,166
James Stewart	-	-	-

Loans to/from KMP

No loans were provided to / from KMP in the current reporting period.

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.

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

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: 25 August 2022

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

As lead auditor of RightCrowd Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

C Henry

Director

BDO Audit Pty ltd

Brisbane, 25 August 2022

Financial Report

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	30 June 2022 ($'000)	30 June 2021 ($'000)
Revenue from contracts with customers	9	15,077	15,225
Other income	10	3,290	4,201
Cost of goods sold		(2,031)	(2,355)
Employee benefits expense		(18,039)	(16,919)
Depreciation and amortisation expense		(973)	(1,060)
Impairment expense	21	(8,259)	(40)
Finance costs	11	(137)	(159)
Foreign currency gain /(loss)		15	(5)
Other expenses	12	(3,877)	(3,540)
Loss before income tax		**(14,934)**	**(4,652)**
Income tax expense	13	(5)	(12)
Net loss for the year		**(14,939)**	**(4,663)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(471)	(894)
Total other comprehensive income for the year		**(471)**	**(894)**
Total comprehensive loss for the year		**(15,410)**	**(5,557)**
Earnings per share (cents)			
Basic earnings per share	14	(0.059)	(0.020)
Diluted earnings per share	14	(0.059)	(0.020)

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 2022

	Note	30 June 2022 ($'000)	30 June 2021 ($'000)
ASSETS			
Cash and cash equivalents	16	4,684	9,873
Trade and other receivables	17	4,579	6,946
Inventories	18	1,346	981
Short term deposits		69	120
Other assets	19	1,376	1,869
TOTAL CURRENT ASSETS		**12,053**	**19,788**
Property, plant and equipment	20	1,912	2,094
Goodwill	21	3,688	12,490
Other intangible assets	21	985	1,214
TOTAL NON-CURRENT ASSETS		**6,585**	**15,797**
TOTAL ASSETS		**18,638**	**35,585**
LIABILITIES			
Trade and other payables	22	736	1,506
Borrowings	23	526	664
Contract liabilities	9(C)	2,915	4,122
Tax liabilities		(5)	2
Provisions	24	2,070	1,739
TOTAL CURRENT LIABILITIES		**6,242**	**8,032**
Borrowings	23	1,122	1,516
Provisions	24	119	153
TOTAL NON-CURRENT LIABILITIES		**1,241**	**1,669**
TOTAL LIABILITIES		**7,483**	**9,701**
NET ASSETS		**11,155**	**25,884**
EQUITY			
Issued capital	25	56,133	56,133
Reserves	25	103	(96)
Accumulated losses		(45,082)	(30,154)
TOTAL EQUITY		**11,155**	**25,884**

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 2022

	Note	Issued capital ($'000)	Accumulated losses ($'000)	Foreign currency translation reserve ($'000)	Share based payment reserve ($'000)	Total ($'000)
Balance at 30 June 2021		**56,133**	**(30,154)**	**(663)**	**567**	**25,884**
Comprehensive income for the period						
Loss for the period		-	(14,939)	-	-	(14,939)
Other comprehensive income		-		(471)	-	(471)
Total comprehensive income for the period		**-**	**(14,939)**	**(471)**	**-**	**(15,410)**
Transactions with owners in their capacity as owners						
Issue of ordinary shares	25	-	-	-	-	-
Share options and performance rights expensed during the year	30	-	-	-	681	681
Transfer of expired share options to accumulated losses	30	-	11	-	(11)	-
Total transactions with owners in their capacity as owners		**-**	**11**	**-**	**670**	**681**
Balance at 30 June 2022		**56,133**	**(45,082)**	**(1,134)**	**1,237**	**11,155**

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 2021

	Note	Issued capital ($'000)	Accumulated losses ($'000)	Foreign currency translation reserve ($'000)	Share based payment reserve ($'000)	Total ($'000)
Balance at 30 June 2020		**40,089**	**(25,640)**	**231**	**496**	**15,175**
Comprehensive income for the period						
Loss for the period		-	(4,663)	-	-	(4,663)
Other comprehensive income		-	-	(894)	-	(894)
Total comprehensive income for the period		-	**(4,663)**	**(894)**	-	**(5,557)**
Transactions with owners in their capacity as owners						
Issue of ordinary shares	25	16,507	-	-	-	16,507
Transfer on exercise to share capital	25	138	-	-	(138)	-
Transaction costs		(600)	-	-	-	(600)
Share options and performance rights expensed during the year	30	-	-	-	360	360
Transfer of expired share options to accumulated losses	30	-	150	-	(150)	-
Total transactions with owners in their capacity as owners		**16,045**	**150**	-	**71**	**16,266**
Balance at 30 June 2021		**56,133**	**(30,154)**	**(663)**	**567**	**25,884**

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 2022

	Note	30 June 2022 ($'000)	30 June 2021 ($'000)
Cash flows from operating activities			
Cash receipts from customers		16,974	13,275
Cash payments to suppliers and employees		(23,612)	(23,514)
Finance costs		(67)	(156)
Interest received		8	9
Income tax refunded (paid)		(4)	(14)
Grant income received		3,096	4,286
Net cash (used in) from operating activities	34	**(3,605)**	**(6,113)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(192)	(236)
Net cash (used in) from investing activities		**(192)**	**(236)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	16,507
Share issue costs		-	(605)
Proceeds from borrowings		-	1,800
Repayment of borrowings		(642)	(2,323)
Repayment of lease liabilities		(700)	(667)
Net cash (used in) from financing activities		**(1,342)**	**14,712**
Net increase (decrease) in cash and cash equivalents		**(5,139)**	**8,363**
Cash and cash equivalents at 1 July		**9,873**	**1,472**
Effect of exchange rate fluctuations on cash held		(49)	38
Cash and cash equivalents at 30 June	16	**4,684**	**9,873**

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

Notes to the Consolidated Financial Statements

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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 25 August 2022.

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

3. Functional and presentation currency and rounding of amounts

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

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 2022 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

The Group's cash and cash equivalent position is $4,684k as at 30 June 2022, which has reduced from $9,873k as at 30 June 2021, representing an decrease of $5,189k over the last 12 months. This decrease has primarily been driven by (a) operating costs totalling more than receipts from customers and grant income, and (b) repayment of external borrowings during the period.

The Directors have prepared cash flow projections that support the Group's ability to continue as a going concern based on all contracted customer payments, completion of customer project milestones, and a probability weighted conversion of open sales pipeline. 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; and
- Maintaining expenses in line with available funding.

The current balance sheet position, current level of net operating cash outflows and risk of pipeline execution delays give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The Directors believe that the going concern basis of preparation is appropriate due to the proven ability of the Group to raise necessary funding via debt facilities, the issue of shares, and also increased revenue from sales.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

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

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 as a foreign currency gain / (loss) in the income statement.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated into $AUD at the prevailing exchange rates at the reporting date. The income and expenses of foreign operations are translated into $AUD at the prevailing 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. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

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 and invoiced in full. The customer receives the underlying software at a point in time when control is transferred to the customer.

Notes to the consolidated financial statements

ii. Subscription software and support and maintenance

For software sold on a subscription basis via on-premises 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 and invoicing for the full subscription period in full. The date of invoicing is taken to approximate the subscription start/renewal date.

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.

Revenue invoiced is booked as a deferred revenue liability and amortised to the profit or loss over the period of the contract as the service is provided to the customer.

iii. 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 is invoiced in full for the defined contract period and is booked as a deferred revenue liability and amortised to the profit or loss over the period of the contract as the service is provided to the customer.

iv. 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.

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 and 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 invoiced in full and recognised at this point.

Notes to the consolidated financial statements

vii. 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.

viii. 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.

ix. 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.

x. 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.

d.) Employee benefits

i. Short-term employee benefits

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

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.

Notes to the consolidated financial statements

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

e.) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group has received government grants in the current year in relation to the Australian Government Research and Development Scheme and the Cyber Security Skills Partnership Innovation Fund.

i. 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.

ii. Cyber Security Skills Partnership Innovation Fund

In February 2021, the Group was awarded a grant as part of the Cyber Security Skills Partnership Innovation Fund. The grant provides the Group with funding to build a talent pool for job-ready early-career professionals with cybersecurity work experience for roles in Regional Australia. The grant represents 50% of the cost for the Group to provide a two-year program to recent graduates to build these skills whilst working at RightCrowd. The total value of the grant over the program is $1.074m. The terms and conditions of the grant require the Group to have incurred expenditure connected to the program as defined and agreed with the Commonwealth government.

Notes to the consolidated financial statements

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.

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 income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss.

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

Notes to the consolidated financial statements

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.

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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(iii) Offsetting

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

h.) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in / first-out basis
- Finished and sub-assembled goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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.

Notes to the consolidated financial statements

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.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

Class of fixed asset	Estimated useful life
Furniture and fittings	10 years
Plant and equipment	4 years
Right-of-use Buildings	Underlying lease term
Right-of-use 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

Item	Description
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 wearable technology	Software and wearable technology costs are capitalised only when the Group identifies that the project will generate future economic benefits which can be measured reliably. Software and wearable technology are considered as having finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

Notes to the consolidated financial statements

Item	Description
	Costs that are directly associated with the development of the software are recognised as an intangible asset where the Group can demonstrate all of the following: (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale; (b) Intention to complete the intangible asset and use or sell it; (c) Ability to use or sell the intangible asset; (d) How the intangible asset will generate probable economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and (f) Ability to measure reliably the expenditure attributable to the intangible asset during its development.

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. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

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
Presence Control Wearable Tech	7 years

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 or 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.

Notes to the consolidated financial statements

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 Group's 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;

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.

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:

Notes to the consolidated financial statements

- 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.

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

Notes to the consolidated financial statements

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 Group's trade and other receivables. The Group measures loss allowances at an amount equal to lifetime ECLs.

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 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).

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

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

Notes to the consolidated financial statements

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 financial 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 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.

Notes to the consolidated financial statements

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.

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; and
- 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.

Notes to the consolidated financial statements

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.

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 the statement of financial position.

Short-term and leases of low value assets

The Group has not applied the exemption allowed to short-term leases and leases for which the underlying asset is of low value. The accounting policy for these leases are in line with the above.

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 property, plant and equipment

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 21 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

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 or 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 the allocation of the transaction price to the identified performance obligations.

vi. Government grants

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

- 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; and
- Grant funding received via the Cyber Security Skills Partnership Innovation Fund is recognised upon funds receipt, reflecting the completion of pre-agreed milestones that trigger release of funding. As such, no accruals are included in the current period for future funding due courtesy of this program.

8. Accounting Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. This includes:

i. Amendments to Classification of Liabilities as Current or Non-Current (AASB 2020-1)

As these amendments only apply for the first time to the 30 June 2024 balance sheet (and 30 June 2023 comparative balance sheet), the Group is not yet able to make an assessment of the impact regarding the right to defer settlement, compliance with bank covenants, and intention to settle. However, regarding the classification of liabilities that could be settled prior to maturity by the entity transferring its own equity instruments, the entity does not believe that the amendments will have a significant impact on the classification of liabilities in either the 30 June 2024 balance sheet (or 30 June 2023 comparative balance sheet).

ii. Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2)

There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the

Notes to the consolidated financial statements

beginning of the first annual reporting period to which these amendments apply, i.e. annual periods beginning on or after 1 July 2023.

iii. Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2)

This has a disclosure impact only with material accounting policy information requiring to be disclosed relating to material transactions on or after 1 January 2023.

9. Revenue

A. Revenue streams

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

	30 June 2022 ($'000)	30 June 2021 ($'000)
Subscription software and Support and maintenance	5,784	5,311
Software as a Service	2,327	1,825
Perpetual software	651	1,507
Hardware	1,756	3,005
Consulting	4,559	3,577
Total:	**15,077**	**15,225**

Notes to the consolidated financial statements

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.

	Workforce Management ($'000)		Presence Control ($'000)		Access Analytics ($'000)		Total ($'000)	
	30-Jun-22	**30-Jun-21***	**30-Jun-22**	**30-Jun-21***	**30-Jun-22**	**30-Jun-21***	**30-Jun-22**	**30-Jun-21***
Revenue by service line								
Perpetual Software	651	1,507	-	-	-	-	651	1,507
Subscription software and support and maintenance	5,448	5,224	238	-	98	88	5,784	5,311
Consulting	4,559	3,560	-	18	-	-	4,559	3,578
Software as a service	-	386	2,327	1,439	-	-	2,327	1,825
Presence control hardware	(33)	-	1,789	3,005	-	-	1,756	3,005
Total	**10,624**	**10,677**	**4,354**	**4,461**	**98**	**88**	**15,077**	**15,225**
Timing of recognition								
Point in time recognition	5,176	5,067	1,789	3,023	-	-	6,965	9,108
Over time recognition	5,448	5,610	2,565	1,438	98	88	8,111	6,117
Total:	**10,624**	**10,677**	**4,354**	**4,461**	**98**	**88**	**15,077**	**15,225**

* Results have been restated given the new business unit / product line distinction made in FY22.

Notes to the consolidated financial statements

C. Contract balances

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

	30 June 2022 ($'000)	30 June 2021 ($'000)
Receivables, which are included in 'trade and other receivables'	1,438	3,194
Contract liabilities	(2,915)	(4,122)
Contract assets	329	-
Net contract balances:	**(1,148)**	**(928)**

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.

Contract assets relate to work completed for which invoices are yet to be raised in respect of consulting related deliverables for which milestone sign-off is imminently expected from the customer.

D. Reconciliation of contract liabilities

	30 June 2022 ($'000)	30 June 2021 ($'000)
Opening contract liabilities	4,122	3,161
Revenue recognised from opening contract liabilities	(2,889)	(2,328)
Billings received	1,683	3,288
Closing contract liabilities	**2,915**	**4,122**

Revenue recognised from opening contract liabilities comprises:

	30 June 2022 ($'000)	30 June 2021 ($'000)
Subscription licenses	624	603
Support and maintenance	979	1,339
Software as a service	1,287	386
Total	**2,889**	**2,328**

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

10. Other income

	30 June 2022 ($'000)	30 June 2021 ($'000)
COVID support government incentives	-	1,379
Research and development grant	2,721	2,682
Cyber skills partnership innovation fund	376	
Other income	193	139
Total:	**3,290**	**4,201**

11. Finance income and finance costs

See accounting policies in note 6f

	30 June 2022 ($'000)	30 June 2021 ($'000)
Interest income under the effective interest method on:		
Cash and cash equivalents	8	2
Total interest income arising from financial assets	**8**	**2**

	30 June 2022 ($'000)	30 June 2021 ($'000)
Finance costs on financial liabilities:		
Relating to Borrowings	35	55
Related to Lease Liabilities	101	105
Net foreign exchange loss (gain)	(15)	5
Total finance costs arising from financial liabilities	**122**	**164**

12. Other expenses

	30 June 2022 ($'000)	30 June 2021 ($'000)
Rental outgoings	138	109
Travel expense	417	142
Professional and consulting	1,184	1,545
Advertising and marketing	367	200
Communication	105	122
Software licenses	574	352
Insurance	416	303
Product R&D	28	-
Other expenses	647	767
Total:	**3,877**	**3,540**

Notes to the consolidated financial statements

13. Income taxes

See accounting policies in note 6g.

A. Amounts recognised directly in profit or loss

	30 June 2022 ($'000)	30 June 2021 ($'000)
Current tax expense	5	12

B. Reconciliation of effective tax rate

	30 June 2022 ($'000)	30 June 2021 ($'000)
Loss before income tax	(14,306)	(4,652)
Tax using the Company's domestic tax rate of 25% (30 June 2021: 26%)	(3,576)	(1,209)
Tax effect of:		
- Restate closing balance of DTA at 25%	-	89
- Non-deductible expenses	(89)	186
- Impairment of Goodwill	1,907	-
- Net impact of R & D refund	913	955
- Tax payable by foreign subsidiaries	5	12
Current-year losses for which no deferred tax asset is recognised	845	(21)
Income tax expense	**5**	**12**

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 2022 ($'000)	30 June 2021 ($'000)
Deductible temporary differences	445	362
Tax losses	2,719	1,857
Foreign Deferred tax assets	-	-
Total deferred tax assets not brought to account	**3,164**	**2,219**

14. 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.

Notes to the consolidated financial statements

	30 June 2022 ($'000)	30 June 2021 ($'000)
Profit (Loss) for the year, attributable to owners of the Company	(14,939)	(4,663)
Profit (Loss) for the year used to calculate basic and dilutive earnings per share	(14,939)	(4,663)

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

	30 June 2022	30 June 2021
Opening Balance	260,149,975	199,287,114
Weighted Average effect of share placements	-	29,053,303
Weighted Average effect of performance rights exercised	678,504	16,488
Weighted average # of ordinary shares for period	260,828,479	228,356,906

Performance rights granted during the year but not yet vested are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2022.

At 30 June 2022, 7,241,196 performance rights (30 June 2021: 3,935,180 performance rights and 93,333 options) were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive. These performance rights could potentially dilute basic earnings per share in the future.

15. Auditor's remuneration

Audit and review services

Auditor of the Group – BDO Audit Pty Ltd (30 June 2021: KPMG)

	30 June 2022 ($'000)	30 June 2021 ($'000)
Audit and review of financial statements – Group	125	165
Audit and review of financial statements – Controlled entities*	31	30
Total:	**156**	**195**

** The audit of RightCrowd Europe, a controlled entity, is conducted by KPMG Belgium.*

16. Cash and cash equivalents

See accounting policy note 6k.

	30 June 2022 ($'000)	30 June 2021 ($'000)
Bank balances	4,684	9,873
Total:	**4,684**	**9,873**

Notes to the consolidated financial statements

17. Trade and other receivables

See accounting policy note 6k.

	30 June 2022 ($'000)	30 June 2021 ($'000)
Trade receivables arising from contracts with customers	1,594	3,194
Loss Allowance for bad debts and expected credit loss	(156)	-
Research and Development Grant receivable	2,681	2,647
Other receivables	130	217
Accrued revenue	329	888
Total:	**4,579**	**6,946**

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 27.

18. Inventories

See accounting policy note 6h.

	30 June 2022 ($'000)	30 June 2021 ($'000)
Raw materials and finished goods	85	126
Sub-assembled goods	1,261	822
Finished Goods	-	32
Total:	**1,346**	**981**

The amount of inventory recognised as an expense was $439k with $51k written down during the period. There was no reversal of any write-downs during the period.

19. Other assets

	30 June 2022 ($'000)	30 June 2021 ($'000)
Prepayments for inventory	1,186	1,467
Other prepayments	190	402
Total:	**1,376**	**1,869**

Notes to the consolidated financial statements

20. Property, plant, and equipment

Refer accounting policy note 6i.

A. Reconciliation of carrying amounts

	Plant and equipment ($'000)	Furniture and fittings ($'000)	Right of Use Buildings ($'000)	Right of Use Vehicles ($'000)	Right of Use Laptops ($'000)	Leasehold Improvements ($'000)	Total ($'000)
Balance at 1 July 2021	**338**	**134**	**1,478**	**61**	**44**	**38**	**2,094**
Additions	172	30	367	-	-	3	572
Disposals	(1)	-	-	(61)	-	-	(62)
Depreciation expense	(183)	(19)	(460)	-	(18)	(12)	(692)
Impairment	-	-	-	-	-	-	-
Balance at 30 June 2022	**326**	**145**	**1,385**	**0**	**27**	**29**	**1,912**

	Plant and equipment ($'000)	Furniture and fittings ($'000)	Right of Use Buildings ($'000)	Right of Use Vehicles ($'000)	Right of Use Laptops ($'000)	Leasehold Improvements ($'000)	Total ($'000)
Balance at 1 July 2020	**221**	**137**	**1,393**	**64**	**-**	**49**	**1,864**
Additions	251	15	678	41	53	-	1,039
Depreciation expense	(121)	(12)	(573)	(44)	(9)	(11)	(770)
Impairment[6]	(14)	(6)	(20)	-	-	-	(40)
Balance at 30 June 2021	**338**	**134**	**1,478**	**61**	**44**	**38**	**2,094**

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

Notes to the consolidated financial statements

21. Intangible assets and goodwill

Refer accounting policy notes 6j and 6m.

A. Reconciliation of carrying amounts

	Goodwill ($'000)	Software and wearable technology ($'000)	Total ($'000)
Balance at 1 July 2021	**12,490**	**1,214**	**13,703**
Foreign currency revaluation	(543)	(32)	(575)
Amortisation	-	(197)	(197)
Impairment	(8,259)	-	(8,259)
Balance at 30 June 2022	**3,688**	**985**	**4,673**

	Goodwill ($'000)	Software and wearable technology ($'000)	Total ($'000)
Balance at 1 July 2020	**12,946**	**1,622**	**14,658**
Foreign currency revaluation	(456)	(118)	(574)
Amortisation	-	(290)	(290)
Impairment	-	-	-
Balance at 30 June 2021	**12,490**	**1,214**	**13,703**

B. Impairment testing

The Group reports goodwill on the statement of financial position of $3,688k at 30 June 2022 resulting from the acquisition of RightCrowd Europe and the Presence Control solution on 15 January, 2019. This goodwill has been allocated to the Presence Control Cash Generating Unit (CGU) for impairment testing purposes and has been partially impaired in the current period (FY22 impairment expense of $8,259k).

The Presence Control CGU is a business operations focused on the Presence Control product and generates cash flows independently representing 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 Presence Control CGU at 30 June 2022:

- 16.5% post-tax discount rate.

Notes to the consolidated financial statements

- 2% terminal growth rate.
- Forecast sales of $3,996k for FY23 based on estimated sales if 18,000 badge holder units.
- Forecast revenue growth of 15% per annum in FY24, increasing to 20% in FY25, and 25% revenue growth in FY26 and FY27.
- Staff and allocated costs of $3,186k for FY23, and increasing by 10% in FY24, and by 15% per annum each year thereafter.

Discount rate

The discount rate of 16.5% post-tax reflects an 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 has been based on market data collected with consideration of industry and company size.

Terminal growth rate

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

Revenue growth rate

Directors believe the projected annual revenue growth rates are achievable. As a result of the COVID-19 pandemic easing, organisations have commenced the process of returning employees to the workplace and the Company foresees a resultant increase in demand for Presence Control solutions.

The Group, through the Presence Control CGU, has demonstrated the success of the Presence Control solution, successfully rolling out and scaling the product across some of the world's largest companies, and with a number of new use cases being employed by customers beyond contact tracing. The Group expects to release new modules to support new visitor management applications which have already received strong feedback from the market for organisations seeking to manage ongoing safety and compliance practices. For this reason, the Directors believe that positive revenue growth in the Presence Control CGU will continue over the forecast period.

Staff costs growth rate

The Directors believe the projected 10% per annum staff cost growth rate in FY24 and 15% growth rate thereafter is appropriate. Significant revenue growth has been incorporated into the Presence Control CGU Value-In-Use model and although the manufacturing of the Presence Control solution is largely outsourced and the CGU already has an established development team in place, revenue growth is likely to necessitate an increase in the staff base in order to meet quality control and sales

Notes to the consolidated financial statements

requirements. The Directors have assessed annual growth in staff costs of 10%, rising to 15% per annum as appropriate.

There were no other key assumptions for the Presence Control CGU.

Based on the above, the recoverable amount of the Presence Control CGU falls short of the carrying amount by $8,259k and an impairment expense is duly recognised. The impairment expense has been validated based on the sensitivity analysis conducted (see below).

Changes in key assumptions from the prior year

The following key assumptions have changed from the prior year for the Presence Control CGU:

Key assumption	**30 June 2022**	**30 June 2021**	**Movement**
Staff costs growth rate	10%, increasing to 15%	10%	+5% for future years
Year one forecast revenue (AUD'000s)	3,996	6,276	Reduction of 2,280
Revenue growth rate post year 1	15% growth year 2 20% growth year 3 25% growth years 4 & 5	25% growth year 2 & 3 15% growth years 4 & 5	-10% year 2, +5% year 3, +10% year 4 & 5

i. Staff costs growth rate

The directors have increased the anticipated staff costs growth rate in future years.

ii. Revenue growth rate and year 1 forecast revenue

The directors have reduced the year 1 forecast revenue due to the slowdown in demand for contact tracing. The growth rate is reduced in year 2 versus the prior forecast as a market builds for other applications of the presence control solution, with acceleration of growth in future years.

iii. Specific sensitivity analysis – revenue growth rate

The achievement of forecast revenue growth in year one and future years is dependent on a number of critical assumptions including the conversion of forecast pipeline opportunities and the continuity of growth of customer demand for presence control solutions in the future. There Is a risk that should these critical assumptions not materialise, the Presence Control 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 Presence Control CGU 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 ('000s)	***Headroom / (impairment)***
Revenue growth in FY23 decreases by 5% only	($1,369)
Revenue growth decreases by 5% annually from FY24 through to FY27	Full impairment

Notes to the consolidated financial statements

iv. Sensitivity analysis – other key assumptions in Presence Control CGU value in use model

As disclosed in note 7(ii) 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 cashflows amount may decrease and the Presence Control 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 ($'000s)	***Headroom / (impairment)***
Discount rate increases to 17.0%	(254)
Terminal growth rate decreases to 1%	(328)
Staff and indirect costs increase by 5% over forecast (FY24-FY27)	(1,284)

22. Trade and other payables

See accounting policy note 6k.

	30 June 2022 ($'000)	**30 June 2021 ($'000)**
Trade payables	672	1,282
Accrued expenses	63	223
Total:	**736**	**1,505**

23. Borrowings

See accounting policy notes 6k.

Borrowings	**30 June 2022 ($'000)**	**30 June 2021 ($'000)**
CURRENT		
Insurance premium funding	61	83
Lease liabilities	465	573
Other unsecured loan	-	7
Total borrowings (current):	**526**	**664**
NON-CURRENT		
Lease liabilities	1,056	1,110
Payroll Protection Program loan	(1)	157
Small Business Administration loan	67	62
QRIDA Loan	**-**	187
Total borrowings (non-current):	**1,122**	**1,516**
TOTAL BORROWINGS	**1,648**	**2,180**

Notes to the consolidated financial statements

A. Terms and conditions

Terms and conditions of the Group's current 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 November 2022, 1.89% interest per annum.
Small Business Administration Loan	Principal and interest, 30-year repayment term commencing 12 months after entering into facility. 3.75% interest.
Lease liabilities	Refer to accounting policy note 6n and note 27 for detailed information on Lease liabilities.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 27.

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

	30 June 2022 ($'000)	30 June 2021 ($'000)
Balance at 1 July	**2,180**	**2,609**
Changes from financing cash flows:		
Proceeds from (repayments of) Borrowings, net	(642)	(523)
Repayment of lease liabilities	(700)	(667)
Non-cash changes:		
New lease liabilities	810	773
Fair value adjustments	-	-
Exchange differences	-	(13)
Balance at 30 June	**1,648**	**2,180**

24. Provisions

See accounting policy note 6d.

Employee benefit liabilities

i. Current

	30 June 2022 ($'000)	30 June 2021 ($'000)
Provision for annual leave	1,262	1,078
Provision for long service leave	729	604
Total:	**1,991**	**1,682**

Notes to the consolidated financial statements

ii. Non-current

	30 June 2022 ($'000)	30 June 2021 ($'000)
Provision for long service leave	87	102
Total:	**87**	**102**

Other provisions

i. Warranty expenses – current

	30 June 2022 ($'000)	30 June 2021 ($'000)
Provision for warranty expenses	79	57
Total:	**79**	**57**

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.

ii. Lease make good costs – non-current

	30 June 2022 ($'000)	30 June 2021 ($'000)
Provision for lease make good costs	32	51
Total:	**32**	**51**

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.

iii. Total provisions

	30 June 2022 ($'000)	30 June 2021 ($'000)
Current	2,070	1,739
Non-current	119	153
Total:	**2,190**	**1,892**

Notes to the consolidated financial statements

25. 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.

	FY22 (no. of shares)	Value of shares FY22 ($)	FY21 (no. of shares)	Value of shares FY21 ($)
Opening Balance	260,149,975	88,450,992	199,287,114	33,878,809
Share issuance	-	-	60,122,222	16,507,000
Exercise of performance rights	1,235,314	53,119	740,639	251,817
Impact of changes in share price	-	(77,264,543)	-	37,813,365
Closing Balance	**261,385,289**	**11,239,567**	**260,149,975**	**88,450,992**

Details of share issues in the current and comparative period

- During the course of FY22, the Group issued 1,235,314 shares to eligible employees through exercise of performance rights issued from Tranche A and Tranche B of the RightCrowd long term incentive plan.
- 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.
- 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 (inclusive of fees).
- During the course of FY21, the Group issued 740,639 shares to eligible employees through exercise of performance rights issued from Tranche A of the RightCrowd long term incentive plan.

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.

ii. Share-based payment reserve

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

Notes to the consolidated financial statements

26. 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.

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 2022 ($'000)	30 June 2021 ($'000)
Borrowings	(1,648)	(2,180)
Less: cash and cash equivalents	4,684	9,873
Net funds/(debt)	**3,036**	**7,693**
Total equity	11,155	25,884
Net debt to equity ratio	**0.27**	**0.30**

27. 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 2022. 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 or loss.

i. Financial assets at amortised cost:

	30 June 2022 ($'000)	30 June 2021 ($'000)
Cash and cash equivalents	4,684	9,873
Trade and other receivables	4,579	6,946
Short term deposits	69	119
Total financial assets	**9,332**	**16,938**

Notes to the consolidated financial statements

ii. Financial liabilities at amortised cost:

	30 June 2022 ($'000)	30 June 2021 ($'000)
Trade and other payables	736	1,506
Borrowings	1,648	2,180
Other liabilities	-	-
Total financial liabilities	**2,384**	**3,686**

B. Financial risk management

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

- Credit risk (see section (ii))
- Liquidity risk (see section (iii))
- Market risk (see section (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.

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 or loss during the year.

Trade receivables and contract assets

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

Notes to the consolidated financial statements

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 $7,028k (30 June 2021: $7,259k).

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 multinationals 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.

Expected credit loss assessment

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:

30 June 2022

Credit risk grade	Weighted average loss rate	Gross carrying amount ($'000)	Impairment loss allowance ($'000)	Credit-impaired?
Low risk	0%	2,681	-	No
Fair risk	9.8%	1,898	156	Yes
TOTAL	**4.1%**	**4,579**	**156**	

30 June 2021

Credit risk grade	Weighted average loss rate	Gross carrying amount ($'000)	Impairment loss allowance ($'000)	Credit-impaired?
Low risk	0%	2,647	-	No
Fair risk	0%	3,194	-	No

Notes to the consolidated financial statements

Credit risk grade	Weighted average loss rate	Gross carrying amount ($'000)	Impairment loss allowance ($'000)	Credit-impaired?
TOTAL	**0%**	**5,841**	**-**	

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 2022

Aging category	Expected credit loss rate	Gross carrying amount ($'000)	Loss allowance ($'000)	Credit impaired?
Current (not past due)	0%	765	1	No
1-30 days past due	0%	402	-	No
31-60 days past due	0%	-	-	No
61-90 days past due	2%	81	2	No
More than 90 days past due	44%	346	153	Yes
		1,594	**156**	

30 June 2021

Aging category	Expected credit loss rate	Gross carrying amount ($'000)	Loss allowance ($'000)	Credit impaired?
Current (not past due)	0%	1,435	-	No
1-30 days past due	0%	1,436	-	No
31-60 days past due	0%	155	-	No
61-90 days past due	0%	84	**-**	No
More than 90 days past due	0%	84	-	No
		3,194	-	

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.

Notes to the consolidated financial statements

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.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date being the undiscounted future cashflows or nominal payments inclusive of interest if interest bearing.

30 June 2022		***Contractual cash flows and interest payments***		
Category	**Carrying amount ($'000)**	**Within 1 year ($'000)**	**1 to 5 years ($'000)**	**Over 5 years ($'000)**
Borrowings	127	(96)	-	(66)
Lease Liabilities	1,521	(566)	(1,316)	(45)
Trade and other payables	736	(736)	-	-
TOTAL	**2,384**	**(1,398)**	**(1,316)**	**(111)**

30 June 2021		***Contractual cash flows and interest payments***		
Category	**Carrying amount ($'000)**	**Within 1 year ($'000)**	**1 to 5 years ($'000)**	**Over 5 years ($'000)**
Borrowings	497	(90)	-	(406)
Lease Liabilities	1,683	(573)	(1,110)	-
Trade and other payables	1,506	(1,506)	-	-
TOTAL	**3,686**	**(2,170)**	**(1,110)**	**(406)**

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

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 engage in select 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 2022

Balance	**USD ($'000)**	**EUR ($'000)**	**PHP ($'000)**	**Other ($'000)**
Cash and cash equivalents	1,764	411	8	250
Trade receivables	1,166	1,424	11	116
Borrowings	(548)	(349)	(17)	-
Trade payables	16	(483)	(34)	(17)
Net statement of financial position exposure	**2,397**	**1,003**	**(32)**	**348**

30 June 2021

Balance	**USD ($'000)**	**EUR ($'000)**	**PHP ($'000)**	**Other ($'000)**
Cash and cash equivalents	786	355	24	86
Trade receivables	2,079	42	-	116
Borrowings	(820)	(103)	(67)	-
Trade payables	(104)	(825)	(94)	(1)
Net statement of financial position exposure	**1,941**	**(532)**	**(138)**	**202**

The following significant exchange rates have been applied:

AUD	**Average rate**		**Year-end spot rate**	
	30 June 2022	**30 June 2021**	**30 June 2022**	**30 June 2021**
USD	0.7234	0.7484	0.6894	0.7501
EUR	0.6447	0.6255	0.6606	0.6319
PHP	37.1592	36.2637	37.9320	36.6367

Notes to the consolidated financial statements

Sensitivity analysis

A reasonable possible strengthening (weakening) of the Australian dollar against all other currencies at 30 June 2022 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 2022	Profit or loss ($'000)		Equity, net of tax ($'000)	
Effect in AUD	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
USD (10% movement)	(218)	218	(218)	218
EUR (10% movement)	(91)	91	(91)	91
PHP (10% movement)	3	(3)	3	(3)

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)

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 2022, all the Group's borrowings have fixed interest rates.

28. 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 2022	Ownership interest – 30 June 2021
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%

Notes to the consolidated financial statements

Parent entity	Name of Subsidiary	Principal place of business and country of incorporation	Ownership interest – 30 June 2022	Ownership interest – 30 June 2021
	RightCrowd Software Inc.	Philippines	100%	100%
	RightCrowd Canada Inc.	Canada	100%	N/A
RightCrowd NV	RightCrowd Europe NV	Belgium	100%	100%

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 2022 or 2021 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 Access Analytics' product into the RightCrowd Group during the 2017 financial year. The Company is dormant and has no transactions or balances.

29. 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.

i. Right of use assets

Refer to not 18 for the Right of use assets movement reconciliation.

Notes to the consolidated financial statements

ii. Interest expense recognised in profit or loss

30-June-2022	Buildings ($'000)	Motor Vehicles ($'000)	Laptops ($'000)	Total ($'000)
Interest expense on lease liabilities	78	-	3	81

30-June-2021	Buildings ($'000)	Motor Vehicles ($'000)	Laptops ($'000)	Total ($'000)
Interest expense on lease liabilities	84	7	2	93

iii. Amounts recognised in statement of cash flows

30-June-2022	Buildings ($'000)	Motor Vehicles ($'000)	Laptops ($'000)	Total ($'000)
Total cash outflow for leases	680	-	20	700

30-June-2021	Buildings ($'000)	Motor Vehicles ($'000)	Laptops ($'000)	Total ($'000)
Total cash outflow for leases	606	47	13	667

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. There are no future cash outflows to which the Group is currently exposed such as extension or termination options that are not reflected in the measurement of lease liabilities.

<u>B. Leases as lessor</u>

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

30. Share based payment arrangements

See accounting policy note 6d.

At 30 June 2022, the Group had the following share based payment arrangements:

Notes to the consolidated financial statements

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

Performance Target	Tranche A	Tranche B	Tranche C – FY22	Tranche C – FY23
Performance Period	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
Revenue	$13.7 million	$19.1 million	$21.8 million	40% annual revenue growth
Net income	($7.8 million)	($2.4 million)	($3.5 million)	Profitable in FY23

Tranche A of the long-term incentive plan vested on 30 September 2020, whilst tranche B vested on 30 September 2021. Tranche C was granted during the current financial period but will not begin to vest until FY23.

For Tranche A and Tranche B non-market performance conditions relating to revenue and net income were not achieved, however 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 environment 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 2022.

30-June-2022	Tranche A	Tranche B	Tranche C – FY22	Tranche C – FY23
Performance rights outstanding on 1 July 2021	586,431	3,395,180	-	-
Awarded	-	-	4,226,990	3,926,992
Forfeited	-	(633,995)	(456,394)	(456,392)
Exercised	(198,724)	(1,036,590)	-	-
Total Performance rights outstanding on 30 June 2022	**387,707**	**1,724,595**	**3,770,596**	**3,470,600**
Vested	*387,707*	*1,724,595*	-	-
Non-vested	-	-	*3,770,596*	*3,470,600*
Weighted average remaining contractual life (years)*	-	-	0.26	1.25

30-June-2021	Tranche A	Tranche B
Performance rights outstanding on 1 July 2020	1,684,549	4,010,614
Awarded	-	-
Forfeited	(357,479)	(615,434)
Exercised	(740,639)	-
Total Performance rights outstanding on 30 June 2021	**586,431**	**3,395,180**

Notes to the consolidated financial statements

30-June-2021	Tranche A	Tranche B
Vested	*586,431*	
Non-vested		*3,395,180*
Weighted average remaining contractual life*	-	0.26

* For employees based in the US or Europe, the Vesting Date is the same as the Exercise Date. For employees based in Australia or Philippines, the exercise date can be at any time from vesting date for a period of 10 years.
The expense recognised in relation to the performance rights for the year ended 30 June 2022 was $681k. The fair value was calculated using the Black Scholes model using the following inputs:

Item	Tranche A	Tranche B	Tranche C – FY22	Tranche C – FY23
Number of performance rights issued at Grant Date	1,716,774	4,029,806	4,226,990	3,926,992
Exercise price	-	-	-	-
Grant date	28/02/2020	28/02/2020	29/10/2021	29/10/2021
Vesting Date	30/09/2020	30/09/2021	30/09/2022	30/09/2023
Expiry Date	30/09/2030	30/09/2031	30/09/2032	30/09/2033
Vesting period (years)	0.6	1.5	1.0	2.0
Volatility	68%	68%	69%	69%
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	1.12%	1.12%	0.99%	0.99%
Fair value at grant date	$309,019	$685,067	$427,537	$813,490

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.

Notes to the consolidated financial statements

At 30 June 2022 all options had expired out of the money:

	Number	Weighted average exercise price
Options outstanding at 1 July 2021	**93,333**	**$0.68**
New options granted	-	-
Options forfeited	-	-
Options exercised	-	-
Options Expired	(93,333)	$0.68
Options outstanding at 30 June 2022	**Nil**	

At 30 June 2021 one tranche of the Option plan remained:

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

	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**

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%

Notes to the consolidated financial statements

	Tranche 1	Tranche 2	Tranche 3
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.

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

<u>Summary of total expense recognised in profit or loss from share-based payment arrangements</u>

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

Share based payment arrangement	**Amount recognised in profit or loss**	
	30 June 2022 ($'000)	**30 June 2021 ($'000)**
RightCrowd Performance Rights plan	681	377
RightCrowd Options plan	-	3
Offsite Vision Performance Rights	-	(20)
Sub-Total	**681**	**360**
Discount due to restriction period on LTI plan shares	**-**	**-**
Total share-based payment expense	**681**	**360**

31. Commitments and contingencies

The Group has no commitments or contingencies requiring disclosure in these financial statements as at 30 June 2022 (30 June 2021: nil).

Notes to the consolidated financial statements

32. Related party transactions

A. Transactions with key management personnel

Key management personnel compensation comprised the following:

	30 June 2022	30 June 2021
Short term employee benefits	532,563	525,527
Post-employment benefits	60,249	78,375
Bonuses	35,000	35,000
Share-based payments	4,945	15,075
Total KMP compensation	**632,756**	**653,977**

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).

There were no transactions with Key Management Personnel (KMP) during the reporting period.

In the prior year, a loan was provided by KMP to the Group and fully repaid in FY21. 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

B. Other related party transactions and 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 of 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.

b.) *Related party 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.

Notes to the consolidated financial statements

33. Operating segments

A. Basis for segmentation and change in reportable 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 year ended 30 June 2021. 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 solutions.
- **Access Analytics:** Development and delivery of analytics software for identifying user access compliance issues.

Notes to the consolidated financial statements

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:

	Workforce Management ($)		Presence Control ($)		Access Analytics ($)		Total ($)	
	30 June 2022 ($'000)	30 June 2021 ($'000) (restated)	30 June 2022 ($'000)	30 June 2021 ($'000) (restated)	30 June 2022 ($'000)	30 June 2021 ($'000) (restated)	30 June 2022 ($'000)	30 June 2021 ($'000) (restated)
External Revenues	10,624	10,677	4,354	4,461	98	87	**15,077**	**15,225**
Other Income	2,452	3,140	532	834	307	227	**3,290**	**4,201**
Cost of goods sold	(262)	(29)	(1,769)	(2,326)	-	-	**(2,031)**	**(2,355)**
Direct and allocated costs	(17,155)	(16,523)	(3,714)	(4,088)	(2,142)	(1,112)	**(23,011)**	**(21,722)**
Segment profit (loss) before tax and excluding impairment	**(4,340)**	**(2,735)**	**(598)**	**(1,118)**	**(1,737)**	**(799)**	**(6,675)**	**(4,652)**

FY22 Impairment expense is considered as a group expense and is not included above.

Notes to the consolidated financial statements

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

i. Loss before tax excluding impairment

	30 June 2022 ($'000)	30 June 2021 ($'000)
Total loss before tax for reportable segments	(6,675)	(4,611)
Consolidated loss before tax	**(6,675)**	**(4,611)**

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 2022 ($'000)	30 June 2021 ($'000)
North America	9,771	10,586
Europe, Middle East and Africa	1,172	1,745
Asia and Oceania	3,411	2,395
Latin America	722	499
Total	**15,077**	**15,225**

ii. Non-current assets (excludes goodwill)

Country	30 June 2022 ($'000)	30 June 2021 ($'000)
USA	506	571
Belgium	444	229
Oceania and Australia	1,948	1,294
Total	**2,897**	**2,094**

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:

Segment	30 June 2022 ($'000)	30 June 2021 ($'000)
Workforce Management	3,564	4,113

Notes to the consolidated financial statements

34. Reconciliation of cash flows from operating activities

	30 June 2022 ($'000)	30 June 2021 ($'000)
Loss for the year	(14,939)	(4,663)
Depreciation & Amortisation	973	1,060
Impairment losses on intangible assets and goodwill	8,259	-
Other impairment losses	-	40
Equity settled share-based payment transactions	681	360
Unrealised foreign exchange loss (gain)	20	(228)
Loan forgiveness income[7]	(135)	(140)
Other non-cash income	56	(27)
	(5,085)	**(3,599)**
Changes in:		
Trade and other receivables	2,367	(1,814)
Other assets	494	(1,445)
Inventories	(365)	(869)
Other liabilities & Reserves	(536)	933
Trade and other payables	(770)	434
Provisions and employee benefits	297	251
Current tax liabilities	(7)	(4)
Net cash from operating activities	**(3,605)**	**(6,113)**

35. Parent entity information

As at, and throughout, the financial year ended 30 June 2022 the parent entity of the Group was RightCrowd Limited.

	30 June 2022 ($'000)	30 June 2021 ($'000)
Result of parent entity		
Profit / (Loss) for the year	1,289	(5,337)
Other comprehensive income	-	-
Total comprehensive loss for the year	**1,289**	**(5,337)**

	30 June 2022 ($'000)	30 June 2021 ($'000)
Financial position of parent entity at year end		
Current assets	2,685	11,028
Total assets	**9,918**	**26,414**
Current liabilities	-	(530)

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

Notes to the consolidated financial statements

	30 June 2022 ($'000)	30 June 2021 ($'000)
Total liabilities	**-**	**(530)**

	30 June 2022 ($'000)	30 June 2021 ($'000)
Total equity of the parent entity, comprising		
Share capital	56,254	56,133
Accumulated losses	(46,336)	(30,249)
Total equity	**9,918**	**25,884**

The parent entity has no contingent liabilities or commitments as at 30 June 2022 (2021: nil)

Total assets shown above includes share-based payments reserve of the parent entity issued to employees of subsidiary entities of $1,237k (30 June 2021: $360k)

36. 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 32 to 89, and the Remuneration Report in the Directors' Report, set out on pages 22 to 30, 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 2022 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 2022.

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 25 August 2022:

Peter Hill

Director

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INDEPENDENT AUDITOR'S REPORT

To the members of RightCrowd Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RightCrowd Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Goodwill

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 21 – Intangible assets and goodwill The group has recognised intangible assets as a result of historical acquisitions made in the previous years. The impairment assessment of the Group's intangible asset balances incorporated significant judgement in respect of factors such as discount rates, revenue growth and cost assumptions. This was determined to be a key audit matter due to amounts involved being material, the inherent subjectivity associated with critical judgements being made in relation to the forecast future revenue and costs, discount rates and terminal growth.	Our audit procedures included, but were not limited to the following: • Evaluation of the methodology applied by the group in determining the cash generating units (CGU); • Assessment of the Group's value in use model by reference to budgets and future plans; • Performance of tests over the mathematical accuracy of the model and underlying calculations; • Challenging the key assumptions used in the value in use calculation including the growth rates, discount rates and the underlying cash flows by comparing them to historical results, current contracts, economic and industry forecasts; • Sensitivity analysis on the key financial assumptions in the model. These included revenue forecasts, revenue multipliers used in the terminal year of the cash flows and the discount rates applied; and • Assessing the adequacy of the Group's disclosures.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 22 to 30 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of RightCrowd Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

C Henry
Director

Brisbane, 25 August 2022

RIGHTCROWD
EVERYONE ON SITE IS RIGHT

Shareholders Information

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Shareholder Information

The following information is current as at 10 August 2022:

A. Shareholding – distribution of shareholders:

	Fully paid ordinary shares			**Options / Rights 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	26	6,488	0.00%	1	502	0.03%
1001-5000	122	347,849	0.13%	8	26,559	1.49%
5001-10000	95	755,313	0.29%	7	48,163	2.70%
10001-100000	302	12,177,146	4.69%	58	1,708,183	95.78%
100001 and over	115	246,315,086	94.88%	0	0	0.00%
	660	**259,601,882**	**100%**	**74**	**1,783,407**	**100%**

B. Less than marketable parcel

As at 10 August 2022, There are 185 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 10 August 2022 are shown in the following table:

Shareholder	**Number of ordinary shares held**	**% of ordinary shares**
CNI PTY LTD <RIGHT CROWD A/C>	53,907,428	20.624%
NATIONAL NOMINEES LIMITED	40,090,331	15.338%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	25,502,196	9.757%
CITICORP NOMINEES PTY LIMITED	20,533,224	7.856%
ADVANCED MARKETING TECHNOLOGIES PTY LTD <CHATFIELD FAMILY A/C>	18,802,491	7.193%
	158,835,670	**60.767%**

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.

Shareholder Information

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 <RIGHT CROWD A/C>	53,907,428	20.624%
2	NATIONAL NOMINEES LIMITED	40,090,331	15.338%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	25,502,196	9.757%
4	CITICORP NOMINEES PTY LIMITED	20,533,224	7.856%
5	ADVANCED MARKETING TECHNOLOGIES PTY LTD <CHATFIELD FAMILY A/C>	18,802,491	7.193%
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,650,491	5.222%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,597,824	2.907%
8	JOHAN VINCKIER	5,814,971	2.225%
9	SALMON EARTHMOVING CONTRACTORS PTY LTD <CROWNHURST NO 3 A/C>	4,651,856	1.780%
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,159,682	1.591%
11	RISK CAPITAL LLC	3,430,098	1.312%
12	BART VANSEVENANT	3,111,176	1.190%
13	EOS INVEST NV	2,500,245	0.957%
14	BERNE NO 132 NOMINEES PTY LTD <W 1253672 A/C>	2,271,958	0.869%
15	UBS NOMINEES PTY LTD	2,150,000	0.823%
16	ALEX VINCKIER	2,072,801	0.793%
17	DANBRO LLC	1,895,141	0.725%
18	PYLMON PTY LTD <G A & R SALMON S/F NO 2 A/C>	1,726,297	0.660%
19	MR MICHAEL WU	1,650,000	0.631%
20	MR DAVID ANDREW THOMAS	1,377,937	0.527%
	Total Securities of Top 20 Holdings	**216,896,147**	**82.979%**

F. Company secretary

The name of the Company secretary is Kim Clark.

Shareholder Information

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

As of 10 August 2022, there are also a total of 1,783,407 vested performance rights on issue.