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# Interim Financial Report

FOR THE HALF-YEAR ENDING  
31 DECEMBER 2022

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

## Appendix 4D Half-year report

### 1. Company details

Name of entity:	RightCrowd Limited and its controlled entities
ABN:	20 108 411 427
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

### 2. Results for announcement to the market

	31 Dec 2022 (\$'000s)	Change on Prior Period
Revenue	6,898	Decreased by 11%
Net loss for the half year	(6,349)	Increased by 86%

Net loss for the half year includes an impairment expense of \$3,690k. Excluding the impairment expense, the net loss for the half year is \$2,659k which is a 22% reduction on the net loss in the prior period.

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

### 3. Net tangible assets

	31 Dec 2022	30 June 2022
Net tangible assets per ordinary security (cents)	0.016	0.025

The net tangible asset per ordinary security is calculated based on 262,261,259 ordinary shares on issue at 31 December 2022 and 261,385,289 shares that were on issue at 30 June 2022.

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

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


## 5. Dividends

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

## 6. Audit qualification or review

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

## 7. Signed

Signed  \_\_\_\_\_

Date: 21 February 2023

**Peter Hill**  
**CEO**

**RIGHTCROWD**  
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# RightCrowd Limited 31 December 2022 Interim Financial Report

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

Releases, financial reports and other information are available on our website:  
[www.rightcrowd.com](http://www.rightcrowd.com)

## Directors Report

The directors of RightCrowd Limited (the “Company”) present their report together with the consolidated financial statements for the six months ended 31 December 2022 and the review report thereon.

### **Directors**

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

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

### **Principal Activities**

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

### **Review of Operations**

The Company has delivered solid Annual Recurring Revenue (ARR)<sup>1</sup> growth during the first half of FY23. This growth was driven by the continuing sales of the Company's Workforce Management products coupled with building momentum for sales of its Access Analytics solutions. These two trends helped to offset a reduction in sales from the Presence Control business unit given reduced demand for contact tracing solutions post COVID-19.

### **Revenue**

Revenue for the half year was \$6,898k (FY22 H1: \$7,747k) representing a 11% decrease on prior year. The drop in revenue was due to a drop in sales for Presence Control solution relative to prior period as revenue from contract tracing solutions reduced by 67% to \$908k in the current period (FY22 H1: \$2,760k). Offsetting the reduction in Presence Control revenue was a 19% increase in revenue from Workforce Management sales to \$5,917k (FY22 H1: \$4,982k) and increasing revenue beginning to flow from Access Analytics solutions of \$73k for the period (FY22 H1: \$5k).

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<sup>1</sup> ARR represents the total annualised value of active customer contracts for annual subscription, support, and maintenance services as at 31<sup>st</sup> of December 2022. ARR is a non-IFRS measure and is not subject to audit.

The strongest growth was in the recurring revenue line<sup>2</sup>, which increased by 34% to \$5,272k compared to prior year (FY22 H1: \$3,941k). This was a result of a number of new transactions in line with the communicated strategy of the Company to focus on recurring revenue contracts rather than perpetual licenses.

The Workforce Management business is now also generating a greater amount of revenue from recurring contracts with \$4,426k booked during the period which was up by 72% versus prior period (FY22 H1: \$2,567k). The business unit maintained minimal customer churn (0.5% as measured on an ARR basis) and added 3 new customers during the period as sales pipeline activity increased with companies emerging from the COVID-19 pandemic. Consulting revenue of \$1,476k was 27% lower than prior period (FY22 H1: \$2,009k) with the Company moving some consulting work to recurring premium support subscription licenses.



The Presence Control business unit generated revenue of \$908k during the half year (FY22 H1: \$2,760k) as contract tracing renewals reduced with companies moving post COVID-19. RightCrowd sold ~1,500 new Presence Control badgeholders during the first half of FY22, mostly to existing customers.

<sup>2</sup> Recurring Revenue includes subscription software, support and maintenance, and software as a service revenue.



The Access Analytics business unit concentrated on an international go to market campaign during the period. Revenue increased to \$73k when compared to prior period (FY22 H1: \$5k) due to new sales which resulted in the addition of 3 new customers during the period. H2 will be focussed on adding further new customers following a strong period of lead and pipeline generation year to date.



### Other Income

The Group's other income totalled \$1,669k during the 1<sup>st</sup> half of FY23 (FY22 H1: \$1,663k). Other income comprises of accruals for the FY23 R&D rebate as well as government grants received relating to the Cyber Studio program.

## **Operating Expenses**

The Group announced cost restructuring plans during the period and is making good progress in reducing its cost base, whilst minimising impact on planned progress towards profitability. The primary cost category continues to be employee related expenses, with \$8,731k expensed during the first half of FY23 representing an 5% decrease on prior period (FY22 H1: \$9,175k). The reduced expense is as a result of reduced headcount over the period.

Cost of goods sold reduced by 78% to \$304k (FY22 H1: \$1,353k) which was as a result of a drop in sales of Presence Control hardware during the period.

Non-employee benefit expenses totalled \$2,172k which reduced by 5% on prior year (FY22 H1: \$2,292k), driven by other cost reduction initiatives and due to the depreciating AUD relative to prior year which delivered an FX gain of \$75k (FY22 H1: \$42k Loss).

The Company continues to carefully manage its cost base, particularly considering the current inflationary environment where certain elements of the Company's cost-base have been increasing.

## **Cashflows**

Operating cash outflow reduced by 46% to \$395k relative to prior period (FY22 H1: \$730k outflow). This was driven by a 9% comparative reduction in cash payments to suppliers and employees.

Cash outflows from financing and investing activities were low at \$378k (H1 FY22: \$932k) as the Company cut back spending and had fewer outstanding debt facilities, having retired most of its debt in FY22.

## **Financial Position**

The cash position stood at \$3,893k on the 31st of December 2022 having decreased from \$4,684k at the end of FY22. Trade and Other Receivables stood at \$3,089k (30 June 2022: \$4,579k) as a result of the receipt of the FY22 R&D rebate and general improvements in collections during the current half year period.

Hardware inventory balances remained relatively unchanged with \$1,431k of inventory reported at the end of the period, slightly higher than the \$1,346k of inventory held at the end of FY22. Assembly of further presence control hardware has been placed on hold given sufficient inventory remains for projected future sales.

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The remaining goodwill relating to the acquisition of Ticto in 2019 was fully written down during the period which reduced the prior goodwill balance to nil (FY22: \$3,688k) This, coupled with the loss incurred during the reporting period were the primary drivers of the reduction in Total Assets by 32% to \$12,690k (30 June 2022: 18,638k).

Contract liabilities increased by 7% to \$3,106k as a result of an increase in workforce management subscription contracts signed during the period.

Provisions balances reduced to \$2,065k (current & non-current) from \$2,190k at the end of FY22 due to a reduction in leave and long-service accruals as a result of a reduction in staff headcount.

## **Business Outlook**

RightCrowd continues to chart a path towards profitability and is pleased to confirm good pipeline growth and new software sales to support customers returning to the workplace. This demand is helping to offset the reduction in sales of the Presence Control business which helped to generate the high growth rates in the prior period.



The Company maintains its full-year guidance of an increase in sales revenue year-on-year and achieving more than \$12m in Annual Recurring Revenue (ARR is \$10.7m at the end of this reporting period). The Company will also continue to execute on cost reduction initiatives in order to reduce its cost-base by 10% relative to FY22.

Achieving these FY23 targets will put the Company in a strong position from which it can target the resumption of double-digit revenue growth and a stable cost base required to achieve profitability in FY24.

### **Auditor's independence declaration**

The lead auditor's independence declaration is set out on page 11 and forms part of the directors' report for the six months ended 31 December 2022.

Signed \_\_\_\_\_



Date: 21 February 2023

**Peter Hill**  
CEO

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

As lead auditor for the review of RightCrowd Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'C Henry', written over a light grey grid background.

**C Henry**  
Director

**BDO Audit Pty Ltd**

Brisbane, 21 February 2023

## Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2022

	Note	31 Dec 2022 (\$'000s)	31 Dec 2021 (\$'000s)
Revenue	5	6,898	7,747
Other income	6	1,669	1,663
Cost of goods sold		(304)	(1,353)
Employee benefits expense		(8,731)	(9,175)
Depreciation and amortisation expense		(472)	(497)
Impairment expense	11	(3,690)	-
Finance costs		(61)	(67)
Foreign currency gain /(loss)		75	(42)
Other expenses	8	(1,714)	(1,685)
<b>Loss before income tax</b>		<b>(6,330)</b>	<b>(3,411)</b>
Income tax expense		(20)	(2)
<b>Net loss for the half year</b>		<b>(6,349)</b>	<b>(3,413)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		185	(203)
<b>Total other comprehensive income for the half year</b>		<b>185</b>	<b>(203)</b>
<b>Total comprehensive loss for the half year</b>		<b>(6,146)</b>	<b>(3,616)</b>
<b>Earnings per share (cents)</b>			
Basic earnings per share		(2.4)	(1.5)
Diluted earnings per share		(2.4)	(1.5)

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

## Condensed consolidated statement of financial position

**As at 31 December 2022**

	Note	31 Dec 2022 (\$'000s)	30 Jun 2022 (\$'000s)
<b>ASSETS</b>			
Cash and cash equivalents		3,893	4,684
Trade and other receivables	10	3,089	4,579
Inventories		1,431	1,346
Short term deposits		128	69
Other assets		1,560	1,376
<b>TOTAL CURRENT ASSETS</b>		<b>10,102</b>	<b>12,053</b>
Property, plant, and equipment		1,709	1,912
Goodwill	11	-	3,688
Other intangible assets		879	985
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,588</b>	<b>6,585</b>
<b>TOTAL ASSETS</b>		<b>12,690</b>	<b>18,638</b>
<b>LIABILITIES</b>			
Trade and other payables		613	736
Borrowings	12	769	526
Contract liabilities	7	3,106	2,915
Tax liabilities		6	(5)
Provisions		1,956	2,070
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,450</b>	<b>6,242</b>
Borrowings	12	944	1,122
Provisions		109	119
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,053</b>	<b>1,241</b>
<b>TOTAL LIABILITIES</b>		<b>7,503</b>	<b>7,483</b>
<b>NET ASSETS</b>		<b>5,186</b>	<b>11,155</b>
<b>EQUITY</b>			
Issued capital		56,133	56,133
Reserves	14	484	103
Accumulated losses		(51,431)	(45,082)
<b>TOTAL EQUITY</b>		<b>5,186</b>	<b>11,155</b>

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

## Condensed consolidated statement of changes in equity

**For the half year ended 31 December 2022**

	Note	Issued capital (\$'000s)	Accumulated losses (\$'000s)	Foreign currency translation reserve (\$'000s)	Share based payment reserve (\$'000s)	Total (\$'000s)
<b>Balance at 30 June 2022</b>		<b>56,133</b>	<b>(45,082)</b>	<b>(1,134)</b>	<b>1,237</b>	<b>11,155</b>
<b>Comprehensive income for the half year</b>						
Loss for the period		-	(6,349)	-	-	<b>(6,349)</b>
Other comprehensive income		-	-	185	-	185
<b>Total comprehensive income for the period</b>		-	<b>(6,349)</b>	<b>185</b>	-	<b>(6,164)</b>
Share options and performance rights expensed during the period	13	-	-	-	195	<b>195</b>
Transfer of expired share options to accumulated losses		-	-	-	-	-
<b>Total transactions with owners of the Company</b>		-	-	-	<b>195</b>	<b>195</b>
<b>Balance at 31 December 2022</b>		<b>56,133</b>	<b>(51,431)</b>	<b>(949)</b>	<b>1,433</b>	<b>5,186</b>

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

## Condensed consolidated statement of changes in equity

**For the half year ended 31 December 2021**

	Note	Issued capital (\$'000s)	Accumulated losses (\$'000s)	Foreign currency translation reserve (\$'000s)	Share based payment reserve (\$'000s)	Total (\$'000s)
<b>Balance at 30 June 2021</b>		<b>56,133</b>	<b>(30,154)</b>	<b>(656)</b>	<b>567</b>	<b>25,884</b>
<b>Comprehensive income for the period</b>						
Loss for the period		-	(3,413)	-	-	(3,413)
Other comprehensive income		-	-	(203)	-	(203)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(3,413)</b>	<b>(203)</b>	<b>-</b>	<b>(3,616)</b>
Share options and performance rights expensed during the period	13	-	-	-	449	449
Transfer of expired share options to accumulated losses		-	11	-	(11)	-
<b>Total transactions with owners of the Company</b>		<b>-</b>	<b>11</b>	<b>-</b>	<b>438</b>	<b>449</b>
<b>Balance at 31 December 2021</b>		<b>56,133</b>	<b>(33,556)</b>	<b>(859)</b>	<b>1,005</b>	<b>22,724</b>

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

## Condensed consolidated statement of cash flows

**For the half year ended 31 December 2022**

	Note	31 Dec 2022 (\$'000s)	31 Dec 2021 (\$'000s)
<b>Cash flows from operating activities</b>			
Cash receipts from customers		7,274	8,212
Cash payments to suppliers and employees		(10,667)	(11,763)
Interest paid		(9)	(68)
Interest received		6	5
Income tax refunded (paid)		(7)	(1)
Grant income received		3,008	2,885
<b>Net cash (used in) from operating activities</b>		<b>(395)</b>	<b>(730)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	12
Purchase of property, plant and equipment		(20)	(174)
<b>Net cash (used in) from investing activities</b>		<b>(20)</b>	<b>(162)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(62)	(484)
Repayment of lease liabilities		(296)	(286)
<b>Net cash (used in) from financing activities</b>		<b>(358)</b>	<b>(770)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(773)</b>	<b>(1,662)</b>
Cash and cash equivalents at 1 July		4,684	9,872
Effect of exchange rate fluctuations on cash held		(18)	19
<b>Cash and cash equivalents at 31 December</b>		<b>3,893</b>	<b>8,229</b>

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

## Notes to the condensed consolidated financial statements

### 1. Reporting entity

RightCrowd Limited (the "Company") is a company domiciled in Australia. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group"). 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.

### 2. Basis of preparation

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

They do not include all the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2022.

These interim financial statements were authorised for issue by the Company's Board of Directors on 24 February 2023.

### 3. Use of judgements and estimates

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

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Refer to note 11 for the impairment testing of Goodwill relating to the Presence Control business unit which resulted to a write down of the remaining value of goodwill amounting to \$3,690k impairment expense for the half year ended 31 December 2022.

### 4. Going Concern

The interim consolidated financial statements as at and for the half year ended 31 December 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.

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.

## Notes to the condensed consolidated financial statements

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.

### 5. Revenue

	31 Dec 2022 (\$'000s)	31 Dec 2021 (\$'000s)
Subscription software and support and maintenance	4,463	2,380
Software as a Service	809	1,561
Perpetual software	19	423
Presence control hardware	132	1,374
Consulting	1,476	2,009
<b>Total:</b>	<b>6,898</b>	<b>7,747</b>

### 6. Other income

	31 Dec 2022 (\$'000s)	31 Dec 2021 (\$'000s)
Research and development grant	1,341	1,381
Cyber skills grant	215	177
Other income	114	105
<b>Total:</b>	<b>1,669</b>	<b>1,663</b>

## Notes to the condensed consolidated financial statements

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

The Group considers that there is reasonable assurance in relation to the claim for expenses incurred within the current half year and has therefore included an estimate of the rebate receivable in the financial statements for the half year ended 31 December 2022.

### 7. Contract balances

	31 Dec 2022 (\$'000s)	30 Jun 2022 (\$'000s)
Trade receivables arising from contracts with customers	1,914	1,438
Contract liabilities	(3,106)	(2,915)
Contract assets	-	329
<b>Net contract balances</b>	<b>(1,192)</b>	<b>(1,148)</b>

Trade receivables and contract liability balances increased relative to prior period due to increased sales during the reporting period.

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

### 8. Other Expenses

	31 Dec 2022 (\$'000s)	31 Dec 2021 (\$'000s)
Rental outgoings	82	67
Travel expense	234	109
Professional and consulting	457	495
Advertising and marketing	405	163
Communication	32	49
Software licenses	229	274
Insurance	162	204

## Notes to the condensed consolidated financial statements

	31 Dec 2022 (\$'000s)	31 Dec 2021 (\$'000s)
Cyber studio expenses	20	100
Warranty expenses	(33)	22
Other expenses	125	202
<b>Total:</b>	<b>1,714</b>	<b>1,685</b>

Other Expenses remained in line with prior period with some increased costs incurred relating to trade shows and related travel offset by reduced expenditure incurred relating to the Cyber Studio initiative.

## Notes to the condensed consolidated financial statements

### 9. Disaggregation of Revenue from contracts with customers

The Group's operations and main revenue streams are those described in the last annual financial statements. In the following table, revenue is disaggregated by service/product line and timing of revenue recognition. The table also includes a reconciliation between the disaggregated revenue with the Group's reportable segments.

	Workforce Management (\$'000s)		Presence Control (\$'000s)		Access Analytics (\$'000s)		Total (\$'000s)	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21
<b>Revenue by service line</b>								
Perpetual Software	19	423	-	-	-	-	19	423
Subscription software and support and maintenance	4,233	2,374	-	-	37	5	4,270	2,380
Consulting	1,472	1,992	-	18	3	-	1,476	2,009
Software as a service	193	193	776	1,368	33	-	1,002	1,561
Presence control hardware	-	-	132	1,374	-	-	132	1,374
<b>Total</b>	<b>5,917</b>	<b>4,982</b>	<b>908</b>	<b>2,760</b>	<b>73</b>	<b>5</b>	<b>6,898</b>	<b>7,747</b>
<b>Timing of recognition</b>								
Point in time recognition	1,491	2,415	132	1,392	3	-	1,626	3,807
Over time recognition	4,426	2,567	776	1,368	70	5	5,272	3,940
<b>Total:</b>	<b>5,917</b>	<b>4,982</b>	<b>908</b>	<b>2,760</b>	<b>73</b>	<b>5</b>	<b>6,898</b>	<b>7,747</b>

## Notes to the condensed consolidated financial statements

### 10. Trade and other receivables

	31 Dec 2022 (\$'000s)	30 Jun 2022 (\$'000s)
Trade receivables arising from contracts with customers	1,914	1,594
Loss Allowance for bad debts and expected credit loss	(4)	(156)
Research and Development Grant receivable	1,250	2,681
Other receivables	85	130
Accrued revenue	(156)	329
<b>Total:</b>	<b>3,089</b>	<b>4,579</b>

Trade and other receivables have reduced over the period courtesy of payments received from customers and the ATO relating to the FY22 Research and Development grant during the reporting period.

### 11. Intangible assets and goodwill

#### A. Reconciliation of carrying amounts

	Goodwill (\$'000)	Software and wearable technology (\$'000)	Total (\$'000)
<b>Balance at 1 July 2022</b>	<b>3,688</b>	<b>985</b>	<b>4,673</b>
Foreign currency revaluation	2	31	33
Amortisation	-	(137)	(137)
Impairment	(3,690)	-	(3,690)
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>879</b>	<b>879</b>

#### B. Impairment testing

The Group has written down the remaining goodwill this half year period that resulted from the acquisition of RightCrowd Europe and the Presence Control solution on 15 January 2019. This goodwill has previously been allocated to the Presence Control Cash Generating Unit (CGU) for impairment testing purposes and is now fully impaired.

The Presence Control business unit will continue to operate and generate revenue, however given the material reduction in sales thus far in FY23, the Company has decided to write down the remaining value of goodwill in the current reporting period.

## Notes to the condensed consolidated financial statements

### 12. Borrowings

	31 Dec 2022 (\$'000s)	30 Jun 2022 (\$'000s)
<b>Borrowings (current)</b>		
Insurance premium funding	253	61
Lease liabilities	515	465
Other unsecured loan	-	-
<b>Total borrowings (current):</b>	<b>769</b>	<b>526</b>
<b>Borrowings (non-current)</b>		
Lease liabilities	877	1,056
Payroll Protection Program loan	(2)	(1)
Small Business Administration loan	68	67
<b>Total borrowings (non-current):</b>	<b>944</b>	<b>1,122</b>
<b>Total borrowings:</b>	<b>1,713</b>	<b>1,648</b>

Terms and conditions of borrowings are as disclosed in the most recent annual financial statements for the year ended 30 June 2022.

### 13. Share based payment arrangements

At 31 December 2022, the Group had granted the below three tranches of performance rights as share based payment awards:

	Tranche A	Tranche B	Tranche C
Number of performance rights	1,716,774	4,029,806	8,153,982
Exercise price	-	-	-
Grant date	28/02/2020	28/02/2020	29/10/2021
Expiry date	30/09/2020	30/09/2021	30/09/2023
Vesting period (years)	0.6	1.5	1.9
Volatility	68%	68%	69%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.12%	1.12%	0.99%
Fair value at grant date <sup>3</sup>	\$309,019	\$685,067	\$2,238,435

Set out below is a reconciliation of the movements in performance rights for each Tranche from 1 July 2022 through to 31 December 2022.

<sup>3</sup> The fair value of each Tranche was calculated using the Black Scholes model using the tabled inputs.

## Notes to the condensed consolidated financial statements

	Tranche A	Tranche B	Tranche C
Performance rights outstanding on 1 July 2022	387,707	1,724,595	7,241,196
Not awarded or forfeited	-	-	(2,665,945)
Vested	-	-	(1,620,783)
Exercised	(18,582)	(43,000)	(120,073)
Performance rights outstanding at 31 December 2022	369,125	1,681,595	2,834,395

The expense recognised in relation to the performance rights for the half year ended 31 December 2022 was \$195,456 (2021: \$448,898). The expense was included in the condensed consolidated statement of profit or loss and other comprehensive income and was recognised in respect of the following Tranches:

RightCrowd Long Term Incentive Plan	Amount recognised in profit or loss	
	31 December 2022 (\$'000s)	31 December 2021 (\$'000s)
Tranche A	-	-
Tranche B	-	249
Tranche C	195	200
Total share-based payment expense	<b>195</b>	<b>449</b>

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

### 14. 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.

	31-Dec-22 (no. of shares)	30-Jun-22 (no. of shares)
Opening Balance	261,385,289	260,149,975
Share issuance	-	-
Exercise of performance rights	875,970	1,235,314
<b>Closing Balance</b>	<b>262,261,259</b>	<b>261,385,289</b>

- For the first six months of FY23, the Group issued 875,970 shares to eligible employees through exercise of vested performance rights issued from Tranche A, B, and C of the RightCrowd long term incentive plan.

## Notes to the condensed consolidated financial statements

- During the course of FY22, the Group issued 1,235,314 shares to eligible employees through exercise of vested performance rights issued from Tranche A, and B 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.

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## Notes to the condensed consolidated financial statements

### 15. Operating segments

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

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

	Workforce Management		Presence Control		Access Analytics		Total	
	31 Dec 22 ('000s)	31 Dec 21 ('000s)	31 Dec 22 ('000s)	31 Dec 21 ('000s)	31 Dec 22 ('000s)	31 Dec 21 ('000s)	31 Dec 22 ('000s)	31 Dec 21 ('000s)
External Revenues	5,917	4,982	908	2,760	73	5	6,898	7,747
Other Income	1,422	1,260	99	263	148	140	1,669	1,663
Cost of goods sold	(69)	(130)	(225)	(1,223)	(10)	-	(304)	(1,353)
Direct and allocated costs	(9,289)	(8,719)	(646)	(1,795)	(969)	(954)	(10,903)	(11,467)
<b>Segment profit (loss) before tax excluding impairment expense</b>	<b>(2,018)</b>	<b>(2,606)</b>	<b>136</b>	<b>5</b>	<b>(757)</b>	<b>(809)</b>	<b>(2,639)</b>	<b>(3,411)</b>

## Notes to the condensed consolidated financial statements

### 16. Events after the reporting period

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

### 17. Commitments and contingencies

The Directors are not aware of any commitments or contingencies relating to the group as at 31 December 2022 (31 December 2021: Nil).

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## Directors Declaration

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

- (a) the condensed consolidated financial statements and notes set out on pages 12 to 27, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance, for the six month period ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated 21<sup>st</sup> of February 2023



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Peter Hill

Director



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of RightCrowd Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of RightCrowd Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 4 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 conclusion is not modified in respect of this matter.



### Responsibility of the directors for the financial report

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

### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'C Henry', is written over a faint, stylized 'BDO' logo.

**C Henry**  
Director

Brisbane, 21 February 2023