

**RIGHTCROWD LIMITED
AND CONTROLLED ENTITIES**

A.B.N. 20 108 411 427

**APPENDIX 4E AND PRELIMINARY FINANCIAL REPORT
(UNAUDITED)**

**FOR THE YEAR ENDED
30 JUNE 2019**

**RightCrowd Limited ABN 20 108 411 427
and Controlled Entities
Preliminary Financial Report for the Year Ended 30 June 2019 (unaudited)**

Results for Announcement to the Market

Key Information	2019 \$	2018 \$	Change %
Sales Revenue	9,378,615	5,520,755	69.9
Total Revenue	11,691,931	9,381,950	24.6
Loss from ordinary activities after tax attributable to members	(6,170,821)	(5,120,083)	20.4

Statement of Retained Earnings Showing Movements

	2019 \$	2018 \$
Balance at the beginning of the year	(12,824,058)	(8,455,911)
Cash settlement of convertible note equity component	-	751,936
Net (loss) attributable to members of the parent entity	(6,170,821)	(5,120,083)
Balance at the end of the year	<u>(18,994,879)</u>	<u>(12,824,058)</u>

Dividends / Distributions

	Amount per security	Franked amount per security
Interim dividend	0.0c	0.0c
Final dividend	0.0c	0.0c

Net Tangible Assets

	30 June 2019	30 June 2018
Net Tangible Asset backing per ordinary share	\$0.03	\$0.05

Commentary on the Results for the Period

The Board is pleased to announce that the Company has delivered excellent sales growth in its core business during the FY 2019 financial year whilst also making further strategic investments that help position the Company well to capitalise on future global market opportunities.

Over the 2019 financial year, the Company grew revenue for software and related services by 69.9% from \$5.520m in FY 2018 to \$9.378m in FY 2019 (unaudited). The core RightCrowd business (which excludes the two newly acquired entities) generated \$8.853m of sales revenue in FY 2019 at a 60.4% annual growth rate on prior year. This growth has come courtesy of new software sales to clients and solution deployments across North America, South America, Europe, and Australia. The company continues to expand internationally with 83% of FY 2019 sales revenue generated outside of Australia.

Total Revenue was \$11.692m in FY 2019 (unaudited) which also includes the research & development tax rebate and other income items.

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Commentary on the Results for the Period (continued)

The Company has continued to invest in additional staff to commercialise the RightCrowd software solutions for the global market and to support the revenue growth of the Company. Additionally, the Company has made two strategic acquisitions, which are complimentary to the current set of software solutions offered by RightCrowd and extends the international presence and capability of the Company. The resultant outcome is an increase in the overall cost base from \$14.455m in FY 2018 to \$17.862m in FY 2019 (unaudited) with the majority of the increase relating to the addition of the two newly acquired businesses cost-bases.

The statutory loss for the year was \$6.171m (FY 2018: \$5.120m). The Adjusted net loss of the company on a “like for like” basis decreased after exclusion of one-off items and stripping out the loss contribution of the two new acquisitions, both of which are in an early revenue growth phase. The Adjusted net loss in FY 2019 narrowed to \$4.584m¹ from \$6,943m² in FY 2018.

Cash and cash equivalents at the end of FY 2019 total \$4.972m. The balance of accounts receivable as at end of FY 2019 is \$4.371m, which includes \$1.850m relating to the R&D tax rebate. The Company anticipates that the projected balance of cash and cash equivalents, including inflows from recurring annual revenue and ongoing projects, are sufficient to sustain operations through to the end of FY 2020. This excludes consideration of additional potential cash inflows from the growing sales pipeline.

Status of Audit

The 30 June 2019 financial statements and accompanying notes for RightCrowd Limited are in the course of being audited and as such these results may be subject to some adjustment upon completion of the audit.

Control Gained or Lost over Entities in the Year

The Group’s acquired ownership of Offsite Vision Holdings Inc. and Ticto NV Group during the year ended 30 June 2019.

- Offsite Vision Holdings Inc. was acquired on 29 October 2018 and is a US based company, which offers real time life safety solutions via a cloud-based platform.
- Ticto NV Group was acquired on 15 January 2019 and is a European based company, which offers innovative presence control solutions.

These two entities contributed \$1,586,395 loss to the Group’s consolidated profit from ordinary activities during the year ended 30 June 2019 (2018: NIL) which was in line with expectations given that both entities are at an early stage of revenue growth.

The Adjusted net loss is a non-IFRS measure and is unaudited.

¹ The FY 2019 Adjusted net loss of \$4,584m is calculated by excluding the net loss relating to the two acquisition of \$1,586m from the consolidated net loss of \$6,171m.

² FY 2018 Adjusted net loss of \$6,943m is calculated by excluding the one-off gain of \$1,823m realised through a fair value gain on partial settlement of the shadow equity plan from the total net loss of \$5,120m.

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Consolidated Group	
		2019 \$	2018 \$
Revenue	2	9,378,615	5,520,755
Other income	2	2,313,316	3,861,195
Employee benefits expense	3	(13,287,516)	(9,560,768)
Depreciation and amortisation expense	3	(278,856)	(646,462)
Finance costs	3	(11,096)	(360,544)
Other expenses	3	(4,221,923)	(3,887,181)
Profit/(loss) before income tax		(6,107,460)	(5,073,005)
Income Tax Expense	4	(63,361)	(47,078)
Net (loss) from continuing operations		(6,170,821)	(5,120,083)
Net (loss) for the year		(6,170,821)	(5,120,083)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translating foreign operations, net of tax		49,738	24,241
Total other comprehensive income for the year		49,738	24,241
Total comprehensive loss for the year		(6,121,083)	(5,095,842)
Earnings per share for loss from continuing and discontinuing operations attributable to ordinary equity holders of the company			
Basic loss per share	5	(0.038)	(0.043)
Diluted loss per share	5	(0.038)	(0.043)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the attached notes

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Consolidated Group	
		2019	2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	4,972,136	6,609,297
Trade and other receivables	8	4,370,775	2,865,769
Inventories		202,891	-
Other assets	11	395,287	312,729
TOTAL CURRENT ASSETS		9,941,089	9,787,795
NON-CURRENT ASSETS			
Property, plant and equipment	9	284,004	218,993
Intangible assets	10	15,814,459	-
TOTAL NON-CURRENT ASSETS		16,098,463	218,993
TOTAL ASSETS		26,039,552	10,006,788
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	707,652	462,994
Borrowings	13	87,154	90,956
Other financial liabilities	14	2,485,776	1,507,255
Tax liabilities		30,849	4,944
Provisions	15	1,065,713	891,592
TOTAL CURRENT LIABILITIES		4,377,142	2,957,741
NON-CURRENT LIABILITIES			
Borrowings	13	27,623	-
Other financial liabilities	14	45,408	-
Provisions	15	150,767	158,579
TOTAL NON-CURRENT LIABILITIES		223,799	158,579
TOTAL LIABILITIES		4,600,942	3,116,320
NET ASSETS/(LIABILITIES)		21,438,610	6,890,468
EQUITY			
Issued capital	16	39,650,533	19,468,728
Reserves		782,956	245,798
Accumulated Losses		(18,994,879)	(12,824,058)
TOTAL EQUITY		21,438,610	6,890,468

The above Consolidated Statement of Financial Position should be read in conjunction with the attached notes

**RightCrowd Limited ABN 20 108 411 427
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Note	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payment Reserve	Convertible Note Reserve	Total
		\$	\$	\$	\$		\$
Consolidated Group							
Balance at 1 July 2017		3,349,925	(8,455,911)	42,480	-	751,936	(4,311,570)
Comprehensive income							
(Loss) for the year		-	(5,120,083)	-	-	-	(5,120,083)
Other comprehensive income for the year		-	-	24,241	-	-	24,241
Total comprehensive income for the year		-	(5,120,083)	66,721	-	-	(5,095,842)
Transactions with owners, in their capacity as owners, and other transfers							
Transfer of convertible note reserve to retained earnings upon settlement in cash		-	751,936	-	-	(751,936)	-
Share options expensed during the year		-	-	-	179,077	-	179,077
Shares issued during the year	16a	9,250,000	-	-	-	-	9,250,000
Shares converted during the year	16a	7,525,146	-	-	-	-	7,525,146
Transaction costs	16a	(656,343)	-	-	-	-	(656,343)
Total transactions with owners and other transfers		16,118,803	751,936	66,721	179,077	(751,936)	16,297,880
Balance at 30 June 2018		19,468,728	(12,824,058)	66,721	179,077	-	6,890,468
Balance at 1 July 2018							
Balance at 1 July 2018		19,468,728	(12,824,058)	66,721	179,077	-	6,890,468
Comprehensive income							
(Loss) for the year		-	(6,170,821)	-	-	-	(6,170,821)
Other comprehensive income for the year		-	-	49,738	-	-	49,738
Total comprehensive income for the year		-	(6,170,821)	49,738	-	-	(6,121,083)
Transactions with owners, in their capacity as owners, and other transfers							
Share options expensed during the year		-	-	-	487,420	-	487,420
Shares issued during the year	16b	20,392,079	-	-	-	-	20,392,079
Transaction costs	16b	(210,274)	-	-	-	-	(210,274)
Total transactions with owners and other transfers		20,181,805	-	-	487,420	-	20,669,225
Balance at 30 June 2019		39,650,533	(18,994,879)	116,459	666,497	-	21,438,610

The above Consolidated Statement of Changes in Equity should be read in conjunction with the attached notes

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group	
		2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,486,705	6,466,694
Payments to suppliers and employees		(16,601,408)	(13,243,488)
Interest received		-	76,950
Finance costs		(11,096)	(33,072)
Income tax refunded (paid)		(37,457)	-
Grant income received		1,854,782	1,647,084
Net cash provided by operating activities	17	<u>(5,957,976)</u>	<u>(5,085,832)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	20,546
Purchase of property, plant and equipment		(96,048)	(219,536)
Purchase of intangibles		(9,566)	-
Net cash used in investing activities		<u>(105,614)</u>	<u>(198,990)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,562,719	9,250,000
Transaction costs		(210,274)	(656,344)
Proceeds from borrowings		208,298	346,958
Repayment of borrowings		(304,378)	(2,276,872)
Net cash provided by/(used in) financing activities		<u>4,256,365</u>	<u>6,663,742</u>
Net increase in cash held		(1,807,225)	1,378,920
Cash acquired from acquisition of subsidiaries		120,326	-
Net foreign exchange differences		49,378	52,616
Cash and cash equivalents at beginning of financial year		6,609,297	5,177,761
Cash and cash equivalents at end of financial year	7	<u>4,972,136</u>	<u>6,609,297</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the attached notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The consolidated financial statements and notes represent those of RightCrowd Limited and Controlled Entities (the “consolidated group” or “group”).

The separate financial statements of the parent entity, RightCrowd Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statement, except for cash flow information, have been prepared on accruals basis and are based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group	
Note	2019	2018
	\$	\$
a. Revenue from continuing operations		
Sales revenue:		
– Perpetual software and hardware sales	1,337,102	106,122
– Subscription software and support and maintenance sales	2,617,212	2,033,389
– Consulting services	5,424,301	3,381,244
	9,378,615	5,520,755
Other Income:		
– interest received	71,175	76,950
– travel & accommodation recharge	82,125	22,335
– employee contributions	152	16,295
– foreign currency exchange gain	205,082	171,679
– profit on sale of assets	-	887
– Fair value gain on partial settlement of shadow equity plan	-	1,823,049
– R&D Refund	1,954,782	1,750,000
	2,313,316	3,861,195
Total revenue	11,691,931	9,381,950

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: LOSS BEFORE INCOME TAX

	Note		Consolidated Group
Loss before income tax from continuing operations includes the following specific expenses:			
a. Expenses			
Employee benefits expense:			
– salaries and wages		11,147,999	7,900,266
– defined contribution superannuation expense		610,024	553,312
– WorkCover		10,489	7,125
– other employment expenses		370,620	191,903
– employee share options expense		487,420	179,077
– bonus payments		228,018	144,629
– payroll taxes		334,716	307,595
– Increase in provisions		98,230	276,861
		13,287,516	9,560,768
Depreciation and amortisation expense:			
– depreciation expense		91,650	61,460
– amortisation expense		187,206	585,002
		278,683	646,462
Finance costs:		11,096	360,544
Other expenses:			
Rent expense		617,449	519,097
Travel expense		980,259	691,531
Professional and consulting expense		1,869,934	1,622,029
Other expenses		754,281	1,055,524
		4,221,923	3,887,181
Rent expenses include:			
Lease expenses		452,501	264,223

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 4: TAX EXPENSE/(INCOME)

	Note	Consolidated Group	
		2019	2018
		\$	\$
a. Income tax expense			
The components of tax expense/(income) comprise:			
Current tax		63,361	47,078
		63,361	47,078
b. Prima facie reconciliation			
The prima facie tax, using tax rates applicable in the country of operation, on profit (loss) differs from the income tax provided in the financial statements as follows:			
(Loss) before income tax		(6,107,460)	(5,073,005)
Prima facie tax on (loss) from ordinary activities before income tax at Australian tax rate 27.5% (2018: 27.5%)		(1,679,552)	(1,395,076)
Tax effect of:			
– non-allowable (assessable) items		64,048	(397,220)
– net Impact of R&D Refund		479,935	625,072
– tax payable by subsidiaries		63,361	47,078
Deferred tax assets not recognised as recoverability criteria not met		1,135,569	1,167,225
Income tax expense		63,361	47,078

NOTE 5: LOSS PER SHARE

	Consolidated Group	
	2019	2018
	\$	\$
a. Reconciliation of earnings to profit or loss:		
Profit/(Loss)		(6,170,821)
Earnings used to calculate basic loss per share		(5,120,083)
Earnings used in the calculation of dilutive loss per share		(6,170,821)
Earnings used in the calculation of dilutive loss per share		(5,120,083)
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share		163,329,899
		119,131,575

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Options on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2019 and 2018. These options could potentially dilute basic earnings per share in the future.

NOTE 6: ACQUISITION OF SUBSIDIARIES

(i) Offsite Vision Acquisition

On the 29 October 2018, 100% of the shares in Offsite Vision Holdings, Inc (“Offsite”) were acquired. The Group acquired this entity as it saw a potential to extend the current core product offering and provide a footprint into the east coast of the US market.

Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	29-Oct-18	
	Offsite	
	USD	AUD
Purchase consideration		
Shares issue	831,502	1,171,295
Cash consideration	5,000	7,065
Contingent consideration	69,842	98,383
Total consideration	906,344	1,276,743
Assets and liabilities acquired:		
Cash and cash equivalents	7,511	10,581
Trade and other receivables	26,848	37,819
Inventories	84,500	119,031
Property, plant and equipment	54	76
Trade and other payables	(126,325)	(177,949)
Long term payables	(85,118)	(119,901)
Fair value of assets and liabilities acquired	(92,530)	(130,343)
Identifiable assets acquired		
Software	284,000	400,056
Total identifiable assets acquired and liabilities assumed	284,000	400,056
Goodwill on acquisition	714,874	1,007,030
Cashflows on acquisition		
Cash consideration	(5,000)	(7,065)
Cash acquired	7,511	10,581
Total cashflow inflows on acquisition	2,511	3,516
Results included in the consolidated results relating to Offsite for the year		
Revenue	307,367	429,550
Profit and loss	(376,100)	(546,350)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: ACQUISITION OF SUBSIDIARIES

The goodwill recognised represents expected synergies to be gained from combining the operations and the growth potential that the directors and management see in Offsite.

All trade receivables are classified as current and are expected to be received within terms (30 days).

(ii) Ticto NV acquisition

On the 15 January 2019, 100% of the shares in Ticto NV ("Ticto") were acquired. The Group acquired this entity as it saw a potential to extend the current core product offering and provide a footprint into the European market, with Ticto NV based in Belgium.

At 30 June 2019 provisional accounting has been applied for the acquisition.

Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	15 January 2019	
	Ticto NV	
	EUR	AUD
Purchase consideration		
Shares issue	9,208,196	14,658,065
Total consideration	9,208,196	14,658,065
Assets and liabilities acquired:		
Cash and cash equivalents	73,380	116,810
Trade and other receivables	31,748	50,538
Inventories	55,998	89,140
Other financial assets	70,280	111,875
Other current assets	10,703	17,037
Property, plant and equipment	38,030	60,537
Trade and other payables	(234,247)	(372,885)
Fair value of assets and liabilities acquired	45,892	73,052
Identifiable assets acquired		
Software	883,000	1,405,603
Wearable Tech	387,500	616,842
Total identifiable assets acquired and liabilities assumed	1,316,392	2,095,497
Goodwill on acquisition	7,891,804	12,562,568
	15 January 2019	
	Ticto NV	
	EUR	AUD
Cashflows on acquisition		
Cash consideration	-	-
Cash acquired	73,380	116,810
Total cashflow outflows on acquisition		
Results included in the consolidated results relating to Ticto NV and its controlled entities for the year		
Revenue	60,228	96,064
Profit and loss	(668,679)	(1,040,045)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group	
		2019	2018
		\$	\$
Cash at bank and on hand		4,972,136	6,609,297
		4,972,136	6,609,297

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents		4,972,136	6,609,297
		4,972,136	6,609,297

NOTE 8: TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group	
		2019	2018
		\$	\$
CURRENT			
Trade receivables		2,520,775	1,115,769
		2,520,775	1,115,769
R & D Refundable Tax Offset receivable		1,850,000	1,750,000
		1,850,000	1,750,000
Total current trade and other receivables		4,370,775	2,865,769

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2019	2018
	\$	\$
Plant and Equipment		
At cost	402,110	343,576
Accumulated depreciation	(118,106)	(124,583)
	284,004	218,993
Leasehold improvements:		
At cost	-	2,558
Accumulated amortisation	-	(2,558)
	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2019	2018
	\$	\$
Total property, plant and equipment	284,004	218,993

a. Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$
Consolidated Group:			
Balance at 1 July 2017	1,993	132,225	134,218
Additions	-	219,536	219,536
Disposals	-	(73,301)	(73,301)
Depreciation expense	(1,993)	(59,467)	(61,460)
Balance at 30 June 2018	-	218,993	218,993
Acquired through business combination	-	60,613	60,613
Additions	-	96,048	96,048
Disposals	-	-	-
Depreciation expense	-	(91,650)	(91,650)
Balance at 30 June 2019	-	284,004	284,004

NOTE 10: INTANGIBLE ASSETS

	Consolidated Group	
	2019	2018
	\$	\$
Goodwill:		
Cost	13,569,598	-
Software and website development costs:		
Cost	1,815,224	-
Accumulated amortisation and impairment losses	(150,489)	-
Net carrying amount	1,644,736	-
Wearable tech:		
Cost	616,842	-
Accumulated amortisation and impairment losses	(36,717)	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: INTANGIBLE ASSETS

	Consolidated Group	
	2019	2018
	\$	\$
Net carrying amount	580,125	-
Intellectual property in use:		-
Cost	-	599,925
Accumulated amortisation and impairment losses	-	(599,925)
Net carrying amount	-	-
Total intangible assets	15,814,459	-

	Goodwill	Software	Wearable Tech	Intellectual Property	Total
	\$	\$	\$	\$	\$
Consolidated Group:					
Year ended 30 June 2018					
Balance at 1 July 2017	-	848	-	584,925	585,773
Additions	-	-	-	-	-
Disposals	-	(771)	-	-	(771)
Amortisation charge	-	(77)	-	(584,925)	(585,002)
Closing value at 30 June 2018	-	-	-	-	-
Year ended 30 June 2019					
Acquired through business combination	13,569,598	1,815,224	616,842	-	16,001,664
Amortisation charge	-	(150,488)	(36,717)	-	(187,205)
Closing value at 30 June 2019	13,569,598	1,664,736	580,125	-	15,814,459

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss.

NOTE 11: OTHER ASSETS

	Consolidated Group	
	2019	2018
	\$	\$
CURRENT		
Deposits Held	104,355	71,542
Employee advances	4,458	-

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NOTE 11: OTHER ASSETS

	Consolidated Group	
	2019	2018
	\$	\$
Prepayments	286,473	241,187
	395,287	312,729

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2019	2018
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	867,483	156,671
Payroll payables	47,856	223,973
Accrued expenses	142,710	82,250
Sundry payables	100	100
	1,058,149	462,994

NOTE 13: BORROWINGS

	Consolidated Group	
	2019	2018
	\$	\$
CURRENT		
Unsecured liabilities:		
Insurance premium funding	20,830	90,956
Unsecured loan	66,324	-
Total current borrowings	87,154	90,956
NON-CURRENT		
Unsecured liabilities:		
Unsecured loan	27,623	-
Total non-current borrowings	27,623	-
Total borrowings	114,777	90,956

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NOTE 13: BORROWINGS

		Consolidated Group	
		2019	2018
		\$	\$
a.	Insurance Premium Funding:		
	Opening balance	90,956	-
	Proceeds	208,298	346,958
	Less repayments	(278,424)	(256,002)
	Closing balance	20,830	90,956
b. Fixed convertible notes:			
	Opening balance	-	1,708,552
	Proceeds	-	-
		-	1,708,552
	Unwinding of the discount	-	291,448
	Cash settlement	-	(2,000,000)
	Gross convertible note	-	-
c. Variable convertible notes:			
	Opening balance		-
	Proceeds	-	7,200,000
	Conversion to ordinary shares	-	(7,200,000)
	Convertible note held at fair value	-	-
d. Unsecured loans:			
	Opening balance	-	-
	Additions through acquisitions	119,901	-
	Less repayments	(25,956)	-
	Closing balance	93,945	-

NOTE 14: OTHER FINANCIAL LIABILITIES

		Consolidated Group	
		2019	2018
		\$	\$
CURRENT			
	Contract liabilities	2,432,801	1,474,590

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NOTE 14: OTHER FINANCIAL LIABILITIES

Contingent consideration	52,975	-
Cash settled share-based payment at fair value (shadow equity plan)	-	32,665
	2,485,776	1,507,255
 NON-CURRENT		
Contingent consideration	45,408	-
	2,531,184	1,507,255

Contract liabilities

Contract liabilities are revenue received in advance of the performance obligations being fully satisfied. The majority of liabilities relate to software and service and maintenance contracts.

Contingent consideration

The contingent consideration is related to the acquisition of Offsite Vision Holdings Inc. and is estimated using a present value technique. The value is estimated by probability-weighting the estimated future share issues, adjusting for risk and discounting. There are two milestones contained within this acquisition and probabilities were assigned to each of the milestones as to whether the conditions will be achieved. Milestone 1 was assessed as more likely to be achieved than Milestone 2. The fair value of the share price was determined to be \$0.33 in calculating the fair value of the contingent consideration. It was also assumed that each milestone would be assessed as the end of each financial year and the shares would be issued at that point in time.

NOTE 15: PROVISIONS

	Consolidated Group	
	2019	2018
Employee benefits	\$	\$
Current	1,065,713	891,592
Non-current	150,767	158,579
	1,216,480	1,050,171

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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NOTE 15: PROVISIONS

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(k).

NOTE 16: ISSUED CAPITAL

a. Ordinary Shares	Consolidated Group	
	No.	\$
Balance at 1 July 2017	62,346,778	1,349,925
<i>Share movements during the 2018 financial year:</i>		
– Preference shares converted to ordinary shares 31 August 2017	20,000,016	2,000,000
– Share consolidation 31 August 2017	(4,930,613)	-
– Convertible note conversion 14 September 2017	25,083,819	7,525,146
– Share issue 14 September 2017	30,833,333	9,250,000
– Share issue costs	-	(656,344)
Balance at 30 June 2018	133,333,333	19,468,728
<i>Share movements during the 2019 financial year:</i>		
– Share issue on 29 October 2018 ¹	3,549,377	1,171,295
– Share issue on 28 November 2018 ²	11,588,431	3,476,529
– Share issue on 3 December 2018 ²	2,620,632	786,190
– Share issue on 12 December 2018 ²	666,666	200,000
– Share issue on 16 January 2019 ³	45,806,452	14,658,065
– Share issue on 17 January 2019 ⁴	333,333	100,000
– Share issue costs	-	(210,274)
Balance at 30 June 2019	197,898,224	39,650,533

¹ On 29 October 2018, 3,549,377 shares were issued at \$0.33 each in relation to the acquisition of Offsite Vision Holdings, Inc. Refer to Note 8 for further details of the acquisition.

² These shares issues were pursuant to the share placement undertaken for the purpose of raising working capital. They were issued at \$0.30 each. Total cash inflows of \$4,262,719 resulted from these share issues.

³ On 16 January 2019, 45,806,452 ordinary shares were issued at a nominal price of \$0.50 per share as part of the acquisition of Ticto NV.

⁴ On 17 January 2019, 333,333 ordinary shares were issued at \$0.30 per share to a sophisticated investor pursuant to the share placement for working capital purposes.

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NOTE 16: ISSUED CAPITAL

	Consolidated Group	
	No.	\$
b. Preference Shares		
Balance at 1 July 2017	20,000,016	2,000,000
<i>Shares movements during the 2018 financial year:</i>		
– Preference shares converted to ordinary 31 August 2017	(20,000,016)	(2,000,000)
Balance at 30 June 2018	-	-
<i>Shares movements during the 2019 financial year:</i>		
Balance at 30 June 2019	-	-

NOTE 17: CASH FLOW INFORMATION

	Consolidated Group	
	2019	2018
	\$	\$
a. Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax		
Loss after income tax	(6,170,821)	(5,120,083)
Non-cash flows in profit:		
– amortisation	187,206	585,002
– depreciation	91,650	61,460
– fair value gain on partial settlement of shadow equity plan	-	(1,823,049)
– share based payments	487,420	179,077
– loss on disposal of fixed assets	-	887
– unrealised foreign exchange loss/(gain)	(218,636)	(171,679)
– convertible note amortisation	-	38,724
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and term receivables	(1,198,013)	319,736
– increase in other assets	(65,521)	-
– decrease in inventory	5,280	-
– decrease in other current assets	111,875	-
– increase other financial liabilities	925,546	648,870
– increase/(decrease) in trade payables and accruals	(306,175)	(81,637)
– increase in employee provisions	166,309	276,860

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NOTE 17: CASH FLOW INFORMATION

	Consolidated Group	
	2019	2018
	\$	\$
– current tax liabilities	25,904	-
Cash flows from operating activities	(5,957,976)	(5,085,832)

b. Non-cash Financing and Investing Activities

(i) Acquisition of subsidiaries- shares issued for Offsite Vision and Ticto NV acquisitions	15,829,360	-
(ii) Conversion of convertible notes 25,083,819 ordinary shares issued (inclusive of capitalised interest)	-	7,525,146

c. Reconciliation of movement in liabilities to cash flows arising from financing activities

	Non-Cash			
	30 June 2018	Financing Cash Flows	Acquired	30 June 2019
	\$	\$	\$	\$
Borrowings – Current	90,956	(72,384)	68,582	87,154
Borrowings – Non-Current	-	(23,696)	51,319	27,623
Total liabilities from financing activities	90,956	(96,080)	119,901	114,777

	Non-Cash				
	30 June 2017	Financing Cash Flows	Unwinding of CN Discount	Conversion of CN to Ordinary Shares	30 June 2018
	\$	\$	\$	\$	\$
Borrowings – Current	20,871	70,085	-	-	90,956
Borrowings– Non-Current	8,908,552	(2,000,000)	291,448	(7,200,000)	-
Total liabilities from financing activities	8,929,423	(1,929,915)	291,448	(7,200,000)	90,956

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NOTE 18: SEGMENT REPORTING

Reportable segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Company currently operates predominantly in one segment, being the sale and service of the RightCrowd solution.

Revenue by geographical location attributable to external customers is disclosed below, based on the location of the external customer.

	Consolidated Group	
	2019	2018
	\$	\$
North America	5,607,387	3,450,054
Europe, Middle East and Africa	1,575,700	228,708
Latin America	555,462	413,152
Oceania and Australia	1,640,066	1,428,841
	9,378,615	5,520,755