

Bigtincan Holdings Limited 30 JUNE 2019

2019 ANNUAL REPORT ABN: 98 154 944 797

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Dear Shareholder,

On behalf of the Board of Directors, it is my pleasure to present the 2019 Annual Report for Bigtincan Holdings Limited (ASX: BTH), our second full year as an ASX listed entity.

We have made excellent progress in 2019 both financially and strategically and Bigtincan is well positioned to build upon this for future growth. The Group continued to demonstrate strong growth in FY19 in all areas of the business. Annualised Recurring Revenue (ARR) hit a record of \$23.4m at June 2019, up 52% from June 2018. Total Revenue of \$19.9m for FY19, was up by 51% and the net loss after tax of \$4.1m was broadly in line with forecasts. The Board has not declared a dividend this year given our desire to continue investing in the business.

This is an exciting time for the Global Sales Enablement market, and for Bigtincan in particular. This year we have continued to expand our sales capability focussed on new logo wins and expansion opportunities, continued to be a leader in the use of data science to help our customers empower their teams and upskilled our support infrastructure.

During FY19 Bigtincan continued to deliver on its priority of innovation in product development, releasing over 100 versions of software across the platforms, and adding strategic new technologies. Also, we continued to expand relationships with partners as the Channel partner network extended across 4 continents with 28 partners with our focus on offering to key verticals

Under CEO David Keane's leadership, the Bigtincan management team and staff have performed well due to the hard work and commitment in FY19. We continue to be optimistic about the ongoing growth potential of the company and believe Bigtincan is well positioned to take advantage of the many opportunities in the evolving Sales Enablement Software market.

Finally, on behalf of the Board I would like to thank you, our shareholders, for your interest, your continued support and we respect the trust you place in us and everyone across the Bigtincan Group to achieving long-term shareholder value

Tom Amos Chairman

Meurs

BIGTINCAN HOLDINGS LIMITED CHIEF EXECUTIVE OFFICER'S REPORT For the year ended 30 June 2019

Chief Executive Officer's Report

The 2019 year has been another strong year in progressing our investment objectives, enhancing our product suite, and expanding our sales force and channel partner programs to deliver record growth in our subscription portfolio, particularly with larger enterprise customers.

Bigtincan is a leading provider of software that continues to change the way people with customer facing sales and service jobs, prepare, present, collaborate on and share content to make them more effective when in front of a customer. Bigtincan software helps users to win more deals and improve the productivity of sales and service using new software platforms including machine learning and AI to transform the way that sales executives work.

Bigtincan's technology is now part of over 400 customer deployments, in over 50 countries and across 22 languages and our global engineering team now manages infrastructure in the USA, Germany and Australia from offices located in Sydney, Glasgow, Tel Aviv and Indianapolis.

During FY19, Bigtincan strengthened its market leading solutions with over 100 releases of Bigtincan Hub across 4 platforms. We also added learning and catalogue technologies to the platform with the acquisitions of Zunos Technologies Pty Ltd and Fatstax Inc LLC during the year,

FY19 Financial Performance Overview

For the 12 months to 30 June 2019, total revenue from ordinary activities was \$19.9m, representing a growth rate of 51% from FY18. Revenue from subscription and support services of \$18.7m accounted for 94% of total revenue and is a key measure of the business. During the year gross margin improved from 83% to 88%.

The Group made a loss after tax of \$4.1m compared to \$6.6m in the prior year. The loss is a result of continued investment in developing the sales and support infrastructure required to grow and support the customer base. The reduction in the loss of 38% is represented by the maturing of the subscription revenue model and the impact of operational efficiencies in scaling and growing the business.

Operating expenses which exclude finance, depreciation, amortisation and interest increased by 21% over the prior year and this was a result of investments in additional sales resources, marketing activities to promote the Bigtincan solution and geographical expansion. Also, during the year Bigtincan increased investments in development costs to accelerate product enhancements.

In addition, during the financial year Bigtincan successfully completed a strongly supported and successful institutional and retail entitlements offer, raising a total of approximately \$15.5m in cash.

FY19 Operational Review

During FY19 Bigtincan expanded the US based sales and go-to-market teams and built out the structures necessary to support our increasing number of customers. We have also added to our technology base through investments in system infrastructure and expertise to create and support the Bigtincan Hub platform.

During FY19 Bigtincan continued to deliver on its priority of innovation in product development, releasing over 100 versions of software across the platforms, and adding strategic new technologies including;

- Pitch Builder to create dynamic pitches from mobile devices and Desktop computers.
- Manager Dashboard to empower managers to gain deeper insights into team progression.
- Smart sharing with HubShare Dashboard giving users direct access to how their shares are performing with customers.
- Dynamic caching with the launch of Bigtincan Accelerate to improve performance across congested networks.
- Bigtincan 3D offering AR and VR capabilities to improve the effectiveness of customer facing staff when engaging their customers.

BIGTINCAN HOLDINGS LIMITED CHIEF EXECUTIVE OFFICER'S REPORT For the year ended 30 June 2019

FY19 Operational Review (continued)

On the Channel partner front, we launched our relationship with Compucom and conducted over 200 channel enablement sessions during the year building skills in our go-to-market channels that we see delivering benefits for the business in future years.

In addition, as part of the strategy to continue to add additional value to the Bigtincan solution for enterprise customers, the Company announced and completed the acquisitions of Zunos Technologies Pty Ltd in August 2018 and Fatstax LLC in November 2018.

In order to facilitate the company's continued growth Bigtincan successfully completed a \$15.5 million institutional and retail placement of new fully paid ordinary shares at \$0.42 per share during the period. These additional funds are primarily to be used to enable the business to grow organically in the upcoming period by investing in sales and marketing as well as product development. An allocation has also been set aside for strategic M&A where the business sees the acquired businesses fit into the product roadmap.

These developments in FY19 have been integral to our ongoing strategy to create a substantial Sales Enablement software company and add long term shareholder value to the business.

Outlook

Our plan is to continue to execute on our strong position in the market and we start FY20 in a strong position with growing ARR and a position as one of the leaders in Sales Enablement. Given this we are projecting organic revenue growth of between 30-40% in FY20.

Conclusion

FY19 was an important year for Bigtincan as we achieved key operational goals, grew our market presence globally, completed two important acquisitions that added strong benefits to our technology stack, and continued to lead the market in one of the faster growing spaces in enterprise software. I remain incredibly excited about the future of our company as we continue to grow and execute globally.

David Keane

Chief Executive Officer

OPERATING AND FINANCIAL OVERVIEW

About Bigtincan

Bigtincan (ASX:BTH) is a software development company, which listed on the Australian Securities Exchange in March 2017. Bigtincan's software as a service (SaaS) application platform is known as "Bigtincan Hub" and has been conceived, designed and delivered with a focus on the Sales Enablement software market. Bigtincan Hub is a secure, artificial intelligence powered solution for mobile workforces that enables sales and service organisations and their employees to better engage and win with customers.

Bigtincan is an international business with its registered head office in Sydney Australia. The global go-to-market is led from Boston, Massachusetts, USA, with sales resources throughout the USA, and in Tokyo, London and Sydney. Research and development is centered in Sydney but supported by development centers in Brisbane, Tasmania. Glasgow, Tel Aviv, Indiana and Singapore. Corporate and finance functions are based in Sydney.

Bigtincan Hub is now used by some of the world's leading companies in over 50 countries and across 17 languages and our global SaaS engineering team now manages infrastructure in the USA, Germany (for the EMEA market) and Australia.

Bigtincan has in excess of 400 customers with approximately 200,000 users. Bigtincan customers include leading brands such: BT Openreach, Eaton Corporation, Anheuser Bush, Brookdale and T-Mobile.

Key Operational Metrics

Bigtincan uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards (AAS) or International Financial Reporting Standards (IFRS). These measures are collectively referred to under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by the Australian Securities and Investment Commission (ASIC). These include Annualised Recurring Revenue (ARR) and MRR Retention Rate.

Key Operational Metrics	June 19	June 18	Variance
ARR end of period	\$23.4m	\$15.4m	+52%
Gross profit margin	88%	83%	+5%
MRR retention rate	87%	85%	+2%

ARR is a key value measure for a Software as a Service business (SaaS) such as Bigtincan and relates to product subscriptions and support services. At FY19 ARR was \$23.4m up 52% on the ARR as at end of FY18 reflecting the growth in contracted, recurring annualised revenue. This was primarily due to new customers adopting the Bigtincan platform as well as expansion within our existing customer base. This "land and expand" approach is an important part of the company's strategy allowing for faster customer penetration followed by growth in services post original take up. Key reasons behind the increase in organic revenues were:

- Continued sale and deployment of Bigtincan Hub into enterprise customers;
- Launching of new features in mobile content enablement applications to complement Bigtincan services;
- Improving and strengthening integration of the Bigtincan mobile content platforms; and
- · Addition of new products for guided selling, predictive content and technical innovation

The business also generated \$2.5M in ARR from acquired businesses throughout FY19.

The Monthly Recurring Revenue (MRR) retention rate for FY2019 improved over the year from 85% to 87% and remained stable. This is due to the investments the company is undertaking to maintaining its customer base.

BIGTINCAN HOLDINGS LIMITED OPERATING AND FINANCIAL OVERVIEW

For the year ended 30 June 2019

Financial Summary (30 June Year End)

	2019	2018
Results from Core Operations	\$000	\$000
Revenue from subscription and support services	18,736	11,686
Revenue from product related professional and contract services	1,146	1,457
Total Operating Revenue	19,882	13,143
Cost of revenue	2,426	2,247
Operating Gross Profit	17,456	10,896
Gross margin	88%	83%
Total Operating Expenses	22,974	19,038
Percentage of total operating revenue	116%	145%
Operating Loss	(3,587)	(6,984)
Percentage of total operating revenue	(18%)	(53%)
Net Loss	(4,085)	(6,641)
Percentage of total operating revenue	(21%)	(51%)

During the period, the company grew Total Operating Revenue by 51% from \$13.1m in 2018 to \$19.9m with subscription operating revenue increasing by 60% increasing from \$11.7m in FY18 to \$18.7m in FY19. The Group achieved subscription operating revenue CAGR of 27% over the past three years as the business continues to drive subscription growth.

Total Operating Revenue

The increase in ARR and Operating revenue reflects the good progress made in:

- · Acquiring new customers during the year and growth in the existing customer base
- Enhancing Bigtincan's product suite by expanding capabilities and software releases across all platforms (IOS, Android, Web).
- Completing strategic acquisitions during the FY19 period.

Cost of Revenue and Operating Gross Profit

Cost of revenue comprises expenses associated with hosting, providing customer support, operations personnel and related costs, contractor fees relating to project specific software activities, outsourced subscription fees and amortisation expenses associated with acquired developed technology.

The cost of revenue increased slightly from the prior period, mainly driven by the additional customer volume reflected in the revenue growth of 51%. The gross profit margin improved from 83% to 88% as the business achieves scale efficiencies from organic revenue and acquired revenue in FY19.

Operating Expenses

Sales and Marketing

Sales and marketing expenses increased by \$1.6m or 15% from \$10.6m in FY18 to \$12.1m in FY19, primarily driven by investments in:

- Expanding our marketing capacity and capabilities to support our geographic expansion
- Additional sales resources, joint marketing programs and increased training and development for existing and new channels.
- · Promoting the Bigtincan solution through specific marketing initiatives and programs

Product Development

While Product and Development operating expenses decreased by \$0.2m or 3% from \$6.6m in FY18 to \$6.4m in FY19 more emphasis was able to be placed on developing capabilities which were capitalizable in nature. Accordingly capitalizable software development increased to \$1.8M, primarily driven by:

- Significant ongoing investment in the development of the Bigtincan Hub.
- Focus on the content infrastructure to support the growth of new products
- Investments in Artificial Intelligence hires as well as skilled software developers.

General and Administration

General and Administration costs increased by \$2.6m or 135% from \$1.9m in FY18 to \$4.5m in FY19, primarily driven by:

• Legal and integration costs related to the acquisitions

Net Profit/ (Loss) After Tax

The Group made a loss after tax of \$4.1m in 2019 compared to \$6.6m in 2018. The improvement in the loss is a result of increased revenue growth of 51% compared to operational cost increase of 21%. This outcome was in line with the company's forecast.

Risks

The Group operates in a competitive marketplace and consequently faces a number of risks. The risks identified below are considered the more significant risks and are not an exhaustive list of all risks faced by the Group.

Bigtincan operates in a competitive industry

The sales engagement and mobile content enablement industry is highly competitive, with a number of companies operating in this industry. Competition is based on factors including price, service, quality, performance standards, information security, innovation and the ability to provide customers with an appropriate range of reliable and tailored services in a timely manner. Bigtincan's competitors range from large multinational software companies to local operators in specific markets and may vary across the different countries in which it operates. Some of Bigtincan's competitors may have longer operating histories, greater market share in certain markets or greater financial and other resources, which may make them better able to withstand any downturns in the market or expand into new and developing markets more aggressively than Bigtincan. A failure by Bigtincan to effectively compete with its competitors may adversely affect the Company's future financial performance and position.

Competition from new entrants to the industry

Bigtincan operates in an increasingly competitive industry where a number of participants are, or may, target entry into the industry with new and innovative products aimed at the industry. New entrants to the industry may offer more competitive prices for products due to a range of factors, including if they have greater financial resources than Bigtincan, which may enable them to offer products at more competitive prices while they establish their business. New entrants may also compete against Bigtincan with cheaper products that have less functionality than Bigtincan's offering. Competitive pressure from new entrants to the industry may negatively affect Bigtincan's ability to sustain or increase prices and to attract new business.

Bigtincan may face competition from well-resourced, larger SaaS vendors operating in adjacent industries looking to expand their businesses by offering enterprise-wide software solutions. These companies may have greater financial or technical resources than Bigtincan, greater name recognition, more comprehensive and varied products and services or longer operating histories, which may put them in a better position to develop competitive products and to market and sell these products and may make them better able to expand into new and developing markets more aggressively than Bigtincan. Competition will intensify if established companies in other market segments expand into Bigtincan's industry. Any failure by Bigtincan to successfully compete with new industry entrants may adversely affect the Company's future financial performance.

Failure to retain existing customers and attract new customers

Bigtincan's business is dependent on its ability to retain its existing customers and attract new customers. The Company's business operates under various subscription models, all of which are exposed to the risk of cancellation, expiry and non-renewal. Customers may also reduce the number of seats or required functionality. Bigtincan is also dependent on its customers undertaking new projects that Bigtincan can seek to service.

Bigtincan may also fail to retain existing customers and attract new business for a number of reasons, such as the failure to meet customer expectations, poor customer service, technology disruptions, pricing or competition. The Company's ability to retain and renew existing contracts and win new contracts may also be impacted by broader external factors including a slowdown in economic activity, changes to law or changes to the regulation of the internet and e-commerce generally. If Bigtincan fails to retain existing customers, attract further business from existing customers and attract new customers, the Company's future operating and financial performance may be adversely affected and its reputation may be damaged.

Reliance on a single product

Bigtincan's business model is enreliant upon a single product, being Bigtincan Hub. Bigtincan's success depends on its ability to keep customers satisfied with Bigtincan Hub. There is a risk that Bigtincan fails to properly maintain the Bigtincan Hub product or new releases may introduce errors or performance issues which could cause customer dissatisfaction and damage to reputation. Bigtincan's reputation may also suffer as a result of real or perceived reductions in functionality, product quality, reliability, security, value and customer support or a failure to reflect developments in technology or in the commercial, compliance and regulatory environment. Any of these factors may result in reduced sales and usage, loss of customers and an inability to attract new customers and possibly legal claims by customers.

Reliance on a single product (continued)

The future revenue and growth of Bigtincan also depends on its ability to develop enhancements and new features and functionality for Bigtincan Hub. If Bigtincan is unable to do so it will not be able to meet customers' needs, attract new customers and generate additional revenue from increased usage. There is a risk that the development of enhancements and new features and functionality for Bigtincan Hub by Bigtincan will be unsuccessful due to reasons such as poor performance and reliability, insufficient investment, unforeseen costs, low customer adoption, competitive products or economic conditions.

Any failure by Bigtincan to successfully develop enhancements and new features and functionality for Bigtincan Hub may result in the loss of future sales or customers and adversely affect the Company's future financial performance.

Expansion of Bigtincan's international footprint may not achieve intended goals

A significant part of Bigtincan's growth strategy is its goal to significantly grow its presence in the overseas markets in which it already operates. The Company's growth plans may be inhibited by unforeseen issues particular to a territory, including differences in local cultures, business practices and regulation. Bigtincan's ability to grow and expand its international business may be subject to various risks, including the need to invest significant resources and management attention to the expansion and the possibility that the desired level of return on its international business will not be achieved. Failure to successfully grow and expand Bigtincan's international business may result in a failure to achieve the revenue growth underpinning its future financial performance.

Reliance on third party IT suppliers

Bigtincan relies on a number of third-party suppliers to maintain and support Bigtincan Hub, its telecommunications facilities and its hosting infrastructure. If the contracts with these parties are terminated or there is a disruption for any reason in the provision of these services or software, Bigtincan's future financial performance and position may be adversely affected.

Disruption or failure of technology systems

Bigtincan and its customers are dependent on the performance, reliability and availability of the Company's technology platforms, data centres and global communications systems (including servers, the internet, data centre hosting services and the cloud environment in which Bigtincan provides its products). There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, cyber-attacks or other disruptions including natural disasters, power outages or other similar events.

Certain events outside of Bigtincan's may lead to prolonged disruption to its IT platform, or operational or business delays and damage to our reputation. This could potentially lead to a loss of customers, legal claims by customers, and an inability to attract new customers, any of which could materially adversely impact the Company's financial performance.

Security breach and data privacy

Bigtincan products involve the storage and transmission of customers' confidential and proprietary information, including intellectual property, confidential business information, information regarding their employees or suppliers, and other confidential information. Bigtincan's business could be materially impacted by security breaches of customers' data and information, either by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential customer data. There is also a risk that the measures taken may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential or proprietary information, and any of these events may cause significant disruption to the business and operations. This may also expose the Company to reputational damage, legal claims by customers, termination of contracts, regulatory scrutiny and fines, any of which could materially adversely impact financial performance and position.

In addition, any security or data issues experienced by other cloud software companies globally could adversely impact trust in cloud solutions generally and could adversely affect Bigtincan's ability to host customers on its cloud platform.

The directors present their report together with the consolidated financial statements of the Group comprising Bigtincan Holdings Limited (the Company) and its controlled entities for the financial year ended 30 June 2019 and the auditor's report thereon.

1. Board of Directors

The directors of the company during the financial year were:

- Tom Amos Chairman Independent Non-Executive Director
- Wayne Stevenson Independent Non-Executive Director
- John Scull Non-Executive Director
- David Keane- Executive Director

2. Information on Directors

Tom Amos - Independent Chairman

Mr Tom Amos is an Independent Non-Executive Director of Bigtincan and Chairman of the Board. He is also Managing Director of emerging digital presence company dLook Pty Ltd and a Director of Ambertech Ltd (ASX:AMO). Mr Amos also holds the patent for the dLook cross media multichannel marketing systems. He has a BE (Electrical Engineering) from The University of Sydney.

Mr Amos actively develops private technology companies to grow and gain access to resources offered by public markets both in Australia and internationally. In this capacity Mr Amos was a founding and long-term independent director of Macquarie Bank's Macquarie Technology Ventures Pty Ltd.

Mr Amos was previously Managing Director and Partner of Amos Aked Swift Pty Ltd, FlowCom Ltd and Director of a number of public and private companies in the content, digital services, radio and telecommunications sectors. Mr Amos was also a long-term Director and Vice Chair of Australian Telecommunications User Group Ltd, the public organisation that was formed by industry to improve communication services in Australia and which led to the deregulation of telecommunication services.

Mr Amos has over thirty years of intense involvement and management in the telecommunications, publishing and related digital technology industries, through a period of unprecedented technological and regulatory change. As a company director, professional engineer, entrepreneur, businessman and strategic adviser to industry and government, Tom Amos has been at the leading edge of those changes.

Wayne Stevenson - Independent Non- Executive Director

Mr Stevenson joined the Board of Bigtincan in October 2016, bringing strong expertise in the financial services industry. He has over 35 years' experience in banking and financial services where he held a number of senior positions with ANZ Banking Group including Group General Manager, Group Strategy and various CFO roles across ANZ over a period of 15 years involving significant acquisitions, restructures and divestments.

Mr Stevenson's board credentials are primarily from financial services organisations across Australia and Asia Pacific. He is currently Independent Non-Executive Chairman of ASX listed QMS Media Limited (ASX:QMS) and an Independent Non-Executive Director at ANZ Lenders Mortgage Insurance Ltd and Credit Union Australia Ltd.

Mr Stevenson has a BCom in Accounting, is a Chartered Accountant and Fellow of the Australian Institute of Company Directors.

John Scull -Non-Executive Director

Mr Scull, based in Palo Alto, California, is the co-founding Managing Director of Southern Cross Venture Partners, a technology focused venture capital firm. He currently serves on the board of directors of a number of privately held companies. Prior to becoming a venture capitalist, he was a marketing executive at Apple and then served as the CEO of 3 venture capital backed software companies in the San Francisco Bay area. John holds a BBA. in Economics from the University of Oklahoma, and an MBA from Harvard University.

David Keane - Chief Executive Officer - Executive Director

David started in the networking and communications market with Utah and California-based Novell running Asian marketing for Boston-based Wellfleet Communications, Inc. then grew the business for California-based Xylan Corp. in Australia and New Zealand.

Subsequently, David founded Veritel Wireless Pty Ltd which grew within three years to be one of the largest providers of wireless internet in Australia. Veritel was then sold to BigAir Australia Pty Ltd (now Superloop Ltd) on its path to ASX-listing.

David was a pioneer in the mobile applications sector starting in 2008 with the release of the first iPhone SDK and oversaw the development, promotion and expansion of heavily downloaded apps including BuzzMe and AdFree.

Now with Bigtincan, David is taking his experience in enterprise and adding his knowledge of how mobility works to drive the mobile productivity revolution, with a goal of helping workers all over the world to make the most of their mobile device.

3. Directors' Meetings

The number of directors' meetings (including committees of the Directors) held while each Director was in office and the number of meetings attended by each Director:

	Board Meetings				Remuneration and Nominations Committee Meetings	
	Α	В	Α	В	Α	В
Director						
Tom Amos	12	12	2	2	4	4
David Keane	12	12	-	-	-	-
John Scull	12	12	-	_	4	4
Wayne Stevenson	12	12	2	2	4	4

A: Number of meetings attended

B: Number of meetings held during the time the director held office during the year

4. Committee Membership

As at the date of this report, the company had the following committees:

Audit and Risk Committee

Wayne Stevenson (Chairman) Tom Amos

Remuneration and Nominations Committee

Wayne Stevenson (Chairman) Tom Amos John Scull

5. Company Secretary

Mark Ohlsson was appointed to the position of Company Secretary in January 2012. He has been a Company Secretary or Director of a number of ASX listed companies and his experience spans a wide range of industries. He has been involved in business management and venture capital for over 40 years and has advised numerous companies in corporate finance and other regulatory matters.

6. Director's Interests

The relevant interest of each director in the share capital as at the date of this report is as follows:

	Ordinary Shares
David Keane	24,335,143
John Scull	18,925,568
Wayne Stevenson	400,001
Tom Amos	369,872

7. Principal Activities

Bigtincan is a recognised global leader in the rapidly growing sales enablement market. Enterprise, midmarket and SME organisations use sales enablement technologies to help them improve the performance of their sales teams to win more deals and improve sales productivity.

The Group's principal activity is the provision of an integrated, online platform called "Bigtincan Hub", a powerful, intelligent, collaborative and secure solution that automatically delivers the most relevant content to the right users directly, across any device and any network.

There were no significant changes in the nature of the activities of the Group during the year.

8. Result of Operations

A description of the company's operations, business model, material business risks, sources of funding, review of financial performance and position, and future prospects are detailed in the Operating and Financial review on pages 5-9.

Shareholder returns	2019	2018
Profit/Loss attributable to owners of the company	(\$4,085,000)	(\$6,641,000)
Basic and diluted earnings/(loss) per share	(1.79)	(3.74)
Dividend paid	nil	nil
Dividend per share	nil	nil

9. Dividends

Bigtincan Holding Limited has not paid, recommended or declared dividends for the year ended 30 June 2019 (2018: nil)

10. Significant Changes in the State of Affairs

On 31 July 2018 Bigtincan completed the acquisition of Zunos Technologies Pty Limited.

On 22 November 2018, Bigtincan completed the acquisition of Fatstax.

On 23 April 2019, the Company announced the successful completion of a \$12.4 million institutional share placement and on 15 May 2019 the successful raising of approximately \$3.1 million.

11. Significant Events After Reporting Period

Subsequent to the end of financial year, the Group:

- Agreed to acquire the assets of Veelo, Inc for a consideration comprising all cash payments totalling \$2.5m and the assumption of normal associated liabilities.
- Agreed to acquire Asdeq Labs Pty Ltd for approximately \$490,000 (less debt and subject to a working capital adjustment).
- Entered into a binding stock purchase agreement with Xinnovation, Inc for a consideration comprising all cash payments totalling \$7.4m and issue of ordinary shares with a value of \$3.7m.
- Undertook a capital raising of \$20m to help fund the purchase of Xinnovation, Inc.

12. Likely Developments

The Group will continue to undertake its principal activities and seek further opportunities to add product and resource capability during the next financial year including by acquisition. The Directors do not anticipate any development in the operations of the Group that will negatively affect the result in subsequent years.

There are no other circumstances or matters that will significantly affect the operations and future results of the Company other than the developments that have been outlined in this report and the Operating and Financial review.

13. Environment Regulation

The Company is subject to environmental laws and regulations, which vary depending on the jurisdiction of the location of operations. The company has policies and procedures in place to ensure compliance will all environmental laws and regulations applicable to it. The directors are not aware of any material breaches of environmental regulations during the financial year.

14. Proceedings on Behalf of the Company

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

15. Indemnification and Insurance of Officers

The Company, to the extent permitted by law, indemnifies each Director and Executive officer of the Company on a full indemnity basis against all losses, liability, costs, charges and expenses incurred by that person as an officer of the Company or of a related body corporate.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for a contract insuring each Director and executive officer of the Company against any liability incurred by that person as an officer of the Company or of a related body corporate, including for negligence or for reasonable costs and expenses incurred by that person in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

No amount was paid under these indemnities during or since the financial year ended 30 June 2019.

16. Non-Audit Services

During the period KPMG, the Group's auditors, has not performed services other than as statutory auditor.

17. Auditor Independence declaration

As required under section 307C of the Corporations Act 2001, a copy of the auditor's independence declaration combined with the independent auditor's report.

18. Corporate Governance Report

The company has included its report on compliance with the principles for 30 June 2019 in the Corporate Governance section of the investor section on the Bigtincan website (http://investor.bigtincan.com/corporate-governance). This is allowed under the ASX Corporate Governance Principals and Recommendations (third edition).

20. Rounding of Amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, in accordance with Instrument 2016/191 issued by Australian Securities Investment Commission (ASIC).

REMUNERATION REPORT (AUDITED)

Message from the Chair of the Remuneration and Nominations Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the Bigtincan Limited Remuneration Report for the 2019 financial year.

The Company's remuneration framework is structured to link remuneration with the Company's key business strategies and performance drivers and deliver alignment between executive remuneration and the delivery of sustainable shareholder returns.

The following key principles underpin our remuneration framework:

- Alignment of executive performance with creation of sustainable value for shareholders;
- Motivation and retention of executives through a mix of fixed and variable (at risk) pay;
- A competitive remuneration framework which will assist the Company to attract and retain talent; and
- Simple, clear and transparent processes and documentation which is easily understood by participants and stakeholders.

The Company compares its senior executive remuneration to similar sized entities and comparable companies and believes that it has a competitive framework that rewards performance and attracts the highest calibre people to the business.

This has been a busy year for the Company with significant growth in revenues through client acquisitions, further development of the Bigtincan product suite, integration of acquisitions and realignment of the organisation to recognise the changing nature of the Company. An integral part of this change has been to progressively improve and modify the remuneration and performance management framework. These improved processes have been well received by all staff subject to the changes.

For 2019 the Board identified the following drivers integral to delivering our business strategy:

- Financial performance particularly growth in Annualised Recurring Revenue
- Expansion of the go-to-market sales capacity and capability
- Delivery of enhancements to the Bigtincan product suite in accordance with the product roadmap

During the year the Company produced strong revenue growth, implemented significant enhancements to the product suite with over 125 product enhancements, and continued to invest in the sales and marketing function. In addition two acquisitions were successfully completed and integrated which add additional product functionality and staff expertise. These activities could not have been achieved without the dedication and support of our senior executive team and all employees at Bigtincan.

On behalf of the Board, I would like to thank all our employees for their dedication and efforts in achieving the outstanding result for the year.

The Board hereby recommends the Remuneration Report to shareholders for approval at the 2019 financial year Annual General Meeting. As part of its commitment to corporate governance best practice, the Board welcomes feedback from external stakeholders on its remuneration practices and disclosures

Yours Sincerely

Wayne Stevenson

Chair of the Remuneration and Nominations Committee

The Directors of Bigtincan Limited Holding present the Remuneration report in accordance with section 300A of the Corporations Act 2001.

The Directors of Bigtincan Holdings Limited present the Remuneration Report for the Company and its controlled entities (collectively referred to as the 'Group') for the year ended 30 June 2019. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the Corporations Act 2001.

The Remuneration Report outlines key elements and information on the remuneration framework for Non-Executive Directors, Executive Directors and other Key Management Personnel ("KMP").

The Remuneration Report is provided in the following format:

- 1. Introduction
- 2. Remuneration Framework Overview
- 3. Executive Remuneration
- 4. Bigtincan 2019 Performance Outcomes
- 5. Remuneration Details for Non-Executive Directors and Executive KMP
- 6. Chief Executive Remuneration
- 7. Non Executive Directors and Executive KMP remuneration
- 8. Directors' interests

1. Introduction

The Remuneration report has been prepared on a basis consistent with the Financial Statements and includes total remuneration details for the year ended 30 June 2019. The report refers to a range of non-IFRS financial information including Annualised Recurring Revenue (ARR). The directors consider these measures to be a better indicator of the underlying performance of the business and provide more meaningful comparisons of the operating performance of the business to other Software as a Service (SaaS) companies.

The following Key Management Personnel were identified based on their specific authority and responsibility for the strategic operation of the business, included but not limited to the planning, directing and the control of material activities of the Group during the course of 2019.

Non-Executive Directors

Tom Amos Chairman, Non-executive Director

Wayne Stevenson Independent Non-executive Director

John Scull Non-executive Director

Executive Directors

David Keane Chief Executive Officer

2. Remuneration Framework Overview

The Company operates in a competitive global market and thus attracting and retaining talented individuals is at the core of our success. The Board recognises that there are disparities in the compensation arrangements in place throughout the company and has been progressively implementing a consistent market competitive framework which is clear transparent and easily understood.

The remuneration framework has been strengthened to ensure alignment with the following key principles:

- Creation of sustainable value for shareholders;
- Motivation and retention of executives through a mix of fixed and variable (at risk) pay;
- Competitive market-based remuneration framework to assist the Company to attract and retain talent;
- Simple, clear and transparent processes and documentation which are easily understood by participants and stakeholders.

The Board continues to seek appropriate independent advice throughout this process to ensure that the framework aligns with business strategies and key external stakeholder expectations.

3. Executive Remuneration

For 2019, remuneration outcomes for executives consist of a combination of Fixed Annual Remuneration, Short Term Incentives and Long Term Incentives effected through the company's Employee Share Option Plan.

3.1 Fixed Annual Remuneration (Base Salary)

The terms of employment for senior executives contain a fixed annual remuneration component comprising Base Salary, Fixed Allowances and Superannuation (at the respective statutory rates).

Fixed remuneration is based on the responsibilities associated with, and the skills required to perform the role. Compensation levels for senior executives are reviewed annually by the Remuneration Committee through a process that considers individual and overall performance of the Company. The Committee also takes into consideration remuneration for comparative positions in other similar organisations.

3.2 Performance Linked Compensation

Short Term Incentives (STI)

Executive employment contracts allow for discretionary ("at-risk") bonuses and other benefits to be paid on the achievement of financial and non-financial targets. Performance against the STI targets is assessed at the end of the financial year against both individual and business performance. These bonuses consist primarily of cash payments. Refer to note 6 (c).

Longer Term Incentives (LTI)

The Company has previously adopted rules for an Employee Share Option Plan which allows it to issue options, or such other approved securities convertible into shares to eligible persons (including directors, subject to compliance with the ASX Listing Rules) as the Board approves from time to time. Details of the scheme are on the Company website. Refer to note 6 (c).

4. Bigtincan 2019 Performance Outcomes

The Group delivered strong operational and improved financial performance for the 2019 financial year. A detailed review of the Group's performance is contained within the Operating and Financial Review.

4. Bigtincan 2019 Performance Outcomes (continued)

For the current year the Board determined that the achievement of growth MRR, ARR, MRR Retention and Cashflow were the most relevant measures for assessing performance. A summary of the FY19 financial highlights for these measures is summarised below:

Operating Revenue	Up 51% to \$19,882,000
Annualised Recurring Revenue (ARR)	Up 52% to \$23,360,000
Monthly Recurring Revenue (MRR)	Up 52% to \$1,946,000
MRR Retention	Up 2% to 87%
Cash at bank	\$25,127,000

Other factors considered in the determination of STIs were linked to the achievement of KPIs across a range of activities including:

- · Growth in the go-to-market sales and marketing capability;
- · Delivery of significant product suite innovations and enhancements
- Development of a strong pipeline of potential customers; and
- · Successful completion and integration of acquisitions.

5. Remuneration Details for Non-Executive Directors

Principles used to determine the nature and amount of remuneration

The Board aims to set remuneration for non-executive directors at a level that attracts and retains non-executive directors of a high calibre and talent and periodically reviews the level of fees set.

Remuneration to non-executive directors is not linked to Company performance and is solely comprised of directors fees (including statutory superannuation), in order to maintain director independence.

The total compensation for all non-executive directors for the 2019 year did not exceed the \$350,000 cap agreed to by the Company at the 2018 Annual General Meeting. The current agreed annual Non-Executive Director Fees to be paid are:

- Independent Chairman \$120,000
- Independent Non-Executive Director \$85,000 (including roles as Chair of the Audit Committee and Chair of the Remuneration Committee)
- Non-Executive Director \$45,000

Non-executive directors have not received performance related compensation and are not provided with retirement benefits apart from statutory superannuation.

6. Chief Executive Remuneration

David Keane is the Chief Executive Officer and an Executive Director of the Company, based in Boston Massachusetts, USA.

Mr Keane's gross contract base salary is USD 200,000 per annum. Mr Keane also receives a relocation subsidy of USD 72,000 per annum. Mr Keane may also earn a performance bonus up to USD 90,000 based on the overall performance of Bigtincan as determined by the Board. Mr Keane is also entitled to be reimbursed for reasonable and pre-agreed business-related costs, travel and equipment expenses.

7. Non Executive Directors and Executive KMP remuneration

Details of the nature and amount of each major element of remuneration of each non-executive director and executive KMP of the Company for the year ended 30 June 2019 are:

2019	Salary and Fees \$000	Cash Bonus \$000	Post- Employment Benefits \$000	Other Long- Term Incentives \$000	Share Based Payments \$000	Total \$000
Tom Amos	120,000	_	_	_	_	120,000
Wayne Stevenson	77,626	_	7,374	_	_	85,000
John Scull	45,000	_		_	_	45,000
David Keane	380,101	125,769	_	_	_	505,870
	·	•		Other		
			Post-	Long-	Share	
2018	Salary and	Cash	Employment	Term	Based	
	Fees	Bonus	Benefits	Incentives	Payments Payments	Total
	\$000	\$000	\$000	\$000	\$000	\$000
				-		
Tom Amos	90,000	-	-	-	-	90,000
Wayne Stevenson	68,493	-	6,507	-	-	75,000
John Scull	35,000	-	-	-	-	35,000
Geoff Cohen (a)	137,790	65,000	11,638	-	-	214,428
David Keane	362,678	96,731	-		-	459.409

Notes

(a) Ceased 2 December 2017

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Remuneration and Nomination Committee (RNC) have regard to the following indices in respect of the current financial year and previous four financial years.

	2019	2018	2017	2016	2015
Total comprehensive loss attributable to owners of the company	4,106,000	6,610,000	6,002,000	7,906,000	9,663,000
Dividends paid / declared	Nil	Nil	Nil	Nil	Nil
Change in share price	0.20	0.10	(0.30)	n/a	n/a

Loss attributable to owners of the company for 2015 to 2019 have been calculated in accordance with Australian Accounting Standards (AASBs).

8. Directors' interests

The relevant interest shares and options interest if each Director as issued by companies within the Group as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Number of Ordinary Shares and options at 30 June 2019				
Director	Ordinary Shares	%	ESOP (Options)		
David Keane ¹	24,335,143	9.36	800,717 ⁵		
John Scull ²	18,925,568	7.28	-		
Tom Amos ³	369,872	0.14	-		
Wayne Stevenson ⁴	400,001	0.15	-		
	Number of Ordinary Sh	ares and op	tions at 30 June 2018		
Director	Ordinary Shares	%	ESOP (Options)		
David Keane ¹	24,335,143	11.10	800,717 ⁵		
John Scull ²	22,925,568	10.46	-		
Tom Amos ³	317,033	0.14	-		
Wayne Stevenson⁴	342,858	0.16	-		

Notes in relation to the table of director's remuneration

¹ Shares held by Lai Sun Keane, spouse of David Keane.

² John Scull is a director of Southern Cross IIF Trusco Ptd Ltd, Southern Cross IIF Commonwealth Participation Trust, SBCVC fund IV Pte Ltd, SBCVC Fund IV Pte Ltd and holds the shares through this Trust.

³ Tom Amos holds shares though Wave Link Systems Pty Ltd, a company in which Tom Amos' voting power exceeds 20%.

⁴ Wayne Stevenson holds shares through Rangitata Nominees Pty Ltd, a company in which Wayne Stevenson's voting power exceeds 20%.

⁵ Options have an exercise price of \$0.26 and an expiry date of 16 May 2021.

[&]quot;Ordinary Shares" mean fully paid Ordinary Shares in the capital of the Group.

[&]quot;Options" provide the opportunity to subscribe for one Ordinary Share in the capital of the Group.

Options in equity instruments

The movement during the reporting period, by number of options and ordinary shares in Bigtincan Holdings Limited held, directly, indirectly, or beneficially, by each key management person, including their related parties, is as follows:

Movement in shares held:

	Held at 1 July 2018	New shares acquired	Shares Disposed	Held at 30 June 2019
David Keane	24,335,143	-	-	24,335,143
John Scull	22,925,568	-	(4,000,000)	18,925,568
Tom Amos	317,033	52,839	-	369,872
Wayne Stevenson	342,858	57,143	-	400,001

	Held at 1 July 2017	New shares acquired	Convertible notes converted into shares	Shares Disposed	Held at 30 June 2018
David Keane	25,585,713	-	-	(1,250,000)	24,335,143
John Scull	30,567,424	-	(7,641,856)	-	22,925,568
Tom Amos	288,461	28,572			317,033
Wayne Stevenson	300,000	42,858	-	•	342,858

Movement in share options:

	Held at 1 July 2018	Granted as Compensation	Exercised	Held at 30 June 2019	Vested during the year	Vested and exercisable at 30 June 2019
Options						
David Keane	800,717	-	-	800,717	-	800,717
John Scull	-	-	-	-	-	-
Tom Amos	•	-	-	-	-	-
Wayne Stevenson	•	-	-	-	-	-

	Held at 1 July 2017	Granted as Compensation	Exercised	Held at 30 June 2018	Vested during the year	Vested and exercisable at 30 June 2018
Options						
David Keane	800,717	-	-	800,717	-	800,717
John Scull	-	-	-	-	-	-
Tom Amos	•	-	-	-	1	•
Wayne Stevenson	-	-	-	-	-	-

Exercise of options granted as compensation

During the reporting period no shares (2018: nil) were issued on the exercise of options previously granted as compensation under the employee share option plan.

Share options granted as compensation

During the reporting period nil options (2018: nil options) were granted and formed part of key management personnel compensation.

Share options vested during the year

During the reporting period nil options (2018: nil options) vested and became exercisable.

Unissued shares

As at 30 June 2019, there were 18,351,100 unlisted Options under the Employer Share Option plan outstanding, each of which converts to ordinary share if exercised.

Tom Amos (Chairman)

30 September 2019

Wayne Stevenson

(Director)

30 September 2019



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

To the Directors of Bigtincan Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Bigtincan Holdings Limited for the financial year ended 30 June 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

• • •

KPMG

Macolm Kafer

Partner Sydney

30 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 30 June 2019

	Note	2019	2018
		\$000	\$000
Revenue	4(a)	19,882	13,143
Cost of revenues	6(a)	(2,426)	(2,247)
Gross Profit	σ(α)	17,456	10,896
Other income	4(b)	1,931	1,158
Sales and marketing expenses		(12,148)	(10,560)
Product development expenses		(6,366)	(6,581)
General and administration expenses		(4,460)	(1,897)
Total loss before financing costs, depreciation and amortisation		(3,587)	(6,984)
Depreciation and amortisation		(488)	(92)
Finance income	7(a)	641	611
Finance expenses	7(b)	(565)	(94)
Net finance income / (costs)		(412)	425
Loss before income tax		(3,999)	(6,559)
Income tax expense	8	(86)	(82)
Loss for the year after tax		(4,085)	(6,641)
Other comprehensive income			
Items that are or may be reclassified subsequently to profi	t or loss		
Foreign operations – foreign currency translation			
differences		(21)	31
Total other comprehensive (loss)/income, net of tax		(21)	31
Total comprehensive loss		(4,106)	(6,610)
Earnings per share (EPS)			
Basic EPS (in cents)	9(a)	(1.79)	(3.74)
Diluted EPS (in cents)	9(b)	(1.79)	(3.74)
Dilatod Li O (iii oonto)	J(D)	(1.75)	(0.77)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2019

Sasets		Note	2019	2018
Current Assets 10 25,127 23,782 Cash and cash equivalents 10 25,127 23,782 Trade and other receivables 11 5,103 2,684 Other assets 12 2,496 1,421 Total current assets \$32,726 27,887 Non-current assets Property, plant and equipment 13 200 163 Intangible assets 14 12,902 633 Other non-current assets 12 331 541 Total non-current assets 13,433 1,337 Total assets 46,159 29,224 Liabilities Current liabilities Trade and other payables 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 985 1 Deferred revenue 16 499 1,807 Total current liabilities 985			\$000	\$000
Cash and cash equivalents 10 25,127 23,782 Trade and other receivables 11 5,103 2,684 Other assets 12 2,496 1,421 Total current assets 2 27,887 Non-current assets Property, plant and equipment 13 200 163 Intangible assets 14 12,902 633 Other non-current assets 12 331 541 Total non-current assets 12 331 541 Total assets 46,159 29,224 Liabilities Current liabilities 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 985 1 Non-current liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 3,355	Assets			
Trade and other receivables Other assets 11 5,103 2,486 1,421 2,684 Other assets 12 2,496 1,421 1,421 Total current assets 32,726 27,887 27,887 Non-current assets 8 200 163 163 163 163 163 163 163 163 163 163	Current Assets			
Trade and other receivables Other assets 11 5,103 2,486 1,421 2,684 Other assets 12 2,496 1,421 1,421 Total current assets 32,726 27,887 27,887 Non-current assets 8 200 163 163 163 163 163 163 163 163 163 163	Cash and cash equivalents	10	25.127	23.782
Other assets 12 2,496 1,421 Total current assets 32,726 27,887 Non-current assets \$\$\$\$\$Property, plant and equipment 13 200 163 Intangible assets 14 12,902 633 Other non-current assets 12 331 541 Total non-current assets 13,433 1,337 Total assets \$\$\$\$\$46,159 29,224 Liabilities \$		_		,
Non-current assets 32,726 27,887 Non-current assets 1 200 163 Intangible assets 14 12,902 633 Other non-current assets 12 331 541 Total non-current assets 13,433 1,337 Total assets 46,159 29,224 Liabilities Current liabilities 1 1,555 1,000 Cefered revenue 16 9,111 7,303 7,30				
Property, plant and equipment Intagilor assets 13 200 163 Intangible assets 14 12,902 633 Other non-current assets 12 331 541 Total non-current assets 13,433 1,337 Total assets 46,159 29,224 Liabilities Current liabilities Trade and other payables 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 3,355 1,856 Total non-current liabilities 3,355 1,856 Total non-current liabilities 3,355 1,856 Total liabilities 28,576 16,713 Total liabilities 24 65,279 49	Total current assets			
Property, plant and equipment Intagible assets 13 200 163 Other non-current assets 12 331 541 Total non-current assets 13,433 1,337 Total assets 46,159 29,224 Liabilities Current liabilities Trade and other payables 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 3,355 1,856 Total non-current liabilities 3,355 1,856 Total liabilities 3,355 1,856 <	Non-current assets			
Intangible assets 14 12,902 633 Other non-current assets 12 331 541 Total non-current assets 13,433 1,337 Total assets 46,159 29,224 Liabilities Use of the colspan="2">Use of the colspa		13	200	163
Other non-current assets 12 331 541 Total non-current assets 13,433 1,337 Total assets 46,159 29,224 Liabilities Current liabilities Trade and other payables 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 15(b) 1,807 - Total liabilities 3,355 1,856 Total liabilities 28,576 16,713 Net Assets 28,576 16,713 Equity Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041)<				
Total non-current assets 13,433 1,337 Total assets 46,159 29,224 Liabilities Current liabilities Trade and other payables 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity 4,412 3,952 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32		12	•	
Liabilities Current liabilities Trade and other payables 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities 14,228 10,655 Non-current liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32				1,337
Current liabilities 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities 14,228 10,655 Non-current liabilities 985 1 Deferred tax liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32	Total assets		46,159	29,224
Current liabilities 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities 14,228 10,655 Non-current liabilities 985 1 Deferred tax liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32	I to bellette a			
Trade and other payables 15(a) 1,555 1,000 Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities 14,228 10,655 Non-current liabilities 985 1 Deferred tax liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32				
Deferred revenue 16 9,111 7,303 Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities Deferred tax liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 3,355 1,856 Total sests 28,576 16,713 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32		15(2)	1 555	1 000
Provisions 17 488 380 Other current liabilities 15(c) 3,074 1,972 Total current liabilities 14,228 10,655 Non-current liabilities 985 1 Deferred tax liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32	·			,
Other current liabilities 15(c) 3,074 1,972 Total current liabilities 14,228 10,655 Non-current liabilities \$985 1 Deferred tax liabilities \$985 1 Deferred revenue \$16 \$499 1,807 Provisions \$17 \$64 \$48 Other non-current liabilities \$15(b) \$1,807 - Total non-current liabilities \$3,355 \$1,856 Total liabilities \$17,583 \$12,511 Net Assets \$28,576 \$16,713 Equity Share capital \$24 \$65,279 \$49,770 Share-based payment reserve \$4,412 \$3,952 Accumulated losses \$(41,126) \$(37,041) Foreign currency translation reserve \$11 \$32			•	,
Non-current liabilities 985 1 Deferred tax liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32				
Deferred tax liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32		70(0)		
Deferred tax liabilities 985 1 Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32			·	•
Deferred revenue 16 499 1,807 Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32				
Provisions 17 64 48 Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32				1
Other non-current liabilities 15(b) 1,807 - Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32		_		,
Total non-current liabilities 3,355 1,856 Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity 3,355 1,856 Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32			- ·	48
Total liabilities 17,583 12,511 Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32		15(b)	,	<u>-</u>
Net Assets 28,576 16,713 Equity Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32				
Equity 24 65,279 49,770 Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32				
Share capital 24 65,279 49,770 Share-based payment reserve 4,412 3,952 Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32	Net Assets		28,576	16,713
Share-based payment reserve4,4123,952Accumulated losses(41,126)(37,041)Foreign currency translation reserve1132	Equity			
Accumulated losses (41,126) (37,041) Foreign currency translation reserve 11 32	• •	24	65,279	49,770
Foreign currency translation reserve 11 32	Share-based payment reserve			3,952
Total grid and total grid grid and total grid grid grid grid grid grid grid grid	Accumulated losses		(41,126)	(37,041)
Total shareholders' equity 28 576 16.713			• • • • • • • • • • • • • • • • • • • •	
20,010	Total shareholders' equity		28,576	16,713

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

					Foreign	
			Share-based		currency	
			payment	Accumulated	translation	
	Note	Share capital	reserve	losses	reserve	Total
		\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2017		35,560	3,415	(30,400)	1	8,576
Loss for the year		-	-	(6,641)	-	(6,641)
Other comprehensive income (net of tax)		-	-	-	31	31
Total comprehensive loss		-	-	(6,641)	31	(6,610)
Transactions with owners of the Group						
Issue of ordinary shares	24	14,210	-	-	-	14,210
Equity settled share-based payments	23	-	537	-	-	537
Total transactions with owners of the Group		14,210	537	-	-	14,747
Balance at 30 June 2018		49,770	3,952	(37,041)	32	16,713
Balance at 1 July 2018		49,770	3,952	(37,041)	32	16,713
Loss for the year		-	-	(4,085)	-	(4,085)
Other comprehensive income (net of tax)		-	-	-	(21)	(21)
Total comprehensive loss		-	-	(4,085)	(21)	(4,106)
Transactions with owners of the Group						
Issue of ordinary shares	24	15,509	-	-	-	15,509
Equity settled share-based payments	23	-	460	-	-	460
Total transactions with owners of the Group		15,509	460	-	-	15,969
Balance at 30 June 2019		65,279	4,412	(41,126)	11	28,576

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2019

	Note	2019	2018
		\$000	\$000
Cash flows used in operating activities			
Cash receipts from customers		18,797	17,656
Cash paid to suppliers and employees		(26,524)	(20,004)
Cash used in operations		(7,727)	(2,348)
Interest received		171	378
Government grant/taxes received		1,003	1,079
Net cash used in operating activities	10	(6,553)	(891)
Cash flows used in investing activities			
Payments for property, plant and equipment	13	(196)	(77)
Payment for intangible assets	14	(1,817)	(109)
Acquisition of term deposits		=	(372)
Acquisition of subsidiary – net assets acquired	22	(5,718)	-
Acquisition of subsidiary – net cash acquired		120	=
Net cash used in investing activities		(7,611)	(558)
Cash flows from financing activities			
Proceeds from issue of share capital		16,585	15,000
Capitalised raising costs		(1,076)	(790)
Net cash from financing activities		15,509	14,210
Not increase in each and each equivalents		1,345	12 761
Net increase in cash and cash equivalents		1,340	12,761
Cash and cash equivalents at 1 July		23,782	11,021
Cash and cash equivalents at 30 June	10	25,127	23,782
Cash and cash equivalents at 30 June	10	25,127	23,7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. Nature of operations

Bigtincan Holdings Limited ("the Company") is a company domiciled in Australia. The Company's registered office is Level 20, 320 Pitt Street, Sydney NSW 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group entities').

The Group is a for-profit entity and primarily involved in the provision of an integrated, online platform called "Bigtincan hub", a powerful, intelligent, collaborative and secure solution that automatically delivers the most relevant content to the right users directly, using their mobile devices.

2. Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Group has presented the expense categories within the consolidated statement of profit and loss on a functional basis. The categories used include cost of sales, product development, sales and marketing and general and administration which are described in Note 6.

The Consolidated financial statements for the year ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 30th September 2019.

(i) Principals of consolidation

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.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(ii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except where stated otherwise.

(ii) Functional and presentation currency

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

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group entity at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit and loss. Non-monetary items that are measured based on of historical cost in a foreign currency are not translated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

2. Basis of preparation (continued)

(iii) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollar, in reference to instrument 2016/191 issued by Australian Securities and Investment Commissions (ASIC).

(iv) Use of estimates and judgements

In preparing these consolidated financial statements in conformity with AASBs and IFRSs, management has made judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised prospectively.

(v) Going concern basis of preparation

The financial statements have been prepared on the going concern basis of accounting, which assumes the Group and the Company will be able to continue trading and realize assets and discharge liabilities in the ordinary course of business for a period of at least one year from the date of signing these financial statements.

The Group recorded a loss for the year ended 30 June 2019 of \$4,085,000 (2018: loss of \$6,641,000) and cash outflows from operating activities of \$6,553,000 (2018: cash outflows from operating activities \$891,000). As at 30 June 2019, the Group's current assets exceeded current liabilities by \$18,498,000 (2018: \$17,232,000) and its total assets exceeded total liabilities by \$28,576,000 (2018: \$16,713,000).

3. New standards and interpretations

(i) New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual reporting periods beginning on or after 1 July 2018. There is no significant impact to the group on the adoption of these standards.

AASB 15 Revenue from Contracts

AASB 15 supersedes the prior standards for revenue recognition including, AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations. AASB 15 applies to all revenue arising from contracts with customers. There is a five-step model to account for revenue arising from contracts with customers and is recognised at am amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has adopted AASB 15, and on assessment of the potential impact of the adoption of AASB 15 on its consolidated financial statements, confirms there will be no impact on the recognition of revenue with the main impact being the deferral of Commission expenses and subsequent release over the contract term as opposed to immediate expensing. The total deferral of commission expenses was \$204,481 AUD. These deferred commission expenses were held on the balance sheet at 30 June 2019.

Impact of adoption

The Group has adopted the modified retrospective transition method, whereby the comparative period is not required to be restated to align with the new accounting policy. The new accounting policy does not result in a change in the amount and timing of revenue recognition or change the opening cumulative retained earnings.

AASB 9 Financial instruments

The Group has applied AASB 9 Financial Instruments from 1 July 2018, the date of initial application. AASB 9 replaces the guidance in AASB 139 Financial Instruments: Recognition and Measurement for classification, measurement and recognition of financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

3. New standards and interpretations (continued)

AASB 9 Financial instruments (continued)

(i) Classification and measurement of financial assets and liabilities

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income, and fair value through profit and loss. Classification under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 largely retains the existing requirements of AASB 139 for the classification of financial liabilities. The change in classification categories applied to the Group's financial assets and liabilities has not had any impact on their measurement on the date of initial application, and consequently there is no adjustment to equity as a result of the changes in classification.

(ii) New impairment model

AASB 9 replaces the "incurred loss" model in AASB 139 with an "expected credit loss" ("ECL") model. The change generally results in earlier recognition of credit losses. The new ECL model applies to financial assets measured at amortised cost which are comprised of cash and cash equivalents, and trade receivables. The Group has taken into account relevant forward-looking information in determining the credit loss to be provided for, as of the date of initial application. No material adjustment was required to the balances recognised as of the date of initial application.

(ii) Standards issued but not yet effective

AASB 16 standard is effective for annual reporting periods beginning on or after 1 January 2019 and earlier application is permitted, however, the Group has not early adopted the following new or amended standard in preparing these consolidated statements.

AASB 16 Leases

AASB 16 replaces the current AASB 117 Leases standard. The standard is effective for annual periods beginning 1 January 2019. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees, effectively treating all leases as finance leases. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance or operating leases.

The Group has completed the assessment on the impact on its consolidated financial statements. The Group has assessed all of the leases at 30 June 2019 and have determined the impact of applying AASB 16 on the financial statements in the period of initial application at 1 July 2019.

Thus far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of office, warehouse, factory facilities and office equipment.

In addition, the nature of expenses related to those leases will now change because AASB 16 replaces the straight-line operating leases expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

(i) Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under Interpretation 4.

On transition to AASB 16, the Group can choose whether to:

- apply the AASB 16 definition of a lease to all its contracts, or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition whereby all contracts entered into before 1 July 2019 been identified as leases under AASB 117 and Interpretation 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

3. New standards and interpretations (continued)

AASB 16 Leases (continued)

(ii) Transition to AASB 16

As the lessee, the Group can either apply the standard using a:

- retrospective approach or;
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

Under the modified retrospective approach, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. Optional practical expedients also allow the lessee to elect, on a lease-by-lease basis to calculate the right-of-use asset as either equal to the lease liability or with respect to historical lease payments.

The Group also intends to apply practical expedients available under the standard, including:

- applying incremental borrowing rates for leases as discount rates;
- · assessing whether a lease is onerous prior to applying the standard; and
- not recognising right-of-use assets and lease liabilities for short-term leases (<12 months) and low-value asset leases.

As at 1 July 2019, the Group expects to recognise a right of use asset and a corresponding lease liability of \$930 thousand with no adjustment to the opening retained earnings, using a modified retrospective approach.

The Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

No other new standards, amendments to standards and interpretations are expected to materially affect the Group's consolidated financial statements.

4. Revenue

AASB 15 requires disclosure of revenue disaggregation that best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The Group disaggregates revenue by categories shown in the table below for the year ended 30 June 2019:

	2019	2018
(a) Operating revenue	\$000	\$000
Revenue from subscription and support services	18,736	11,686
Revenue from product related professional and contract services	1,146	1,457
	19,882	13,143

The Group primarily derives its revenue through the sale of its subscription and support services that allows customers to access the cloud-based application called "Bigtincan Hub".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2019

4. Revenue (continued)

Revenue recognition and measurement

The Group determines revenue recognition through the following five steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The Group generates revenue from the following sources:

- (i) <u>Subscription and support revenue:</u> Subscription and support revenue comprises the recurring monthly fees from customers accessing Bigtincan's cloud-based application and support fees from customers purchasing support. Subscription and support agreements are generally entered into annual periods such as 1-3 years.
- (ii) <u>Product related professional services</u>: Revenue from product related professional services includes time limited or event related: education and training, data integration, data migration and client specific configuration. Revenue is recognised as the services are provided to the customers. Revenue that is not billed at year end is recognised in the consolidated statement of financial position as receivables and included in other current assets.

Revenue recognition and measurement in prior year

Revenue was measured at the fair value of the consideration received or receivable. The Group primarily derived its revenue through the sale of its subscription and support services that allowed customers to access the cloud-based application called "Bigtincan Hub".

Revenue Recognition Conditions: Revenue from subscriptions and professional services was only recognised when the following conditions have been met:

- · There was contractual evidence of the arrangement
- · The service has been provided to the customer
- Revenue was recognised as the services are provided to the customer based on the agreed subscription and support start and end dates
- Collection of payment for the services was reasonably assured
- · Costs incurred or to be incurred in respect of the transaction could be measured reliably

	2019	2018
(b) Other income	\$000	\$000
Government grants	1,931	1,158
	1,931	1,158

Government grants are recognised at the time it is reasonable to expect that the grants will be received and all related conditions satisfied. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

5. Segment reporting

The Group operates as a single business unit as defined under AASB 8 Operating Segments. The Chief Operating Decision Maker assesses the financial performance of the Group as a single segment and reviews revenue as subscription, support and professional services.

	2019	2018
	\$000	\$000
Segment revenue		
Subscription and support services	18,736	11,686
Professional and contract services	1,146	1,457
	19,882	13,143

The amounts of revenue per region below is based on the billing address and location of the customer.

	19,882	13,143
Rest of the world	2,124	570
United States of America	16,470	11,769
Australia	1,288	804
Revenue by location		

	13,433	1,33
Rest of the world	8	
United States of America	4,896	222
Australia	8,529	1,115
Non-current assets by geographic location		

Expenses

Cost of revenue

Cost of subscription, support and product related professional services revenues consists of expenses associated with hosting, providing customer support, personnel and related costs of operations, contractor fees relating to project specific software development activities, outsourced subscription fees and amortization expenses associated with acquired developed technology.

Sales and marketing expenses

Sales and marketing expenses primarily consist of personnel and related costs of our sales and marketing employees and executives, including salaries, benefits, bonuses, commissions, training and stock-compensation, cost of marketing programs, such as lead generation, promotional events, public relations services, webinars and other meeting costs and allocated overhead, including facility and recruitment costs.

Product development expenses

Product development expenses primarily consist of personnel and related costs of our product development employees and executives, including salaries, stock-based compensation and employee benefits as well as expenses relating to product development consultants and allocated overheads, including facility and recruitment costs.

General and administration expenses

General and administration expenses primarily consist of personnel and related costs of executive, finance and administrative personnel, stock-based compensation, legal and other professional fees, other corporate expenses and allocated overhead.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2019

6. Expenses (continued)

(a) Cost of sales	2019	2018
	\$000	\$000
Employee benefits expense	920	867
Other costs	1,506	1,380
	2,426	2,247
(b) Other major operating expenses (by nature)	2019	2018
	\$000	\$000
Professional fees	842	287
Advertising and marketing expenses	2,661	2,846
Other operating expenses	4,331	2,664
(a) Francisco hanafita avecana	2040	2040
(c) Employee benefits expense	2019 \$000	2018 \$000
Wages and salaries	14,230	12,617
Post-employment benefits	515	426
Share based payment expense	301	313

Employee Benefits

<u>Short term employee benefits</u> - Are employee benefits that fall due wholly within 12 months after the end of the period. These benefits include wages, salaries, sick and annual leave which are not discounted.

<u>Long term employee benefits</u> – Are benefits that are not expected to be settled wholly within 12 months after the end of the annual reporting period. These benefits include long service leave which are measured at discount amounts.

<u>Post-employment benefits</u> – Employee benefits that are payable after the completion of employment. One type is defined contribution- such as superannuation where the employer contributes a fixed proportion of the employee's income.

Share-based payments

Amounts of expense related to the equity-settled benefit schemes as measured by the fair value of the shares granted on grant date.

7. Finance costs

(a) Finance income Interest income Unrealised foreign exchange gains	2019 \$000 178 463	2018 \$000 385 226
Officialised foreign exertainge gains	641	611
(b) Finance cost Other finance costs	2019 \$000 565	2018 \$000 94
	565	94

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

8. Income taxes

	2019	2018
	\$000	\$000
Current tax expenses		
Current year	41	82
Adjustment for prior years	-	-
Total current tax expenses	41	82
Deferred tax expense		
Origination and reversal of temporary differences	45	-
Recognition of previously unrecognised tax losses	-	-
Change in recognised deductible temporary differences	45	-
	86	82
Reconciliation of effective tax rate:	2019	2018
	\$000	\$000
Loss before tax from continuing operations	(3,999)	(6,559)
Tax using the Company's domestic tax rate (30%: 2018:30%)	(1,200)	(1,968)
Tax effect of:		
- Non-deductible expenses	119	207
- Current year losses for which deferred tax asset is not		
recognised	1,167	1,843
Income tax expense	86	82

Income tax

Income tax expense comprises current and deferred tax which are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in OCI.

Current tax expense

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.

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

Deferred tax expense

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 investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductable temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

8. Income taxes (continued)

Unrecognised Deferred tax assets

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

	2019	2018
	\$000	\$000
Tax losses	28,693	25,754

9. Earnings per share (EPS)

(a) Basic earnings per share

The calculation of basic earnings per share has been based on the following profit/(loss) attributable to equity holders of the Group divided by the weighted average number of ordinary shares outstanding during the year.

during the year.	2019	2018
	\$000	\$000
Loss attributable to ordinary shareholders - Basic	(4,085)	(6,641)
Issued ordinary shares at 1 July	219,197	176,340
Effect of shares issued to convertible note holders	-	-
Effect of new shares issued to new and existing shareholders	9,015	1,057
Weighted-average number of ordinary shares at 30 June	228,212	177,397
Basic earnings / (loss) per share (cents)	(1.79)	(3.74)

(b) Diluted earnings per share

The calculation of diluted earnings per share has been calculated by dividing the profit/ (loss) attributable to equity holders of the Group by weighted average number of ordinary shares outstanding during the year.

	2019	2018
	\$000	\$000
Loss attributable to ordinary shareholders - Basic	(4,085)	(6,641)
Weighted average number of ordinary shares at 30 June (basic) Dilutive effect of share options on issue	228,212	177,397
Weighted-average number of ordinary shares (diluted) at 30 June	228,212	177,397
Diluted earnings / (loss) per share (cents)	(1.79)	(3.74)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2019

10.	Cash and cash equivalents	2019 \$000	2018 \$000
	Cash at bank	25,127	7,782
	Short term deposits	-	16,000
		25,127	23,782
	Reconciliation of Loss after tax to Net cash flows from Operating activities	2019 \$000	2018 \$000
	Loss from ordinary activities after income tax	(4,085)	(6,641)
	Adjustments for non- cash expense and income items		
	Amortisation of intangible assets	329	50
	Depreciation of property, plant and equipment	159	92
	Share based payments expense	460	537
	Bad debts written off	28	259
	Unrealised foreign exchange	143	(198)
	Operating cash flows before movements in working capital	(2,966)	(5,901)
	Change in assets and liabilities		
	Increase change in trade receivables	(2,419)	(343)
	(Increase)/ decrease in other current assets	(1,075)	222
	Increase in trade and other payables	555	271
	(Decrease)/ Increase in other current liabilities	(1,249)	215
	Increase/ (decrease) in provisions	108	(21)
	(Decrease)/ Increase in income tax payables	(7)	46
	Increase in deferred income	500	4,620
	Net cash flows used in operating activities	(6,553)	(891)
11.	Trade and other receivables	2019 \$000	2018 \$000
	Trade receivables	5,895	3,108
	Provision for doubtful debts	(794)	(447)
	Other receivables	2	23
	Movement in the provision for doubtful debts during the year was as	5,103	2,684
	inovernent in the provision for doubtful debts during the year was as	2019	2018
		\$000	\$000
	Balance at 1 July	447	188
	Created during the year	375	259
	Utilised / reversed during the year	(28)	-
	Balance at 30 June	794	447
12.	Other assets	2019	2018
		\$000	\$000
	Current		
	Other receivables – Government grants	1,525	1,252
	Prepayments	593	168
	Other current assets	378 2,496	1, 421
	Non-current	۷,430	1,441
	Employee loan	331	169
	Other non-current assets	-	372
		331	541

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

Property plant and equipment	Computer equipment \$000	Office furniture \$000	Total \$000
Cost			
Balance at 1 July 2017	196	91	287
Additions	73	4	77
Disposals	-	-	-
Balance at 30 June 2018	269	95	364
Balance at 1 July 2018	269	95	364
Additions	151	45	196
Disposals	-	-	_
Balance at 30 June 2019	420	140	560
Accumulated depreciation Balance at 1 July 2017 Depreciation expense Disposals	103 79 -	6 13 -	109 92 -
Balance at 30 June 2018	182	19	201
Balance at 1 July 2018	182	19	201
Depreciation expense	124	35	159
Disposals	-	-	-
Balance at 30 June 2019	306	54	360
Carrying value			
At 30 June 2018	87	76	163
At 30 June 2019	114	86	200

Recognition and measurement

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

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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.

Depreciation

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

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

Class of plant and equipment	<u>Depreciation rates</u>
Office equipment	33%
Computer equipment	50%

The fixed assets' residual values and useful lives are reviewed and adjusted if appropriate at each financial year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2019

14a. Intangible assets -

Goodwill	2019 \$000	2018 \$000
Goodwill	7,497	-

14b. Intangible assets - Other

	Intellectual property \$000	Licenses \$000	Customer list \$000	Development costs (WIP) \$000	Total \$000
Cost					
Balance at 1 July 2017	486	14	6	-	506
Additions	333	-	-	-	333
Disposals	-	-	-	-	-
Balance at 30 June 2018	819	14	6	-	839
Balance at 1 July 2018	819	14	6	<u>-</u>	839
Additions	-	_	_	1,817	1,817
Acquisitions through business combinations	2,453	-	831	-	3,284
Disposals	-	-	-	-	_
Balance at 30 June 2019	3,272	14	837	1,817	5,940
Accumulated amortisation Balance at 1 July 2017	148	4	3		155
Amortisation expense	49	1	1	-	51
Disposals	-1 5	'	•	-	31
Balance at 30 June 2018	197	5	4	-	206
Balance at 1 July 2018	197	5	4	_	206
Amortisation expense	232	2	95	_	329
Disposals		_	-	_	-
Balance at 30 June 2019	429	7	99	-	535
Carrying value					
At 30 June 2018	622	9	2	-	633
At 30 June 2019	2,510	7	738	1,817	5,405

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. The Group tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that goodwill may be impaired. The recoverable amount of the cash generating unit ("CGU"), which is the lowest level within the Group for which information about goodwill is monitored by internal management, is determined based on a value in use calculation which requires the use of cash flow projections based on approved financial budgets, which is extrapolated over a five year period. The growth rate used does not exceed the long-term average growth rate for the market in which the segment operates. The discount rate used reflects the Group's pre-tax weighted average cost of capital. Goodwill is maintained and monitored at the Group segment level.

Intellectual Property

Intellectual property acquired as part of a business combination is recognised separately from goodwill. The intellectual property assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

14b. Intangible assets – Other (continued)

Customer List

Customer relationships acquired as part of a business combination are recognised separately from goodwill. The customer relationships are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Development costs (WIP)

Costs that are directly associated with the development of software are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use or sell it
- It can be demonstrated how the software will generate future economic benefits
- Technical, financial and other resources necessary to complete the development of and sell the software are available.
- There is an ability to use or sell the software product
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditure that does not meet these criteria, which includes research activities and the expenditure on maintenance of computer software, is expensed as incurred.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

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, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Intangible assets have finite useful lives. 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 generally recognised in profit or loss. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the intangible asset from the date available for use.

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

Development costs: 3-4 years
Intellectual property: 10 years
Licenses: 10 years
Customer list: 7-10 years

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

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

14b. Intangible assets – Other (continued)

At 30 June 2019, the Group considers the operation of a single CGU, the lowest level for which information is available and monitored for internal management purposes is the consolidated Group. This reflects the management of assets and synergies across the Group and is consistent with the Group's segment reporting.

The recoverable amount of the single CGU, is based on value in use, estimated using discounted cash flows.

Management has performed sensitivity analysis and assessed reasonable key assumptions and has not identified any instances that could cause the carrying amount of the CGU, over which goodwill is monitored to exceed its recoverable amount. Key assumptions used in the estimation of the recoverable amount are set out below:

Post-tax discount rate per annum	12.9%
Pre-tax discount rate per annum	18.3%
Perpetuity growth rate	2.5%

Based on the cash flow projection of 5 years and including the terminal growth rate, management has performed sensitivity analysis and assessed reasonable changes for key assumptions and has not identified any instances that could cause the carrying amount of the single CGU over which goodwill is assessed to exceed the recoverable amount.

15. Trade and other payables

	2019	2018
(a) Trade payables	\$000	\$000
Trade payables	1,555	1,000
	1,555	1,000
	2019	2018
(b) Other payables	\$000	\$000
Accrued expenses	415	513
Other trade payables	724	1,459
Deferred consideration – Fatstax acquisition	1,935	-
	3,074	1,972
(c) Other non-current liabilities		
Deferred consideration – Zunos acquisition	1,798	-
Other	9	-
	1,807	-

Trade and other payables represent liabilities for services that remain unpaid at 30 June 2019 and arise when the Group is obliged to make a future payment in respect to the service agreement. They are usually settled on payment terms of 30 days.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

Deferred revenue	2019	2018
Current	\$000	\$000
Subscription and support	9,048	6,984
Product related professional services	63	319
	9,111	7,303
	2019	2018
Non-current	\$000	\$000
Subscription and support	499	1,789
Product related professional services	-	18
	499	1,807

The Group generally invoices customers in advance of the services through either upfront fees, annual, quarterly or monthly payments.

All amounts recognised relating to deferred revenue are assessed for current or non-current classification. Current deferred revenue is revenue that will be recognised over the twelve months to 30 June 2020 and reflects the value of the advance payments.

Provisions	2019	2018
	\$000	\$000
Current		
Employee benefits	488	380
	488	380
Non-current		
Employee benefits	64	48
	64	48
Reconciliation of carrying amounts at the beginning and end of	the period	
	2019	2018
	\$000	\$000
Balance at 1 July	428	449
Created during the period	600	131
Utilised / reversed during the period	(476)	(152)
Balance at 30 June	552	428

Employee benefits

Provision for employee benefits represent amounts payable for accrued annual leave and long service leave.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

18. Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Non-cancellable operating leases contracted but not recognised in the statement of financial position:

	2019	2018
	\$000	\$000
Within one year	809	546
After one year but not more than five years	600	418
More than five years		-
	1,409	964

The Group's operating leases mainly relate to office facilities with lease terms of between one and five years with an option to renew the lease at completion of the lease. Lease payments are increased every year to reflect market rentals.

Operating lease payments are recognised as an operating expense in the income statement on a straightline basis over the lease term.

Any lease incentives are recognised as a liability and amortised over the life of the lease term on a straight-line basis.

Operating lease expenses charged through the profit and loss for FY19 amounted to \$1,014,000 (2018: \$493,000).

Since the Group does not participate in the residual value of the building of the office that is rented, it was determined that substantially all the risks and rewards of the office are with landlord. As such, the Group determined that the leases are operating leases.

19. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument.

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value or amortised cost using the effective interest method.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

19. Financial instruments (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period within finance income and expense in profit or loss and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint arrangements as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument.

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value or amortised cost using the effective interest method.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period within finance income and expense in profit or loss and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

19. Financial instruments (continued)

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

20. Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated, so that the loss events that have occurred are duly considered.

The Group has recognised a liability measured at fair value at 30 June 2019 in relation to deferred consideration arising out of acquisitions made by the Group. Changes in the fair value of deferred consideration after the acquisition date are recognised in profit or loss. The effect on the Consolidated statement of profit or loss is due to unwinding of interest.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) 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 to sell. 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 the other assets in the CGU on a pro rata basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

21. Financial Instruments – Risk management

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

(i) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management determines concentration risk by geographic region.

The risk management committee has established a credit policy under which new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of between one and three months for its customers.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

As at 30 June 2019, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

	2019	2018	
	\$000	\$000	
USA	5,378	2,847	
United Kingdom (UK)	19	-	
Australia	108	123	
Europe	178	111	
Others	212	27	
	5,895	3,108	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

21. Financial Instruments – Risk management (continued)

(i) Credit risk (continued)

Trade and other receivables (continued)

As at 30 June 2019, the aging of trade and other receivables that were not impaired was as follows:

	2019	2018
	\$000	\$000
Neither past due nor impaired	2,994	1,063
Past due 1-30 days – not impaired	207	677
Past due 31-90 days – not impaired	868	405
Past due 91-120 days – not impaired	161	90
Past due greater than 120 days – not impaired	871	512
Past due greater than 120 days - impaired	794	361
	5,895	3,108

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

Cash and cash equivalents

The group held cash and cash equivalents of \$25,127,000 at 30 June 2019 (2018: \$23,782,000). The cash and cash equivalents are held with bank and financial institutions counterparties, which are rated AA- to AA+, based on Standard and Poor's ratings.

(ii) Liquidity risk

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

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

30 June 2019					
Non-derivative financial liabilities	Carrying amount \$000	3 months or less \$000	3 to 6 months \$000	6 to 12 months \$000	More than 12 months \$000
Trade and other payables	1,555	1,555	-	-	-
Provisions	552	488	-	-	64
Other liabilities	4,881	3,074	-	-	1,807
	6,988	5,117	-	-	1,871

30 June 2018	Carrying	3 months	3 to 6	6 to 12	More than
Non-derivative financial liabilities	amount \$000	or less \$000	months \$000	months \$000	12 months \$000
Trade and other payables	1,000	1,000	-	-	
Provisions	428	380	-	-	48
Other liabilities	1,972	1,972	-	-	-
	3,400	3,352	-	-	48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

21. Financial Instruments – Risk management (continued)

(iii) Market risk

Market risk is the risk that changes in market prices – such as 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 optimizing return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currencies of Group companies. The functional currency of the Group companies are primarily the US dollar (USD).

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 2019	USD \$000	GBP \$000	Euro \$000	Others \$000
Cash and cash equivalents	2,018	347	_	_
Trade and other receivables	3,772	11	110	201
Trade and other payables	(920)	(26)	_	_
Net statement of financial position exposure	4,870	332	110	201
30 June 2018	USD \$000	GBP \$000	Euro \$000	Others \$000
Cash and cash equivalents	3,141	61	_	-
Trade and other receivables	2,104	11	129	30
Trade and other payables	(2,990)	(194)	-	(8)
Net statement of financial position exposure	2,255	(122)	129	22

Currency risk - sensitivity analysis

The following significant exchange rate have been applied:

	Average rates		Year-end spot rate	
	2019	2018	2019	2018
USD	0.7156	0.7753	0.7013	0.7391
GBP	0.5527	0.5762	0.5535	0.5634

A reasonably possible strengthening (weakening) of the USD and GPB against all other currencies at 30 June would affect the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Effect in thousands of AUD	Profit or loss		Equity, net of tax	
30 June 2019	Strengthening	Weakening	Strengthening	Weakening
USD	748	(612)	524	42
GBP	67	(54)	47	(38)
30 June 2018				
USD	328	(269)	230	(188)
GBP	(13)	10	(9)	7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

21. Financial Instruments - Risk management (continued)

Interest rate risk

Given the short term and non-interest bearing nature of the Group's financial assets and liabilities, the Group is exposed to an insignificant risk arising from interest rate fluctuations.

22. Related parties

(i) Key Management Personnel

The Key Management Personnel are defined under AASB 124 Related Party Disclosures to include Non-Executive Directors, Executive Directors and those persons with authority and responsibility for planning, directing and controlling the activities of the Group for the year. For 2019 the KMP for the Group were as follows:

Tom Amos Independent Non-Executive Chairman Wayne Stevenson Independent Non-Executive director

John Scull Non-Executive Director

David Keane Chief Executive Officer and Executive Director

Key management personnel compensation

ey management personal compensation comprised the following:	2019	2018
	\$000	\$000
Short-term employee benefits	749	815
Post-employment benefits	7	19
Termination payment	-	40
Share based payments	-	-
	756	874

Short-term employee benefits

These amounts include fees paid to independent and executive Directors including salary and cash bonuses.

Post-employment benefits

Amounts of superannuation contributions during the financial year.

Share-based payments

Amounts of expense related to the equity-settled benefit schemes as measured by the fair value of the shares granted on grant date.

Transactions with key management personnel (KMP)

At 30 June 2019, there are no loans outstanding to / from KMP. (2018: \$Nil).

As at 30 June 2019, the Directors of the Company control 16.8% (2018: 29.21%) of the voting shares of the Company.

A number of Key Management Personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies. A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2019

22. Related parties (continued)

Parent entity and subsidiaries

The ultimate parent entity and the ultimate parent of the consolidated group is Bigtincan Holdings Limited.

Set below is a list of material subsidiaries of the Group:

Name		Principal place of business	Ownership interest 2019	Ownership interest 2018
Subsidi	iaries of Bigtincan Holdings Limited:			_
-	Bigtincan Mobile Pty Limited	AUS	100%	100%
-	Fatstax LLC	USA	100%	-
-	Zunos Technologes Pty Ltd	AUS	100%	-
Subsidi	iaries of Bigtincan Mobile Pty Limited			
-	BTC Mobility LLC	USA	100%	100%
-	Bigtincan UK Ltd	UK	100%	100%
-	BTCHubApp#41	AUS	100%	100%

Acquisition of Zunos

On 31 July 2018 the Group acquired 100% of the issued capital of Zunos Technologies Pty Limited ("Zunos") and its subsidiaries including Zunos Inc. The purchase price comprised:

- an up-front cash payment ("Initial Consideration") of \$3.25 million upon completion;
- a second earn-out payment ("Second Consideration") equal to 1.5 x Recurring Revenues from Zunos products and services earned during the period 1 July 2018 to 30 June 2019 less the Initial Consideration. The second earn-out payment cannot be negative; and
- a third earn-out payment ("Third Consideration") equals to 1 x Recurring Revenues from Zunos products and services earned during the period 1 July 2019 to 30 June 2020.

Both the Second and Third Considerations ("Deferred Considerations') will be satisfied by the payment of 50% cash and 50% fully paid ordinary shares in Bigtincan issued at a price equal to the 30 day VWAP prior to the date of issue, depending upon revenue delivered in the relevant period. The issue of shares as part of the deferred consideration will require the approval of shareholders under ASX Listing Rule 7.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

22. Related parties (continued)

The statement of financial position of the acquired entity, Zunos Technologies Pty Limited upon completion of the acquisition was as follows:

	Note	Fair value at acquisition date \$000
Trade and other receivables Fixed assets Other assets Trade and other payables Unearned revenue Other liability Deferred tax liability Identifiable intangibles		698 32 9 (45) (450) (274) (530)
- Software - Customer contracts and relationships Net identifiable assets acquired	14 14	1,210 557 1,207
Cash consideration Present value of the deferred consideration Fair value of consideration		3,250 1,619 4,869
Goodwill recognised on acquisition of Zunos Technologies Pty Ltd	14	3,663

The acquisition is expected to provide the Group with an increased share of the SaaS market through access to the Zunos customer base. The Group also expects to achieve economies of scale.

In the eleven-month period, from date of acquistion to 30 June 2019, Zunos contributed revenue of \$1,551,000 and loss of \$981,000 to the Group's results. If the acquisition had occurred on 1 July 2018, Management estimated that consolidated revenue would have been \$1,692,000 and consolidated loss for the period would have been \$1,070,000.

Acquisition of Fatstax LLC

On 21 November 2018 the Group acquired 100% of the shares and voting interests of Fatstax LLC. (Fatstax).

Consideration for the acquisition was all cash, funded from Bigtincan's cash reserves and consisted of:

- an upfront cash payment at completion of \$2.5 million
- a second and final payment based on the contracted annual recurring revenue as at the end of the first 6 month calendar period post completion as follows:
 - if contracted annual recurring revenue is equal to or greater than 100% but not greater than 120% of target (being the contracted annual recurring revenue as at completion), the second payment is \$1.7 million
 - if contracted annual recurring revenue is equal to or greater than 80% but less than 100% of target, the second payment is \$1.1 million
 - if contracted annual recurring revenue is greater than 120% of target, the second payment is \$2.0 million
 - if contracted annual recurring revenue is less than 80%, there is no second payment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2019

22. Related parties (continued)

		Fair value at acquisition date
	Note	\$000
Trade and other receivables		303
Fixed assets		1
Other assets		14
Trade and other payables		(67)
Unearned revenue		(716)
Other liability		(28)
Deferred tax liability		(455)
Identifiable intangibles		
- Software	14	1,243
- Customer contracts and relationships	14	274_
Net identifiable assets acquired		568
Cash consideration		2,468
Deferred consideration		1,935
Fair value of consideration		4,403
Goodwill recognised on acquisition of Fatstax LLC	14	3,835

The acquisition is expected to provide the Group with an increased share of the SaaS market through access to Fatstax's customer base. The Group also expects to achieve economies of scale.

In the seven-month, period from date of acquisition to 30 June 2019, Fatstax's contributed revenue of \$839,000 and profit of \$39,000 to the Group's results. If the acquisition had occurred on 1 July 2018, Management estimated that consolidated revenue would have been \$1,438,000 and consolidated profit for the period would have been \$67,000.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. Under the acquisition method, the business combination will be accounted for from the date that control is attained whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

The consideration transferred in the acquisition including any contingent consideration is generally measured at fair value as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Consolidated statement of profit or loss.

If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2019

23. Equity-settled share-based payment arrangements

Share-based payment with employees

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally 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 performance 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 the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share option plan

On April 16, 2014 the company adopted an Employee Share Option Plan (ESOP) pursuant to a resolution by the Board of Directors. The total number of Shares that may be issued under the Option Plan is 4,530,000. The number of Shares that may be issued under the Option Plan as Incentive Stock Options is 3,000,000. The Board may determine if, and the extent to which, an Eligible Employee or Advisor may participate in, or receive an offer under, the Option Plan. Each Option granted entitles the Participant to acquire or subscribe for and be allotted, credited as fully paid, one Share at the Exercise Price. Options granted under the Option Plan as incentive Stock options may only be granted to full time employees of BTC Mobility LLC. Under the terms of the Plan the Option granted is not capable of being transferred and any unvested or unexercised Options granted will automatically lapse on the cessation of the Participant's employment, except to the extent determined by the Board.

During FY 2019 options exercise prices ranged from \$0.07 to \$0.20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2019

23. Equity-settled share-based payment arrangements (continued)

Grant date/employees entitled	Number of Instruments	Vesting conditions	Contractual life of options
Options granted to key management	personnel		
On 12/05/2012	3,629,915	Service vesting condition	7 years
On 29/10/2012	266,906	Service vesting condition	7 years
On 18/06/2013	1,067,622	Service vesting condition	7 years
On 15/12/2013	189,503	Service vesting condition	7 years
On 16/05/2014	2,228,661	Service vesting condition	7 years
Total	7,382,607		
Options granted to employees/consu	Itants		
On 12/02/2012	160,143	Service vesting condition	7 years
On 21/07/2012	162,812	Service vesting condition	7 years
On 12/08/2012	10,676	Service vesting condition	7 years
On 15/09/2012	133,453	Service vesting condition	7 years
On 15/10/2012	266,906	Service vesting condition	7 years
On 21/10/2012	26,691	Service vesting condition	7 years
On 22/10/2012	13,345	Service vesting condition	7 years
On 15/11/2012	80,072	Service vesting condition	7 years
On 23/12/2012	106,762	Service vesting condition	7 years
On 15/03/2013	1,668	Service vesting condition	7 years
On 15/04/2013	133,453	Service vesting condition	7 years
On 09/06/2013	53,381	Service vesting condition	7 years
On 15/08/2013	13,345	Service vesting condition	7 years
On 15/09/2013	13,345	Service vesting condition	7 years
On 16/05/2014	1,265,132	Service vesting condition	7 years
On 19/03/2015	907,479	Service vesting condition	7 years
On 03/05/2015	220,864	Service vesting condition	7 years
On 14/05/2015	112,100	Service vesting condition	7 years
On 16/05/2015	40,036	Service vesting condition	7 years
On 16/05/2016	13,345	Service vesting condition	7 years
On 01/07/2016	40,036	Service vesting condition	7 years
On 12/09/2016	346,977	Service vesting condition	7 years
On 16/05/2016	399,024	Service vesting condition	7 years
Total	4,521,045	<u> </u>	,
Total Share Options at 30 June 2017	11,903,652		
On 12/09/2017	5,352,345	Service vesting condition	7 years
On 30/09/2017	604,502	Service vesting condition	7 years
Total Share Options at 30 June 2018	17,860,499		
On 10/12/2018	1,460,336	Service vesting condition	7 years
Exercised options	(581,735)		
Forfeited options	(212,000)		
Total Share Options at 30 June 2019	18,527,100		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

23. Equity-settled share-based payment arrangements (continued)

Measurement of fair values

The fair value of the employee share options (see 7 (a)) has been measured using the Black –Scholes formula and includes the following assumptions:

- expected volatility has been based on an evaluation of the historical volatility of at the company's share price
- compounded risk free interest rate was estimated based on an average rate of 10Y government bonds
- Number of years to exercise the options equals the contractual life of options
- Stock price is calculated based on the price of shares set by equity financing activities, taking into
 account the compound annual growth rate between the effective dates of these activities and
 actual grant dates of stock options

All the assumptions used are subject to annual review and adjustment to best reflect the fair value as per balance sheet date.

	Number of options 2019	Weighted average exercise price 2019 (in \$)	Number of options 2018	Weighted average exercise price 2018 (in \$)
Outstanding at 1 July	17,860,499	0.19	11,903,652	0.17
Forfeited during the year	(212,000)	-	-	-
Exercised during the year	(581,735)	-	-	-
Granted during the year	1,460,336	0.19	5,956,847	0.20
Outstanding at 30 June	18,527,100	0.18	17,860,499	0.19
Exercisable at 30 June	18,527,100	0.18	14,457,013	0.19
Expenses recognised in pr	ofit or loss		2019 \$000	2018 \$000
Share-based payments			301	313
			301	313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2019

23. Equity-settled share-based payment arrangements (continued)

Share-based payment with non-employees

On 24 March 2016, the Group entered into a warrant agreement with a channel partner. Under the terms of the agreement, the channel partner has the right to purchase up to 5% of shares of the Company when aggregate sales to channel partner customers exceed a specific revenue target within a 5 year period. In this circumstance the warrants will vest on achieving the condition. Alternatively, the warrants may vest and may be exercised if a certain event including a sale event occurs within 5 years. In this circumstance the proportion of warrants that will vest is based on when the sale event occurs. Warrants will become exercisable once they vest. As at 30 June 2019, no warrants have vested. As the design of the transaction is similar to a sales incentive and performance conditions are non-market performances, the fair value of goods or services received from the channel partner are measured indirectly with reference to the equity instrument granted.

On 18 December 2018, the Group entered into a warrant agreement with an advisory firm that has broad market expertise in capital markets. In accordance with the agreement the advisor is reasonably required to provide advisory services. In exchange for this, the Group has agreed to issue to the advisor, if the agreement is not terminated and services are provide to the Group, three tranches of options:

	Number of options 2019	Weighted average exercise price 2019 (in \$)	Number of options 2018	av exerc	ighted erage ise price 8 (in \$)
Outstanding at 1 July	-	-	-		-
Forfeited during the					
year					
Exercised during the year	-	-	-		-
Granted during the year	3,000,000	0.53	-		-
Outstanding at 30 June	3,000,000	0.53	-		-
Exercisable at 30 June	1,000,000	0.56	-		-
Expenses recognised i	in profit or loss			2019 \$000	2018 \$000
				φυυυ	φυυυ
Share-based payments	S			159	-

Tranche	Number of options	Exercise price	Vesting period	
1	1,000,000	\$0.49	Upon expiry of 12 months (from 18	
			December 2018)	
2	1,000,000	\$0.53	8 months (after 18 December 2018)	
3	1,000,000	\$0.56	4 months (after 18 December 2018)	

Measurement of fair values

As the design of the transaction is similar to a sales incentive and performance conditions are non-market performances, fair value of goods or services received from the channel partner are measured using Black-Scholes model with the assumptions:

- expected volatility has been based on an evaluation of the historical volatility of at the company's share price;
- compounded risk free interest rate was estimated based on an average rate of 10Y government
- number of years to exercise the options equals the contractual life of options; and
- stock price is calculated based on the price of shares set by equity financing activities, taking into
 account the compound annual growth rate between the effective dates of these activities and actual
 grant dates of stock options.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

24. Equity and reserves

(a) Share capital

Ordinary shares	2019	2018
	Number of shar	es (000's)
Shares at 1 July	219,197	176,340
New Shares issued	13,206	42,857
New shares issued to existing shareholders	29,528	-
Balance at 30 June	261,931	219,197
Movement in share capital – Ordinary Shares	2019	2018
	\$000	\$000
Balance at 1 July	49,770	35,560
Share issue proceeds	16,585	15,000
Directly attributable issue costs	(1,076)	(790)
Balance at 30 June	65,279	49,770

All shares rank equally with regard to Group's residential assets.

Ordinary shares

The Group does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of these shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

Incremental costs directly attributable to the issue of ordinary share, net of any tax effects, are recognised as a deduction from equity.

(b) Nature and purpose of reserves

(i) Share based payment reserve

Share-based payment reserve comprises the fair value of share options and recognised as an expense. Upon exercise of options, any proceeds received are credited to share capital. The share-based payment reserve remains as a separate component of equity.

(ii) Foreign currency translation reserve

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

25. Parent entity disclosures

As at and throughout the financial year ended 30 June 2019, the parent entity of the Group was Bigtincan Holdings Limited.

	2019	2018
Results of parent entity	\$000	\$000
Profit/(loss) for the year	(3,035)	(4,133)
Total comprehensive income for the year	(3,035)	(4,133)
Financial position of the parent entity at year end:		
Current assets	21,140	20,321
Total assets	31,265	21,031
Current liabilities	223	121
Total liabilities	223	121
Total equity of parent entity comprising of:		
Share capital	65,279	49,770
Share based payment reserve	4,412	3,952
Accumulated losses	(35,847)	(32,812)
Total equity	33,844	20,910

26. Contingencies and commitments

The directors are of the opinion that provisions are not required in respect of contingencies, as it is not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

27. Auditors remuneration

Fees payable or paid for services provided by KPMG as the Company's auditor during the year were:

	2019	2018
	\$000	\$000
Audit fees	193	152
	193	152

28. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

29. Subsequent events

Subsequent to the end of financial year, the Group:

- Agreed to acquire the assets of Veelo, Inc for a consideration comprising all cash payments totalling \$2.5m and the assumption of normal associated liabilities.
- Agreed to acquire Asdeq Labs Pty Ltd for approximately \$490,000 (less debt and subject to a working capital adjustment).
- Entered into a binding stock purchase agreement with Xinnovation, Inc for a consideration comprising all cash payments totalling \$7.4m and issue of ordinary shares with a value of \$3.7m.
- Undertook a capital raising of \$20m to help fund the purchase of Xinnovation, Inc.

BIGTINCAN HOLDINGS LIMITED DIRECTORS DECLARATION For the year ended 30 June 2019

- 1. In the opinion of the directors of Bigtincan Holdings Limited ("the Company"):
 - a. The consolidated financial statements and notes that are set out on pages 24 to 59 and Remuneration Report set out on pages 15 to 22 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 2019 and of its performance, for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b. There are reasonable grounds to believe that the Company 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 2019.
- 3. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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Signed in accordance with a resolution of the directors:

Dated at Sydney, 30th day of September, 2019.

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Tom Amos Wayne Stevenson Chairman Director



Independent Auditor's Report

To the shareholders of Bigtincan Holdings Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the *Group*'s financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

The Financial Report comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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



Key Audit Matters

The **Key Audit Matters** we identified are:

- Revenue recognition; and
- Acquisition accounting.

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

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

Revenue recognition

Refer to Note 4 (a) to the Financial Report (\$19.9m)

The key audit matter

The group generates revenue from selling subscriptions and support services to customers for accessing its cloud-based application (Bigtincan Hub) and from other product related professional services.

Our audit attention focused on revenue recognition across these services due to its importance and significance to shareholders. The Group has incurred losses over a number of financial years and has also incurred a loss in the current financial year. Therefore, revenue is seen as the key performance indicator and consequently, it necessitated greater involvement of the audit team and a high portion of audit effort was applied to gather sufficient audit evidence.

In addition, AASB 15 Revenue, a new Accounting Standard was introduced and was effective for the Group from 1 July 2018. Audit effort was focused on ensuring that customer contracts were appropriately accounted for under AASB15.

How the matter was addressed in our audit

Our procedures included:

- We examined the Group's revenue recognition policies for each type of service for consistency with the requirements of AASB 115 Revenue.
- We identified and tested, on a sample basis, the key internal controls surrounding each revenue stream. The key control was in relation to approval of customer invoicing, and matching the term of subscription period and the type of service against customer agreements and/or purchase orders.
- We tested statistical samples of revenue transactions during the year, from each revenue stream, by checking them to underlying records and inspecting the terms and conditions of the associated signed customer contract for consistency to the Group's timing and measurement of revenue recognition.
- We recalculated the amount of revenue to be recognised for the financial year and the amount of revenue to be deferred as at balance date for a sample of revenue transactions. We assessed this with specific reference to the period over which the service is provided, obtained from the invoice issued to the customer based on the purchase orders and compared this to the amount recorded by the Group.



Key Audit Matters (continued)

Accounting	for acquire	d businesses

Refer to Note 22 to the Financial Report

The key audit matter

The accounting for acquired businesses is a key audit matter due to the size of the transactions and the level of judgement in the calculations.

The key areas of judgment included:

- determination of the purchase consideration;
- identification of acquired intangible assets, such as customer contracts and software;
- the assumptions and estimates used when performing intangible asset valuations; and
- the fair value of any contingent consideration.

How the matter was addressed in our audit

Our procedures included:

- Obtaining the Purchase Agreement to understand the structure, key terms and conditions and nature of certain payments. We evaluated the accounting treatment of the acquisition consideration against the criteria in the Accounting Standards to determine whether the acquisition had been appropriately accounted for.
- We tested acquisition date opening balances and checked to underlying documentation including assessment of fair values as at acquisition date.
- Working with our valuation specialists, we reviewed the Group's valuation of identifiable intangible assets and useful life estimates.
- Assessing the mathematical accuracy of the Group's calculation of goodwill arising on acquisition.
- Assessing the appropriateness of the business combination disclosure in the financial statements.



Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

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

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Bigtincan Holdings Limited for the year ended 30 June 2019, complies with Section 300A of the Corporations Act 2001.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 15 to 22 of the Directors' report for the year ended 30 June 2019.

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

VIIIV

KPMG

Malcolm Kafer

Partner

Sydney

30 September 2019

ASX Information

Substantial shareholders

The substantial shareholders (greater than 5%) as at 17th September 2019 were:

	No Shares	%
NATIONAL NOMINEES LIMITED	41,735,430	15.93
MRS LAI SUN KEANE	24,335,713	9.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,375,261	9.31
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	22,684,816	8.66
JENSEN COHEN HOLDINGS PTY LTD <jensen a="" c="" cohen="" superfund=""></jensen>	13,886,823	5.30

Distribution of shareholders as at 17th September 2019

Range of Holding	Holders	Shares
1-1,000	77	38,228
1,001-5,000	1,143	3,243,893
5,001-10,000	600	4,648,462
10,001 - 100,000	1,000	30,770,841
100,001 - over	150	223,229,797
	2,970	261,931,221

Shareholders with less than a marketable parcel -15

Voting Rights

Each fully paid ordinary share carries voting rights of one vote per share.

Twenty Largest Shareholders as at 17th September 2019 – 73.72%

	Number of Shares	Percentage of capital held
NATIONAL NOMINEES LIMITED	41,735,430	15.93
MRS LAI SUN KEANE	24,335,713	9.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,375,261	9.31
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	22,684,816	8.66
JENSEN COHEN HOLDINGS PTY LTD <jensen a="" c="" cohen="" superfund=""></jensen>	13,886,823	5.30
UBS NOMINEES PTY LTD	11,127,857	4.25
SBCVC FUND IV PTE LTD <co #="" 201115559c="" a="" c=""></co>	9,210,380	3.52
SOUTHERN CROSS IIF TRUSCO PTY LTD <sthn a="" c="" cross="" cwealth="" iif=""></sthn>	9,210,380	3.52
CS THIRD NOMINEES PTY LIMITED < HSBC CUST NOM AU LTD 13 A/C>	7,166,867	2.74
BNP PARIBAS NOMINEES PTY LTD <ib au="" drp="" noms="" retailclient=""></ib>	5,800,652	2.21
BNP PARIBAS NOMS PTY LTD <drp></drp>	4,232,819	1.62
CITICORP NOMINEES PTY LIMITED	3,748,680	1.43
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,091,277	1.18
AOTEAROA INVESTMENT COMPANY PTY LIMITED <roberts a="" c="" investment="" no2=""></roberts>	2,503,006	0.96
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,220,169	0.85
GINGA PTY LTD <t a="" c="" fund="" g="" klinger="" super=""></t>	1,943,830	0.74
EQUITAS NOMINEES PTY LIMITED <pb-600853 a="" c=""></pb-600853>	1,926,191	0.74
ANTHONY TURCO	1,601,438	0.61
MR ANDREW BERMAN	1,388,605	0.53
GINGA PTY LTD <tg a="" c="" klinger="" superfund=""></tg>	900,472	0.34
TOTAL	193,090,096	73.72

CORPORATE DIRECTORY

<u>Directors</u> <u>Auditors</u>

Tom Amos (Chairman) KPMG
Wayne Stevenson Level 38
David Keane Tower Three
John Scull 300 Barangaroo Avenue
Sydney NSW 2000

Company Secretary Solicitors

Mark Ohlsson Dentons

16/77 Castlereagh Street Sydney NSW 2000

Registered Office Share Registry

Level 20, 320 Pitt Street Computershare Investor Services Pty Limited Sydney NSW Australia 2000

Head Office Website address

Level 20, 320 Pitt Street http://www.bigtincan.com.au Sydney NSW 2000

Country of Incorporation

Bigtincan Holdings Limited is domiciled and incorporated in Australia.

Stock Exchange Listing

Bigtincan Holdings Limited is listed on the Australian Securities Exchange. ASX Code BTH