

maestrano

Annual Report and Financial Statements
For the year ended 30 June 2019



Company number 11098701
(England and Wales)

CONTENTS

	<u>Page</u>
CORPORATE DIRECTORY	2
STRATEGIC REPORT	3
CORPORATE GOVERNANCE	9
DIRECTORS' REPORT	10
DIRECTORS' RESPONSIBILITIES STATEMENT	13
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAESTRANO GROUP PLC	14
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	20
CONSOLIDATED BALANCE SHEET	21
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	22
CONSOLIDATED STATEMENT OF CASH FLOWS	23
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	24
COMPANY BALANCE SHEET	53
COMPANY STATEMENT OF CHANGES IN EQUITY	54
NOTES TO THE COMPANY FINANCIAL STATEMENTS	55

CORPORATE DIRECTORY

Directors	Ian Buddery – <i>Non-Executive Chairman</i> Andrew Pearson – <i>Executive Director and Chief Executive Officer</i> John Davis – <i>Independent Non-Executive Director</i> Jonathan Macleod – <i>Independent Non-Executive Director</i> Stephane Ibos – <i>Non-Executive Director</i>
Company number	11098701 (England and Wales)
Registered office	10 John Street London WC1N 2EB United Kingdom
Head office	Suite 504, 46-48 Market Street Sydney NSW 2000 Australia
Share register	Computershare Investor Services plc The Pavilions, Bridgwater Road Bristol BS13 8AE United Kingdom
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom
Solicitors	Memery Crystal LLP 165 Fleet Street London EC4A 2DY United Kingdom
Nominated adviser	Grant Thornton UK LLP 30 Finsbury Square London EC2P 1AG United Kingdom
Corporate broker	Arden Partners plc 125 Old Broad Street London EC2N 1AR United Kingdom
Website	www.maestrano.com

STRATEGIC REPORT

The directors present their strategic report on the consolidated entity (referred to hereafter as the 'Group') consisting of Maestrano Group plc (referred to hereafter as the 'Maestrano', 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

The strategic report includes the following sections:

1. Chairman's statement
2. Review of operations by the chief executive officer
3. Principal risks and uncertainties
4. People

Cautionary statement regarding forward-looking statements

This document contains certain forward-looking statements. These forward-looking statements include references to matters that are not historical facts or are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Group operates. Forward-looking statements are based on the information available to the directors at the time of preparation of this document, and will not necessarily be updated subsequent to the issue of this document. The directors can give no assurance that these expectations will prove to be correct. Due to inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

Principal activities

Maestrano is a United Kingdom ('UK') incorporated software company with operations in Australia (main country of operation), Japan and the UK. Maestrano offers a patented cloud-based platform for master data management and business analytics, together with specialist hardware and software for capturing, analysing and reporting on large datasets within the transport sector, employing sophisticated artificial intelligence algorithms.

STRATEGIC REPORT (continued)

1. CHAIRMAN'S STATEMENT

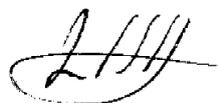
The financial year 2018-19 was characterized by 10 months of strong execution and delivery in line with both our business plan and market expectations, followed by the unexpected news that our major US bank customer had decided to focus on other areas of its technology and close their Maestrano driven platform.

Revenue for the year was down by 7% compared to 2017-18 but was close to market expectations and our business plan. Expenses were driven by the requirements of the contracts we held through the year, and as such were also in line with our business plan. From May onwards the Company moved to curtail headcount and expenses significantly as we began to review strategy and future options.

I would like to express the board's appreciation for the exceptional dedication and hard work of our teams around the world in delivering a live and scalable data management and data sharing solution for one of the world's leading banks. We can be proud of what we achieved in product and technology terms.

On 23 September 2019, the Group announced the signing of a sale and purchase agreement to acquire, subject inter alia to Shareholder consent, the entire issued share capital of Airsight Holdings Pty Ltd ("Airsight"). Airsight offers engineering surveying services with digital recording devices and a reason for the acquisition was that the Airsight software performs a similar function to that of Maestrano, capturing, analysing and reporting on large datasets within the transport sector, but with the addition of sophisticated artificial intelligence algorithms. On 31 October 2019, our Shareholders approved the acquisition. A copy of the circular convening the general meeting at which the acquisition of Airsight was approved can be found on the investor section of the Company's website, www.maestrano.com.

The board has confidence in the long-term outlook for shareholder value, based on progress achieved by Airsight since the acquisition.



Ian Buddery
Chairman

27 November 2019

STRATEGIC REPORT (continued)

2. REVIEW OF OPERATIONS BY THE CHIEF EXECUTIVE OFFICER

Maestrano Group Plc (“the group”) provides a Master Data Management Platform that enables medium to large enterprises to offer a differentiated service to their SMB customers, who benefit from data sharing between existing popular Cloud applications and the Enterprise’s services, together with custom data analytics, thus increasing customer engagement and business volume.

Maestrano was able to make good progress throughout the majority of year to 30 June 2019 until the point that our major US banking customer elected to focus on other areas of its technology and accordingly took the decision to close their Maestrano driven platform.

Overview of results

Revenue for the year was close to market expectations, following the Company taking a cautious view of outlook in prior trading statements.

GBP 000's	FY19	FY18	Change
Total revenue	905	977	(7%)
Gross margin	529	794	(33%)
Expenses (other than direct costs, depreciation and amortisation, IPO costs and finance costs)	3,555	2,241	(59%)
Loss before tax	(2,680)	(1,929)	39%

Maestrano signed a multi-phase contract with a major USA bank in December 2017 for a platform roll out that was intended eventually to reach all of its 4 million small to medium business (“SMB”) customer base. The platform was successfully delivered and taken live in November 2018, a major achievement for a small company working with such a prestigious, large and very well-known US bank.

The majority of the revenue for year emanated from the major USA bank contract, with revenues also being gained from a contract with an Australian bank, which, as announced, also ended subsequently to the end of the financial year. Revenues from the company’s two other active contracts were less than 10% of revenue during the year.

The company recruited for sales, engineering and customer support specialists to service these contracts, incurring the expected significant expenses as a result. The teams in place performed very strongly throughout the year and leading up to the decision taken by the US bank in May 2019. The losses for the year were in line with expectations and were required to enable contracts with previously expected future revenues to be serviced.

Ongoing operations

The Company operated from offices in London, Sydney and New York City. Following the decision taken by the major US bank in May the company significantly reduced headcount and expenses to conserve cash, closed the London office on the expiration of lease in June 2019, and subsequently also ceased operations in New York following the end of the financial year. As of 30 June 2019, the Company had cash and receivables totalling £2,739,986.

Outlook

The Company spent significant time and effort from May 2019 onwards and into the subsequent financial period assessing its strategy and generating various options, as well as seeking to conserve cash, and accordingly investors should note that the revenue and profit outlook for the year to 30 June 2020 is largely subject to events occurring after the end of the year to 30 June 2019 and in particular the acquisition of Airtight that was approved by shareholders on 31 October 2019. It is noted that revenue from the US bank continued beyond 30 June 2019 but will cease during the year ending 30 June 2020.



Andrew Pearson
Chief Executive Officer

27 November 2019

STRATEGIC REPORT (continued)

3. PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's growth strategies are subject to a number of risks which could adversely affect the Group's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the Group, but those considered by management to be the principal risks:

Risks relating to the Group and the industry in which it operates

Dependence on major clients

The Group's future growth relies on new sales to rail and road network owners in multiple countries. These owners typically have complex procurement arrangements which include product trials and competitive tenders. This risk is mitigated by the Group's plan to enter into reseller agreements with Engineering Consulting firms, who will in effect become the clients.

Business strategy

Although the Group has a clearly defined strategy, there can be no guarantee that its objectives will be achieved or that the Group will achieve the level of success that the Company's directors expect. Therefore, the Group may decide to change aspects of its strategy as needed. The Group's ability to implement its business strategy successfully may be adversely impacted by factors that the Group cannot currently foresee, such as unanticipated market forces, costs and expenses or technological factors. Should it be unsuccessful in implementing its strategy or should it take longer than expected to implement, the future financial results of the Group could be negatively impacted. This risk is mitigated by the continual review of the business performance to its plan and that changes are made to ensure the Group has sufficient liquidity to pursue its current plan.

Technological changes

Generally, product markets are exposed to rapid technological change, changes in use, changes to customer requirements and preferences, and services employing new technologies and the emergence of new industry standards and practices. The Group operates in a market with such changes which have the potential to render the Group's existing technology and products competitively impaired.

To successfully remain competitive, the Group will ensure continued product improvement, and the development of new markets and capabilities to maintain a pace congruent with changing technology. This added strain may stretch the Group's capital resources which may adversely impact the revenues and profitability of the Group. The Group's success is dependent on the ability to effectively respond and adapt to technological changes and changes to customer preferences. There can be no assurance that the Group will be able to effectively anticipate future technological changes or changes in customer preferences. Furthermore, there is also no assurance that the Group will have sufficient financial resources to effectively respond in a timely manner if such a change is anticipated.

Competition

There is no guarantee against new entrants or current competitors providing superior technologies, products or services to the market. There is no certainty that new entrants or current competitors will not provide equivalent products for a lower price. The Group may be forced to make changes to one or more of its products or to its pricing strategy to effectively respond to changes in customer preferences in order to remain competitive. This may impact negatively on the Group's financial performance. The Group will continue to review its competitive position and adjust its business plan to maintain relevance to its customer's requirements.

Inability to contract with customers on the most favourable terms to the Group

The Group contracts with a wide variety of companies and partners, many of which are in strong negotiating positions and have greater financial resources than the Group. The Group may in the future have limited scope for negotiation of the price or contract terms with its some of its major clients.

STRATEGIC REPORT (continued)

The Group's software may not perform as expected and the Group could be at risk of defects which adversely affect its customers

There is no guarantee that the Group's platforms will perform as intended. Costs spent on developing the Platform may therefore not be recouped and this may result in reduced profitability for the Group. As the Group's platforms are complex, they may contain defects or vulnerabilities which may not be detected until after its deployment to major customers. To mitigate this risk the Group has implemented applicable internal code review and testing processes. The software is then subject to customer acceptance testing and an ongoing high level of technical support.

Data security and data privacy

The Group is subject to data and privacy regulations, particularly General Data Protection Regulation ('GDPR'). Failure to comply with legal or regulatory requirements relating to data security or data privacy in the course of the Group business activities, results in reputational damage, fines or other adverse consequences, including criminal penalties and consequential litigation, adverse impact on the Group's financial results or unfavourable effects on the Group's ability to do business. To mitigate this risk the Group has implemented policies and processes to ensure data is held securely and privacy is maintained.

Dependence on key executives and personnel

The Group is dependent on a small number of key executives. In addition, the future performance of the Group will, to some extent, be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team. Such key executives are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers. The failure to appoint or retain such people could adversely affect the Group.

Ability to recruit and retain skilled personnel

The Group believes that it has the appropriate incentive structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Group. However, any difficulties encountered in hiring appropriate employees and the failure to do so, or a change in market conditions that renders current incentive structures ineffective, may have a detrimental effect upon the trading performance of the Group. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.

Financial controls and internal reporting procedures

The Group's future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations. The Group mitigates this through the implementation of internal controls as well as the review of monthly financial performance by the Board.

Economic uncertainty

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on demand for the Group's products. A more prolonged downturn may lead to an overall decline in sales. Economic uncertainty might have an adverse impact on the Group's operations and business results. To mitigate this risk the Group will monitor both the Group's performance and general market conditions on a monthly basis. The Group will also maintain adequate liquidity to sustain short term fluctuations in market conditions.

Brexit

Brexit is the withdrawal of the UK from the European Union ('EU'), following a referendum held in 2016. Failure to prepare for the UK's departure from the EU causes disruption to and creates uncertainty around the Group's business including: the ability to recruit; as well as impacting the Group's relationships with existing and future customers, suppliers and colleagues. These disruptions and uncertainties could have an adverse effect on the Group's business, financial results and operations. Given the vast majority of the Group's operations were outside UK and indeed the EU and similarly those of Aights the recent new acquisition are as well, the directors do not believe Brexit will have a significant impact on the Group.

STRATEGIC REPORT (continued)

4. PEOPLE

Equal opportunity

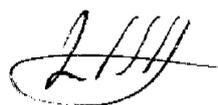
The Group is committed to an active equal opportunities policy. It is the Group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the Group.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate re-training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Ian Buddery
Chairman

27 November 2019

CORPORATE GOVERNANCE

The directors acknowledge the importance of high standards of corporate governance and intend, given the Group's size and the constitution of the Board, to comply with the principles set out in the QCA Corporate Governance Code published by the Quoted Companies Alliance in April 2018 (the 'QCA Code') and, where it does not comply with any of its recommendations, to explain the reasons therefor.

In the Board's opinion, the Group currently complies with the ten principles of the QCA Code which, together, are designed to deliver growth, maintain a dynamic management framework and build trust. As the Group expands, the Board will review its corporate governance framework and will consider adoption of additional principles and practices including from the UK Corporate Governance Code 2018 published by the Financial Reporting Council (the 'UK Corporate Governance Code').

Read more in our Corporate Governance Statement of Compliance with the QCA Corporate Governance Code at the following website link: <https://maestrano.com/wp-content/uploads/2018/09/Maestrano-Statement-of-QCA-compliance.pdf>

On behalf of the directors



Ian Buddery
Chairman

27 November 2019

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Maestrano Group plc (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The following persons were directors of Maestrano Group plc since incorporation on 6 December 2017 and up to the date of this report, unless otherwise stated:

Ian Buddery Non-Executive Chairman

Andrew Pearson (appointed 3 December 2018) Executive Director and Chief Executive Officer

John Davis Independent Non-Executive Director

Jonathan Macleod Independent Non-Executive Director

*Stephane Ibos Non-Executive Director **

Craig Holden (resigned 23 August 2019) Executive Director and Chief Financial Officer

Nick Smith (appointed 6 November 2019) Executive Director and Vice President Global Sales

* Stephane Ibos resigned as an Executive Director and Chief Executive Officer and became a Non-Executive Director during the year.

Ian Buddery, aged 62 – Non-Executive Chairman

Ian has extensive public company experience and a long background in the telecommunications and financial services industries in both international and local markets. Ian has founded multiple companies; obtained venture capital and angel funding, performed two IPOs, six acquisitions and two significant trade sales. Ian was the founder, CEO and Executive Chair of eServGlobal, founded in 1991 and listed on the Australian Securities Exchange ('ASX') in 2000 and the AIM in 2004. (LSE: ESG).

Ian was appointed a Director of Maestrano Pty Ltd in October 2013.

Andrew Pearson, aged 57 – Executive Director and Chief Executive Officer

Andrew is a seasoned CEO who successfully scaled global a cloud software company in the US, EMEA and APAC markets, achieving a ten-fold increase in recurring subscriber US\$ revenue. Prior to this he achieved similar results at Intralinks, a SaaS vendor of information exchange solutions and prior to Maestrano was CEO of AIM listed Lightwave (LSE AIM: LWRF).

Andrew was appointed as Managing Director of Maestrano Pty Ltd on 3 December 2018.

John Davis, aged 50 – Independent Non-Executive Director

John has been working with banks and SMBs for nearly 20 years. Based in London, John was the Marketing and Product Director for Barclays Business from 2005-2010 before setting out on an entrepreneurial career as the co-owner and Managing Director of Business Centric Services Group Limited, an award winning, high growth business, helping banks and telecommunication companies to enhance their digital engagement with and propositions for small and medium sized businesses. He also acted as Chair and co-owner of two other London based FinTech start-ups. John completed the sales of all three of these companies during 2016 and 2017.

Jonathan Macleod, aged 62 – Independent Non-Executive Director

Jonathan is a practising Chartered Accountant and Financial Adviser with over 30 years of experience in the Financial Services and Software industries in both NZ and Australia. He has held senior executive positions within the National Bank of NZ and Rabobank Australia/NZ. Jonathan was the Chief Financial Officer of ASX listed company eServGlobal from 2008 to 2010.

Stephane Ibos, aged 34 – Non-Executive Director

Stephane is qualified in Engineering, Programs and Business Management. Previously a Business Unit manager for Thales Australia, Stephane has had full responsibility for a business division and large program teams, with large scale projects and budgets in the government and defence sectors. Stephane has a Master's degree in Engineering from the Grande Ecole Telecom ParisTech.

Stephane is the co-founder of Maestrano and has been a Director of Maestrano Pty Ltd since August 2011.

DIRECTORS' REPORT (continued)

Nicholas Smith aged 34, Executive Director and Vice President Global Sales

Following the acquisition of Airsight, Nick Smith was appointed a director of the Company on 7 November 2019. Nicholas co-founded Airsight Australia in 2012 and operated as 'Chief Pilot' for 4 years. Nicholas has extensive experience in technology services, hardware, drones, sales, marketing and strategic business development and has proven his ability to lead and operate a diverse, geographically dispersed technical and operational team.

Craig Holden, aged 55 – Executive Director, Chief Financial Officer and Company Secretary

Craig is an experienced Chief Financial Officer, with over 20 years' experience in rapidly growing, technology businesses that address global markets. These businesses cover a number of industry sectors including mining, communications, enterprise software, wholesale distribution and industrial systems and services.

Craig joined Maestrano as Chief Financial Officer in July 2016 and resigned on 23 August 2019.

Principal activities

Information on the Group's principal activities are disclosed in the strategic report.

Results and dividends

The loss for the Group after providing for income tax and non-controlling interest amounted to £2,679,754 (30 June 2018: £1,948,703).

No dividend has been paid during the financial year and the directors do not recommend a final dividend in respect of the year ended 30 June 2019 (30 June 2018: £nil).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are given in the strategic review and this directors' report. In addition, the notes to the financial statements include details on the Group's borrowing facilities and its objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with a member base split across different geographic areas. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance and the newly acquired business, show that the Group should be able to operate for the foreseeable future with the current working capital. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Matters subsequent to the end of the financial year

On 28 August 2019 the company announced an Australian banking customer would not proceed with a custom platform, The projected subscriber income from the platform was not a significant part of Maestrano's revenue forecast and accordingly this change of itself would have a minimal impact on revenue outlook for the next financial year.

On 23 September 2019, the Group announced the signing of a sale and purchase agreement to acquire, subject inter alia to Shareholder consent, the entire issued share capital of Airsight Holdings Pty Ltd ("Airsight"). Airsight offers engineering surveying services with digital recording devices and a reason for the acquisition was that the Airsight software performs a similar function to that of Maestrano, capturing, analysing and reporting on large datasets within the transport sector in this case, but with the addition of sophisticated artificial intelligence algorithms. On 31 October 2019, the Shareholders approved the acquisition and the issue of up to 73,383,375 new shares in Maestrano Group plc. The purchase price allocation exercise is not yet complete and therefore more detailed business combination disclosures cannot be made at this stage.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' REPORT (continued)

Likely future developments

Information on likely future developments of the Group are disclosed in the strategic report.

Financial instruments

Information on the Group's financial instruments are disclosed in the strategic report and note 24 to the financial statements.

Charitable and political donations

No charitable or political donations were made during the financial year.

Disabled employees

Due to the size of the Group, no formal policy for the employment of disabled persons has been established. However the Group gives full consideration to employment applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

Indemnity of directors

The Company has indemnified the directors of the Company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Substantial shareholdings

There were no substantial shareholders in the Company, as defined in the AIM Rules for Companies, as at 30 June 2019. Nick Smith and Aaron Hoyer, co-founders of Airsight, became substantial shareholders in the Company following the acquisition of Airsight.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Ernst & Young LLP was appointed auditor during the financial year and pursuant to section 487 of the Companies Act 2006 will be deemed to be re-appointed and therefore continue in office.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Ian Buddery
Chairman

27 November 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulation.

UK Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and financial statements of the Company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and the profit or loss of the Group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union and applicable United Kingdom Accounting Standards have been followed for the Group and the Company respectively, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Ian Buddery
Chairman

27 November 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAESTRANO GROUP PLC

Opinion

In our opinion:

- Maestrano Group plc's group financial statements (the 'Group') and parent company (the 'Company') financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2019 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Maestrano Group plc which comprise:

Group	Parent company
Consolidated balance sheet as at 30 June 2019	Balance sheet as at 30 June 2019
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 17 to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 34 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> • Revenue recognition arising as a result of inappropriate cut off via manipulation of deferred revenue. • Going concern
Audit scope	<ul style="list-style-type: none"> • We performed an audit of the complete financial information of all 3 components. • The components where we performed full or specific audit procedures accounted for 100% of Profit before tax, 100% of Revenue and 100% of Total assets.
Materiality	<ul style="list-style-type: none"> • Overall group materiality of £78k which represents 2% of operating expenses

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Revenue recognition <i>Refer to the Accounting policies (page 24); and Note 5 of the Consolidated Financial Statements (page 35)</i></p> <p>The group recorded revenue of £905,400 (2018: £977,106).</p> <p>There is a risk of a cut-off error or manipulation of the timing of revenue recognised at or near year-end through the manipulation of deferred revenue balances.</p>	<ul style="list-style-type: none"> • We tested cut-off has been applied appropriately at the 30 June 2019 year-end by selecting every transaction recognised as revenue in June and July 2019 and ensuring that any revenue had been recognised in the appropriate period by agreeing to supporting documentation such as contracts and agreements; • We tested a sample of journal entries posted to implementation revenue to establish whether a service had been provided in the financial year to support the revenue recognised; • We tested the amounts included in the accrued revenue and deferred revenue balances at 30 June 2019 by agreeing to contracts and agreements and assessing value base on stage of completion with reference to costs incurred and the total costs estimated for each contract selected; 	<p>Based on the procedures performed, we concluded that the revenue recorded for the year ended 30 June 2019 is materially correct.</p> <p>We were satisfied with the disclosures in the Annual Report and financial statements.</p>

INDEPENDENT AUDITOR'S REPORT (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition (continued)	<ul style="list-style-type: none"> • We tested a sample of key items for each revenue stream by agreeing revenue recognised to source documentation including contracts and agreements (to assess valuation) and to bank statements for evidence of receipt of cash; • We performed an analytical review of major revenue contracts, including analysis of forecasts, management reporting, as well as enquiries with individuals outside of the finance function; and • We checked disclosures in the Annual Report and financial statements. 	
<p>Going Concern</p> <p><i>Refer to the Accounting policies (page 25)</i></p> <p>The group recorded a net loss for 2019 of £2,691,754.</p> <p>Following the decision during the year of the group's major US banking customer to focus on other areas of its technology, the Directors chose to suspend the Maestrano driven platform.</p> <p>There is a risk that following the suspension of the platform, being the main revenue generator, that the company does not have sufficient funds to meet its debts as they fall due for the foreseeable future.</p>	<ul style="list-style-type: none"> • We inspected management's going concern assessment and challenged management's forecast assumptions, particularly in respect of costs and outflows of cash across the period to June 2021. • We confirmed the cash balance at year end and inspected post year end bank statements to assess use of funds against forecasted run rate; • Following the acquisition by the group subsequent to year-end of Airsight Holdings Pty Limited we inspected the updated going concern assessment and challenged management's forecasts regarding the acquired business's cash flows in the foreseeable future including forecasts of revenue and costs; • We inspected a sample of supporting documentation including contracts and agreements supporting forecasted revenue; • We re-performed management's sensitivity analysis and also performed a stress test on the going concern assessment; • We performed management inquiries, obtained supporting documentation and performed a reasonability check on the mitigating actions available to management; and • We assessed the appropriateness of the going concern disclosure in the Annual Report and financial statements. 	<p>Based on our audit procedures we concurred with management's conclusion that it is appropriate to apply going concern basis in preparing the consolidated financial statements at 30 June 2019.</p> <p>We were satisfied with the disclosures in the Annual Report and financial statements.</p>

INDEPENDENT AUDITOR'S REPORT (continued)

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the four reporting components of the Group, we selected all components covering entities within Australia, United States of America and the United Kingdom, which represent the principal business units within the Group.

Of the three components selected, we performed an audit of the complete financial information of all components ("full scope components") which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 100% of the Group's loss before tax, 100% of the Group's revenue and 100% of the Group's total assets.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £78,000 (2018: £48,000), which is 2% (2018: 2%) of operating expenses. We believe that operating expenses provides us with the most appropriate basis for materiality as the Group is primarily focused on managing its operating expenditure. This best reflects how successful the Group is in investing the amounts received and in its future growth and strategy.

During the course of our audit, we reassessed initial materiality and no changes were made to materiality from original assessment at planning.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2018: 75%) of our planning materiality, namely £39,000 (2018: £36,000). We have set performance materiality at this percentage due to the magnitude prior year misstatements identified throughout the audit and corrected by management. Through this, we set an expectation of appropriate performance materiality to capture potential misstatements in the current year.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on total performance materiality. This was assessed on a consolidated basis and not disaggregated for individual components.

INDEPENDENT AUDITOR'S REPORT (continued)

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £3,900 (2018: £2,400), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 3 to 13 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

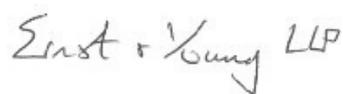
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Handwritten signature of Philip Young in black ink, reading "Ernst & Young LLP".

Philip Young (*Senior statutory auditor*)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

27 November 2019

Notes:

1. The maintenance and integrity of the **Maestrano Group plc** web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

	Note	2019 £	2018* £
Revenue from contracts with customer	5	905,400	977,455
Other income	6	425,317	372,304
Interest revenue calculated using the effective interest method		29,286	6,570
Expenses			
Hosting fees and other direct costs		(376,637)	(183,608)
Employee benefits expense	9	(2,510,810)	(1,633,549)
Occupancy expense	8	(235,721)	(184,920)
Depreciation and amortisation expense	8	(35,056)	(14,402)
Initial public offering ('IPO') and other non-operating costs	8	(73,063)	(395,820)
Other expenses	8	(808,470)	(422,521)
Finance costs	8	—	(450,682)
Loss before income tax expense		(2,679,754)	(1,929,173)
Income tax expense	12	—	(30,612)
Loss after income tax expense for the year		(2,679,754)	(1,959,785)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(11,668)	234,688
Other comprehensive income for the year, net of tax		(11,668)	234,688
Total comprehensive income for the year		<u>(2,691,422)</u>	<u>(1,725,097)</u>
Loss for the year is attributable to:			
Non-controlling interest		—	(11,082)
Owners of Maestrano Group plc		(2,679,754)	(1,948,703)
		<u>(2,679,754)</u>	<u>(1,959,785)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		—	(11,082)
Owners of Maestrano Group plc		(2,691,422)	(1,714,015)
		<u>(2,691,422)</u>	<u>(1,725,097)</u>
		Pence	Pence
Basic earnings per share	32	(3.35)	(8.11)
Diluted earnings per share	32	(3.35)	(8.11)

*2018 has been reclassified following the adoption of IFRS 15 and IFRS 9. See note 2.

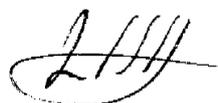
The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

	Note	2019 £	2018* £
Non-current assets			
Intangibles	13	—	11,477
Property, plant and equipment	14	12,961	5,547
Total non-current assets		<u>12,961</u>	<u>17,024</u>
Current assets			
Trade and other receivables	15	492,785	150,406
Contract assets	16	—	68,955
Other	17	61,873	109,070
Cash and cash equivalents		2,247,201	5,236,040
Total current assets		<u>2,801,859</u>	<u>5,564,471</u>
Current liabilities			
Trade and other payables	18	259,336	249,379
Contract liabilities	19	—	27,804
Employee benefits		65,275	92,069
Income tax	12	—	30,612
Total current liabilities		<u>324,611</u>	<u>399,864</u>
Net current assets		<u>2,477,248</u>	<u>5,164,607</u>
Total assets less current liabilities		<u>2,490,209</u>	<u>5,181,631</u>
Net assets		<u>2,490,209</u>	<u>5,181,631</u>
Equity			
Share capital	20	800,403	800,403
Share premium account	21	7,583,057	7,583,057
Other reserves	22	2,164,523	2,176,191
Accumulated losses		(8,057,774)	(5,378,020)
Total equity		<u>2,490,209</u>	<u>5,181,631</u>

* 2018 has been reclassified following the adoption of IFRS 15 and IFRS 9. See note 2.

The financial statements of Maestrano Group plc (company number 11098701 (England and Wales)) were approved by the Board of Directors and authorised for issue on 27 November 2019. They were signed on its behalf by:



Ian Buddery
Chairman

27 November 2019



Andrew Pearson
Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital £	Share premium account* £	Other reserves £	Accumulated losses £	Non- controlling interest** £	Total deficiency in equity £
Balance at 1 July 2017	1,803,920	—	90,478	(3,437,509)	(32,843)	(1,575,954)
Loss after income tax expense for the year	—	—	—	(1,948,703)	(11,082)	(1,959,785)
Other comprehensive income for the year, net of tax	—	—	234,688	—	—	234,688
Total comprehensive income for the year	—	—	234,688	(1,948,703)	(11,082)	(1,725,097)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (notes 18 and 19)	886,323	7,583,057	—	—	—	8,469,380
Share-based payments (note 20)	—	—	13,302	—	—	13,302
Exercise of options (note 20)	—	—	(52,117)	52,117	—	—
Capital reorganisation (notes 18 and 20)	(1,889,840)	—	1,889,840	—	—	—
Change in non-controlling interest	—	—	—	(43,925)	43,925	—
Balance at 30 June 2018	800,403	7,583,057	2,176,191	(5,378,020)	—	5,181,631

* The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received, net of transaction costs.

** Non-controlling interest represented a 40% interest in subsidiary entity Maestrano EMEA DMCC. In February 2018, the Group acquired the remaining non-controlling interest and Maestrano EMEA DMCC became a wholly-owned subsidiary. Refer note 31.

	Share capital £	Share premium account £	Other reserves £	Accumulated losses £	Non- controlling interest £	Total equity £
Balance at 1 July 2018	800,403	7,583,057	2,176,191	(5,378,020)	—	5,181,631
Loss after income tax expense for the year	—	—	—	(2,679,754)	—	(2,679,754)
Other comprehensive income for the year, net of tax	—	—	(11,668)	—	—	(11,668)
Total comprehensive income for the year	—	—	(11,668)	(2,679,754)	—	(2,691,422)
Balance at 30 June 2019	800,403	7,583,057	2,164,523	(8,057,774)	—	2,490,209

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

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

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss before income tax expense for the year		(2,679,754)	(1,929,173)
Adjustments for:			
Depreciation and amortisation		35,056	14,402
Share-based payments		—	13,302
Foreign exchange differences		(10,958)	17,652
Interest unwind on convertible note		—	299,963
Interest received		(29,286)	(6,570)
Interest and other finance costs		—	150,719
		<u>(2,684,942)</u>	<u>(1,439,705)</u>
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		(342,379)	122,271
Decrease in contract assets		68,955	4,130
Decrease/(increase) in other operating assets		47,196	(81,728)
Increase in trade and other payables		9,956	126,956
Decrease in contract liabilities		(27,804)	(10,750)
Increase/(decrease) in employee benefits		(26,794)	6,073
		<u>(2,955,812)</u>	<u>(1,272,753)</u>
Interest received		29,286	6,570
Interest and other finance costs paid		—	(150,719)
Income taxes paid		(30,612)	—
Net cash used in operating activities		<u>(2,957,138)</u>	<u>(1,416,902)</u>
Cash flows from investing activities			
Payments for plant and equipment	14	(29,337)	(2,185)
Net cash used in investing activities		<u>(29,337)</u>	<u>(2,185)</u>
Cash flows from financing activities			
Proceeds from issue of shares in Maestrano Pty Ltd	20	—	285,920
Proceeds from issue of shares on AIM admission representing share capital	20	—	400,000
Proceeds from issue of shares on AIM admission representing share premium	21	—	5,600,000
Transaction costs on issue of shares	21	—	(635,122)
Net cash from financing activities		<u>—</u>	<u>5,650,798</u>
Net (decrease)/increase in cash and cash equivalents		(2,986,475)	4,231,711
Cash and cash equivalents at the beginning of the financial year		5,236,040	1,050,421
Effects of exchange rate changes on cash and cash equivalents		(2,364)	(46,092)
Cash and cash equivalents at the end of the financial year		<u><u>2,247,201</u></u>	<u><u>5,236,040</u></u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

The financial statements covers Maestrano Group plc ('Company') and the entities it controlled at the end of, or during, the financial year (referred to as the 'Group'). The financial statements are presented in Pound Sterling, which is Maestrano Group plc's functional and presentation currency.

The Company was incorporated on 6 December 2017 as a private company, Maestrano Group Limited. On 11 May 2018, the Company converted to a public company, Maestrano Group plc and on 30 May 2018 was admitted onto the Alternative Investment Market ('AIM'). On 19 April 2018, as part of a group reorganisation, the Company acquired 100% of the ordinary shares of Maestrano Pty Ltd from the existing shareholders and became the immediate and ultimate parent of the Group.

Maestrano Group plc is a listed public company limited by shares, incorporated and domiciled in England and Wales. Its registered office and principal place of business are:

Registered office

10 John Street
London WC1N 2EB
United Kingdom

Principal place of business

Suite 504, 46-48 Market Street
Sydney NSW 2000
Australia

A description of the nature of the Group's operations and its principal activities are included in the strategic report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 November 2019. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets with no significant change for financial liabilities. There are new simpler hedge accounting requirements and an 'expected credit loss' model to recognise impairment allowance and the impact on adoption was minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

IFRS 9 and IFRS 15 were adopted using the full retrospective approach. The impact of adoption on opening accumulated losses as at the transition date of 1 July 2017 was £nil.

Due to the nature of the contracts and their terms there has been no material impact on adoption of IFRS 9 and IFRS 15 in 2019 nor in 2018 following the full retrospective adoption nor to the opening balance sheet of 2018, other than the changes to disclosure as required by these standards, which includes in both years:

- reclassifying accrued revenue as contract assets;
- reclassifying deferred revenue as contract liabilities; and
- showing interest income on the face of profit or loss.

A "third" balance sheet as at 1 July 2017 has not been presented as would be normal when adopting the full retrospective approach because the amounts in that balance sheet are not impacted.

There has been no material impact of IFRS 9 as the group and company have virtually no experience of bad debts and credit losses and do not expect any such credit losses in the future.

Going concern

The financial statements have been prepared assuming the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future. In assessing whether the going concern assumption is appropriate, the directors have considered the Group's existing working capital and are of the opinion that the Group has adequate resources to undertake its planned programme of activities for the 12 months from the date of approval of these financial statements. Further details of the directors' considerations in relation to going concern are included in the directors' report.

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS' or 'IFRSs') as adopted for use in the European Union (the 'EU') and IFRS Interpretations Committee interpretations (together 'EU IFRS') and the UK Companies Act 2006.

Historical cost convention

The consolidated financial statements are prepared under the historical cost convention.

Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Group reorganisation and comparative information

Maestrano Group plc (previously known as Maestrano Group Limited) was incorporated on 6 December 2017. Shareholders of the former parent company Maestrano Pty Ltd (the 'legal subsidiary'), approved a formal business entity reorganisation, whereby Maestrano Group plc ('the legal parent') became the parent of the Group, effective 19 April 2018, by acquiring all the outstanding shares of the Group's previous ultimate holding company Maestrano Pty Ltd in exchange for the issue of its own shares. This share for share transaction is not a business combination and does not result in any economic substance from the perspective of the Group. The substance of the group reorganisation is a continuation of the existing group, as a result the financial statements reflect that fact. This share for share transaction is hereafter referred to as the group reorganisation and accounted for as follows:

- the consolidated financial statements of Maestrano Group plc are a continuation of the existing group;
- the difference in share capital is reflected as an adjustment directly to the capital reorganisation reserve in equity;
- retained earnings and other equity balances in the financial statements at acquisition date are those of Maestrano Pty Ltd;
- no 'new' goodwill was recognised as a result of the combination;
- the results for the financial year ended 30 June 2018 comprise the consolidated results for the financial year of the Maestrano Pty Ltd group together with the results of Maestrano Group plc from 19 April 2018 to 30 June 2018; and

Therefore, the consolidated financial statements are presented as if Maestrano Group plc had been the parent company of the existing group throughout the periods presented. No reclassifications or adjustments to previously reported figures and no changes in the operations of the group resulted from this change.

Principles of consolidation

The consolidated financial statements incorporates the assets and liabilities of all subsidiaries of Maestrano Group plc as at the balance sheet dates presented and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of common control subsidiaries is accounted for at book value. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating segments

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

Foreign currency translation

The consolidated financial statements are presented in Pound Sterling, which is Maestrano Group plc's presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Pound Sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Pound Sterling using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Pound Sterling using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Enterprise implementation consists of (i) licensing and support and (ii) consulting and other professional services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Licensing and support

Licensing and support revenue is recognised on a straight-line basis over the period of the contract, including when the customer is provided access to the software over the internet. These products are delivered to the customer as a service over time.

Consulting and other professional services

Consulting and other professional services revenue is recognised on a time and material basis. In the case of fixed agreements and where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion of the contract at the reporting date.

Stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Enterprise subscriber

Enterprise subscriber revenue is recognised on a monthly basis as the service is provided monthly and the cash inflows are received from subscribers monthly.

Grants from government

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants which represent compensation for expenses or losses already incurred are included in other income in profit or loss when they become receivable.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment

Equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the depreciable amount of each item of equipment over their expected useful lives as follows:

Office equipment	2 years
Furniture and fixtures	2 years

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

Equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

Intangible assets acquired as part of a business combination, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with purchased software are deferred and amortised on a reducing balance basis over the period of their expected benefit, being their finite useful life of two years.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit. Amortisation commences when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Maestrano Group plc, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Value-Added Tax ('VAT')/Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT/GST, unless the VAT/GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT/GST receivable or payable. The net amount of VAT/GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The VAT/GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT/GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

IFRS 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the balance sheet, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under IFRS 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. Had the standard been adopted from 1 July 2018, and using the transitional rules available, the Group would have recognised a lease liability of the remaining lease payments as disclosed in note 27, discounted using the lessee's incremental borrowing rate, with a corresponding increase in plant and equipment. As at the transition date 1 July 2019, all leases were short term with less than one year remaining and the Group has used the transitional election to continue to account for leases as operating leases. Therefore, there is no impact from the initial adoption of IFRS 16.

IASB new Conceptual Framework for Financial Reporting

The new framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under IFRS may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimates:

Revenue recognition where contracts are in progress

In accordance with the revenue recognition policy detailed in note 2, in measuring revenue relating to fixed agreements the Group measures the stage of completion with reference to costs incurred and the total costs estimated for each contract. The total estimated costs for each contract is reviewed monthly to ascertain the current stage of completion and requires reasonable judgments to be made. Refer to note 16 for the accrued revenue asset and the balance sheet for the deferred revenue liability.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 32 for valuation model inputs.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The Group operates in one segment being provision of data integration and analytic services. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The operating segment information is the same information as provided throughout the consolidated financial statements and are therefore not duplicated.

Major customers

There are 3 customers contributing external revenue of more than 10% amounting to £465,817, £112,891 and £236,467 respectively (2018: 3 customers amounting to £402,383, £281,970 and £124,121 respectively).

Revenue by geographical area

Revenue from the principal activities of the Group is attributable to the following geographical areas:

	2019 £	2018 £
United Kingdom	—	712
Australia	325,174	272,441
United States of America	578,707	684,353
Middle East and Africa	1,519	19,949
Total revenue	<u>905,400</u>	<u>977,455</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMER

	2019 £	2018 £
Enterprise implementation	851,699	927,106
Enterprise subscriber	53,701	50,349
Revenue from contracts with customer	<u>905,400</u>	<u>977,455</u>

Enterprise implementation and enterprise subscriber income are recognised as revenue over time as opposed to a point in time.

NOTE 6. OTHER INCOME

	2019 £	2018 £
Government grants and rebates	425,317	372,154
Other income	—	150
Other income	<u>425,317</u>	<u>372,304</u>

Government grants and rebates predominately relates to research and development rebates.

NOTE 7. EBITDA RECONCILIATION (EARNINGS BEFORE INTEREST EXPENSE, TAXATION, DEPRECIATION AND AMORTISATION)

	2019 £	2018 £
EBITDA reconciliation		
Loss before income tax	(2,679,754)	(1,929,173)
Add: Interest expense	—	450,682
Add: Depreciation and amortisation	35,056	14,402
EBITDA	<u>(2,644,698)</u>	<u>(1,464,089)</u>

Underlying EBITDA represents EBITDA adjusted for significant, unusual and other one-off items.

	2019 £	2018 £
Underlying EBITDA reconciliation		
EBITDA	(2,644,698)	(1,464,089)
Initial public offering ('IPO') and other non-operating costs	73,063	395,820
Underlying EBITDA	<u>(2,571,635)</u>	<u>(1,068,269)</u>

The financial statements include both the statutory financial statements and additional performance measures of EBITDA and Underlying EBITDA. The directors believe these additional measures provide useful information on the underlying trend in operational performance going forward without these unusual and other one-off items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8. EXPENSES

	2019 £	2018 £
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	4,870	—
Office equipment	14,919	1,877
Furniture and fixtures	2,633	534
Total depreciation	<u>22,422</u>	<u>2,411</u>
<i>Amortisation</i>		
Software	12,634	11,991
Total depreciation and amortisation	<u>35,056</u>	<u>14,402</u>
<i>IPO and other non-operating costs</i>		
IPO costs	—	325,023
Restructuring costs and Enterprise Investment Scheme set-up costs	—	70,797
Provision for unrecoverable staff loans	73,063	—
Total IPO and other non-operating costs	<u>73,063</u>	<u>395,820</u>
<i>Occupancy expense</i>		
Minimum lease payments	214,300	172,889
Other occupancy expense	21,421	12,031
Total occupancy expense	<u>235,721</u>	<u>184,920</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	—	150,719
Interest unwind on convertible note	—	299,963
Total finance costs expensed	<u>—</u>	<u>450,682</u>
<i>Other expenses</i>		
Travel and entertainment	42,764	85,933
Marketing services	59,323	11,615
IT infrastructure	127,039	90,313
Professional fees	534,768	205,462
Net foreign exchange (gain)/loss	(350)	(9,821)
Other	44,926	39,019
Total other expenses	<u>808,470</u>	<u>422,521</u>

Research and development costs recorded in the consolidated statement of profit and loss and other comprehensive income were £1,195,616 in 2019 and £1,068,395 in 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 9. STAFF COSTS

The average number of employees during the year was as follows:

	2019	2018
Sales and marketing	3	3
Technical	19	17
Finance and administration	3	3
Average number of employees	<u>25</u>	<u>23</u>

The employee benefits expense during the year was as follows:

	2019 £	2018 £
Wages and salaries	2,288,183	1,474,527
Social security costs	130,662	68,580
Other pension costs	91,965	77,140
Share-based payments	—	13,302
Total employee benefits expense	<u>2,510,810</u>	<u>1,633,549</u>

NOTE 10. DIRECTORS' REMUNERATION

Details of directors' remuneration is set out below:

	2019	2018
Number of directors accruing benefits under money purchase schemes in respect of qualifying services	<u>4</u>	<u>3</u>

The total remuneration in respect of the years ended 30 June 2019 and paid to each director who held office during the year was as follows:

2019	Salary and fees £	Benefit in kind £	Bonus £	Post- employment benefits £	Total £
<i>Non-Executive Directors:</i>					
Ian Buddery	83,279	—	—	—	83,279
John Davis	45,600	—	—	1,026	46,626
Jonathan Macleod	40,584	—	—	3,855	44,439
<i>Executive Directors:</i>					
Stephane Ibos	78,879	—	—	3,641	82,520
Andrew Pearson (appointed 3 December 2018)*	145,315	—	8,567	3,028	156,910
Craig Holden (resigned 31 August 2019)	97,307	—	—	—	97,307
Total directors' remuneration	<u>490,964</u>	<u>—</u>	<u>8,567</u>	<u>11,550</u>	<u>511,081</u>

* Remuneration from date of appointment as director of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 10. DIRECTORS' REMUNERATION (continued)

2018	Salary and fees £	Benefit in kind £	Bonus £	Post- employment benefits £	Total £
<i>Non-Executive Directors:</i>					
Ian Buddery (appointed 6 December 2017)*	14,053	—	—	—	14,053
John Davis (appointed 4 May 2018)*	11,176	—	—	224	11,400
Jonathan Macleod (appointed 4 May 2018)*	10,345	—	—	982	11,327
<i>Executive Directors:</i>					
Stephane Ibos (appointed 1 May 2018)*	13,149	—	—	1,249	14,398
Craig Holden (appointed 4 May 2018)*	9,689	—	—	—	9,689
Total directors' remuneration	<u>58,412</u>	<u>—</u>	<u>—</u>	<u>2,455</u>	<u>60,867</u>

* Remuneration from date of appointment as director of the Company.

Number of directors accruing benefits under money purchase schemes in respect of qualifying services was three.

The number of directors who received shares in respect of qualifying services was none.

The number of directors who exercised share options was none.

NOTE 11. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2019 £	2018 £
Short-term employee benefits	742,729	361,001
Post-employment benefits	32,267	26,580
Share-based payment	—	5,888
	<u>774,996</u>	<u>393,469</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 12. INCOME TAX

	2019 £	2018 £
<i>Income tax expense</i>		
Adjustment recognised for prior periods	—	30,612
Aggregate income tax expense	<u>—</u>	<u>30,612</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,679,754)	(1,929,173)
Tax at the statutory tax rate of 22.25% (2018: 23%)	(596,245)	(443,710)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Unwind of interest on convertible notes	—	83,025
Research and development expenditure, net of tax credits	128,308	100,973
Prepayments and accruals	5,289	—
Amortisation of cost of raising convertible note	—	(18,800)
Other non-deductible items	19,572	11,291
Prior year tax adjustment	30,862	30,612
Current year tax losses not recognised	412,214	282,468
Temporary differences not recognised	—	(15,247)
Income tax expense	<u>—</u>	<u>30,612</u>

Tax at the statutory tax rate represents the effective rate of income tax across the jurisdictions in which each of the Group entities are domiciled.

The tax rates of the main jurisdictions are Australia 27.5% (2018: 27.5%), United Kingdom 19.0% (2018: 19.0%), United States of America 21.0% (2018: 21.0%) and the United Arab Emirates 0% (2018: 0%).

	2019 £	2018 £
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	4,871,535	2,859,286
Potential deferred tax asset at domestic tax rates applicable in the countries concerned	<u>1,051,037</u>	<u>638,822</u>

The above potential tax benefit for tax losses has not been recognised in the balance sheet due to a lack of certainty as to when the losses will reverse.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 12. INCOME TAX (continued)

	2019 £	2018 £
<i>Deferred tax assets/(liabilities) not recognised</i>		
Deferred tax assets/(liabilities) not recognised comprises temporary differences attributable to:		
Employee benefits	21,586	69,898
Accrued expenses	29,769	—
Prepayments and work in progress	(1,633)	(76,477)
	<u>49,722</u>	<u>(6,579)</u>
Potential deferred tax assets/(liabilities) not recognised (excluding tax losses disclosed separately above)	<u>13,674</u>	<u>(1,809)</u>

The above potential tax benefit for deductible temporary differences have not been recognised in the balance sheet as the recovery of the benefit is uncertain.

	2019 £	2018 £
Provision for income tax	—	30,612
Provision for income tax	<u>—</u>	<u>30,612</u>

NOTE 13. NON-CURRENT ASSETS – INTANGIBLES

	2019 £	2018 £
Software – at cost	37,514	38,019
Less: Accumulated amortisation	(37,514)	(26,542)
	<u>—</u>	<u>11,477</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	Software £
Balance at 1 July 2017	24,168
Exchange differences	(700)
Amortisation expense	(11,991)
Balance at 30 June 2018	<u>11,477</u>
Exchange differences	1,157
Amortisation expense	(12,634)
Balance at 30 June 2019	<u>—</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 14. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2019 £	2018 £
Leasehold improvements – at cost	4,870	—
Less: Accumulated depreciation	(4,870)	—
	<u>—</u>	<u>—</u>
Office equipment – at cost	30,392	7,417
Less: Accumulated depreciation	(17,431)	(3,116)
	<u>12,961</u>	<u>4,301</u>
Furniture and fixtures – at cost	3,504	2,117
Less: Accumulated depreciation	(3,504)	(871)
	<u>—</u>	<u>1,246</u>
	<u>12,961</u>	<u>5,547</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	Leasehold improvements £	Office equipment £	Furniture and fixtures £	Total £
Balance at 1 July 2017	—	4,077	1,780	5,857
Additions	—	2,185	—	2,185
Exchange differences	—	(84)	—	(84)
Depreciation expense	—	(1,877)	(534)	(2,411)
	<u>—</u>	<u>4,301</u>	<u>1,246</u>	<u>5,547</u>
Balance at 30 June 2018	—	4,301	1,246	5,547
Additions	4,870	23,080	1,387	29,337
Exchange differences	—	499	—	499
Depreciation expense	(4,870)	(14,919)	(2,633)	(22,422)
	<u>—</u>	<u>12,961</u>	<u>—</u>	<u>12,961</u>
Balance at 30 June 2019	<u>—</u>	<u>12,961</u>	<u>—</u>	<u>12,961</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 15. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2019 £	2018 £
Trade receivables	479,355	78,160
Other receivables	13,430	72,246
	<u>492,785</u>	<u>150,406</u>

Allowance for expected credit losses

The Group has recognised a loss of £nil (2018: £nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2019 %	2018 %	2019 £	2018 £	2019 £	2018 £
Not overdue	—	—	293,997	78,160	—	—
0 to 3 months overdue	—	—	142,599	—	—	—
3 to 6 months overdue	—	—	16,669	—	—	—
Over 6 months overdue	—	—	26,090	—	—	—
			<u>479,355</u>	<u>78,160</u>	<u>—</u>	<u>—</u>

The company has virtually no experience of bad debts and credit losses and the directors do not expect any future credit losses to arise as contracts come to termination and as a result no expected credit loss provision was recorded as it was deemed immaterial.

NOTE 16. CURRENT ASSETS – CONTRACT ASSETS

	2019 £	2018 £
Contract assets	<u>—</u>	<u>68,955</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	68,955	73,085
Transfer to trade receivables	(68,955)	(4,130)
Closing balance	<u>—</u>	<u>68,955</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 17. CURRENT ASSETS – OTHER

	2019 £	2018 £
Prepayments	61,873	35,315
Staff loans*	—	73,755
	<u>61,873</u>	<u>109,070</u>

*The Board agreed to provide certain staff loans for the exercise value of the employee share options. The loans are for three years with interest payable at 5.3% per annum. No interest is payable if the loan is repaid within the first 12 months. The Board has assessed the potential recovery of these loans as low and provided fully provided for the loan value.

NOTE 18. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2019 £	2018 £
Trade payables	65,352	83,554
Accrued expenses	190,656	138,248
Other payables	3,328	27,577
	<u>259,336</u>	<u>249,379</u>

Refer to note 24 for further information on financial instruments.

NOTE 19. CURRENT LIABILITIES – CONTRACT LIABILITIES

	2019 £	2018 £
Contract liabilities	<u>—</u>	<u>27,804</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	27,804	38,553
Transfer to revenue – performance obligations satisfied in previous periods	(27,804)	(10,749)
Closing balance	<u>—</u>	<u>27,804</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was £nil as at 30 June 2019 (£27,804 as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

	2019 £	2018 £
Within 6 months	<u>—</u>	<u>27,804</u>

As at 30 June 2019 there were no unsatisfied performance obligations in the open contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 20. EQUITY – SHARE CAPITAL

Capital reconstruction – group reorganisation

Maestrano Group plc was incorporated on 6 December 2017 and was admitted to the Alternative Investment Market ('AIM') on 30 May 2018. Prior to AIM admission, the Group undertook a reorganisation such that Maestrano Group plc was established as Maestrano Pty Ltd's parent/holding entity. Maestrano Group plc determined that the acquisition of Maestrano Pty Ltd did not represent a business combination as defined by IFRS 3 'Business Combinations'. The appropriate accounting treatment for recognising the new group structure has been determined to be a continuation of the financial statements of Maestrano Pty Ltd group. Refer to basis of preparation in note 2 for further details. The number of shares in issue shown below therefore reflects those of Maestrano Group plc.

	2019 Shares	2018 Shares	2019 £	2018 £
Ordinary shares of £0.01 each – issued and fully paid	80,040,331	80,040,331	800,403	800,403

Movements in ordinary share capital

Details	Date	Shares	£
Balance	1 July 2017	—	1,803,920
Subscriber share of £1 each in Maestrano Group plc	6 December 2017	1	1
Share split in Maestrano Group plc from £1 to £0.001 per ordinary share	6 March 2018	(1) 1,000	— —
Capital received in Maestrano Pty Ltd	20 March 2018	—	192,030
Exercise of options in Maestrano Pty Ltd	28 March 2018	—	17,581
Exercise of options in Maestrano Pty Ltd	18 April 2018	—	76,309
Conversion of capital into Maestrano Group plc share of £0.001 each on capital reorganisation	18 April 2018	200,000,000	(1,889,840)
Capital consolidation in Maestrano Group plc from £0.001 to £0.01 per ordinary share	26 April 2018	(200,001,000) 20,000,100	— —
Capital reduction in Maestrano Group plc	10 May 2018	(100)	(1)
Issue of shares of £0.01 each in Maestrano Group plc on conversion of convertible notes	30 May 2018	20,040,331	200,403
Issue of shares of £0.01 each in Maestrano Group plc on AIM admission	30 May 2018	40,000,000	400,000
Balance	30 June 2018	80,040,331	800,403
Balance	30 June 2019	80,040,331	800,403

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 20. EQUITY – SHARE CAPITAL (continued)

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. If net debt is negative then the net debt adjustment is limited to zero.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is not subject to any financing arrangement covenants and there have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged throughout the periods presented.

NOTE 21. EQUITY – SHARE PREMIUM ACCOUNT

	2019 £	2018 £
Share premium account	<u>7,583,057</u>	<u>7,583,057</u>

Movements in share premium account

Detail	Date	£
Balance	30 June 2017	—
Share capital reduction credit to reserve	10 May 2018	1
Capital received on conversion of convertible notes	30 May 2018	2,618,178
Capital received on AIM admission	30 May 2018	5,600,000
Transaction costs arising on AIM admission	30 May 2018	(635,122)
		<u>7,583,057</u>

The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received, net of transaction costs. There were no movements in share premium in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 22. EQUITY – OTHER RESERVES

	2019 £	2018 £
Foreign currency reserve	274,683	286,351
Capital reorganisation reserve	1,889,840	1,889,840
	<u>2,164,523</u>	<u>2,176,191</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Pound sterling.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Capital reorganisation reserve

As explained in note 2, the Group is a continuation of the existing Maestrano Pty Limited group. Maestrano Group plc has therefore recorded the net assets of Maestrano Pty Limited group at their historic carrying value at the date of acquisition as a capital reorganisation. The reserve is used to recognise the difference between the shares issued to effect the transaction (£200,000) and the share capital acquired (£2,089,840).

Movements in reserves

Movements in each class of reserve during the current and previous financial years are set out below:

	Foreign currency £	Share based payments £	Capital reorganisation £	Total £
Balance at 1 July 2017	51,663	38,815	—	90,478
Foreign currency translation	234,688	—	—	234,688
Share-based payments	—	13,302	—	13,302
Capital reorganisation (note 18)	—	—	1,889,840	1,889,840
Transfer to accumulated losses on exercise of options	—	(52,117)	—	(52,117)
Balance at 30 June 2018	<u>286,351</u>	<u>—</u>	<u>1,889,840</u>	<u>2,176,191</u>
Foreign currency translation	(11,668)	—	—	(11,668)
Balance at 30 June 2019	<u>274,683</u>	<u>—</u>	<u>1,889,840</u>	<u>2,164,523</u>

NOTE 23. EQUITY – DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous two financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 24. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Group's operating units. Finance reports to the Board on a regular basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group had net assets denominated in foreign currencies of £288,853 as at 30 June 2019 (2018: £115,384). Based on this exposure, had the Pound sterling weakened by 10%/strengthened by 10% against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been £28,885 lower/£28,885 higher (2018: £11,538 lower/£11,538 higher). The actual foreign exchange gain for the year ended 30 June 2019 was £350 (2018: gain of £9,821).

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk. Most of the cash and cash equivalents are held in banks in the UK where the current interest rate is negotiable and unlikely to fluctuate in the foreseeable future. The convertible note carried a fixed rate of interest of 7% and was therefore subject to fair value risk. However, fair value risk sensitivities are not provided as the convertible note was not measured at fair value.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the gross carrying amount, as disclosed in the balance sheet and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Except for cash and cash equivalents, the Group has no other concentration of credit risk exposure as at 30 June 2019 and 2018. No expected credit loss is recorded for cash and cash equivalents as the group and company only deal with at least "A" rated financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 24. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet.

	1 year or less £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £	Remaining contractual maturities £
2019					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	65,352	—	—	—	65,352
Other payables	3,328	—	—	—	3,328
Total non-derivatives	<u>68,680</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>68,680</u>
	1 year or less £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £	Remaining contractual maturities £
2018					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	83,554	—	—	—	83,554
Other payables	27,577	—	—	—	27,577
Total non-derivatives	<u>111,131</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>111,131</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. The Group has more than adequate cash reserves to meet the remaining contractual maturities.

NOTE 25. FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 26. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES AND NON-CASH MOVEMENTS

	Convertible notes £
Balance at 1 July 2017	2,766,261
Non-cash movement equity	(2,818,581)
Exchange differences	(247,643)
Interest unwind on convertible note	299,963
Balance at 30 June 2018	—
Balance at 30 June 2019	—

The notes were converted into equity during the prior financial year as share capital of £200,403 and share premium of £2,618,178 totalling £2,818,581. Refer to notes 20 and 22.

NOTE 27. AUDITOR REMUNERATION

During the financial year the following fees were paid or payable for services provided by Ernst & Young LLP, the auditor of the Company, and its associates:

	2019 £	2018 £
<i>Audit services</i>		
Audit or review of the financial statements	63,000	71,831
<i>Other services</i>		
Accounting assistance	—	2,301
Other	—	1,403
	—	3,704
	63,000	75,535

NOTE 28. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2019 and 2018.

NOTE 29. COMMITMENTS

	2019 £	2018 £
<i>Lease commitments – operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	53,412	109,367
One to five years	—	54,131
	53,412	163,498

Operating lease commitments relate to office accommodation under non-cancellable operating leases expiring within one to three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 30. RELATED PARTY TRANSACTIONS

Parent entity and ultimate controlling party

The parent entity and ultimate parent entity is Maestrano Group plc. There is no ultimate controlling party.

Key management personnel

Disclosures relating to key management personnel are set out in note 11.

Transactions with related parties

There were no transactions with related parties during the current and previous financial years other than those noted above with key management personnel.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting dates.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting dates.

NOTE 31. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries held by the Company in accordance with the accounting policy described in note 2:

Name	Address and country of incorporation	Holding %
Maestrano Pty Ltd	Suite 504, 46-48 Market Street, Sydney NSW 2000, Australia	100%
Maestrano Ltd	7 Glenthorne Mews, London W6 OLG, United Kingdom	100%
Maestrano Inc.	Suite 6.018, 404 5th Avenue, New York NY 10018, United States of America	100%
Maestrano EMEA DMCC	Almas Tower, Jumeriah Lakes Tower, Sheikh Zayed Road, United Arab Emirates	100%

NOTE 32. EARNINGS PER SHARE

	2019 £	2018 £
Loss after income tax	(2,679,754)	(1,959,785)
Non-controlling interest	—	11,082
Loss after income tax attributable to the owners of Maestrano Group plc	<u>(2,679,754)</u>	<u>(1,948,703)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>80,040,331</u>	<u>24,041,786</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>80,040,331</u>	<u>24,041,786</u>
	Pence	Pence
Basic earnings per share	(3.35)	(8.11)
Diluted earnings per share	(3.35)	(8.11)

Options and convertible notes have not been included in the diluted earnings per share in the prior year as they were anti-dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 34. EVENTS AFTER THE REPORTING PERIOD

On 28 August 2019 the company announced an Australian banking customer would not proceed with a custom platform, The projected subscriber income from the platform was not a significant part of Maestrano's revenue forecast and accordingly this change of itself would have a minimal impact on revenue outlook for the next financial year.

On 23 September 2019, the Group announced the signing of a sale and purchase agreement to acquire, subject inter alia to Shareholder consent, the entire issued share capital of Aightsight Holdings Pty Ltd ("Aightsight"). Aightsight offers engineering surveying services with digital recording devices and a reason for the acquisition was that the Aightsight software performs a similar function to that of Maestrano, capturing, analysing and reporting on large datasets within the transport sector in this case, but with the addition of sophisticated artificial intelligence algorithms. On 31 October 2019, the Shareholders approved the acquisition and the issue of up to 73,383,375 new shares in Maestrano Group plc. The purchase price allocation exercise is not yet complete and therefore more detailed business combination disclosures cannot be made at this stage.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

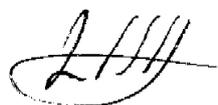
COMPANY BALANCE SHEET

30 JUNE 2019

	Note	2019 £	2018 £
Non-current assets			
Investment in subsidiary	5	—	2,818,581
Receivables – amounts due after more than one year	6	—	283,182
Total non-current assets		—	3,101,763
Current assets			
Receivables – amounts due within one year	7	620,772	64,109
Prepayments		39,432	15,073
Cash and cash equivalents		2,050,630	4,594,672
Total current assets		2,710,834	4,673,854
Current liabilities			
Trade and other payables – amounts due within one year	8	179,590	88,585
Total current liabilities		179,590	88,585
Net current assets			
		2,531,244	4,585,269
Total assets less current liabilities			
		2,531,244	7,687,032
Net assets			
		2,531,244	7,687,032
Equity			
Share capital	9	800,403	800,403
Share premium account	10	7,583,057	7,583,057
Other reserves	11	(200,000)	(200,000)
Accumulated losses		(5,652,216)	(496,428)
Total equity		2,531,244	7,687,032

The Company has taken advantage of the exemption under Section 408 of the Companies Act from presenting its own profit and loss account. In 2019, the loss for the year amounted to £5,155,788 (2018: £496,428).

The financial statements of Maestrano Group plc (company number 11098701 (England and Wales)) were approved by the Board of Directors and authorised for issue on 27 November 2019. They were signed on its behalf by:



Ian Buddery
Chairman

27 November 2019



Andrew Pearson
Director

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital £	Share premium account £	Other reserves £	Accumulated losses £	Total equity £
Balance at 6 December 2017	—	—	—	—	—
Loss after income tax expense for the period	—	—	—	(496,428)	(496,428)
Other comprehensive income for the period, net of tax	—	—	—	—	—
Total comprehensive income for the period	—	—	—	(496,428)	(496,428)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 9)	800,403	—	—	—	800,403
Share premium account (note 10)	—	7,583,057	—	—	7,583,057
Capital reorganisation (note 11)	—	—	(200,000)	—	(200,000)
Balance at 30 June 2018	<u>800,403</u>	<u>7,583,057</u>	<u>(200,000)</u>	<u>(496,428)</u>	<u>7,687,032</u>
	Share capital £	Share premium account £	Other reserves £	Accumulated losses £	Total equity £
Balance at 1 July 2018	800,403	7,583,057	(200,000)	(496,428)	7,687,032
Loss after income tax expense for the period	—	—	—	(5,155,788)	(5,155,788)
Other comprehensive income for the period, net of tax	—	—	—	—	—
Total comprehensive income for the period	—	—	—	(5,155,788)	(5,155,788)
Balance at 30 June 2019	<u>800,403</u>	<u>7,583,057</u>	<u>(200,000)</u>	<u>(5,652,216)</u>	<u>2,531,244</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

The Company was incorporated on 6 December 2017 as a private company, Maestrano Group Limited. On 11 May 2018, the Company converted to a public company, Maestrano Group plc and on 30 May 2018 was admitted onto the Alternative Investment Market ('AIM'). On 19 April 2018, as part of a group reorganisation, the Company acquired 100% of the ordinary shares of Maestrano Pty Ltd (the 'original parent') from the existing shareholders and became the immediate and ultimate parent of the Group.

The financial statements are presented in Pound Sterling, which is Maestrano Group plc's functional and presentation currency.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new and amended Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company because there is no revenue in the company and no expected credit losses as explained in the notes to the financial statements.

Basis of preparation

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available to it, including (where applicable): statement of cash flows, new Accounting Standards not yet mandatory, presentation of comparative information for certain assets, impairment of assets, capital risk management, financial instruments, fair value measurement, key management personnel, related party transactions, business combinations and share-based payments.

Historical cost convention

The financial statements have been prepared under the historical cost convention and under the going concern assumption.

Further details of the directors' considerations in relation to going concern are included in the directors' report.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. The taxation liabilities are reduced wholly or in part by the surrender of tax losses by fellow group undertakings for which payment is made

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

No expected credit loss is recorded for cash and cash equivalents as the group and company only deal with at least "A" rated financial institutions.

Other receivables

Receivables from controlled entities and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Investment in subsidiary

Investment in subsidiary is shown at initial cost plus any subsequent contributions, less accumulated impairment.

In a group reorganisation, initial cost is measured at the carrying amount of the Company's share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. If the original parent has net liabilities, the initial cost is recognised as nil.

The difference between the capital contributed to effect the transaction and the initial cost recognised as the investment in subsidiary is reflected as an adjustment directly to the capital reorganisation reserve in equity.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Profit and loss account

The Company has elected not to present its own profit and loss account for the period. The Company reported a loss for the financial year of £5,155,788 as at 30 June 2019 mainly due to the write down of the investment in subsidiary by \$2,818,581 and the write down of staff loans by \$1,554,305 (from incorporation on 6 December 2017 to 30 June 2018 a loss of £496,428.)

NOTE 3. EMPLOYEES AND DIRECTORS' INFORMATION

The only employees of the Company are the directors whose emoluments are disclosed in note 10 to the consolidated financial statements.

NOTE 4. KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate compensation made to directors and other members of key management personnel of the Group is set out in note 11 to the consolidated financial statements.

NOTE 5. NON-CURRENT ASSETS – INVESTMENT IN SUBSIDIARY

	2019 £	2018 £
Investment in Maestrano Pty Ltd – 100% of issued capital held	—	2,818,581

The Company has written down the full 100% (£2,818,581) of the investment to a recoverable amount of zero in the year ended 30 June 2019. This reflects the fact that the Board has chosen to suspend their Maestrano driven platform at this time and pursue the Aightsight business opportunity. The basis for the recoverable amount reflects a value in use valuation using a discount rate of 13.5%.

A full list of the subsidiaries controlled by the Company is disclosed in note 31 to the consolidated financial statements.

NOTE 6. NON-CURRENT ASSETS – RECEIVABLES – AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Receivable from controlled entities	—	283,182

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

NOTE 7. CURRENT ASSETS – RECEIVABLES – AMOUNTS DUE WITHIN ONE YEAR

	2019 £	2018 £
Receivable from controlled entities	609,249	—
Other receivables – representing VAT/GST	11,523	64,109
	<u>620,772</u>	<u>64,109</u>

During the year ended 30 June 2019 the Company impaired loans of \$1,554,305.

The receivable from controlled entities carries interest at 0% and is repayable on demand. Refer to note 15 for further details. No expected credit loss provision is recorded on the remaining receivable from the controlled entities as directors believe the receivable from controlled entities will be fully recovered from amounts recently received by the controlled entities of grant monies due from the government.

NOTE 8. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES – AMOUNTS DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade payables	24,720	15,378
Accrued expenses	154,870	73,207
	<u>179,590</u>	<u>88,585</u>

NOTE 9. EQUITY – SHARE CAPITAL

	2019 Shares	2018 Shares	2019 £	2018 £
Ordinary shares of £0.01 each – issued and fully paid	<u>80,040,331</u>	<u>80,040,331</u>	<u>800,403</u>	<u>800,403</u>

Movements in ordinary share capital

Details	Date	Shares	£
Balance	6 December 2017	—	—
Subscriber share of £1 each	6 December 2017	1	1
Share split from £1 to £0.001 per ordinary share	6 March 2018	(1)	—
Issue of shares of £0.001 each for acquisition of Maestrano Pty Ltd	18 April 2018	200,000,000	200,000
Capital consolidation from £0.001 to £0.01 per ordinary share	26 April 2018	(200,001,000)	—
Capital reduction	10 May 2018	(100)	(1)
Issue of shares of £0.01 each on conversion of convertible notes	30 May 2018	20,040,331	200,403
Issue of shares of £0.01 each on AIM admission	30 May 2018	40,000,000	400,000
Balance	30 June 2018	<u>80,040,331</u>	<u>800,403</u>
Balance	30 June 2019	<u>80,040,331</u>	<u>800,403</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

NOTE 9. EQUITY – SHARE CAPITAL (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 10. EQUITY – SHARE PREMIUM ACCOUNT

	2019 £	2018 £
Share premium account	<u>7,583,057</u>	<u>7,583,057</u>

Movements in share premium account

Detail	Date	£
Balance	6 December 2017	—
Share capital reduction credit to reserve	10 May 2018	1
Capital received on conversion of convertible notes	30 May 2018	2,618,178
Capital received on AIM admission	30 May 2018	5,600,000
Transaction costs arising on AIM admission	30 May 2018	(635,122)
		<u>7,583,057</u>

The share premium account is used to recognise the difference between the issued share capital at nominal value and the capital received, net of transaction costs. There were no movements in share premium in the current year.

NOTE 11. EQUITY – OTHER RESERVES

	2019 £	2018 £
Capital reorganisation reserve	<u>(200,000)</u>	<u>(200,000)</u>

Capital reorganisation reserve

As explained in notes 1 and 2, the Company acquired 100% of the share capital of Maestrano Pty Limited (the 'original parent') as part of a group reorganisation. The reserve is used to recognise the difference between the capital contributed to effect the transaction (£200,000) and the initial cost recognised as the investment in subsidiary (£nil).

NOTE 12. EQUITY – DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial period.

NOTE 13. AUDITOR REMUNERATION

The auditor's remuneration for audit and other services is disclosed within note 27 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

NOTE 14. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 30 June 2019 and 2018.

NOTE 15. RELATED PARTY TRANSACTIONS

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2019 £	2018 £
<i>Non-current receivables:</i>		
Loans to commonly controlled entity	<u>609,249</u>	<u>283,182</u>

The above loans are interest-free and repayable on demand.

Details of related party transactions are provided in note 30 to the consolidated financial statements.

NOTE 16. PARENT ENTITY AND ULTIMATE CONTROLLING PARTY

The parent entity and ultimate parent entity is Maestrano Group plc. There is no ultimate controlling party.

NOTE 17. EVENTS AFTER THE REPORTING PERIOD

On 23 September 2019, the Group announced the signing of a sale and purchase agreement to acquire, subject inter alia to Shareholder consent, the entire issued share capital of Aightsight Holdings Pty Ltd (“Aightsight”). Aightsight offers engineering surveying services with digital recording devices and a reason for the acquisition was that the Aightsight software performs a similar function to that of Maestrano, capturing, analysing and reporting on large datasets within the transport sector in this case, but with the addition of sophisticated artificial intelligence algorithms. On 31 October 2019, the Shareholders approved the acquisition and the issue of up to 73,383,375 shares in Maestrano Group plc which valued Aightsight at approximately £1,210,826. The purchase price allocation exercise is not yet complete and therefore more detailed business combination disclosures cannot be made at this stage.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company’s operations, the results of those operations, or the Company’s state of affairs in future financial years.

