

Queensland, Australia, 31 July 2020

RightCrowd June Quarterly and 4C Report:

RightCrowd Limited ("RightCrowd") or ("Company"), a leading developer of physical security, safety and compliance software, is pleased to provide its quarterly update in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report for the period ending 30 June 2020.

Q4 Highlights:

- Sales revenue growth of 19% achieved in FY20. Slower than expected growth in Q4 due to pandemic.
- FY21 annual sales revenue growth rate is expected to exceed 40% growth (over \$15.6m).
- FY21 Annual Recurring Revenue (ARR) will increase by over 50%, with target in excess of 100% (to over \$8m).
- The Company recently secured \$5m in additional staged funding.
- Exponential growth in international interest for RightCrowd COVID-19 related solutions.
- RightCrowd was selected as a finalist in GovPitch 2020 (conducted by AustCyber).
- RightCrowd is currently experiencing its strongest pipeline of opportunities across its various products lines.

Q4 Commentary:

- Despite the difficult economic climate, the Company managed to grow annual sales revenue by 19% on FY19 to \$11.2m and total income increased to \$16.1m (includes R&D rebates, government grants received and other income).
- During the quarter, the Company's business activities remain unchanged as the development, sales and delivery of physical security, safety, and compliance software. Quarterly sales revenue of \$2.7m in Q4 FY20 was down 20% on the previous corresponding period (\$3.4m in Q4 FY19). The reduction in revenue in Q4 versus prior year was largely attributable to delays in the signing of several new substantial contracts and the temporary suspension of a number of ongoing projects due to COVID-19, as announced to the ASX on 26 June 2020.
- Annual Recurring Revenue (ARR) closed the year at \$3.98m. This was an increase of 35% on ARR as at the end of FY19. Contracts signed in the last month ensure that the **ARR will increase by over 50% in FY21**. Contracts in hand and acceleration of the subscription revenue sales of RightCrowd's COVID-19 related solutions have the Company **targeting to grow ARR to in excess of \$8m by the end of FY21** (100% increase on FY20).
- The Company secured \$5m in additional staged funding via government stimulus programs in the United States and Australia, debt facilities and refundable tax offsets

For personal use only

through the Australian Government R&D Tax Incentive scheme for its significant overseas innovation investment in Presence Control technology. The Company will continue to be eligible for the R&D Tax Incentive for eligible activity, which management estimates will bring total R&D funding for FY21 to approximately \$2.75m.

- RightCrowd had some delays during the last quarter in signing several new sales contracts. One of these projects has been recently signed, representing a \$3m contract renewal for FY21 with an existing customer.
- COVID-19 has delivered strong tailwinds, with significant market interest for the Company's solutions that assist organisations return to the workplace and implement their ongoing COVID-19 management plans at scale. The Company has continued to add features to existing products to help customers address immediate security and safety issues exposed by the pandemic. Leveraging customer feedback, the Company is also developing innovative solutions to help organisations to manage the ongoing operational risks of COVID-19.
- The Company has executed a targeted go-to-market strategy, focussed on its Social Distancing Monitoring and Contact Tracing features of the RightCrowd Presence Control solution. The approach has delivered a material pipeline of new to market opportunities across Europe, the Middle East, South Asia, North America and South America. The Company is progressing over 25 paid trial deployments, many being large multinational corporations representing potentially significant order volumes. Several trials have successfully concluded with larger orders now being placed as new interest across the globe continues to register. (<https://www.rightcrowd.com/social-distancing-monitoring/>)
- In addition to the significant growth in direct sales pipeline opportunities for its COVID-19 related solutions, the Company is also rapidly expanding its channel program to support interest in these products. The Company is assessing channel partners across Europe, Asia-Pacific, North America, the Middle East and South America, to broaden its market reach. The Company expects to announce some of these new partnerships over the next quarter.
- RightCrowd was selected as a finalist in GovPitch 2020. Conducted by AustCyber, the event provided Australian Government IT and Security executives with direct access to innovative Australian security firms. There is a drive within Governments and the market towards advancing cyber compliance and the Company is currently working with the contacts the event delivered and developing a pipeline of new to market opportunities. (<https://austcyber.com/govpitch2020companies>)

Commentary on the Appendix 4C Cash Flow Report

- The cash position stands at \$1.59m on the 30th of June 2020 and a further \$5.46m due from accounts receivable of which over \$3m is made up of R&D rebate receivables that will be processed with the annual tax filings. The overall cash position reduced slightly over the quarter (\$2.07m as at end Q3) from the temporary suspension of several ongoing projects being partially offset by funding initiatives put in place as announced to the ASX on 26th of June 2020.
- With the significant increase in sales pipeline, particularly around its COVID-19 related solutions, the Company anticipates that the projected balance of cash and cash equivalents, including inflows from signed purchase orders, qualified sales pipeline,

established sources of funding, and government stimulus packages remain sufficient to sustain operations through to at least the end of FY21.

- Operating expenditure in the quarter was broadly in line with prior quarters. The major expenditure incurred in delivery of RightCrowd's products and services continues to be staff related costs, with outflows of \$3.6m during the quarter. Marketing, administrative, operating, and corporate costs came to \$0.7m for the quarter which was slightly lower than Q3 due to very limited expenditure on travel and events during Q4.
- Payments to related entities during the quarter totalled \$0.1m which represented fees paid to the Board of Directors of RightCrowd.

RightCrowd Founder and CEO, Peter Hill, said:

"The COVID-19 pandemic has fundamentally expanded the market for RightCrowd solutions, and we have become particularly important to companies seeking to return to the workplace safely and manage the operational and legal risks of the virus to their workforce.

Despite initial difficult trading conditions, the COVID-19 pandemic has provided strong tailwinds for our solutions that help companies intelligently manage the presence and access of people in their facilities. I am extremely pleased with how the RightCrowd team has responded and also how they have been able to develop the market opportunity very rapidly, at global scale.

We expect RightCrowd to continue to grow strongly in FY21. The annual sales revenue growth rate is expected to exceed 40% growth (over \$15.6m), with the fastest growing revenue segment likely to be our ARR, which will grow by at least 50% to over \$6m, with current clear line of sight to \$8m of ARR (100% growth).

We are seeing very promising interest from companies in all of our markets, which is currently laying the groundwork for what is looking likely to be a successful 2021 for RightCrowd."

Note to Market

None of the information included in this announcement should be considered individually material, unless specifically stated. All figures in this announcement are provided on an unaudited basis.

This Company presentation may include certain statements, estimates or projections with respect to the anticipated future performance of the Company, the projects or both. Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Company. Those assumptions may, or may not, prove correct. No representation is made as to the accuracy of those statements, estimates or projections.

- END -

Investor contact:

<p>Peter Hill Chief Executive Officer</p> <p>✉ peter.hill@rightcrowd.com</p> <p>☎ +61 7 5593 2581</p>	<p>James Stewart Chief Financial and Operating Officer</p> <p>✉ james.stewart@rightcrowd.com</p> <p>☎ +61 420 391 067</p>
--	--

The release of this announcement was authorised by the Board of Directors.

For personal use only

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

RightCrowd Limited

ABN

20 108 411 427

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,042	12,619
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(77)	(77)
(c) advertising and marketing	(224)	(828)
(d) leased assets		
(e) staff costs	(3,605)	(15,384)
(f) administration and corporate costs	(411)	(3,394)
1.3 Dividends received (see note 3)		
1.4 Interest received		12
1.5 Interest and other costs of finance paid	(72)	(103)
1.6 Income taxes paid		24
1.7 Government grants and tax incentives	1,240	3,266
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,108)	(3,913)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(2)	(255)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		2
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(2)	(253)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	904	1,045
3.6	Repayment of borrowings	(139)	(171)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	764	874
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,070	4,972
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,108)	(3,913)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(253)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	764	874
4.5	Effect of movement in exchange rates on cash held	(139)	(95)
4.6	Cash and cash equivalents at end of period	1,585	1,585

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,585	2,070
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,585	2,070

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(111)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	750	750
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		500
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>RightCrowd has available a \$500k short-term R&D rebate factoring facility from Rocking Horse @ 12% interest per annum. The facility can be drawn down from July 2020 if required to accelerate growth arising from new COVID-19 related opportunities. The facility will mature when the FY20 R&D rebate is received and any borrowings in the facility are paid down anticipated to be late 2020.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,108)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,585
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	1,585
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.43
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: Yes</p>	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: Yes. The group announced securing \$5m of phased funding on 26th of June. The group is also in the process of establishing further funding as required to finance ongoing operations including significantly increased product manufacturing requirements for COVID-19 solutions. COVID-19 Government assistance has also been received and is expected to continue through to the end of the September 2020.</p>	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. The projected cash inflows are anticipated to accelerate during the next two quarters courtesy of conversion of advanced pipeline opportunities which have increased significantly over the recent quarter.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 August 2020

Date:

By the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only