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Queensland, Australia, 28 October 2020

**RightCrowd September Quarterly Activities and 4C Report:**

## *Record Q1 sales in New Products Division drives increase in Annual Recurring Revenues*

*RightCrowd Limited ("RightCrowd") or ("Company"), a leading global 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 September 2020.*

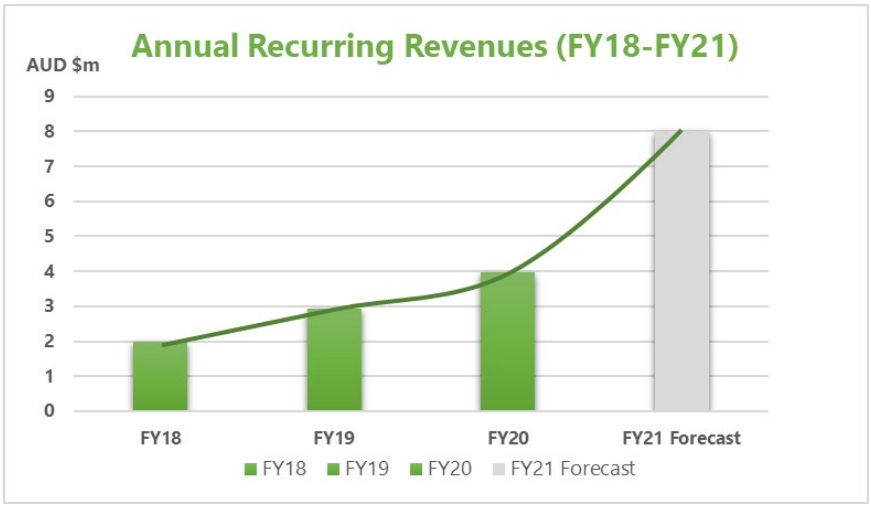
### Q1 Highlights:

- **Record sales growth in RightCrowd's New Products Division for Presence Control, Social Distancing Monitoring and Contact Tracing solutions.**
- **Annual Recurring Revenues (ARR[1]) increased from $4.0m to $5.5m, or 39% since 30-Jun-20.**
- **Strong growth in New Products Division ahead of expectations.**
- **Core Division on track to meet FY21 targets despite delays in sales from COVID-19.**
- **RightCrowd re-confirms targeting sales revenue growth to exceed 40% and ARR to double to $8m in FY21.**

### Business Commentary

- The Company achieved recognised sales revenue of $2.8m in Q1 FY21 compared to $3.1m in the previous corresponding period. Total unaudited income for the quarter was $4.2m with $1.4m of government subsidies and tax incentives recognised in Q1. The Company's business activities remain unchanged during the quarter.

- Annual Recurring Revenue (ARR) has increased to $5.5m since the end of FY20 (39% growth on prior quarter). This increase during the quarter has been driven both by recent sales in the New Products Division and the renewal of contracts with existing clients in the Core Division. The FY21 target of doubling ARR from $4.0m in FY20 to over $8.0m in FY21 remains on track to be achieved.




[1] *Annual Recurring Revenue (ARR) is the total annualised subscription and support & maintenance revenue to be recognised for all active customers contracts at a given reporting date.*

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## Divisional Commentary

- RightCrowd's New Products Division is receiving significant market interest in its Presence Control solutions which have been enhanced to support social distancing and rapid contact tracing within enterprise environments. During the quarter, a total of $1.2m was invoiced with $0.7m recognised as revenue and the remainder to be recognised over the next 12 months. The growth in orders was driven by sales to approximately 40 new customers, many of whom are now placing additional orders to extend the solution across their other global office locations following successful proof-of-concept deployments. The pipeline continues to grow courtesy of new leads generated across all markets but particularly strong demand coming from the manufacturing and finance sectors in North America.

- RightCrowd's New Products Division accelerated commercialisation of its COVID-19 related solutions during the quarter. The Company released upgraded versions of its Presence Control platform, Social Distancing Monitoring and Contact Tracing solutions which have been well received by RightCrowd's customer base, cementing the product as one of the market leading solutions for companies to safely manage their workforces for social distancing and contract tracing.




*Snapshot of RightCrowd's Social Distancing Monitoring and Contact Tracing software interface and hardware*

- RightCrowd's Core Division remains on track to hit FY21 revenue targets despite some delays in new sales during the first quarter due to the impact of COVID-19 on companies' investment decisions. Several sales contracts and projects have been temporarily delayed as customers postpone the dates on fully re-opening their offices. The current forecast is for conditions to start improving in Q2 with revenue forecast to pick-up courtesy of completion of a number of new client milestones. An improvement is expected in the second half of FY21 as people return to the workplace and current pipeline opportunities start to close.

## Commentary on the Appendix 4C Cash Flow Report

- The cash position stands at $3.0m on the 30th of September 2020 and a further $6.0m due from accounts receivable, the majority of which is forecast to be received during Q2. The overall cash position increased from $1.5m at the end of FY20 due to the successful capital raise of $4m executed in August partially offset by the repayment of some debt facilities.

- Operating cashflows in the quarter was a net outflow of $2.3m. Product manufacturing and Operating costs include $0.5m of prepayments to secure inventory as the Company ramps up production of hardware that forms part of the Social Distancing Monitoring and Contract Tracing sales. Financing cashflows in the quarter were a net inflow of $3.9m. This was a result of the capital raise of $4m.

- 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

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signed purchase orders, qualified sales pipeline, established sources of funding, and government stimulus packages will be sufficient to support the Company's growth targets.

- 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:**

"It has been pleasing to see the expansion of RightCrowd's customer base during the first quarter of FY21. Our New Products Division has delivered Social Distancing Monitoring and Contact Tracing solutions to leading organisations. These sales have introduced additional large global companies to RightCrowd for the first time, and we are confident that we can build on these relationships in the years to come.

The continuing COVID-19 pandemic is delaying some companies from executing upgrades to their physical security environment, particularly in our international markets. This has led to some sales execution delays across RightCrowd's Core and Offsite Divisions. We expect that sales will increase next quarter and accelerate in the second half of FY21 as large companies return their people to the workplace, with the appropriate safety and operational controls for COVID-19 in place.

We maintain our view that RightCrowd will 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 has already moved up significantly during Q1."

## 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:**


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


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

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# Appendix 4C

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

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| **Name of entity** | |
|---|---|
| RightCrowd Limited | |
| **ABN** | **Quarter ended ("current quarter")** |
| 20 108 411 427 | 30 September 2020 |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (3 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 2,364 | 2,364 |
| 1.2 | Payments for | | |
| | (a) research and development | | |
| | (b) product manufacturing and operating costs | (818) | (818) |
| | (c) advertising and marketing | (71) | (71) |
| | (d) leased assets | (134) | (134) |
| | (e) staff costs | (4,098) | (4,098) |
| | (f) administration and corporate costs | (490) | (490) |
| 1.3 | Dividends received (see note 3) | | |
| 1.4 | Interest received | 3 | 3 |
| 1.5 | Interest and other costs of finance paid | (63) | (63) |
| 1.6 | Income taxes paid | (2) | (2) |
| 1.7 | Government grants and tax incentives | 982 | 982 |
| 1.8 | Other (provide details if material) | | |
| **1.9** | **Net cash from / (used in) operating activities** | **(2,326)** | **(2,326)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | | |
| | (b) businesses | | |
| | (c) property, plant and equipment | (2) | (2) |
| | (d) investments | | |
| | (e) intellectual property | | |
| | (f) other non-current assets | | |

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | | |
| | (b) businesses | | |
| | (c) property, plant and equipment | | |
| | (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)** | **(2)** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 4,000 | 4,000 |
| 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 | (55) | (55) |
| 3.5 | Proceeds from borrowings | 975 | 975 |
| 3.6 | Repayment of borrowings | (1,033) | (1,033) |
| 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** | **3,887** | **3,887** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,472 | 1,472 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (2,326) | (2,326) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (2) | (2) |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 3,887 | 3,887 |
| 4.5 | Effect of movement in exchange rates on cash held | 5 | 5 |
| **4.6** | **Cash and cash equivalents at end of period** | **3,036** | **3,036** |

| 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 | 3,036 | 1,472 |
| 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)** | **3,036** | **1,472** |

| 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.*

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| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 7.1 | Loan facilities | 1,400 | 0 |
| 7.2 | Credit standby arrangements | | |
| 7.3 | Other (please specify) | | |
| 7.4 | **Total financing facilities** | | |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | 1,400 |

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.

RightCrowd has the following financing facilities available at quarter end:

- $1.4mil short term financing facility from Export Finance Australia at 6.45% interest per annum. The facility is associated with a contract from a RightCrowd fortune 50 customer and will mature on completion of the associated contract.

The purpose of the facilities is to accelerate growth arising from new COVID-19 related opportunities and support continued growth in existing business units.

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (2,326) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 3,036 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 1,400 |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 4,436 |
| 8.5 | **Estimated quarters of funding available (item 8.4 divided by item 8.1)** | 1.91 |

*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.*

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?

Answer: The entity expects an increase in cash receipts from customers in Q2 given an increase in sales activity particularly for COVID-19 related solutions. The FY21 R&D payment of $2.6m is also forecast to be received in Q2.

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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?

Answer: 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 support the company's growth targets.

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.

*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.

Date: 28 October 2020

Authorised by: Board of Directors
(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.

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