

## RightCrowd December Quarterly Activities and Appendix 4C Report:

### **Record Quarterly sales driven by RightCrowd Presence Control solutions and the achievement of major project delivery milestones in the RightCrowd Core division**

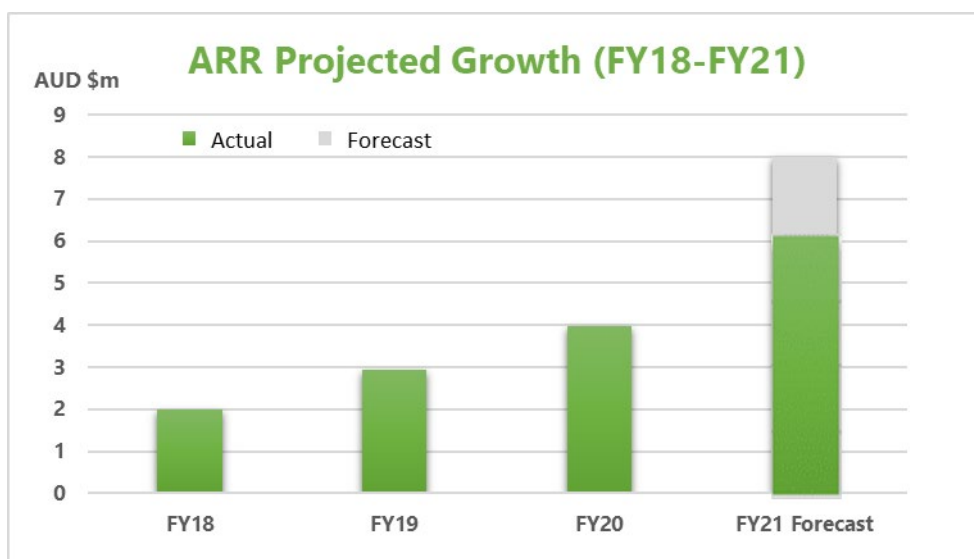
RightCrowd Limited ("RightCrowd") or ("Company"), a leading global developer of physical security, safety and compliance software, is pleased to provide its Quarterly update in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report for the period ending 31 December 2020.

#### Key Q2 FY21 Highlights:

- **Record Quarterly sales revenue of \$4.4m recognised in Q2 (up 42% compared to Q2 FY20).**
- **Annual Recurring Revenues (ARR<sup>1</sup>) increased to \$6.1m at end Q2 (up 52% compared to EOFY20).**
- **Shipped over 10,000 RightCrowd Digital Badgeholders globally in Q2 (compared to ~5,000 units in Q1 FY21).**
- **Cash balance firmed to close at \$3.8m at end of Q2 (vs \$3.0m at end Q1 FY21).**

#### Business Commentary

- The Company achieved recognised sales revenue of \$4.4m in Q2 FY21 compared to \$3.1m in Q2 FY20, which represents a 42% increase over the prior year corresponding period. Revenue also grew materially on the prior Quarter (Q1 FY21: \$2.8m, or 57% growth) as the Company accelerated sales in the New Products division and extended business with existing customers in the Core division. Total unaudited income for the Quarter was \$4.8m with \$0.4m of government subsidies recognised in Q2 (Q1 FY21: \$3.5m).



- Annual Recurring Revenue (ARR) has grown by 52% or \$2.1m to \$6.1m since the end of FY20. This increase has been driven by record sales volume from RightCrowd's New Products division and the

<sup>1</sup> 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.

new contracts executed with existing and new clients in the RightCrowd 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 due to a strong pipeline of potential new contracts and several new clients being onboarded and set to commence their annual subscription license terms (which are not yet included in the ARR result).

### Divisional Commentary

- RightCrowd New Products division continues to see significant market interest in its Presence Control solutions which delivers a platform for enhanced social distancing monitoring and class leading contact tracing, in addition to improved security and safety functions within corporate and enterprise environments. During the Quarter, a total of \$1.4m hardware and software subscription sales revenue was recognised representing 100% growth on the prior Quarter (Q1 FY21: \$0.7m). RightCrowd continues to see healthy enquiries from new prospects as well as additional orders from existing customers as they continue to roll-out the RightCrowd solution across their global offices. FY21 H1 total sales invoiced is \$3.0m with the sales pipeline continuing to grow as companies adopt protocols that help them manage the safety of their workforce during, and beyond the current pandemic.
- RightCrowd Core division recognised revenue of \$3.0m in Q2 (Q1 FY21: \$2.1m) which included \$0.4m of revenue relating to a new Fortune 50 license deal, representing the achievement of major project milestones during the Quarter. The Core division traded strongly but did experience some impact of COVID-19 with delays in pipeline conversion as some companies postponed their investment decisions. During the Quarter, RightCrowd has started to see several major pipeline opportunities begin to move forward again which is driving an expectation that the business unit revenue will accelerate in the second half of FY21.

### Commentary on the Appendix 4C Cash Flow Report

- The cash position stands at \$3.8m on the 31<sup>st</sup> of December 2020 with a further \$4.2m due from accounts receivable. The overall cash position increased from \$3.0m at the end of Q1 FY21 which reflects receipt of the R&D rebate in December under the rules of the R&D incentive scheme.
- Operating cashflow in the Quarter was a net cash inflow of \$0.9m driven from customers receipts, government grants and tax incentives. Manufacturing resulted in cash outflows of \$0.9m during the Quarter representing the cost of purchasing hardware to support future Presence Control sales. Financing cashflows in the Quarter were a net outflow of \$0.1m with net repayments of debt facilities during the Quarter.
- Payments to related entities during the Quarter totalled \$0.1m which represented remuneration paid to the Board of Directors of RightCrowd, including the CEO.

### **RightCrowd Founder and CEO, Peter Hill, said:**

"It has been incredibly pleasing to deliver high quality growth across 1H FY21, with Annual Recurring Revenues (ARR) up 52% courtesy of large contract renewals in the Core business and subscription revenue that supports the operation of the 15,000+ RightCrowd Digital Badgeholders purchased by leading global organisations. These results reflect the strength of our strategic decisions, as we continued to invest in technology platforms that help our customers better manage the access and presence of people during the global pandemic and provide a solid platform for further expansion of our Presence Control solutions.

We have made significant progress in rollouts of our Social Distancing Monitoring and Contact Tracing features within the Presence Control product suite, while also improving logistics, implementation, and customer support functions. This investment in customer experience will facilitate the introduction of additional RightCrowd Presence Control features to those customers and has the potential to further boost ARR during FY21.

I am also delighted that our RightCrowd Core division has delivered a new license deal with a Fortune 50 organisation. This creates another global enterprise relationship with long-term expansion opportunities.

With the strong tailwinds in the safety, security and compliance market, we have continued to invest in our technology. We expect that this investment will help accelerate the Company's growth in the second half of FY21 as some large companies return their people to the workplace, using RightCrowd products to manage the safety, security, and compliance of their workforce.

We maintain our view that RightCrowd will continue to grow strongly in the second half of FY21 with annual sales revenue growth rate forecast to exceed 40% (sales revenue over \$15.6m) with the fastest growing revenue segment being recurring revenue, which has already moved from \$4m, to above \$6m during H1."


#### **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:**

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

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

## 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")**

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,897	6,262
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(920)	(1,693)
(c) advertising and marketing	(34)	(104)
(d) leased assets	(137)	(272)
(e) staff costs	(4,188)	(8,287)
(f) administration and corporate costs	(699)	(1,234)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(33)	(96)
1.6 Income taxes paid	(10)	(12)
1.7 Government grants and tax incentives	3,049	4,031
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>926</b>	<b>(1,400)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(96)	(98)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(96)</b>	<b>(98)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	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	0	(55)
3.5	Proceeds from borrowings	581	1,556
3.6	Repayment of borrowings	(703)	(1,735)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(122)</b>	<b>3,766</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,035	1,472
4.2	Net cash from / (used in) operating activities (item 1.9 above)	926	(1,400)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(96)	(98)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(122)	3,766
4.5	Effect of movement in exchange rates on cash held	29	32
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,772</b>	<b>3,772</b>

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	3,772	3,036
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,772</b>	<b>3,036</b>

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	
<i>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.</i>		

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	969	969
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		0
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	926
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,772
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	3,772
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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?	
N/A	
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?	
N/A	
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?	
N/A	
<i>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.</i>	

## 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.

29 January 2021

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.