

## RightCrowd FY21 Q3 March Quarterly Activities and Appendix 4C Report:

### **Company successfully raises capital to support revenue growth and set clear path towards profitability.**

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 March 2021.

#### Key Q3 FY21 Highlights:

- **Completed successful ASX capital raise of \$12.5m.**
- **Major new presence control contract signed with New Zealand Government organisation (value of \$1.6m over 2 years).**
- **Quarterly sales revenue of \$3.0m driven by sales across New Products and Core business units.**
- **Annual Recurring Revenues (ARR<sup>1</sup>) increased to \$6.9m at end Q3 (up 73% vs end of FY20).**
- **Achieved ISO27001 certification and commenced process for OTC Market listing in the US.**
- **Production of critical components secured for next 100,000 presence control badge holders.**
- **Cash balance closed at \$13.7m at end March (Q2 FY21: \$3.8m).**

#### Financial Results

- The Company achieved recognised sales revenue of \$3.0m in Q3 FY21 which was a 15% increase compared to the prior year corresponding period (\$2.6m in Q3 FY20). Revenue dropped relative to the prior Quarter (Q2 FY21: \$4.4m) with a handful of large revenue generating pipeline deals moving into the final Quarter. After adding government subsidies, total unaudited income for the Quarter was \$4.0m for Q3 (Q2 FY21: \$4.8m).
- Annual Recurring Revenue (ARR) has grown by 73% to \$6.9m since the end of FY20 (\$4.0m). This increase has been driven by record sales volume from RightCrowd's New Products division and new contracts executed with existing and new clients in the RightCrowd Core division.
- The FY21 targets of \$16m sales revenue and doubling ARR from \$4.0m in FY20 to \$8.0m in FY21 remain on track to be achieved by end Q4 based on current pipeline of high probability large deals scheduled for closure in Q4.

<sup>1</sup> Annual Recurring Revenue (ARR) is the total annualised subscription and support & maintenance revenue for all active customers contracts at a given reporting date.

## **Business Commentary**

- RightCrowd New Products division continues to see significant market interest in its Presence Control solutions and generated \$0.9m in Q3. These solutions deliver our customers 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. RightCrowd has added more than 80 new customers for these products since the end of FY20, many of whom are extending the solution across their global offices to support a safe return to the workplace.
- RightCrowd signed a major new deal with a New Zealand Government organization for a large quantity of badgeholders and software subscriptions. The solution has been extensively trialled at the customer site, and the successful completion of the proof-of-concept has triggered the extension of the solution across all the customer's relevant workplaces.
- Major investment has been made during the Quarter into securing critical hardware components of the Presence Control solution which are currently in short supply. The components ordered will allow for production of up to 100k badgeholders (YTD FY21 sales of over 23k badgeholders as at end March).
- RightCrowd's Core division recognised revenue of \$2.1m in Q3 (Q2 FY21: \$3.0m) which was lower due to some delays in closing major new license deals. Market conditions have been challenging year-to-date but are slowly improving with companies starting to focus on returning to work initiatives. Pleasingly, RightCrowd's newest Fortune 50 customer is set to go-live on the Core solution in early Q4 which will result in a further \$0.5m of ARR being added and the potential to extend the solution further across the customer's global operations.
- To support the growth in RightCrowd's operations and reflect our commitment to cybersecurity, the Company recently achieved ISO27001 compliance. This certification is a key for RightCrowd to extend existing and secure new enterprise customers.
- RightCrowd completed a successful capital raise of \$12.5m at the end of March. Some funds are now in the process of being deployed to secure supply chain, hire senior revenue generating personnel, and support the Company's OTC Markets listing in the US.

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

- The cash position stands at \$13.7m on the 31<sup>st</sup> of March 2021 with a further \$3.9m due from accounts receivable. The overall cash position increased from \$3.8m at the end of Q2 FY21 courtesy of the cash inflow from the capital raise completed in March.
- Operating cashflow in the Quarter generated a net cash outflow of \$1.5m. Manufacturing resulted in cash outflows of \$0.3m during the Quarter representing the cost of purchasing hardware to support future Presence Control sales. Financing cashflows in the Quarter were a net inflow of \$11.1m following the capital raise partially offset by reduction of overall debt across the Company from \$1.0m down to less than \$0.7m.
- 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:**

“With the US and European economies poised for a significant recovery, we have taken the opportunity to raise capital to take advantage of the expected demand for RightCrowd solutions that help workers return to the workplace.

The additional funding will be used to deepen our existing global channel partnerships, to expand our US footprint and capability, and to commercialise our product innovation pipeline across RightCrowd Presence Control and the Company’s cyber security product, RightCrowd IQ.

We expect that this investment will help accelerate the Company’s growth as many large companies return their people to the workplace, using RightCrowd products to manage the safety, security, and compliance of their workforce.

Sales of our contact tracing and social distancing monitoring solutions have continued to develop, and this Quarter we are incredibly pleased to announce our first major Government contract in New Zealand. The contract is valued at \$1.6m over 2 years and provides a significant reference site for other Government and large corporate customers.

Underpinned by new to market sales, Annual Recurring Revenues (ARR) continues to grow driven in large part by the sale of 23,000+ RightCrowd Digital Badgeholders purchased by leading global organisations so far in FY21.

Our investment in information security continued this Quarter with the achievement of ISO 27001 certification. With our expanding Fortune 50 and Government client base, the achievement of this international standard ensures the Company can demonstrate it has effective security foundations in place.

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 \$16m) with the fastest growing revenue segment being recurring revenue.”

**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><b>Peter Hill</b> Chief Executive Officer</p> <p>✉ peter.hill@rightcrowd.com</p> <p>☎ +61 7 5593 2581</p>	<p><b>James Stewart</b> Chief Financial and Operating Officer</p> <p>✉ james.stewart@rightcrowd.com</p> <p>☎ +61 7 5613 1035</p>
--	--

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 March 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,674	9,936
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(307)	(2,045)
(c) advertising and marketing	(109)	(214)
(d) leased assets	(171)	(443)
(e) staff costs	(4,209)	(12,497)
(f) administration and corporate costs	(631)	(1,820)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	5
1.5 Interest and other costs of finance paid	(33)	(129)
1.6 Income taxes paid	(1)	(13)
1.7 Government grants and tax incentives	256	4,286
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,531)</b>	<b>(2,934)</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	(90)	(189)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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>(90)</b>	<b>(189)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	12,507	16,507
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	(550)	(605)
3.5	Proceeds from borrowings	-	1,556
3.6	Repayment of borrowings	(456)	(2,192)
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>11,501</b>	<b>15,256</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	3,772	1,472
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,531)	(2,934)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(90)	(189)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,501	15,256
4.5	Effect of movement in exchange rates on cash held	24	69
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>13,676</b>	<b>13,676</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	13,676	3,772
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>13,676</b>	<b>3,772</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	

*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.*

For personal use only

7. <b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	693	693
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.		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,531)
8.2 Cash and cash equivalents at quarter end (item 4.6)	13,676
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	13,676
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	8.92
<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.

30 April 2021

Date: .....

The Board of Directors

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.