

## RightCrowd FY21 Q4 June Quarterly Activities Report and Appendix 4C:

### RightCrowd generates Record Quarterly Revenue of \$5.5m and Hits FY21 ARR target.

RightCrowd Limited ("RightCrowd") or ("Company"), a leading global developer of physical security, safety, and compliance software, is pleased to provide its Quarterly Activities Report in conjunction with the release of the Appendix 4C - Quarterly Cash Flow Report for the period ended 30 June 2021.

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#### **Highlights:** (All figures are unaudited and are expressed in Australian dollars unless stated otherwise):

- Record quarterly revenue of \$5.5m in Q4 2021, up 104% versus prior comparison period (Q4 FY20: \$2.7m). The record quarterly result drove FY21 annual revenue to \$15.5m, representing 34% annual growth on FY20.
- Contracted Annual Recurring Revenue as at 30-June-2021 closed at \$8.1m, exceeding the FY21 target set of \$8.0m.
- Net loss narrowed by 43% to \$3.9m in FY21 (FY20: \$6.8m).
- RightCrowd's cash and cash equivalent balance closed at \$9.9m, with a further \$6.3m due in accounts receivable as of 30 June 2021.
- RightCrowd Presence Control sales continued with 7,500 badgeholder units sold during Q4, taking annual sales to 27,000 units.
- A Fortune 500, US financial services institution was added as an enterprise software client in Q4. RightCrowd increased total customers to 170 as at the end of FY21 (annual growth of 240%).
- Commercialisation of Access Analytics (formerly RightCrowd IQ) in US and European markets is underway.
- New executive capability onboarded in the US to accelerate sales and the growth of the North American business.
- RightCrowd wins Commonwealth Cyber Skills grant of \$1.1m to launch the Gold Coast Cyber Studio
- RightCrowd shares (RCWDF) are now available for trading on the OTCQB market in the United States.
- RightCrowd consolidates Offsite Vision into existing business units generating annual savings of \$1m once fully implemented.

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## Financial Commentary:

**Revenue:** RightCrowd generated a record Q4 revenue result of \$5.5m in revenue driven by strong license sales in the CORE business units and continued momentum for Presence Control sales to new and existing customers.

FY21 full year revenue closed at \$15.5m, up from \$11.5m in FY20, representing annual growth of 34%. The FY21 result was approximately 3% lower than the \$16m outlook set by RightCrowd for FY21 earlier in the year.

**Annual Recurring Revenue (ARR):** RightCrowd has exceeded its FY21 ARR<sup>1</sup> target of \$8.0m, closing FY21 with \$8.1m. The increase in ARR was driven by several new enterprise sales, an uplift in support and maintenance to existing customers and the ramp-up in new to market subscription sales of the RightCrowd Presence Control platform to actively manage the safe and compliant return to the workplace post COVID-19 restrictions.

This increase reflects a major achievement for RightCrowd, having more than doubled the ARR during FY21 from \$4.0m as of 30 June 2020.

**Net Loss:** RightCrowd narrowed its net operating loss by 43% to \$3.9m in FY21 (FY20: \$6.8m). The reduction was courtesy of revenue growth of \$4.0m which was partially offset by an increase in Cost of Goods Sold of \$2.3m (FY20: \$0.1m) due to increased Presence Control hardware sales during FY21.

**Cash:** RightCrowd closed Q4 with a cash & cash equivalent balance of \$9.9m which excludes a further \$6.3m<sup>2</sup> due in accounts receivable as at the end of June.

Operating cashflow in Q4 resulted in a net cash outflow of \$3.7m. The result was driven by an increase in manufacturing cash outflows of \$1.9m during the quarter with additional deposits paid to secure components for 100,000 more badgeholder units to support future Presence Control sales. There was also an increase in outflows for corporate and administration fees during the quarter of \$1.1m (Q3: \$0.6m) as the company incurred fees relating to hiring activities, audit fees, annual ASX fees, and US investor activities as RightCrowd was added to the OTCQX platform.

## Operational Commentary:

**Presence Control:** RightCrowd sold a further 7,500 Presence Control badgeholders in Q4 taking the FY21 total to ~ 27,000. This growth was driven mainly by the social distancing and contract tracing capabilities of the badgeholders.

Across its US and European cloud platforms, the company registers so-called 'Close Contacts' amongst the workforce of its customers. The number of Close Contacts grew from 175k as at the end of Q1 FY21

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<sup>1</sup> ARR is measured as the total annualised value of active customer contracts for annual subscription, support, and maintenance services as at 30th of June 2021.

<sup>2</sup> This includes an estimate for the R&D incentive rebate relating to R&D expenses incurred in FY21.

to over 14 million in total by the end of FY21. The growth reflects the growing use of the Presence Control solution by RightCrowd's customers.



RightCrowd's Presence Control solution has capabilities beyond social distancing and contact tracing and during the quarter, RightCrowd added several new use cases to its Presence Control product line, including presence reporting, questionnaire features, and evacuation management.

**Access Analytics:** RightCrowd Access Analytics (formerly RightCrowd IQ) was enhanced during the quarter to support input from a variety of Physical Access Control Systems. Commercialisation of this use-case is set to commence in Q1 of FY22 with a focus on the US and European markets.

**New Customers:** RightCrowd is pleased to report that several key new customers were added during Q4, including a Fortune 500, US financial institution for an enterprise-wide workforce management solution. The total customer count increased to 170 by the end of FY21, a 243% increase on prior year (FY20: 70 Active Customers)

**US Sales:** RightCrowd is pleased to welcome David Oller as VP, Sales and Alliances based out of the San Francisco Bay Area in the USA. David has led direct and channel sales teams for 25+ years primarily in the Cybersecurity marketplace. He has worked with seven venture capital backed organisations where he has driven sales from less than five million to between thirty and one hundred million in annual revenues. Five of the seven organisations were acquired during his tenure, generating well over a half a billion dollars in shareholder value. David will lead the sales organisation with a focus on further developing sales channels and partnerships. Marc Ellis, a new account executive has also started with RightCrowd based out of Seattle and will cover the Western North America market.

In conjunction with the onboarding of new sales staff, the marketing team has added infrastructure to support outbound lead generation focused initially on the US market.

**Gold Coast Cyber Studio:** RightCrowd has been awarded \$1.1m to deliver an innovative cyber security skills program under the Australian Federal Government Cyber Security Skills Partnership Innovation Fund. The program, to be offered in partnership with Griffith University, will ensure that RightCrowd is able to help train cyber security professionals in the Australian market whilst helping to meet the Company's growing and highly specialized resourcing requirements.

**OTCQB:** RightCrowd registered its shares for trading on the OTCQB market in the US (stock code RCWDF) on the 1<sup>st</sup> of July 2021. The OTCQB is recognized by the U.S. Securities and Exchange Commission as an established public market providing public information for analysis and value of securities. As a verified market with efficient access for U.S investors, OTCQB helps companies build shareholder value with a goal of enhancing liquidity and achieving a fair valuation.

**Offsite Vision:** RightCrowd is consolidating the evacuation management product set within the Presence Control portfolio. This will ultimately reduce the annual cost base by \$1.0m per annum.

**RightCrowd CEO and Managing Director, Peter Hill, said:**

*"RightCrowd has delivered outstanding results in the Quarter with impressive revenue growth and exceeding its target of \$8.0m of annual recurring revenue as at the end of FY21. I am also very pleased to see the strong progress being made in executing on its strategic plans which includes adding sales capability in the North American market, extending our investor relations activity including the addition of RightCrowd to the OTCQB market (Ticker: RCWDF), and extending our solution set to cover more use cases across the market."*

**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.

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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

**Name of entity**

RightCrowd Limited

**ABN**

20 108 411 427

**Quarter ended ("current quarter")**

30 June 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,339	13,275
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,880)	(3,925)
(c) advertising and marketing	(84)	(298)
(d) leased assets	(223)	(667)
(e) staff costs	(3,882)	(16,379)
(f) administration and corporate costs	(1,092)	(2,912)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	9
1.5 Interest and other costs of finance paid	(27)	(156)
1.6 Income taxes paid	(1)	(14)
1.7 Government grants and tax incentives	130	4,416
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,716)</b>	<b>(6,651)</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	(48)	(236)
(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		
	(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>(48)</b>	<b>(236)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	-	(605)
3.5	Proceeds from borrowings	123	1,670
3.6	Repayment of borrowings	(131)	(2,323)
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>(8)</b>	<b>15,248</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	13,676	1,472
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,716)	(6,781)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(48)	(236)

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)	(8)	15,379
4.5	Effect of movement in exchange rates on cash held	(32)	38
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,872</b>	<b>9,872</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	9,872	13,676
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>9,872</b>	<b>13,676</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.*



<b>7. 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.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	559	559
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.	<p>Outstanding loan facilities at quarter end relate to the following:</p> <ol style="list-style-type: none"> <li>1. Insurance premium funding – \$83k. The group has an annual arrangement whereby the total cost of all insurance premiums is funded through a financial institution. The interest rate on the facility is 2.15% per annum and the maturity date is 30 October 2021. The group intends to renew the facility upon expiry.</li> <li>2. Payroll protection program loan – \$157k..The Payroll Protection loan was granted to the Group's U.S. based entities, the purpose of which was to provide assistance in meeting payroll obligations during the COVID-19 pandemic. The loan has an interest rate of 1% p.a. The Group expects to receive forgiveness from the U.S. government for most of the outstanding balance. The loan otherwise has a 30-year repayment term.</li> <li>3. Small Business Administration loan – \$61k. The SBA loan was taken out for the Group's U.S. operations to provide further assistance during the COVID 19 pandemic. The loan has a 30-year repayment term with interest at the rate of 3.75% per annum. .</li> <li>4. Queensland Rural and Industry Development Authority (QRIDA) Loan – \$250k. The purpose of the QRIDA loan was to assist the group in meeting working capital expenses during the COVID-19 pandemic. The loan has a rate of 2.5% and a 10-year term. The loan was repaid in full during July 2021.</li> <li>5. Other loan facility - \$8k. The Group has another small loan facility that was repaid during July 2021</li> </ol>	

  

<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)	(3,716)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,872
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	9,872
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.66

*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?

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

*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: 30 July 2021

Authorised by: The 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.