



**RIGHTCROWD LIMITED
AND CONTROLLED ENTITIES**

A.B.N. 20 108 411 427

**APPENDIX 4E AND PRELIMINARY FINANCIAL REPORT
(UNAUDITED)**

**FOR THE YEAR ENDED
30 JUNE 2021**

For personal use only

Results for announcement to the market

	1 July 2020 to 30 June 2021	1 July 2019 to 30 June 2020	Change (\$)	Change (%)
Revenue from ordinary activities	15,479,042	11,534,107	3,944,935	+34%
Profit/(loss) from ordinary activities after tax attributable to members	(4,320,093)	(6,786,378)	2,466,285	+36%
Net profit/(loss) for the period attributable to members	(4,320,093)	(6,786,378)	2,466,285	+36%

	30 June 2021 (cents)	30 June 2020 (cents)
Net tangible asset backing per ordinary share	0.048	0.003

Dividends

No dividend has been proposed or declared for the year ended 30 June 2021.

Commentary on results for the period

The Board is pleased to announce the Consolidated Group's unaudited results for the 2021 financial year. The Company has delivered a very strong performance by increasing revenue 34% whilst only increasing expenses by 4% compared to the prior period. This has resulted in a 36% improvement of the overall net loss during the period.

RightCrowd's Presence Control sales grew materially as the Company added approximately 100 new customers and partners during the period. Customers have deployed RightCrowd's presence control software for social distancing monitoring and contract tracing to help them safely manage the return of their staff to the workplace. These sales helped to generate a large increase in hardware and SaaS revenue of \$4.8m in the current period (FY20: \$0.5m).

RightCrowd's CORE business unit added two major US Fortune 500 enterprise customers with sales of workforce and visitor management solutions. Upsell to existing customers and conversion of pipeline opportunities helped to drive an 89% increase in support and maintenance revenue during

the period to \$4.3m (FY20: \$2.3m). This was offset by a reduction in revenue from consulting as existing projects were adversely impacted by COVID-19 travel restrictions leading to delays in the closure of project milestones. This resulted in consulting revenue of \$3.6m in the period (FY20: \$5.9m).

The Offsite Vision business acquired in FY19 continued to be impacted by COVID-19 during the period. The Company is consolidating the Offsite Vision evacuation management product suite within the presence control product portfolio which will result in synergies across the sales, engineering, and marketing functions. This consolidation is forecast to generate annual savings of \$1.0m. Offsite Vision will continue to remain as a fully owned entity but will cease to be a stand-alone operating segment for statutory reporting.

Total income for the period was \$19.7m, representing a 21% increase from the prior year (FY20: \$16.2m). Total income comprises of sales revenue detailed above and other income items. Other income was \$4.2m, approximately 11% lower than prior period (FY20: \$4.7m). Other income is predominantly made up of cash rebates from the Australian Government's R&D Tax Incentive scheme (\$2.7m¹) and COVID-19 government stimulus (\$1.4m) received in Australia and the United States.

The overall cost base was \$24.0m, which was 4% higher than prior period (FY20: \$23.0m²). The major cost component is staff payroll, which increased by 4% compared to the prior period as additional staff were added to support the growth of the Company. RightCrowd continues to expense all costs associated with its research and development activities.

As announced to the market on 12th of August 2020 and 24th of March 2021, the Company secured additional funding of \$16.5m for further investment into sales capability, product, and other strategic initiatives. Cash and cash equivalents were \$9.9m at the end of the period, up from \$1.5m at the end of FY20. During the period, in addition to reducing borrowings, the Company began to prudently deploy funds raised towards strategic initiatives, namely:

- Securing key presence control inventory components required to produce 100,000 badgeholders. Inventory and prepaid expenses totalled \$2.5m at the end of June 2021 (FY20: \$0.1m)
- Adding key personnel in North America to support further development of direct and channel sales.
- Commercialising RightCrowd's cyber security product, Access Analytics (formerly known as RightCrowd IQ).
- Registration of RightCrowd onto the OTCQB exchange in the US (Ticker: RCWDF) and associated investor and public relations activity.

¹ This is an accrual for the R&D grant amount relating to FY21 which will be lodged in October 2021.

² Includes \$1.3m impairment provision relating to Offsite Vision recognised in FY20

For personal use only

A strong Q4 in FY21 resulted in a record trading result for the Company. Q4 sales revenue of \$5.5m resulted in accounts receivable and accrued revenue growing to \$7.2m as at the end of FY21 (FY20: \$5.1m).

Status of Audit

The 30 June 2021 financial statements and accompanying notes for RightCrowd Limited are in the course of being audited and as such these results may be subject to some adjustment upon completion of the external audit.

The FY21 annual report and accompanying investor presentation are scheduled to be released by the end of September 2021.

Control Gained or Lost Over Entities in the Year

No new group entities were acquired, nor entities sold / disposed during the year ended 30 June 2021.

Approved for release by the Board of Directors.

For personal use only

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	10
Notes to the Preliminary Financial Report	11

For personal use only

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	30 June 2021 (\$)	30 June 2020 (\$)
Revenue	5	15,479,042	11,534,107
Other income	6	4,200,684	4,712,354
Cost of sales		(2,282,642)	(128,098)
Employee benefits expense		(16,918,964)	(16,213,325)
Depreciation and amortisation expense		(1,059,726)	(1,064,826)
Impairment expense		(40,019)	(1,315,957)
Finance costs		(159,340)	(102,980)
Foreign currency loss		(4,799)	(54,188)
Other expenses	7	(3,524,314)	(4,146,035)
Loss before income tax		(4,310,079)	(6,778,948)
Income tax expense		(10,015)	(7,430)
Loss for the period		(4,320,093)	(6,786,378)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(903,094)	114,490
Total other comprehensive income for the half year		(903,094)	114,490
Total comprehensive loss for the year		(5,223,187)	(6,671,888)
Earnings per share (cents)			
Basic earnings per share		(0.0189)	(0.034)
Diluted earnings per share		(0.0189)	(0.034)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

For personal use only

Consolidated statement of financial position

As at 30 June 2021

	Note	30 June 2021 (\$)	30 June 2020 (\$)
ASSETS			
Cash and cash equivalents		9,872,524	1,471,918
Trade and other receivables	8	7,226,463	5,131,949
Inventories		975,786	111,640
Short term deposits		119,769	119,769
Other assets	9	1,950,715	424,146
TOTAL CURRENT ASSETS		20,145,258	7,259,422
Property, plant and equipment		2,093,951	1,864,107
Goodwill		12,489,924	12,945,971
Other intangible assets		1,213,529	1,622,035
TOTAL NON-CURRENT ASSETS		15,797,404	16,432,113
TOTAL ASSETS		35,942,663	23,691,535
LIABILITIES			
Trade and other payables		1,495,883	1,072,334
Borrowings	10	663,556	1,256,381
Contract liabilities		4,157,306	3,188,204
Tax liabilities		-	5,520
Provisions		1,738,533	1,549,055
TOTAL CURRENT LIABILITIES		8,055,277	7,071,494
Borrowings	10	1,516,463	1,353,115
Provisions		152,689	91,804
TOTAL NON-CURRENT LIABILITIES		1,669,152	1,444,919
TOTAL LIABILITIES		9,724,429	8,516,413
NET ASSETS		26,218,234	15,175,122
EQUITY			
Issued capital	11	56,133,457	40,088,786
Reserves		(104,900)	726,544
Accumulated losses		(29,810,323)	(25,640,208)
TOTAL EQUITY		26,218,234	15,175,122

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

For personal use only

Consolidated statement of changes in equity

For the year ended 30 June 2021

	Note	Issued capital (\$)	Accumulated losses (\$)	Foreign currency translation reserve (\$)	Share based payment reserve (\$)	Total (\$)
Balance at 30 June 2020		40,088,786	(25,640,208)	230,949	495,595	15,175,122
Comprehensive income for the period						
Loss for the period		-	(4,320,093)	-	-	(4,320,093)
Other comprehensive income		-		(903,094)	-	(903,094)
Total comprehensive income for the period		-	(4,320,093)	(903,094)	-	(5,223,187)
Transactions with owners of the company						
Issue of ordinary shares	11	16,507,000	-	-	-	16,507,000
Transfer on exercise to share capital		137,980			(137,980)	-
Transaction costs		(600,308)	-	-	-	(600,308)
Share options and performance rights expensed during the year		-	-	-	359,609	359,609
Transfer of expired share options to retained earnings		-	149,979	-	(149,979)	-
Total transactions with owners of the company		16,044,672	149,979	-	71,650	16,266,301
Balance at 30 June 2021		56,133,457	(29,810,323)	(672,145)	567,245	26,218,234

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the year ended 30 June 2020

	Note	Issued capital (\$)	Accumulated losses (\$)	Foreign currency translation reserve (\$)	Share based payment reserve (\$)	Total (\$)
Balance at 30 June 2019		39,650,533	(18,994,879)	116,459	666,497	21,438,610
Comprehensive income for the period						
Loss for the period		-	(6,786,378)	-	-	(6,786,378)
Other comprehensive income		-	-	114,490	-	114,490
Total comprehensive income for the period		-	(6,786,378)	114,490	-	(6,671,888)
Transactions with owners of the company						
Issue of ordinary shares	11	438,253	-	-	(397,790)	40,463
Share options and performance rights expensed during the year		-	-	-	367,937	367,937
Transfer of expired share options to retained earnings		-	141,049	-	(141,049)	-
Total transactions with owners of the company		438,253	141,049	-	(170,902)	408,400
Balance at 30 June 2020		40,088,786	(25,640,208)	230,949	495,595	15,175,122

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2021

	Note	30 June 2021 (\$)	30 June 2020 (\$)
Cash flows from operating activities			
Cash receipts from customers		13,275,059	12,726,720
Cash payments to suppliers and employees		(23,513,513)	(19,200,873)
Finance costs		(155,732)	(112,397)
Interest received		9,486	12,467
Income tax refunded (paid)		(14,324)	(24,467)
Grant income received		4,286,193	3,181,100
Net cash (used in) from operating activities		(6,112,832)	(3,417,450)
Cash flows from investing activities			
Purchase of property, plant and equipment		(236,331)	(292,745)
Cash deposits greater than 3 months		-	(119,769)
Net cash (used in) from investing activities		(236,331)	(412,514)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		16,507,000	-
Share issue costs		(605,308)	-
Proceeds from borrowings		1,800,189	1,175,354
Repayment of borrowings		(2,323,350)	(196,895)
Repayment of lease liabilities		(666,526)	(549,708)
Net cash (used in) from financing activities		14,712,005	437,751
Net increase (decrease) in cash and cash equivalents		8,362,842	(3,392,213)
Cash and cash equivalents at 1 July		1,471,918	4,972,136
Effect of exchange rate fluctuations on cash held		37,764	(107,005)
Cash and cash equivalents at 30 June		9,872,524	1,471,918

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the preliminary financial report

1. Reporting entity

RightCrowd Limited (the “Company”) is a company domiciled in Australia. This preliminary financial report comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is a for-profit entity and is primarily involved in the development and sale of physical security, safety, and compliance software.

2. Basis of preparation

The financial information included in this document for the year ended 30 June 2021 is unaudited. The financial information does not constitute RightCrowd Limited and its controlled entities (the “Group”) full financial statements for the year ended 30 June 2021, which will be approved by the board, reported on by the auditors and filed with the Australian Securities and Investment Commission. The Group’s full financial statement will be prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial information in this document for the year ended 30 June 2021 has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 30 June 2020 financial statements contained within the 2020 Annual Report of the Group. As required and unless stated otherwise, comparative statutory financial information for the Group has been presented for the 2020 financial year. Comparative figures have been prepared on the same basis as the current year figures.

3. Functional and presentation currency

This preliminary financial report is presented in Australian Dollars which is the Group’s functional currency.

4. Use of judgements and estimates

In preparing this preliminary financial report, management has made judgements and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Notes to the preliminary financial report (cont)

5. Revenue

	30 June 2021 (\$)	30 June 2020 (\$)
Support and maintenance	4,295,467	2,277,896
Subscription software	1,019,069	1,242,154
Software as a Service	1,825,113	489,670
Perpetual software	1,757,523	1,631,521
Hardware	3,004,731	-
Consulting	3,577,139	5,892,866
Total:	15,479,042	11,534,107

6. Other Income

	30 June 2021 (\$)	30 June 2020 (\$)
COVID support government incentives	1,379,486	1,322,597
Research and development grant	2,681,985	3,121,836
Other income	139,213	267,851
Total:	4,200,684	4,712,284

Notes to the preliminary financial report (cont)

7. Other expenses

	30 June 2021 (\$)	30 June 2020 (\$)
Rent expense	108,920	160,335
Travel expense	136,762	792,613
Professional and consulting	1,536,474	1,874,388
Advertising and marketing	199,633	88,142
Communication	121,810	164,606
Software rental	352,274	270,391
Insurance	302,579	370,503
Other expenses	765,862	425,057
Total:	3,524,314	4,146,035

8. Trade and other receivables

	30 June 2021 (\$)	30 June 2020 (\$)
Trade receivables arising from contracts with customers	3,483,513	2,186,222
Accrued revenue	888,170	-
Research and Development Grant receivable	2,646,634	2,945,727
Other receivables	208,146	-
Total:	7,226,463	5,131,949

9. Other assets

	30 June 2021 (\$)	30 June 2020 (\$)
Prepayments for inventory	1,467,299	-
Other prepayments	483,416	424,146
Total:	1,950,715	424,146

For personal use only

Notes to the preliminary financial report (cont)

10. Borrowings

Current borrowings

	30 June 2021 (\$)	30 June 2020 (\$)
<i>Unsecured:</i>		
Insurance premium funding	83,029	100,055
Lease liabilities	573,124	590,503
Other unsecured loan	7,403	68,023
<i>Secured:</i>		
R & D Factoring	-	497,800
Total current borrowings	663,556	1,256,381

Non-current borrowings

	30 June 2021 (\$)	30 June 2020 (\$)
<i>Unsecured:</i>		
Lease liabilities	1,110,002	925,759
Payroll protection program	157,191	196,377
Small Business Administration Loan	61,807	43,516
<i>Secured:</i>		
QRIDA Loan	187,463	187,463
Total non-current borrowings	1,516,463	1,353,115

For personal use only

Notes to the preliminary financial report (cont)

11. Capital and reserves

Details of capital raised in the current and comparative period

(a) On 13 December 2019, 1,388,889 ordinary shares were issued at \$0.31 per share to Offsite Vision KMP as a result of the subsidiary meeting specified performance milestones as part of the acquisition agreement executed in 2018.

(b) On 12 August 2020, the Group issued 22,222,222 fully paid ordinary shares to institutional and sophisticated investors for a total consideration of \$4 million.

(c) On 24 March 2021, the Group issued 37,900,000 fully paid ordinary shares to institutional and sophisticated investors for a total consideration of \$12.5 million.

End preliminary financial report

For personal use only