

FY20 Q1 QUARTERLY UPDATE

RightCrowd continues to deliver strong revenue growth momentum in Q1

Q1 Highlights

- Quarterly sales revenue exceeded \$3m for the second time, following a strong June Quarter. Revenue was up 60% on the previous corresponding period (pcp). The majority of revenue was generated from international markets.
- Strong cash receipts of \$4.2m from customers in the first quarter of FY20, up 158% from \$1.63m on pcp.
- Revenue was generated through the delivery of major project milestones at a number of the world's leading banking and technology companies and included a mixture of software licenses, annual subscriptions and consulting fees.
- Significant progress achieved towards RightCrowd's target of cashflow breakeven on a fully cost allocated basis in FY20 for RightCrowd's core business. Investment of funds continues in the early commercialisation of Presence Control and Cyber related product, RightCrowd IQ.
- Expenditure for Q1 was under budget, and the cash balance stayed relatively steady throughout the quarter closing at \$4.1m (\$5.0m at end of Q4 FY19).
- Corporate lobby automation offering, leveraging existing product intellectual property and released in Q1, achieved first sales and continues to build a strong pipeline.
- New innovative products in Presence Control and Cyber markets are being proven at first customer sites with plans for full commercialisation now accelerating.

RightCrowd Limited ("RightCrowd") is pleased to provide this quarterly update in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report.

The Company released its annual report on 29 September and looks forward to giving a business update and FY20 revenue growth outlook at the AGM, which will be held in Brisbane on the 26th of November 2019.

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Q1 Sales Revenue

RightCrowd continued the momentum in its generation of quality revenue during Q1 FY20 with sales revenue of \$3.1m, an increase of 60% on Q1 FY19 revenue. The revenue was driven through new license revenue, recurring revenue renewals, and the delivery of ongoing consulting work across all geographies. These projects included the implementation of a visitor management solution for a power-generation manufacturer, an identity management solution for a large financial institution, and a significant expansion of the solution implemented at a large technology company.

Some of the notable new sales in Q1 which are currently being deployed, include a large telecommunications manufacturer (~\$200k) and a workforce management solution for a liquid natural gas facility (~\$280k), and an expansion of an existing customer's solution introducing lobby automation to five locations (~\$215k). 40% of the revenue from these three examples is annually recurring.

Q1 Implementation milestones showcase the relevance of RightCrowd's core solutions to the Financial Services Industry and to organisations using PACOM and C-Cure 9000 Physical Security Systems

Q1 was an important quarter for delivering solutions with major clients. RightCrowd was able to achieve important milestones with go-lives achieved at two of the world's top 25 banks. These successful deployments have instigated discussions around future expansion of the RightCrowd platform and proves the solution at scale in the global financial services industry. This is now enabling RightCrowd to further market its capability and solutions to similar sized institutions.

These implementations have also confirmed the successful integration of the RightCrowd software with two major physical security systems, PACOM (owned by Stanley Black & Decker) and C-Cure 9000 (part of Johnson Controls/Tyco). These successful deployments are also opening large new markets for RightCrowd for organisations that have PACOM and C-Cure 9000 systems.

RightCrowd's solutions also integrate with physical security systems from 7 of the world's other leading physical security system providers.

Next-Generation Solutions Initiative

The Company continued to further commercialise its intellectual property, which has been developed over 15 years, starting with the Q1 release of the first module of next-generation solutions that are designed to meet the needs of an increasingly sophisticated market.

Within days of launching the new corporate lobby automation module at the annual Global Security Exchange (GSX) Security Conference in Chicago in September, RightCrowd secured its first sale of the new module to an existing client and is continuing to build the sales pipeline for the module, both at existing and new customers. The existing client originally implemented a \$100k RightCrowd solution earlier in FY2019, following up recently with a further \$215k investment in the new lobby automation module for an initial five locations.

This success highlights RightCrowd's ability to execute on its strategy of expanding its product suite and implementing additional solutions for large enterprise clients.

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Q1 New Product Momentum

RightCrowd was pleased to commence the first commercial installation of its Presence Control solution during Q1 with a major customer in Europe. This marks the first step in commercialising the product following the Ticto acquisition made by RightCrowd in January 2019.

RightCrowd's Access Compliance solution, RightCrowd IQ, is focussed on the growing need for IT security audits in the ever-growing cyber-security market. The product has received further investment to support new features requested by initial early adopter clients. The successful early adopter deployments have been very well received, and full commercialisation plans are now being accelerated.

Q1 Integrated Product Strategy

The annual GSX conference in Chicago in Q1 was the first major conference where RightCrowd was in a position to showcase its full set of integrated software solutions bringing together the acquired products from Ticto and OffSite Vision Holdings. The level of interest was high, and a number of new opportunities have been added to the sales pipeline, which combines RightCrowd's integrated software solution offerings both at new and existing clients.

Further participation at global conferences is planned with RightCrowd participating at ISC East in November 2019 in New York City and ISC West in Las Vegas in March 2020.

Continued Momentum in Sales Pipeline

After a strong first quarter and successful GSX trade show event in Chicago, RightCrowd continues to build sales momentum with a strong pipeline of new projects being planned, especially in the financial services and industrial sectors, together with plans to further expand the solution footprint in existing clients.

These new sales further validate the investment into these new sectors and into the cross-section of access control platforms that are supported.

Q1 Cost Base and Cash Balance

The continued momentum in sales growth evidences the significant progress achieved towards RightCrowd's target of cashflow breakeven in FY20 for RightCrowd's core business. Investment of funds continues in the early commercialisation of Presence Control and Cyber related product, RightCrowd IQ.

RightCrowd's cost base continues to be managed in a tightly controlled manner, with the principal cost being wages and staff costs reflecting the Company's expanding business activity. The forecast cash spend for the second quarter of FY20 takes into account the cash required in operating the core business and also extending new products that were acquired or developed internally during FY19. With the strong revenue momentum, the forecast spend in the business is considered to be appropriate.

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The Company received \$4.2m from customers in the first quarter of FY20, which kept the cash balance relatively steady throughout the quarter, closing at \$4.1m (\$5.0m at end of Q4 FY19). The Company anticipates that the projected balance of cash and cash equivalents, including inflows from recurring annual revenue and ongoing projects, are sufficient to sustain operations through to the end of FY20. This excludes consideration of additional potential cash inflows from the growing sales pipeline.

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.

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