

ASX / Media Announcement

RightCrowd secures \$5 million of new funding to support FY21 growth

Highlights:

- **RightCrowd secures new funding of \$5m to support FY21 growth**
- **The Company advises sales Revenue for FY20 expected to be \$11.2m – 12.0m**
- **FY21 expected to deliver 40% growth with strong identified pipeline**

Queensland, Australia, 26 June 2020 | RightCrowd Limited ("RightCrowd") or ("Company"), a leading developer of physical security, safety, and compliance software [and services], is pleased to update the market.

RightCrowd Founder and CEO, Peter Hill said: "We have secured **\$5m in additional funding** and \$1m in accelerated funding through various initiatives, the majority of which will be available within the next four months. This provides the Company further balance sheet support and diversifies its financing sources with no dilution to existing shareholders.

"With this funding in place, RightCrowd can continue to commercialise its exciting product portfolio and convert its current pipeline of opportunities, in addition to supporting its response to the recent surge in interest for its COVID-19 related solutions. The funding will ensure that the Company has the liquidity available to continue its growth trajectory throughout FY21.

"The Board regularly evaluates RightCrowd's cost and access to capital in order to prudently manage the Company's balance sheet, meet its short-term liquidity needs during volatile periods, and ensure that it can support its long-term growth objectives.

"We thank the support of government, both in Australia and the USA, for their support."

Funding Update:

New Funding to Support Growth through FY21

RightCrowd has successfully secured additional funding through a range of government stimulus and debt facilities.

COVID-19 Government Stimulus

RightCrowd is eligible for and has begun to receive funding via government stimulus programs in the United States of America and Australia, respectively, with total government funding, predominantly to offset payroll costs, forecast to be **approximately \$2m** through October 2020. This funding is being deployed to assist the Company in navigating the COVID-19 pandemic to minimise disruption to its workforce and client deliverables.

RightCrowd Receives Advance Overseas Finding from Innovation and Science Australia

RightCrowd has recently received a Certificate for Advance Overseas Finding from Innovation and Science Australia in accordance with the conditions specified in section 28D of the Industry Research and Development Act 1986. RightCrowd submitted the application for finding in 2019 following the acquisition of the Ticto entity in Belgium which RightCrowd views as a key R&D investment to strengthen RightCrowd's technology portfolio and overall value proposition to its clients.

This binding determination will enable RightCrowd to receive up to 43.5% of the cost of research and development activities undertaken overseas in relation to Ticto solutions during the FY2019-2021 period in refundable tax offsets through the R&D Tax Incentive scheme. Management estimates that these offsets will contribute an **additional \$2.5m** of funding to the Company, with just over \$1m expected to be made available to the Company by the end of October 2020.

RightCrowd will continue to be eligible to claim the R&D Tax Incentive for local R&D activity which management estimates to be in line with the prior year's \$2m incentive, which is also forecast to be received by the end of October 2020.

Debt Facilities

RightCrowd has recently closed several debt facilities **totalling over \$0.5m** to support operations via:

- Queensland Rural and Industry Development Authority for \$250k (fully drawn down) @ 0% for the first 12 months, then 2% p.a. with a 10-year term. This is a secured facility, with no repayments in the first year, interest only monthly repayments in the second and third year and then monthly repayments until the end of the term.
- US Small Business Administration (SBA) loan for \$300k (currently partially drawn) @ 3.75% p.a. with a 30-year term. This is an unsecured facility with principal and interest repayments to begin after 12 months.

Acceleration of cash flow from R&D Tax incentive

- RightCrowd has entered into a funding agreement for its R&D Tax Incentive via a short-term R&D factoring facility for \$1m (currently partially drawn) paying interest at 12% p.a.

Update on FY20 Guidance:

While the Company is trading strongly, the COVID-19 pandemic has impacted RightCrowd through the suspension of a few key projects as well as causing delays in the signing of new sales contracts. RightCrowd announced a record YTD sales revenue result as at 30 March 2020, and at that time had a clear line of sight to meeting its 40% full-year growth target of at least \$13m revenue, with a number of large projects set to close in this last quarter of FY20.

The direct impact of the COVID pandemic, has seen the suspension of a large European deployment in critical infrastructure, and the delay in the commencement of several new projects. As a result of this, RightCrowd is now estimating sales revenue of between \$11.2m and \$12m for FY20, with the range dependant on whether upcoming project milestones are met in June. Sales revenue at this level will result in growth of 19% - 28% over FY19 sales revenue. The Company expects revenue growth in FY21 to exceed 40% as a result of a well identified pipeline and significant opportunities which have become apparent as a result of COVID-19 and implications to the workplace.

This deferral of sales revenue has been offset in a positive way by government stimulus of \$1.2m in the last quarter of FY20. The suspended European project is expected to recommence in early FY21, and the delayed new sales contracts are currently expected to close in early FY21.

RightCrowd has also seen a very significant increase in sales enquiries for RightCrowd's presence control solutions, as large corporations start to plan their "back to workplace" strategies. RightCrowd has also been working with existing clients to support the "new normal" of staging the return of workers.

The release of this announcement was authorised by RightCrowd's Board of Directors.

About RightCrowd:

RightCrowd software transforms the business impact of safety, security, and compliance programs. RightCrowd solutions enable organisations to integrate business, operational and security systems, and automate the management of critical safety, security, and compliance processes. Founded in 2004, RightCrowd has spent 16 years working with the best of the best in the physical security industry, in deep research and development. RightCrowd is successfully deployed in large global organisations, including Fortune 50 and ASX 10 companies.

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