



25 October 2018

September 2018 Quarterly Activity Report - RightCrowd Limited ASX: RCW

The following report details the operating and corporate activities of RightCrowd Ltd (Company or RightCrowd) for the quarter ended 30 September 2018.

The Board of Directors is also pleased to provide commentary on the Company's activities since the beginning of the current financial year, evidencing solid progress against the plans detailed in the IPO Prospectus and at the Company's AGM in November 2017.

Financial Performance

During the quarter, the Company received \$1.636m from customers and recognised revenue of just over \$1.900m (unaudited). This aligns with the expectation that the revenue growth for this financial year will exceed last years and is currently projected to be higher than 40%.

The Board is also satisfied that the Company's headcount has now scaled to meet the current projected demand. The cost base has stabilised and is being managed in a tightly controlled manner with employee and related costs at approximately the same level, after the planned slowing of hiring across the business.

Net cash outflow for the Quarter was \$1.911m.

Cash and cash equivalents at the quarter end totalled \$4.594m. In addition to cash at the bank, the accounts receivable balance stood at \$1.282m (up from \$1.115m at 30 June 2018) and the Company expects to receive an additional amount as a tax refund in relation to the R&D tax incentive of approximately \$1.8m and this is around \$0.1m higher than originally estimated. This gives cash and receivables (including R&D Tax Incentive rebate) of just over \$7.6m at 30 September 2018.

The company has estimated the likely cash position at the end of the second financial quarter to be around \$4.8m, up by around \$0.2m from Q1. This takes into account the forecast spend included in the 4C document and receipts of the R&D tax incentive and trade accounts in the quarter.

Customers

During the current quarter, the Company has successfully delivered further consulting activity with its larger customers on additional projects that drive digital transformation and improve business efficiency. These types of projects are expected to continue into future quarters, and since the end of the September quarter the Company has already signed and announced an additional contract to continue project activity with one of its major, Fortune 50 clients to undertake \$2,000,000 of services work during the last three quarters of FY 2019.

In a busy period since the end of the quarter, the Company also announced that it had won a competitive tender with one of the world's top 25 Banking and Financial Services companies (based on market capitalisation), and as a result has signed a significant sales contract.

The client is one of the world's leading diversified financial services companies and provides banking, insurance, investor and capital markets services on a global basis. The client will be using RightCrowd to streamline, automate, and secure physical security and access management processes globally. The solution will enable the client to realise security operations productivity improvements and help ensure compliance and full auditability of its physical security processes. The initial license and implementation revenue for this contract is approximately \$1,000,000 with most of this amount due this financial year.

Within a few days of this contract, the Company also announced a further significant sales contract with a second of the world's top 25, Banking and Financial Services companies (by market capitalisation). The client is another of the world's leading financial services companies, providing retail and commercial services on a global basis. The client will be using RightCrowd to streamline and automate physical security and access management processes. In future phases, the RightCrowd product will enable the client to realise operational security improvements, enhancing compliance with policies through the implementation of structured access provisioning and automated attestation processes.

The initial software license and implementation revenue for this contract is approximately \$200,000 and is due to be completed this financial year. Beyond this initial contract for the customer, RightCrowd has quoted on a broader multi-million dollar rollout of the RightCrowd platform over multiple phases.

In line with the Company's strategy to scale its operations globally, this contract was achieved working in partnership with one of RightCrowd's multi-national security resellers. It also represents another win on one of the brands of physical access control system RightCrowd has recently added to its list of supported physical access control systems and continuing sales in this industry sector validate its efforts to expand integrations with the world's leading physical access control systems.

Pipeline & Marketing

The Company's sales pipeline has continued to improve during the quarter. In addition to opportunities recently signed, there are opportunities where RightCrowd is involved in discussions with procurement and legal teams and others continuing through the stages of the sales cycle. These opportunities relate to projects of varying size, but will mainly involve the RightCrowd Enterprise solution for large-scale organisations. RightCrowd is continuing to see significant interest from national and multi-national companies, including some in new market segments aiming to improve their physical security processes. Potential mid and large scale implementations are a complex buying decision for organisations, and the initial purchase decision and contract negotiation typically requires an extended timeframe to complete.

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Name of Entity

RightCrowd Limited

ABN

20 108 411 427

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A	Year to Date (12 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	1,636,117	1,636,117
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(51,333)	(51,333)
(d) leased assets	-	-
(e) staff costs	(2,820,549)	(2,820,549)
(f) administration and corporate costs	(684,573)	(684,573)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13,527	13,527
1.5 Interest and other costs of finance paid	(3,757)	(3,757)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,910,568)	(1,910,568)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant & equipment	(13,904)	(13,904)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant & equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	-	-
2.6 Net cash from / (used in) investing activities	(13,904)	(13,904)

3. Cash flows from financing activities

3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(90,956)	(90,956)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(90,956)	(90,956)

4. Net increase / (decrease) in cash and cash equivalents for the period

4.1 Cash and cash equivalents at beginning of quarter/year to date	6,609,297	6,609,297
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,910,568)	(1,910,568)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(13,904)	(13,904)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(90,956)	(90,956)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	4,593,869	4,593,869

5. Reconciliation of cash and cash equivalents

	Current quarter \$A	Previous quarter \$A
At the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the bank account		
5.1 Bank balances	4,593,869	6,609,297
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,593,869	6,609,297

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	132,908
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments of salary and superannuation contributions made to and on behalf of Board of Directors including Non-Executive Directors.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Nil.

8. Financing facilities available

8.1 Loan facilities	-
8.2 Credit standby arrangements	-
8.3 Other (please specify)	-

8.4 Income below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured.

If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Nil.

	Current quarter \$A
9. Estimated cash outflows for the next quarter	
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	60,000
9.4 Leased assets	-
9.5 Staff costs	3,246,000
9.5 Administration and corporate costs	534,000
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	3,840,000

**10. Acquisitions and disposals of business entities
(items 2.1(b) and 2.2(b) above)**

	Acquisitions	Disposals
10.1 Name of entity	n/a	n/a
10.2 Place of incorporation or registration	n/a	n/a
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	n/a	n/a

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.

Sign here:



Leslie Milne
(CFO and Company Secretary)

Date: 25 October 2018

Notes:

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.