



30 July 2018

June 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 June 2018.

The Board of Directors is also pleased to provide commentary on the Company's activities since the IPO, 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 \$2.069m from customers (up from \$1.591m the previous quarter) including invoicing from all revenue sources. Total amount received for the financial year is \$6.597m. Based on orders received to date and the current pipeline of opportunities, the RightCrowd executive team expects this to increase in FY 2019.

The Board is also satisfied that the Company's headcount has now scaled to meet 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 \$1.431m.

Cash and cash equivalents at year end totalled \$6.664m. In addition to cash at the bank, the accounts receivable balance stood at \$1.115m and the Company expects to receive an additional amount as a tax refund in relation to the R&D tax incentive of approximately \$1.7m. This gives cash and receivables (including R&D Tax Incentive rebate) of just over \$9m at 30 June 2018.

Over the 2018 financial year, the Company grew its recognised revenue from \$4.034m (2017) to \$5.521m (2018 unaudited), providing growth of 36.9%. RightCrowd has recurring software-related revenue streams, pending work for professional services with new and existing clients, and has identified many of the key opportunities that provide confidence it can exceed this revenue growth percentage in FY 2019.

Customers

During the quarter, the Company announced that it signed sales contracts with an ASX50 financial services company and an NYSE-listed Fortune 500 bank in the USA.

The Australian financial services company has recently deployed RightCrowd at a select number of sites. This initial deployment enables employees to initiate access requests for visitors and allows the business to use automated workflows to manage its visitors in compliance with company policies. The initial annual subscription and implementation revenue for this is approximately \$50,000.

The US bank will be using RightCrowd to streamline, automate, and secure the process of requesting and approving physical access to its offices across the country. The solution will

For personal use only

automate and help ensure compliance and full auditability of its physical security processes. The initial annual subscription and implementation revenue for this contract is approximately \$500,000.

The Company also signed a sales contract with a leading North American research and development organisation, which provides services directly to government, industry, and universities, specialising in the design and development of advanced technology solutions. This client will be deploying an enhanced visitor management solution, which includes an in-house visitor pre-registration portal, with browser-based functionality designed to streamline the management of processes affecting employees, contractors, vendors and visitors. The initial subscription and implementation revenue for this contract is around \$125,000 and will be deployed on another of the physical access control systems that RightCrowd has more recently integrated with.

During the financial year and continuing through 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 the Company has already signed and announced a contract to continue project activity with one of its major, Fortune 50 clients to undertake \$650,000 of services work during the first quarter of FY 2019.

During FY 2018 RightCrowd has grown its client base, resulting in a growing list of supported physical access control systems. These sales continue to validate RightCrowd's efforts to partner with, and invest in, integrating with the world's leading physical access control systems. This investment over the last 2 to 3 financial years has allowed RightCrowd to increase the addressable market to support around 70% of the access control market globally.

Also during the quarter, RightCrowd led two highly successful customer roadshows which had the objective of providing additional industry and market education to groups from the Australian investment community. These groups were able to see at close quarters the business operation of a number of companies who are at the forefront of global technology change and have already successfully implemented the RightCrowd solution at global scale.

Pipeline & Marketing

The Company's sales pipeline has continued to improve during the quarter with a number of opportunities recently signed, with other opportunities 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.

During the quarter, the Company commenced execution of targeted brand, lead generation and product marketing campaigns focussed on the US and APAC regions. The Company has generated strong interest from its co-marketing conducted jointly with its largest US channel partner. These campaigns have focussed on promoting the Company's brand and core capability to the partner's customers and account executives.

Examples can be found at:

<https://www.convergint.com/smarter-workforce-safety-software/>

<https://www.convergint.com/transform-financial-institution-operations-with-security-process-automation/>

This activity was complemented with thought leadership campaigns delivered by RightCrowd's business development team, connecting industry challenges and opportunities to the Company's solutions. This effort has focussed on core industry segments where the Company's solutions have strong relevance and references.

More examples can be found at:

<https://www.linkedin.com/pulse/do-you-need-visitor-management-logging-ramon-grado/>

<https://www.linkedin.com/pulse/empower-real-time-decision-making-your-security-safety-hocking/>

<https://www.linkedin.com/pulse/can-you-have-too-much-access-andrew-minnikin/>

The Company also commenced product marketing, including a major website refresh delivered during the quarter (www.rightcrowd.com).

The Company has attended targeted industry conferences during the quarter, which continue to confirm the attractiveness of the global security market, deliver a positive impact on the sales pipeline and grow brand awareness.

Technology

The Company continues to utilise its research and development team to meet evolving market requirements and maintain its technology leadership position in the security business improvement market space.

As mentioned in our previous quarterly statement, RightCrowd continues to pursue new product innovation and has been developing a new product aimed primarily at the cyber security market. During this quarter, the Company has successfully deployed beta versions of the software and is now creating an Early Adopter program to support the interest generated in the first commercial beta version deployments. The Early Adopter program is likely to take place by the end of this calendar year.

Strategic Partnerships

The Company has technology partnerships with a number of the leading multi-national security companies. Through this quarter, it has continued to progress discussions with several of these in order to form closer long-term technology and commercial relationships. Whilst it is not yet possible to determine the likelihood of additional revenue being generated from these closer relationships, the Company does expect that these closer relationships will improve its ability to market RightCrowd solutions across the customer base of the partner companies.

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 June 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	2,068,671	6,596,509
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(107,426)	(204,752)
(d) leased assets	-	-
(e) staff costs	(2,866,176)	(10,838,074)
(f) administration and corporate costs	(480,302)	(1,881,157)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17,506	76,950
1.5 Interest and other costs of finance paid	(3,757)	(33,072)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,647,084
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,371,484)	(4,636,512)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant & equipment	5,553	(219,867)
(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	-	20,877
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	885	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	6,438	(198,990)

For personal use only

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	9,250,000
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	-	(1,020,374)
3.5	Proceeds from borrowings	-	181,911
3.6	Repayment of borrowings	(90,955)	(2,111,826)
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	(90,955)	6,299,711
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	8,095,348	5,177,761
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,371,484)	(4,636,512)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	6,438	(198,990)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(90,955)	6,299,711
4.5	Effect of movement in exchange rates on cash held	25,004	22,381
4.6	Cash and cash equivalents at end of quarter	6,664,352	6,664,352

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	6,664,352	8,095,348
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)	6,664,352	8,095,348

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	112,075
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.

For personal use only

8. Financing facilities available
- 8.1 Loan facilities -
- 8.2 Credit standby arrangements -
- 8.3 Other (please specify) 90,956

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.

The Group has taken advantage of an unsecured facility to spread the payment of corporate insurance over a twelve month term. This facility is through Hunter Premium Funding at an interest rate of 4.5%. The Group has no other financing facilities.

	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	61,000
9.4 Leased assets	-
9.5 Staff costs	3,033,000
9.5 Administration and corporate costs	644,000
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	3,738,000

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:



 (Chief Financial Officer and Company Secretary)

Date: 30 July 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.

For personal use only