



31 July 2019

June 2019 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 2019.

The Board of Directors is also pleased to provide commentary on the Company's activities since the beginning of the last quarter of FY19, evidencing solid progress against the plans detailed at the Company's AGM in November 2018.

Financial Performance (all figures are in AUD \$ million)

During the fourth and final quarter of the 2019 financial year, the Company recognised record revenue of \$3.4m (unaudited) and the Board is delighted that recognised revenue has reached \$9.4m for the full year at a consolidated level (or \$8.9m, excluding recently acquired businesses).

Recognised revenue in the existing RightCrowd business, which excludes the recently acquired businesses, has grown by 60% in FY19 (from \$5.5m in FY18) via strong performance in perpetual software license revenue and professional services delivery.

The Board is also satisfied that the Company's cost base continues to be managed in a tightly controlled manner with the principal cost being wages and staff costs courtesy of expanding business activity. The forecast cash spend for the first quarter of FY20 takes into account the cash required in operating the core business and also supporting and integrating the two recently acquired entities to extend the RightCrowd software platform. The forecast spend in the business is considered to be appropriate given the current business requirements.

The company received \$2.3m from customers in the final quarter of FY19. This is \$0.8m higher than the previous quarter and was driven by the execution of a number of large transactions. Net cash outflow for the final quarter of FY19 was \$3.0m, which was \$0.3m higher than the previous quarter after stripping out the impact of government grants received. The increase in cash outflow was primarily due to the increase in staff costs following recent acquisitions.

Cash and cash equivalents at the end of FY19 total \$5.0m. The current balance of accounts receivable and the government R&D rebate will provide further cash inflows of at least \$4.0m. The business 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.

RightCrowd will release the unaudited preliminary accounts by the end of August and will provide a more detailed outlook for the business as part of the upcoming investor roadshows.

Organisational Structure Update

As a consequence of the fast growth and recent acquisitions, the company is revising its organisational structure to leverage the expertise and geographical footprint gained through acquisitions made during the 2019 financial year.

Peter Hill will continue to lead the organisation as CEO and with the change in structure will be able to use his extensive knowledge of the market and RightCrowd solutions to provide additional focus on sales, product strategy and research and development.

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Maarten Vandenbroucke is utilising his extensive start-up experience having successfully launched a number of European technology companies, including being a co-founder of the Belgian based Ticto. Maarten will help develop the group within the new organisational framework in the role of Chief of Staff to the CEO Office.

Fred Rey has extensive knowledge of RightCrowd's markets and will continue to lead Global Sales. Fred will be leveraging the sales management experience and knowledge of the North American markets of Bill Lenahan, former CEO and founder of New Jersey based Offsite Vision Holdings.

David MacKenzie will continue to run the Engineering organisation with the sole change that the Customer Support team is migrating from Engineering into Customer Services. Brigitte Braems has recently joined RightCrowd based out of Europe and will lead the Customer Support function, helping to extend RightCrowd's coverage in line with a follow-the-sun support model.

Bart Vansenant, also a co-founder of Ticto, has taken up the role of Chief Product Officer bundling all product management, marketing and PR activity under his leadership. Bart brings with him over 20 years of product management experience with a strong and successful background in cybersecurity across various continents. Justin Kerr continues in his role of VP of Marketing and also has extended responsibilities in relation to the new RightCrowd IQ product.

James Stewart has joined the company in the capacity of Chief Financial and Operating Officer. He takes over the leadership of both the Corporate Services and Customer Services divisions. James brings with him significant financial and operational management experience from prior roles within the enterprise software and banking industries.

The Customer Services division comprises of Professional Services, Customer Support, Customer Success, and Training Services. Lorraine Hall, the company's Director of Operations, will support James to help ensure the development and success of the division. Damian Cunningham will continue to lead the Professional Services team, while our customer focus is further reinforced by placing Customer Success under the guidance of Darren Bain in the position of VP Customer Success.

Customers

The last quarter of FY19 has been busy as RightCrowd continues to extend its customer base via multiple enterprise software deployment projects across newly won clients, particularly within the banking and industrial sectors.

Our first sales of our new cybersecurity product, RightCrowd IQ, are now in operation. In addition to this, our first enterprise size sale of RightCrowd Presence Control (formerly Ticto) is an exciting development for RightCrowd in this newly created market segment. Over 1200 employees of global security company, Securitas, will be using the solution on a daily basis in Belgium with this project earmarked by the company as a demonstration of best-practice to their customer base.

Pipeline & Marketing

The sales pipeline continues to build giving RightCrowd full confidence in being able to continue the current momentum. Marketing activity is supporting the development of the pipeline, and a website refresh is nearing completion, which articulates the product segmentation taking into consideration products acquired via acquisitions.

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 2019

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	2,550,807	9,577,591
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(153,618)	(264,892)
(d) leased assets	-	-
(e) staff costs	(4,029,267)	(13,714,489)
(f) administration and corporate costs	(1,269,355)	(3,623,346)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	23,668	71,175
1.5 Interest and other costs of finance paid	(2,446)	(11,096)
1.6 Income taxes refunded / (paid)	(14,581)	(36,933)
1.7 Government grants and tax incentives	0	1,854,782
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,894,792)	(6,147,208)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant & equipment	(50,802)	(92,079)
(b) businesses (see item 10)	(570)	119,480
(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	(51,372)	27,401

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3. Cash flows from financing activities

3.1 Proceeds from issues of shares	(0)	4,562,719
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	(0)	208,298
3.6 Repayment of borrowings	(93,656)	(305,302)
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	(93,656)	4,465,715

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	7,991,698	6,609,297
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,894,792)	(6,147,208)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(51,372)	27,401
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(93,656)	4,465,715
4.5 Effect of movement in exchange rates on cash held	20,259	16,932
4.6 Cash and cash equivalents at end of quarter	4,972,136	4,972,136

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	4,972,136	7,991,698
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)	4,972,136	7,991,698

6. Payments to directors of the entity and their associates

	Current quarter \$A
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.

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8. Financing facilities available

8.1 Loan facilities	-
8.2 Credit standby arrangements	-
8.3 Other (please specify)	91,930

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.

Insurance premium funding from Hunter Premium Funding with interest rate of 4.5%

	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	96,016
9.4 Leased assets	-
9.5 Staff costs	4,161,961
9.5 Administration and corporate costs	1,290,553
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	5,548,530

**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:



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(Director/Company secretary)

Date: 31 July 2019

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.

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