

Queensland, Australia, 30 April 2020

RightCrowd March Quarterly and 4C Report

RightCrowd continues robust growth with significant year-to-date revenue increase, whilst navigating the contrasting impacts of COVID-19.

RightCrowd Limited ("RightCrowd") or ("Company"), a leading developer of physical security, safety and compliance software, is pleased to provide its quarterly update in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report for the period ending 31 March 2020.

Q3 Highlights:

- Quarterly sales revenue of \$2.6m in Q3 FY20 was up 64% on the previous corresponding period (\$1.6m in Q3 FY19). Quarterly revenue was evenly split between recurring and perpetual software licenses (\$1.3m) and consulting (\$1.3m) revenue.
- Recognised revenue FY20 YTD is up 49% on same period last year to \$8.9 million (unaudited).
- Recurring software subscription and maintenance revenues continue to grow strongly, up 38% on previous corresponding period (FY20 YTD: \$2.5m). RightCrowd also has a number of long-term consulting engagements with major clients that are recurring in nature, which amounted to \$2.5m in FY20 YTD revenue.
- A total of 88% of YTD revenue has been generated from outside Australia, up from 76% for the same period in FY19. The North American market alone generated 67% of FY20 YTD revenue, courtesy of strong relationships with existing clients and new sales across the banking, technology, and industrial sectors.
- The depreciation of the AUD has been beneficial given that most company revenue is denominated in USD and other foreign currencies. RightCrowd's resultant net asset positions in foreign currencies contributed \$0.2m in FX gain during Q3 FY20.
- The Company has continued to innovate and develop, adding features to existing products that will help companies address a number of the security and safety issues exposed by the COVID-19 pandemic.
- RightCrowd has extended the functionality of its Digital Badge-holders within its Presence Control product, providing a practical solution to the monitoring of social distancing and contact tracing within the enterprise. Initial market feedback has been very positive, with first proposals rolling-out and a full go-to-market strategy set for execution in Q4 FY20.
- RightCrowd reconfirms its expectation for FY20 sales revenue to exceed \$13 million (which implies a growth rate of over 40% year on year).

RightCrowd Founder and CEO, Peter Hill, said: "The March quarter results highlight our continued global growth with year to date revenue up 49% against the previous corresponding period, 88% of this revenue being generated outside of Australia. Although, RightCrowd has some delayed projects as a result of COVID-19, the general trend for RightCrowd is a significant upswing of medium term opportunity with organisations requiring more intelligent and flexible facility access for their people, and the sales of Presence Control technology being brought forward to monitor social distancing and provide contact tracing capabilities within the enterprise.

"RightCrowd has 16 years of experience working with the world's largest companies, and we see that the COVID-19 pandemic is fundamentally changing how organisations look at protecting their people and assets," said Hill. "Physical security used to be all about guards, guns and gates. Now it's also encompassing life safety and operational continuity, whilst reinforcing corporate citizenship. This is increasing RightCrowd's value proposition to large enterprises."

Impact of COVID-19:

- RightCrowd was exposed very early to the best practice responses to COVID-19 via our major overseas customers and was consequently quick to prepare for and adapt company operations. RightCrowd implemented a "Work from Home" approach across our global operations much earlier than the broader Australian market and benefited from robust IT infrastructure and company wide use of cloud enabled platforms. The Company has shown great resilience throughout the pandemic with minimal interruption to operations.
- As at the end of Q3, RightCrowd has delivered a record YTD result with strong growth rates on prior year. Despite this strong momentum, RightCrowd has started to see some impact of COVID-19 on short-term revenue opportunities. Specifically, a small number of projects have been impacted with our consultants not able to access client sites to close milestone deliveries due to site restrictions. Also, several pipeline opportunities at contract stage have been delayed as those future clients have rescheduled their purchase date due to COVID-19. RightCrowd believes these contracts are simply delayed and as such anticipates a slippage of some revenue through to 30 June 2020. Notwithstanding this slippage, at this point the company still maintains its full-year revenue guidance of at least 40% annual sales growth as communicated at the AGM in November 2019.
- The COVID-19 pandemic has served to highlight the significant market opportunity for RightCrowd in the medium to long term. Customer communication has clearly demonstrated that companies are seeking to change behaviour and invest further in automating safety, security and compliance processes in the post COVID-19 work environment. Our customers are exploring these initiatives and RightCrowd has been actively involved in helping those clients review how they can extend their existing relationship with RightCrowd. The changing market represents a paradigm shift which leaves the company very confident in the medium and long-term growth rate of both RightCrowd and the broader market in which the company operates.
- RightCrowd has been reviewing various government stimulus programs for its entities across the globe. These programs will assist RightCrowd to maintain its current level of investment into delivery and product commercialisation to maintain its medium to long-term growth trajectory.

New Market Opportunities:

- RightCrowd has made great progress this quarter by adding features to existing products that will help companies address many of the security and safety issues exposed by the COVID-19 pandemic.
- RightCrowd extended its patented Presence Control solution, which already had the capability to manage the presence of people for safety and security purposes, to create a personal separation and contact tracing device that notifies the wearer when they are too close to a colleague. The solution monitors appropriate levels of social distancing across the entire workforce, allowing organisations to understand people flow, so they can take additional measures when needed. Worn by workers, the digital badge-holder flashes red when two people come within a pre-defined distance (approximately 6 feet). The interactions between the wearables are also stored and might be utilized for contact tracing. The system is easily deployed in the cloud or on-premise and can be configured by the customer to meet the most demanding privacy regulations.
- Initial market feedback on these initiatives has been very positive, and the Company is now rolling-out first proposals and is set to build a full go-to-market strategy for execution in Q4 FY20.



Diagram 1: RightCrowd Presence Control badge-holders capture events when in close-proximity

- RightCrowd has made further key investments into general commercialisation of the Presence Control and IQ products during the quarter. An experienced sales manager has been hired in Australia to pursue sales opportunities for IQ, and in Europe a commercial executive has been added to the team to drive sales for both IQ and Presence Control in that region after successful deployments at early adopter client sites during H1 FY20. The pipeline is building as planned, but recent developments with the COVID-19 pandemic may delay closing of some of these sale opportunities.
- **More information can be found at:**
<https://www.rightcrowd.com/social-distance-monitoring/>
<https://www.rightcrowd.com/covid19-solutions/>

Commentary on the Appendix 4C Cash Flow Report

- The cash position stands at \$2.07m as at the 31st of March 2020. The cash position has reduced over the quarter (\$3.83m as at end Q2). There is a further \$2.6m due from accounts receivable as at the end of the March quarter.
- The Company anticipates that the projected balance of cash and cash equivalents, including inflows from signed purchase orders, qualified sales pipeline and government stimulus packages remain sufficient to sustain operations through to at least the end of FY20.
- The Company has sought and received several proposals for short-term debt funding to allow it time beyond 30 June 2020 to continue discussions with various parties with respect to support for the full commercialisation of the entire product portfolio, including newly released products. RightCrowd is currently considering the short-term funding proposals and will select the terms that best suit RightCrowd and its shareholders.

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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The release of this announcement was authorised by the Board of Directors.