

January 12th, 2024

Gathid FY24 Q2 Quarterly Activities Report, Business Update and Appendix 4C

Gathid Ltd (formerly RightCrowd Limited) (“Gathid” or the “Company”) is a leading developer of identity governance management software and until 21 September 2023 was also a leading global developer of physical security, safety, and compliance software (this was within the divested RightCrowd business). The Company is pleased to provide its Quarterly Activities Report in conjunction with the release of the Appendix 4C – Quarterly Cash Flow Report for the period ended 31 December 2023.

Summary: *(All figures are unaudited and expressed in AUD unless stated otherwise)*

- The RightCrowd, Workforce Access, Visitor Management and Presence Control businesses were sold to Bloom RC Holdings (Bloom) on 21 September 2013 for \$13.5m. Gathid has retained the SaaS-based earlier-stage, Gathid Software (formerly Access Analytics) to focus on the rapidly growing, global Identity Governance and Cyber Security markets.
- The sale of the business included sale of the financial and other systems and processes used by the Company at the time of sale, The Company’s focus areas in Q2 FY24 were:
 - Working through the completion process outlined in the Share Purchase Agreement with Bloom in relation to any adjustments for Net Debt, Net Working Capital or any other adjusting items. This process is taking all the time allowed by the Agreement.
 - Implementing new internal processes and systems to be used as the basis for continued growth of the new organization.
 - Developing sales teams and processes to rapidly expand sales pipeline for opportunity closure from Q3 FY24 onwards.
- The Appendix 4C report for Q2 contains cash inflows and outflows for the Gathid business only, and not the combined Gathid and RightCrowd businesses, as was the case in Q1.
- Once completion adjustments (if any) have been determined in relation to the sale of the RightCrowd businesses to Bloom, the Company will be in a position to properly consider the capital available to it and the extent to which any capital management initiatives can be pursued.
- The Company’s sales revenue in Quarter 2 was \$0.138m (up from \$0.13m in the prior Quarter), reflecting the first sale of Gathid Software since completing the divestment transaction. The Company also has a number of late-stage opportunities about to enter into trials.

- ARR closed at \$0.62m, up from \$0.57m at the end of last Quarter. The pipeline for new Gathid software opportunities strengthened and the value of qualified sales opportunities has substantially increased since the beginning of the Quarter.
- The Company closed the period with a cash & cash equivalents balance of \$9.5m.

Sales - Go To Market Activity:

- The closing of the new customer in Q2 increased the company's ARR to over \$600k. The new customer is a large subsidiary of a global conglomerate. The conglomerate operates in 17 countries, with in excess of 20,000 employees and headquartered in South East Asia. Gathid sees an opportunity to expand its footprint within the wider organization.
- In October Gathid was showcased at Cybercon Melbourne, Australia's largest Cyber Conference (attended by approximately 5,000 cyber professionals). The conference generated awareness of our transition from physical security to Identity Governance and generated pleasing sales opportunities, specifically in Australia.
- During the Quarter, the Company hired Ollie Kwan, an experienced Vice President of Sales to cover the Asia Pacific and Middle East territories. Ollie has significant experience in growth-company sales strategy as well as implementation of sales processes and channel sales across these regions. This hiring has already started to increase pipeline and market engagement in these territories.
- As part of the channel sales strategy to supplement our own direct sales strategy, the Company signed 4 partner agreements to increase the sales reach of the company in the Hong Kong, Singapore, New Zealand and Middle East markets. The Company is currently training these partners to enhance their effectiveness in creating sales opportunities.

The new partners are:-

- Master Concept (HK) Ltd – Hong Kong – Technology services and cloud advisory - <https://hkmci.com/>
- Cybercarm Ltd – Middle East – Cyber Security Consultancy - <https://www.cybercarm.com/>
- Complete Solution Finder Pte Ltd – Singapore – Cyber Security Distributor – <https://www.csfinder.com/>
- Bluechip Infotech Pty Ltd – NZ and Pacific Islands – IT / Technology solutions - <https://www.bluechipit.com.au/>
- Gathid partnered with KPMG in Hong Kong to run an invitation only event to discuss ways of helping organisations to continue the drive to improve identity governance in the face of current economic headwinds. This event was attended by 15 CISO / CIOs of major Asian companies and sales leads have arisen from these conversations. The success of this event has led KPMG to invite Gathid to run a similar event in Singapore in late January 2024.
- Focus has continued on the Company's digital marketing campaigns. The management team is encouraged by the increased sales pipeline that has been identified through this go-to-market plan, and the efforts of the direct and channel partner sales teams.

Other:

- Costs are being carefully managed to focus on the key strategic growth objectives. During the quarter, spending was within the budget. Administration and corporate costs in Q2 were impacted by the payment for company insurance policies (\$355k), mostly one-off, and by legal and professional fees, relating to both the closure of the divestment transaction and the ongoing Gathid business.

Gathid CEO and Managing Director, Peter Hill, said:

"In Q2, we've achieved a successful transition from physical security to Identity Governance. The divestment of RightCrowd and the rebrand to Gathid has allowed us to focus on the rapidly growing global markets in Identity Governance and Cyber Security.

We successfully migrated our customer base to the new Gathid infrastructure and our recent showcase at Cybercon Melbourne and strategic collaborations, including with KPMG, have created quality sales opportunities.

The market momentum we have achieved in a short period, positions us well for growth throughout 2024. "

Related Entities: Payments to related entities during the Quarter were \$0.137m which represented the Managing Director and Executive Director's remuneration and fees paid to the Board of Directors of Gathid.

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.

This Company presentation may include certain statements, estimates or projections with respect to the anticipated future performance of the Company, the projects or both.

Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Company. Those assumptions may, or may not, prove correct. No representation is made as to the accuracy of those statements, estimates or projections.

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Gathid Limited (formerly RightCrowd Limited)

ABN

20 108 411 427

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	72	3,818
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	-	(26)
(c) advertising and marketing	(79)	(137)
(d) leased assets	(26)	(181)
(e) staff costs	(664)	(4,592)
(f) administration and corporate costs	(671)	(1,449)
1.3 Dividends received (see note 3)		
1.4 Interest received	114	127
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	(52)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,254)	(2,494)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	13,500
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	120	120
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other cash held by entities disposed of	-	(1,253)
2.6	Net cash from / (used in) investing activities	120	12,366

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities / convertible debt securities or sale of business streams	-	(1,260)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(1,542)
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	-	(2,802)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,678	2,426
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,254)	(2,494)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	120	12,366

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(2,802)
4.5	Effect of movement in exchange rates on cash held	-	48
4.6	Cash and cash equivalents at end of period	9,544	9,544

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,544	10,678
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)	9,544	10,678

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(137)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		0
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>The Group had a loan facility with RH Capital Finance Co. for \$1.4m with an interest charge of 15% per annum. This loan was settled in full prior to the receipt of funds from Bloom in relation to the acquisition of the RightCrowd physical security business streams.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,254)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,544
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	9,544
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.61
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
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8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

Date: ...12 January 2024.....

Authorised by: The Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.