



R3D Global Limited | ACN: 111 398 040 | ASX: R3D

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30 April 2020

R3D Business Update & Appendix 4C

R3D Global Limited (ASX: R3D) (R3D or Company) provides an update on the Company's operations and business activity, as well as the Appendix 4C for the March 2020 quarter.

COVID-19 Revenue Implications

As an investor, media, and public relations business, part of R3D's operations involves the hosting and promotion of events targeted to clients' investors and other stakeholders. With restrictions on public gatherings, domestic travel, and international travel continuing across the Asia Pacific region, a number of projects R3D is working on are at risk or being cancelled or postponed if not already done so.

Given depressed capital markets and the uncertain economic conditions globally, the Company expects to see less demand for its investor relations services in the near term. In response, R3D has commenced promotion of services tailored for the current business environment including crisis communication, social media, digital marketing, and e-commerce. Positively, R3D has received significant interest from a number of existing and potential clients for these services so far and will continue to develop this opportunity.

Given the uncertainty as to the duration of public gathering and travel restrictions, and the effect on capital markets in the near to medium term, the exact revenue impact of COVID-19 on R3D is not presently known. The Company will look to update the market further in this regard in future Appendix 4C disclosures.

R3D is confident that as travel and public gathering restrictions are loosened and economic conditions improve in the coming weeks and months, demand for R3D's core investor, media, and public relations activities will rapidly recover. Further, where clients have sought to cancel or defer projects and events for the time being, the Company expects to reschedule and restart those projects as soon as possible.

Cost Saving Initiatives

The Board and Management have implemented a number of initiatives to reduce the Company's costs, including:

- 20% salary cut for the Chief Executive Officer, effective from April to May
- Salary cut for all staff by 20% for 2 months with deferred deduction until June
- Voluntary no-pay leave arrangements being agreed on a per employee basis
- Chairman of the Board has elected to forgo compensation for April and May
- Reducing headcount in areas of business where additional staff not required in near term
- Negotiated Singapore office rental reduction of 15% from April to September

The Company's approach has been to ensure the Company's ongoing financial stability through current economic conditions, whilst not prejudicing its ability to continue working on unaffected projects, and to be ready for the ramp-up of work as conditions improve.



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Accessing Government Support

With most of the Company's staff residing in Singapore, the Company expects to benefit from action the Singapore Government is taking in their Unity, Resilience, and Solidarity Budgets. These budgets announced progressively from February to April, includes a Jobs Support Scheme and other initiatives to support both employers and employees. The Company will also assess its eligibility for support under the various schemes announced by the Australian Government.

ASX Suspension

The Company notes that its securities remain suspended from quotation by the Australian Securities Exchange (**ASX**). R3D's Board and Management continue to work towards satisfying ASX's queries and concerns and will update shareholders further as the matter progresses.

Additional Information Required by Listing Rule 4.7C

The Company's cash outflow from operating activities in the March quarter were \$144,000, resulting in net cash from operating activities of \$(91,000). The Company's operating expenses mainly relate to staffing at the Company's Singapore office, as well as ongoing corporate compliance costs and other fixed costs. The Company expects to see a further reduction in cash outflows in the near term in response to COVID-19, which will be reported in future Appendix 4C disclosures.

Payments made to related parties in the March quarter totalled \$36,000, being comprised of director fees and the CEO's salary. The Company notes that whilst the CEO, Florence Fang resigned as a director in December 2019, the Company is required to continue reporting her as a related party for six months following her resignation.

For further information, please contact:

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ASX release authorised by Chairman, Daniel Yeo.

About R3D Global Limited

R3D Global Limited (ASX: R3D) is a global investor relations and public relations firm with a global media distribution platform, with a strong specialisation within the Asia Pacific region. R3D is headquartered in Sydney, Australia with operations across Asia. Backed by a management team with vast financial market and public relations experience, R3D provides disruptive, dynamic and digitally integrative marketing solutions to companies interested to reach out to new markets.

Appendix 4C

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

Name of entity

R3D Global Limited

ABN

53 111 398 040

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	53	173
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(67)	(157)
(f) administration and corporate costs	(77)	(304)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
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	(91)	(288)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) 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	-	-

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 or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
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	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	251	448
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(91)	(288)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	160	160

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	160	160
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)	160	160

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
36
-

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

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

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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** -

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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(91)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	160
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	160
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.75

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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?

Answer: The Company has undertaken a number of cost saving initiatives in response to an expected reduction in operating cash inflows due to the COVID-19 pandemic. The Company expects to have negative net operating cash flows for the time being, however is unable to make an assessment as to the level of net operating cash flows at present. Please see the ASX Announcement accompanying this Appendix 4C for further information.

- 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?

Answer: At this stage, the Company does not consider a further capital raising necessary. However, the Board and Management are in the early stages of exploring the potential to secure a debt facility or raise equity should a capital raising become necessary.

The Company also notes that it is likely to benefit from government assistance relating to COVID-19 in Singapore, and potentially in Australia as well.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Referring to the Company's response to 8.6.1 and 8.6.2 above, and the ASX Announcement accompanying this Appendix 4C, the Company expects to be able to continue its operations and meet its business objectives.

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: 30 April 2020

Authorised by: Florence Fang, Chief Executive Officer

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.