

2019 Annual General Meeting

Chairman's Address

RPMGlobal Holdings Limited ACN 010 672 321

Held at:

Location	Level 2, 295 Ann Street, Brisbane, Queensland, Australia 4000
Date	Tuesday, 15 October 2019
Time	10:00am (Brisbane time)

Chairman's Address

Dear Fellow Shareholders,

The past twelve months has seen our business continue to execute on its strategy of developing and delivering world class technology solutions for the mining industry.

At the same time, we have not lost focus on the value and strength of our Advisory and GeoGAS businesses which both continue to perform strongly.

Revenue from our Advisory division grew again in 2019. Whilst pricing remained competitive in the low to medium sized projects, clients continue to recognise the value we can add in transactional and complex multi-asset projects.

The GeoGAS division had another strong year with an increased contribution – a good result considering the number of coal gas tests for exploration reduced 19% year on year.

The Software division had a strong year in terms of new customer's acquiring RPM software products for the first time. The breadth and depth of our software offering, along with the innovative nature of our solutions, resulted in 15 new customers signing on to start to use our software for the first time during 2019.

Financial Year 2019 was the first full year that the Company offered a subscription licensing alternative to our customers. We believe this strategy will deliver great benefits to both our customers and shareholders.

Financial Year 2019 was again a year of above industry average investment in software development as the Company rounded out its scheduling product suite and completed the development program for its financial product suite. We expect to see our new software development investment decrease to a level more consistent with industry norms over the next two years.

Whilst the management team looked at several potential acquisition opportunities during the year, after careful consideration it was determined that none of these opportunities delivered the exposure to the market we are looking for and on that basis the potential acquisitions did not proceed beyond the initial diligence stage.

On the 1 September 2018 Stewart Butel was appointed to the RPM Board as a Non-Executive Director. His appointment was subsequently resoundingly ratified by shareholders at the AGM on 30 October 2018.

Stewart has a strong association with the mining industry having sat on, or chaired, several industry boards. These include President of the Queensland Resources Council (QRC) and Chairman of the Australian Coal Association and its low emissions technology fund ACALET. Stewart was also previously Chairman of the Minerals Council Coal Forum and a Director with the Minerals Council of Australia and the Western Australian

Chamber of Mines and Energy. Stewart is also current Non-Executive Director of Gladstone Ports Corporation Limited and Chairman of Stanmore Coal Limited. He has over 40 years' experience in the Australian resources industry having formerly been the Managing Director of Wesfarmers Resources and its associated boards until he retired in August 2016.

RPM maintains a strong balance sheet with over \$28 million of cash in the bank (as at 30 June 2019) and no debt.

During 2019, the Company paid out post completion payments for the iSolutions acquisition (\$2.1 million) and for the MinVu (\$0.5 million) acquisition.

The Board has resolved not to pay a dividend this financial year.

I would again like to acknowledge the effort and commitment of our staff who continue to perform especially well. The Board is particularly pleased with the ability of our management and staff to execute on a clearly defined strategy that we believe will result in increased value for our shareholders.

The Board thanks its shareholders for their ongoing support of the Company's software strategy and remains firmly of the opinion that the software investments made by the Company will provide the growth engine for the business in 2020 and beyond.

Allan Brackin

Chairman

2019 Annual General Meeting Managing Director's Address

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Thank-you Allan.

I would also like to thank all our staff for their dedication and hard work and our shareholders for their ongoing support.

Market Commentary

Pleasingly for the industry, with the exception of Iron Ore, commodity prices remained relatively stable during the 2019 Financial Year.

The Iron Ore price spiked markedly following the Vale Brumadinho tailings dam disaster and has remained at inflated levels since.

With commodity prices remaining strong, mining companies are making healthy profits and as a result have, generally speaking, continued to return excess cash to shareholders through impressive dividend payouts rather than undertaking mergers and acquisitions or investing heavily in Greenfield projects or Brownfield expansions.

Just recently, the major mining companies have unsurprisingly started to talk about the lost decade of exploration which has occurred because the mining juniors who have traditionally invested in exploration have had little access to capital.

The cost of mining rose again during the year as labour shortages combined with increasing service provider costs flowed through to operational costs. For yet another year capital expenditure remained constrained with miners continuing to "sweat their assets".

Whilst we expect mining companies to remain focused on keeping their operational costs as low as possible, at some stage we expect they will have to increase their capital expenditure in order to maintain and replace production capacity.

My comments in last year's Annual Report that "mining companies remain slow to embrace technology" continues to ring true. There has been little change in their "fast followers" approach which means that in many cases, miners want to effectively test drive new innovative products before committing to them which results in a higher cost of sale for the technology vendors.

High Level Summary of Financial Results

Total revenue for the year increased by \$6.4 million (8.7%) to \$80.1 million (2018: \$73.7 million).

Financial Year 2019 was the first full year the Company offered a subscription licensing alternative to our customers. During the year we sold \$10.3 million in total subscription revenue up \$8.6 million from the previous year (2018: \$1.7 million). Revenue from these subscription licenses will be spread across the committed contract duration for each transaction which in most cases is three years.

This significant increase in subscription licensing has, as expected, impacted on our perpetual license sales which decreased slightly to \$12.1 million down \$1.5 million from last year's number of \$13.6 million.

On a consolidated basis the total value of contracted software subscriptions and perpetual licenses sold in 2019 was \$22.4 million up \$7.1 million (46%) over the previous year (2018: \$15.3 million).

Given \$9.4 million of \$10.3 million in total subscription revenue sold during the year will be spread across future years, we were pleased to report a full year EBITDA of \$5.9 million up \$1.5 million on the previous year's result (2018: \$4.4 million).

Given the move to the subscription license model, which inherently results in lower revenue and earnings over the initial years whilst the Company grows its total committed annual recurring revenue, the Board has taken a conservative approach to projections on future taxable income to calculate deferred tax assets relating to the Group's tax losses in prior years.

The write down of the deferred tax asset in 2019 by \$6.4 million has resulted in a Loss after Tax of \$5.9 million (2018: Profit after Tax of \$0.2 million).

Software Division

Total software revenue increased 9.2% to \$48.8 million (2018: \$44.7 million).

The Company sold \$22.4 million of software licences in 2019 of which \$12.1 million were perpetual licences (and are recognised as one-off revenue during the financial year) and \$10.3 million in subscription licences (which will be recognised monthly over the committed term of each contract across multiple financial reporting periods).

Of the \$10.3 million in subscription licenses sold, \$0.9 million, was recognised as revenue in the 2019 financial statements. The total revenue from subscription licences reported in 2019 was \$2.4 million a 200% increase on the previous year (2018: \$0.8 million).

The Annual Recurring Revenue (ARR) run rate for subscription software licences (as at the date of this report) is \$7.1 million per annum.

The Company has already sold \$6.1 million in total contracted subscription revenue in 2020 financial year.

Annual recurring revenue from software maintenance finished the year at \$21.8 million (2018: \$19.6 million) an 11% year on year increase.

The 46% growth in perpetual and subscription software licence sales has driven demand for software consulting services which finished the year at \$12.5 million a \$1.8 million (17%) increase over 2018 (\$10.7 million).

The Company started the 2019 financial year with an annual Research and Development expenses run rate of \$14.4 million and finished the year with an annual run rate of \$13.1 million. The last quarters of the financial year saw the completion of two six-year accelerated next evolution software development programmes.

The resultant launch following the completion of the development programmes of the mining industry's leading financial modelling software — XERAS Enterprise 3.0 (XE3) and the second instalment of XPAC Solutions Underground Coal Solution marks two major milestones.

These important product releases not only build upon the Company's strong foundations as the pre-eminent supplier of technical software to the mining industry but also enable RPM to kick off the 2020 financial year having cleared a considerable backlog of complicated new software development.

The highly anticipated release of XE3 marks the completion of a work program that included rebuilding the entire underlying architecture within the product. As a result, RPM has taken XERAS from a respected desktop product to a true enterprise offering that provides complete standardisation and integration across mining operations and departments.

RPM's advanced mine planning and scheduling software is used extensively around the world. The objective of the XPAC Solutions development programme, when we commenced the undertaking back in 2013, was to deliver to the market mine planning products that were built to be used for specific types of commodities and mining methods. The intention was to remove the need for bespoke development at each mining operation and introduce a best practice process driven application.

Since the programme commenced RPM has released a total of ten commodity-based solutions (Open Pit Metals, Stratigraphic Metals, Underground Metals, Oil Sands, Open Pit Diamonds, Open Cut Coal, Steep Coal, Quarry, Open Cut Phosphate and Underground Coal). This financial year saw a 77% increase in sales of these scheduling products over the previous year.

During the year we announced that the Company would release a new Intelligent Design Product in the first half of 2020 financial year.

This product will apply the very latest parametric design capabilities and use the most advanced software technology and enterprise architecture. It will compete with the currently available products in the market which are based upon 30-year-old principles and the same underlying code base which has been adapted, reformed, tailored and customised over the years.

We had previously elected not to develop our own mine design software and instead focused on 'open integration' with other third-party design applications. This approach was built on the assumption that third party vendors would embrace and allow the free flow of data between applications and across the enterprise. The catalyst for building our own design solution has been driven by the realisation that other suppliers to the industry have inherent limitations around enterprise interoperability. Furthermore, as the engineering process 'starts with design' a comprehensive RPM suite of planning products needs to include Intelligent Design solutions in order to round-out RPM's established suite of integrated solutions in the areas of Mine Scheduling, Simulation, Finance, Maintenance and Operations.

The breadth and depth of our innovative software offering has seen 15 new customers sign up during 2019. While all these customers have purchased software modules to address a specific need, our hope is that over time they will purchase and roll out more of our suite of integrated products.

The move to subscription licensing has necessitated RPM establishing a dedicated Cloud delivery team who are responsible for installing and monitoring our customers' Cloud implementations. Over time we expect this team to be cost neutral.

Advisory Division

Demand for our mining advisory services increased 8.4% during 2019 to \$25.9 million (2018: \$23.9 million). This division continues to positively contribute to the financial results of the business.

There is no doubt that resisting the urge to compete for lower and riskier projects during the downturn and instead focusing on delivering the highest quality services (sometimes with little financial return), was the right approach.

Our advisory division's reputation for independent assessment and financier due diligence roles remains second to none, which positions us well for the larger and more complex projects now on the horizon.

The Advisory team continues to provide advice on the majority of the largest Mergers and Acquisitions, most of which are sourced from North Asian clients for assets right across the globe.

The ability to leverage RPM's technology in large studies globally is a key market advantage resulting in the Advisory team winning sizeable studies during 2019. This supports both improvements to our technology but also allows us to demonstrate the real value clients can derive from combining our Advisory team's industry expertise and our leading technology products.

Our previously reported dispute with a Russian mining company (which dates back to June 2015) has now been fully resolved and the wash up with reimbursement from RPM's insurance is accounted for in these financial statements.

GeoGAS Division

GeoGAS had another solid year with revenue flat at \$4.7 million (2016: \$4.6 million).

The drop-off in testing volumes associated with coal exploration was offset by an increase in compliance testing.

Company Expenses

Operating expenses for the full year came in at \$67.3 million, \$4.1 million more than 2018 (\$63.2 million).

This increase was mainly attributable to a 17% increase in software consulting headcount along with the resumption of annual salary increases due to the market demand for skilled employees. The Company also incurred \$1.0 million in once off Merger and Acquisition (\$0.1 million), Litigation (\$0.1 million), Restructuring (\$0.4 million) and Recruitment (\$0.4 million) costs which were reported above the line.

The Company was also required to increase its provision for doubtful debts by \$0.8 million due to its growth in revenue.

Net cash inflows from operations for 2019 was \$7.3 million (2018: \$7.0 million) and at 30 June 2019 the Company had \$28.2 million cash in the bank and no debt after paying \$2.6 million in acquisition earnouts.

Future Outlook

We expect to see continued growth in our Advisory and Software divisions.

We anticipate that with the right economic incentives customers will continue to move from perpetual software licensing to subscription licensing. It feels to me like we are one year through a two-to-three-year journey. Having said that there are many customers who will always prefer to purchase perpetual licenses for many reasons (e.g. size, location, capital structure etc.) and hence there will always be a level of perpetual licenses sold.

The Company invested another \$13.7 million on its software products during the year which has resulted in a more complete and richer set of products than we had this time last year.

There is no doubt in my mind that our simulation products will become the de-facto standard for mobile mining equipment simulation for mining companies, consulting companies and the global original equipment manufacturers.

We are expecting great things from XECUTE, our ultra-short-term scheduling product, in 2020 financial year with seven new customers acquiring licenses over the last fourteen months.

I, along with the rest of the team remain enthusiastic about our software products and expect to see strong growth across all of the product suites in 2020.

I will now hand back to Allan to process through the formal part of the meeting.

Richard Mathews

Managing Director and Chief Executive Officer