ANNUAL REPORT 2020

RPMGLOBAL

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RPMGlobal Holdings Limited
ABN 17 010 672 321

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

I am pleased to report that after years of heavy investment in our enterprise software products we are starting to see them achieve real traction in the market.

Even in a year in which the last four months were negatively affected by COVID-19, we saw an 85% increase in total contracted software sales over the previous year. Of the $34.5 million in total contracted subscription sales signed during the year, $6.1 million was recognised in FY2020 with the balance of $28.4 million to be reported in future financial years.

The successful transition from selling once-off perpetual software licenses to offering subscription licenses over multiple years will continue to reduce the volatility in the company's annual financial results. At 30 June 2020, the company had total annual recurring software revenue of $33.2 million, from a combination of software subscriptions and the renewal of support (maintenance) revenue from perpetual product sales concluded in previous years.

The strong lift in software sales delivered a corresponding increase in the company's share price over the same period (from 59 cents to $1.05) which increased the company's market capitalisation by over $100 million to $235 million.

RPM has not been immune to the global economic impact of COVID-19 and, while we may see a contraction in the growth of new software sales in FY2021, we do expect to increase our software market share strongly over the next three to four years. The company will also benefit from having $33.2 million in pre-contracted revenue this year to assist in offsetting any impact from a slow-down in new contract commitments due to COVID-19 in the short to medium term.

Although we remain excited by the market response to our latest software offerings, we have not lost focus on the value and strength of our Advisory and GeoGAS businesses which both contributed positively to the FY2020 financial result.

International travel restrictions have impacted our Advisory business and will continue to do so until they are lifted. However, our GeoGAS business has felt only limited impact from COVID-19 as coal production in Australia is regarded as an essential service.

The software division had another strong year in terms of new customer's acquiring our software products for the first time. The breadth and depth of our software offering, along with the innovative nature of our solutions, resulted in 28 new customers signing on to start to use our new software for the first time during FY2020 (FY2019: 15).

With many of our key products having gone through development cycles which have now been mostly completed, we will continue to see our software development spend slowly decrease as a percentage of sales. Last year we made strong progress on our new design products where the beta versions are receiving excellent feedback from the customers who are partnering with us to test these innovative solutions. The Board firmly believes the new parametric design nature of these products will provide significant financial returns to their users who will be able to optimise the future value of their mine much earlier in the design process.

In July 2020, the company completed the acquisition of Revolution Mining Software (RMS) which is further covered in the Managing Directors' report. The initial consideration of $0.5 million has now been paid while there is also a working capital adjustment in three months and an earn-out to be paid over two years post completion based on new software sales. Total consideration to be paid for the acquisition is expected to be in the order of $1.3 million.

Management continues to look at potential acquisition opportunities which have the potential to add further operational and financial value to the business.

CHAIRMAN'S REPORT

There have been a number of Board changes during FY2020 with Stewart Butel leaving in January 2020 and, after 8 years as Chairman, Allan Brackin departed on 30 June 2020. In July, the Board appointed Stephen Baldwin as a non-executive director. He has extensive Board experience across multiple industries, having been a director of approximately 30 companies over the past 25 years. Stephen holds a Bachelor of Commerce (Honours) from the University of Cape Town and is a qualified chartered accountant.

RPM maintains a strong balance sheet with over $40 million of cash in the bank as at 30 June 2020 and no debt. During FY2020, the company paid out the remaining post completion payments for previous acquisitions of iSolutions ($1.8 million) and MinVu ($0.8 million).

The company's share price started the year at $0.59 and increased by 78% to close the year at $1.05.

At the beginning of FY2020 the company had 19,140,831 options on issue (8.85% of the shares on issue at that time). During the year 7,869,487 options were exercised by employees (and 600,002 lapsed) and therefore by the end of the financial year there were 10,671,342 options on issue (4.76% of the shares on issue). No share options were granted during FY2020.

The company had 216,369,197 shares on issue as at 1 July 2019 and during the course of the year through the exercise of options the company finished the year with 224,238,684 shares on issue.

The share price increase and increase of shares on issue through options being exercised resulted in the company's market capitalisation increasing by $108 million (85%) during the year.

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

I would like to acknowledge the effort and commitment of our staff who continue to perform especially well during these difficult times. Many of our staff, particularly outside of Australia, are based in COVID-19 hotspots around the world and have been in total lock down since COVID-19 started spreading throughout their communities. We continue to do everything we can to support their health and wellbeing and appreciate the sacrifices they are making to enable our business to operate to the best of its ability.

The Board is particularly pleased with the ability of our management and staff to execute on a clearly defined strategy that we believe will continue to 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 support the business in 2021 and beyond.

Ross Walker

Interim Chairman

MANAGING DIRECTOR'S REPORT

Market Commentary

FY2020 saw commodity prices drop to some of their lowest levels in a decade particularly in energy and base metals sectors. Only precious metals and Iron Ore bucked the trend, especially in the later part of the financial year, when gold started heading towards USD$2,000/ounce. This general drop in commodity price was driven by increasing levels of economic upheaval arising out of the China and USA trade war which resulted in a drop in consumer confidence in the world's two largest economies.

Globally the impact of COVID-19 on miners was sudden and sharp with some regions, such as Australia, faring better than the rest of the world. The first three months of this calendar year saw the closure of 265 mines globally, only half of which were back in operation by the end of June 2020. Exploration expenditure is forecast to drop by 29% in 2020 to a 15-year low, with M&A activity also reaching one of its lowest points in a decade.

Most long-term consensus forecasts for FY2021 show a moderately positive trend as stimulus packages necessary to restart economies post the COVID-19 lock downs are expected to result in increased demands, especially for base metals. Bulk commodities are expected to remain flat with iron ore expected to drop over time with increased demand offset by increases in capacity as Brazil ramps back up after the recent Vale shutdowns.

Precious metals are forecast to continue to remain strong with the long-term consensus for gold of USD$1,600 – USD$1,700/ ounce forecast to continue beyond 2022. This strong price, especially in AUD terms, will allow precious metals miners to continue to invest in both grass root project development and organic growth through M&A.

Ongoing pressure from public sentiment on thermal coal as a source of energy for power generation in mature regions will continue to increase, forcing countries to investigate lower greenhouse emission options for power generation. This is not however the case in central and south east Asian countries with large scale mine to mouth power projects continuing to be under study as they look for cheap domestic sources of power.

Green financing of select battery minerals and fertilizer projects will continue to increase. Larger global miners are anticipated to continue their transition away from carbon intensive assets.

Mining Technology

In previous Annual Reports I have commented that "mining companies remain slow to embrace technology" and while that continued to be true prior to COVID-19's emergence things have changed dramatically since then. Mining companies, like all companies, now fully appreciate how important it is in uncertain times to be able to operate their businesses "remotely" through technology enablement.

Over the last seven years RPM has worked hard at building enterprise software solutions which by their very nature are "remotely enabled". This gives us a huge advantage and head start over a number of competitors (especially the smaller private companies) who have not had the strategic vision and resources to invest in moving their products off the desktop and into the enterprise let alone to the cloud.

Because of the advanced architecture within our new products, we can (and have already begun) moving our products to the cloud.

High Level Summary of Financial Results

Total revenue for the year increased by $0.6 million to $80.7 million (2019: $80.1 million).

During the 2020 financial year RPM sold $34.5 million in Total Contracted Value (TCV) subscription revenue up $24.2 million (235%) on the previous year (2019: $10.3 million). Of the $34.5 million sold in FY2020 only $6.1 million was accounted for in the FY2020

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financial accounts and as such the remaining $28.4 million will be spread across the duration of the contracts, which in most cases is three years.

Prior to the spread of COVID-19 we were seeing the term of the subscriptions lengthening however when the spread of the virus accelerated in February/March, the customer appetite for longer term committed contract durations shortened significantly. Now four months on we are starting to see the duration terms stretch out again as our customers realise the value of technological resilience and continuity to their operations.

The significant increase in subscription take-up, as expected, resulted in our perpetual license sales reducing from $12.1 million in FY2019 down to $6.9 million in FY2020.

This $5.2 million decrease in perpetual license sales has had a direct impact on EBITDAR (Earnings before Interest, Tax, Depreciation, Amortisation and Rent) which fell by $1.8 million to $7.3 million (2019: $9.1 million). However, the positive impact of moving to a subscription model is that the company has future contracted subscription revenue of $34.7 million at the start of FY2021 ($10.7 million at 1 July 2020) to be received and recognised in future years.

Software Division

Total software revenue remained comparatively constant with the prior year at $48.8 million even though there was a significant shift between perpetual and subscription licensing.

Software support and maintenance revenue reduced by $1.2 million due to lower perpetual licenses sales and some customers electing to terminate their existing perpetual licenses and buy subscription licenses.

Software consulting revenue decreased by $1.2 million mainly due to travel restrictions coming into effect in the second half of the year.

The company started FY2019 with an annual Research and Development expenses run rate of $13.1 million and finished the year with an annual run rate of $11.3 million.

During the year, the company continued work on its new Design Products, two of which are now in beta testing at customer sites. We expect to begin selling these products in Q2 of FY2021.

These new design products apply the very latest parametric design capabilities and use the most advanced software technology and enterprise architecture. They will compete with desktop products that are currently available in the market which are generally based on the same historical principles and underlying code base which has been adapted, reformed, tailored and customised over many, many years.

The breadth and depth of our innovative software offering has seen 28 new customers sign up in FY2020. While all of these customers have purchased software to address a specific need, our expectation is that over time they will purchase and roll out additional products from our integrated suite of products.

In July 2020 we acquired the business of Revolution Mining Software (RMS). This purchase was driven by our desire to own RMS's flagship Schedule Optimisation Tool (SOT), a cutting-edge mine scheduling optimisation software solution used by tier one miners around the globe.

SOT is the industry's only off-the-shelf strategic financial optimisation tool for underground mines used by a majority of the major mine planning vendors that enables mine planners to improve productivity and profitability by optimising the Net Present Value (NPV) of their mine schedules.

This scheduling program adds value to mining operations in several ways, by generating life-of-mine schedules that adhere to all specified precedence and operational constraints, while optimising the NPV based on the user's financial model.

MANAGING DIRECTOR'S REPORT

This acquisition also included the following software solutions:

- Attain, which ensures operational mine planning is systematically aligned with the long-range plan; and
- SurfaceSOT, which works for all types of mining operations to maximise their NPV by optimising their long-range schedules including management of stockpiles and product blending while minimising the re-handling of materials.

The benefit of SOT, Attain and SurfaceSOT solutions is that they will extend the strategic capability of our scheduling solutions and bolster our industry leading data optimisation capabilities which are becoming more sought after by our customers.

Advisory Division

Demand for our mining advisory services was very strong for the first three quarters of FY2020. Unfortunately, once international travel restrictions were introduced our staff were not able to have physical "boots on the ground" which is important when performing resource and reserve related work and valuations.

While the division contributed positively to the FY2020 financial result we currently expect it to breakeven in FY2021 assuming international travel restrictions remain in place for the full financial year.

We will again resist the urge to compete for low value and high-risk projects during this period and continue to focus on delivering high quality services. We will also look to utilise any available advisory capability to put our new beta software products through their paces, given that our advisory professionals will use these products in their project engagements.

Our advisory division's reputation for independent assessment and lender due diligence roles remains second to none, which positions us well for the larger and more complex projects when they come back to market.

GeoGAS Division

GeoGAS had another solid year. While revenues were down by $0.5 million to $4.2 million (2019: $4.7 million) costs were also down on last year resulting in an overall contribution of $2.5 million, consistent with FY2019.

Company Expenses

Operating expenses (excluding rent) finished the full year at $66.6 million, $2.5 million (3.9%) higher than last year (2019: $64.1 million).

This increase was largely due to higher salary costs from commissions and incentives paid as a result of the 235% increase in subscription software sales during the year.

As a result of COVID-19 the company incurred $0.4 million in once off restructuring costs and increased the provision for accounts receivable by $0.4m.

Net cash inflows from operations for FY2020 was $15.8 million (2019: $7.3 million) and at 30 June 2020 the company had $40 million cash in the bank and no debt after paying out the last remaining acquisition earnouts amounting to $2.6 million during the year.

Future Outlook

RPM, like most companies currently, are striving to be flexible and adaptable given the continued spread of COVID-19.

While we were very pleased with the growth in software subscriptions in FY2020, we are experiencing a slowdown in software sales as miners re-prioritise both their capital and operating expenditure due to COVID-19. This is resulting in continued delays in new sales contracts being awarded.

We believe that our commitment to investing heavily in our new software products during

MANAGING DIRECTOR'S REPORT

this time will see our products become even more competitive given their ability to be used remotely.

The company invested another $11.6 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.

We expect the Asset Management suite to have another stellar year in FY2021 and it will be interesting to see the progress we can achieve with the new Design suite of products.

While our journey to a full software subscription company will not be complete (in our minds) until the backlog of contracted subscription revenue ($34.7m) starts flowing into our income statement and thereby accelerates the company's reported profitability (which it should over the next three years) the rollout of our subscription-based pricing model is now complete and while there will still be some customers and countries where perpetual licenses will be sold, they will be the exception to the rule. This change in model has been remarkably smooth over the last two years and has set the company up to be more resilient during this global pandemic and stronger when we come out the other side.

Richard Mathews

Managing Director and Chief Executive Officer

DIRECTORS' REPORT

Your Directors present their report on RPMGlobal Holdings Limited (the "Company" or "RPM") and its subsidiaries (referred to hereafter as the "Group") for the year ended 30 June 2020.

1. Directors

The Directors of RPMGlobal Holdings Limited at any time during or since the end of the period were:

Non-executive

Ross Walker – *interim Chairman* (from 30 June 2020)

Stephen Baldwin – effective 1 July 2020

Allan Brackin – *Chairman* (resigned 30 June 2020)

Stewart Butel (resigned 31 January 2020)

Executive

Richard Mathews – CEO and Managing Director

2. Principal Activities

The Group's principal activities during the financial year consisted of:

a) Software licensing, consulting, implementation and maintenance;

b) Technical, advisory and training services to the resources industry; and

c) Laboratory gas testing.

There were no significant changes in the nature of the Group's principal activities during the financial year.

3. Dividends

No dividends were paid or declared during the financial year (2019: nil).

4. Review and Results of Operations

Revenue in the 2020 financial year grew by 0.7% to $80.7 million (2019: $80.1 million).

	2020 $m	**2019 $m**	**Change %**
Software			
- Licence Sales	*6.9*	*12.1*	*-43.0%*
- Licence subscriptions	*10.0*	*2.4*	*316.7%*
- Maintenance	*20.6*	*21.8*	*-5.5%*
- Consulting	*11.3*	*12.5*	*-9.6%*
Total Software	48.8	48.8	*0.0%*
Advisory	25.8	25.9	*-0.4%*
GeoGAS	4.2	4.7	*-10.6%*
Other Revenue	1.9	0.7	*171.4%*
Total Revenue	**80.7**	**80.1**	*0.7%*
Direct Costs	(6.8)	(6.9)	*-1.4%*
Net Revenue	**73.9**	**73.2**	*1.0%*

DIRECTORS' REPORT

4. Review and Results of Operations (Continued)

Reconciliation between IFRS and non-IFRS financial performance items used in the Directors Report is presented below:

	2020 $m	2019 $m	Change %
Net Revenue	**73.9**	**73.2**	*1.0%*
Operating Expenses	(66.6)	(64.1)	*3.9%*
EBITDAR[1]	**7.3**	**9.1**	*-19.8%*
Rent	(0.4)	(3.4)	*88.2%*
Depreciation and Amortisation	(6.7)	(4.0)	*-67.5%*
iSolutions Earn out Provision	(0.3)	(0.3)	*0.0%*
Net Finance (costs)/income	0.1	0.3	*-66.7%*
Profit/(Loss) before income tax	**0.0**	**1.7**	*N/A*
Income tax expense	(0.7)	(7.6)	*90.8%*
Profit/(Loss)	**(0.7)**	**(5.9)**	*88.1%*
Earnings Per Share (cents per share)	**(0.3)**	**(2.7)**	*88.9%*

[1] Earnings before Interest, Tax, Depreciation, Amortisation and Rent is a non-IFRS disclosure. In the opinion of the Directors, the Group's EBITDAR reflects the results generated from ongoing operating activities and is calculated in accordance with AICD/Finsia principles. The non-operating adjustments outlined above are considered to be non-cash and/or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the underlying result. EBITDAR has not been audited or reviewed. EBITDAR, unlike operating profit and EBITDA is unaffected by the change in leasing standards, and therefore removes the volatility arising under IFRS 16.

During FY2020 the Group continued the transition of its software revenue model from one-off perpetual licence sales to subscription licences which run over multiple years. This transition has impacted reported earnings as subscription licence revenue is recognised over the term of the contract (typically 3 – 5 years) whereas perpetual licence sales are recognised when the software is delivered with annual maintenance revenue recognised over the 12 month maintenance term. Although the software subscription model results in lower revenue during the transition period, it has the benefit of securing committed contracted subscription revenue which will be reported in future financial years from sales made in the current year.

From a management viewpoint, we monitor software subscription revenue in terms of Total Contracted Value (TCV) being the total revenue to be received over the committed term of each contract. While only a portion of the TCV is recognised as revenue during the financial year, we incentivise our sales team on TCV and monitor our financial performance on TCV. As such, we often refer to subscription sales during the year in terms of TCV rather than the amount of subscription revenue received or recognised as revenue during that financial year.

Licence sales and subscription revenue recognised during the year was $16.9 million compared to $14.5 million in the previous year. However, more importantly, total contracted licence revenue was $41.4 million, comprising TCV subscription of $34.5 million and perpetual software licence sales of $6.9 million, compared to total contracted licence revenue of $22.4 million in the prior year.

Other revenue included $1.7 million from government COVID-19 subsidies from around the world. As a result of COVID-19 the company incurred once-off restructuring costs of $0.4 million, which were offset by savings in travel and professional fees.

Foreign exchange movement towards the end of the year resulted in $0.3 million loss (2019: $0.5 million gain).

EBITDAR (Earnings before Interest, Tax, Depreciation, Amortisation, Rent) decreased by $1.8 million to $7.3 million (2019: $9.1 million).

4. Review and Results of Operations (Continued)

The Group's loss after tax of $0.7 million was a $5.2 million improvement over the prior year due to a significant reduction in tax expense which was impacted in the prior year by derecognising deferred tax assets.

The Group delivered $15.8 million in net operating cash inflows and had cash reserves of $40.0 million (2019: $28.2 million) and no bank debt at the end of the financial year.

During the year, the Group paid out the last $2.6 million for software acquisitions and earn-out payments for prior acquisitions and received $4.6 million in payments from employees exercising employee share options granted in previous years.

Software Division

The Software division provides mine operations, financial costing/budgeting, simulation and asset management software solutions to the mining industry. It also provides software consulting, implementation, training and support for these products.

Software revenue was comparatively flat on last year; however, the revenue mix was very different as the Group moved ahead on its journey towards subscription licence sales.

Subscription revenue increased by $7.6 million (317%) to $10.0 million (2019: $2.4 million) and perpetual licences reduced by $5.2 million (43%) to $6.9 million (2019: $12.1 million). Maintenance revenue decreased by $1.2 million to $20.6 million (2019: $21.8 million) as a number of customers decided to give up their perpetual licences and purchase subscription licences.

The Annual Recurring Revenue (ARR) run rate for subscription software licences as at year end was $12.7 million (June 2019: $4.3 million).

Consulting revenue reduced by $1.2 million to $11.3 million (2019: $12.5 million) due to COVID-19 related travel restrictions in the last quarter of the year.

The Group decreased its investment in R&D to $11.6 million (2019: $13.7 million).

The Company concluded agreements during the financial year with 28 new customers who purchased RPM software for the first time.

Advisory Division

The Advisory division provides independent consulting and advisory services which cover technical and economic analysis and assessment of mining activities and resources on behalf of mining companies, financial institutions, government agencies and suppliers to mining projects. The market for Advisory services is heavily reliant on expansion, development, financing and transacting of mining assets and projects.

Revenue from Advisory services for the year was flat at $25.8 million (2019: $25.9 million). The division's performance was growing strongly for the first three quarters until travel restrictions came into force in the last quarter.

GeoGAS

The GeoGAS business provides mine gas consulting and laboratory testing services primarily to the coal industry on the East Coast of Australia.

Revenue from the GeoGAS business decreased by 11% to $4.2 million (2019: $4.7 million), however, the business still delivered $2.5 million EBITDAR contribution (2019: $2.7 million).

DIRECTORS' REPORT

5. Likely Future Developments - Business Strategies and Prospects for Future Financial Years

RPM, like most companies, are currently being flexible and adaptable given the continued spread of COVID-19 across the world. The Board and Management firmly believe our commitment to investing heavily in our new software products during this time will see our products become even more competitive given their ability to be used remotely. The Company invested another $11.6 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. As our software products become more competitive and integrated, we expect our market share to increase strongly over the next three to four years.

We expect the Asset Management suite to have another stellar year in FY2021 and it will be interesting to see the progress we can make with the new Design suite of products.

Our journey to a subscription-based pricing model is now complete and while there will still be some customers and countries where perpetual license will be sold, they will be the exception to the rule. This journey has been remarkably smooth over the last two years and has set the company up to be more resilient during this global pandemic and stronger when we come out the other side.

The near-term outlook for our Advisory business remains cautiously positive however the Board expects the division to breakeven in FY2021 on the basis international travel restrictions remain in place for the full financial year. 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 when they come back to market.

With respect to our GeoGAS business, if coal prices remain firm, we are confident this division will have another solid year.

6. Information on Current Directors and Company Secretary

Directors	Experience	Special responsibilities
Ross Walker	Non–executive Director. Joined the Board in March 2007. Joined Pitcher Partners Brisbane (previously Johnston Rorke) in 1985, Managing Partner in 1992 – 2008 and again from 2014 to 2017. Predominantly involved in corporate finance, auditing, valuations, capital raisings and mergers and acquisitions for the past 20 years. Qualifications: Bachelor of Commerce, FCA Other listed company directorships in last three years: Wagners Holding Company Limited since its IPO in December 2017 Other unlisted company directorships in last three years: Sovereign Cloud Holdings Limited since December 2017	*Interim Chairman* *Non-executive Director* *Member and Chairman – Audit and Risk Committee* *Member – HR and Remuneration Committee*
Richard Mathews	Appointed Managing Director 28 August 2012. Richard's previous roles includes Senior Vice President, International at J D Edwards, CEO of Mincom Ltd, Chief Executive Officer and then Non-Executive Chairman of eServGlobal Limited. Qualifications: Bachelor of Commerce, Bachelor of Science, ACA Other listed company directorships in last three years: None in the last three years. Richard is a director on the Telstra Health Pty Ltd Board.	*Executive Managing Director* *Member – HR and Remuneration Committee*

DIRECTORS' REPORT

6. Information on Current Directors and Company Secretary (Continued)

Directors	Experience	*Special responsibilities*
Stephen Baldwin	Non-executive Director. Joined the Board effective 1 July 2020. Stephen is a professional company director and currently sits on the Board of five companies (Axicom, Taumata, Tiaki, Wameja Ltd, Lignor Ltd). Stephen started his career as a chartered accountant with Price Waterhouse (now PwC), working in three different countries over a decade. He then went into funds management, initially with Hambro-Grantham and subsequently with Colonial First State where he rose to become that group's Head of Private Equity. Stephen currently represents one of Australia's larger superannuation funds (UniSuper) as a director on the Boards of three of their private market investments. Qualifications: Bachelor of Commerce (Honours), ACA. Other listed company directorships in last three years: Wameja Ltd (ASX:WJA)	*Non-executive Director* *Member – Audit and Risk Committee* *Chairman – HR and Remuneration Committee*

Company Secretary

James O'Neill, Group General Counsel and Company Secretary, joined RPMGlobal Holdings Limited in December 2012. Qualifications: Bachelor of Laws and Bachelor of Information Technology from Queensland University of Technology, Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia, Solicitor and Member of the Queensland Law Society and Associate Member of the Governance Institute of Australia (AGIA) and Chartered Institute of Secretaries (ACIS).

7. Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2020 and the number of meetings attended by each Director were:

	Full meetings of Board of Directors		Audit & Risk Committee		HR & Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Allan Brackin	9	9	4	4	2	2
Stewart Butel [1]	5	5	1	1	1	1
Ross Walker	9	9	4	4	2	2
Richard Mathews	9	9	4	4	2	2

[1] Stewart Butel commenced as Director on 1 September 2018 and resigned effective 31 January 2020 and attended all meetings that he was eligible to attend before his resignation.

8. Directors' Interests

The relevant interest of each Director in the shares and options issued by the Company, as notified by the Directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

RPMGlobal Holdings Limited	Ordinary shares	Options over ordinary shares
R Walker	958,333	-
R Mathews [1]	8,220,138	-
S Baldwin	3,272,987	

[1] Includes 175,560 shares held by R Mathews as trustee under a bare trust arrangement for a third party.

DIRECTORS' REPORT

9. Shares Under Option

Unissued ordinary shares of RPMGlobal Holdings Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
08/09/2015[1]	08/09/2020	$0.56	1,173,332
29/11/2016	29/11/2021	$0.54	100,000
09/02/2017[1]	09/02/2022	$0.59	1,335,000
08/06/2017	08/06/2022	$0.57	116,668
1/10/2017[1]	31/10/2022	$0.77	1,938,335
15/03/2018	15/03/2023	$0.67	336,667
14/09/2018[1]	14/09/2023	$0.61	2,875,170
14/12/2018[1]	14/12/2023	$0.58	783,002
15/03/2019	15/03/2024	$0.58	1,246,667
7/06/2019	07/06/2024	$0.60	300,000
			10,204,841

[1] Included in these options were options granted as remuneration to the five highest remunerated officers during the year. Details of options granted to the five highest remunerated officers who are also key management personnel are disclosed in section 20E of the Remuneration Report. There are no Officers in the Company who are not also identified as key management personnel.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

10. Shares issued on the exercise of options

During the financial year the following shares were issued following exercise of previously issued share options:

Option Grant Date	Number of shares issued	Exercise price paid, $
31/10/2014	100,000	61,000
3/03/2015	3,541,000	2,089,190
15/07/2015	88,500	50,445
8/09/2015	1,565,000	876,400
29/08/2016	125,000	61,250
29/11/2016	400,000	216,000
9/02/2017	926,664	546,732
8/06/2018	133,332	75,999
31/10/2017	499,998	384,998
15/03/2018	25,000	16,750
13/09/2018	371,661	226,713
14/12/2018	93,332	54,133

11. Indemnity and Insurance of Officers

The Company has indemnified the Directors and Officers of the Company for costs incurred, in their capacity as a Director or Officer, for which they may be personally liable, except where there is a lack of good faith.

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company against certain risks associated with their activities as Officers of the Company. The terms of that policy prohibit disclosure of the nature of liability covered, the limit of such liability and the premium paid.

DIRECTORS' REPORT

12. Environmental Legislation

RPMGlobal Holdings Limited and its controlled entities are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

13. Non-audit Services

Details of the amounts paid or payable to the Company's auditor and related practices of the auditor for audit and non-audit services provided during the year are set out below. The Board has considered the position and in accordance with advice received from the Audit & Risk Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act.

	2020	2019
BDO (QLD) Pty Ltd	**$**	**$**
Preparation of Income tax return and other taxation advice	**18,412**	**9,100**

14. Indemnity of Auditors

The Company has agreed to indemnify and hold harmless its auditors, BDO Audit Pty Ltd, against any and all losses, claims, costs, expenses, actions, demands, damages, liabilities or any other proceedings whatsoever incurred by the auditors in respect of any claim by a third party arising from or connected to any breach by the Company.

15. Auditor's Independence Declaration

In accordance with Section 307C of the Corporations Act 2001, a copy of the auditor's independence declaration is enclosed on page 23.

16. Legal Proceedings on Behalf of the Group

No person has applied for leave of the Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

17. Significant Changes in the State of Affairs

There was no matter or circumstance during the financial year that has significantly affected the state of affairs of the Group not otherwise disclosed.

18. Matters Subsequent to the End of the Financial Year

As detailed in the ASX announcements released by the company on 9 July and 31 July, the company has successfully completed the acquisition of 100% of the issued share capital of Sudbury, Canada headquartered mine scheduling optimisation company, Revolution Mining Software. The initial consideration for the acquisition of $0.5 million has been paid from RPM's existing cash reserves. Future consideration includes a working capital adjustment three months after completion and an earn-out paid over two years post completion based upon any sales of perpetual or short-term (twelve month or less) subscription rental software license sales of the Revolution Mining Software Inc. products during that two year earn-out period. The total consideration to be paid for the acquisition is expected to be $1.3 million. The Directors considered the impact of COVID-19 and disclosed it in section 5 of the Directors Report. Other than the above, no matter or circumstance has arisen since 30 June 2020 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

19. Rounding of Amounts

The Company is a type of company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, the nearest dollar.

20. Remuneration Report - Audited

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration;

B. Service agreements;

C. Details of remuneration;

D. Bonus and share-based compensation benefits;

E. Equity instruments held by key management personnel; and

F. Other transactions with key management personnel.

20A. Principles Used to Determine the Nature and Amount of Remuneration

Remuneration and compensation have the same meaning in this report.

This report discusses the Group's policies in regard to compensation of key management personnel (KMP). The identified KMP have authority and responsibility for planning, directing and controlling the activities of the Group.

In addition to the Directors, the Company assessed the Chief Financial Officer, Group General Counsel & Company Secretary and the Executive General Manager of the Advisory Division as having authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2020 financial year.

The Executive General Manager of the Advisory Division, whilst remaining employed by the Group, ceased authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, in April 2020 resulting in the company reassessing his position as ceasing to be a KMP.

The Board has established a HR and Remuneration Committee to assist with remuneration and incentive policies enabling the Group to attract and retain KMP and Directors who will create value for shareholders and support the Group's mission. The HR and Remuneration Committee obtains independent advice if required on the appropriateness of compensation packages given trends in comparative companies. In the 2020 financial year the Committee did not use a remuneration consultant. The Group's Corporate Governance Statement provides further information on the role of this Committee. The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic, operational objectives and achieve the broader outcome of creation of value for shareholders.

Executive Director and other Key Management Personnel

The compensation structures take into account:

- The capability and experience of the KMP;
- Their ability to control the relevant segment's performance; and
- The segment or Group earnings.

Compensation packages include a mix of fixed, short-term and long-term performance-based incentives. In addition to their salaries, the Group also provides non-cash benefits to its KMP and contributes to a defined contribution superannuation plan (or equivalent pension plan) on their behalf.

20. Remuneration Report - Audited (Continued)

20A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

Fixed Compensation

Fixed compensation is calculated on a total cost basis and includes salary, allowances, non-cash benefits, employer contributions to superannuation funds and any fringe benefits tax charges related to employee benefits, including motor vehicles parking provided.

Compensation levels are reviewed using an individual approach, based on evaluation of the individual, and a comparison to the market. A KMP's compensation is also reviewed on promotion.

Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward each KMP for meeting and exceeding their Key Performance Objectives (KPOs). The Short-Term Incentive (STI) is an 'at risk' incentive provided in the form of cash, while the Long-Term Incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan (ESOP) (see note 23 to the financial statements). The current long-term performance incentive structure was first implemented in the 2013 year and was most recently approved by shareholders at the 15 October 2019 Annual General Meeting.

The table below sets out the performance-based compensation paid to KMP together with earnings for the same period. Performance based compensation consists of STI cash bonus and LTI share-based payments.

	Performance based compensation					
Year ended 30 June	**STI $'000**	**LTI $'000**	**Total $'000**	**EBITDA[1] $'000**	**EPS cents**	**Share price $**
2016	112	230	342	(3,224)	(5.3)	0.41
2017	968	70	1,038	4,582	0.02	0.55
2018	-	46	46	4,369	0.11	0.62
2019	217	119	336	5,877	(2.7)	0.59
2020	**867**	**68**	**935**	**6,913 [2]**	**(0.3)**	**1.05**

[1] *Earnings before Interest, Tax, Depreciation, Impairment and Restructuring costs (non-IFRS disclosure)*

[2] *Includes the impact of changes following the adoption of AASB16 Leases on the Group's financial statements. Refer to details in note 2 of the financial report*

Short-term Incentive

Effective 1 July 2012, the Group implemented a variable pay structure, referred to as the Executive Incentive Plan (EIP). Each of the identified KMP has a portion of their remuneration linked to the EIP. The key objective of the EIP is to create clear alignment between individual and business performance and remuneration by providing a performance-based reward to participants in line with their relative contribution to the Group. The EIP achieves the alignment by focusing participants on achieving goals which contribute to sustainable shareholder value and providing a clear link between performance and the Group financial result.

During 2019 the business began transitioning from selling once-off perpetual software licenses to offering subscription licenses. In FY2020 as a reflection of the strategic importance of growing subscription revenue, the Board introduced a software sales Total Contracted Value (TCV) target as a significant part of the EIP.

There is, and remains, a clear correlation between the growth in TCV from software subscription sales and the increase in shareholder value through the positive movement in the company's share price.

20. Remuneration Report - Audited (Continued)

20A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

Because of this, the Board's logic was if management could grow the company's TCV which delivers committed revenue to the company over future years, then there should be a corresponding increase in the company's share price and therefore financial return to shareholders.

This logic proved to be correct. In 2020 the company's software TCV from subscriptions increased by 235% and the company's share price increased by 78% (from 59 cents to $1.05). This share price increase helped the company's market capitalisation increase by $108 million (85%) during the 2020 financial year.

The 235% increase in software subscription TCV effectively resulted in the management targets in the EIP being achieved and therefore 100% of the EIP was awarded.

Cash bonuses are paid, provided for or forfeited in the year to which they relate.

The Board assessed performance of the KMP for the 2020 Financial Year as shown in the table below:

	Fixed Compensation	Variable Compensation	STI awarded	STI forfeited
R Mathews	50%	50%	100%	-
M Kochanowski	74%	26%	100%	-
J O'Neill	74%	26%	100%	-

Long-term Incentive

Options were issued in the 2015, 2016, 2017, 2018 and 2019 financial years under the Company's Employee Share Option Plan (ESOP) to KMP at the discretion of the Board. Consistent with the current ESOP plan terms last approved by shareholders at the Company's 2019 Annual General Meeting, the rules of the ESOP Plan enable the Board to determine the applicable vesting criteria and to set a timetable for vesting of options in the Offer Document, including vesting in tranches over a defined period. The Board has the discretion on whether or not to set performance hurdles for vesting or to link vesting solely to a defined service period in order to drive key staff retention and reward longevity of service. The options issued since November 2013 vest in tranches over a three year period from the date of grant, have vesting conditions solely linked to the holder maintaining employment with the Group over that period and are issued at an exercise price based on the volume weighted average price of the Company's shares in the five days prior to each grant.

The Board has a Margin Loan policy that restricts Directors and Executives of the Group from entering into financial contracts secured by shares and other securities of the Company. This policy requires the approval of the Chairman of the Board for any financial arrangements or facilities related to Company shares held by the Directors and Executives.

There was no Long-Term incentive in the 2020 financial year.

Non-executive Directors

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-executive Directors' fees and payments are reviewed periodically by the Board and are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at $500,000, unchanged since it was approved in the 2009 Annual General Meeting.

20. Remuneration Report - Audited (Continued)

20B. Service Agreements

Non-executive Directors' base remuneration was last reviewed with effect from 1 July 2018. Both the Chairman's and Non-executive Directors' remuneration is inclusive of committee fees.

Details of contracts with the current Directors and KMP of the Group that received remuneration during the 2020 financial year are set out below.

	Terms of agreement	Base salary including superannuation	Termination benefit [1]	Notice Period
R Walker	Unlimited in term	$80,000	Nil	Nil
R Mathews	Unlimited in term	$650,000	6 months	6 months
M Kochanowski	Unlimited in term	$339,450	3 months	3 months
J O'Neill	Unlimited in term	$339,450	3 months	3 months

[1] *Termination benefit includes notice period at Base salary rate including superannuation plus statutory entitlements*

20C. Details of Remuneration

The KMP are also entitled to receive upon termination of employment their statutory entitlements of accrued annual and long service leave (where applicable), together with any superannuation benefits (where applicable). Compensation levels are reviewed each year to meet the principles of the remuneration policy.

Directors

Executive Directors

Richard Mathews – CEO and Managing Director

Non-executive Directors

Ross Walker - Interim Chairman

Allan Brackin – Chairman (resigned 30 June 2020)

Stewart Butel – (resigned 31 January 2020)

Other Key Management Personnel

In addition to executive Directors mentioned above, the following persons were assessed by the Company as the executives who had the greatest authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2020 financial year:

Name	Position
Michael Kochanowski	Chief Financial Officer
James O'Neill	Group General Counsel and Company Secretary
Philippe Baudry	Executive General Manager - Advisory Division (ceased to be KMP in April 2020)

Details of remuneration of each Director of RPMGlobal Holdings Limited and each of the other KMP of the Group are set out in the following tables.

DIRECTORS' REPORT

20C. Details of Remuneration (Continued)

	Short-term benefits						Total		
	Cash salary and fees	Movement in leave entitle-ments	STI cash bonus	Non – monetary benefits [1]	Post - employ ment benefits	Share-based payment (options)		Proportion of remun-eration perform-ance related	Value of options as propor-tion of remun-eration
2020	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Directors									
A Brackin[2]	91,324	-	-	-	8,676	-	100,000	-	-
S Butel[3]	42,618	-	-	-	4,049	-	46,667	-	-
R Walker	80,000	-	-	-	-	-	80,000	-	-
R Mathews	644,027	63,849	650,000	10,910	6,000	-	1,374,786	47%	-
	857,969	63,849	650,000	10,910	18,725	-	1,601,453	41%	-
Other Key Management Personnel									
M Kochanowski	314,878	22,219	108,500	10,910	24,600	32,804	513,911	27%	6%
J O'Neill	314,878	28,338	108,500	10,910	24,600	32,804	520,030	27%	6%
P Baudry[4]	338,646	11,302	-	9,106	-	21,085	380,139	6%	6%
	968,402	61,859	217,000	30,926	49,200	86,693	1,414,080	21%	6%
Total	**1,826,371**	**125,708**	**867,000**	**41,836**	**67,925**	**86,693**	**3,015,533**	**32%**	**3%**

[1] Includes car park and health insurance
[2] Allan Brackin resigned 30 June 2020.
[3] Stewart Butel resigned 31 January 2020.
[4] Philippe Baudry ceased being KMP in April 2020

	Short-term benefits						Total		
	Cash salary and fees	Movement in leave entitle-ments	STI cash bonus	Non – monetary benefits [1]	Post - employ ment benefits	Share-based payment (options)		Proportion of remun-eration perform-ance related	Value of options as propor-tion of remun-eration
2019	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Directors									
A Brackin	91,324	-	-	-	8,676	-	100,000	-	-
S Butel[2]	60,883	-	-	-	5,784	-	66,667	-	-
R Walker	80,000	-	-	-	-	-	80,000	-	-
R Mathews	644,000	(50,673)	-	11,055	6,000	-	610,382	-	-
	876,207	(50,673)	-	11,055	20,460	-	857,049	-	-
Other Key Management Personnel									
M Kochanowski	273,927	21,049	-	11,055	26,023	43,777	375,831	12%	12%
J O'Neill	273,927	31,413	-	11,055	26,023	43,582	386,000	11%	11%
P Baudry	438,254	32,991	217,000	11,448	-	31,563	731,256	34%	4%
	986,108	85,453	217,000	33,558	52,046	118,922	1,493,087	22%	8%
Total	**1,862,315**	**34,780**	**217,000**	**44,613**	**72,506**	**118,922**	**2,350,136**	**14%**	**6%**

[1] Includes car park and health insurance
[2] Stewart Butel started 1 September 2018.

20. Remuneration Report - Audited (Continued)

20D. Bonuses and Share-based Compensation Benefits

All options refer to options over ordinary shares of RPMGlobal Holdings Limited, which are exercised on a one-for-one basis under the ESOP Plan.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, based on an estimate of the number of options likely to vest, and the amount is included in the remuneration tables above. Fair values at grant date are determined using Trinominal Lattice model that take into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Model inputs for options granted during the year are disclosed below.

Grant date	Vesting date	Share price $	Exercise price $	Expected volatility %	Weighted average life, years	Expected dividends %	Risk-free interest rate[1],%	Fair value at grant Date, $
3/03/15	3/03/16	0.56	0.59	55	5.0	nil	1.84	0.19
3/03/15	3/03/17	0.56	0.59	55	5.0	nil	1.84	0.23
3/03/15	3/03/18	0.56	0.59	55	5.0	nil	1.84	0.25
8/09/15	8/09/16	0.55	0.56	46	5.0	nil	2.04	0.17
8/09/15	8/09/17	0.55	0.56	46	5.0	nil	2.04	0.19
8/09/15	8/09/18	0.55	0.56	46	5.0	nil	2.04	0.21
9/02/17	9/02/18	0.63	0.59	43	5.0	nil	2.12	0.17
9/02/17	9/02/19	0.63	0.59	43	5.0	nil	2.12	0.21
9/02/17	9/02/20	0.63	0.59	43	5.0	nil	2.12	0.23
31/10/17	31/10/18	0.77	0.77	42	5.0	nil	2.24	0.19
31/10/17	31/10/19	0.77	0.77	42	5.0	nil	2.24	0.23
31/10/17	31/10/20	0.77	0.77	42	5.0	nil	2.24	0.26
13/09/18	13/09/19	0.65	0.61	41	5.0	nil	2.22	0.17
13/09/18	13/09/20	0.65	0.61	41	5.0	nil	2.22	0.21
13/09/18	13/09/21	0.65	0.61	41	5.0	nil	2.22	0.23
14/12/18	14/12/19	0.58	0.58	41	5.0	nil	2.14	0.14
14/12/18	14/12/20	0.58	0.58	41	5.0	nil	2.14	0.17
14/12/18	14/12/21	0.58	0.58	41	5.0	nil	2.14	0.19

[1] based on government bonds.

The expected price volatility is based on the historic volatility compared to that of similar listed companies and the remaining life of the options.

Details of options over ordinary shares in the Company provided as remuneration to each Director and each of the KMP and the Group are set out below. When exercisable, each option is convertible into one ordinary share of RPMGlobal Holdings Limited.

Options granted under the ESOP plan carry no dividend or voting rights until the options vest, are exercised and converted to ordinary shares whereupon those ordinary shares carry dividend and voting rights consistent with all other ordinary shares of the Company.

20. Remuneration Report - Audited (Continued)

20D. Bonuses and Share-based Compensation Benefits (Continued)

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above.

	Number of options granted during the year	Number of options vested during the year
A Brackin	-	-
S Butel	-	-
R Walker	-	-
R Mathews	-	-
M Kochanowski	-	199,999
J O'Neill	-	199,999
P Baudry	-	149,999

Details of options over ordinary shares in the Company provided as remuneration to key management personnel are shown in the table on the following page. The vesting conditions are set out in Section 20A. The table also shows the percentages of the options granted that vested and were forfeited during the year.

The options issued since November 2013 vest in tranches over a three year period from the date of grant, have vesting conditions solely linked to the holder maintaining employment with the Group over that period and are issued at an exercise price based on the volume weighted average price of the Company's shares in the five days prior to each grant. The terms and conditions of each grant of options affecting remuneration of a KMP in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise Price, $	Value per option at grant date
03/03/2015	03/03/2016	03/03/2020	0.59	$0.19
03/03/2015	03/03/2017	03/03/2020	0.59	$0.23
03/03/2015	03/03/2018	03/03/2020	0.59	$0.25
8/09/2015	8/09/2016	8/09/2020	0.56	$0.17
8/09/2015	8/09/2017	8/09/2020	0.56	$0.19
8/09/2015	8/09/2018	8/09/2020	0.56	$0.21
09/02/2017	09/02/2018	09/02/2022	0.59	$0.17
09/02/2017	09/02/2019	09/02/2022	0.59	$0.21
09/02/2017	09/02/2020	09/02/2022	0.59	$0.23
26/10/2017	26/10/2018	26/10/2022	0.77	$0.19
26/10/2017	26/10/2019	26/10/2022	0.77	$0.23
26/10/2017	26/10/2020	26/10/2022	0.77	$0.26
13/09/2018	13/09/2019	13/09/2023	0.61	$0.17
13/09/2018	13/09/2020	13/09/2023	0.61	$0.20
13/09/2018	13/09/2021	13/09/2023	0.61	$0.23
14/12/2018	14/12/2019	14/12/2023	0.58	$0.14
14/12/2018	14/12/2020	14/12/2023	0.58	$0.17
14/12/2018	14/12/2021	14/12/2023	0.58	$0.19

DIRECTORS' REPORT

20. Remuneration Report - Audited (Continued)

20E. Equity Instruments held by Key Management Personnel

	Year (FY) of grant	Years in which option may vest	Number of options granted	Value of option at grant date [1]	Number of options vested during the year	Vested %	Number of options forfeited during the year	Value at date of forfeiture [2]	Forfeited %
R Walker	-	-	-	-	-	-	-	-	-
R Mathews	-	-	-	-	-	-	-	-	-
M Kochanowski	2015	2016-2018	200,000	$0.19 - $0.25	-	-	-	-	-
	2016	2017-2019	200,000	$0.17 – $0.21	-	-	-	-	-
	2017	2018-2020	150,000	$0.17 – $0.23	50,000	25%	-	-	-
	2018	2019-2021	150,000	$0.19 – $0.26	50,000	25%	-	-	-
	2019	2020-2023	300,000	$0.14 – $0.23	99,999	50%	-	-	-
J O'Neill	2015	2016-2018	225,000	$0.19 - $0.25	-	-	-	-	-
	2016	2017-2019	175,000	$0.17 – $0.21	-	-	-	-	-
	2017	2018-2020	150,000	$0.17 – $0.23	50,000	25%	-	-	-
	2018	2019-2021	150,000	$0.19 – $0.26	50,000	25%	-	-	-
	2019	2020-2023	300,000	$0.14 – $0.23	99,999	50%	-	-	-
P Baudry	2015	2016-2018	550,000	$0.19 - $0.25	-	-	-	-	-
	2016	2017-2019	250,000	$0.17 – $0.21	-	-	-	-	-
	2017	2018-2020	150,000	$0.17 – $0.23	50,000	33%	-	-	-
	2019	2020-2023	300,000	$0.14 – $0.23	99,999	67%	-	-	-

[1] The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration

[2] The value of the options that were granted as part of remuneration and that were forfeited (lapsed) during the year because a vesting condition was not satisfied was determined at the time of lapsing, but assuming the condition was satisfied.

No shares were granted as compensation in 2020 (2019: nil). The number of shares and options over shares in the Company held during the financial year by each Director of RPMGlobal Holdings Limited and each of the other key management personnel of the Group, including their personally-related entities, is set out below:

(i) Options

Name	Balance at the start of the year	Granted as compensation	Forfeited, exercised and expired	Balance at the end of the year	Vested and exercisable	Average Value at exercise date
A Brackin	-	-	-	-	-	
S Butel	-	-	-	-	-	
R Walker	-	-	-	-	-	
R Mathews	-	-	-	-	-	
M Kochanowski	1,000,000	-	(200,000)	800,000	549,999	$0.32
J O'Neill	1,000,000	-	(400,000)	600,000	349,999	$0.29
P Baudry	1,250,000	-	(966,666)	283,334	83,333	$0.60

20. Remuneration Report - Audited (Continued)

20E. Equity Instruments held by Key Management Personnel

(ii) Ordinary Shares

	Balance at the start of the year	Exercise of Options	Sold During the year	Acquired during the year (on market)	Balance at the end of the year
Directors					
A Brackin	1,098,311	-	-	-	1,098,311
S Butel [1]	100,000	-	-	-	100,000
R Walker	958,333	-	-	-	958,333
R Mathews [2]	8,220,138	-	-	-	8,220,138
Other key management personnel of the Group					
M Kochanowski	183,333	200,000	(47,000)	-	336,333
J O'Neill	40,000	400,000	(400,000)	-	40,000
P Baudry [3]	307,241	966,666	(500,000)	-	773,907

[1] S Butel resigned 31 January 2020, ending balance as at the resignation date.

[2] Includes 175,560 shares held by R Mathews as trustee under a bare trust arrangement for a third party.

[3] P Baudry ceased being KMP in April 2020, ending balance as at this date.

20F. Loans and Other Transactions with Key Management Personnel and their related parties

There were no transactions or loans with Key Management Personnel and their related parties during the 2020 financial year.

20J. 2019 Annual General Meeting (AGM)

The Company's 2019 remuneration report was unanimously adopted by show of hands at 2019 AGM. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration report - End

This report is made in accordance with a resolution of the Directors.

Ross Walker
Interim Chairman
Dated: 24 August 2020

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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF RPMGLOBAL HOLDINGS LIMITED

As lead auditor of RPMGlobal Holdings Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of RPMGlobal Holdings Limited and the entities it controlled during the period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane

24 August 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
Revenue from contracts with customers			
Services		41,216	43,114
Licence sales		6,909	12,061
Software maintenance		20,604	21,807
Software subscription		10,014	2,390
Total revenue from contracts with customers		**78,743**	**79,372**
Other income	3	1,960	721
Rechargeable expenses		(6,782)	(6,889)
Net Revenue		**73,921**	**73,204**
Expenses			
Amortisation	11	(3,156)	(3,143)
Depreciation –Right-of-use assets	10	(2,726)	-
Depreciation – Plant and Equipment	10	(810)	(877)
Employee benefits expense		(51,685)	(49,797)
Commissions and incentives		(4,546)	(3,242)
Foreign exchange losses		(277)	-
Impairment of receivables		(938)	(829)
Other employee costs		(849)	(994)
Office expenses		(2,556)	(2,512)
Professional services		(1,531)	(2,024)
Rent	2(a)	(395)	(3,426)
Travel expenses		(2,270)	(2,842)
Other expenses		(1,962)	(1,846)
Total Expenses		**(73,701)**	**(71,532)**
Profit/(Loss) before finance costs and income tax		**220**	**1,672**
Finance income/(costs)			
Finance income		306	363
Finance costs – Right-of-use lease liabilities	2(a)	(208)	-
Finance costs - Other		(17)	(18)
Fair value adjustments	21(d)	(248)	(272)
Net finance income/(costs)		**(167)**	**73**
Profit/(Loss) before income tax		**53**	**1,745**
Income tax expense	4	(767)	(7,598)
Profit/(Loss) after income tax		**(714)**	**(5,853)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

		2020 $'000	2019 $'000
Profit/(Loss)		**(714)**	**(5,853)**
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Re-measurements of defined benefit obligations		(20)	3
Items that may be classified subsequently to profit or loss:			
Foreign currency translation differences		(661)	(208)
Other comprehensive income / (loss), net of tax		**(681)**	**(205)**
Total comprehensive income		**(1,395)**	**(6,058)**
Earnings per share			
Basic earnings per share (cents)	22	(0.3)	(2.7)
Diluted earnings per share (cents)	22	(0.3)	(2.7)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	40,004	28,207
Trade and other receivables	7	14,224	20,785
Contract assets	8	1,858	3,062
Current tax receivable		1,270	208
Other assets	9	4,900	2,414
Total current assets		**62,256**	**54,676**
Non-current assets			
Trade and other receivables	7	203	196
Property, plant and equipment	10	6,473	1,675
Deferred tax assets	5	2,693	2,729
Intangible assets	11	31,376	34,245
Total non-current assets		**40,745**	**38,845**
Total assets		**103,001**	**93,521**
LIABILITIES			
Current liabilities			
Trade and other payables	12	10,257	7,864
Provisions	13	4,248	4,543
Current tax liabilities		401	370
Other Liabilities	14	20,479	19,634
Total current liabilities		**35,385**	**32,411**
Non-current liabilities			
Provisions	13	1,280	1,291
Other Liabilities	14	3,002	142
Total non-current liabilities		**4,282**	**1,433**
Total liabilities		**39,667**	**33,844**
Net assets		**63,334**	**59,677**
EQUITY			
Contributed equity	15	94,399	87,936
Reserves	16	(5,067)	(1,788)
Accumulated losses		(25,998)	(26,471)
Total equity		**63,334**	**59,677**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity	Reserves	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000
Balance at 30 June 2019	**87,936**	**(1,788)**	**(26,471)**	**59,677**
Adoption of AASB 16 (note 2(a))	-	-	(188)	(188)
Balance at 1 July 2019	**87,936**	**(1,788)**	**(26,659)**	**59,489**
Loss for the year	-	-	(714)	(714)
Other comprehensive income/(expense)	-	(661)	(20)	(681)
Total comprehensive income	**-**	**(661)**	**(734)**	**(1,395)**
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	4,637	-	-	4,637
Employee share options expensed (note 16)	-	603	-	603
Employee share options transferred (note 16)	1,826	(3,221)	1,395	-
	6,463	**(2,618)**	**1,395**	**5,240**
Balance at 30 June 2020	**94,399**	**(5,067)**	**(25,998)**	**63,334**
Balance at 30 June 2018	**87,708**	**(2,284)**	**(20,125)**	**65,299**
Adoption of AASB 9	-	-	(496)	(496)
Balance at 1 July 2018	**87,708**	**(2,284)**	**(20,621)**	**64,803**
Loss for the year		-	(5,853)	(5,853)
Other comprehensive income/(expense)	-	(208)	3	(205)
Total comprehensive income	**-**	**(208)**	**(5,850)**	**(6,058)**
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs	228	-	-	228
Employee share options	-	704	-	704
	228	**704**	**-**	**932**
Balance at 30 June 2019	**87,936**	**(1,788)**	**(26,471)**	**59,677**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		94,962	87,216
Payments to suppliers and employees		(77,458)	(79,079)
		17,504	8,147
Interest received		306	363
Finance costs		(225)	(47)
Onerous leases payments		-	(293)
Income taxes paid		(1,762)	(839)
Net cash inflow from operating activities	20	**15,823**	**7,331**
Cash flows from investing activities			
Payments for property, plant and equipment	10	(1,262)	(670)
Proceeds from sale of property, plant and equipment		-	31
Payments for contingent consideration	21(d)	(2,639)	(2,644)
Payments for intangible assets	11	(288)	(251)
Net cash outflow from investing activities		**(4,189)**	**(3,534)**
Cash flows from financing activities			
Contributions of equity	15	4,665	241
Transaction costs	15	(28)	(13)
Repayment of right-of-use lease liabilities	2(a)	(2,932)	-
Net cash inflow from financing activities		**1,705**	**228**
Net increase in cash and cash equivalents held		13,339	4,025
Cash and cash equivalents at the beginning of the financial year		28,207	23,319
Effects of exchange rate changes on cash and cash equivalents		(1,542)	863
Cash and cash equivalents at the end of the financial year	6	**40,004**	**28,207**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

RPMGlobal Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The financial report comprises the consolidated entity ("Group") consisting of RPMGlobal Holdings Limited and its subsidiaries.

The financial report was authorised for issue on 24 August 2020.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001 (Cth).* RPMGlobal Holdings Limited is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of RPMGlobal Holdings Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by RPMGlobal Holdings Limited as at 30 June 2020 and the results of all controlled entities for the year then ended. RPMGlobal Holdings Limited and its controlled entities together are referred to in this financial report as the "consolidated entity" or the "Group".

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(j)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses in the tax jurisdiction in which they arose.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

RPMGlobal Holdings Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, RPMGlobal Holdings Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, RPMGlobal Holdings Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the Group. Details about the tax funding agreements are disclosed in note 4.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operational decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

The assets and liabilities of the Group are regularly reviewed on a consolidated basis but are not regularly reported to the chief operating decision maker at a segment level. As such this information has not been included in the Operating Segment note 26.

(e) Foreign Currency Translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is RPMGlobal Holdings Limited's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities whose changes in the fair value are presented in other comprehensive income are recognized in other comprehensive income.

iii) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities on consolidation are translated at the closing rate at the reporting date;
- income and expenses are translated at the exchange rates prevailing at the dates of the transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

In disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition

i) License Sales

Revenue from the sale of perpetual licences is recognised at a point in time when the customer gains access and thus control of the software and where the licences are considered distinct from other services provided to the customer.

ii) Software subscription

Revenue from the sale of term (subscription) licences are recognised over time on a straight-line basis over the subscription term.

iii) Consulting

Revenue from the provision of consulting services is recognised typically over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for its performance completed to date.

iv) Software maintenance

Revenue for software maintenance is recognised over time on a straight line basis over the service period as performance obligations require the Company to respond to requests made by customers to provide technical product support and unspecified updates, upgrades and enhancements on a when-available and if-available basis.

v) Laboratory testing revenue

Revenue from sample testing is recognised at a point in time when the laboratory completes testing and the customer receives testing results for their samples.

vi) Customer contract with multiple performance obligations

The Group frequently enters into multiple contracts with the same customer and where that occurs the Company treats those arrangements as one contract if the contracts are entered into at or near the same time and are commercially interrelated. The Group does not consider contracts closed more than three months apart as a single contract.

The Group's subscription contracts are combining an obligation to receive a licence, software support services and other services obligations. The provision of services and sale of licences is treated as a single performance obligation and recognised over time on a straight-line basis over the subscription term.

In all other cases, the total transaction price for a customer contract is allocated amongst the distinct performance obligations based on their relative stand-alone selling prices. Where the stand-alone prices are highly variable the Group applies a residual approach.

vii) Incremental Costs of obtaining Customer Contracts

Commissions on software subscriptions are capitalised and amortised over the term, where the term is greater than 12 months.

viii) Trade Receivables and Contract Assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

1. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition (Continued)

The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

ix) Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

x) Financing components

The Group does not recognise adjustments to transition prices or Contract balances where the period between the transfer of promised goods or services to the customer and payment by customer does not exceed one year.

The Group reviewed its prior year contracts and did not identify material adjustments in timing and amounts recognised as revenue in prior years.

xi) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(g) Investments and Other Financial Assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(g) Investments and Other Financial Assets (Continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(h) Cash and Cash Equivalents

For statement of cashflows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(i) Leases

As explained in note 2(a), the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described in note 2(a) and the impacts of the statement is detailed in note 10 and note 14.

Until 30 June 2019, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

(j) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group.

The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(k) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over its estimated useful life to the consolidated entity, or in case of lease hold improvements, the shorter lease term. Estimates of remaining useful lives are made on a regular basis for all assets.

The estimated useful lives for plant and equipment is ranging between 2 and 20 years. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets. These are included in profit or loss.

(m) Intangible Assets

i) Software developed or acquired for sales and licensing

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new areas of products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs and acquired software are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from three to five years.

ii) Software – internal management systems

Software licences used in internal management systems, whether acquired or internally developed are stated at cost less amortisation. They are amortised on a straight-line basis over the useful life from 2.5 to 5 years.

iii) Patents and trademarks

Costs associated with patents and trademarks are expensed as incurred.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(m) Intangible Assets (Continued)

iv) Customer Contracts and Relationships

The net assets acquired as a result of a business combination may include intangible assets other than goodwill. Any such intangible assets are amortised in a straight line over their expected future lives. The estimated useful lives of customer contracts is 5 years.

v) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from business combination in which goodwill arose, identified according to operating segments or components of operating assets (note 26).

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(p) Employee Benefits

i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits.

Other long-term employee benefit obligations

The liability for long service leave and other benefits which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(p) Employee Benefits (Continued)

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

ii) Incentives

The Group recognises a liability and an expense for incentives based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for incentive plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

iii) Superannuation

The Group has a defined contribution superannuation plan for its eligible employees. Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv) Share-based payments

Share-based compensation benefits are provided to employees via the RPMGlobal Holdings Limited employee share option plan (ESOP) and an employee share purchase plan. Information relating to these schemes is set out in note 23.

The fair value of options granted under the ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions, but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(q) Value Added Taxes (Including Goods and Services Tax)

Revenues, expenses and assets are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT is not recoverable from the relevant tax authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of the item as expense.

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the consolidated statement of financial position. Cash flows are presented on a gross basis. The VAT components of the cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

(r) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(s) Earnings per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share

Dilutive earnings per share adjusts the figures used in determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the loss allowance and the amount initially recognised less cumulative amortisation, where appropriate.

(u) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1,000, or in certain cases, the nearest dollar.

(v) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(w) Critical Accounting Estimates and Significant Judgments

The preparation of the financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes in the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial report such as:

- intangible assets, including goodwill (note 11);
- impairment of receivables (note 7, 21(a),note 1(g) and note 1(f) (viii)));
- deferred tax assets (note 5); and
- revenue recognition (note 1(f)).

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(w) Critical Accounting Estimates and Significant Judgments (Continued)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparation of the financial report are reasonable.

(x) Parent Entity Financial Information

The financial information for the parent entity, RPMGlobal Holdings Limited, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries

Investment in subsidiaries are accounted for at cost in the financial statements of RPMGlobal Holdings Limited.

(y) New Accounting Standards and Interpretations Not Yet Adopted

The following new accounting standards and interpretations have been published and are not mandatory for 30 June 2020 reporting periods. The Consolidated Group has decided against early adoption of these standards. The Consolidated Group has not finalised an assessment as to the impact of these new standards and interpretations:

- AASB 2018-6 (Issued December 2018): Amendments to Australian Accounting Standards – Definition of a business
- AASB 2020-1 (Issued March 2020): Amendments to Australian Accounting Standards – Classification of liabilities as current or non-current
- AASB 2019-5 (Issued November 2019): Amendments to Australian Accounting Standards – Disclosures of the effect of new IFRS standards not yet issued in Australia

Other standards issued but not yet effective are not expected to have a material impact on the entity.

(z) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting AASB 16 Leases. The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 2 below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date.

2. Changes in Accounting Policies

This note explains the impact of the adoption of AASB 16 Leases on the group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019 in note 2(a) below.

The group has adopted AASB 16 from 1 July 2019 using the modified retrospective approach, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

NOTES ON THE FINANCIAL STATEMENTS

2. Changes in Accounting Policies (continued)

2 (a) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average of lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.7%.

	$'000
Operating lease commitments disclosed as at 30 June 2019	5,457
Leases committed as at 30 June 2019, but not commenced	(517)
Operating expenses with lease components	401
Effect of discounting using incremental borrowing rate at the date of initial recognition	(216)
Lease liability recognised as at 1 July 2019	**5,125**
Of which are:	
Current	2,569
Non-current	2,556
Right-of Use Assets recognised as at 1 July 2019	4,612
Deferred tax asset recognised as at 1 July 2019	-
Property lease incentives and straightlining liabilities derecognised as at 1 July 2019	(299)

The Group has elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases, Applying AASB 117 at the date of initial application. Therefore, the definition of a lease in accordance with AASB 117 and interpretation 4 Determining whether an arrangement contains a Lease will continue to be applied for those leases entered into or modified before 1 July 2019. The Group did not apply other practical expedients on transition.

Applying AASB 16 for all leases the Group:

(i) Recognises right-of-use assets as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application;

(ii) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of comprehensive income; and

(iii) Separates the total amount of cash paid into a principal portion and interest in the statement of cash flows.

Lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

NOTES ON THE FINANCIAL STATEMENTS

2. Changes in Accounting Policies (continued)

2 (a). Adjustments recognised on adoption of AASB 16 (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

The Group did not recognise any expenses relating to the leases of low-value assets or variable lease payments not included in the measurement of lease liabilities. The Group does not have any commitments relating to short term leases, as disclosed in note 20(a), and there are no future cash outflows that the Group believe they are potentially exposed to that are not reflected in the measurement of lease liabilities.

The tables below show the impact AASB 16 has on the year ended 30 June 2020:

	Pre Application of AASB16	Impact of AASB 16	As reported
Impact on the Consolidated Statements of Comprehensive Income for year ended 30 June 2020	**$'000**	**$'000**	**$'000**
Depreciation expense – Right-of-use assets	-	(2,726)	(2,726)
Finance costs – lease liabilities	-	(208)	(208)
Rent expense	(3,479)	3,084	(395)
Profit / (loss) before income tax	**(97)**	**150**	**53**
Basic earnings per share (cents)	(0.3)	-	(0.3)
Diluted earnings per share (cents)	(0.3)	-	(0.3)
Impact on the Consolidated Statement of Financial Position as at 30 June 2020			
Non-current assets			
Property Plant and Equipment - Right-of-use asset	-	4,424	4,424
Deferred tax asset	2,641	(52)	2,693
Total assets	**98,629**	**4,372**	**103,001**

NOTES ON THE FINANCIAL STATEMENTS

2. Changes in Accounting Policies (continued)

2 (a). Adjustments recognised on adoption of AASB 16 (Continued)

Impact on the Consolidated Statements of Comprehensive Income for year ended 30 June 2020	Pre Application of AASB16 $'000	Impact of AASB 16 $'000	As reported $'000
Current liabilities			
Other Liabilities - Lease liabilities	-	1,782	1,782
Other Liabilities – Property lease incentives and straightlining	57	(57)	-
Non-current liabilities			
Other Liabilities - Lease liabilities	-	3,002	3,002
Other Liabilities – Property lease incentives and straightlining	128	(128)	-
Total Liabilities	35,068	4,599	39,667
Net Assets/Liabilities	63,561	(227)	63,334
Payments to suppliers and employees	(80,598)	3,140	(77,458)
Finance costs	(17)	(208)	(225)
Net cash inflow from operating activities	**12,891**	**2,932**	**15,823**
Cash flows from financing activities			
Repayment of Right-of-Use lease liabilities	**-**	(2,932)	(2,932)
Net cash inflow from financing activities	**4,637**	**2,932**	**1,705**

3. Other income

	2020 $'000	2019 $'000
Foreign exchange gains	-	550
Rent and make good provisions	286	171
Government Covid-19 subsidies	1,674	-
Other revenue	**1,960**	**721**

Government subsidies relating mostly to Australian Jobkeeper of $1,674k (2019: nil) are included within the 'other income' line of the Consolidated Statement of Comprehensive Income. There are no unfulfilled conditions or other contingencies attached to these grants.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

NOTES ON THE FINANCIAL STATEMENTS

4. Tax Expense

Tax Recognised in profit or loss	2020 $'000	2019 $'000
Current tax	(872)	(977)
Deferred tax	74	(6,375)
Adjustments to prior periods	31	(246)
Tax expense	**(767)**	**(7,598)**
Numerical reconciliation of income tax expense to prima facie tax		
Profit before income tax	**53**	**1,745**
Tax at the Australian tax rate of 30% (2019: 30%)	**(16)**	**(524)**
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Non-deductible expense/non-assessable income	(347)	(373)
Unutilised foreign tax credits	(114)	(4)
Derecognised deferred tax assets	-	(2,329)
Unrecognised deferred tax assets	(842)	(4,344)
	(1,319)	(7,574)
Difference in overseas tax rates	340	230
Foreign Exchange movements	177	(17)
Over/(under) provision in prior years	35	(237)
Income tax expense	**(767)**	**(7,598)**

RPMGlobal Holdings Limited and its wholly-owned Australian controlled entities implemented the tax consolidation regime. Under the tax consolidation legislation, the entities in the tax consolidated Group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liabilities of the wholly-owned entities in the case of a default by the head entity, RPMGlobal Holdings Limited. The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate RPMGlobal Holdings Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to RPMGlobal Holdings Limited under the tax consolidated legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

NOTES ON THE FINANCIAL STATEMENTS

5. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:	2020 $'000	2019 $'000
Provision for impairment of receivables	249	254
Employee benefits provision	2,824	2,089
Lease incentive liabilities	883	235
Tax loss	865	2,335
Contract liability	617	937
Accrued expenses	41	41
Share capital raising costs	97	115
Intangibles	(396)	(2,051)
Contract asset	(24)	(4)
Property, plant and equipment	(1,312)	(28)
Prepayments	(843)	(435)
Unrealised foreign exchange	(308)	(757)
Other deferred tax liabilities	-	(2)
Deferred tax assets	2,693	2,729
Deferred tax liabilities	-	-
Net Deferred tax assets	**2,693**	**2,729**

Movements		
Balance at 1 July	2,729	9,129
Recognised in profit or loss	74	(6,375)
Recognised in other comprehensive income	(108)	18
Recognised in equity	42	-
Over/(under) provision in prior years	(44)	(43)
Balance at 30 June	**2,693**	**2,729**

NOTES ON THE FINANCIAL STATEMENTS

5. Deferred Tax Assets and Liabilities (continued)

Unrecognised deferred tax assets	2020 $'000	2019 $'000
Foreign tax credits	666	691
Tax losses	12,863	13,451
Capital losses	493	493
Deductible temporary differences	3,812	4,117
Unrecognised deferred tax assets	**17,834**	**18,752**
Unrecognised gross temporary differences	61,312	65,337

The group has not recognised deferred tax assets for a portion of tax losses in the parent entity and its subsidiaries located in China, Russia, Chile, Brazil, and USA because it is not probable that sufficient future taxable profit will be available. Capital losses do not expire, however, it is not probable that the Group would generate capital gains to utilise the benefit. Deductible temporary differences in subsidiaries located in China, Russia, Chile, Brazil, Kazakhstan, Turkey and USA have not been recognised because it is not probable that sufficient future taxable profit will be available.

Significant Estimates – Deferred Tax Assets

The recognition of the deferred tax asset of $2,693,000 is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Included in this value are tax losses of $865,000 that relate to the Australian tax consolidated group which has incurred a tax loss in the 2020 financial year. The Group has completed an assessment of the recoverability of the net deferred tax assets. As at 30 June 2020 the Group is forecasting that the tax losses recognised in the deferred tax assets will be utilised within three years from balance date. At each reporting period, the recoverability of the net deferred tax assets will be reassessed. This may lead to the recognition of this unrecognized tax benefit in future reporting periods or the derecognition of deferred tax assets that are currently recognised on the consolidated statement of financial position.

6. Cash and Cash Equivalents

Cash at bank	23,714	14,798
Short-term bank deposits	16,290	13,409
	40,004	**28,207**

7. Trade and Other Receivables

Current		
Trade receivables	15,613	22,670
Allowance for expected credit loss	(1,910)	(1,885)
	13,703	**20,785**
Other receivables	521	-
	14,224	**20,785**
Non-current		
Other receivables and deposits	203	196
	203	**196**

NOTES ON THE FINANCIAL STATEMENTS

8. Contract assets

	2020 $'000	2019 $'000
Work in progress	2,174	3,343
Allowance for expected credit loss	(316)	(281)
Contract assets	**1,858**	**3,062**

Contract assets have decreased as the group has provided fewer services ahead of the agreed payment schedules for fixed-price contracts. The group also recognised a loss allowance for contract assets in accordance with AASB 9, see note 1(g) and 21(a) for further information.

9. Other Assets

Inventory	376	214
Asset recognised from costs incurred to fulfil a contract	2,534	581
Prepayments	1,990	1,619
	4,900	**2,414**

Asset recognised from costs incurred to fulfil a contract

The group recognised an asset in relation to sales commissions and 3rd party royalty costs. The asset is amortised on a straight-line basis over the term of the specific subscription contract it relates to which ranges between 1 and 5 years, consistent with the pattern of recognition of the associated revenue.

10. Property, Plant and Equipment

Plant and equipment - at cost	9,444	8,339
Less: accumulated depreciation	(7,395)	(6,664)
	2,049	**1,675**
Leased building at cost - Right-of-use asset	7,001	-
Less: accumulated depreciation	(2,577)	-
	4,424	**-**
	6,473	**1,675**

Plant and equipment		
Balance at 1 July	1,675	1,876
Exchange differences	(78)	15
Additions	1,262	670
Disposals	-	(9)
Depreciation	(810)	(877)
Balance at 30 June	**2,049**	**1,675**

NOTES ON THE FINANCIAL STATEMENTS

10. Property, Plant and Equipment (Continued)

Right-of-use asset	2020 $'000	2019 $'000
Adoption of AASB16	4,612	-
Exchange differences	(209)	-
Additions	2,747	-
Depreciation	(2,726)	-
Balance at 30 June	**4,424**	-

11. Intangible Assets

Software developed and acquired for sale and licensing – at cost	17,833	17,546
Less: accumulated amortisation	(13,151)	(10,129)
	4,682	7,417
Software internal management systems – at cost	4,940	4,958
Less: accumulated amortisation	(4,870)	(4,820)
	70	138
Customer contracts and relationships – at cost	333	333
Less: accumulated amortisation	(242)	(176)
	91	157
Goodwill – at cost	37,042	37,006
Less: impairment losses	(10,509)	(10,473)
	26,533	26,533
	31,376	**34,245**

	Customer relationships $'000	Software For Sales to Customers [1] $'000	Software For Internal Use $'000	Goodwill $'000	Total $'000
Balance at 1 July 2019	**157**	**7,417**	**138**	**26,533**	**34,245**
Additions	-	288	-	-	288
Exchange differences	-	-	(1)	-	(1)
Amortisation	(66)	(3,023)	(67)	-	(3,156)
Balance at 30 June 2020	**91**	**4,682**	**70**	**26,533**	**31,376**
Balance at 1 July 2018	**224**	**10,277**	**106**	**26,533**	**37,140**
Additions	-	146	105	-	251
Exchange differences	-	-	(3)	-	(3)
Amortisation	(67)	(3,006)	(70)	-	(3,143)
Balance at 30 June 2019	**157**	**7,417**	**138**	**26,533**	**34,245**

[1] Software also includes capitalised development costs.

NOTES ON THE FINANCIAL STATEMENTS

11. Intangible Assets (Continued)

(a) Impairment Tests for Goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) according to business unit. A segment level summary of the goodwill is presented below.

	2020 $'000	2019 $'000
Software Division	21,612	21,612
GeoGAS	4,921	4,921
	26,533	**26,533**

(b) Key assumptions used for value-in-use calculations

In the current and prior years the recoverable amount of the CGUs has been determined by value-in-use calculations. These calculations were based on the following key assumptions:

	Margin[1]		Growth Rate[2]		Discount Rate[3]	
	2020	2019	2020	2019	2020	2019
Software Division	55%	47%	2.5%	2.5%	12.8%	12.0%
GeoGAS	62%	48%	1.5%	1.5%	13.5%	12.0%

[1] Budgeted gross margin

[2] Weighted average growth rate used to extrapolate cash flows beyond the budget period

[3] In performing the value-in-use calculations for each CGU, the group has applied both pre-tax and post-tax discount rates to discount the forecast future attributable pre-tax and post-tax cash flows. The pre-tax discount rates are disclosed above

These assumptions have been used for the analysis of each CGU. Cash flows were projected based on financial budgets and management projections over a five-year period including current economic conditions. Management determined budgeted gross margin based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used reflect specific risks relating to the relevant segments.

(c) Impact of possible changes in key assumptions

20% changes to any of the key assumptions do not indicate impairment for GeoGAS and Software Goodwill.

12. Trade and Other Payables

Current	2020 $'000	2019 $'000
Trade payables	2,792	3,132
Other payables and accruals	7,465	4,732
	10,257	**7,864**

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Other payables and accruals generally arise from normal transactions within the usual operating activities of the Group and comprise items such as employee taxes, incentives, employee on costs, GST and other recurring items.

NOTES ON THE FINANCIAL STATEMENTS

13. Provisions

Current	2020 $'000	2019 $'000
Onerous sublease contracts	-	93
Make good obligations	160	206
Employee benefits	4,088	4,244
	4,248	**4,543**
Non-current		
Make good obligations	119	279
Employee benefits	1,161	1,012
	1,280	**1,291**

The group also operates defined contribution plans in Australia, Canada and USA which receive fixed contributions from group companies. The group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current period in relation to these contributions was $3,095,000 (2019: $3,022,000).

14. Other Liabilities

Current		
Contract liabilities - software maintenance and licences	14,091	12,343
Contract liabilities - consulting and other	4,572	4,709
Contingent consideration – at fair value	34	2,425
Lease liabilities	1,782	-
Property lease incentives and straightlining	-	157
	20,479	**19,634**
Non-current		
Lease liabilities	3,002	-
Property lease incentives and straightlining	-	142
	3,002	**142**

Contract liabilities consist of unearned income for software maintenance, subscriptions, licences and consulting and advisory services. These have increased in line with revenue growth for these revenue lines compared to 2019. The contract liabilities in 2020 have increased in line with the increase in revenue growth noted for each respective stream compared to 2019, as noted in note 26(a).

From the opening contract liability balances of $17,052,000 the group has recognised $15,812,000 in the current reporting period. The group expects to recognise approximately all contract liabilities in its 2020 revenues.

NOTES ON THE FINANCIAL STATEMENTS

15. Contributed Equity

		2020 Number	2019 Number	2020 $'000	2019 $'000
Share capital					
Ordinary shares	- fully paid	224,238,684	216,369,197	94,399	87,936

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a showing of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Options

Information relating to the RPMGlobal Holdings Limited Employee Share Option Plan (ESOP), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of financial year, is set out in note 23.

Capital Risk Management

The Group's objectives when managing capital include safeguarding the ability to continue as a going concern, so they continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group does not have any externally imposed capital requirements.

Consistent with the industry practice, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

As the Group does not have any debt, the gearing ratios at 30 June 2020 and 30 June 2019 were not applicable:

	Notes	2020 $'000	2019 $'000
Total borrowings, trade and other payables		10,291	10,289
Less: cash and cash equivalents	6	(40,004)	(28,207)
Net (cash) / debt		(29,713)	(17,918)
Total equity		63,334	59,677
Total capital		**33,621**	**41,759**

NOTES ON THE FINANCIAL STATEMENTS

15. Contributed Equity (Continued)

Movements in Share Capital:

Details	Notes	Number of shares	$'000
Opening balance 1 July 2019		216,369,197	87,936
Exercise of options - proceeds received		7,869,487	4,665
Exercise of options - transferred from share option reserve		-	1,826
Less: Transaction costs arising on share issues		-	(70)
Deferred tax credit recognised directly in equity		-	42
Balance 30 June 2020		**224,238,684**	**94,399**
Opening balance 1 July 2018		215,925,031	87,708
Exercise of options - proceeds received		444,166	241
Less: Transaction costs arising on share issues		-	(13)
Balance 30 June 2019		**216,369,197**	**87,936**

16. Reserves

	2020 $'000	2019 $'000
Share-based payments (i)	1,734	4,352
Foreign currency translation (ii)	(3,665)	(3,004)
Financial assets revaluation reserve (iii)	(1,601)	(1,601)
Revaluation surplus	18	18
Reserve arising from an equity transaction (iv)	(1,553)	(1,553)
	(5,067)	**(1,788)**

Nature and Purpose of Reserves

(i) Share-based payments

The fair value of options issued to employees is recognised as an employment cost during the option vesting period with corresponding increase in equity recognised in this reserve.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policy note 1(e).

(iii) Financial assets revaluation reserve

Changes in the fair value of investments are recognised in equity securities in other comprehensive income. These changes are accumulated in a separate reserve within equity. The entity has a policy on transferring amounts from this reserve to an asset realisation reserve.

(iv) Reserve arising from an equity transaction

Arose from the acquisition of an additional interest in the controlled entity, RPMGlobal Africa (Pty) Ltd.

NOTES ON THE FINANCIAL STATEMENTS

16. Reserves (Continued)

Movement in Reserves

	Share-based payments		Foreign Currency Translation	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at 1 July	4,352	3,647	(3,004)	(2,796)
Options expensed	603	705	-	-
Options exercised reclassified to share capital	(1,826)	-		-
Options lapsed reclassified to retained losses	(1,395)	-		-
Foreign currency translation	-	-	(661)	(208)
Balance at 30 June	**1,734**	**4,352**	**(3,665)**	**(3,004)**

There were no other movements in reserves in 2020 and 2019.

17. Dividends

	Cents per share		Total	
	2020 Cents	2019 Cents	2020 $'000	2019 $'000
Fully paid ordinary shares	-	-	-	-

No dividend was declared in respect of the current financial year (2019: nil). The parent's franking account balance is nil (2019: nil).

18. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditors of the Group, its related entities, its network forms and unrelated firms.

	2020	2019
Auditors of the Group – BDO and related network firms:	$	$
Audit and review of the financial statements:		
Group	193,523	179,830
Auditors of subsidiaries	77,509	86,205
Total audit and review of the financial statements	**271,032**	**266,035**
Non -audit services		
Taxation advice	9,612	
Taxation compliance services	8,800	9,100
Total non-audit services	**18,412**	**9,100**
Total services provided by BDO	**289,444**	**275,135**

NOTES ON THE FINANCIAL STATEMENTS

19. Commitments

(a) Non-cancellable Operating Leases

The Group leases various offices under non-cancellable operating leases expiring within one to seven years. The leases have varying terms, escalation` clauses and renewal rights. On renewal the terms of the lease are generally renegotiated. Excess office space is sub-let to third parties also under non-cancellable operating leases. From 1 July 2019, the group has recognised right-of-use assets for these leases, except for short term and low-value leases, see note 2(a) and note 14 for further information.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable:

	2020 $'000	2019 $'000
Within one year	-	(2,640)
Later than one year but not later than 5 years	-	(2,817)
Later than 5 years	-	-
Commitments not recognised in the financial statements	**-**	**(5,457)**
Rental expense relating to operating leases		
Minimum lease payments	**-**	**3,178**

(b) Sublease payments

Future minimum lease payments to be received in relation to non-cancellable sub-leases of operating leases:

Within one year	-	40
Later than one year but not later than 5 years	-	-
Commitments not recognised in the financial statements	**-**	**40**

(c) Software Subscription payments

The Group sold its software under non-cancellable software subscription agreements expiring within one to five years. The agreements have varying terms and renewal rights. On renewal the terms of the subscriptions lease are generally renegotiated.

Future minimum payments to be received in relation to non-cancellable software subscriptions:

Within one year	10,998	3,235
Later than one year but not later than 5 years	18,332	5,650
Commitments not recognised in the financial statements	**29,330**	**8,885**

20. Reconciliation of Net Profit to Net Cash Inflow from Operating Activities

	2020 $'000	2019 $'000
Net profit/(loss)	**(714)**	(5,853)
Depreciation and amortisation	6,691	4,020
Net (gain)/ loss on sale of property, plant and equipment	10	(31)
Impairments and fair value movements	1,186	(195)
Net exchange differences	372	(910)
Employee share options	603	704
Change in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	6,553	425
Decrease / (increase) in current tax asset	(1,062)	120
Decrease / (increase) in deferred tax asset	36	6,416
Decrease / (increase) in contract asset	1,204	(424)
Decrease / (increase) in other assets	(2,486)	(987)
Increase / (decrease) in trade and other payables	2,393	343
Increase / (decrease) in contract liabilities	1,611	3,505
Increase / (decrease) in other liabilities	(299)	205
Increase / (decrease) in current tax liabilities	31	241
Increase / (decrease) in deferred tax liability	-	(16)
Increase / (decrease) in provisions	(306)	(232)
Net cash inflow from operating activities	**15,823**	**7,331**

21. Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk.

The Board of Directors is ultimately responsible for reviewing, ratifying and monitoring systems of internal controls and risk management. The Board has established an Audit and Risk Committee, which is responsible for overseeing risk management systems. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's finance division is responsible for development and maintenance of policies which deal with each type of risk related to use of financial instruments.

21. Financial Risk Management (Continued)

The Group holds the following financial instruments:

Financial assets	2020 $'000	2019 $'000
Cash and cash equivalents	40,004	28,207
Trade and other receivables [1]	14,224	20,785
	54,228	**48,992**
Financial liabilities		
Trade and other payables [1]	10,257	7,864
Contingent consideration [2]	34	2,425
	10,291	**10,289**

[1] At amortised cost

[2] At fair value

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents and its receivables from customers.

The Group does not require guarantees or collateral of its trade and other receivables. In some foreign regions the Group works on a prepayment basis to avoid credit risk.

The maximum credit risk exposure of financial assets of the Group is represented by the carrying amounts of financial assets set out above. The Group had no significant concentrations of credit risk with any single counterparty or group of counterparties. The Group holds its cash with AA and A-rated banks, except for the banks located in Brazil (B), Kazakhstan (B), Mongolia (BB), Turkey (BB) and South Africa (BB), Colombia (B), China (B) and Russia (B).

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors including COVID-19 that affect the ability of the customers to settle the receivables.

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management (Continued)

(a) Credit Risk (Continued)

On that basis the loss allowance as at 30 June 2020 was determined as follows:

30 June 2020	Current	1 - 30 days past due	30 - 90 days past due	More than 90 days past due	TOTAL
Expected loss rate	*3.36%*	*0.29%*	*0.54%*	*63.12%*	
Gross carrying amount - trade receivables	7,635	1,562	1,556	2,983	13,737
Gross carrying amount – contract asset	2,187	-	-	-	2,187
Loss Allowance	**330**	**5**	**8**	**1,883**	**2,226**

30 June 2019	Current	1 - 30 days past due	30 - 90 days past due	More than 90 days past due	TOTAL
Expected loss rate	*2.25%*	*0.47%*	*0.78%*	*36.88%*	
Gross carrying amount - trade receivables	10,627	4,749	2,387	4,907	22,670
Gross carrying amount – contract asset	3,343	-	-	-	3,343
Loss Allowance	**315**	**22**	**19**	**1,810**	**2,166**

The closing loss allowances for trade receivables and contract assets as at 30 June 2020 reconcile to the opening loss allowances as follows:

	2020 $'000	2019 $'000
Opening loss allowance as at 1 July	**2,166**	**1,213**
Increase in loss allowance recognised in profit or loss during the period	1,354	889
Effects of foreign exchange	(157)	(23)
Impairment losses written off	(721)	-
Unearned income moved to provision	-	147
Impairment losses recovered	(416)	(60)
At 30 June	**2,226**	**2,166**

Of the above impairment losses $1,354,000 (2019 - $889,000) relate to receivables arising from contracts with customers.

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group regularly reviews cashflow forecasts and maintains sufficient cash on demand.

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management (Continued)

Contractual maturities of the Group's financial liabilities, including interest thereon, are as follows:

2020	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Trade and other payables	10,257	10,257	10,257	-	-	-	-
Lease Liabilities	4,784	5,114	1,162	778	1,457	1,717	-
Contingent consideration	34	34	34	-	-	-	-
Total	**15,075**	**15,405**	**11,453**	**778**	**1,457**	**1,717**	-
2019							
Trade and other payables	7,864	7,864	7,864	-	-	-	-
Lease Liabilities	-	-	-	-	-	-	-
Contingent consideration	2,425	2,454	1,758	696	-	-	-
Total	**10,289**	**10,318**	**9,622**	**696**	**-**	**-**	**-**

(c) Market Risk

Currency Risk

The current policy is not to take any forward positions. At 30 June 2020 and 30 June 2019, the Group had not entered into any derivative contracts to hedge these exposures. The Group does not engage in any significant transactions which are speculative in nature.

As a multinational corporation, the Group maintains operations in foreign countries and as a result of these activities, the Group is exposed to changes in exchange rates which affect its results of operations and cash flows.

The Group's exposure to foreign currency risk at reporting date expressed in Australian Dollars was as follows:

2020	USD $'000	CAD $'000	ZAR $'000	Other $'000	Total $'000
Cash and deposits	16,291	3,174	5,501	3,957	28,923
Trade and other receivables	6,612	705	538	367	8,222
Trade and other payables	(1,627)	(316)	(387)	(285)	(2,615)
Net exposure	**21,276**	**3,563**	**5,652**	**4,039**	**34,530**
2019					
Cash and deposits	8,359	1,818	5,857	2,812	18,846
Trade and other receivables	9,720	561	3,519	1,130	14,930
Trade and other payables	(1,186)	(226)	(543)	(429)	(2,384)
Net exposure	**16,893**	**2,153**	**8,833**	**3,513**	**31,392**

A 10 percent strengthening of the Australian dollar against the above currencies at 30 June 2020 based on assets and liabilities at 30 June 2020 would have increased/(decreased) equity and profit or loss by the amounts shown in the table below on the next page. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

The Group manages its exposure to interest rate and foreign currency fluctuations through a policy approved by the Board of Directors. There are no other significant market risks affecting the Group.

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management (Continued)

(c) Market Risk (Continued)

	2020		2019	
	Equity $'000	Profit/(Loss) $'000	Equity $'000	Profit/(Loss) $'000
	(385)	(1,451)	(2,260)	(665)

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2020 would have had equal but opposite effect on the above currencies to the amounts shown above.

Interest rate risk

Details of the Group's borrowing facilities are presented below.

Borrowing facilities	Currency	Nominal interest rate	Maturity	2020 Facility $'000	2020 Utilised $'000	2019 Facility $'000	2019 Utilised $'000
Other facilities							
Bank guarantee	**AUD**	1.95%	n/a	1,100	1,084	1,050	1,038
Bank guarantee	**AUD**	1.30%	n/a	-	-	45	45
Bank guarantee	**EUR**	2.50%	n/a	-	-	67	67

In both 2020 and 2019 financial years bank guarantees were secured by the Group's term deposits.

(d) Fair Value of financial instruments

Fair value hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices)

- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

Recurring fair value measurements

The following financial instruments are subject to recurring fair value measurements:

	2020 $'000	2019 $'000
Contingent consideration – level 3	34	2,425

Contingent consideration has been recognised on the acquisition of iSolutions in the prior years. The fair value of the contingent consideration of $34,000 has been estimated by calculating the present value of the future expected cash outflows for the annuity of $34,000 undiscounted.

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management (Continued)

(d) Fair Value of financial instruments (Continued)

Reconciliation of level 3 movements

The following table sets out the movements in level 3 fair values for contingent consideration payable.

	2020 $'000	2019 $'000
Opening balance 1 July	2,425	4,826
Recognised on business combination	-	-
Payments of contingent consideration	(2,639)	(2,644)
Purchase price adjustments	-	(29)
Fair value adjustments	248	272
Closing balance 30 June	**34**	**2,425**

Valuation processes for level 3 fair values

Valuations are performed every six months to ensure that they are current for the half-year and annual financial statements.

22. Earnings Per Share

	2020 Cents	2019 Cents
Basic earnings per share	(0.3)	(2.7)
Diluted earnings per share	(0.3)	(2.7)

Earnings used in Calculating Earnings Per Share	**2020 $’000**	**2019 $’000**
Loss attributable to the ordinary equity holders used in calculating earnings per share	(713)	(5,853)

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	219,513,406	216,174,318
Dilutive options	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	219,513,406	216,174,318

Options are anti-dilutive when converted to ordinary shares as they reduce loss per share.

23. Share Based Payments

Tax Exempt Share Plan

The Employee Share Scheme enables the Board to issue up to $1,000 of shares tax free per employee of the Group each year. There were no shares issued under the $1,000 Share Purchase Plan in 2020 or 2019.

Eligibility for the tax exempt share plan is approved by the board having regard to individual circumstances and performance. No directors or key management personnel are eligible for the Tax Exempt Share Plan.

23. Share Based Payments (Continued)

Employee Share Option Plan (ESOP)

The Employee Share Option Plan (ESOP) was approved by the Board of Directors on 5 February 2008, amended on 7 October 2009, 28 October 2011, 29 October 2013, 24 November 2016 and most recently following approval of shareholders at the Company's 2019 Annual General Meeting.

Eligible participants of the ESOP include any person who is employed by, or is a director, officer or executive (or their approved permitted nominee), of the Group and whom the Board or its nominee determines is eligible to participate in the Option Plan. A permitted nominee includes a company controlled by the employee, a trust in which the employee has, or may have entitlements or such other entity as approved by the Board. Options are granted at the discretion of the Board of Directors.

All options under the ESOP are to be offered to eligible employees for no consideration. The offer to the eligible participant must be in writing and specify amongst other things, the number of options for which the eligible employee may apply, the period within which the options may be exercised, any conditions to be satisfied before exercise, the option expiry date and the exercise price of the options, as determined by the Board. The Board can impose any restrictions on the exercise of options as it considers fit.

The rules of the ESOP plan enable the Board to determine the applicable vesting criteria and to set a timetable for vesting of options in the offer document, including vesting in tranches over a defined period. The Board has the discretion on whether or not to set performance hurdles for vesting or to link vesting solely to a defined service period in order to drive key staff retention and reward longevity of service.

The options may be exercised, in part or full, subject to the employee continuing to be employed at the relevant vesting dates, by the participant giving a signed notice to the Company and paying the exercise price in full. The Company will apply for official quotation of any Shares issued on exercise of any options.

The rules of the plan allow the Board to set the exercise price per Option in the offer document.

Subject to the accelerated expiry terms set out in the ESOP plan (explained further below), options will expire five years after the date of grant subject to the option holder remaining employed by the Group. Unexercised options will automatically lapse upon expiry. Unless determined otherwise by the Board, in the event of stated events detailed in the plan, including termination of employment or resignation, redundancy, death or disablement or in the event of a change of control of an employee's permitted nominee, unvested options shall lapse and the expiry date of any vested options will be adjusted in accordance with the accelerated timetables set out in the ESOP plan rules (subject to the Board's discretion to extend the term of exercise in restricted cases).

Once shares are allotted upon exercise of the options the participant will hold the shares free of restrictions. The shares will rank equally for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue. Should the Company undergo a reorganisation or reconstruction of capital or any other such change, the terms of the options (including number or exercise price or both) will be correspondingly changed to the extent necessary to comply with the Listing Rules. With this exception, the terms for the exercise of each Option remains unchanged. In the event of a change of control of the Company, all options will vest immediately and may be exercised by the employee (regardless of whether the vesting conditions have been satisfied). A holder of options is not entitled to participate in dividends, a new or bonus issue of Shares or other securities made by the Company to Shareholders merely because he or she holds options.

The Options are not transferable, assignable or able to be encumbered, without Board consent and the options will immediately lapse upon any assignment, transfer or encumbrance, with the exception of certain dealings in the event of death of the option holder.

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

The ESOP plan will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate terms and conditions (subject to the Listing Rules) in addition to those set out in the ESOP plan.

The ESOP plan may be terminated or suspended at any time by the Board. The ESOP plan may be amended or modified at any time by the Board except where the amendment reduces the rights of the holders of options, unless required by the Corporations Act or the Listing Rules, to correct any manifest error or mistake or for which the option holder consents. The Board may waive or vary the application of the ESOP plan rules in relation to any eligible employee at any time.

Employee Benefits expense Share-based payment expense recognised during the financial year	**2020** **$'000**	**2019** **$'000**
Options issued under employee option plan	603	704
	603	**704**

The options issued vest in tranches over a three year period from the date of grant, with vesting conditions solely linked to the holder maintaining employment with the Group over that period and are issued at an exercise price based on the volume weighted average price of the Company's shares in the five days prior to each grant.

Grant date	Vesting date	Expiry date	Exercise Price $	Number beginning of year	Granted	Forfeited	Exercised	Share Price $ [1]	Number at end of year
2020									
Options granted to employees									
31/10/14	31/10/15	31/10/19	0.61	33,332	-		(33,332)	0.89	-
31/10/14	31/10/16	31/10/19	0.61	33,334	-		(33,334)	0.89	-
31/10/14	31/10/17	31/10/19	0.61	33,334	-		(33,334)	0.89	-
3/03/15	3/03/16	3/03/20	0.59	1,243,982	-	(38,329)	(1,205,653)	1.06	-
3/03/15	3/03/17	3/03/20	0.59	1,229,650	-	(38,333)	(1,191,317)	1.05	-
3/03/15	3/03/18	3/03/20	0.59	1,207,368	-	(63,338)	(1,144,030)	1.06	-
15/07/15	15/07/16	15/07/20	0.57	33,333	-	-	(33,333)	0.85	-
15/07/15	15/07/17	15/07/20	0.57	33,333	-	-	(33,333)	0.83	-
15/07/15	15/07/18	15/07/20	0.57	33,334	-	-	(21,834)	0.89	11,500
8/09/15	8/09/16	8/09/20	0.56	991,649	-	(3,333)	(518,326)	0.91	469,990
8/09/15	8/09/17	8/09/20	0.56	991,649	-	(3,333)	(518,326)	0.91	469,990
8/09/15	8/09/18	8/09/20	0.56	1,011,702	-	(3,334)	(528,348)	0.91	480,020
29/08/16	29/08/17	29/08/21	0.49	41,666	-	-	(41,666)	0.76	-
29/08/16	29/08/18	29/08/21	0.49	41,667	-	-	(41,667)	0.76	-
29/08/16	29/08/19	29/08/21	0.49	41,667	-	-	(41,667)	0.76	-
29/11/16	29/11/17	29/11/21	0.54	166,665	-	-	(133,332)	1.04	33,333
29/11/16	29/11/18	29/11/21	0.54	166,665	-	-	(133,332)	1.04	33,333
29/11/16	29/11/19	29/11/21	0.54	166,670	-	-	(133,336)	1.04	33,334
9/02/17	9/02/18	9/02/22	0.59	809,989	-	(20,000)	(304,995)	0.97	484,994
9/02/17	9/02/19	9/02/22	0.59	809,989	-	(20,000)	(304,995)	0.97	484,994
9/02/17	9/02/20	9/02/22	0.59	776,688	-	(16,668)	(316,674)	0.98	443,346

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price $	Number beginning of year	Granted	Forfeited	Exercised	Share Price $ [1]	Number at end of year
2020									
Options granted to employees (cont.)									
8/06/18	8/06/18	8/06/22	0.57	96,665	-	(13,333)	(49,999)	0.94	33,333
8/06/18	8/06/19	8/06/22	0.57	96,665	-	(13,333)	(49,999)	0.94	33,333
8/06/18	8/06/20	8/06/22	0.57	96,670	-	-	(33,334)	1.06	63,336
31/10/17	31/10/18	31/10/22	0.77	951,658	-	(99,999)	(249,998)	0.91	601,661
31/10/17	31/10/19	31/10/22	0.77	851,665	-	-	(250,000)	0.89	601,665
31/10/17	31/10/20	31/10/22	0.77	851,676	-	(50,001)	-	-	801,675
15/03/18	15/03/19	15/03/23	0.67	140,003	-	(8,333)	(25,000)	1.12	106,670
15/03/18	15/03/20	15/03/23	0.67	140,003	-	(25,000)	-	-	115,003
15/03/18	15/03/21	15/03/23	0.67	139,994	-	(25,000)	-	-	114,994
13/09/18	13/09/19	13/09/23	0.61	1,135,038.00	-	(8,333)	(371,661)	0.88	755,044
13/09/18	13/09/20	13/09/23	0.61	1,135,038.00	-	(74,998)	-	-	1,060,040
13/09/18	13/09/21	13/09/23	0.61	1,135,090.00	-	(75,004)	-	-	1,060,086
15/03/18	15/03/19	15/03/23	0.67	140,003	-	(8,333)	(25,000)	1.12	106,670
14/12/19	14/12/18	14/12/23	0.58	297,659.00	-	-	(93,332)	1.05	204,327
14/12/20	14/12/18	14/12/23	0.58	297,669.00	-	-	-	-	297,669
14/12/21	14/12/18	14/12/23	0.58	297,672.00	-	-	-	-	297,672
15/03/19	15/03/20	15/03/24	0.58	426,663.00	-	-	-	-	426,663
15/03/19	15/03/21	15/03/24	0.58	426,667.00	-	-	-	-	426,667
15/03/19	15/03/22	15/03/24	0.58	426,670.00	-	-	-	-	426,670
7/06/19	7/06/20	7/06/24	0.60	100,000.00	-	-	-	-	100,000
7/06/19	7/06/21	7/06/24	0.60	100,000.00	-	-	-	-	100,000
7/06/19	7/06/22	7/06/24	0.60	100,000.00	-	-	-	-	100,000
TOTAL				**19,140,831**	**-**	**(600,002)**	**7,869,487**	**0.99**	**10,671,342**
Weighted average exercise price, $				0.61		0.65	0.59		0.63
2019									
Options granted to employees									
29/11/13	30/11/14	29/11/18	0.68	297,658	-	(297,658)	-	-	-
29/11/13	30/11/15	29/11/18	0.68	297,670	-	(297,670)	-	-	-
29/11/13	30/11/16	29/11/18	0.68	297,672	-	(297,672)	-	-	-
31/03/14	31/03/15	31/03/19	0.73	83,333	-	(83,333)	-	-	-
31/03/14	31/03/16	31/03/19	0.73	83,333	-	(83,333)	-	-	-
31/03/14	31/03/17	31/03/19	0.73	83,334	-	(83,334)	-	-	-
31/10/14	31/10/15	31/10/19	0.61	33,332	-	-	-	-	33,332
31/10/14	31/10/16	31/10/19	0.61	33,334	-	-	-	-	33,334
31/10/14	31/10/17	31/10/19	0.61	33,334	-	-	-	-	33,334
3/03/15	3/03/16	3/03/20	0.59	1,323,980	-	(71,665)	(8,333)	0.65	1,243,982
3/03/15	3/03/17	3/03/20	0.59	1,323,980	-	(71,665)	(22,665)	0.65	1,229,650

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price $	Number beginning of year	Granted	Forfeited	Exercised	Share Price $ [1]	Number at end of year
2019									
Options granted to employees (cont.)									
3/03/15	3/03/18	3/03/20	0.59	1,295,540	-	(71,670)	(16,502)	0.65	1,207,368
15/07/15	15/07/16	15/07/20	0.57	83,333	-	(50,000)	-	-	33,333
15/07/15	15/07/17	15/07/20	0.57	83,333	-	(50,000)	-	-	33,333
15/07/15	15/07/18	15/07/20	0.57	83,334	-	(50,000)	-	-	33,334
8/09/15	8/09/16	8/09/20	0.56	1,066,646	-	(53,331)	(21,666)	0.60	991,649
8/09/15	8/09/17	8/09/20	0.56	1,066,646	-	(53,331)	(21,666)	0.60	991,649
8/09/15	8/09/18	8/09/20	0.56	1,091,708	-	(60,004)	(20,002)	0.62	1,011,702
31/10/15	31/10/16	31/10/20	0.54	16,666	-	(16,666)	-	-	-
31/10/15	31/10/17	31/10/20	0.54	16,667	-	(16,667)	-	-	-
31/10/15	31/10/18	31/10/20	0.54	16,667	-	(16,667)	-	-	-
3/03/16	3/03/17	3/03/21	0.39	-	-	-	-	-	-
3/03/16	3/03/18	3/03/21	0.39	-	-	-	-	-	-
3/03/16	3/03/19	3/03/21	0.39	-	-	-	-	-	-
29/08/16	29/08/17	29/08/21	0.49	108,332	-	-	(66,666)	0.60	41,666
29/08/16	29/08/18	29/08/21	0.49	41,667	-	-	-	-	41,667
29/08/16	29/08/19	29/08/21	0.49	41,667	-	-	-	-	41,667
29/11/16	29/11/17	29/11/21	0.54	299,998	-	-	(133,333)	0.55	166,665
29/11/16	29/11/18	29/11/21	0.54	299,998	-	-	(133,333)	0.58	166,665
29/11/16	29/11/19	29/11/21	0.54	300,004	-	(133,334)	-	-	166,670
9/02/17	9/02/18	9/02/22	0.59	949,986	-	(139,997)	-	-	809,989
9/02/17	9/02/19	9/02/22	0.59	949,986	-	(139,997)	-	-	809,989
9/02/17	9/02/20	9/02/22	0.59	950,028	-	(173,340)	-	-	776,688
8/06/18	8/06/18	8/06/22	0.57	96,665	-	-	-	-	96,665
8/06/18	8/06/19	8/06/22	0.57	96,665	-	-	-	-	96,665
8/06/18	8/06/20	8/06/22	0.57	96,670	-	-	-	-	96,670
19/09/17	19/09/18	19/09/22	0.67	66,666	-	(66,666)	-	-	-
19/09/17	19/09/19	19/09/22	0.67	66,667	-	(66,667)	-	-	-
19/09/17	19/09/20	19/09/22	0.67	66,667	-	(66,667)	-	-	-
31/10/17	31/10/18	31/10/22	0.77	1,189,989	-	(238,331)	-	-	951,658
31/10/17	31/10/19	31/10/22	0.77	1,189,998	-	(338,333)	-	-	851,665
31/10/17	31/10/20	31/10/22	0.77	1,190,013	-	(338,337)	-	-	851,676
15/03/18	15/03/19	15/03/23	0.67	206,670	-	(66,667)	-	-	140,003
15/03/18	15/03/20	15/03/23	0.67	206,670	-	(66,667)	-	-	140,003
15/03/18	15/03/21	15/03/23	0.67	206,660	-	(66,666)	-	-	139,994

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price $	Number beginning of year	Granted	Forfeited	Exercised	Share Price $ [1]	Number at end of year
2019									
Options granted to employees (cont.)									
13/09/18	13/09/19	13/09/23	0.61	-	1,285,036	(149,998)	-	-	1,135,038
13/09/18	13/09/20	13/09/23	0.61	-	1,285,036	(149,998)	-	-	1,135,038
13/09/18	13/09/21	13/09/23	0.61	-	1,285,094	(150,004)	-	-	1,135,090
14/12/18	14/12/19	14/12/23	0.58	-	314,325	(16,666)	-	-	297,659
14/12/18	14/12/20	14/12/23	0.58	-	314,336	(16,667)	-	-	297,669
14/12/18	14/12/21	14/12/23	0.58	-	314,339	(16,667)	-	-	297,672
15/03/19	15/03/20	15/03/24	0.58	-	459,996	(33,333)	-	-	426,663
15/03/19	15/03/21	15/03/24	0.58	-	460,000	(33,333)	-	-	426,667
15/03/19	15/03/22	15/03/24	0.58	-	460,004	(33,334)	-	-	426,670
7/06/19	7/06/22	7/06/24	0.6	-	100,000	-	-	-	100,000
7/06/19	7/06/21	7/06/24	0.6	-	100,000	-	-	-	100,000
7/06/19	7/06/22	7/06/24	0.6	-	100,000	-	-	-	100,000
TOTAL				**17,333,166**	**6,478,166**	**(4,226,335)**	**(444,166)**	**0.58**	**19,140,831**
Weighted average exercise price, $				0.63	0.60	0.66	0.54		0.61

[1] Weighted average share price at the exercise date

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.5 years (2019: 2.7 years).

The fair values at grant date for the options were estimated using a Trinomial Lattice model which defines the conditions under which employees are expected to exercise their options after vesting in terms of the stock price reaching a specified multiple of the exercise price.

The model inputs for options granted during the 2019, 2018, 2017, 2016, 2015, 2014 financial years included:

Grant date	Vesting date	Share price $	Exercise price $	Expected volatility %	Weighted average life, years	Expected dividends %	Risk-free interest rate[1],%	Fair value at grant Date, $
29/11/13	30/11/14	0.68	0.68	40	5.0	nil	3.44	0.21
29/11/13	30/11/15	0.68	0.68	40	5.0	nil	3.44	0.23
29/11/13	30/11/16	0.68	0.68	40	5.0	nil	3.44	0.25
31/03/14	31/03/15	0.72	0.73	50	5.0	nil	3.44	0.24
31/03/14	31/03/16	0.72	0.73	50	5.0	nil	3.44	0.27
31/03/14	31/03/17	0.72	0.73	50	5.0	nil	3.44	0.30
31/10/14	31/10/15	0.60	0.61	55	5.0	nil	2.81	0.21
3/03/15	3/03/16	0.56	0.59	55	5.0	nil	1.84	0.19
3/03/15	3/03/17	0.56	0.59	55	5.0	nil	1.84	0.23
3/03/15	3/03/18	0.56	0.59	55	5.0	nil	1.84	0.25
15/07/15	15/07/16	0.57	0.57	46	5.0	nil	2.29	0.18
15/07/15	15/07/17	0.57	0.57	46	5.0	nil	2.29	0.20

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

Grant date	Vesting date	Share price $	Exercise price $	Expected volatility %	Weighted average life, years	Expected dividends %	Risk-free interest rate[1],%	Fair value at grant Date, $
15/07/15	15/07/18	0.57	0.57	46	5.0	nil	2.29	0.22
8/09/15	8/09/16	0.55	0.56	46	5.0	nil	2.04	0.17
8/09/15	8/09/17	0.55	0.56	46	5.0	nil	2.04	0.19
8/09/15	8/09/18	0.55	0.56	46	5.0	nil	2.04	0.21
29/08/16	29/08/17	0.51	0.49	43	5.0	nil	1.57	0.13
29/08/16	29/08/18	0.51	0.49	43	5.0	nil	1.57	0.16
29/08/16	29/08/19	0.51	0.49	43	5.0	nil	1.57	0.18
29/11/16	29/11/17	0.50	0.54	43	5.0	nil	2.16	0.11
29/11/16	29/11/18	0.50	0.54	43	5.0	nil	2.16	0.14
29/11/16	29/11/19	0.50	0.54	43	5.0	nil	2.16	0.16
9/02/17	9/02/18	0.63	0.59	43	5.0	nil	2.12	0.17
9/02/17	9/02/19	0.63	0.59	43	5.0	nil	2.12	0.21
9/02/17	9/02/20	0.63	0.59	43	5.0	nil	2.12	0.23
8/06/17	8/06/18	0.54	0.57	43	5.0	nil	1.95	0.12
8/06/17	8/06/19	0.54	0.57	43	5.0	nil	1.95	0.15
8/06/17	8/06/20	0.54	0.57	43	5.0	nil	1.95	0.17
31/10/17	31/10/18	0.77	0.77	42	5.0	nil	2.24	0.19
31/10/17	31/10/19	0.77	0.77	42	5.0	nil	2.24	0.23
31/10/17	31/10/20	0.77	0.77	42	5.0	nil	2.24	0.26
15/03/18	15/03/19	0.67	0.67	42	5.0	nil	2.30	0.17
15/03/18	15/03/20	0.67	0.67	42	5.0	nil	2.30	0.20
15/03/18	15/03/21	0.67	0.67	42	5.0	nil	2.30	0.23
13/09/18	13/09/19	0.65	0.61	41	5.0	nil	2.22	0.17
13/09/18	13/09/20	0.65	0.61	41	5.0	nil	2.22	0.21
13/09/18	13/09/21	0.65	0.61	41	5.0	nil	2.22	0.23
14/12/18	14/12/19	0.58	0.58	41	5.0	nil	2.14	0.14
14/12/18	14/12/20	0.58	0.58	41	5.0	nil	2.14	0.17
14/12/18	14/12/21	0.58	0.58	41	5.0	nil	2.14	0.19
15/03/19	15/03/20	0.55	0.58	41	5.0	nil	1.60	0.12
15/03/19	15/03/21	0.55	0.58	41	5.0	nil	1.60	0.15
15/03/19	15/03/22	0.55	0.58	41	5.0	nil	1.60	0.17
7/06/19	7/06/20	0.59	0.60	41	5.0	nil	1.14	0.14
7/06/19	7/06/21	0.59	0.60	41	5.0	nil	1.14	0.16
7/06/19	7/06/22	0.59	0.60	41	5.0	nil	1.14	0.19

[1] based on government bonds

The expected price volatility is based on the historic volatility compared to that of similar listed companies and the remaining life of the options.

There was no share options granted in 2020.

NOTES ON THE FINANCIAL STATEMENTS

24. Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2020 the parent entity of the Group was RPMGlobal Holdings Limited.

Summary financial information

The individual financial statements for the parent entity show the following aggregation:

Result of parent entity	2020 $000	2019 $000
Profit/(loss)	(1,612)	2,611
Other comprehensive income	-	-
Total comprehensive income	(1,612)	2,611
Financial position of parent entity at year end		
Current assets	46,175	50,526
Total assets	73,859	77,389
Current liabilities	10,987	9,662
Total liabilities	13,282	10,311
Total equity of the parent entity comprising of:		
Issued capital	94,399	87,936
Share-based Payments Reserve	1,734	4,352
Revaluation Surplus Reserve	18	18
Reserve Arising From an Equity Transaction	(600)	(600)
Accumulated losses	(34,974)	(32,628)
Total equity	**60,577**	**59,078**
Contingent liabilities	-	-
Contractual commitments for the acquisition or property, plant or equipment	-	-

The parent entity has provided guarantees to third parties in relation to the performance and obligations of its subsidiary, GeoGAS Pty Ltd in respect of property lease rentals. The guarantees are for the terms of the leases and total $92,445 (2019: $92,445). The periods covered by the guarantees range from two to three years.

No deficiency of net assets existed in the controlled entities covered by guarantees at 30 June 2020 or 30 June 2019. No liability was recognised by the parent entity in relation to these guarantees, as the fair value of the guarantee is immaterial.

25. Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2020 are set out below. All subsidiaries have share capital consisting solely of ordinary shares that are 100% (2019: 100%) held directly by the Group, and the proportions of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

NOTES ON THE FINANCIAL STATEMENTS

25. Interests in other entities (Continued)

(a) Material subsidiaries (Continued)

Name of entity	Place of business/ incorporation	Principal Activities
GeoGAS Pty Ltd	Australia	Laboratory Services
RPM Software Pty Ltd	Australia	Software Sales and Services
RPM Advisory Services Pty Ltd	Australia	Advisory Services
RPM Software International Pty Ltd	Australia	Software Sales and Services
RPMGlobal USA, Inc.	USA	Advisory Services
RPM Software USA, Inc.	USA	Software Sales and Services
RPMGlobal Canada Ltd	Canada	Software Sales and Services
PT RungePincockMinarco	Indonesia	Advisory Services
RPMGlobal Asia Limited	Hong Kong	Advisory Services
RPMGlobal China Limited	China	Advisory Services
RPMGlobal LLC	Mongolia	Advisory Services
CJSC Runge	Russia	Software and Advisory Services
RPMGlobal LLC	Russia	Software Sales and Services
RPMGlobal Africa (Pty) Ltd	South Africa	Software Sales and Services
RPMGlobal Chile Limitada	Chile	Software Sales and Services
RPMGlobal Software Do Brasil Ltda	Brazil	Software Sales and Services
iSolutions International Pty Ltd	Australia	Software Sales and Services
iSolutions Holdings Pty Ltd	Australia	Software Sales and Services
MineOptima Holdings Pty Ltd	Australia	Software Sales and Services
MineOptima Operations Pty Ltd	Australia	Software Sales and Services
Minvu Pty Ltd	Australia	Software Sales and Services
Minvu Holdings Pty Ltd	Australia	Software Sales and Services
Kurilpa Investments Pty Ltd	Australia	Software Sales and Services
RPM Global Turkey Danışmanlık Hizmetleri ve Ticaret A.Ş.	Turkey	Advisory Services
RPMGlobal Kazakhstan LLP	Kazakhstan	Software Sales and Services
RPMGlobal Colombia SAS	Colombia	Software Sales and Services

All entities other than GeoGAS Pty Ltd trade as RPM and RPMGlobal.

(b) Significant Restrictions

Cash and short term deposits held in Chile, Brazil, South Africa, China, Indonesia, Mongolia and Russia are subject to local exchange control regulations. These regulations provide restrictions on exporting capital from those countries other than through normal trading transactions or dividends. The carrying amount of cash included within the consolidated financial statements to which these restrictions apply is $12,721,000 (2019: $10,574,000).

NOTES ON THE FINANCIAL STATEMENTS

26. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the CEO in order to make decisions about resource allocations and to assess performance of the Group. The reports are split into functional divisions: Software Division, Advisory Division and GeoGAS.

Software Division provides all of the Group's Software offerings, including support (maintenance), training and implementation services to mining companies. Advisory Division provides consulting and advisory services which cover technical and economic analysis and assessment of mining activities and resources on behalf of mining companies, financial institutions, customers of mining companies (e.g. coal fired electricity generators), lessors and potential lessors of mineral rights to mining companies, government departments and agencies and suppliers to mining companies and projects. GeoGAS provides services to coal mining clients in respect of gas content testing and relevant consulting services. Segment revenue, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

(a) Information about reportable segments

	2020				2019			
	Software Division	Advisory Division	GeoGAS	Total	Software Division	Advisory Division	GeoGAS	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External Sales	48,852	25,762	4,174	78,788	48,826	25,899	4,683	79,408
Inter-segment sales	242	107	38	387	523	292	319	1,134
Total Revenue	49,094	25,869	4,212	79,175	49,349	26,191	5,002	80,542
Inter-segment expenses	(107)	(280)	-	(387)	(231)	(843)	(60)	(1,134)
Rechargeable expenses	(1,373)	(5,302)	(107)	(6,782)	(2,055)	(4,659)	(175)	(6,889)
Net revenue	**47,614**	**20,287**	**4,105**	**72,006**	**47,063**	**20,689**	**4,767**	**72,519**
Rent	40	(28)	(76)	(64)	(837)	(982)	(337)	(2,156)
Other Expenses	(24,615)	(17,656)	(1,588)	(43,859)	(23,880)	(16,707)	(1,981)	(42,568)
Software Development - Rent	-	-	-	-	(867)	-	-	(867)
Software Development – Other	(11,620)	-	-	(11,620)	(12,795)	-	-	(12,795)
Segment profit/(loss)	**11,419**	**2,603**	**2,441**	**16,463**	**8,684**	**3,000**	**2,449**	**14,133**

(b) Disaggregation of revenue from contracts with customers

Revenue								
Segment Revenue	49,094	25,869	4,212	79,175	49,349	26,191	5,002	80,542
Leases and asset disposal	-	-	(10)	(10)	-	-	(36)	(36)
Inter-segment revenue	(242)	(107)	(38)	(387)	(523)	(292)	(319)	(1,134)
Revenue from external customers	**48,852**	**25,762**	**4,164**	**78,778**	**48,826**	**25,899**	**4,647**	**79,372**
Timing of revenue recognition								
At a point in time	6,909	-	3,175	10,084	12,061	-	3,320	15,381
Over time	41,943	25,762	989	68,694	36,765	25,899	1,327	63,991
Revenue from external customers	**48,852**	**25,762**	**4,164**	**78,778**	**48,826**	**25,899**	**4,647**	**79,372**

26. Operating Segments (Continued)

Segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

(c) Geographical Information	2020		2019	
	Revenues $'000	Non-current assets[1] $'000	Revenues $'000	Non-current assets[1] $'000
Australia	25,901	34,869	27,480	35,543
Asia	14,915	750	13,531	172
Americas	22,215	1,761	22,259	309
Africa & Europe	15,757	673	16,138	92
Operating Segment	**78,788**	**38,053**	**79,408**	**36,116**
Unallocated Income	1,915	-	685	-
Total Revenue	**80,703**	**-**	**80,093**	**-**

[1] Excludes financial instruments and deferred tax assets

(d) Reconciliation of segment profit to reported net profit:	2020 $'000	2019 $'000
Segment result	16,463	14,133
Adjustments:		
Foreign exchange gains/(losses)	(277)	550
Employment benefits – corporate and IT	(6,990)	(5,084)
Other unallocated costs – corporate and IT	(4,200)	(3,856)
Depreciation and amortisation	(6,692)	(4,020)
Professional services – Russian Litigation		(185)
Net finance costs	(167)	73
Unallocated income	1,916	134
Profit/(Loss) before income tax	53	1,745
Income tax benefit	(767)	(7,598)
Net Profit/(Loss)	**(714)**	**(5,853)**

27. Key Management Personnel Disclosures

(a) Compensation	2020 $	2019 $
Short term employee benefits	2,860,915	2,158,708
Post-employment benefits	67,925	72,506
Share-based payments	86,693	118,922
	3,015,533	**2,350,136**

No other transactions with Key Management personal occurred during the year.

NOTES ON THE FINANCIAL STATEMENTS

28. Events occurring after the reporting period

On 31 July 2020, the Group acquired 100% of the issued share capital of Revolution Mining Software Inc (RMS), a mine scheduling optimisation company located in Sudbury, Canada. RMS has over six years' experience in developing and selling its Schedule Optimisation Tool (SOT), a cutting-edge mine scheduling optimisation software solution for tier one miners around the globe. The financial effects of this transaction have not been brought to account at 30 June 2020. The operating results, assets and liabilities of the company will be consolidated from 31 July 2020.

The provisionally determined fair values of the assets and liabilities of RMS as at the date of acquisition are as follows:

Purchase consideration	$000
Cash	522
Contingent consideration	777
	1,299

Contingent consideration comprises an adjustment for net monetary assets and ongoing retention and growth of annuity revenues by RMS. The potential undiscounted value of future retention payments was estimated at $400,000. The fair value was calculated as $385,000 by discounting this value of future payments by 3.5%.

The amount of contingent consideration is subject to an independent valuation which was not completed by the date of this report.

Acquisition related costs will be included in professional fees and other expenses in profit and loss in the reporting period ended 30 June 2020. The provisionally determined fair values of the assets and liabilities recognised as at the date of the acquisition are as follows:

Purchase consideration	$000
Cash and cash equivalents	284
Trade and other receivables	107
Property, plant and equipment	5
Intangible assets	977
Contract liabilities	(74)
Net identifiable assets acquired	**1,299**
Goodwill	**-**
Net Assets Acquired	**1,299**

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of RMS. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

No other matter or circumstance other than COVID-19 related matters have arisen since 30 June 2020 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future years.

29. Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets that require disclosure in the financial report.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 (a) to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;
- the remuneration disclosures included in pages 14 to 22 of the Directors' report (as part of audited Remuneration Report), for the year ended 30 June 2020, comply with section 300A of the *Corporations Act 2001;* and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors

Ross Walker,

Interim Chairman

Dated this 24th day of August 2020

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GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of RPMGlobal Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RPMGlobal Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Key audit matter	*How the matter was addressed in our audit*
The Group generates revenue from multiple streams, including: software sales (perpetual and SaaS), maintenance, advisory and consultancy. The Group has transitioned its software sales from a predominantly one-off perpetual licence sale to focusing on recurring subscription sales. This shift has increased importance under the requirements of AASB 15 *Revenue from Contracts with Customers* and the way that subscription revenue is recognised. The Group's disclosures about revenue recognition are included in Note 1 (f), which detail the accounting policies applied under the requirements of AASB 15 *Revenue from Contracts with Customers*. The assessment of the Group's revenue recognition was significant to our audit due to the significant of revenue to the financial report, and the complex nature of accounting for the appropriate timing of revenue related to the sale of software and related maintenance services under the requirements of AASB 15 *Revenue from Contracts with Customers*.	Our audit procedures included: • Assessing the revenue recognition policy for compliance with AASB 15 *Revenue from Contracts with Customers*. • Selecting significant software licence contracts, and reconciling the contract from inception to reporting, alongside the revenue recognition under AASB 15. This included a focus on new subscription sales and the recognition of revenue '*over time*'. • Selecting a sample of licence sales, maintenance services and consulting fees recognised as revenue, and agreeing to supporting invoices, signed customer contracts and proof of delivery where available. • Obtaining and evaluating credit notes issued post year-end, and the auditing the first and last invoices post and pre year-end, to ensure an appropriate revenue cut-off was achieved at balance sheet date. • Analytical review procedures on all significant revenue streams on a disaggregated balance against expected trends and prior year levels. • Selecting a sample of receipts and maintenance invoices from the clients' income in advance schedule and recalculating appropriate deferred portion of revenue. • Assessing the adequacy of the Group's revenue recognition disclosures within the financial statements.

Carrying Value of Goodwill – Impairment Assessment

Key audit matter	*How the matter was addressed in our audit*
The Group's disclosures on Goodwill impairment are included in Note 11, detailing the allocation of Goodwill to the Group's various Cash Generating Units ('*CGUs*'), setting out the key assumptions for value-in-use calculations and the impact possible changes in these assumptions would have. This annual impairment test is significant to our audit given the material balance of Goodwill as of 30 June 2020, and its importance to the financial statements. The impact of COVID-19 on inputs used in management's assessment required significant auditor attention. In addition, management's assessment process is complex and highly judgemental, based on assumptions, specifically forecast future cash flows, growth rates and discount rates, which are affected by expected future market and economic conditions.	Our audit procedures included, amongst others: • Obtaining an understanding of the 'value-in-use' models, and critically evaluations management's methodologies and their key assumptions. • Assessing management's allocation of Goodwill and assets and liabilities, including corporate assets, to CGU's. • Evaluating the inputs used in the value-in-use calculations, including growth rates, discount rates and underlying cash flows applied by management. Specific consideration was made as to the COVID-19 environment and the impact on forecast results. • Involving our internal specialists to assess the discount rates and terminal growth rates against comparable market information. • Assessing the disclosures related to the Goodwill and impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 14 to 22 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of RPMGlobal Holdings Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

TMann

T R Mann
Director

Brisbane, 24 August 2020

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement – Year Ended 30 June 2020

The Board and Management consider that it is crucial to the Group's long term performance and sustainability and to protect and enhance the interests of the Company's shareholders and other stakeholders, that it adopts an appropriate corporate governance framework pursuant to which the Company and its related companies globally will conduct its operations in Australia and internationally with integrity, accountability and in a transparent and open manner.

The Company regularly reviews its governance arrangements as well as developments in market practice, expectations and regulation.

The Company's Corporate Governance Statement has been approved by the Board of RPMGlobal Holdings Limited and explains how the Group addresses the requirements of the Corporations Act 2001, the ASX Listing Rules 2001 and the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' (the 'ASX Principles and Recommendations') and is **current as at 30 June 2020**.

The Company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in the statement Corporate Governance Statement, the Company's 2020 Annual Report and other relevance governance documents and materials on the Company's website, are provided in the corporate governance section of the Company's website at https://www.rpmglobal.com/investor-centre/.

The Company's Corporate Governance Statement together with the ASX Appendix 4G and this Annual Report, were also lodged with the ASX on **24 August 2020**.

The Board of the Company strives to meet the highest standards of Corporate Governance and recognises that it is also crucial that the Company's governance framework appropriately reflects the current size, operations and industry in which the Company operates.

The Company has complied with the majority of recommendations of the ASX Principles and Recommendations with the exception of a few. The Board believes the areas of non-conformance, which are explained in the Corporate Governance Statement and the ASX Appendix 4G do not materially impact on the Company's ability to achieve the highest standards of Corporate Governance, whilst at the same time ensuring the Company is able to achieve the expectations of its shareholders and other stakeholders.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 18 August 2020.

A. Distribution of Equity Securities

Analysis of number of equity security holders by size of holding:

	No. Holders	Options
1 – 1,000	1,638	-
1,001 – 5,000	2,321	-
5,001 – 10,000	854	3
10,001 – 100,000	903	36
100,001 – and over	147	28
	5,863	**67**

The number of shareholdings held in less than marketable parcels of 419 shares is 129 (Close Price 17 August 2020 $1.195).

B. Equity Security Holders

The names of the twenty largest holders of quoted equity securities (as at 18 August 2020) are listed below:

Name	Number held	Percentage of issued shares
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	37,274,239	16.6
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,492,233	11.8
CITICORP NOMINEES PTY LIMITED	25,290,360	11.26
NATIONAL NOMINEES LIMITED	14,340,622	6.39
RUNGE INTERNATIONAL PTY LTD <RUNGE FAMILY A/C>	13,591,450	6.05
PAUA PTY LTD <THE PAUA A/C>	6,795,753	3.03
BOND STREET CUSTODIANS LIMITED <SALTER - D64848 A/C>	6,500,000	2.89
ANACACIA PTY LTD <WATTLE FUND A/C>	3,537,840	1.58
BNP PARIBAS NOMS PTY LTD <DRP>	2,925,867	1.3
MR STEPHEN JOHN BALDWIN + MRS ANDREA MAREE BALDWIN <THE STEVE BALDWIN S/FUND A/C>	2,642,511	1.18
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,079,140	0.93
TODD GLOBAL INVESTMENTS PTY LTD <TODD A/C>	1,919,009	0.85
THE RIDGE NZ PTY LTD <THE RIDGE NZ SUPER FUND A/C>	1,424,385	0.63
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,278,318	0.57
MR JOHN CRAIG HALLIDAY	1,247,653	0.56
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,130,438	0.5
FEYDER INVESTMENTS PTY LTD <ROBERT FEYDER FAMILY A/C>	989,333	0.44
MR IAN JAMES LUXTON	982,934	0.44
BRETTON PTY LTD <WALKER SUPER FUND A/C>	958,333	0.43
MRS ANDRE JOAN PHILLIPS	837,142	0.37
	152,237,560	**67.8**

Unquoted equity securities

10,204,841 options over unissued shares (as at the date of this report): for further details see note 23.

SHAREHOLDER INFORMATION

C. Substantial Holders

The names of the substantial shareholders listed in the holding register as at 30 June 2020 are:

Estimated beneficial holdings as at 30 June 2020	Number held	Percentage
Perennial Value Management	18,138,287	8.09%
First Sentier Investors	17,903,836	7.98%
Forager Funds Management	14,712,027	6.56%
Runge, Ian	14,149,878	6.31%
Clime Asset Management	11,978,991	5.34%

D. Voting Rights

Refer to note 15 for voting rights attached to ordinary shares.

CORPORATE DIRECTORY

Directors

Richard Mathews
Managing Director

Ross Walker
Non-executive Director
Interim Chairman

Stephen Baldwin
Non-executive Director

Company Secretary

James O'Neill
Group General Counsel and Company Secretary

Registered Office

Level 2, 295 Ann Street
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Fax: +61 7 3100 7297
Web: www.rpmglobal.com

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek St
Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Limited
117 Victoria Street
West End QLD 4101

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Limited (ASX: RUL)

RPMGlobal Holdings Limited
ABN 17 010 672 321

RPMGLOBAL

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