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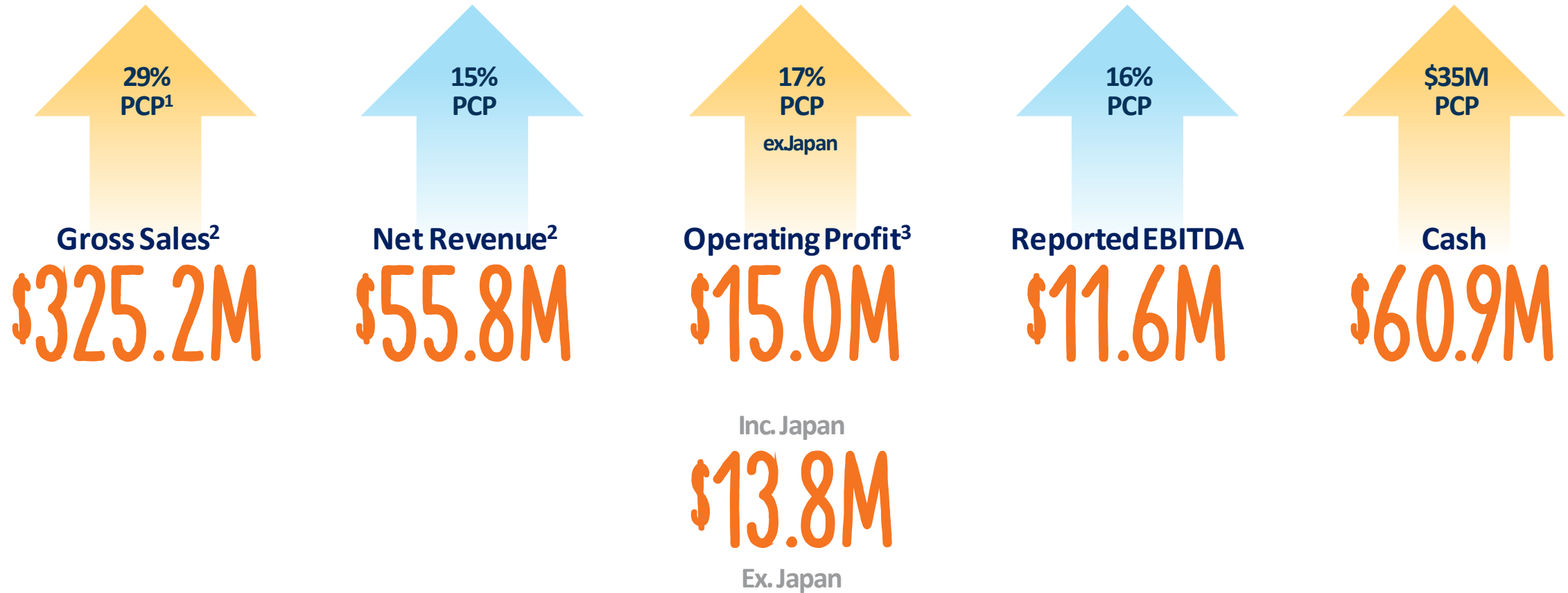


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FY20 Financial Highlights



1. Prior Corresponding Period "PCP"
2. AASB15 accounting standard requires revenue to be reported on a net basis. This means our revenue excludes the value that is passed through to software vendors. Gross Sales represents previously reported revenue.
3. Operating Profit represents Reported EBITDA excluding non-cash share based expenses, FX gains or losses, due diligence costs and non-operational gains or losses.



FY20 Operations Update



Strategic Operations Divisions



Cloud Licensing

LICENSING

Software sold and implemented by IT service providers.
Monthly pay as you go cloud licensing subscriptions.

\$42.4m

FY20
Net Licensing
Revenue

Cloud Services & Support

SUPPORT

Support people and professional services to help Vendors and Service Providers with technical needs.

\$14.6m¹

FY20
Services & Support
Revenue

Cloud Operations

INTELLECTUAL PROPERTY

Internally developed PRISM Platform. Cloud first, digital first marketing to drive demand for channel partners.

1. Cloud Support & Solutions includes \$1.2m of intercompany sales related to the NAV upgrade and CSP support services

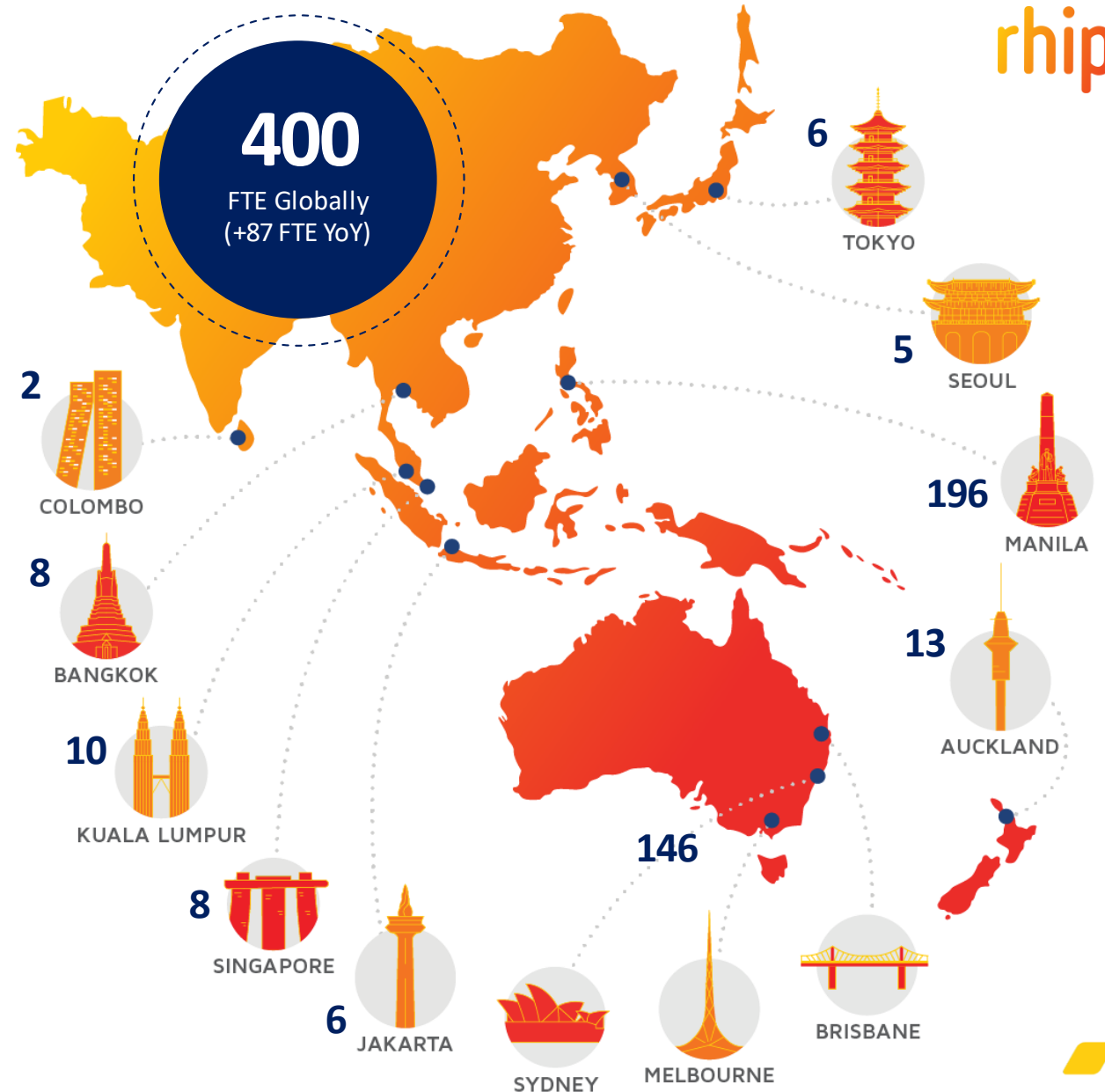


Our Presence



rhipec is a born in the cloud, value add software distributor, supporting over 3,000 IT resellers across Asia Pacific. Our business model is focused on pay-as-you-consume cloud software subscriptions and maximising our customer's investment in cloud software

Value added services for our resellers including technical advice and support, marketing, consulting, and 24/7 support-as-a-service. These services are aimed at driving the ongoing growth in consumption of cloud software subscriptions



Our Strategy



Geographical reach

Cement and grow partner of choice market position with continued expansion in other APAC markets.

Japan JV (2019) | Sri Lanka (2019)

Vendor programs and products

Grow portfolio of solutions with innovative, subscription-based cloud and software solutions. Channel friendly with margin for wholesaler and retailer



Value-added services

Consulting and Support-as-a-Service to demonstrate ongoing value-add for vendors and partners while also expanding rhipec revenue.



Building out Intellectual Property

Build a greater digital experience for rhipec customers and add rhipec-owned software products to be sold stand-alone or in bundles with vendor-owned products.



Impact of Covid-19 Pandemic



+ POSITIVES

- Significant demand from a number of end-user clients and IT resellers to adopt cloud-based collaboration tools
- The benefits and risks of cloud becoming more compelling in slow-to-adopt countries such as Japan
- Microsoft offers free Office365 to new clients for 6 months. rhipe has added 100,000+ free seats with potential for conversion in FY21
- Operating expenses constrained due to slowdown in travel, marketing and headcount. Lower investment in Japan than original planned

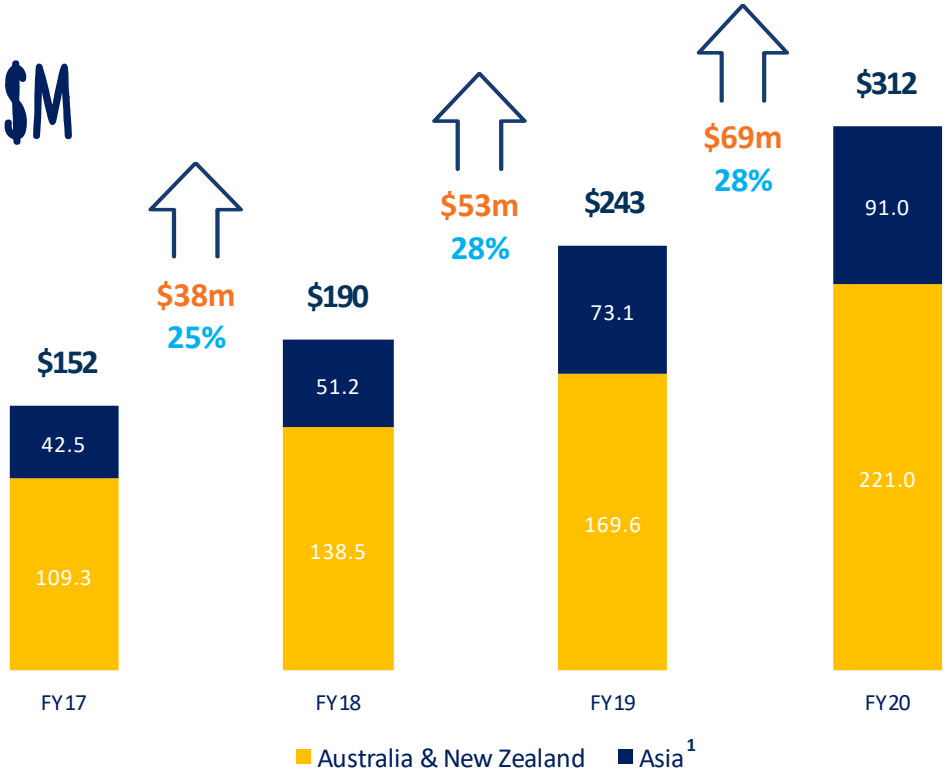
- NEGATIVES

- Some end-user clients and IT resellers faced significant business decline where staff unable to work from home
- 100,000 free Office365 seats slowed paid subscriptions (average 10,000 paid seats per month in Q4 of FY20)
- Increased demand from IT resellers for extended payment terms increased rhipe's provision for doubtful debts by \$1.1m leading into FY21
- rhipe's Dynamics365 practice saw sizeable decline. While the pipeline has now started to improve, the business underperformed in FY20 resulting in a write-back of potential earnout offset by corresponding reduction in goodwill
- Slowdown in travel, marketing and challenging economic conditions may impact business growth in FY21

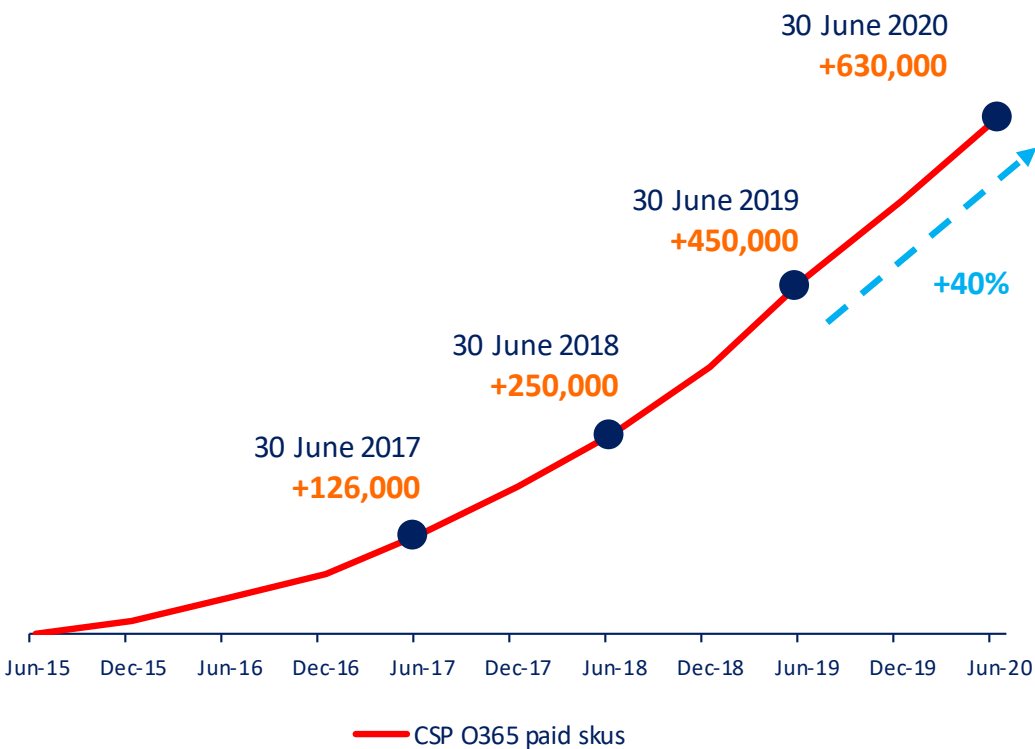


Operational Highlights

Licensing Regional Sales Split



Microsoft CSP O365 Seat Count

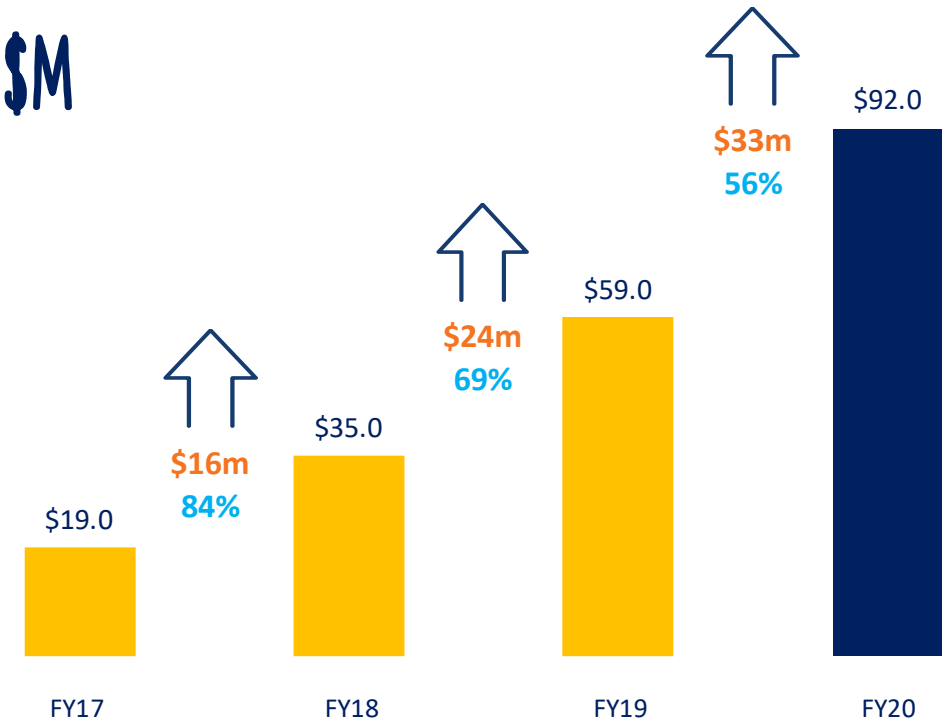


1. Asia numbers include sales from Australian customers' overseas subsidiaries in Asia.

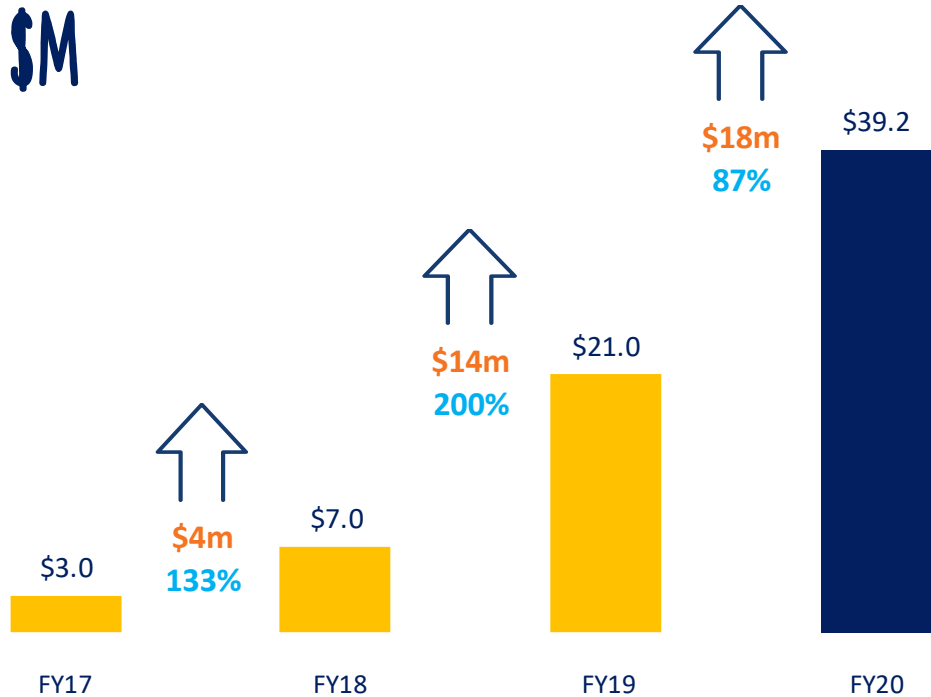


Operational Highlights

Microsoft O365 ARR Sales ¹



Microsoft Azure ARR Sales ¹



Recent investments and acquisition



JBS Japan Business Systems, Inc.

- In FY20 rhipec has entered into a joint venture (“JV”) with Japan Business Systems Inc.(“JBS”) to establish rhipec Japan
- JBS is a Tokyo based company providing IT consulting, system integration and application development services. JBS has approximately 2,200 employees across 12 offices in Japan, USA, Mexico and Asia Pacific
- rhipec holds 80% of the share capital of the JVCO and JBS the remaining 20%
- Due to COVID-19, expansion plans slowed in the short term
- At 30 June 2020 rhipec Japan had 6 FTE and had signed up 32 partners of whom 6 are now transacting



SMARTENCRYPT™
by rhipec

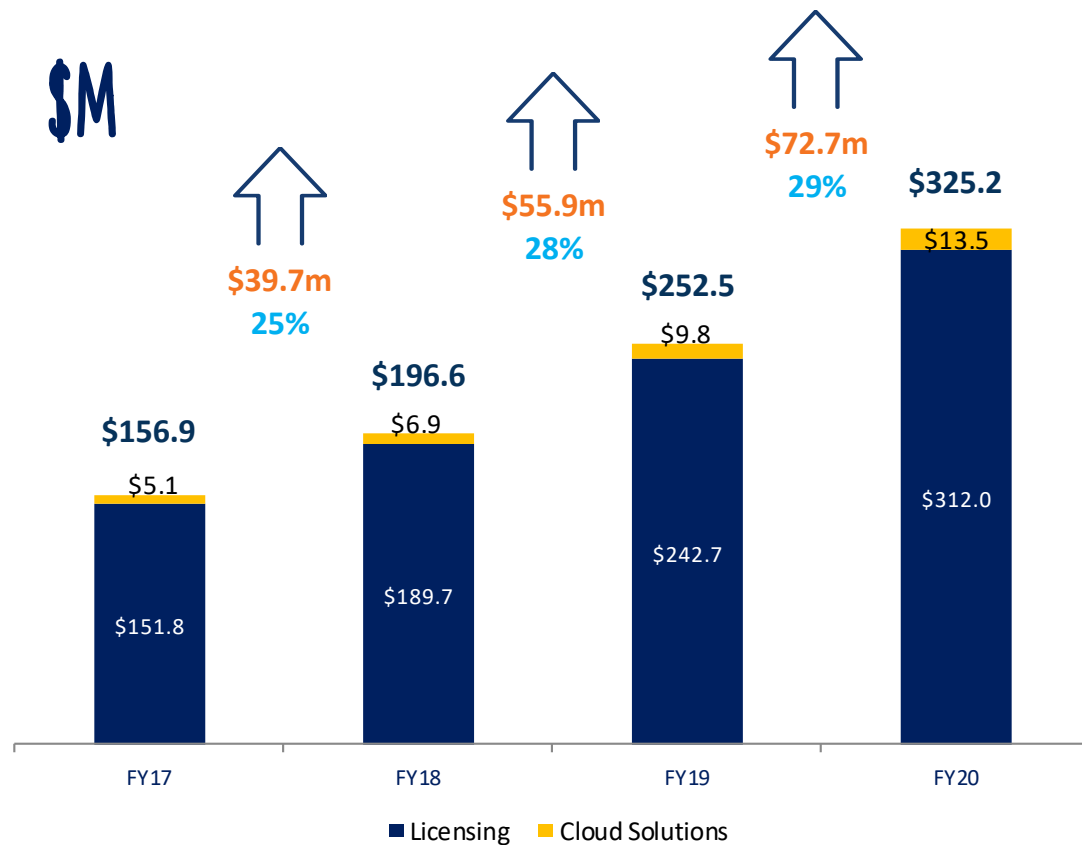
- August 2019 acquisition of 100% of Network2Share Pty Ltd, a security software company that has developed a user-friendly encryption product which rhipec plans to bundle with Microsoft Office365 and other software licenses
- SmartEncrypt provides rhipec with new and differentiated Intellectual Property
- Upfront consideration of \$2m in cash. Further consideration of three tranches of \$1m each payable upon reaching monthly license sales targets plus further earn out tied to revenue over a five-year period
- rhipec has now launched the beta program for SmartEncrypt with the full market launch planned for Q3 FY21



FY20 Financial Results

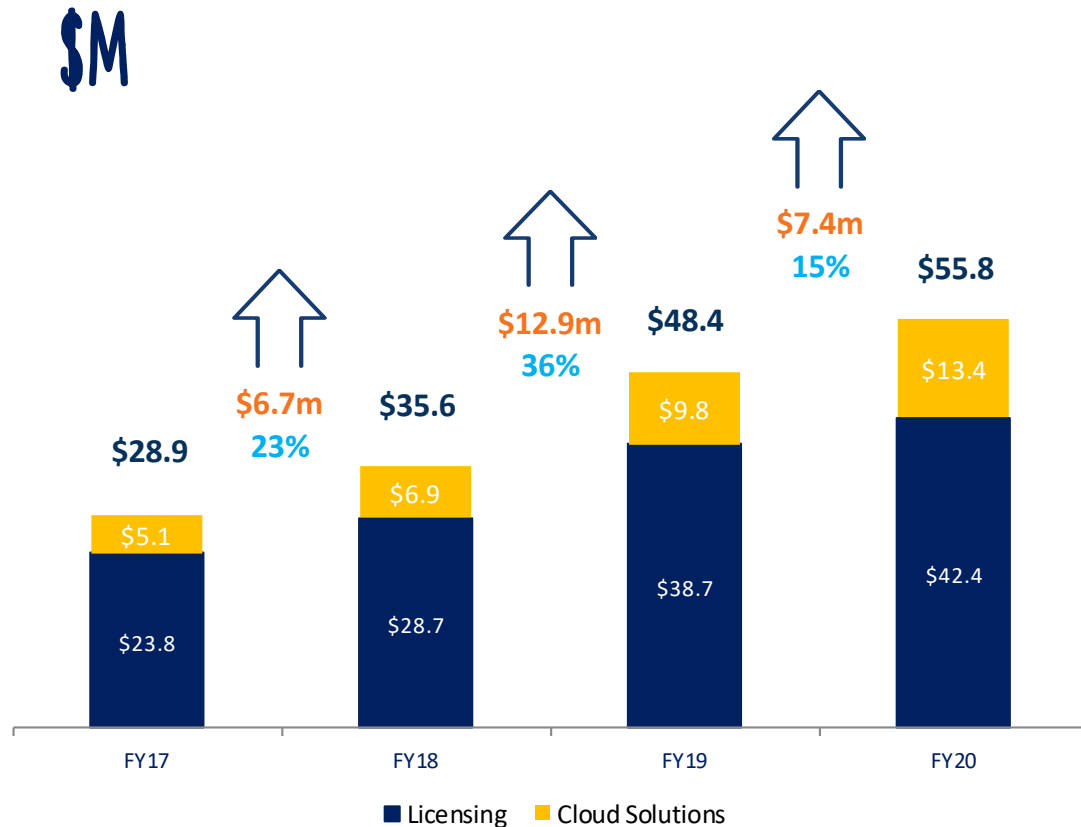


Gross Sales



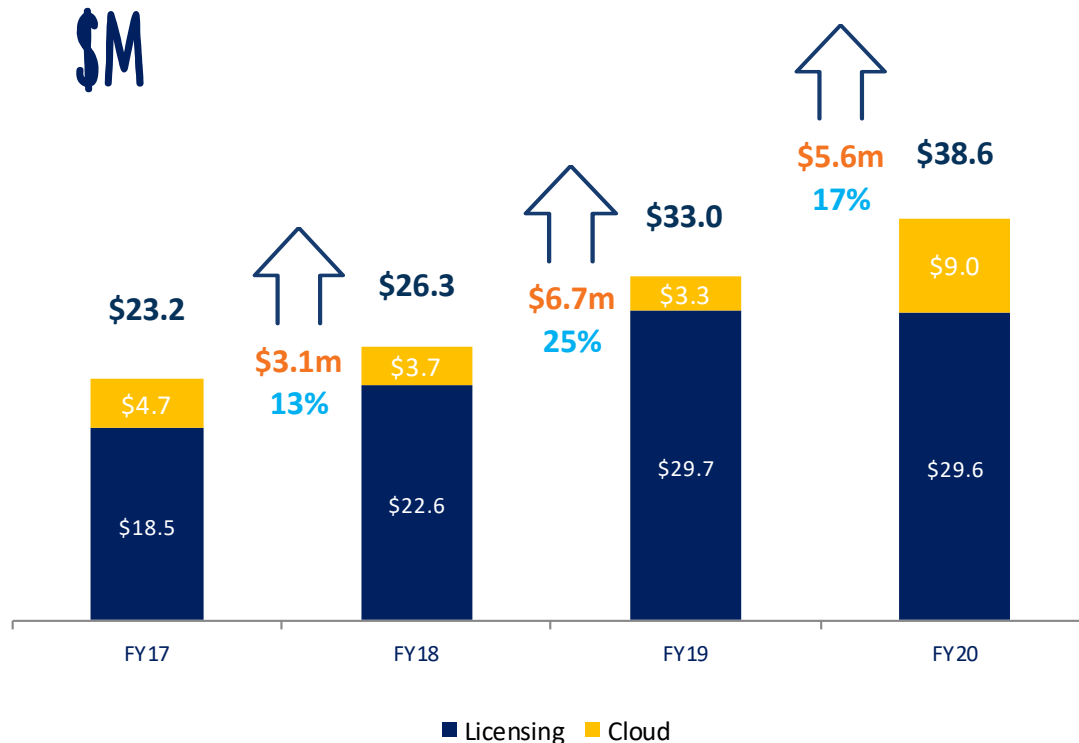
- Licensing sales grew \$72.7m or 28% year on year
- Almost two –thirds of this growth came from Microsoft CSP public cloud (O365 + Azure) which increased 69% YoY. Microsoft is 75% of total sales split evenly between public cloud and private cloud licensing
- Microsoft SPLA (private cloud) sales growth 8% YoY
- Asia local sales grew 47% YoY driven by Microsoft CSP versus 19% in Australia and 41% in New Zealand
- Non-Microsoft sales increased by 20% YoY and equate to 25% of overall sales
- Solutions sales grew 68% YoY, boosted by expansion in support activities plus the addition of our Dynamics business part way through FY19

Revenue



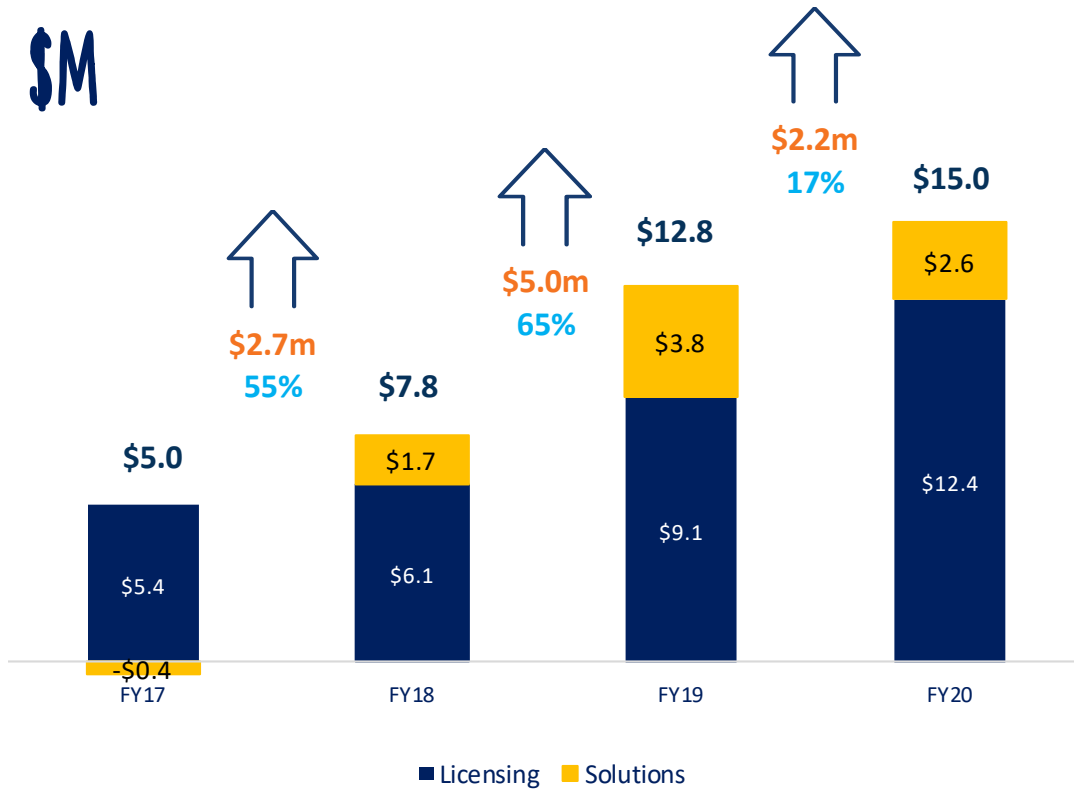
- Group revenue increased by \$7.4m or 15% YoY
- Licensing net revenue grew \$3.7m or 10% off the back of continued growth in public cloud. The lower revenue growth versus FY19 was driven by lower licensing margin of 13.6% in FY20 versus 15.9% in FY19
- Licensing margin was lower due to:
 - Lower incentives 130bps
 - Product mix, geo mix and competition 100bps
- Cloud Solutions revenue grew by \$3.6m or 37% as a result of the expansion in support services and investment in our Microsoft Dynamics business

Operating expenses



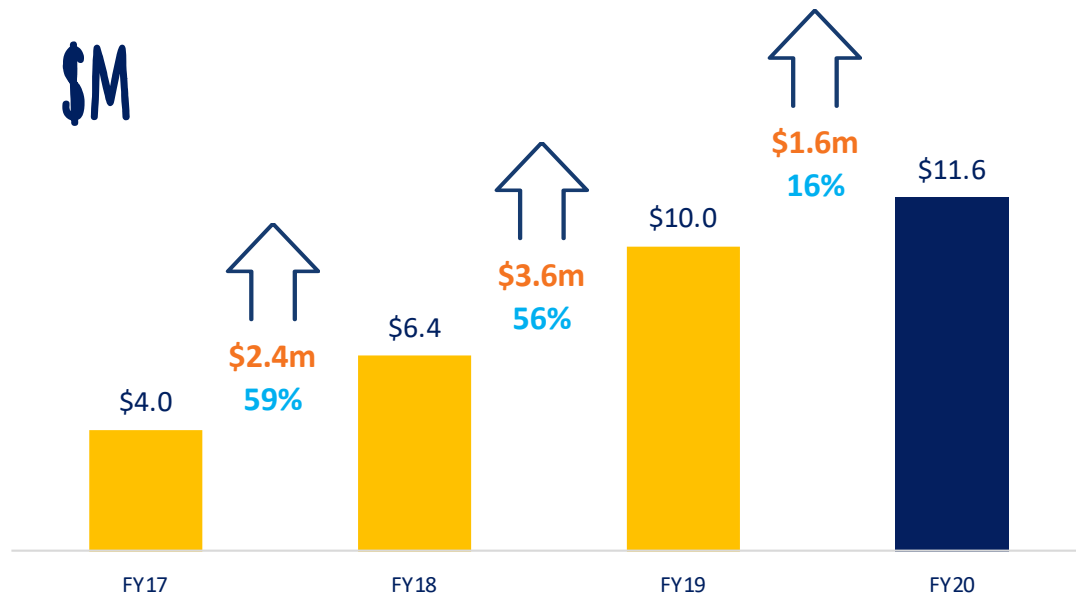
- Group operating expenses increased \$5.6m (17% YoY) or \$4.3m (13%) excluding \$1.3m of Japan opex
- Licensing opex was flat year on year with combination of higher employment costs of \$1.4m and higher bad debt provisions (\$1.1m) offset by other cost reductions including lower marketing \$1.9m & travel costs \$0.7m
- Solutions opex increased \$5.7m driven by additional investment in Microsoft Dynamics (\$2.3m), SmartEncrypt (\$0.5m) and Support business (\$2.0m)

Operating profit (excl Japan)



- Group operating profit grew 17% YoY driven by a 36% or \$3.3m increase in Licensing operating profit. This compares to an operating profit increase of \$3m in the prior year
- Solutions operating profit of \$2.6m compares to \$3.8m in the prior year. The lower profit in FY20 is due to investment in establishing our Dynamics channel business, investment in our SmartEncrypt product and also further investment in our support operations. In addition Covid 19 has impacted the Dynamics business in the second half with the business resulting in the business delivering lower profit in FY20 compared to the prior year

Reported EBITDA



\$'M	FY17	FY18	FY19	FY20
Operating profit	5.0	7.8	12.8	13.8
FX gain/(loss)	(0.1)	(0.3)	0.3	(0.1)
Transaction & restructuring costs	(0.5)	(0.4)	(0.5)	(1.1)
Impact of AASB 16	-	-	-	2.0
Gain on sale of investment	-	0.3	-	-
DBITS earn out writeback and goodwill impairment	-	-	-	0.1
Share based payments expense	(0.4)	(1.0)	(2.6)	(3.1)
EBITDA	4.0	6.4	10.0	11.6

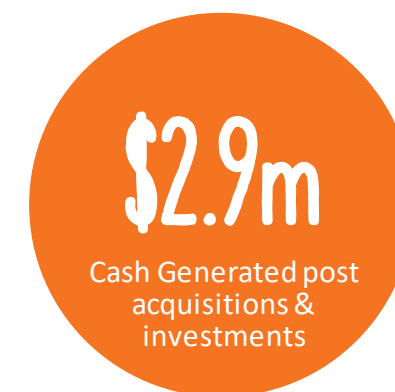
Cashflow Statement

Statement of Cashflows (\$ '000)	FY17	FY18	FY19	FY20
Net cash provided/(used) in operating activities	6.8	7.8	12.1	13.7
Cash flows from investing activities				
Purchase of property, plant and equipment	(0.2)	(0.5)	(0.7)	(1.4)
Proceeds from sale of investment	-	0.7	-	-
Payment for intangibles	(1.2)	(2.4)	(2.3)	(2.9)
Payment for subsidiary on acquisition	-	-	(3.0)	(2.0)
Net cash (used) in investing activities	(1.4)	(2.2)	(5.9)	(6.3)
Cash flows from financing activities				
Proceeds from issue of shares	0.6	0.2	1.5	34.4
Costs associated with issue of shares				(1.1)
Payment of principal portion of lease liability				(1.9)
Investment in Treasury shares				(0.7)
Buy back of shares	-	(2.3)	(2.1)	-
Dividends paid	-	(0.6)	(2.7)	(2.8)
Net cash provided by financing activities	0.6	(2.7)	(3.2)	27.9
Net increase/(decrease) in cash	6.0	2.8	2.9	35.4
Opening cash	13.8	19.8	22.7	25.5
Closing cash	19.8	22.7	25.5	60.9

FY20 HIGHLIGHTS



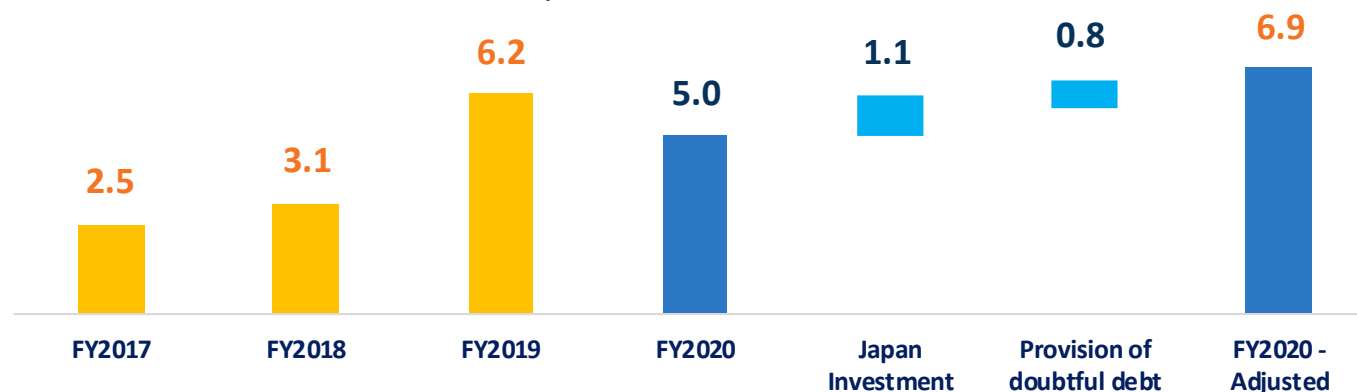
+13% PCP



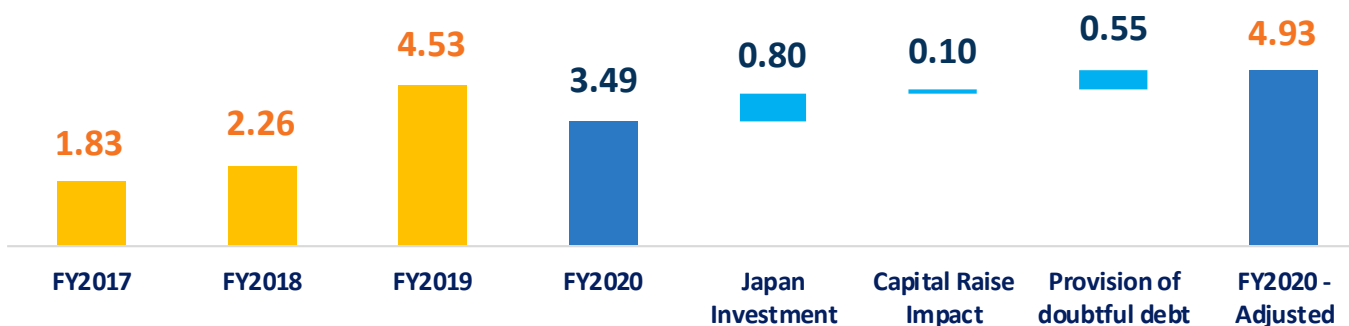
+11% PCP

NPAT, EPS and Dividends

Net Profit After Tax¹ (\$M) AUD



Basic Earnings Per Share (cents) AUD



dividend

Fully franked dividend of
AUD 2 cent per share
Payment Date
24th September 2020

FY21 Outlook



FY21 Outlook



Revenue

Revenue growth to continue with numerous opportunities, challenges and uncertainties.



Investment

Continued investment in Licensing Sales and Solutions capabilities.



Costs

Careful management of costs during the pandemic crisis.



Operating Profit

Targeting continued growth in operating profit.

Questions



Appendix



Reported Financial Results Summary



P&L (\$'000)	FY19 Actual	FY20 Actual	Change FY20-19
Gross Sales	252.5	325.2	29%
Revenue	48.4	55.8	15%
Gross Profit	45.9	52.4	14%
Group Gross Margin (inc. Solutions)	18.1%	16.1%	-200bps
Total Operating Expenses (excl. Japan)	33.0	37.4	13%
Total Operating Profit (excl. Japan)	12.8	15.0	17%
Total Operating Profit - Group	12.8	13.8	7%
Total Reported EBITDA	10.0	11.6	16%
PBT	8.5	7.2	(15%)
Tax Expense	(2.3)	(2.4)	(4%)
Effective Tax Rate	27%	33%	
NPAT attributable to equity holders of rhipe	6.2	5.0	(19%)
Basic EPS (cents)	4.53	3.49	(23%)

Group Revenue

15%



Opex (excl. Japan)

13%



Group Operating
Profit (excl. Japan)

17%



NPAT

-19%

