

22nd October 2020
Rhipe Limited (ASX:RHP)



Level 19, 100 Miller Street
North Sydney, NSW 2060

www.rhipe.com

Q1 FY21 MARKET UPDATE

The Board of rhipe Limited ("rhipe" or "the Company") is pleased to provide an update on its current trading performances following the close of the first quarter of trading to 30 September 2020.

Overview of Financial Results

The results presented in these unaudited financial statements reflect the operations of rhipe Limited and all subsidiaries (together the "Group") for the three months from 1 July 2020 to 30 September 2020 ("Q1 FY21").

The table below summarises the financial results for the Company for Q1 FY21.

Financial Summary \$'000	Q1 FY20	Q1 FY21	Change
Revenue	12.7	14.7	+16%
Gross Profit	11.9	13.8	+16%
Operating Expenses excl. Japan JV	(9.0)	(9.6)	+7%
Operating Profit excl. Japan JV ⁽¹⁾	3.0	4.2	+40%
Operating Profit incl. Japan JV ⁽¹⁾	2.8	3.9	+39%

(1) Operating profit is gross profit less operating expenses and excludes any FX gains or losses, share base payments and one-off cost including restructuring or due diligence costs. Operating profit also includes all costs incurred from the Company's property leases.

Selected highlights of Q1 FY21 results include:

- Group revenue growth of 16% in FY21 compared to full year FY20 revenue growth of 15%. Despite some pandemic related challenges across the Asia Pacific region, rhipe has continued to deliver solid revenue growth driven by continued strong growth in Microsoft public cloud products including Office365 and Azure. In addition, we continue to see strong growth in our solutions and services business.
- Microsoft Office365 seats at 30 September 2020 were in excess of 680,000 including more than 6,000 seats in Japan, up 50,000 since 30 June 2020.
- Licensing margins remain stable in Q1 FY21 at 13.6% compared to FY20 Licensing margin of 13.6%.
- Group operating expense growth excluding investment in Japan was 7%, or 10% including Japan. Operating expenses in our Licensing business were broadly flat in Q1 compared to FY20 Q1 with some increased investments in Japan and our rhipe solutions business. In addition, bad debt provision levels remain consistent with the year-end position.
- Group operating profit of \$4.2m, excluding Japan, was up 40% year on year due to solid revenue growth alongside strong cost management. Group operating profit including Japan is \$3.9m, up 39%.

- Cash as at 30 September 2020 was \$53.8m versus \$60.9m at 30 June 2020 following the payment of \$3.2m fully franked dividend and \$4.25m payment for Parallo acquisition which completed on the 30th September 2020.

In addition to the solid financial results outlined above, rhipe's 30 September 2020 acquisition of Azure specialist IT service provider, Parallo, reinforces rhipe's commitment to expand our Services portfolio and provide partners with additional capabilities to assist in their growth. rhipe plans to continue to invest in the Parallo business and support its expansion into the Australian market using existing employee and partner footprint.

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For more information contact:

Dominic O'Hanlon

Chief Executive Officer

investorrelations@rhipe.com

Mark McLellan

Chief Operating & Financial Officer

investorrelations@rhipe.com

Approved for release by the Board.

Additional information about rhipe

rhipe, (ASX: RHP) is a global leader in cloud and technology solutions, providing partners with business advisory and deep domain technical expertise to thrive in the growing cloud market. rhipe is recognised as an expert in subscription software licensing in Asia Pacific. Its multi-award-winning services and support division is the industry leader in Microsoft Office 365 implementation and other global vendor solutions.