



Annual General Meeting

26 November 2020

rhipe

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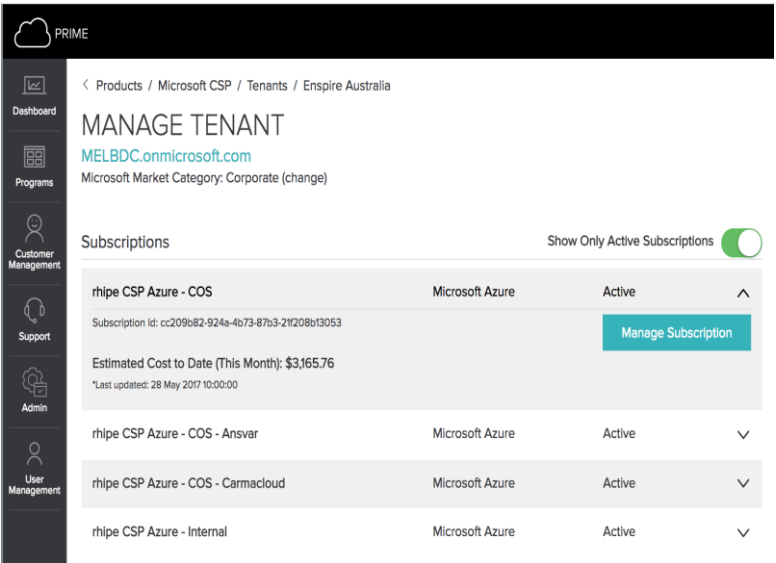
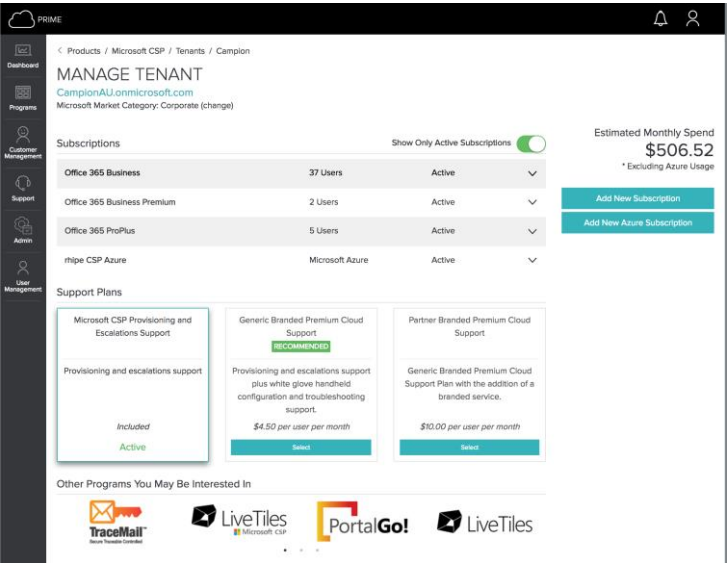
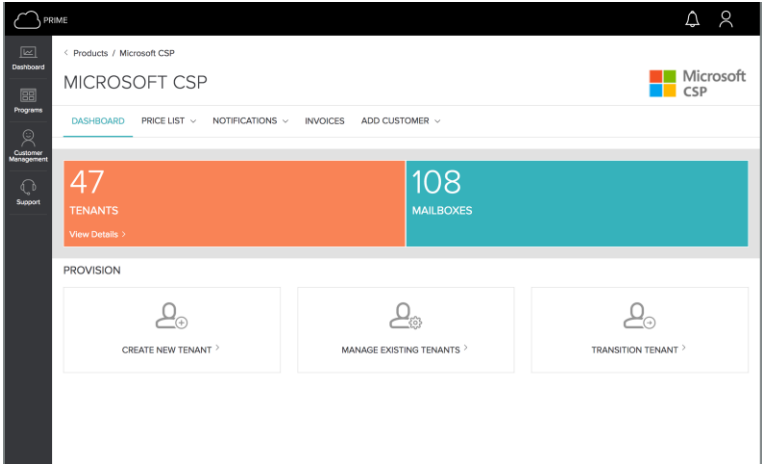
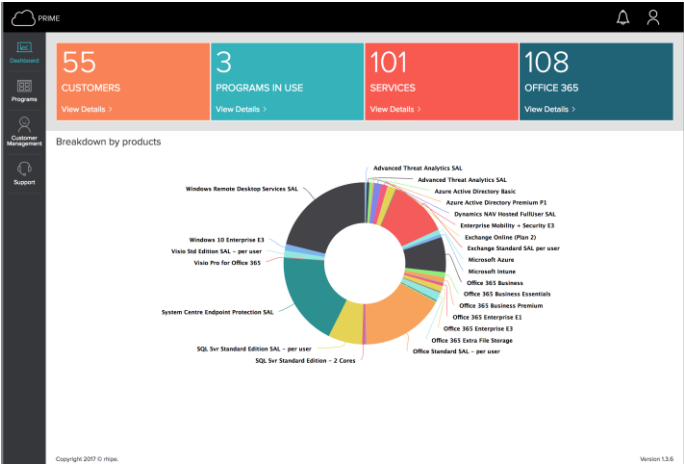
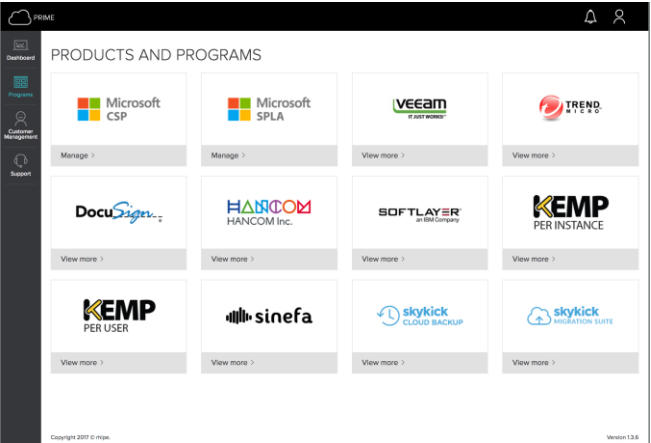
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rhipe Overview



Leading Platform in APAC for I.T. Service Providers to Buy & Provision Cloud Licenses & Infrastructure from Microsoft and Others



Our Presence

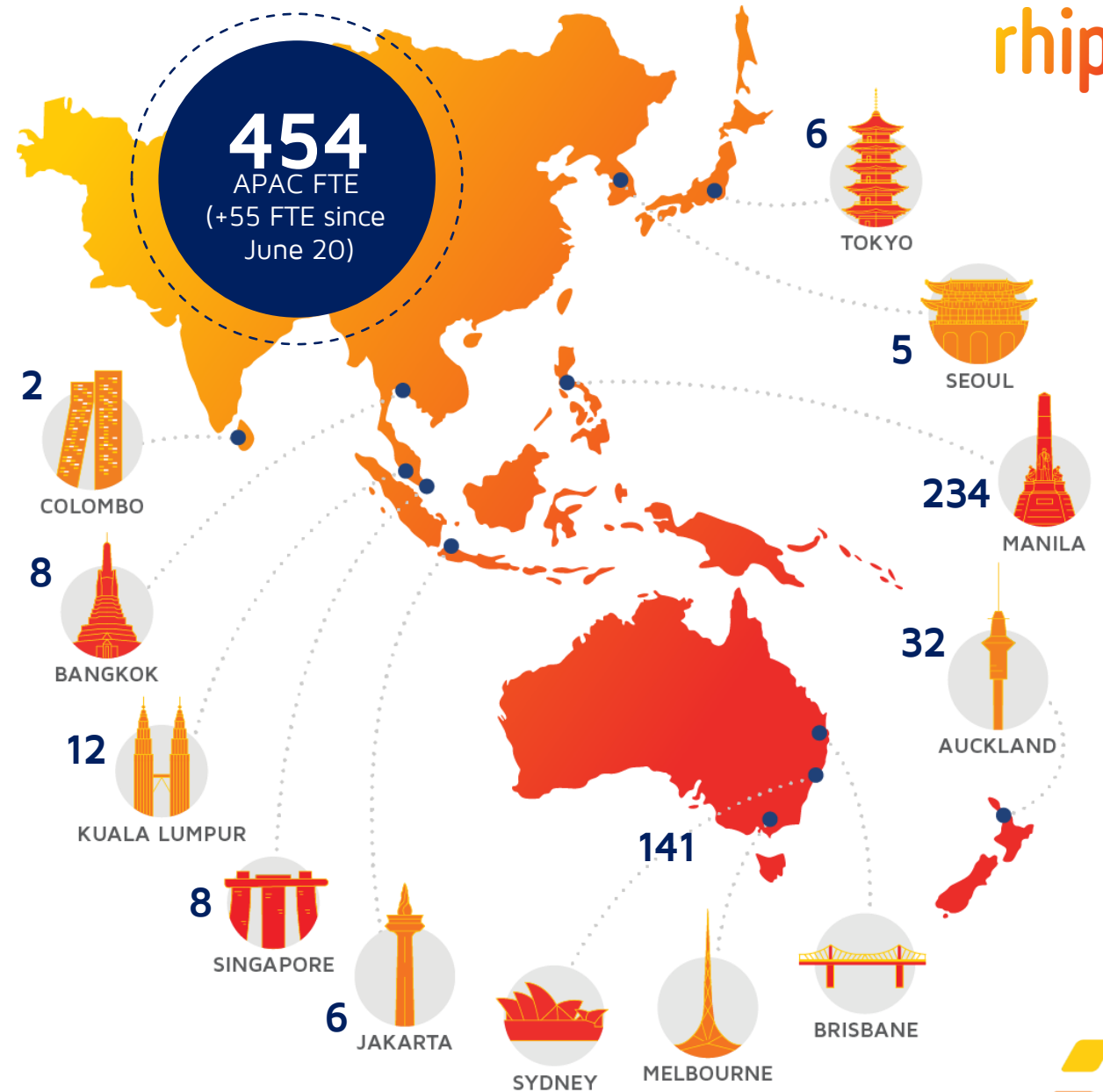


rhipe is a born in the cloud, value add software distributor, supporting over 3,000 IT resellers across Asia Pacific. Our business model is focused on pay-as-you-consume cloud software subscriptions and maximising our customer's investment in cloud software



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

rhipe



Strategic Operations Divisions



CLOUD LICENSING

LICENSING

Software sold and implemented by IT service provider resellers (Our Partners).
Monthly pay as you go cloud licensing subscriptions.



CLOUD SERVICES & SUPPORT

SUPPORT

Support people and professional services to enable Partners and Vendors with technical needs. Giving partners more capability so they can better service their customers



CLOUD OPERATIONS

INTELLECTUAL PROPERTY

Internally developed Platform for Recurring Subscription Management (PRISM) giving partners flexibility with pricing and profitability. Cloud first, digital first marketing as a service to drive demand for channel partners.



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.



3 New vendors signed:



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. rhipec 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
- Increased demand from IT resellers for extended payment terms increased rhipec's provision for doubtful debts by \$1.1m leading into FY21
- rhipec'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





Development Expertise



CI/CD & DevOps



Parallo Automation Library



App Transformation

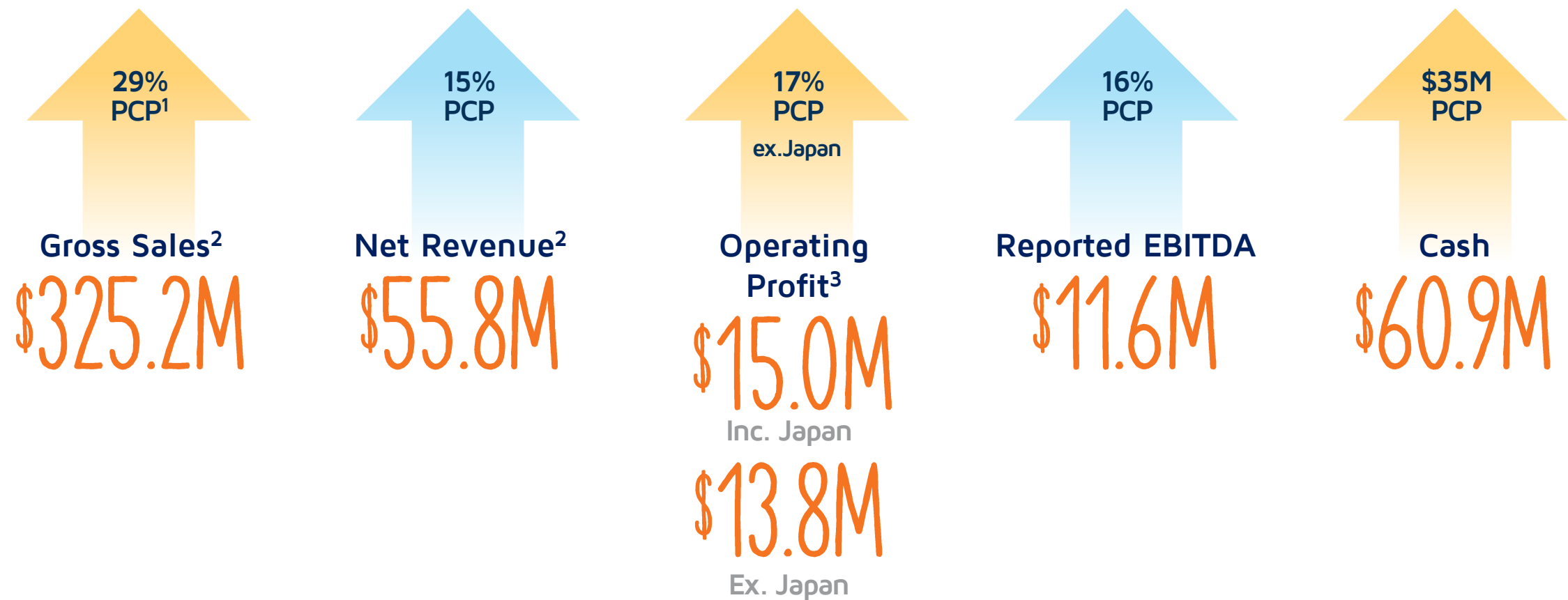
- In September 2020 rhipe acquired Parallo, a New Zealand-based Azure and specialist IT services provider for initial cost of \$4.25m plus earn out payable over two years tied to the financial performance of Parallo.
- Parallo helps Independent Software Vendors (ISVs), Software as a Service (SaaS) businesses and other scale-based cloud partners to manage security, performance, availability and cost, including builds, deployments, upgrades and many other related services. The end goal is to enable companies to focus on their own software applications with Parallo taking care of the cloud workload management.
- Over the past 12 months, rhipe has introduced Parallo to several of our other partners who have needed the support that Parallo has been able to offer. The successful outcomes generated by such partnerships have led to the logical combination of the rhipe and Parallo businesses.



FY20 Highlights



FY20 Financial Highlights

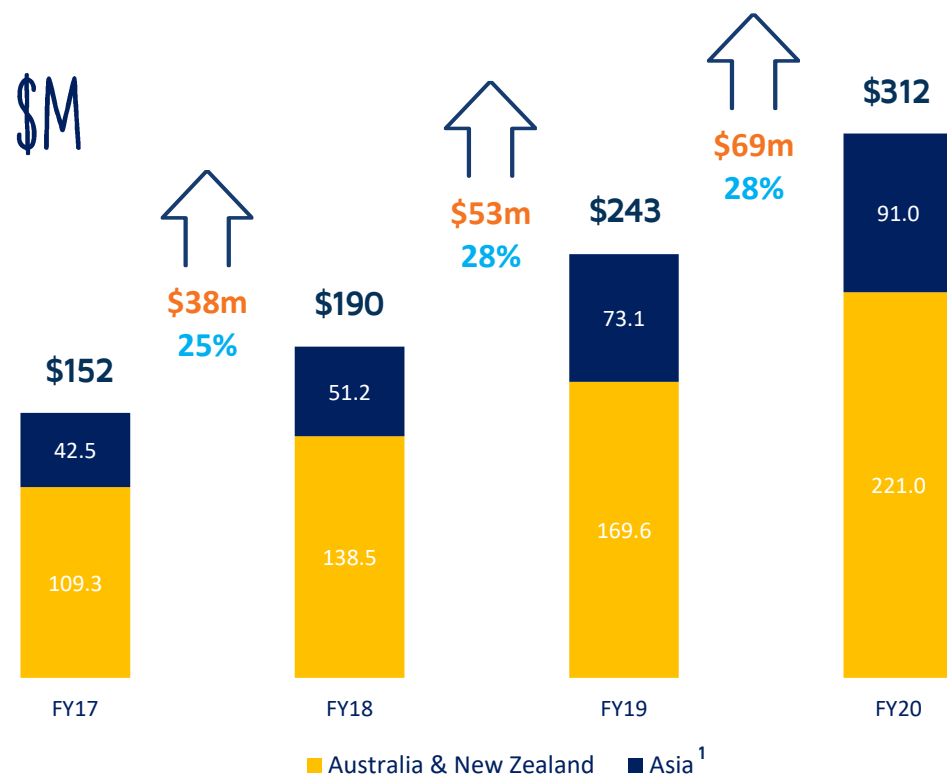


1. Prior Corresponding Period “PCP”
2. AASB15 accounting standard requires revenue to be reported on a net basis. This means our revenue excludes the value that is passed through to software vendors. Gross Sales represents previously reported revenue.
3. Operating Profit represents Reported EBITDA excluding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

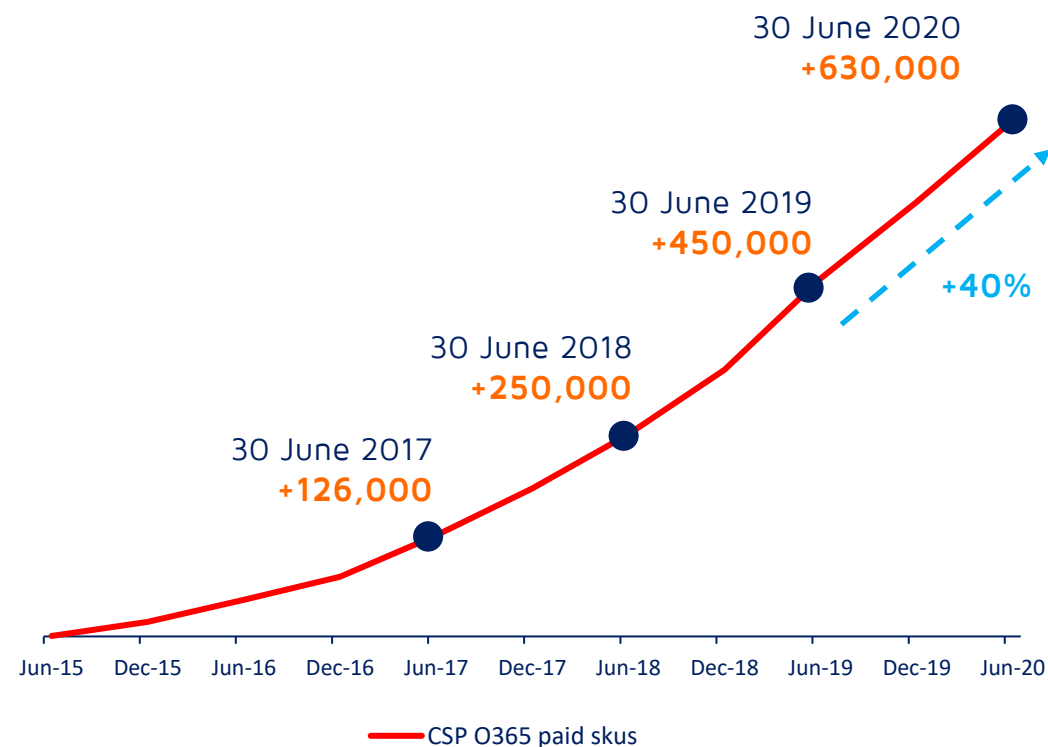


Operational Highlights

LICENSING REGIONAL SALES SPLIT



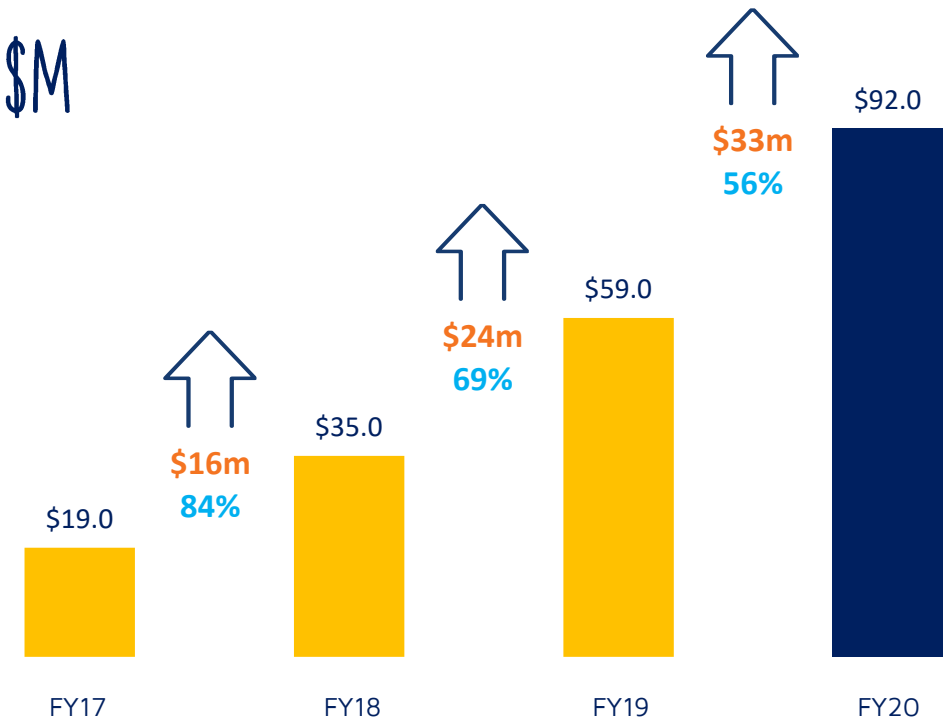
MICROSOFT CSP O365 SEAT COUNT



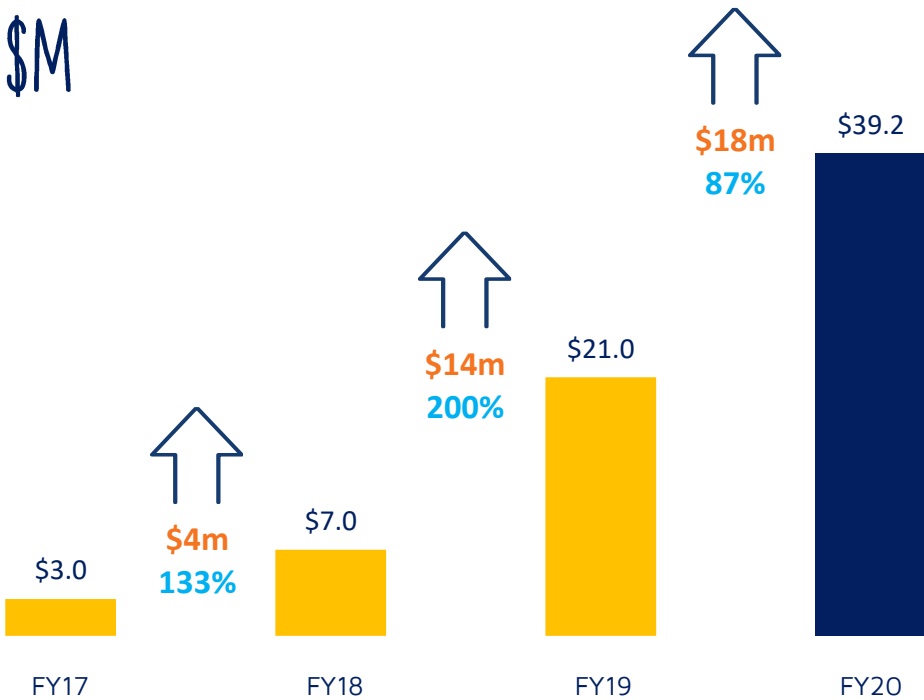
Operational Highlights



MICROSOFT 0365 ARR SALES ¹



MICROSOFT AZURE ARR SALES ¹



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%



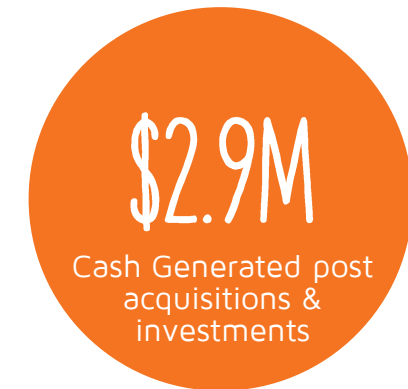
Cashflow Statement

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



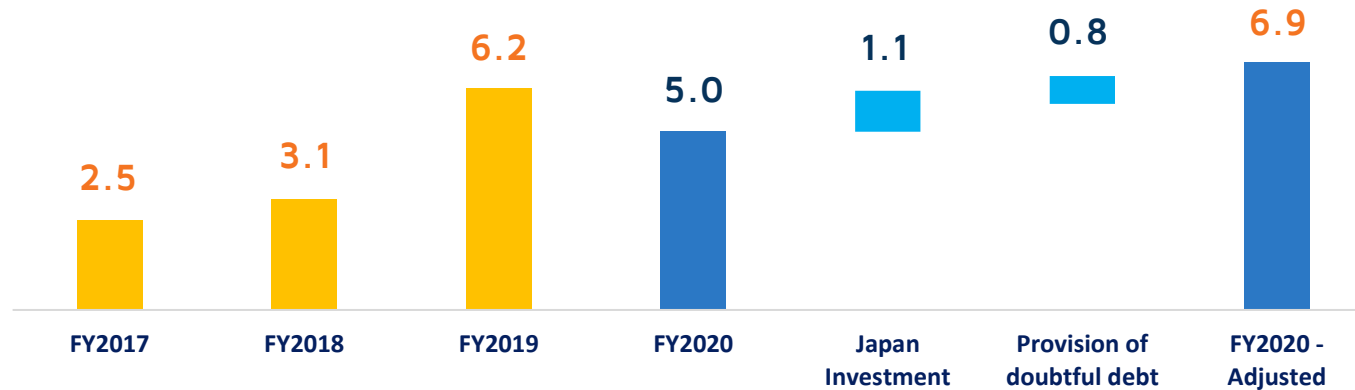
+13% PCP



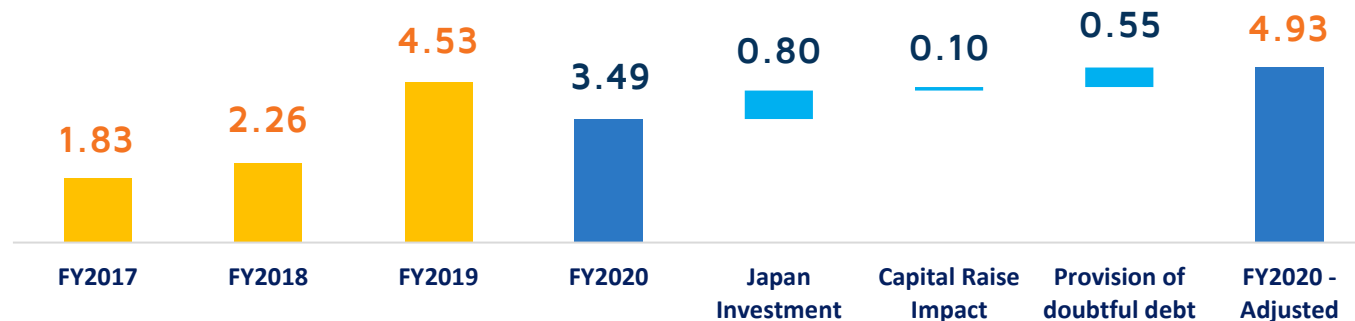
+11% PCP

NPAT, EPS and Dividends

NET PROFIT AFTER TAX¹ (\$M) AUD



BASIC EARNINGS PER SHARE (CENTS) AUD



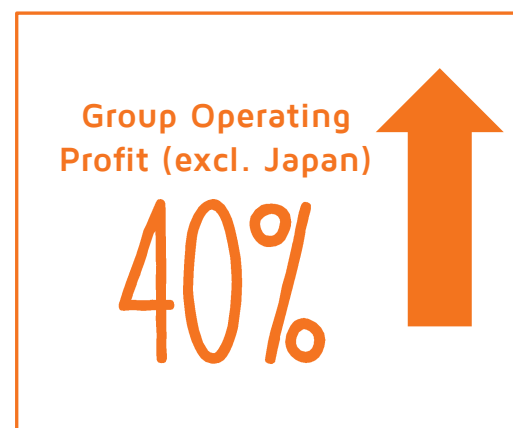
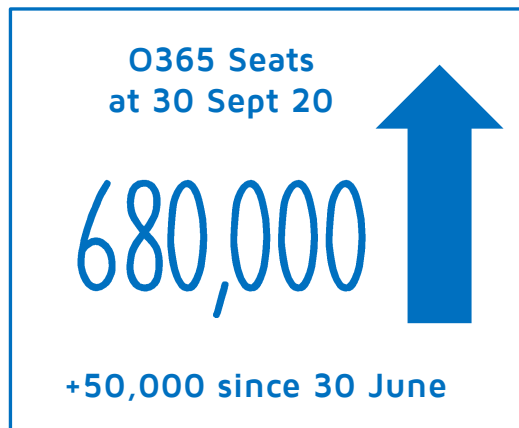
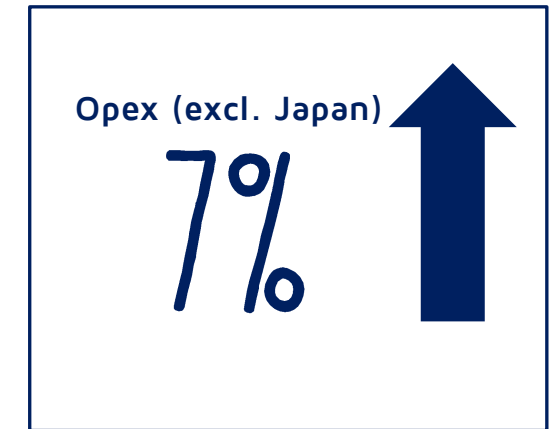
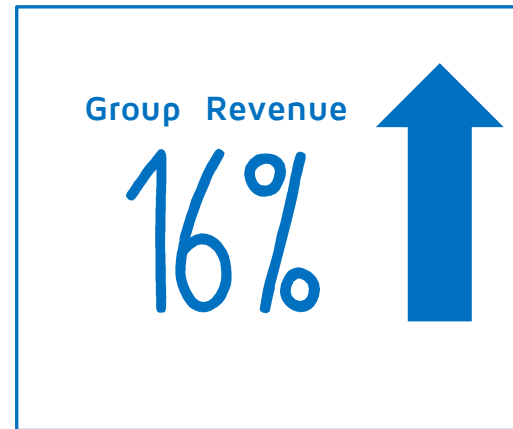
Q1 FY21 Results and Outlook



FY21 Q1 Reported Financial Results Summary



P&L (\$'000)	Q1 FY20 Actual	Q1 FY21 Actual	Change FY20-19
Revenue	12.7	14.7	16%
Gross Profit	11.9	13.8	16%
Total Operating Expenses (excl. Japan)	(9.0)	(9.6)	7%
Total Operating Profit (excl. Japan)	3.0	4.2	40%
Total Operating Profit - Group	2.8	3.9	39%



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

