

**ASX ANNOUNCEMENT  
RHIPE LIMITED (ASX:RHP)**

29 January 2021

**1H FY21 Market Update and Outlook Statement**

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 six months of trading to 31 December 2020. These draft results are subject to finalising the interim accounts and the audit review with final results to be announced on Tuesday 16th February 2021.

**Overview of Expected 1H Financial Results**

The summary financial results presented below reflect the operations of rhipe Limited and all subsidiaries (together the “Group”) for the six months from 1 July 2020 to 31 December 2020 (“1H FY21”).

<b>Financial Summary \$'000</b>	<b>1H FY20</b>	<b>1H FY21</b>	<b>Change</b>
Revenue	26.6	30.5	+15%
Gross Profit	25.0	27.7	+11%
Operating Expenses	(18.4)	(19.0)	+3%
Operating Profit <sup>(1)</sup>	6.6	8.8	+34%
EBITDA	7.0	7.7	+10%

(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 and 80% of rhipe Japan losses.

Selected highlights of 1H FY21 results include:

- Group revenue growth of 15% in 1H FY21 is consistent with revenue growth in the previous financial year of 15% albeit off a larger revenue base and despite the COVID-19 pandemic. Rhipe’s strong growth continues in Microsoft public cloud products and in our rhipe solutions business.
- Microsoft Office365 licenses as at 31 December 2020 were approximately 720,000 seats including more than 11,000 seats in Japan. Overall, the Office365 seat count is up 90,000 since 30 June 2020.
- Group operating expense growth was 3% in 1H FY21 with costs reducing in our licensing business due to lower headcount, marketing and travel costs compared to the previous corresponding period. Costs increased in the rhipe solutions business as we continue to invest and expand in this area in order to deliver further future growth.

**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.

**FOR MORE INFORMATION CONTACT**

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- Group operating profit of \$8.8m was up 34% year on year due to solid revenue growth alongside strong cost management. Most of the operating profit increase was driven by our Licensing business with the profit growth in the rhipe solutions business driven by the acquisition of our Azure services business, Parallo, at the beginning of Q2.
- Cash as at 31 December 2020 was \$57.5m versus \$60.9m at 30 June 2020 following the payment of \$3.2m fully franked dividend and \$4.3m payment for Parallo acquisition which completed on the 30th September 2020.
- In January 2021 rhipe was awarded Microsoft APAC Services Partner of the Year, an award that provides validation of rhipe's strategy to add cloud-based Professional Services to its revenue portfolio.

### Outlook Statement

Due to rhipe's extensive reseller base across many countries, rhipe's business has proven very resilient to the impacts of COVID-19 with a strong financial result in the first half of 2021. rhipe expects these results to continue in the second half of the financial year and, as a result, rhipe plans to increase investments in several key growth pillars of our business in order to drive further growth in 2022 and beyond. rhipe is now targeting full year operating profit for the financial year to 30 June 2021 of \$17.5m which would represent growth of almost 27% compared to the prior year.

**ENDS**

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*Approved for release by the Board.*

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