



ASX ANNOUNCEMENT

For immediate release: 27th August 2015

Rubik Financial Limited announces full year results for year ended 30 June 2015 *Increased overall revenue, stable segment profits and underlying EBITDA at top end of guidance*

Rubik Financial Ltd (Rubik) (ASX:RFL) - a leading technology company that delivers innovative wealth, banking and mortgage broking solutions to the financial services industry – today announced its full year results for the financial year ended 30 June 2015.

Revenue for FY2015 was \$38.8 million, an increase of \$8.3 million, or 27 per cent more than FY2014, with recurring revenues up by 31 per cent; this included revenue from recent acquisitions. Segment profits for FY2015 were \$8.2 million, and remained stable year on year. Operating cash flow decreased to negative \$0.6 million, and net loss after tax was \$14.5 million.

FY2015 R&D spend of \$5.1 million, of which \$3.3 million was expensed, was largely stable compared to the FY2014 R&D spend of \$4.8 million, of which \$3.1 million was expensed, and in keeping with market guidance of around 15 per cent of revenue.

Looking back over the past year, Rubik Chairman Craig Coleman commented, "Prior to this financial year, Rubik acquired a number of fintech software products with attractive client incumbency and known contracted revenues.

"During this past year, we have focused our investment into fully integrating and restructuring acquisitions into one company with a sound and scalable operational footing. We have also significantly improved the executive and management talent in the company.

"Importantly during this period of internal restructure, we retained and extended all of our key client contracts. While this activity and investment has resulted in short term, but largely one off, cost implications, the outcome is a company far better positioned to achieve future revenue and margin growth."

Commenting on the results of the past year, Rubik CEO Iain Dunstan acknowledged that, "While the Company has experienced some material change over the past 12 months, I believe what we have accomplished in the first half of calendar 2015 has positioned us well for the future.

"This past year has seen us establish a new leadership team, move from a product to a strategic functional focus, and integrate the AMEE, Stargate and Infinitive acquisitions undertaken the previous financial year, including consolidating our corporate structure and data centre infrastructure. We also established an off-shore development and testing centre in the Philippines to further support our clients and operations.

"Furthermore, we have retained strong client relationships with key players, having signed 45 new clients and renewing contracts for six large Wealth clients, all with a minimum two year term. Emphasis is on a greater customer focused approach with customer led development, and on improving client consultation and engagement.

“Improved use of technology impacting regulatory compliance, efficiency and client engagement, the rise of scaled advice, market appetite for changes in the Banking industry, a greater emphasis on digital and the uptake of Software as a Service will be key industry drivers in the financial services marketplace over the coming year, and Rubik intend to further develop and integrate our software to leverage off these opportunities.”

FY2015 key highlights

- Revenue up 27 per cent to \$38.8 million, with recurring revenues up 31 per cent
- Segment profits stable at \$8.2 million
- Underlying EBITDA at top end of revised guidance at \$4.9 million
- Operating cash flow went from \$5.3 million to negative \$0.6 million
- Net loss after tax of \$14.5 million
- Largely stable R&D costs of \$5.1 million

Overall revenue for FY2015 was \$38.8 million, an \$8.3 million, or 27 per cent increase from FY2014. FY2015 revenue for the Wealth solutions was \$21.0 million, a \$0.9 million, or five per cent increase from revenue of \$20.1 million in FY2014. Wealth contributed 54 per cent to overall revenue. FY2015 revenue for the Banking solutions was \$10.5 million, a \$0.6 million, or seven per cent increase from revenue of \$9.9 million in FY2014. Banking contributed 27 per cent to overall revenue. FY2015 revenue for the Mortgage solutions was \$7.2 million, reflecting the first full year of trading under Rubik. Mortgages contributed 19 per cent to overall revenue.

Recurring revenues contributed 81 per cent this financial year compared to 79 per cent last financial year, with the corresponding non-recurring revenues at 19 per cent for this financial year, compared to 21 per cent last financial year. This slight increase in recurring revenues was due to stable recurring revenue streams from the acquisitions.

Overall segment profits for FY2015 remained stable at \$8.2 million.

Reported net loss after tax for FY2015 was \$14.5 million, compared to a net profit after tax in FY2014 of \$6.3 million. Both of these figures included a number of one-off items in each respective year.

Operating cash flows went from a positive \$5.3 million to a negative operating cash flow of \$0.6 million, mainly due to one-off restructure costs and an integration cost increase of \$2.9 million, a \$2.3 million increase in working capital and \$0.2 million of additional expensed R&D.

Events since last year

Leading up to FY2015, nine acquisitions were undertaken by the Rubik Group, with a limited level of integration. Functional integration of these acquisitions commenced during FY2015, including consolidation of the corporate structure and data centre infrastructure – integration will continue and is expected to finalise in the coming financial year.

Of the significant events occurring since last year, there are five particular key initiatives to outline. Data centre infrastructure consolidation has effectively enabled Rubik to keep data in Australia, increase operational efficiency, establish a standardised support model, standardise application deployment, simplify infrastructure services and benefit from economies from scale. This initiative is expected to complete during Q2 FY2016.

Corporate structure consolidation has included moving employees and intellectual property into a single entity, the creation of one standard invoice for all clients across all product sets and standardisation of employee contracts.

As a result of the acquisitions, Rubik significantly increased its level of software development investment to integrate the acquired products into the Rubik product set. Redevelopment of the Coin Connect user interface was completed, facilitating online access and self-service capabilities for end customers. Redevelopment of the Coin Insurance Advice Module was also completed, including an extensive list of new features added, and an increase to the number of data feeds available in Coin software. Integration of the Stargate mortgage system continues, and is expected to complete in the first quarter of FY2016.

The Infinitive acquisition added additional employees based in the Philippines to the Rubik team. In the past financial year, the team has been successfully supplemented with an additional 25 resources as part of a growing off-shore, low cost development and testing capability to better support Rubik's products and client base. The full benefits of the Group's investment in its offshore development capabilities are expected to impact the second half FY2016 results.

In January 2015, a change of leadership took place. Iain Dunstan replaced Niek Hoogenhout as the CEO, bringing more than 30 years of experience in financial software and technology to Rubik. David Spreadbury was appointed as the Chief Operating Officer, and there were a number of other strategic senior hires including GM Architecture and Infrastructure, Head of Sales, Head of Product, Head of Delivery and internal Legal Counsel, further strengthening the Rubik team and supporting its corporate strategy.

These initiatives are ongoing, and will continue on into the first half of FY2016. Benefits that Rubik expect to realise by the second half of FY2016 include increased operational and cost efficiencies, a greater ability to scale, a deeper client engagement and a leadership team well focused on company growth. A further update will be provided on these initiatives at the AGM to be held on 25 November 2015.

It is important to note that, during this time of change and investment, the Company has maintained its recurring revenues stream and extended key client contracts.

Outlook

"I am positive about the future outlook for Rubik", commented Dunstan. "As a result of our investment in restructuring the Company, we are moving forward with a single focused entity on a solid footing, a product suite that has native underlying functionality that our competitors don't have, a strong and experienced leadership team and a clear focus of where to go and how to get there".

"We have developed and maintained long-term relationships with key clients and intend to place a greater focus on partnering with our client base, rather than just being their software vendor. We are investing in our people as well, and look forward to offering our staff the opportunity to be part of an Employee Share Plan", Dunstan outlined.

Additional focus for the coming year is the development of a professional services capability to create additional revenue streams and better service client needs. We are also focused on further expansion of Rubik's off-shore development and testing capability to reduce costs and better support our Australian operations.

Rubik will continue to further consolidate and integrate acquisitions to benefit from synergies. "We look forward to the cross-sell opportunities that they will create, as well as increased access to alternate distribution channels", Dunstan said.

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About Rubik

Rubik Financial Limited (Rubik) (ASX:RFL) is a leading ASX listed technology company that delivers innovative wealth management, mortgage broking and banking solutions both in Australia and internationally.

It is the largest Australian Financial Services software house by Client numbers, servicing 110 out of 171 Australian ADIs.

Rubik is committed to delivering smart, connected technology that enables clients to deliver efficient and profitable outcomes to their customers, every day. Unique in terms of its integrated product set, Rubik allows end users to service their clients' current and future needs across the entire financial spectrum.

Rubik is ISO 9001, ISO 27001 and NoCO2 certified.

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