



1H FY21 RESULTS PRESENTATION

16 FEBRUARY 2021



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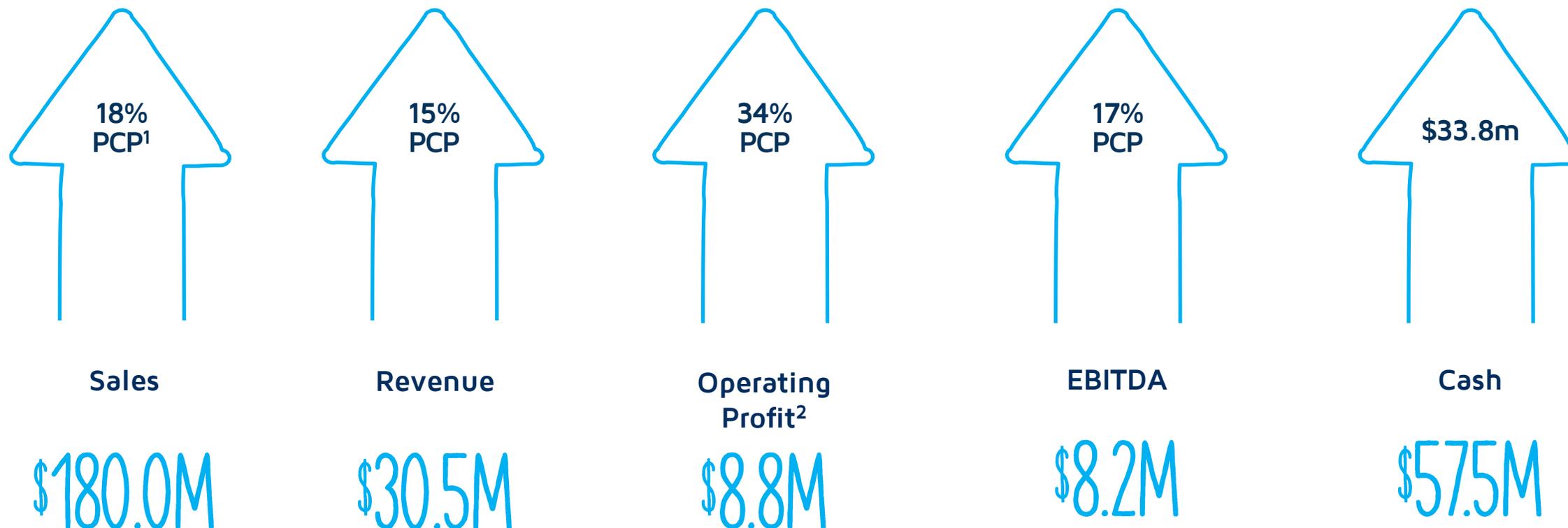
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1H FY21 HIGHLIGHTS



1H FY21 GROUP HIGHLIGHTS



1. Prior Corresponding Period "PCP"

2. Operating Profit represents Reported EBITDA excluding non-cash share based expenses, FX gains or losses, due diligence costs and one-off non-operational gains or losses. In addition we have included property lease costs even though the company has adopted AASB16 and these costs are now included in finance costs and depreciation cost

rhipe

RHIPE OVERVIEW



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.



STRATEGIC OPERATING DIVISIONS



CLOUD LICENSING

LICENSING

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

1H 21 Revenue

\$21.6M

1H 21 Operating Profit

\$7.3M

CLOUD SERVICES & SUPPORT

TECH SUPPORT & PROFESSIONAL SERVICES

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

1H 21 Services & Support Revenue

\$8.9M

1H 21 Operating Profit

\$1.5M

CLOUD OPERATIONS & IP

INTELLECTUAL PROPERTY

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

SmartEncrypt encryption product developed for rhipe's SMB target market.

GROWTH 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 rhipe revenue.



Building out Intellectual Property

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





- August 2019 acquisition of 100% of a Melbourne based security software company that has developed a user-friendly encryption product, SmartEncrypt, which rhipe plans to bundle with Microsoft Office365 and other vendor software licenses
- SmartEncrypt provides rhipe with new and differentiated Intellectual Property
- Launched to Partners on 1st of Feb 2021. First earn out payment of \$1m due August 2020 and tied to delivery of 10,000 licenses
- Product development is ongoing, MAC version under construction with a scheduled release in Quarter 4.
- <https://smartencrypt.rhipe.com/>



- In September 2020 rhipe acquired Parallo, a New Zealand-based Azure and specialist IT services provider for initial cost of \$4.25m plus an 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 companies whose product offering is cloud based to manage security, performance, availability and cost of their cloud environment. The aim of Parallo's offering is to enable companies to focus on their own software applications and their customers' needs with Parallo taking care of the cloud workload management
- Parallo has been a partner of rhipe for several years before acquisition
- Parallo's service offering includes many Azure automation tools that have been developed over the last five years.



Development Expertise



Devops



Parallo Automation Library



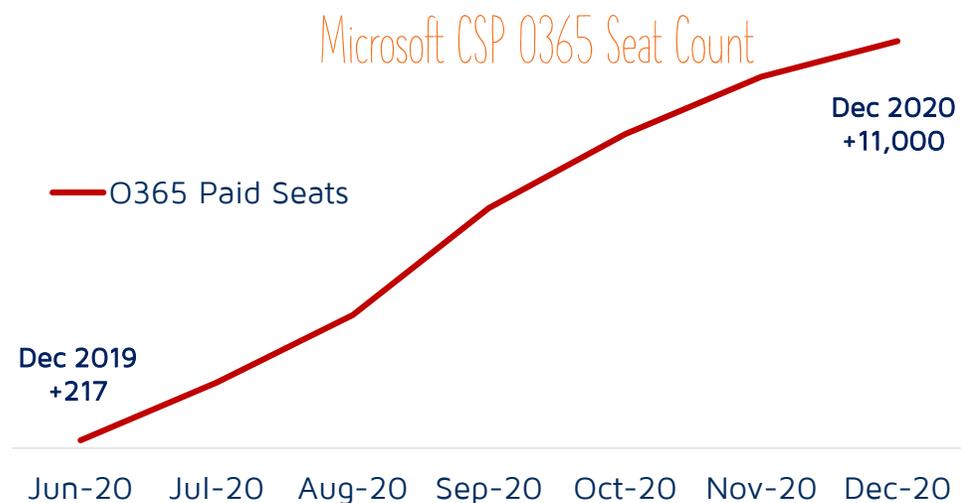
App Transformation



JAPAN JV



- Entity has been operating for just over a year
- Four staff now in place; COVID-19 has impacted overall plans including recruitment
- rhiPE Japan now has 25 transacting partners and 70 signed up partners
- Monthly sales now more than \$200k , 75% Office365 25% Azure
- Japan now has over 11,000 paying O365 licenses across 17 partners and 177 tenants
- FY21 spend now estimated at approx. \$1.5m.



INDUSTRY AWARDS



2018 Microsoft Australian Partner of the Year

2018 Microsoft Thailand CSP Partner of the Year

2019 Microsoft Global Indirect CSP of the Year Finalist

2019 Microsoft Singapore Indirect CSP of the Year

2019 Microsoft Thailand CSP Partner of the Year

2019 Microsoft Malaysia Partner of the Year

2019 Microsoft Malaysia Cloud Channel Development Partner of the Year

2019 Microsoft Indonesia Cloud Distributor of the Year

2020 Microsoft Indonesia Cloud Distributor of the Year

2020 Microsoft APAC Services Partner of the Year

2020 Microsoft Cambodia CSP Partner of the Year

2020 Microsoft Global Indirect CSP of the Year Finalist

2020 Channel Asia Innovation Awards, Distributor Value, Cloud

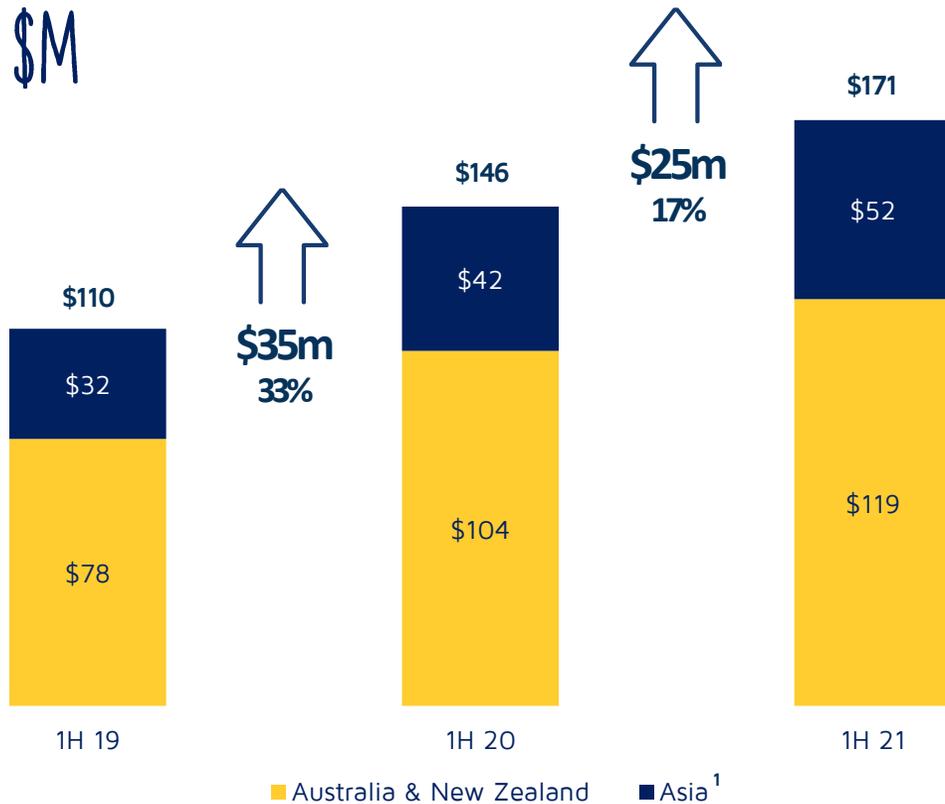
OPERATIONAL HIGHLIGHTS



OPERATIONAL HIGHLIGHTS

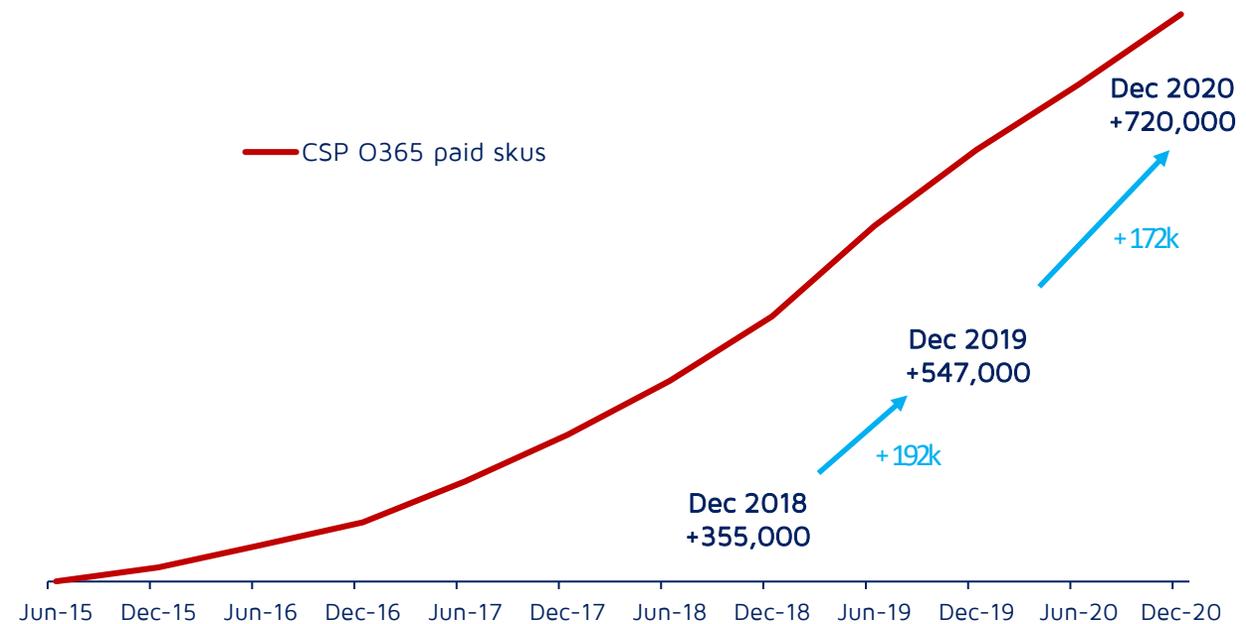


Licensing Regional Sales Split



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

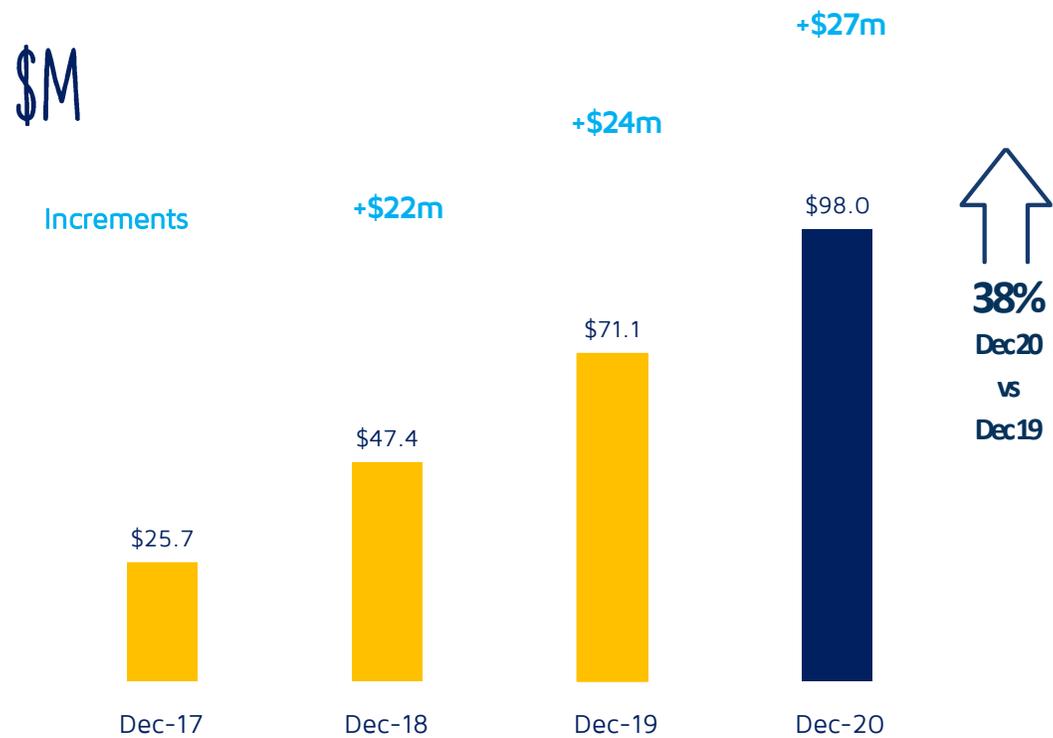
Microsoft CSP O365 Seat Count



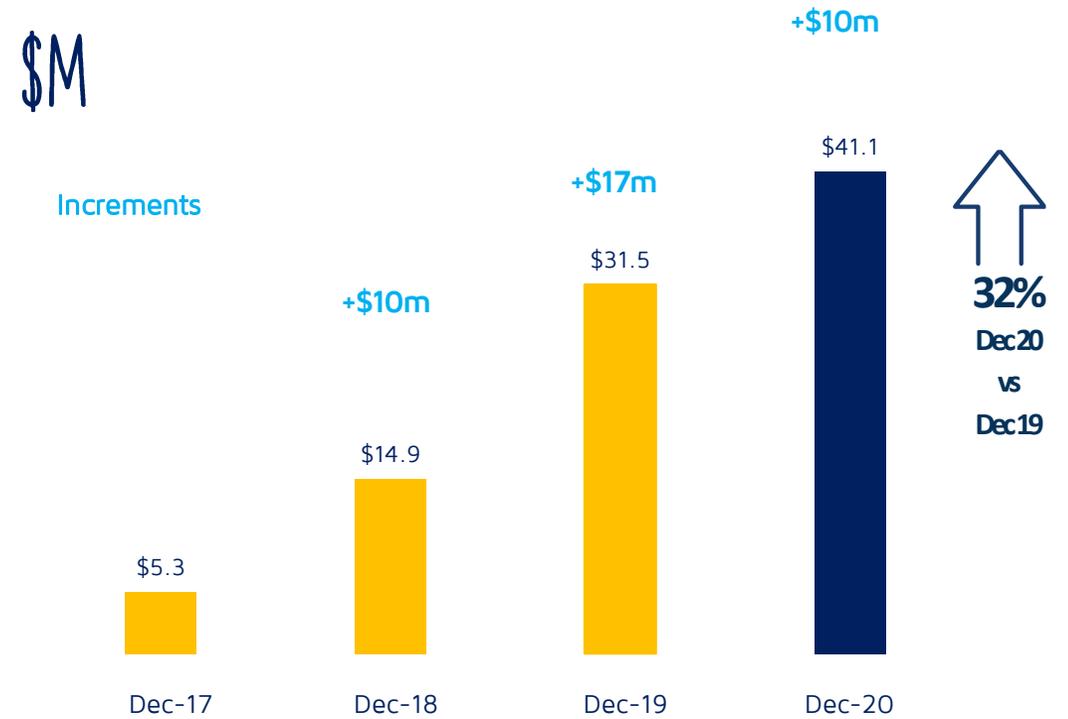
OPERATIONAL HIGHLIGHTS (CONT'D)



Microsoft 0365 ARR Sales



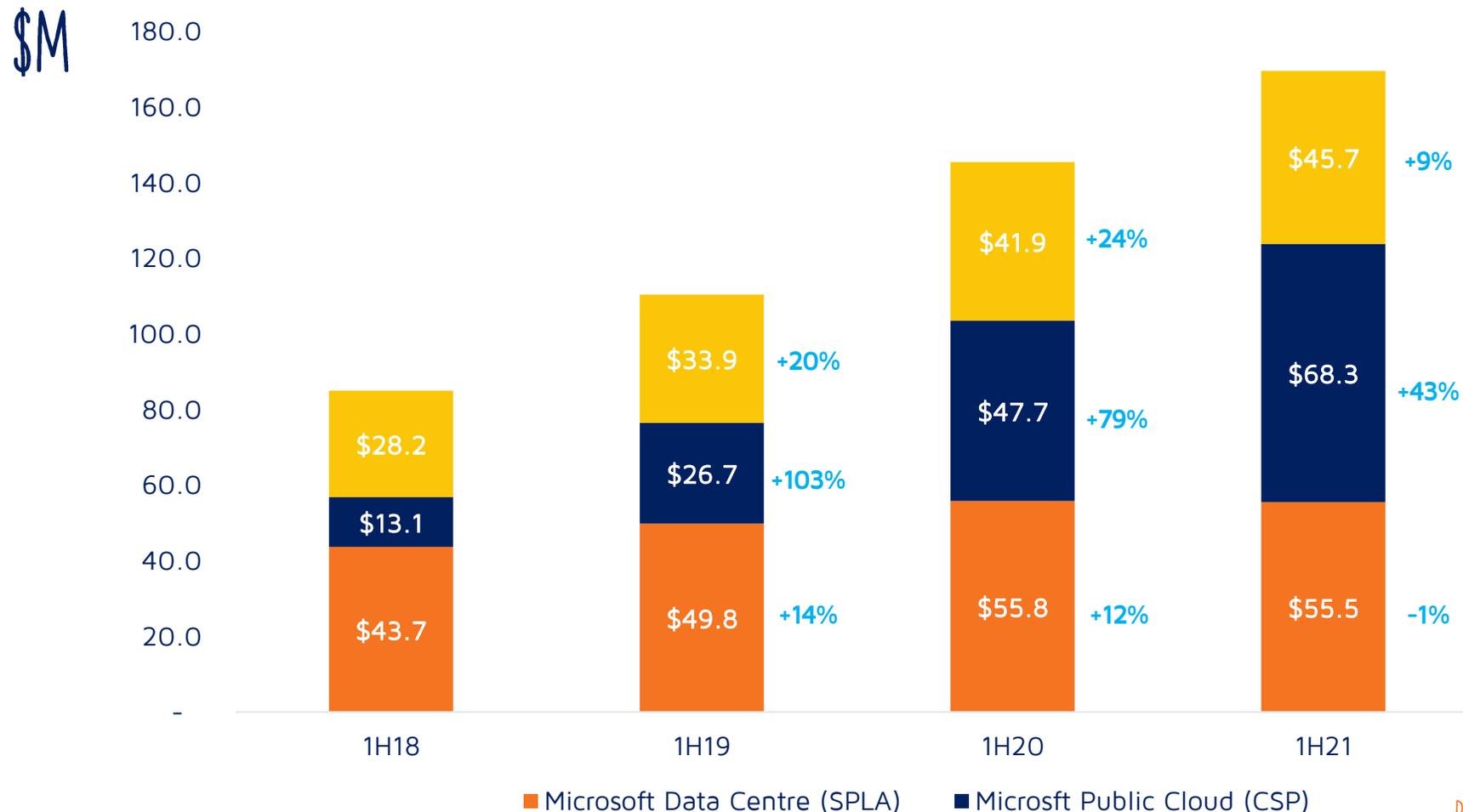
Microsoft Azure ARR Sales



OPERATIONAL HIGHLIGHTS (CONT'D)



Licensing Sales Growth by Segment

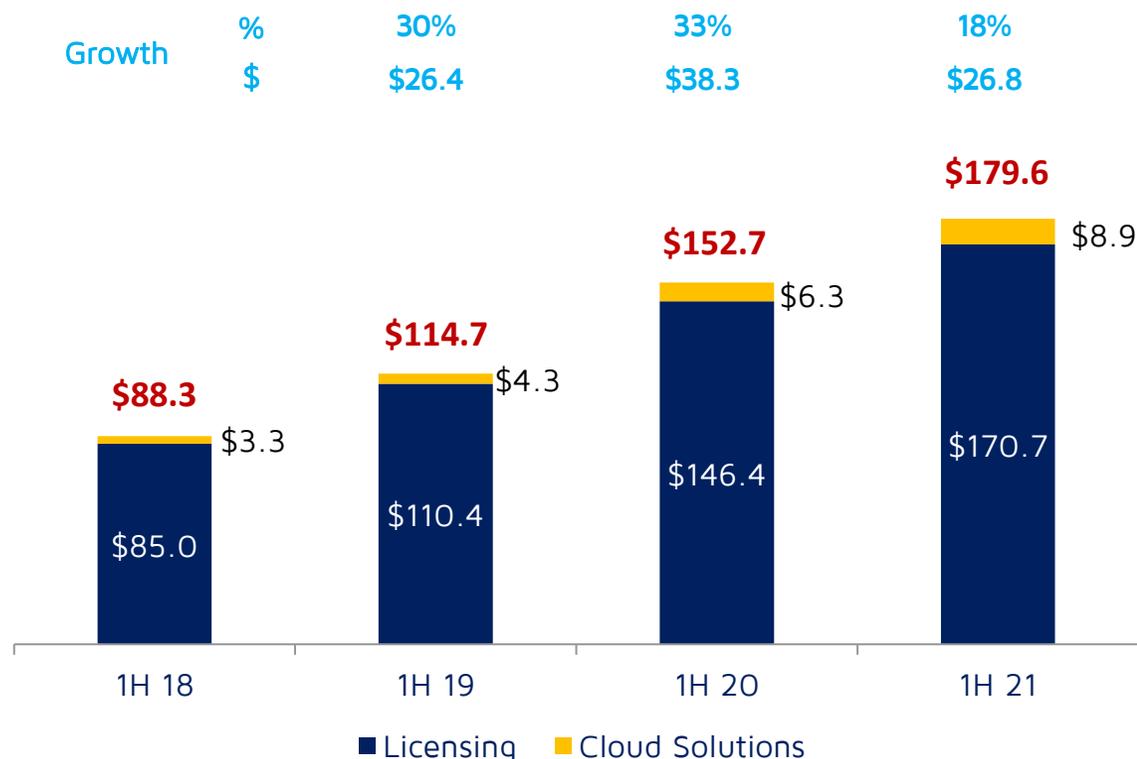


1H FY21 FINANCIAL RESULTS



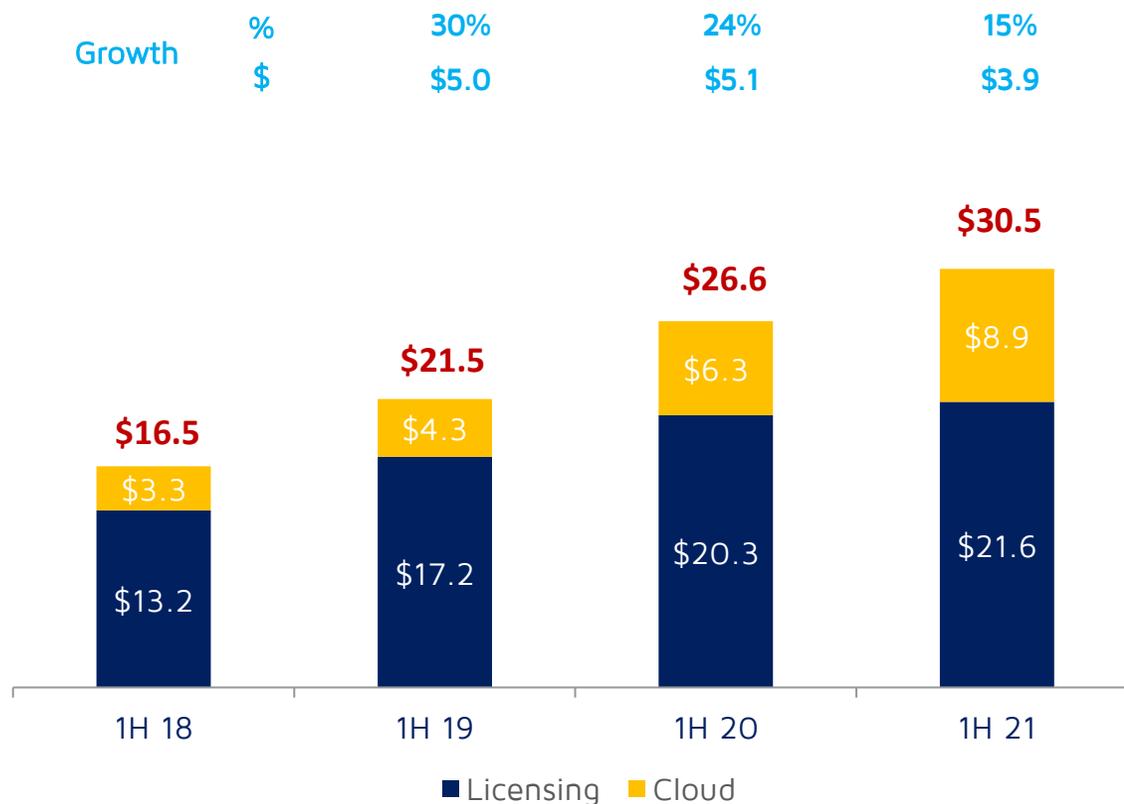
GROSS SALES

\$M



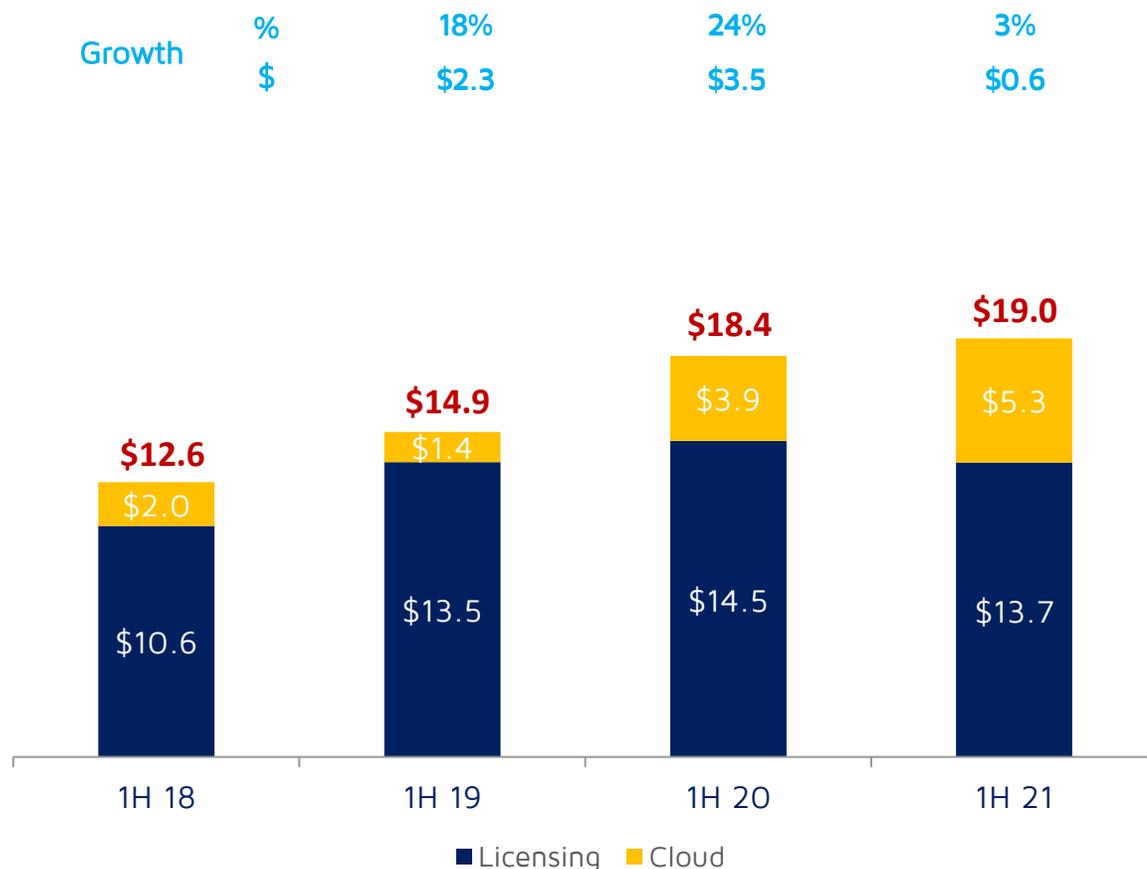
- Total Sales grew 18% in 1H FY21 or \$27m.
- Reduction in sales growth predominantly driven by the adverse impact of the Covid 19 pandemic on our target market, SMBs, particularly in Asia and New Zealand and the loss of two large low margin customers.
- Licensing sales growth driven by continued strong growth in public cloud (Microsoft CSP) with \$ growth consistent with prior year.
- O365 sales grew 47% to \$50m with growth up ~25% YoY.
- Azure sales grew 35% to \$19m with growth lower due to the impact of Covid-19 and the loss of one large low margin customer.
- Microsoft data centre licensing sales (SPLA) were flat year on year at \$56m as public cloud momentum continues.
- Solutions sales grew by 40% YoY or 22% excluding impact of Parallo acquisition. Sales growth in our Microsoft Dynamics business has been adversely impacted by the global pandemic.

REVENUE \$M



- Revenue growth in 1H FY21 was 15% and was lower than previous year mainly due to the impact of the Covid 19 pandemic.
- Licensing revenue grew 7% with growth driven by public cloud products offsetting a decline in revenue from Microsoft data centre licensing. The lower revenue growth was driven by lower licensing margin of 12.7% in 1H FY21 versus 13.6% in FY20. The decrease in margin was predominately driven by changes in vendor incentives.
- Solutions revenue grew by \$2.6m (40% YoY) or \$1.4m (22% YoY) excluding the revenue contribution from Parallo. Revenue growth was driven by continued expansion of our technical support offering with revenue growth in our Microsoft Dynamics activities only growing 15% YoY due to the impact of the pandemic.

OPEX \$M



- Group operating expenses increased by 3% YoY or 1% excluding the impact of the Parallo acquisition.
- Licensing opex reduced by \$1m due to lower marketing spend (\$0.4m) and lower travel and entertainment costs (\$0.5m). Employment costs, which represent around 75% of the cost base were flat year on year.
- Licensing opex includes \$0.7m of costs in relation to our new joint venture in Japan.
- Solutions opex grew by \$1.3m (32%) or \$1.1m (27%) excluding Parallo. Solutions opex growth was all related to additional headcount employed to grow our technical support services, our Microsoft Dynamics practice and SmartEncrypt.
- Solutions opex includes \$0.3m of costs in relation to SmartEncrypt.

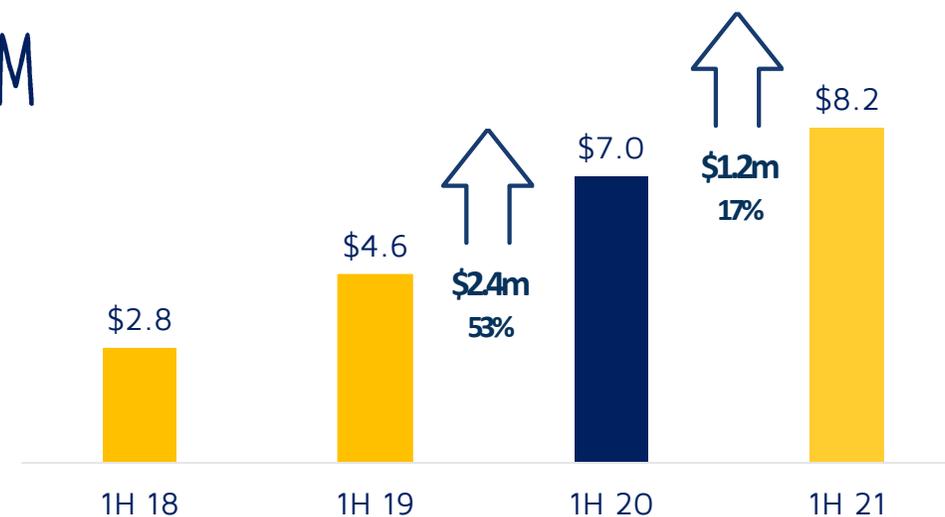
OPERATING PROFIT

\$M



REPORTED EBITDA

\$M



	1H19	1H20	1H21
Operating Profit (exc. Japan)	-	7.1	9.4
Operating Profit	5.6	6.6	8.8
FX gain/(loss)	0.3	0.0	0.0
Transaction & restructuring costs	(0.2)	(0.2)	(0.1)
Share based payments expense	(1.1)	(2.0)	(1.3)
AASB 16 ₁ property lease costs	-	0.9	0.9
Non-Controlling interest in rhipe Japan	-	-	(0.1)
Fair value adj. to DBITS consideration	-	1.7	-
EBITDA	4.6	7.0	8.2

1. AASB16 property lease costs previously reported in OPEX but now reported as depreciation and interest cost

CASHFLOW STATEMENT

Statement of Cashflows (\$ '000)

1H FY19 1H FY20 1H FY21

Cash flows from operating activities

Receipts from customers	114	152	191
Payments to suppliers and employees	(109.9)	(144.6)	(185.0)
Income tax paid	(0.5)	(1.5)	(0.1)

Net cash provided/(used) in operating activities	3.8	5.8	5.8
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Cash flows from investing activities

Purchase of property, plant and equipment	(0.3)	(0.9)	(0.5)
Proceeds from sale of investment	-	-	-
Payment for intangibles	(1.3)	(1.6)	(0.8)
Payment for Subsidiary or Acquisition	-	(2.0)	(4.3)

Net cash (used) in investing activities	(1.6)	(4.5)	(5.6)
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Cash flows from financing activities

Proceeds from issue of shares	1.5	0.7	(0.4)
Buy back of shares	(1.9)	-	-
Payments of principal portion of lease liabilities	-	(0.8)	-
Dividends paid	(1.3)	(2.8)	(3.2)

Net cash provided by financing activities	(1.8)	(2.9)	(3.6)
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Net increase/(decrease) in cash	0.5	(1.5)	(3.4)
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Opening cash	22.7	25.5	60.9
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Closing cash	23.2	24.0	57.5
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Cash from operating activities \$5.8m, due to slower receipts in Asia

100% of operating cashflow invested in IP and acquisitions

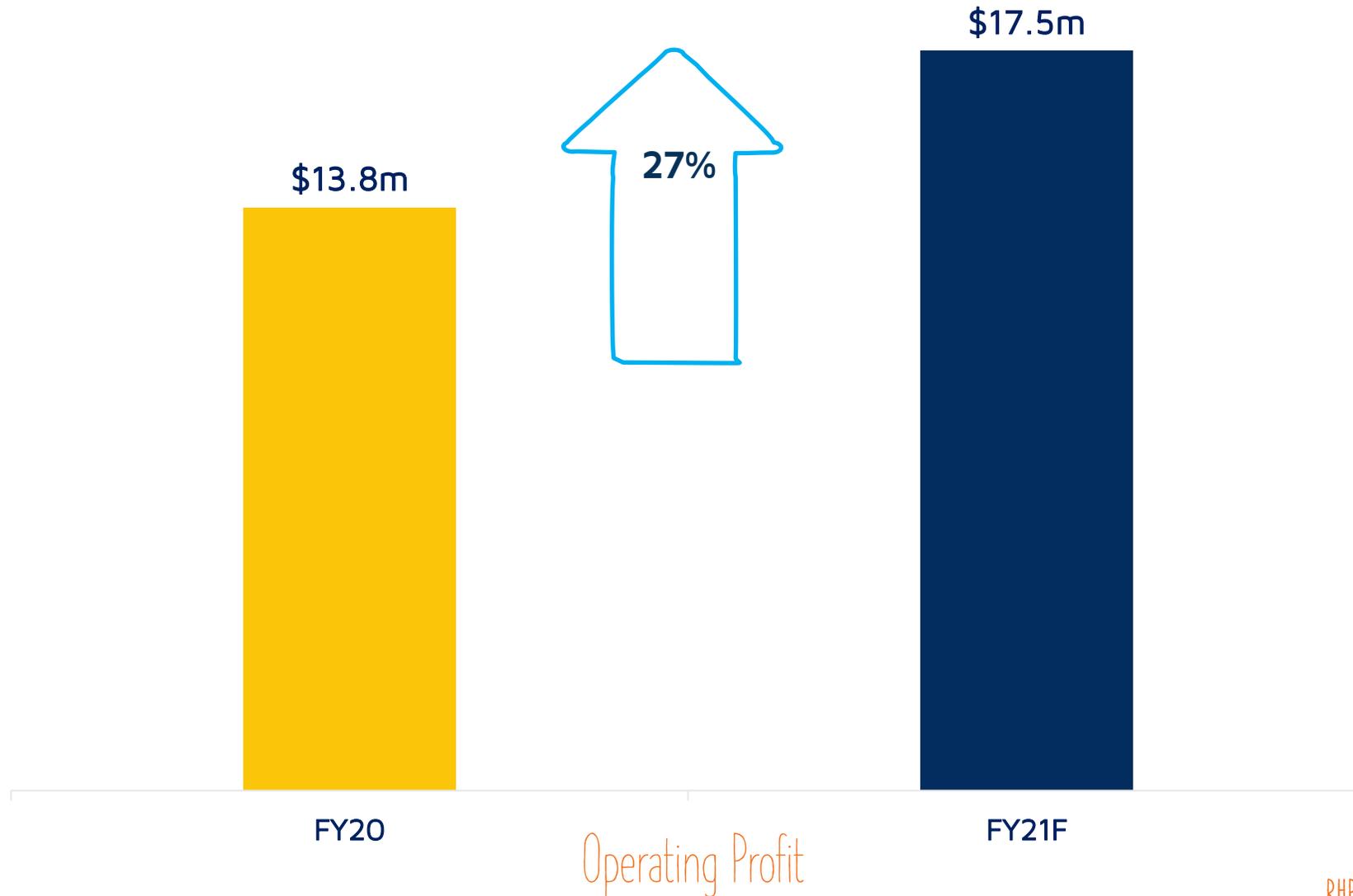
Ongoing investment in Intellectual Property

Fully franked interim dividend of AUD 1.50 cent per share

FY21 OUTLOOK



FY21 OUTLOOK



rhipe

QUESTIONS

