
Full Year Review
TWELVE MONTHS TO 30 JUNE 2019
RPMGLOBAL
INTELLIGENT MINING

FY2019 REVENUE GROWTH

- Total Group Revenue for FY2019 increased by $6.4m (8.7%) to $80.1m (FY2018: $73.7m).
- Advisory division revenue increased by 8.4% to $25.9m (FY2018: $23.9m) and GeoGAS division revenue grew 2.2% to $4.7m (FY2018: $4.6m).
- Total recognised software revenue in FY2019 increased by 9.2% to $48.8m (FY2018: $44.7m) - subscription license (200% increase), perpetual license (11.0% reduction), annual recurring maintenance (11.2% increase) and technical consulting (16.8% increase).
- Total combined perpetual and subscription software license revenue sold during the financial year increased by 46% on the prior year to $22.4m (FY2018: $15.3m). Of this $10.3m (FY2018: $1.7m) was sold via subscription licenses and $12.1m (FY2018: $13.6) via perpetual licenses.
- As at 30 June 2019:
  - Annual Recurring Revenue (ARR) from subscription licenses was $4.3m (up 230% from the same time last year);
  - Total Contracted Value (TCV) from subscription licenses sold was $10.3m (up 505% from the same time last year);
  - Total Annual Recurring Revenue (TARR) from combined Maintenance and Subscription revenue was $26.1m (up 21% on the same time last year).
- Of the $10.3m in subscriptions sold during FY2019 only $0.9m was recognised as revenue in the FY2019 annual accounts with $9.4m to be recognised across the balance of the committed term of the subscription agreements which in most cases is three years.
- As at 23 August 2019, for the FY2020 year-to-date (after seven weeks):
  - ARR is $7.1m (up 65% from 30 June 2019);
  - TCV sold is $6.1m (59% of the full year FY2019 number); and
  - TARR is $28.9m (up 11% from 30 June 2019).

2019 FINANCIAL YEAR SUMMARY

- As per new accounting standard IFRS 9 the Company has increased the provision for doubtful debts by $0.8m. Pursuant to the requirements of IFRS 9, this provision is now calculated utilising a formula linked to the predicted probability of recovery based on the aging, geographical location and prior recovery success for similar debts historically. As such this increase is not a factor of any specific issues with customers or products and is instead a reflection of the updated accounting standard.
- The Company incurred once-off M&A fees of $0.1m and restructuring/redundancy costs in the software division of $0.9m.
- Underlying Operating EBITDA was $7.7m a 71% or $3.2m increase over the previous year ($4.5m). After adjusting for once-off expenses/provisions (provision for doubtful debts, M&A fees and restructuring/redundancies) the Group's Profit Before Tax increased by 200% to $1.8m (FY2018: $0.6m).
- The move to subscription licensing results in inherently lower revenue and earnings over the initial years whilst the Company grows its TARR. Because of this, the Board has taken a conservative approach to its future taxable income projections and has written down the previously recognised deferred tax asset by $6.4m which has seen the Group's tax expense increase by 325% to $7.7m (FY2018: $0.4m).
- With these tax adjustments the Company finished the financial year with a Loss after Tax of $5.9m (FY2018: Profit after Tax $0.2m).
- Operating cash inflows for the financial year were $7.3m (FY2018: $7.0m). The Company had a cash balance at 30 June 2019 of $28.2m with no debt.
- $2.6m in earn out payments were made during the year to the vendors of iSolutions and MinVu with $2.4m remaining to be paid out in FY2020.
- The Board has resolved not to pay a dividend.

FINANCIAL RESULTS SUMMARY

A$'m	2019	2018	$ Var	% Var
Revenue	**80.1**	**73.7**	***6.4***	*9%*
Direct Costs	(6.9)	(6.1)	*(0.8)*	*13%*
Net Operating Revenue	**73.2**	**67.6**	***5.6***	*8%*
Field Expenses	(43.1)	(40.6)	*(2.5)*	*6%*
Development Expenses	(13.7)	(14.0)	*0.3*	*(2)%*
Corporate Expenses	(8.7)	(8.5)	*(0.2)*	*2%*
Underlying EBITDA	**7.7**	**4.5**	***3.2***	*71%*
Significant one off items:				
Credit loss allowance	(0.8)	(0.1)	*(0.7)*	*700%*
M&A and restructuring	(1.0)	-	-	-
Depreciation	(0.9)	(0.7)	*(0.2)*	*29%*
Amortisation	(3.1)	(2.7)	*(0.4)*	*15%*
Net Finance Costs	0.4	0.2	*0.2*	*100%*
Earnout Increase	(0.3)	(0.3)	-	-
Russian Litigation Costs	(0.2)	(0.3)	*0.1*	*(33)%*
Profit before Tax	**1.8**	**0.6**	***1.2***	*200%*
Current tax	(1.3)	(0.4)	*(0.9)*	*225%*
Deferred tax derecognition	(6.4)	-	-	-
Net Profit After Tax	**(5.9)**	**0.2**	***(6.1)***	-

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BALANCE SHEET

A$'m	2019	2018	$ Var	% Var
Cash	28.2	23.3	4.9	21%
Receivables and WIP	23.8	24.8	(1.0)	(4)%
Property, Plant and Equipment	1.8	1.9	(0.1)	(5)%
Intangibles	7.7	10.6	(2.9)	(27)%
Goodwill	26.5	26.5	-	-
Deferred Tax	2.7	9.1	(6.4)	(70)%
Prepayments, Deposits, etc	2.8	1.5	1.3	87%
Total Assets	**93.5**	**97.7**	**(4.2)**	**(4)%**
Trade Payables	(7.9)	(7.5)	(0.4)	5%
Deferred and Contingent Consideration	(2.4)	(4.8)	2.4	(50)%
Provisions - Employees	(5.2)	(5.0)	(0.2)	4%
Provisions - Leases and Litigation	(0.5)	(1.1)	0.6	(55)%
Unearned Income	(17.1)	(13.6)	(3.5)	26%
Lease Straightlining, etc	(0.7)	(0.4)	(0.3)	75%
Total Liabilities	**(33.8)**	**(32.4)**	**(1.4)**	**-**
Share Capital	87.9	87.7	0.2	-
Reserves and Retained Earnings	(28.2)	(22.4)	(5.8)	26%
Total Equity	**59.7**	**65.3**	**(5.6)**	**(9)%**

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CASH FLOW

$'m	2019	2018	$ Var
Net Cash Opening Balance	**23.3**	20.3	3.0
Cash from Operations	**7.3**	7.0	0.3
Payments for:			
Property Plant & Equipment	**(0.7)**	(0.5)	(0.2)
Software Acquisitions	**(2.8)**	(4.1)	1.3
	(3.5)	(4.6)	1.1
Proceeds from Exercise of Options	**0.2**	0.3	(0.1)
Net Increase in Cash	**4.0**	2.7	1.3
FX Restatement	**0.9**	0.3	0.6
Net Cash Closing Balance	**28.2**	**23.3**	**4.9**

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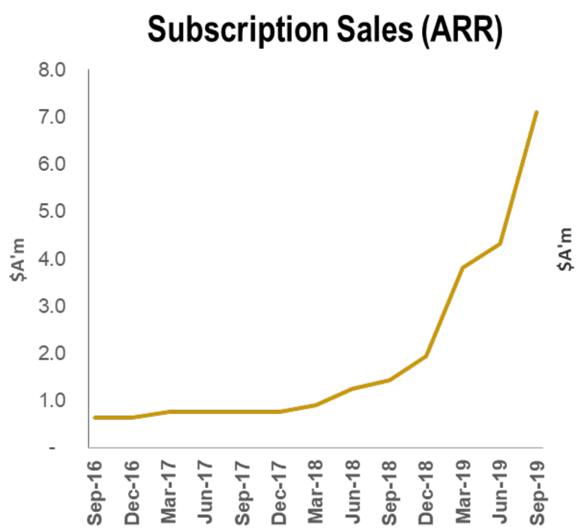
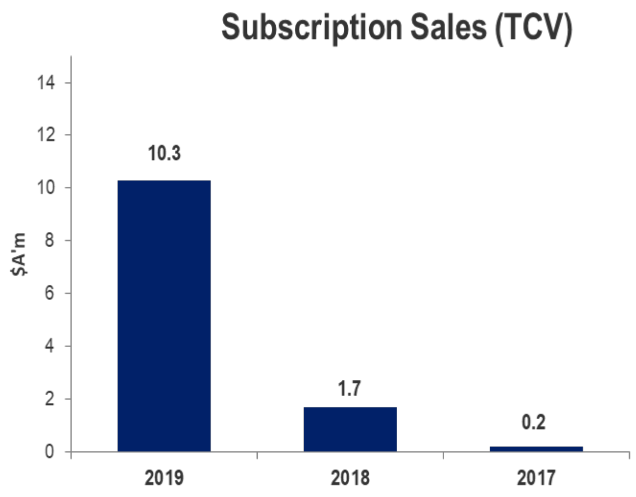
SOFTWARE DIVISION

- The software division incurred restructuring/redundancy costs of $0.9m after changing sales management in two of its four sales regions in January 2019.
- The Company has added front line sales staff, both sales representatives and product experts.
- The growth in software sales has necessitated that the Company hire new consultants to keep up with implementation demand.
- The annual Research and Development (R&D) expense run rate at the start of the year was $14.4m and at the end of the year it was $13.1m.
- Having just completed a number of large development programmes management expect to see the Company's R&D spend continue to decrease over the next one to two years to levels more consistent with industry norms.
- The Company welcomed 15 new software customers during the year.

A$'m	2019	2018	$ Var	% Var
Subscriptions	2.4	0.8	*1.6*	*200%*
Perpetual licences	12.1	13.6	*(1.5)*	*(11)%*
Maintenance	21.8	19.6	*2.2*	*11%*
Consulting	12.5	10.7	*1.8*	*17%*
Software Revenue	**48.8**	**44.7**	**4.1**	***9%***
Direct Expenses	(1.7)	(2.4)	0.7	*(29)%*
Net Revenue	**47.1**	**42.3**	**4.8**	***11%***
Operating Expenses	(24.7)	(20.9)	(3.8)	*18%*
Gross Contribution	**22.4**	**21.4**	**1.0**	***5%***
Software Development	(13.7)	(14.0)	0.3	*(2)%*
Contribution	**8.7**	**7.4**	**1.3**	***18%***





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SOFTWARE OPERATIONAL HIGHLIGHTS

- The software development team completed the following significant development programmes late in the year:
  - Underground Coal was released, which is the 10th XPAC Scheduling product brought to market over the last seven years. License revenue from scheduling products in FY2019 increased 77% year on year.
  - The release of XERAS Enterprise 3 marked the completion of a six year work program that included rebuilding the entire underlying architecture of the product.
  - Development of the Enterprise Planning Framework (EPF) was also finalised. New adaptors will be added (on a case by case basis) when customers require integration to other software products.
- XECUTE our new short-term scheduling product had a terrific fourteen months with six new customers acquiring licenses.
- During the year we successfully deployed our new AMT to SAP adaptors across three significant global companies.
- The Company's equipment simulation product (SIMULATE) is now used by three of the four large mining industry OEMs.
- Development has started on our new Intelligent Design product. Version 1 is expected to be released before the end of the calendar year.
- In FY2019 we released 28 major software upgrades and 43 major functional upgrades.

FY2019 NEW PRODUCT ADOPTION - SCHEDULING

OPMS XPAC SOLUTIONS
NEWMONT
OCEANAGOLD
ERA
FIRST QUANTUM MINERALS LTD.
Cobre Panamá
20 MULE TEAM BORAX
YAMANAGOLD

XECUTE
exxaro
OCEANAGOLD
KUMBA IRON ORE

SMS XPAC SOLUTIONS
eramet
GAC UNE FILIALE D' EGA

UGCS XPAC SOLUTIONS
Yanzhou Coal Mining Company Limited
universal coal plc

UGMS XPAC SOLUTIONS
GLENCORE

OSS XPAC SOLUTIONS
Syncrude
SUNCOR

OCCS XPAC SOLUTIONS
universal coal plc
exxaro

SDCS XPAC SOLUTIONS
ITM
Teck

FY2019 NEW PRODUCT ADOPTION

XERAS ENTERPRISE

GAC UNE FILIALE D' EGA
exxaro
COEUR MINING®
GLENCORE
STILLWATER MINING COMPANY
KIBALI GOLD MINE
KGHM POLSKA MIEDŹ
Sumitomo
SOUTH32

HAULSIM

IAMGOLD® CORPORATION
ExxonMobil
YAMANAGOLD
NuevaUnión
YANCOAL 兖煤澳大利亚有限公司
OCEANAGOLD
STILLWATER MINING COMPANY
FOURIER·E
CODELCO
Teck

AMT

Ferreyros CAT
GLENCORE
NEWMONT
NRW Holdings

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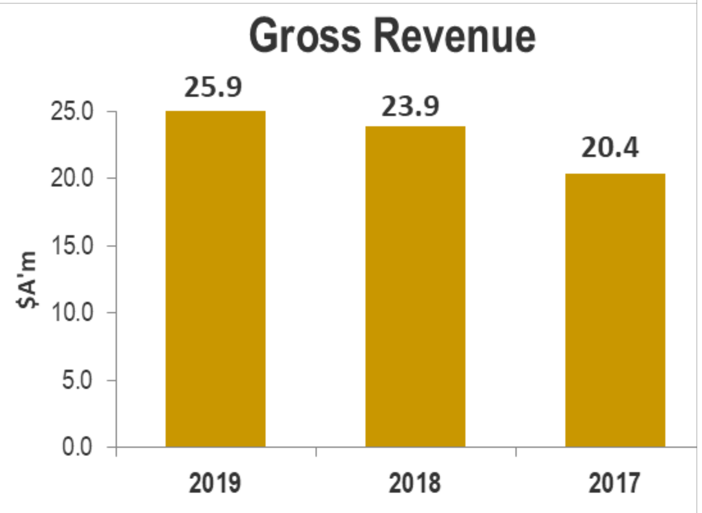
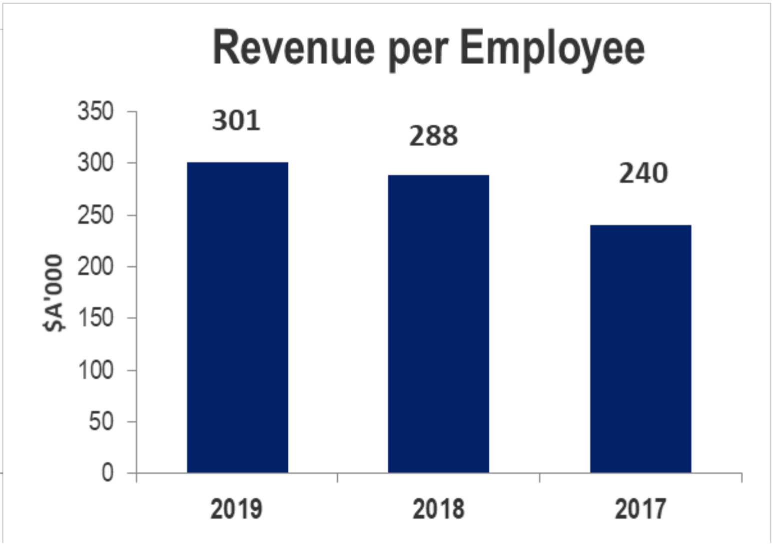
ADVISORY DIVISION

- Annual revenue for the division per employee grew by 5% to $301k.
- The Company has continued to hire Advisory professionals to broaden its domain knowledge and support growth.
- The division is working on a number of large multi-year complex studies which has required the Company to partner with a number of EPC groups which has increased the division’s direct expenses.
- The Advisory team is well placed to benefit from its increased market share and to continue to assist mining companies as they focus on productivity improvements through the use of technology and any associated acquisition and divestiture activity.

A$'m	2019	2018	$ Var	% Var
Advisory Revenue	**25.9**	**23.9**	**2.0**	***8%***
Direct Expenses	(5.2)	(3.8)	(1.4)	*37%*
Net Revenue	**20.7**	**20.1**	**0.6**	***3%***
Operating Expenses	(17.7)	(17.2)	(0.5)	*3%*
Contribution	**3.0**	**2.9**	**0.1**	***3%***





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OUTLOOK

- Volatile commodity prices have to date not dented mining companies' confidence to investigating or developing new sources of resource supply. As a result we believe our Advisory division will continue to perform strongly.
- During the prior twelve months we have seen a real uptick in software subscription sales which we believe will accelerate.
- Miners currently have a laser like focus on their Maintenance costs which has seen enquiries for our Maintenance management software (AMT) lift sharply.
- We are confident that our mobile equipment simulation products (HAULSIM and SIMULATE) will become the de-facto standard for the industry in FY2020.
- RPM's Board and Management remain excited about RPM's software division and in particular from the future potential arising from the fifteen customers who have purchased RPM's new products for the first time during the year. We believe that as these customers become more familiar with the breadth and depth of RPM's software offering and the value that can be extracted through enterprise integration they will look to expand their use across the RPM product suite.
- It feels like we are 1 year through a 2-to-3 year subscription transition which so far has progressed remarkably smoothly.

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