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Business Overview
Passionate about helping service providers adapt and thrive in the emerging cloud economy
Our Channel Value

- Enable
- Build Channel
- Mkting
- Billing & Collections
- Up-sell
- Educate
- Compliance
- Implementation
- Support
- Business Transformation
- Technical expertise
- Trusted Advisor
- Build Channel
- Technical expertise
- Trusted Advisor

Vendors

Customers

rhipe

End-Users

rhipe sells & aggregates cloud focused programs for global software vendors

Telco

Data Centres

SIs

VARs

Enterprise

MSPs

ISVs

SaaS

Hosters

Others

End-Users

Microsoft

Citrix

TrendMicro

Veeam

SkyKick

Zimbra

IBM

LiveTiles

McAfee

Datacore

Others
STRATEGIC OPERATING DIVISIONS

Cloud Licensing
Software sold and implemented by service providers.
Pay based on usage
Licensing
Build and expand on cloud licensing programs. Multi-vendor and multi region.

Cloud Solutions
Professional services and support people to help Service Providers with technical needs
Support
Services and support to position offerings for new licensing programs.

Cloud Operations
Cloud first, digital first marketing transformation to drive demand for channel partners.
Billing, software-asset management & license optimization
Value
Add value with systems & ease of trade for Cloud Service Providers.
1HFY16 Highlights
1H 2016 IN REVIEW

GROWTH

- 44% growth in Revenue - majority recurring subscription income
- Investing in new licensing programs, people and systems
- Launch of Public Cloud Programs. MSFT CSP strong momentum in first 6 months

OPERATIONS

- rhipe solutions now fully integrated into rhipe licensing to form one business unit
- Implemented a new ERP system in 1H (Navision by MSFT)
- Investment in rhipe’s own IP:
  - Partner Portal
  - Billing Systems
1H 2016 FINANCIAL HIGHLIGHTS

Group Revenue

$69.5M
+44% growth PCP

Group Gross Margin

18.7%
Up from 16.3% PCP

Underlying EBITDA

$3.3M
excl. growth investments & abnormals

$2.8M PCP

Licensing Revenue

$65.9M
+38% PCP

SEA Licensing Revenue

$20.4M
+38% PCP

Licensing Gross Margin

14.5%
16.5% PCP

Partner Growth

+17%
1750+ Partners at 31 Dec 15

Investments

New Markets & Programs

$2.6M
$1.2M PCP

Net Assets

$41.0M
$38.4M Net Assets at 30 Jun 2015
# 1H 2016 Financial Results

<table>
<thead>
<tr>
<th></th>
<th>FY15 12 mths to 30 Jun 15</th>
<th>1H 2015 6 mths to 31 Dec 14</th>
<th>2H 2015 6 mths to 30 Jun 15</th>
<th>1H 2016 6 mths to 31 Dec 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($'000)</td>
<td>108,769</td>
<td>48,249</td>
<td>60,520</td>
<td>69,505</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>20,083</td>
<td>7,867</td>
<td>12,216</td>
<td>12,967</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>18.5%</td>
<td>16.3%</td>
<td>20.0%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Underlying EBITDA ex Growth(^{(1)})</td>
<td>4,896</td>
<td>2,805</td>
<td>2,091</td>
<td>3,274</td>
</tr>
<tr>
<td>Underlying EBITDA(^{(1)(2)})</td>
<td>1,222</td>
<td>1,560</td>
<td>(338)</td>
<td>697</td>
</tr>
<tr>
<td>EBITDA Reported</td>
<td>(1,353)</td>
<td>117</td>
<td>(1,470)</td>
<td>(254)</td>
</tr>
<tr>
<td>(Loss)/profit before tax</td>
<td>(1,535)</td>
<td>39</td>
<td>(1,574)</td>
<td>(341)</td>
</tr>
<tr>
<td>Comprehensive Income Reported</td>
<td>(2,255)</td>
<td>(158)</td>
<td>(2,097)</td>
<td>1,577</td>
</tr>
</tbody>
</table>

Refer to Financial Results Section for further information on detailed break down to reported EBITDA.

1. Growth Investment includes gross cost of operations in South East Asia less any Gross margin contribution plus gross cost of the new licensing programs including Microsoft CSP and LSP plus IBM Softlayer.
2. Non cash costs are share based options expensed in the P&L in accordance with accounting standards, and non recurring costs are recruitment costs for the executive and due diligence costs on acquisition projects.
Market Opportunity
rhipe is well-positioned to capture this Cloud opportunity. We have the programs, people and systems today to deliver our Public, Hybrid or “Whole of Cloud” future.

Global Public Cloud Market 2019

USD141.2 Billion

Reference – IDC #US40709515
Global Public Cloud Growth

2019 PUBLIC CLOUD MARKET FORECAST

2014 – 2019 19.4% CAGR

Still 6X Overall IT market growth

USD141.2B Worldwide

USD10.6B APAC (ex Japan)

24.1% CAGR APAC (ex Japan)

IDC – #US40709515 Dec 2015

Microsoft and the Public Cloud

Microsoft Commercial Cloud*

“We continue to advance towards our goals for Fiscal Year 18. Our commercial cloud run rate surpassed $9.4 billion dollars, up over 70 percent year-over-year and almost half way to our goal of $20 billion. We’ve nearly doubled our cloud customers over the last 12 months.”

—Satya Nadella, Microsoft CEO (Earnings Release FY16 Q2)

“This quarter, more than 60 percent of customers with enterprise agreements attached commercial cloud services – up 15 percentage points year over year.”

—Amy Hood, Microsoft CFO (Earnings Release FY16 Q2)

“It’s a little mind boggling. We add 90k new subscriptions/month to Azure. There are 1.5m SQL Databases running on Azure. We service 5bn authentications/week with Azure Active Directory.”

—Brad Anderson, Corp VP Enterprise Client & Mobility, Microsoft (Citrix Summit Keynote, Jan 2016)

APAC (ex Japan) Infrastructure focus

Regional Service Model Variations

% Regional Spend

Worldwide 65% 15%

United States 70% 10%

APAC 60% 15%

Japan 35% 20%

CLOUD USAGE MATURING:

Australian orgs using or investigating PaaS for custom s/w deployment

Telsyte, Australian Enterprise Applications Market Study, Oct 15

Microsoft Commercial Cloud: Covers Microsoft’s Public Cloud Assets – currently O365, Azure, CRM Online, EMS
Microsoft’s “Cloud First, Mobile First” strategy is focused on delivering the Cloud revenue target of USD20B by FY18

---

### MSFT Segmentation:
**Commercial Licensing Division**

<table>
<thead>
<tr>
<th>PRODUCT LINE</th>
<th>`13</th>
<th>`14</th>
<th>`15</th>
<th>YOY GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windows Enterprise</td>
<td>3,250</td>
<td>3,608</td>
<td>3,675</td>
<td>1.9%</td>
</tr>
<tr>
<td>Server &amp; Tools</td>
<td>15,105</td>
<td>16,850</td>
<td>18,209</td>
<td>8.1%</td>
</tr>
<tr>
<td>Skype</td>
<td>1,354</td>
<td>591</td>
<td>1,004</td>
<td>70%</td>
</tr>
<tr>
<td>Office Business</td>
<td>19,977</td>
<td>21,037</td>
<td>18,206</td>
<td>(13.5%)</td>
</tr>
<tr>
<td>Commercial Licensing</td>
<td>39,686</td>
<td>42,085</td>
<td>41,094</td>
<td>(2.4%)</td>
</tr>
<tr>
<td>Enterprise Services</td>
<td>4,222</td>
<td>4,606</td>
<td>5,042</td>
<td>9.5%</td>
</tr>
<tr>
<td>Azure</td>
<td>290</td>
<td>431</td>
<td>666</td>
<td>54.3%</td>
</tr>
<tr>
<td>0365 Pro Dynamics CRM Online</td>
<td>1,148</td>
<td>2,508</td>
<td>5,187</td>
<td>106.8%</td>
</tr>
<tr>
<td>Commercial Other</td>
<td>5,660</td>
<td>7,546</td>
<td>10,894</td>
<td>44.4%</td>
</tr>
</tbody>
</table>

---

**“Traditional” licensing**
Majority of revenues still derived from traditional Office and Server products
- Commercial Licensing declined -2.4%

**“Commercial Cloud”**
High-growth experienced in Cloud product lines
- CSP solutions:
  - O365 & CRM Online +106.8%
  - Azure +54.3%
- Commercial Cloud grew 44.4%

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Morgan Stanley forecast Microsoft Cloud products (Office365+CRM+Azure) to represent 30% of revenue by 2018.

Microsoft believe new Cloud licensing will be 1.2x to 1.8x the equivalent traditional non-Cloud licensing revenue.

Significant shift in cloud awareness and adoption

Lack of maturity still creates significant channel opportunity

Source: IDC Cloud MaturityScape, September 2014
Every country is experiencing uplift in Cloud maturity

Lots of upside and opportunity

Source: IDC Oct 2014 #AP250869
APAC CLOUD GROWTH

2019 IoT MARKET FORECAST

2014 – 2019 17% CAGR

USD1.3tn Worldwide

USD618.5bn 47.4% share

APAC (ex Japan)

2020 – APAC 2bn mobile first internet users

2020 – 50% AP trans authorised biometrically (20% WW)

2018 - 48% (65% WW) IT assets offsite

2017 – 65% (80% WW) Ent. IT orgs commit to Hybrid cloud architectures

2019


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Growth Update
95% of all revenue is subscription based licensing revenue.

44% Revenue Growth PCP
$137M Licensing ARR 12 Months at 31 Dec 15

18.7% Group Gross Margin

For personal use only
+40% Growth in Revenue continues

- 1H 2014 $33.3M
- 2H 2014 $41.2M
- 1H 2015 $48.2M +45% PCP
- 2H 2015 $60.5M +47% PCP
- 1H2016 69.6M +44% PCP

Cumulative partner agreements in SEA

- Thailand APR 2013
- Malaysia FEB 2014
- Philippines SEP 2013
- Singapore SINCE 2012
- Indonesia JUL 2014

Average historic 1H Revenue represents approximately 45% of full year
rhipe’s combined Cloud business continues to grow in all countries with a solid start in 1H FY16

Program Launches

Australia
Launched July 1 2015

South East Asia
SG, ML & TH Launched Oct 2015
PH Launched Nov 2015
rhipe exceeds 20K seats in 6 months

MSFT CSP Key Stats

CSP Seats

| Month | 
|-------|---|
| Jul   | 0 |
| Aug   | 5000 |
| Sep   | 10000 |
| Oct   | 15000 |
| Nov   | 20000 |
| Dec   | 20106 |
| Jan   | |
| Feb   | |

Ave revenue per seat: $13*

2T Competitive Ranking

Asia Ranked #1
Global by Company #7
Global by Territory #11

AU since 1 July 2015
SEA launched Oct 2015
Launched Q2 FY16
Launched Feb 16’ (50+ partners recruited 1st month)

rhipe’s combined Cloud business continues to grow in all countries with a solid start in 1H FY16

*Includes licence software sold as part of rhipe CSP bundles
Business Opportunity

- Public IaaS market1
  - WW $27.7B CAGR 27.0%
  - APEJ $ 5.6B CAGR 30.5%
- Hosted Private Cloud2
  - WW $40.6B CAGR 35.4%
  - APEJ $ 8.3B CAGR 38.1%
- Margins similar to other rhipe licensing programs

1. IDC #US40709515 Dec 2015
2. IDC #259066, Sept 2015

Launch & Investment

- Internal enablement and pilot-partner program across Q2 FY16
- 200 partners identified and in pre-launch pipeline
- Public launch Feb 2016, via digital: rhipe.com, rhipe Intelligence series & search engine marketing
- Thought leadership and demand generation via ARN Roundtable and rhipe’s APAC-wide Cloud Channel Summit

Offering Overview

- Wholesale of bare metal & virtualised servers in APAC creating Private & public cloud capability
- Unique global network with unmetered data complementary to current rhipe subscription programs
- Good, Better, Best offerings delivering Data Centre-as-a-service SKUs for partners
**RHIPE’S DIGITAL & SOCIAL MARKETING PLAN**

**Breadth & Net New Partners**

- **Rhipe partner newsletter/blog**
  - Conversational & easy to digest
  - “Sectioned” into bite-sized content
    - Vendor news/updates
    - Rhipe news/updates
    - Insights/Industry news
    - Communicated through social media updates as well as email

**Webinar Series**

- Rhipe INTELLIGENCE Webinars
  - Weekly webinars – calendar published in advance
  - Lead by Rhipe Strategy team
  - Interactive “chat” with participants
  - Solution lead topics covering latest innovation within Cloud industry

**Partner Events**

- Cloud Channel Summit
  - Face-to-face forum for enablement and networking
  - Industry leading cloud technology roadshow
  - Expert keynote speaker and solution focused break out sessions.
  - “CSP Lounge!”

**Managed partners**
Detailed Financial Results
## Detailed financial results P&L

<table>
<thead>
<tr>
<th>Revenue ($’000)</th>
<th>1H FY14</th>
<th>2H FY14</th>
<th>1H FY15</th>
<th>2H FY15</th>
<th>1H FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>33,318</td>
<td>41,230</td>
<td>48,249</td>
<td>60,520</td>
<td>69,505</td>
</tr>
<tr>
<td>Includes Solutions revenue(1)</td>
<td>-</td>
<td>-</td>
<td>458</td>
<td>3,259</td>
<td>3,642</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>5,308</td>
<td>6,683</td>
<td>7,867</td>
<td>12,216</td>
<td>12,967</td>
</tr>
<tr>
<td>Licensing Gross Margin</td>
<td>5,308</td>
<td>6,683</td>
<td>7,867</td>
<td>8,585</td>
<td>9,574</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>15.9%</td>
<td>16.2%</td>
<td>16.3%</td>
<td>20.2%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Licensing Gross Margin</td>
<td>15.9%</td>
<td>16.2%</td>
<td>16.3%</td>
<td>15.0%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Underlying EBITDA ex Growth(2)</td>
<td>1,136</td>
<td>2,196</td>
<td>2,805</td>
<td>2,091</td>
<td>3,274</td>
</tr>
<tr>
<td>Investment in South East Asia</td>
<td>659</td>
<td>841</td>
<td>996</td>
<td>1,463</td>
<td>1,214</td>
</tr>
<tr>
<td>Investment in New Programs (CSP, IBM, LSP)</td>
<td>-</td>
<td>-</td>
<td>249</td>
<td>966</td>
<td>1,363</td>
</tr>
<tr>
<td>Underlying EBITDA(2) (3)</td>
<td>477</td>
<td>1,355</td>
<td>1,560</td>
<td>(338)</td>
<td>697</td>
</tr>
<tr>
<td>Non cash share options expense (2)</td>
<td>-</td>
<td>310</td>
<td>856</td>
<td>931</td>
<td>569</td>
</tr>
<tr>
<td>Non recurring costs</td>
<td>-</td>
<td>54</td>
<td>587</td>
<td>201</td>
<td>382</td>
</tr>
<tr>
<td>Reported EBITDA</td>
<td>477</td>
<td>991</td>
<td>117</td>
<td>(1,470)</td>
<td>(254)</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>67</td>
</tr>
<tr>
<td>Depreciation</td>
<td>38</td>
<td>60</td>
<td>78</td>
<td>104</td>
<td>154</td>
</tr>
<tr>
<td>EBIT Reported</td>
<td>439</td>
<td>931</td>
<td>39</td>
<td>(1,574)</td>
<td>(341)</td>
</tr>
<tr>
<td>Tax Expense</td>
<td>(150)</td>
<td>(336)</td>
<td>(356)</td>
<td>(430)</td>
<td>(431)</td>
</tr>
<tr>
<td>Comprehensive Reported Income</td>
<td>248</td>
<td>585</td>
<td>(158)</td>
<td>(2,097)</td>
<td>1,577</td>
</tr>
</tbody>
</table>

1. 1HFY15 only 15 days of Solutions Revenue
2. Growth Investment includes gross cost of operations in South East Asia less any Gross margin contribution plus gross cost of the new licensing programs including Microsoft CSP and LSP plus IBM Softlayer.
3. Non cash costs are share based options expensed in the P&L in accordance with accounting standards, and non recurring costs are recruitment costs for the executive and due diligence costs on acquisition projects.
## 1H 2016 BALANCE SHEET & WORKING CAPITAL

### Balance Sheet $’M

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 15</th>
<th>30 Jun 15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>6.8</td>
<td>12.4</td>
<td>(5.6)</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>31.6</td>
<td>27.3</td>
<td>+4.3</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>3.6</td>
<td>3.6</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>42.0</strong></td>
<td><strong>43.3</strong></td>
<td>(1.3)</td>
</tr>
<tr>
<td>Investments - LVT</td>
<td>5.8</td>
<td>2.5</td>
<td>+3.3</td>
</tr>
<tr>
<td>Goodwill</td>
<td>20.3</td>
<td>23.1</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Other</td>
<td>1.7</td>
<td>1.3</td>
<td>+0.4</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>69.8</strong></td>
<td><strong>70.2</strong></td>
<td>(0.4)</td>
</tr>
<tr>
<td>Trade Payables</td>
<td>22.7</td>
<td>23.9</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>4.6</td>
<td>7.3</td>
<td>(2.7)</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>27.3</strong></td>
<td><strong>31.2</strong></td>
<td>(3.9)</td>
</tr>
<tr>
<td>Other Non Current Liabilities</td>
<td>1.5</td>
<td>0.6</td>
<td>+0.9</td>
</tr>
<tr>
<td>Debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>28.8</strong></td>
<td><strong>31.8</strong></td>
<td>(3.0)</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>41.0</strong></td>
<td><strong>38.5</strong></td>
<td>+2.5</td>
</tr>
</tbody>
</table>

### Cashflow $’M

- **Loss after tax reported**: (0.8) M
- Add back:
  - Non cash share options expense: 0.6 M
  - Non cash Mining Camp disposed of: 0.1 M
  - Depreciation: 0.2 M
- **Trading Cashflow reported**: 0.1 M
- Changes in Working Capital:
  - Less:
    - Trade receivables increase: 4.3 M
    - Trade payables decrease: 1.2 M
  - Other net Balance Sheet movements: (0.2) M
- Change in cash on hand: (5.6) M

### Commentary

- Positive cash generated from trading despite significant new investment of circa $2.6m
- New ERP System installed to capture benefits targeted in working capital improvements
- Working Capital timing improvements in Jan and Feb 16 already +$2.8M

rhipe has no debt liabilities
2HFY16 Outlook
Reconfirming Guidance

Revenue
• Target 40% growth

Gross Licensing Margin
• Target 14-16%

Investment
• People, Systems and Marketing
• Microsoft 2-Tier CSP & LSP
• Wholesale IBM Cloud

Microsoft CSP
• Will include Azure & CRM Online
• Expansion to Philippines and possibly Indonesia

IBM Cloud
• Wholesale SoftLayer services across APAC (India and Korea based on performance)

Other
• vCloud Air Network AU, NZ
• Ongoing vendor opportunities

Vendor & Geographic

Intellectual Property
• Packaging IP solutions
• LiveTiles industry solutions

rhipe Support
• White label help desk
• Services as a Service

Marketing
• Digital marketing automation
• Social media campaigns
• Marketing as a Service

Operational