FY20 Financial Performance

- Solid H2 result in the face of COVID-19
- Increased client focus on “digitisation” driving wins
- Strong cash generation
- Strong balance sheet in place

- Revenue
  $127m
  Down 10%; H2 result relatively flat despite COVID-19

- Underlying EBITDA
  $15.4m
  Down 8%; H2 up 29% on H1

- Cash Conversion
  150+%  

- Capital Management
  2.50cps Final Dividend
  DRP introduced

- Digital Services Growing
  Digital now represents ~90% of revenue

Note: All references above refer to continuing operations
FY20 Operational Comments

Digital Services continues to grow:
Northern region performed well; recovery in Southern Region was slowed down by advent of COVID-19
- Northern region performance has been strong and in line with expectations – ongoing digital project wins validates our strategy
- Southern region was impacted in H1 as previously disclosed
- We did see improvement early in H2 for the Southern region, however the advent of COVID-19 did result in a slowing of sales conversion
- Digital Services now accounts for ~90% of overall group revenue

Digital Marketing Services regaining momentum
- Marketing Services experienced a soft H1, pleasingly however March onwards saw momentum build
- Investments in Digital Marketing Services has positioned RXP well in the current environment and is helping to build overall RXP group pipeline

Financial Outcomes:
After a challenging H1, H2 delivered an improved set of financials, setting a sound base to move forward from
- Strong cash conversion of 150+%  
- Final fully franked dividend of 2.50cps, dividend reinvestment plan (DRP) announced, fully underwritten
- No further impairment - non-cash impairment of $7.5m to goodwill taken in H1
- Relatively flat revenue in H2, with underlying EBITDA up 29% on H1, despite the advent of COVID-19
- RXP is well positioned
  - With a strong balance sheet, there is a solid financial foundation in place
  - We have the people and end-to-end capabilities to assist our clients’ desire to accelerate on their digital transformation journey
  - We have the flexibility to invest in value accretive growth opportunities
**FY20** Net Leverage Ratio and Net Debt highlight strong balance sheet

- **Net leverage ratio (pre AASB 16)** – 0.33 times
- **Adjusted net leverage ratio (pre AASB 16)** – 0.58 times

**Net Debt of $4m**
- Borrowings drawn-down $19m
- Available undrawn borrowings $6m

**Reduced Net Debt and reduced Net leverage Ratio supported by:**
- Strong operating cashflows
- Tight cash management with reduced operational expenditure during COVID-19
- Advanced receipts of $2.9m for future services to be provided

**Notes:**
- Figures are based on Statutory EBITDA – excluding AASB 16 Lease
- 2018 figures are based on 2018 Statutory EBITDA excluding deferred consideration revaluation of $2m
- Net Debt includes borrowings and deferred consideration minus cash
- Adjusted Net Debt excludes $2.9m advanced receipts
Managing COVID-19

- Despite the COVID-19 challenges that have arisen, the RXP team have been quick to adapt.
- The “COVID-19 Managing Through, To and Beyond” framework put in place has provided the team with the structure necessary to operationally manage the business and support our clients through these challenging times.
- We have made sure that there has been a focus on the short, medium and long term when it comes to:
  - safety and wellbeing of our people
  - the health of our business
  - the value we can create for our clients
- As client focus grows in terms of improving the digital experience they provide, our 3Es (Expression, Experience, Enablement) set of capabilities underpins RXP’s position as their partner of choice.

How do we deal with immediate challenges to make the best decisions for here and now and communicate clearly?

How do we balance tactical and strategic decisions to arrive at a satisfactory FY20 end goal?

How do we ensure we have a medium to longer term view around how RXP will thrive?
Review of FY20 Financials

1. Profit & Loss
2. Balance Sheet
3. Cash flow
4. Capital Management
Utilisation & “one-offs” impacted earnings

Revenue of $127m*

- Digital Services has grown another ~5% and now represents ~90% of the RXP group revenue

Underlying EBITDA of $15.4m*

- Strong H2 of $8.6m considering the COVID-19 environment

Underlying Adjustments – one-off impacts

- Client enforced leave in H1 - $615k
- Client rebate for 2017 reassessed and paid in H1 - $449k
- FY19 KMP bonus paid in Sept 19 in H1 - $284k
- Borrowing costs - $125K

Discontinued Operations – Hong Kong

- Final stages of sale discussions ceased due to COVID-19
- Decision made to abandon operations given COVID-19, current political environment and business confidence in region
- EBITDA loss of $0.9m, including redundancies

Non-cash impairment of $7.5m to goodwill announced in H1

- The Board took a conservative approach in H1 and impaired goodwill by $7.5m given the poor first half result
- No further impairment at year end

---

### FY20 reconciliation

<table>
<thead>
<tr>
<th>($’000)</th>
<th>Pre AASB 16 FY20</th>
<th>AASB 16 FY20 Impact</th>
<th>Statutory FY20</th>
<th>Statutory FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>126,771</td>
<td>126,771</td>
<td>141,144</td>
<td></td>
</tr>
<tr>
<td>Underlying EBITDA</td>
<td>15,360</td>
<td>15,360</td>
<td>16,733</td>
<td></td>
</tr>
<tr>
<td>Underlying EBITDA margin</td>
<td>12.1%</td>
<td>12.1%</td>
<td>11.9%</td>
<td></td>
</tr>
<tr>
<td>- Client Enforced Mandatory Leave</td>
<td>(615)</td>
<td>(615)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>- Investment in Works Melbourne &amp; HCD</td>
<td>(819)</td>
<td>(819)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>- Redundancy expense</td>
<td>(995)</td>
<td>(995)</td>
<td>(925)</td>
<td></td>
</tr>
<tr>
<td>- Provision for Doubtful Debts</td>
<td>(245)</td>
<td>(245)</td>
<td>(1,232)</td>
<td></td>
</tr>
<tr>
<td>- Other adjustments*</td>
<td>(858)</td>
<td>(858)</td>
<td>(207)</td>
<td></td>
</tr>
<tr>
<td>- Deferred consideration revaluation</td>
<td>-</td>
<td>-</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>- AASB 16 Leases EBITDA Impact</td>
<td>-</td>
<td>2,185</td>
<td>2,185</td>
<td>-</td>
</tr>
</tbody>
</table>

**EBITDA**

11,828

**EBITDA margin (%)**

9.3%  11.1%  11.6%

Depreciation & Amortisation

(1,333)  (2,197)  (3,530)  (1,298)

Impairment of Goodwill

(7,500)  (7,500)  (10,800)  

Net Interest

(627)  (304)  (931)  (814)

**Profit Before Tax**

2,368  (316)  2,052  3,457

**Income Tax**

(2,994)  (108)  (3,102)  (3,698)

**Profit / (Loss) from continuing operations**

(626)  (424)  (1,050)  (241)

**Profit / (Loss) from discontinued operations**

(897)  (897)  (1,112)  

**Profit / (Loss) for the year**

(1,523)  (424)  (1,947)  (1,353)

**Reported EPS (cents) excluding impairment**

3.71  0.26  3.45  5.86

*Other adjustments include $449k client rebate for 2017 reassessed and paid, $284k KMP bonus approved and paid in Sept 19 not recognised in FY19 financial statements, and $125K borrowing costs.

* AASB 16 Impact: From FY20 lease expenses removed from occupancy costs and replaced with depreciation of leased assets and interest on lease liabilities over the relevant lease term.
Balance Sheet flexibility

Liquidity

• Strong position with $15.0m in cash and net debt of $4.0m
• Receivables and accrued income at $22m, lower due to strong collections, and timing of milestone payments

Leased Assets

• AASB 16 impact – net liability highlighted in balance sheet $1m

Borrowings & Deferred Liabilities

• Finalised the roll-over of the current $25m interest-only general facility, on similar terms, for a further three year term to March 2023
• Total funds drawn of $19m

Group’s balance sheet is expected to remain strong and RXP remains well-positioned to take advantage of Digital Disruption/transformation

### FY20 reconciliation

<table>
<thead>
<tr>
<th>($'000)</th>
<th>Pre AASB 16 FY20</th>
<th>AASB 16 Impact</th>
<th>Statutory FY20</th>
<th>Statutory FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>15,048</td>
<td>15,048</td>
<td>11,712</td>
<td></td>
</tr>
<tr>
<td>Receivables &amp; Accrued Income</td>
<td>21,968</td>
<td>21,968</td>
<td>38,038</td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>1,920</td>
<td>1,920</td>
<td>2,092</td>
<td></td>
</tr>
<tr>
<td>Leased Assets</td>
<td>-</td>
<td>5,768</td>
<td>5,768</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td>1,992</td>
<td>(100)</td>
<td>1,892</td>
<td>2,796</td>
</tr>
<tr>
<td>Intangibles</td>
<td>102,494</td>
<td>102,494</td>
<td>108,533</td>
<td></td>
</tr>
<tr>
<td>Current assets held for sale</td>
<td>-</td>
<td>-</td>
<td>1,364</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1,542</td>
<td>1,542</td>
<td>1,422</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>144,964</td>
<td>5,668</td>
<td>150,632</td>
<td>165,957</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other Payables</td>
<td>15,923</td>
<td>9</td>
<td>15,932</td>
<td>26,170</td>
</tr>
<tr>
<td>Borrowings</td>
<td>19,000</td>
<td>19,000</td>
<td>22,000</td>
<td></td>
</tr>
<tr>
<td>Lease Liabilities</td>
<td>677</td>
<td>6,083</td>
<td>6,760</td>
<td>-</td>
</tr>
<tr>
<td>Current liabilities held for sale</td>
<td>-</td>
<td>-</td>
<td>1,116</td>
<td></td>
</tr>
<tr>
<td>Accrued Staff Provisions</td>
<td>4,689</td>
<td>4,689</td>
<td>4,100</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>40,289</td>
<td>6,092</td>
<td>46,381</td>
<td>53,386</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>104,675</td>
<td>(424)</td>
<td>104,251</td>
<td>112,571</td>
</tr>
<tr>
<td>Contributed Equity</td>
<td>93,621</td>
<td>93,621</td>
<td>93,621</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>281</td>
<td>281</td>
<td>210</td>
<td></td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>10,773</td>
<td>(424)</td>
<td>10,349</td>
<td>18,740</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>104,675</td>
<td>(424)</td>
<td>104,251</td>
<td>112,571</td>
</tr>
</tbody>
</table>

* AASB 16 Impact: Note that while AASB 16 impacts line items on the balance sheet, it has no impact on net cashflows, debt covenants or shareholders equity.
Strong cash conversion

Operating Cash Flow of $21.9m
- Represents 156% of EBITDA, adjusted 141% of EBITDA
- Forecasting 85%+ cash conversion for FY21
- $2.9m payments received in advance of services

Investing Cash Outflows of $2.6m
- New internal ERP software platform to replace existing legacy systems (time recording, reporting, people management systems) $2.1m
- PPE - $0.5m

Financing Cash Outflows of $11.5m
- $2.0m for operating leases per AASB 16
- $6.4m paid in dividends
- $3.0m repayment of loan facility

<table>
<thead>
<tr>
<th>Key cash flow Items ($’000)</th>
<th>Pre AASB 16 Adjusted FY20</th>
<th>Advanced Receipts</th>
<th>AASB 16 Impact</th>
<th>Statutory FY20</th>
<th>Statutory FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing Operations (before interest and tax)</td>
<td>16,648</td>
<td>2,882</td>
<td>2,338</td>
<td>21,868</td>
<td>13,643</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(2,977)</td>
<td>(2,977)</td>
<td>(931)</td>
<td>(814)</td>
<td></td>
</tr>
<tr>
<td>Net interest</td>
<td>(627)</td>
<td>(304)</td>
<td>(317)</td>
<td>(814)</td>
<td></td>
</tr>
<tr>
<td>Discontinued operations net cashflows</td>
<td>(524)</td>
<td>(524)</td>
<td>(1,157)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From operations</td>
<td>12,520</td>
<td>2,882</td>
<td>2,034</td>
<td>17,436</td>
<td>8,859</td>
</tr>
<tr>
<td>From investments</td>
<td>(2,622)</td>
<td>(2,622)</td>
<td>(14,117)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From financing</td>
<td>(9,444)</td>
<td>(2,034)</td>
<td>(11,478)</td>
<td>2,959</td>
<td></td>
</tr>
<tr>
<td>Net cash flows</td>
<td>454</td>
<td>3,336</td>
<td>(2,299)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing cash balance</td>
<td>15,048</td>
<td>15,048</td>
<td>11,712</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing Operations as % of EBITDA (before interest and tax)</td>
<td>141%</td>
<td>156%</td>
<td>95%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: AASB 16 Impact: Reclassification of cashflows between operating and financing activities.
Capital Management

Dividend Pay-Out
- Reflecting the balance sheet, debt profile and active capital management, the Board has declared a final dividend of 2.50cps fully franked payable 9 October 2020

Dividend Reinvestment Plan (DRP)
- DRP announced, fully underwritten
- Shareholders to elect to utilise for all or part of their final dividend
- Provides the ability to preserve cash for future growth opportunities

Improved Net Debt / EBITDA ratio
- Net Debt / EBITDA ratio 0.33 times
- Adjusted Net Debt^ / EBITDA ratio 0.58 times

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim Dividend</td>
<td>1.00cps</td>
<td>1.75cps</td>
</tr>
<tr>
<td>Final Dividend</td>
<td>2.50cps</td>
<td>2.50cps</td>
</tr>
<tr>
<td>Special Dividend</td>
<td>-</td>
<td>0.50cps</td>
</tr>
<tr>
<td>Total Dividend</td>
<td>3.50cps</td>
<td>4.75cps</td>
</tr>
<tr>
<td>Payout Ratio on NPAT *</td>
<td>102%</td>
<td>72%</td>
</tr>
<tr>
<td>Record Date</td>
<td>18-Sep-20</td>
<td>13 Sept 19</td>
</tr>
<tr>
<td>Expected Payment Date</td>
<td>9-Oct-20</td>
<td>3-Oct-19</td>
</tr>
</tbody>
</table>

* excludes impairment impact

* Adjusted Net Debt excludes $2.9m advanced receipts
FY20 Operational Review

1. Good growth in Sydney and Canberra
2. Softness in Melbourne Region
3. Regaining momentum in digital marketing services
4. Digital Services now represents ~90% of RXP group revenue
5. Significant wins throughout the year
The journey has seen us refine our services offerings over time, repositioning the group to take advantage of the digital economy and best meet the needs of our clients as a digital transformation partner.

The Group is well-positioned for growth over the long term and to deliver improved shareholder returns.
Sydney and Canberra delivering growth

Solid growth achieved in Sydney and Canberra despite COVID-19, leveraging our end-to-end capability set and business model (3Es – Expression, Experience Enablement)

- These regions delivered in line with expectations, despite impacts of COVID-19
- Several significant wins across Government and Industry verticals
- With a solid pipeline, we anticipate strong results to continue

Our end-to-end capabilities continues to position us well in the digital market-place – results in these regions reinforce this fact
Softness in Melbourne Region

Following H1 underperformance, momentum began to build in H2 prior to impact of COVID-19

- As previously disclosed, H1 was significantly impacted by:
  - Deferral of a significant government project impacted utilisation in H1 (we held onto people in anticipation of starting)
    - This project has re-surfaced in Q1 FY21
  - A key client implemented a “10 days mandatory leave” initiative in H1 FY20 also impacting utilisation
    - One-off in nature and has not occurred again

- Sales pipeline in Melbourne began to build in early H2 (as a result of the structural changes made), prior to COVID-19 impact
  - Jared Hill appointed to the key role Group Executive – Southern Region, with improved results coming through
  - COVID-19 slowed conversion of opportunities as key clients took time to revisit their priorities
  - Momentum and pipeline slowly building back up as businesses reset their priorities, recognising the need to drive improvement in digital experiences and leverage technology

Tight alignment of resourcing to business wins has resulted in improved H2 FY20 utilisation (back up to >86%)
Digital Marketing Services regaining momentum

Momentum building again in Digital Marketing Services

- Slower than expected growth in H1 meant that we consolidated Digital Marketing Services into NSW
  - Timing proved to be wrong for building out Melbourne based team given general slow-down in marketing services across the market
  - This was exacerbated by the loss of Kaufland (who pulled out of the Australian market)
- We are seeing momentum build back up in Digital Marketing Services leveraging our Sydney based team, despite the COVID-19 pandemic
  - Good wins with the likes of Destination NSW, Aware Super, Goodman Fielder, and Containers for Change
- We remain committed to enhancing and leveraging our capabilities in this evolving and growing segment

Solid pipeline building which provides confidence as we look forward
Digital Services now ~90% of revenue

Digital Services has grown another ~5% and now represents ~90% of the RXP group revenue

- Digital Transformation has taken on greater urgency in the later part of FY20 due to COVID-19
- Our ability to consult across a broad value chain has proven advantageous
- The importance for businesses to improve the digital experience they provide is growing
- Our focus on the 3E's (Expression, Experience, Enablement) has provided the opportunity to have conversations with clients at multiple points in their business
  - Helping our clients deal with complexity and transformational change
  - This has been key to us winning client work

RXP remains very well placed to take advantage of the current environment focusing on true digital transformation
Significant wins throughout the year

We have had many wins across the year, coming from both existing and new clients

- We have maintained our existing set of clients whilst at the same time adding new ones
- Wins across the year included Workplace Gender Equality Agency, Dept. Planning, Industry & Environment, Coliban Water, NSW Police, Betfair, National Vocational Education & Training, ServiceNSW, Budget, Destination NSW, Aware Super, Goodman Fielder
- Our wins continue to enhance our reputation in the market for excellence in delivery – success breeds success

We finished the year off in a solid position despite the impacts of COVID-19 and exited FY20 with a good pipeline of work
Update on operations

Closure of RXPs Hong Kong office / Discontinued operations

• As per our previously disclosed plan, RXP closed its Hong Kong office on 30 June 2020

• The closure was smooth with clients and staff working positively through the transition process

RXP now has offices in Sydney, Canberra, Melbourne and Hobart

• With our lease at Milsons Point coming to an end in October 2020, we will be taking the opportunity to consolidate our Sydney team into our Margaret Street office in the CBD

Investments have been made in further enhancing our operational and management processes, with benefits beginning to come through

• Introduction of a streamlined Program Management Office (with a focus on project delivery excellence and profitability)

• Implementation of the Workday platform (a leading finance, human capital and professional services automation platform) to better manage our people related processes
Looking ahead

1. Harnessing the COVID Catalyst
2. Strategic Framework & Outlook
In a short space of time businesses have seen their view of technology shift from hype to hope.

The importance for businesses to invest in digital is now inarguable - as is the fact clients still need trusted advisors and a reliable partner with whom to execute.

Our partnership strategy with Tier 1 Digital Platform providers continues to be validated.

RXP are well placed overall to take advantage of this increased focus and urgency providing clients with deep specialisation and a true end to end service offering.

Anticipating the needs of our clients, and leveraging our strong balance sheet, our investments in FY21 will be deliberately geared towards value-accrative growth areas and opportunities:

- Commerce
- Martech
- Governance, Risk & Compliance
- Mobile Applications & Cloud
- Enterprise Service Management
- Low Code, No Code environments
- Managed Services – focused on reducing TCO
Looking ahead...

Despite the advent of COVID-19 in H2, we have been able to maintain a solid foundation for the business
• Relatively flat revenue in H2, however EBITDA was up 29% on H1

It’s clear that COVID-19 has driven a greater urgency for digital transformation at the back end of H2
• The importance for businesses to improve the digital experience they provide to people has grown
• Making Happier Humans and pursuing a strategy where we can partner with clients to enable their digital transformation agenda remains our focus

We have maintained momentum into FY21 and look forward with optimism
• July has produced solid results
• Our plan continues to focus on agile decision making given the fluidity of the business environment

OUR VISION: To be Australia’s leading digital services business
OUR PURPOSE: Making Happier Humans

FY21 Objectives
Top & Bottom Line growth | Growth in People Engagement
Growth in client advocacy | Growth in Shareholder value

FY21 Priorities
CULTURE
Build a growth mindset
BRILLIANT BASICS
Make sound financial management a habit
WAYS OF WORKING
Agility and “can do attitude” in the face of change
PARTNERSHIPS
Better Together
SERVICE OFFERING
Differentiate & growth

OUR VALUES: Be Ingenious | Use Your Voice | Show you care