

ANNUAL REPORT 2023

RPMGLOBAL

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RPMGlobal Holdings Limited
ABN 17 010 672 321

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CHAIRMAN'S REPORT

Dear Fellow Shareholders,

Financial Year 2023 ("FY23") was another year dominated by global events and economic challenges (the war in Ukraine, high inflation, rapid interest rate rises, supply chain disruptions, global banking instability etc.) which impacted our staff and customers in one way or another. However, through it all, the company was still able to grow revenue right across the business, including a 50% increase in software subscription license revenue.

During FY23, the company concluded \$70.5 million in new software license sales (herein referred to as Total Contracted Value "TCV") up \$14.2 million (25%) on FY22 TCV sales of \$56.3 million.

As a result of the growth in software TCV sales, at the end of FY23 the company had \$132.2 million in pre-contracted, software licence and maintenance revenue, to be recognised across future years.

With the transition from selling once-off perpetual licenses to subscription licenses complete, the company is now benefiting from the financial leverage that comes from transitioning to recurring revenue. Excluding COVID subsidies received in FY22, Earnings before interest depreciation and amortisation (EBITDA) grew \$8.5 million (243%) in FY23 to \$12.0 million (FY22: \$3.5 million).

Since early 2022, listed Australian technology sector companies have generally traded down, broadly in line with the global technology sector. This has been mostly driven by global inflation, together with a swift and significant increase in interest rates and the implied cost of equity capital. RPM was not immune to this trend. As at 30 June 2023, the company's share price had fallen by just over 10% to \$1.475 since 30 June 2022.

The RPM Board is of the view that the company's share price is currently undervalued and, accordingly, in May 2023 the Board resolved to extend the company's on-market share buyback for a further twelve months. During FY23, the company spent \$7.5 million

acquiring 4,787,993 of its shares on-market, at an average cost of \$1.56 per share.

The company began FY23 with 231,704,960 shares on issue and, as a result of options being exercised and shares being bought back on market, at the end of FY23 the company had 228,022,637 shares on issue.

On 11 July 2023, the company provided an update on software sales and expected EBITDA for FY23, which resulted in an increase in the company's share price to its current trading range of \$1.57 - \$1.65.

During FY23, the company paid the owners of Splashback \$0.8 million, for the Splashback environmental data software business acquired in November 2022, and paid the final \$0.2 million earn-out relating to the Revolution schedule optimisation software business acquired in July 2020.

Splashback specialises in capture, storage, and management of environmental data. Mining organisations have been asking for solutions that simultaneously manage environmental data while providing transparency and auditability for stakeholders and regulatory bodies. RPM's sustainability portfolio ticks those boxes and ensures that the right information is being captured and stored.

There have been no changes in the Board composition during the year. In FY2023 the Board formed a separate ESG and Sustainability (ESG&S) Committee which is chaired by one of our non-executive directors. The ESG&S Committee is tasked with assisting RPM to discharge its obligations and responsibilities with regards to ESG and sustainability matters and overseeing and implementing future disclosures that the company will need to make regarding Climate, ESG and Sustainability related matters into the future.

RPM continues to maintain a strong balance sheet with \$34.8 million of cash in the bank as at 30 June 2023 and no debt.


The Board has again resolved not to pay a dividend this financial year. The company has no franking credits and continuation of the

CHAIRMAN'S REPORT

share buyback is currently considered the most appropriate form of capital management.

I would again like to acknowledge the effort and commitment of our staff, who once again grew both our Advisory and Software businesses.

The Board also thanks its shareholders for their ongoing support. We remain firmly of the opinion that the software investments made by the company will support and grow the business well into the future.

A handwritten signature in black ink, appearing to read 'S. Baldwin', with a horizontal line drawn through the middle of the signature.

Stephen Baldwin

Chairman

MANAGING DIRECTOR'S REPORT

Market Commentary

Most western countries have formed a view that the world is moving from a system of free and fair access to commodities to one likely marked by inter-regional competition, unstable availability, and deglobalisation. This approach is expected to accelerate especially with respect to critical minerals. Most governments have released critical minerals policies aimed at diversifying their supply chain away from China and towards like-minded countries. These policies are driving government backed multigenerational investment into mining and the refining of critical minerals which RPM is supporting through several of its software solutions and service lines.

Electric Vehicle (EV) Original Equipment Manufacturers (OEMs) and Battery Cell Manufacturers are moving back to vertically integrated supply chains to gain greater control, ownership and certainty of supply. In many cases, EV OEMs are investing directly in miners, or entering into offtake agreements with miners, at a project level to secure access and guaranteed supply of the critical minerals necessary to manufacture EVs. These OEM's hold a view that ownership and/or control of the whole vertically integrated supply chain is needed to build EV's that are cost competitive against traditional internal combustion engine vehicles for the mass-market so as to meet the goals of the Paris Accord.

The entry into mining of these OEM's has also seen an increase in the adoption of the Responsible Mineral Exploration and Development (IRMA) Standard. Most suppliers within the OEM supply chain are required to work towards meeting IRMA requirements. The independent auditing aspect of this framework will continue to drive significant ESG service demand. RPM has established a long-term global framework agreement with the world's largest global motor vehicle OEM for Advisory services to support their efforts in this area.

Mergers and Acquisitions (M&A) roared back to life in 2023 with circa \$30 billion of mining deals announced over the past 12 months on the ASX alone. (Source: Refinitiv as at May 2023). This activity was initially focused on the Tier 1 miners (e.g. BHP's takeover of Oz Minerals, Newmont's takeover of Newcrest), but is now starting to once again become the preferred option in an inflationary, staff limited environment to de-risk producing or near production assets to increase reserves, rather than building new projects. There has also been a significant level of coal divestment as well as coal debt recycling activity during the year as traditional miners and financiers exit their coal positions to meet their greenhouse commitments. These activities are driving ongoing demand for our Australian advisory team (both technical and ESG).

ESG is everywhere. It is now the number one consideration on mining CEO's minds as they navigate their companies through climate change and transition to a lower carbon economy. Pretty much everything in mining now has an ESG component. Our entry into mining ESG was well timed. We now have the largest pure play ESG mining advisory business in Australia where we have continued to add ESG staff where available. The ESG division has been a positive addition to the advisory business both in terms of financial results and vitality. Our ability to provide a strong in-house ESG offering is setting us apart from our competitors as we cross sell both advisory and ESG services into many of our lenders and study mandates.

Most major producers in 2021 set Scope 1 and Scope 2 greenhouse gas targets. They are now well into mapping out and executing on their decarbonisation strategies. The pace of the roll out of these strategies has been accelerated by increasing regulatory requirements across many of the large mineral producing countries. Scope 3 is expected to increase in importance in the short to medium term as lenders to the industry are considering mandatory reporting of Scope 3 as part of their financing arrangements.

MANAGING DIRECTOR'S REPORT

During FY23 commodity prices started to return to more historical levels and as such we expect commodity prices to be weaker in FY24 than they have been over the last few years with high volatility expected in battery and critical minerals. This softening of readily traded commodities like iron ore against an inflationary backdrop, has seen Tier 1 miners introduce different forms of travel, third-party services and recruitment bans to help manage their financial margins. Some have gone as far as completing a number of rounds of restructuring thereby releasing professional talent into the market which we have been able to employ. RPM's advisory work is not expected to be materially impacted by this approach as we tend to do less work for the Tier 1's as they typically have their own in-house teams.

Recruitment was a challenge throughout most of FY23 but has started to open up again in the last part of the year across most of our key business verticals allowing us to start to fill long term roles with high calibre talent.

High Level Summary of Financial Results

In FY23 the company reported total revenue and other income of \$98.4 million an increase of 17% (\$14.3 million) over the previous year (\$84.1 million).

Advisory revenue lifted by 18% (\$4.7 million) to \$31.3 million (FY22: \$26.6 million) and software revenue increased by 18% (\$10.1 million) to \$66.1 million (FY2022: \$56.0 million).

In late June the company sold \$23.1 million in software subscription TCV bringing the full year value of software TCV to \$70.5 million a 25% (\$14.2 million) increase over the previous year (FY22: \$56.3 million).

As noted previously, it is important to understand that of the \$70.5 million in software TCV sold in FY23, \$62.7 million of it has not been recognised in the FY23 financial accounts as it will be reported as revenue over

future years, aligned with the committed contract terms with each customer.

At the start of FY24 (1st of July 2023) the company had \$132.2 million in pre-contracted, non-cancellable software revenue from multi-year software deals sold in previous years which will be recognised in future years, an increase of \$29.4 million (29%) over the same time last year (\$103.1 million).

The company starts FY24 with \$55.0 million in annually recurring software revenue (\$48.5 million as at 1 July 2022).

86% of the company's operating costs relate to employee costs which increased by \$2.6 million (4%) in FY23 compared with FY22. Until the last quarter of FY23 there has been a "war for talent" in both the mining and technology industries which has resulted in lifting employee salaries to compete for talent. The full financial impact of these increases will flow through into the FY24 financial accounts.

The company increased its investment in software development by 10%, spending \$18.2 million during the year (up \$1.7 million from the previous year). The increased investment was targeted at supporting the company's movement of software products to the cloud.

Earnings before Interest, Tax, Depreciation, and Amortisation (EBITDA) excluding COVID subsidies increased \$8.5 million year on year to \$12.0 million (FY22: \$3.5 million) and cash inflows from operations for the year were \$12.2 million.

Profit after Tax from continuing operations increased by \$8.3 million year on year to \$3.7 million (FY22: Loss after tax \$4.6 million).

Advisory

FY23 was another strong year for the advisory division as we fully integrated our new ESG and engineering teams into a single entity.

This division increased its capability and market share to become a leading advisor to financiers, off-takers and vehicle OEMs, supporting the development of battery and

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critical minerals projects globally, including for a number of large government-backed projects.

The advisory division grew its lender engineering practice year on year, with significant growth in the Americas, Australia and Africa, where the combination of engineering and ESG capabilities provided a key competitive advantage.

The company continues to expand its ESG service lines with a focus on assisting our mining clients with their decarbonisation and mine closure plans.

Large mining studies in Europe, the Middle East and Asia provided a strong foundation for our mining and geology teams to open opportunities to cross sell the company's software products and advisory services into new markets.

The advisory division improved both its utilisation and realisation rates across all service lines due to improved integration of the team, higher activity in the Americas, and a greater percentage of higher margin engagements.

Software

For the fifth year in a row, in FY23 the company set a new record for software licenses sold.

AMT (the company's asset maintenance solution) is poised to become the mining industries de facto standard for mobile mining equipment maintenance for the Tier 1 and 2 miners and mining OEM's. FY24 will see the company continue to hire software consultants (project managers, implementation experts, etc.) to meet the growing demand for this product.

XECUTE (the company's ultra short-term planning solution) continues to make positive in-roads into the market as the product broadens its solution footprint to satisfy larger mining operations.

ShiftManager (the company's Shift Management solution) was successfully

implemented into a number of key sites in FY23 which will provide important reference points for miners looking to improve their shift management practices.

During FY23 the company welcomed 37 customers who signed up to use the company's new products for the first time. While these customers have purchased software to address a specific need, our expectation is that over time they will purchase and roll out additional products from our integrated suite of solutions.

During the early part of FY23 all but one of our large development projects was completed. This allowed the development team the opportunity to improve the scalability, robustness and integration management of our products, whilst continuing our slow march of moving the heavy data processing logic, which sit inside our products, to the Azure environment enhancing the company's cloud push.

As the size of our software implementations grows there is a need to provide additional scalability to the Tier 1 miners who want to be able to run global operations in a single instance.

FY24 will see a return to new product development with two new software products being released to the market along with several module extensions.

Future Outlook

In each of the last five years the company has set new software sales records and we expect to do so again in FY24.

AMT, XECUTE and ShiftManager are all expected to perform strongly in the year ahead.

The impressive software sales finish to FY23 has laid a strong foundation for the software consulting team in FY24.

We expect to grow our ESG and engineering team globally based on the forward demand we are currently seeing for both ESG and

MANAGING DIRECTOR'S REPORT

financiers work. Leading into FY24 the company has circa six months of pre-contracted advisory work, which includes an increasing percentage of long-term recurring advisory work.

With the heightened activity in the market and our strong positioning in the battery and critical minerals space supporting financiers, we expect another strong year from the Advisory team.

The operating leverage provided from the \$132.2 million in pre contracted software revenue will support EBITDA growth in FY24.

With a strong balance sheet, competitive advisory and software offerings, strong pipelines, and referenceable customers we are excited and optimistic about the year ahead.



Richard Mathews

Managing Director and Chief Executive Officer

DIRECTORS' REPORT

Your Directors present their report on RPMGlobal Holdings Limited (the “Company” or “RPM”) and its subsidiaries (referred to hereafter as the “Group”) for the year ended 30 June 2023.

1. Directors

The Directors of RPMGlobal Holdings Limited at any time during or since the end of the period were:

Non-executive

Stephen Baldwin – Chairman

Angeleen Jenkins

Paul Scurrah

Ross Walker

Executive

Richard Mathews – CEO and Managing Director

2. Principal Activities

The Group’s principal activities during the financial year consisted of:

- a) Software licensing, consulting, implementation and support; and
- b) Technical, advisory and training services.

Other than as set out above, there were no significant changes in the nature of the Group’s principal activities during the financial year.

3. Dividends

No dividends were paid or declared during the financial year (2022: nil).

4. Review and Results of Operations

Total Revenue from continuing operations in the 2023 financial year grew by 17% to \$98.4 million (2022: \$84.1 million) with that increase attributable to strong growth of advisory revenue (18%) and software revenue (18%).

	2023	2022	Change
	\$m	\$m	%
Advisory	31.3	26.6	18%
Software			
- Licence subscriptions	39.3	26.2	50%
- Maintenance and Support	13.7	16.4	-16%
- Consulting	10.2	11.6	-12%
- Perpetual Licence Sales	2.9	1.8	61%
Total Software	66.1	56.0	18%
Other Revenue	1.0	1.5	-33%
Total Revenue	98.4	84.1	17%
Direct Costs	(6.8)	(4.9)	39%
Net Revenue	91.6	79.2	16%

DIRECTORS' REPORT

4. Review and Results of Operations (Continued)

Analysis between IFRS and non-IFRS financial performance items used in the Directors Report is presented below:

	2023	2022	Change
	\$m	\$m	%
Net Revenue	91.6	79.2	16%
Operating Expenses	(79.6)	(74.7)	7%
Underlying EBITDA	15.0	7.0	114%
Management Incentives	(3.0)	(3.5)	(14%)
Depreciation and Amortisation	(5.6)	(5.9)	-5%
Net Finance costs	(0.2)	(0.1)	100%
Profit/(Loss) before income tax	6.2	(1.5)	n/a
Income tax expense	(1.1)	(0.9)	22%
Profit/(Loss) from continuing operations	5.1	(2.4)	n/a
Restructure, Russia and Ukraine write-offs	(1.4)	(1.1)	27%
Prior year tax adjustments and interest	-	(1.1)	n/a
Profit from discontinued operations	-	0.5	n/a
Profit/(Loss) for the period	3.7	(4.1)	n/a
Earnings Per Share from continuing operations (cents per share)	1.6	(2.0)	n/a

¹ Underlying Earnings before Interest, Tax, Depreciation, Amortisation, Management Incentives and significant one-off costs is a non-IFRS disclosure. In the opinion of the Directors, the Group's EBITDA reflects the results generated from ongoing operating activities and is calculated in accordance with AICD/Finsia principles. The non-operating adjustments outlined above are considered to be non-cash and/or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the underlying result. EBITDA has not been audited or reviewed.

From a management viewpoint, RPM monitors software subscription revenue in terms of Total Contracted Value (TCV²) being the total revenue to be received over the committed term of each contract. Whilst only a portion of the TCV is recognised as revenue during the financial year in which the contract is signed, we incentivise our sales team on TCV contracted during the financial year. As such, we often refer to subscription sales during the year in terms of TCV, rather than the amount of subscription revenue that is recognised as revenue during that financial year.

Perpetual licence sales and subscription revenue recognised during the 2023 financial year was \$42.2 million compared to \$28.0 million in the previous year. However, more importantly, total contracted software revenue contracted in the 2023 financial year was \$70.5 million, compared to \$56.3 million in the prior financial year.

Other revenue in the financial year included \$0.7 million from a bad debt recovery from a Ukrainian customer that had previously been unable to pay RPM due to the impacts of the war with Russia (2022: other revenue included US Covid subsidies \$1.0 million).

EBITDA from continuing operations increased by \$7.5 million to \$12.0 million (2022: \$4.5 million).

The Group's profit after tax of \$3.7 million included \$1.0 million in redundancy costs following the restructure of the software sales team in the Americas.

During the year, the Group made payments of \$1.0 million to the owners of two businesses purchased over the last three years. The Company bought back \$7.6 million of its own shares (between 1 July 2022 and 30 June 2023).

As at 30 June the Group had cash reserves of \$34.8 million and no bank debt.

² Total Contracted Value is a non-IFRS disclosure. In the opinion of the Directors, the Group's TCV better reflects software sales generated from ongoing operating activities. TCV has not been audited or reviewed.

DIRECTORS' REPORT

4. Review and Results of Operations (Continued)

Software Division

Software revenue was up 18% on the previous year. Subscription revenue increased by \$13.1 million to \$39.3 million (2022: \$26.2 million) and perpetual licence sales increased by \$1.1 million to \$2.9 million (2022: \$1.8 million). Maintenance revenue reduced by \$2.7 million to \$13.7 million (2022: \$16.4 million) as more customers decided to transition their perpetual licences to subscription licences.

Annual Recurring Revenue (ARR¹) for subscription software licences and support (maintenance) revenue at year end was \$55.0 million (June 2022: \$48.5 million).

Software consulting revenue decreased by \$1.4 million to \$10.2 million (2022: \$11.6 million) as some implementation services were bundled into the software subscription for several customers.

The Group increased its investment in Research and Development by \$1.7 million lifting the total investment in software R&D to \$18.2 million (2022: \$16.5 million). The company expenses its research and development costs.

The Company concluded agreements during the financial year with 37 customers who purchased new software products from RPM for the first time.

Advisory Division

The Advisory division provides independent consulting and advisory services which cover technical and economic analysis and assessment of mining activities and resources on behalf of mining companies, financial institutions, government agencies and suppliers to mining projects. The market for Advisory services is heavily reliant on expansion, development, financing and transacting of mining assets and projects.

Revenue from Advisory services for the year increased by \$4.7 million (18%) to \$31.3 million (2022: \$26.6 million) due to growth in the Metals and ESG divisions.

5. Likely Future Developments - Business Strategies and Prospects for Future Financial Years

We expect our Advisory business to have another strong year in financial year 2024. The new ESG division is performing well and our utilisation of these skills in the wider Advisory business continues to improve as we work with our customers on projects.

With new software products to sell and an uplift in the performance of our largest and highest value products, we are excited about the year ahead. Further, the addition of software consulting capacity has enabled us to manage more software projects simultaneously.

The company has continued to invest significantly on the software products resulting in more complete and richer set of products than last year.

With the transition to subscription sales now complete, the operating leverage provided from the \$132.2 million in pre contracted software revenue provides a solid foundation for financial growth and profitability.

With a strong balance sheet, competitive advisory and software offerings, strong pipelines, and referenceable customers, we are excited and optimistic about the year ahead.

¹ Annual Recurring Revenue is a non-IFRS disclosure. In the opinion of the Directors, the Group's ARR better reflects software subscription revenue from ongoing operating activities. ARR has not been audited or reviewed.

DIRECTORS' REPORT

6. Key risks and risk management

The company has a detailed risk management framework, that assesses the key financial and non-financial risks that have the potential, should they occur, to result in significant consequences to the company. The framework is integrated into the daily management of the business to ensure the oversight and management of business risks. Further details of the risk management framework and processes are detailed in RPM's Corporate Governance Statement. Listed below are relevant key risks for the business identified in the risk management framework:

The company board and management understand the importance of maintaining a sound and practical system of risk oversight, management and the associated internal controls. RPM maintains an Enterprise Risk Management (ERM) Policy which is designed to protect its people, clients and assets including intellectual property and thereby enhancing the value delivered to shareholders. The RPM ERM policy assists to identify, mitigate and manage risks on an enterprise wide basis with the Board reviewing and updating key strategic risks impacting the company annually.

During FY2023 the Board reviewed and updated the key strategic risks managed pursuant to the ERM. The key risks faced by RPMGlobal Holdings Limited, and their associated controls have been established to manage those risks are set out in the following table:

Risk	Nature of Risk	Controls established
Cyber, Privacy Beach and Data Loss	<p>That the group's technology products or infrastructure are compromised to such an extent that the group can no longer operate.</p> <p>That a cyber actor gains control over the group's systems or accesses customer or RPM confidential information and attempts to either extort monies or wrongfully disclose that confidential information or conduct an act of individual identity theft.</p> <p>For privacy, the risk of private/personal information loss and/or a Privacy Act penalty or enforcement action.</p>	<p>The group has an ISO27001:2013 accredited and externally audited Information Security Management System (ISMS) to mitigate and reduce the negative impact of information security and technology risks.</p> <p>The group installs and maintains up to date security products and services for physical office security, network protection and detection, hardware security and software security as well as completes regular staff awareness training.</p> <p>The group conducts monitoring, vulnerability and penetration testing and undertakes regular audits on all relevant systems and ensures procedures are in place to undertake peer reviews of software developed and associated security scanning.</p>
Exposure to Climate Change, ESG	<p>As a global business with active operations supplying software and advisory services to the mining industry across the world, the group's operations are subject to wider economic, environmental (including climate change), governmental and social sustainability requirements that have the potential to impact on RPM's long term financial and operational sustainability.</p>	<p>Exposure to Coal, Climate Change and ESG requirements remains a key strategic risk currently being actively addressed by the RPM Board.</p> <p>RPM has increased its ESG credentials via acquisitions and organic expansion of its ESG division and software solutions.</p> <p>RPM is progressing its own understanding of its exposure to climate change and ESG risks through the work being undertaken by the Board ESG & Sustainability sub-committee established during FY2023.</p>

DIRECTORS' REPORT

6. Key risks and risk management (Continued)

Risk	Nature of Risk	Controls established
Advisory Report Errors	The consulting services work completed by RPM's Advisory business is often relied upon by RPM's clients in transactions of high value and/or in circumstances where if a loss arises the group could suffer a loss in business reputation and/or financial loss.	<p>RPM deploys a capability management system which includes project management and public reporting review and oversight which continue to be the backbone of the group's advisory quality assurance process.</p> <p>The group ensures it retains in-house specialists that can project manage and peer review the work completed in-house and by our sub consultant network to ensure RPM's work is delivered to the required professional standards.</p>
New Competitors	The risk of a new competitor entering the mining technology and services industry including through consolidation or from an existing global provider in a different industry.	<p>The group focuses intently on listening to the industry to understand what its customers are looking for in terms of software and advisory solutions.</p> <p>The group invests in research and development at above industry averages as well as investing in acquiring software products and advisory expertise which make our products and solutions more competitive.</p>
Markets and Growth	The risk of missing strategic opportunities to grow either organically or inorganically, through deployment of resources or capital.	Management takes an active role in M&A including broad competitor, partner and market based assessments which have successfully enabled the group to expand its offerings both in the software and advisory businesses.
Legal & Regulatory Issues	The group's operations are subject to a variety of industry, country, legal and regulatory conditions. Risk of non-compliance with legal obligations under applicable laws or contract, or the lack of enforceability of contractually agreed terms, as well as any other litigation, in each case with a revenue or contingent liability impact and/or material impact on the group.	<p>The group has strong legal, compliance and risk management reviews, frameworks and procedures managed and overseen by the groups internal legal department to ensure conformity by the group with relevant legal and regulatory requirements.</p> <p>The group upholds high business conduct standards. Both new hires and existing employees are obligated to participate in compliance and legal on-boarding and training initiatives.</p>

DIRECTORS' REPORT

6. Key risks and risk management (Continued)

Risk	Nature of Risk	Controls established
People	<p>Ensuring a safe working environment for all staff, those in RPM's offices around the world and those that travel and attend remote client mine sites is critical to ensure no harm comes to the group's personnel.</p> <p>A shortage in labour, inability to attract the right qualified personnel or an increase in remuneration costs could be detrimental to the group's ability to successfully deliver against its strategic objectives.</p>	<p>The group proactively encourages a safe working environment, including for remote work through the use of international accredited safe travel systems and process, and supports and encourages diversity and inclusion and challenges the status quo while developing employee competency and growth.</p> <p>The group has in place a multi-pronged strategy to ensure the group's culture is engaging, challenging and a place where employees derive personal satisfaction from their work and where the group is viewed as an employer of choice.</p> <p>The group is focused on diverse methods of talent attraction and retention using a varied set of retention methods including professional development, challenging work, opportunities for career progression, market competitive remuneration linked to the company's strategic focus, and investment in continuing learning and development opportunities.</p>
IP infringement	The risk of competitors, customers or a third party copying RPM's Intellectual Property including in countries around the world with less protective intellectual property rules.	RPM ensures it does not provide access to source code, and only enters into contracts in jurisdictions and on terms and conditions where potential legal disputes can be fairly heard and where RPM's rights and interests can be adequately protected.
International Sanctions	Mitigating financial, legal and reputational risks that may arise due to any unintentional dealing with a country or specified designated individual that the international community has sanctioned.	<p>RPM has ceased operations in Russia.</p> <p>RPM's legal and compliance team conducts international sanction reviews on any new customer, supplier or counterparty in jurisdictions where sanctions issues may arise.</p>
Large Project Delivery	Delivering large 'business critical' software implementations and complex advisory projects to the satisfaction of customers with the required level of quality.	<p>The group focuses on quality and customer success in all stages of its engagement through project delivery.</p> <p>RPM deploys standardised product management, ISO9001 certified development processes and project management oversight to ensure RPM's work is delivered on time and to the required professional standards.</p>

DIRECTORS' REPORT

7. Information on Current Directors and Company Secretary

Directors	Experience	Special responsibilities
Stephen Baldwin	<p>Non-executive Director and Company Chairman (from 1 March 2021). Stephen joined the Board effective 1 July 2020 and was appointed Chairman of the Board in March 2021.</p> <p>Stephen is a professional company director and currently sits on the Board of three other companies (Taumata, Tiaki and Lignor). Other recent Board roles have included ASX-listed Wameja Limited (sold to Mastercard in September 2021) and Axicom (sold to Australian Tower Network in May 2022).</p> <p>Stephen started his career as a chartered accountant with Price Waterhouse (now PwC), working in three countries over a decade. He then went into funds management, initially with Hambro-Grantham and subsequently with Colonial First State, where he rose to become that group's Head of Private Equity. For the past decade, Stephen has represented one of Australia's larger superannuation funds (UniSuper) as a director on the Boards of their private market investments.</p> <p>Stephen has a wealth of experience dealing with international business in the technology industry.</p> <p>Qualifications: Bachelor of Commerce (Honours), ACA.</p> <p>Other listed company directorships in last three years: Wameja Limited.</p>	<p><i>Company Chair (from 1 March 2021)</i></p> <p><i>Independent Director</i></p> <p><i>Non-executive Director</i></p> <p><i>Member of Audit & Risk Committee</i></p>
Richard Mathews	<p>Appointed Managing Director 28 August 2012.</p> <p>Richard's previous roles includes Senior Vice President, International at J D Edwards, CEO of Mincom Ltd, Chief Executive Officer and then Non-Executive Chairman of eServGlobal Limited.</p> <p>Richard is a director on the Telstra Health Pty Ltd Board.</p> <p>Qualifications: Bachelor of Commerce, Bachelor of Science, ACA</p> <p>Other listed company directorships in last three years: None.</p>	<p><i>Managing Director, Chief Executive Officer (CEO)</i></p> <p><i>Member of ESG & Sustainability Committee</i></p>
Angeleen Jenkins	<p>Non-executive Director. Joined the Board on 1 July 2021.</p> <p>Angeleen worked extensively in high risk commercial engineering & construction contracting throughout her executive career, including almost 25 years in the multi-national construction sector as a Director and Executive of a major construction group that delivered infrastructure projects to heavy industry clients (mining & metals and oil & gas sectors) throughout Australia, Asia, NZ/Pacific, and the Middle East.</p> <p>Angeleen has held company directorships since 2007 in construction, forestry and utilities and is presently employed as the Chairperson / Director of Central Highlands Water, and Director of VicForests, Tiaki Plantations Company and Taumata Plantations Limited, and a former Executive Director of McConnell Dowell (a major multi-national construction group).</p> <p>Qualifications: Bachelor of Arts in Psychology and is a Fellow of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and a Member of the Institute of Directors New Zealand.</p> <p>Other listed company directorships in last three years: None.</p>	<p><i>Independent Director</i></p> <p><i>Non-executive Director</i></p> <p><i>Chair of ESG & Sustainability Committee</i></p> <p><i>Member of HR & Remuneration Committee</i></p>

DIRECTORS' REPORT

7. Information on Current Directors and Company Secretary (Continued)

Directors	Experience	Special responsibilities
Paul Scurrah	Non-executive Director. Paul joined the Board effective 1 January 2021. Paul has been involved in the transportation, logistics, travel and aviation industries for over 25 years at both executive and non-executive levels. Paul is currently the Managing Director & CEO of Pacific National and Non-Executive Director and Chairman at Whizz Technologies. Qualifications: Finance for Senior Executives Harvard Business School Other listed company directorships in last three years: Director of Virgin Australia Holdings Limited.	<i>Independent Director</i> <i>Non-executive Director</i> <i>Chair of HR & Remuneration Committee</i>
Ross Walker	Non-executive Director. Joined the Board in March 2007. Joined Pitcher Partners Brisbane in 1985, Managing Partner from 1992 to 2008 and again from 2014 to 2017. Predominantly involved in corporate finance, auditing, valuations, capital raisings and mergers and acquisitions for the past 20 years. Qualifications: Bachelor of Commerce, FCA Other listed company directorships in last three years: Wagners Holding Company Limited since its IPO in December 2017 and Sovereign Cloud Holdings Limited since December 2017	<i>Independent Director</i> <i>Non-executive Director</i> <i>Chair of Audit & Risk Committee</i>

Company Secretary

James O'Neill, Group General Counsel and Company Secretary joined RPMGlobal Holdings Limited in December 2012. Qualifications: Bachelor of Laws and Bachelor of Information Technology from the Queensland University of Technology, Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia, Solicitor and Member of the Queensland Law Society and Associate Member of the Governance Institute of Australia (AGIA) and Chartered Institute of Secretaries (ACIS).

8. Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2023 and the number of meetings attended by each Director were as follows:

	Full meetings of Board of Directors		Audit & Risk Committee		HR & Remuneration Committee		ESG & Sustainability Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Stephen Baldwin	7	8	4	4	3 (by invite)	3	2 (by invite)	2
Richard Mathews	8	8	4 (by invite)	4	3 (by invite)	3	2	2
Angeleen Jenkins	8	8	3 (by invite)	4	3	3	2	2
Paul Scurrah	6	8	2 (by invite)	4	3	3	-	2
Ross Walker	8	8	4	4	3 (by invite)	3	-	2

DIRECTORS' REPORT

9. Directors' Interests

The relevant interest of each Director in the shares and options issued by the Company, as notified by the Directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

RPMGlobal Holdings Limited	Ordinary shares	Options over ordinary shares
S Baldwin	3,272,987	-
R Mathews ¹	8,220,138	-
A Jenkins	25,000	-
P Scurrah	26,741	-
R Walker	1,200,000	-

¹ Includes 175,560 shares held by R Mathews as trustee under a bare trust arrangement for a third party.

10. Shares Under Option

Unissued ordinary shares of RPMGlobal Holdings Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
14/09/2018 ¹	14/09/2023	\$0.61	598,337
14/12/2018 ¹	14/12/2023	\$0.58	200,670
15/03/2019	15/03/2024	\$0.58	255,001
14/09/2020	14/09/2025	\$1.15	83,334
11/11/2020 ¹	11/11/2025	\$0.00	1,121,713
23/03/2021 ¹	23/03/2026	\$0.00	1,154,670
03/09/2021 ¹	03/09/2026	\$0.00	944,198
25/02/2022	25/02/2027	\$0.00	666,853
26/09/2022 ¹	26/09/2027	\$0.00	1,379,499
			6,404,275

¹ Included in these options were options granted as remuneration to the five highest remunerated officers during the year. Details of options granted to these remunerated officers who are also key management personnel are disclosed in section 21E of the Remuneration Report. There are no Officers in the Company who are not also identified as key management personnel. The Company's CEO has not received any options in current or prior periods.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

11. Shares issued on the exercise of options

During the financial year or since the end of the year up to the date of this report the following shares were issued following exercise of previously issued share options:

Option Grant Date	Number of shares issued	Exercise price paid, \$
31/10/2017	505,001	\$388,851
15/03/2018	60,000	\$40,200
13/09/2018	368,336	\$224,685
14/12/2018	205,667	\$119,287
15/03/2019	166,667	\$96,667
14/09/2020	33,333	\$38,333

DIRECTORS' REPORT

12. Indemnity and Insurance of Officers

The Company has indemnified the Directors and Officers of the Company for costs incurred, in their capacity as a Director or Officer, for which they may be personally liable, except where there is a lack of good faith.

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company against certain risks associated with their activities as Officers of the Company. The terms of that policy prohibit disclosure of the nature of liability covered, the limit of such liability and the premium paid.

13. Environmental Legislation

RPMGlobal Holdings Limited and its controlled entities are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

14. Non-audit Services

Details of the amounts paid or payable to the auditor (BDO Audit Pty Ltd) for audit and non-audit services during the year are disclosed in note 18.

The board of directors, in accordance with advice provided by the Audit and Risk committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

15. Indemnity of Auditors

The Company has agreed to indemnify and hold harmless its auditors, BDO Audit Pty Ltd, against any and all losses, claims, costs, expenses, actions, demands, damages, liabilities or any other proceedings whatsoever incurred by the auditors in respect of any claim by a third party arising from or connected to any breach by the Company.

16. Auditor's Independence Declaration

In accordance with Section 307C of the Corporations Act 2001, a copy of the auditor's independence declaration is enclosed on page 25.

17. Legal Proceedings on Behalf of the Group

No person has applied for leave of the Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

18. Significant Changes in the State of Affairs

There was no matter or circumstance during the financial year that has significantly affected the state of affairs of the Group not otherwise disclosed.

DIRECTORS' REPORT

19. Matters Subsequent to the End of the Financial Year

No matters or circumstances have arisen since 30 June 2023 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

20. Rounding of Amounts

The Company is a type of company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, the nearest dollar.

21. Remuneration Report - Audited

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration;
- B. Service agreements;
- C. Details of remuneration;
- D. Bonus and share-based compensation benefits;
- E. Equity instruments held by key management personnel; and
- F. Other transactions with key management personnel.

21A. Principles Used to Determine the Nature and Amount of Remuneration

Remuneration and compensation have the same meaning in this report.

This report discusses the Group's policies in regard to compensation of key management personnel (KMP). The identified KMP have authority and responsibility for planning, directing and controlling the activities of the Group.

In addition to the Directors, the Company assessed the Chief Financial Officer and Group General Counsel & Company Secretary as having authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly.

The Board has established a HR and Remuneration Committee to assist with fair and responsible remuneration and incentive policies enabling the Group to attract and retain KMP and Directors who will create value for shareholders and support the Group's mission. The HR and Remuneration Committee obtains independent advice if required on the appropriateness of compensation packages given trends in comparative companies. In the 2023 financial year the Committee did not use a remuneration consultant. The Group's Corporate Governance Statement provides further information on the role of this Committee. The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic, operational objectives and achieve the broader outcome of creation of value for shareholders.

Executive Director and other Key Management Personnel

The compensation structures take into account:

- The capability and experience of the KMP;
- Their ability to control the relevant segment's performance;
- The segment or Group earnings; and
- The connection of remuneration policies to deliver an increase in the company's share price and therefore financial return to shareholders.

DIRECTORS' REPORT

21. Remuneration Report - Audited (Continued)

21A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

Compensation packages include a mix of fixed, short-term and long-term performance-based incentives. In addition to their salaries, the Group also provides non-cash benefits to its KMP and contributes to a defined contribution superannuation plan (or equivalent pension plan) on their behalf.

Fixed Compensation

Fixed compensation is calculated on a total cost basis and includes salary, allowances, non-cash benefits, employer contributions to superannuation funds and any fringe benefits tax charges related to employee benefits, including motor vehicles parking provided.

Compensation levels are reviewed using an individual approach, based on evaluation of the individual, and a comparison to the market. A KMP's compensation is also reviewed on promotion.

Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward each KMP for meeting and exceeding their Key Performance Objectives (KPOs). The Short-Term Incentive (STI) is an 'at risk' incentive provided in the form of cash, while the Long-Term Incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan (ESOP) (see note 23 to the financial statements). The current long-term performance incentive structure was first implemented in the 2013 year and was most recently approved by shareholders at the 27 October 2022 Annual General Meeting.

The table below sets out the performance-based compensation paid to KMP together with earnings for the same period. Performance based compensation consists of STI cash bonus and LTI share-based payments.

Year ended 30 June	Performance based compensation			TCV ¹ \$m	NPAT \$m	Share price \$
	STI \$'000	LTI \$'000	Total \$'000			
2018	-	46	46	16.1	0.2	0.62
2019	217	119	336	22.4	(5.9)	0.59
2020	867	68	935	41.4	(0.7)	1.05
2021	867	55	922	52.9	(5.5)	1.78
2022	1,022	108	1,130	55.9	(4.1)	1.65
2023	1,022	137	1,159	68.7	3.7	1.48

¹ Software Subscription component of Total Contract Value of software sold (non-IFRS disclosure)

Short-term Incentive

Effective 1 July 2012, the Group implemented a variable pay structure, referred to as the Executive Incentive Plan (EIP). Each of the identified KMP has a portion of their remuneration linked to the EIP. The key objective of the EIP is to create clear alignment between individual and business performance and remuneration by providing a performance-based reward to participants in line with their relative contribution to the Group. The EIP achieves the alignment by focusing participants on achieving goals which contribute to sustainable shareholder value and providing a clear link between performance and the Group financial result.

During the 2018 financial year the business began transitioning from selling once-off perpetual software licenses to offering subscription licenses. In 2020 as a reflection of the strategic importance of growing subscription revenue, the Board introduced a software sales Total Contracted Value (TCV) target as a part of the EIP.

DIRECTORS' REPORT

21. Remuneration Report - Audited (Continued)

21A. Principles Used to Determine the Nature and Amount of Remuneration (Continued)

Until January 2022, there was a clear correlation between the growth in TCV from software subscription sales and the increase in shareholder value through the positive movement in the company's share price. Because of this, the Board's logic when setting the full year 2023 management targets was if management could continue to grow the company's total revenue and software TCV (which delivers committed revenue to the company over future years), then there should be a corresponding increase in the company's share price and therefore financial return to shareholders as had been shown to occur in prior years.

While the Group's TCV and revenue growth in 2023 did not deliver a corresponding increase in the company's share price over the same period, as it had in the previous two financial years, the Board believes the company's intrinsic value has increased each year as a result of the growth in TCV and underlying earnings.

The 17% increase in total revenue and 25% increase in software subscription TCV growth year-on-year resulted in the EIP targets being achieved and therefore 100% of the EIP was awarded for the financial year.

Cash bonuses are paid, provided for or forfeited in the year to which they relate.

The Board assessed performance of the KMP for the 2023 Financial Year as shown in the table below:

	Fixed Compensation	Variable Compensation	STI awarded	STI forfeited
R Mathews	50%	50%	100%	-
M Kochanowski	76%	24%	100%	-
J O'Neill	76%	24%	100%	-

Long-term Incentive

Options were issued in the 2021, 2022 and 2023 financial years under the Company's Employee Share Option Plan (ESOP) to KMP's at the discretion of the Board. Consistent with the current ESOP terms last approved by shareholders at the Company's 2019 Annual General Meeting, the rules of the ESOP enable the Board to determine the applicable vesting criteria and to set a timetable for vesting of options in the Offer Document, including vesting in tranches over a defined period.

The Board has the discretion on whether or not to set performance hurdles for vesting or to link vesting solely to a defined service period in order to drive key staff retention and reward longevity of service.

The options issued from November 2020 have a zero exercise price and vest in one single tranche three years from the grant date, with vesting conditions linked to the holder maintaining employment with the Group over that period and Total Shareholder Return on the company's shares overperforming the ASX 300 accumulated index (AXKOA).

The Board has a Margin Loan policy that restricts Directors and Executives of the Group from entering into financial contracts secured by shares and other securities of the Company. This policy requires the approval of the Chairman of the Board for any financial arrangements or facilities related to Company shares held by the Directors and Executives.

21B. Service Agreements

Non-executive Directors and Key Management personnel

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed periodically by the Board and are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by

DIRECTORS' REPORT

21. Remuneration Report - Audited (Continued)

21B. Service Agreements (Continued)

shareholders. The pool currently stands at \$500,000, unchanged since it was approved in the 2009 Annual General Meeting.

Non-executive Directors' base remuneration was last reviewed with effect from 1 July 2023 (with effect for the 2024 Financial Year). Both the Chairman's and Non-executive Directors' remuneration is inclusive of committee fees. Details of contracts with the current Directors and KMP of the Group that received remuneration during the 2023 financial year are set out below.

	Terms of agreement	Base salary including superannuation (where applicable)	Termination benefit ¹	Notice Period
S Baldwin	Unlimited in term	\$100,000	Nil	Nil
A Jenkins	Unlimited in term	\$80,000	Nil	Nil
P Scurrah	Unlimited in term	\$80,000	Nil	Nil
R Walker	Unlimited in term	\$80,000	Nil	Nil
R Mathews	Unlimited in term	\$780,000	6 months	6 months
M Kochanowski	Unlimited in term	\$370,175	3 months	3 months
J O'Neill	Unlimited in term	\$392,275	3 months	3 months

¹ Termination benefit includes notice period at Base salary rate including superannuation plus statutory entitlements

21C. Details of Remuneration

The KMP's are also entitled to receive upon termination of employment their statutory entitlements of accrued annual and long service leave (where applicable), together with any superannuation benefits (where applicable). Compensation levels are reviewed each year to meet the principles of the remuneration policy.

For the 2023 financial year, the Directors and Key Management Personnel were:

Directors

Executive Directors

Richard Mathews – CEO and Managing Director

Non-executive Directors

Stephen Baldwin – Chairman

Angeleen Jenkins – Non-executive Director

Paul Scurrah – Non-executive Director

Ross Walker – Non-executive Director

In addition to executive Directors mentioned above, the following persons were assessed by the Company as the executives who had the greatest authority and responsibility for planning, directing and controlling all activities of the Group, directly or indirectly, during the 2023 financial year:

Other Key Management Personnel

Name	Position
Michael Kochanowski	Chief Financial Officer
James O'Neill	Group General Counsel and Company Secretary

DIRECTORS' REPORT

21. Remuneration Report - Audited (Continued)

21C. Details of Remuneration (Continued)

Details of the remuneration of each Director of RPMGlobal Holdings Limited and each of the other KMP's of the Group are set out in the following tables.

	Short-term benefits				Post - employ ment benefits	Share- based payment (options)	Total	Proportion of remun- eration perform- ance related	Value of options as proportion of remun- eration
	Cash salary and fees	Movement in leave entitle- ments	STI cash bonus	Non – monetary benefits ¹					
2023	\$	\$	\$	\$	\$	\$	\$	%	%
Directors									
S Baldwin	100,000	-	-	-	-	-	100,000	-	-
A Jenkins	72,364	-	-	-	7,636	-	80,000	-	-
P Scurrah	80,000	-	-	-	-	-	80,000	-	-
R Walker	80,000	-	-	-	-	-	80,000	-	-
R Mathews	755,570	6,832	780,000	9,455	24,430	-	1,576,287	49%	-
	1,087,934	6,832	780,000	9,455	32,066	-	1,916,287	41%	-
Other Key Management Personnel									
M Kochanowski	342,675	11,493	117,250	9,455	27,500	67,834	576,207	32%	12%
J O'Neill	363,942	(8,187)	124,250	9,455	28,333	69,625	587,418	33%	12%
	706,617	3,306	241,500	18,910	55,833	137,459	1,163,625	33%	12%
Total	1,794,551	10,138	1,021,500	28,365	87,899	137,459	3,079,912	38%	4%

	Short-term benefits				Post - employ ment benefits	Share- based payment (options)	Total	Proportion of remun- eration perform- ance related	Value of options as proportion of remun- eration
	Cash salary and fees	Movement in leave entitle- ments	STI cash bonus	Non – monetary benefits ¹					
2022	\$	\$	\$	\$	\$	\$	\$	%	%
Directors									
S Baldwin	100,000	-	-	-	-	-	100,000	-	-
A Jenkins	72,727	-	-	-	7,273	-	80,000	-	-
P Scurrah	80,000	-	-	-	-	-	80,000	-	-
R Walker	80,000	-	-	-	-	-	80,000	-	-
R Mathews	757,132	14,226	780,000	9,455	22,868	-	1,583,682	49%	-
	1,089,859	14,226	780,000	9,455	30,141	-	1,923,681	41%	-
Other Key Management Personnel									
M Kochanowski	341,000	12,836	117,250	9,455	27,500	53,665	561,706	30%	10%
J O'Neill	362,167	20,236	124,250	9,455	28,333	54,544	598,985	30%	9%
	703,167	33,072	241,500	18,910	55,833	108,209	1,160,691	30%	9%
Total	1,793,026	47,298	1,021,500	28,365	85,974	108,209	3,084,372	37%	4%

¹ Includes car park.

DIRECTORS' REPORT

21. Remuneration Report - Audited (Continued)

21D. Bonuses and Share-based Compensation Benefits

All options refer to options over ordinary shares of RPMGlobal Holdings Limited, which are exercised on a one-for-one basis under the ESOP Plan.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, based on an estimate of the number of options likely to vest, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Trinomial Lattice model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. For zero exercise price options, the Monte Carlo simulation run by the model takes into account multiple scenarios for the exercising of the options. Details of options over ordinary shares in the Company provided as remuneration to each Director and each of the KMP and the Group are set out below. When exercisable, each option is convertible into one ordinary share of RPMGlobal Holdings Limited.

Options granted under the ESOP plan carry no dividend or voting rights until the options vest, are exercised and converted to ordinary shares whereupon those ordinary shares carry dividend and voting rights consistent with all other ordinary shares of the Company.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above.

	Number of options granted during the year	Number of options vested during the year
S Baldwin	-	-
A Jenkins	-	-
P Scurrah	-	-
R Walker	-	-
R Mathews	-	-
M Kochanowski	64,936	-
J O'Neill	68,813	-

Details of options over ordinary shares in the Company provided as remuneration to key management personnel are shown in the table on the following page. The vesting conditions are set out in Section 21A. The table also shows the percentages of the options granted that vested and were forfeited during the year.

The terms and conditions of each grant of options affecting remuneration of a KMP in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise Price, \$	Value per option at grant date
12/11/2020	12/11/2023	12/11/2025	-	\$0.70
23/03/2021	23/03/2024	23/03/2026	-	\$0.80
3/09/2021	03/09/2024	03/09/2026	-	\$1.19
26/09/2022	26/09/2025	26/09/2027	-	\$0.93

DIRECTORS' REPORT

21. Remuneration Report - Audited (Continued)

21D. Bonuses and Share-based Compensation Benefits (Continued)

	Year (FY) of grant	Years in which option may vest	Number of options granted	Value of option at grant date ¹	Number of options vested during the year	Vested %	Number of options forfeited during the year	Value at date of forfeiture ²	Forfeited %
S Baldwin	-	-	-	-	-	-	-	-	-
A Jenkins	-	-	-	-	-	-	-	-	-
P Scurrah	-	-	-	-	-	-	-	-	-
R Walker	-	-	-	-	-	-	-	-	-
R Mathews	-	-	-	-	-	-	-	-	-
M Kochanowski	2021	2024	164,235	\$0.70 – \$0.80	-	-	-	-	-
	2022	2025	52,635	\$1.19	-	-	-	-	-
	2023	2026	64,936	\$0.93	-	-	-	-	-
J O'Neill	2021	2024	164,237	\$0.70-\$0.80	-	-	-	-	-
	2022	2025	55,778	\$1.19	-	-	-	-	-
	2023	2026	68,813	\$0.93	-	-	-	-	-

¹ The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration

² The value of the options that were granted as part of remuneration and that were forfeited (lapsed) during the year because a vesting condition was not satisfied was determined at the time of lapsing, but assuming the condition was satisfied.

21E. Equity Instruments held by Key Management Personnel

No shares were granted as compensation in 2023 (2022: nil). The number of shares and options over shares in the Company held during the financial year by each Director of RPMGlobal Holdings Limited and each of the other key management personnel of the Group, including their personally-related entities, is set out below:

(i) Options

Name	Balance at start of year	Granted as compensation	Exercised	Balance at the end of the year	Vested and exercisable	Average Value at exercise date
S Baldwin	-	-	-	-	-	-
A Jenkins	-	-	-	-	-	-
P Scurrah	-	-	-	-	-	-
R Walker	-	-	-	-	-	-
R Mathews	-	-	-	-	-	-
M Kochanowski	216,870	64,936	-	281,806	-	-
J O'Neill	236,682	68,813	(16,667)	288,828	-	1.57

(ii) Ordinary Shares

	Balance at start of year	Exercise of Options	Sold During the year	Acquired during the year (on market)	Balance at the end of the year
Directors					
S Baldwin	3,272,987	-	-	-	3,272,987
A Jenkins	25,000	-	-	-	25,000
P Scurrah	26,741	-	-	-	26,741
R Walker	1,000,000	-	-	200,000	1,200,000
R Mathews ¹	8,220,138	-	-	-	8,220,138

¹ Includes 175,560 shares held by R Mathews as trustee under a bare trust arrangement for a third party.

DIRECTORS' REPORT

21. Remuneration Report - Audited (Continued)

21E. Equity Instruments held by Key Management Personnel

(ii) Ordinary Shares (Continued)

	Balance at start of year	Exercise of Options	Sold During the year	Acquired during the year (on market)	Balance at the end of the year
Other key management personnel of the Group					
M Kochanowski	186,668	-	-	-	186,668
J O'Neill	15,000	16,667	-	8,333	40,000

21F. Loans and Other Transactions with Key Management Personnel and their related parties

There were no transactions or loans with Key Management Personnel and their related parties during the 2023 financial year.

21G. 2022 Annual General Meeting (AGM)

The Company's 2022 remuneration report was unanimously adopted by show of hands at 2022 AGM. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration report – End

This report is made in accordance with a resolution of the Directors.



Stephen Baldwin

Chairman

Dated: 26 August 2023

DECLARATION OF INDEPENDENCE BY C K HENRY TO THE DIRECTORS OF RPMGLOBAL HOLDINGS LIMITED

As lead auditor of RPMGlobal Holdings Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of RPMGlobal Holdings Limited and the entities it controlled during the period.



C K Henry
Director

BDO Audit Pty Ltd

Brisbane, 26 August 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
Continuing Operations Revenue from contracts with customers			
Services		41,423	38,162
Licence sales		2,916	1,791
Software maintenance		13,719	16,391
Software subscription		39,314	26,230
Total revenue from contracts with customers		97,372	82,574
Other income	3	988	1,534
Rechargeable expenses		(6,801)	(4,929)
Net Revenue		91,559	79,179
Expenses			
Amortisation	11	(1,440)	(2,055)
Depreciation	10	(4,136)	(3,808)
Employee benefits expense		(61,928)	(59,331)
Commissions and incentives		(6,242)	(6,120)
Impairment of receivables		(168)	(891)
Other employee costs		(1,158)	(1,274)
Office expenses		(2,928)	(2,515)
Professional services		(1,729)	(1,796)
Redundancy costs		(1,248)	-
Rent		(623)	(448)
Travel expenses		(2,641)	(1,040)
Other expenses		(2,312)	(2,387)
Total Expenses		(86,553)	(81,665)
Profit/(Loss) before finance costs and income tax		5,006	(2,486)
Finance income/(costs)			
Finance income		266	129
Finance costs		(411)	(383)
Fair value adjustments	21(d)	(26)	(52)
Net finance costs		(171)	(306)
Profit/(Loss) before income tax		4,835	(2,792)
Income tax expense	4	(1,146)	(1,823)
Profit/(Loss) after income tax from continuing operations		3,689	(4,615)
Profit from discontinued operation	28(b)	-	520
Profit/(Loss) for the year		3,689	(4,095)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

		2023 \$'000	2022 \$'000
Profit/(Loss)		3,689	(4,095)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurements of defined benefit obligations		(64)	(84)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(160)	435
Other comprehensive income / (loss), net of tax		(224)	351
Total comprehensive income		3,465	(3,744)
Total comprehensive income for the period attributable to owners of RPM Global Holdings Limited arises from:			
Continuing operations		3,465	(4,264)
Discontinued operations		-	520
Total comprehensive income		3,465	(3,744)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share	22	1.6	(2.0)
Diluted earnings per share	22	1.6	(2.0)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	22	1.6	(1.8)
Diluted earnings per share	22	1.6	(1.8)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	34,757	34,458
Trade and other receivables	7	22,831	20,871
Contract assets	8	3,869	3,999
Current tax receivable		1,533	1,963
Other assets	9	5,276	4,832
Total current assets		68,266	66,123
Non-current assets			
Trade and other receivables	7	236	205
Property, plant and equipment	10	10,159	3,978
Deferred tax assets	5	3,258	3,281
Intangible assets	11	28,786	29,245
Other assets	9	4,398	3,339
Total non-current assets		46,837	40,048
Total assets		115,103	106,171
LIABILITIES			
Current liabilities			
Trade and other payables	12	12,931	12,215
Provisions	13	6,343	6,098
Current tax liabilities		611	359
Other Liabilities	14	29,613	25,564
Total current liabilities		49,498	44,236
Non-current liabilities			
Provisions	13	1,107	1,066
Other Liabilities	14	6,558	755
Total non-current liabilities		7,665	1,821
Total liabilities		57,163	46,057
Net assets		57,940	60,114
EQUITY			
Contributed equity	15	93,877	100,427
Reserves	16	(3,984)	(4,712)
Accumulated losses		(31,953)	(35,601)
Total equity		57,940	60,114

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Contributed equity	Reserves	Accumulated losses	Total equity
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022		100,427	(4,712)	(35,601)	60,114
Profit for the year		-	-	3,689	3,689
Other comprehensive income/(expense)		-	(160)	(64)	(224)
Total comprehensive income		-	(160)	3,625	3,465
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	15	762	-	-	762
Share buyback, net of tax	15	(7,551)	-	-	(7,551)
Employee share options expensed	16	-	1,150	-	1,150
Employee share options transferred	16	239	(262)	23	-
		(6,550)	888	23	(5,639)
Balance at 30 June 2023		93,877	(3,984)	(31,953)	57,940
Balance at 1 July 2021					
Balance at 1 July 2021		98,574	(5,704)	(31,435)	61,435
Loss for the year		-	-	(4,095)	(4,095)
Other comprehensive income/(expense)		-	435	(84)	351
Total comprehensive income		-	435	(4,179)	(3,744)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	15	1,350	-	-	1,350
Employee share options expensed	16	-	1,073	-	1,073
Employee share options transferred	16	503	(516)	13	-
		1,853	557	13	2,423
Balance at 30 June 2022		100,427	(4,712)	(35,601)	60,114

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers		107,471	84,064
Payments to suppliers and employees		(94,633)	(85,608)
Continued operations		12,838	(1,544)
Discontinued operations		-	712
Receipts of Covid subsidies		-	357
Interest received		266	129
Finance costs		(411)	(383)
Income taxes paid		(466)	(2,777)
Net cash inflow/(outflow) from operating activities	20	12,227	(3,506)
Cash flows from investing activities			
Payments for property, plant and equipment	10	(1,217)	(649)
Payment for acquisition of subsidiary, net of cash acquired	2	(751)	(3,883)
Payments for contingent consideration	21(d)	(165)	(104)
Payments for restricted cash		(414)	-
Proceeds from sale of subsidiaries, net of cash disposed		-	166
Proceeds from sublease		53	39
Payments for intangible assets	11	(189)	(518)
Net cash outflow from investing activities		(2,683)	(4,949)
Cash flows from financing activities			
Contributions of equity	15	770	1,606
Share buy back	15	(7,476)	(1,408)
Transaction costs	15	(83)	(45)
Repayment of lease liabilities		(3,132)	(3,245)
Net cash outflow from financing activities		(9,921)	(3,092)
Net decrease in cash and cash equivalents held		(377)	(11,547)
Cash and cash equivalents at the beginning of the financial year		34,458	44,804
Effects of exchange rate changes on cash and cash equivalents		676	1,201
Cash and cash equivalents at the end of the financial year	6	34,757	34,458

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

RPMGlobal Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The financial report comprises the consolidated entity ("Group") consisting of RPMGlobal Holdings Limited and its subsidiaries.

The financial report was authorised for issue on 25 August 2023.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001 (Cth)*. RPMGlobal Holdings Limited is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of RPMGlobal Holdings Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by RPMGlobal Holdings Limited as at 30 June 2023 and the results of all controlled entities for the year then ended. RPMGlobal Holdings Limited and its controlled entities together are referred to in this financial report as the "consolidated entity" or the "Group".

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(j)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses in the tax jurisdiction in which they arose.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

RPMGlobal Holdings Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, RPMGlobal Holdings Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, RPMGlobal Holdings Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the Group. Details about the tax funding agreements are disclosed in note 4.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operational decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO and Managing Director.

The assets and liabilities of the Group are regularly reviewed on a consolidated basis but are not regularly reported to the chief operating decision maker at a segment level. As such this information has not been included in the Operating Segment note 26.

(e) Foreign Currency Translation

i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is RPMGlobal Holdings Limited's functional and presentation currency.

ii) *Transactions and balances*

Foreign currency transactions are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities whose changes in the fair value are presented in other comprehensive income are recognised in other comprehensive income.

iii) *Group entities*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities on consolidation are translated at the closing rate at the reporting date;
- income and expenses are translated at the exchange rates prevailing at the dates of the transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

In disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition

i) Licence Sales

Revenue from the sale of perpetual licences is recognised at a point in time when the customer gains access and thus control of the software and where the licences are considered distinct from other services provided to the customer.

ii) Software subscription

Revenue from the sale of term (subscription) licences are recognised over time on a straight-line basis over the subscription term.

iii) Consulting

Revenue from the provision of consulting services is recognised typically over time using the input method as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for its performance completed to date.

iv) Software maintenance

Revenue for software maintenance is recognised over time on a straight line basis over the service period as performance obligations require the Group to respond to requests made by customers to provide technical product support and unspecified updates, upgrades and enhancements on a when-available and if-available basis.

v) Laboratory testing revenue

Revenue from sample testing is recognised at a point in time when the laboratory completes testing, and the customer receives testing results for their samples.

vi) Customer contract with multiple performance obligations

The Group frequently enters into multiple contracts with the same customer and where that occurs the Group treats those arrangements as one contract if the contracts are entered into at or near the same time and are commercially interrelated. The Group does not consider contracts closed more than three months apart as a single contract.

The Group's subscription contracts are combining an obligation to receive a licence, software support services and other services obligations. The provision of services and sale of licences is treated as a single performance obligation and recognised over time on a straight-line basis over the subscription term.

In all other cases, the total transaction price for a customer contract is allocated amongst the distinct performance obligations based on their relative stand-alone selling prices. Where the stand-alone prices are highly variable the Group applies a residual approach.

vii) Incremental Costs of obtaining Customer Contracts

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, such as commissions or third party software costs.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition (Continued)

The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

viii) *Trade Receivables and Contract Assets*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

ix) *Contract liability*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

x) *Financing components*

The Group does not recognise adjustments to transition prices or Contract balances where the period between the transfer of promised goods or services to the customer and payment by customer does not exceed one year.

xi) *Interest income*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(g) Investments and Other Financial Assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(g) Investments and Other Financial Assets (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(h) Cash and Cash Equivalents

For statement of cashflows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(i) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(i) Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group re-values its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without extension options. Low-value assets comprise IT equipment and small items of office furniture.

(j) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group.

The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(k) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over its estimated useful life to the consolidated entity, or in the case of lease hold improvements, the shorter lease term. Estimates of remaining useful lives are made on a regular basis for all assets.

The estimated useful lives for plant and equipment ranges between 2 and 20 years. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets. These are included in profit or loss.

(m) Intangible Assets

i) Software developed or acquired for sales and licensing

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new areas of products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs and acquired software are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from three to five years.

ii) Software – internal management systems

Software licences used in internal management systems, whether acquired or internally developed are stated at cost less amortisation. They are amortised on a straight-line basis over the useful life from 2.5 to 5 years.

iii) Patents and trademarks

Costs associated with patents and trademarks are expensed as incurred.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(m) Intangible Assets (Continued)

iv) *Customer Contracts and Relationships*

The net assets acquired as a result of a business combination may include intangible assets other than goodwill. Any such intangible assets are amortised in a straight line over their expected future lives. The estimated useful lives of customer contracts is 5 years.

v) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from business combination in which goodwill arose, identified according to operating segments or components of operating assets (note 26).

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(p) Employee Benefits

i) *Short term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits.

Other long-term employee benefit obligations

The liability for long service leave and other benefits which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on commercial bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(p) Employee Benefits (Continued)

The obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

ii) *Incentives*

The Group recognises a liability and an expense for incentives based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for incentive plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

iii) *Superannuation*

The Group has a defined contribution superannuation plan for its eligible employees. Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv) *Share-based payments*

Share-based compensation benefits are provided to employees via the RPMGlobal Holdings Limited employee share option plan (ESOP) and an employee share purchase plan. Information relating to these schemes is set out in note 23.

The fair value of options granted under the ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions, but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(q) Value Added Taxes (Including Goods and Services Tax)

Revenues, expenses and assets are recognised net of the amount of Value Added Tax (VAT), except where the amount of VAT is not recoverable from the relevant tax authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of the item as expense.

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the consolidated statement of financial position. Cash flows are presented on a gross basis. The VAT components of the cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

(r) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(s) Earnings per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share

Dilutive earnings per share adjusts the figures used in determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the loss allowance and the amount initially recognised less cumulative amortisation, where appropriate.

(u) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

(v) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(w) Critical Accounting Estimates and Significant Judgments

The preparation of the financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes in the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial report such as:

- impairment of intangible assets, including goodwill (note 11);
- impairment of trade receivables and contract assets (note 21(a));
- recognition of deferred tax assets (note 5); and
- revenue recognition (note 1(f)).

NOTES ON THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

(w) Critical Accounting Estimates and Significant Judgments (Continued)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparation of the financial report are reasonable.

(x) Parent Entity Financial Information

The financial information for the parent entity, RPMGlobal Holdings Limited, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries

Investment in subsidiaries is accounted for at cost in the financial statements of RPMGlobal Holdings Limited.

(y) New Accounting Standards and Interpretations

There were no new or revised accounting standards adopted that had any impact on the Group's accounting policies or required retrospective adjustments.

Early adoption of standards

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2. Business Combinations

(a) Summary of acquisition

On 30 November 2022, the Group acquired 100% of the issued share capital of Splash Back Solutions Pty Ltd (Splashback), which owns a unique SaaS (Software as a Service) based solution for the capture, storage and management of environmental data.

The provisionally determined purchase consideration for the acquisition consisted of a \$500,000 cash payment, plus \$255,000 deferred cash payment and \$41,000 earnout estimate.

The fair values of the assets and liabilities recognised as at the date of the acquisition were \$15,000 in current assets (including \$4,000 cash and cash equivalents), \$11,000 in current liabilities and \$792,000 in intangibles – software acquired for sales. There was no goodwill recognised.

NOTES ON THE FINANCIAL STATEMENTS

2. Business Combinations (Continued)

(b) Revenue and profit contribution

The acquired business contributed revenues of \$60,000 for the Group. All employees were transferred to the Group's various business units and this business cost net \$200,000 to the Group in the financial year.

If the acquisition had occurred on 1 July 2022, consolidated pro-forma revenue from customers for the year, and profit for the year ended 30 June 2023, would have been \$97,417,000 and \$3,669,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary and tax rates applicable to the Group.

3. Other income

	2023 \$'000	2022 \$'000
Government Covid-19 subsidies	7	1,001
Foreign exchange gains	224	533
Bad debt impairment reversal	757	-
Other income	988	1,534

Government subsidies relating mostly to the Hong Kong and People Republic of China's Covid subsidies (2022: US Paycheck Protection Program of \$999,000) are included within the 'other income' line of the Consolidated Statement of Comprehensive Income. There are no unfulfilled conditions or other contingencies attached to these grants.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4. Tax Expense

RPMGlobal Holdings Limited and its wholly-owned Australian controlled entities implemented the tax consolidation regime. Under the tax consolidation legislation, the entities in the tax consolidated Group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liabilities of the wholly-owned entities in the case of a default by the head entity, RPMGlobal Holdings Limited. The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate RPMGlobal Holdings Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to RPMGlobal Holdings Limited under the tax consolidated legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

	2023 \$'000	2022 \$'000
<i>Tax Recognised in profit or loss</i>		
Current tax	(1,253)	(831)
Deferred tax	4	728
Adjustments to prior periods	103	(1,720)
Income Tax expense	(1,146)	(1,823)

NOTES ON THE FINANCIAL STATEMENTS

4. Tax Expense (Continued)

	2023 \$'000	2022 \$'000
Numerical reconciliation of income tax expense to prima facie tax		
Profit/(Loss) from continuing operations before income tax expense	4,834	(2,792)
Profit/(Loss) from discontinued operation before income tax expense	-	520
Profit/(Loss) before income tax	4,834	(2,272)
Tax at the Australian tax rate of 30% (2022: 30%)	(1,450)	682
<i>Tax effect of amounts which are not taxable/(deductible):</i>		
Non-deductible expense/non-assessable income	(525)	(654)
Unutilised foreign tax credits	(445)	(1,286)
Tax losses recognised as deferred tax asset	1,012	-
Unrecognised deferred tax assets	(78)	(259)
	(1,486)	(1,517)
Difference in overseas tax rates	123	277
Foreign Exchange movements	113	51
Over/(under) provision in prior years	103	(634)
Income tax expense	(1,146)	(1,823)

5. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:		
Provision for impairment of receivables	175	193
Employee benefits provision	4,346	4,084
Lease liabilities	2,474	644
Tax Losses	596	-
Contract liability	753	823
Accrued expenses	30	39
Share capital raising costs	46	50
Intangibles	(273)	(252)
Contract asset	(29)	(112)
Property, plant and equipment	(2,376)	(633)
Prepayments	(1,748)	(1,218)
Unrealised foreign exchange	(736)	(337)
Deferred tax assets	3,258	3,281
Deferred tax liabilities	-	-
Net Deferred tax assets	3,258	3,281

NOTES ON THE FINANCIAL STATEMENTS

5. Deferred Tax Assets and Liabilities (Continued)

The group has not recognised deferred tax assets for a portion of tax losses in the parent entity and its subsidiaries located in China, Russia, Chile, Brazil, and USA because it is not probable that sufficient future taxable profit will be available. Capital losses do not expire; however, it is not probable that the Group would generate capital gains to utilise the benefit. Deductible temporary differences in subsidiaries located in China, Russia, Chile, Brazil, Kazakhstan, Turkey and USA have not been recognised because it is not probable that sufficient future taxable profit will be available.

Movements	2023 \$'000	2022 \$'000
Balance at 1 July	3,281	2,564
Recognised in profit or loss	4	728
Recognised in other comprehensive income	(47)	(21)
Recognised in equity	20	19
Over/(under) provision in prior years	-	(9)
Balance at 30 June	3,258	3,281
Unrecognised deferred tax assets		
Tax losses	16,912	15,331
Capital losses	2,489	2,489
Deductible temporary differences	3,779	3,892
Unrecognised deferred tax assets	23,180	21,712
Unrecognised gross temporary differences	78,571	73,975

Significant Estimates – Deferred Tax Assets

The recognition of the deferred tax asset of \$3,258,000 is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. At each reporting period, the recoverability of the net deferred tax assets will be reassessed. This may lead to the recognition of this unrecognised tax benefit in future reporting periods or the derecognition of deferred tax assets that are currently recognised on the consolidated statement of financial position.

6. Cash and Cash Equivalents

Cash at bank	26,961	25,807
Short-term bank deposits	7,796	8,651
	34,757	34,458

NOTES ON THE FINANCIAL STATEMENTS

7. Trade and Other Receivables

Current	2023 \$'000	2022 \$'000
Trade receivables	24,395	22,382
Allowance for expected credit loss	(1,593)	(1,520)
Subtotal	22,802	20,862
Other receivables	28	9
Trade and Other Receivables	22,831	20,871
Non-current		
Other receivables and deposits	236	205
Trade and Other Receivables	236	205

8. Contract assets

Contract assets - Services	2,119	2,910
Contract assets – Software licences	1,772	1,117
Allowance for expected credit loss	(22)	(28)
Contract assets	3,869	3,999

Contract assets from services have decreased as the group has provided less services ahead of the agreed payment schedules for fixed-price contracts, see note 1(f). The group also recognised \$1.8 million contract assets in relation to the subscription licences issued ahead of the agreed payment schedule. The group also recognised a loss allowance for contract assets in accordance with AASB 9, see note 1(g) and 21(a) for further information.

9. Other Assets

Current		
Inventory	280	305
Incremental costs of obtaining a contract	2,322	1,749
Investment – Restricted Cash	414	-
Investment – Subleases	51	48
Prepayments	2,209	2,730
Other Assets	5,276	4,832
Non-current		
Investment – Subleases	14	70
Incremental costs of obtaining a contract	4,384	3,269
Other Assets	4,398	3,339

Incremental costs of obtaining a contract

The group recognised an asset in relation to sales commissions and 3rd party royalty costs. The asset is amortised on a straight-line basis over the term of the specific subscription contract it relates to which ranges between 1 and 5 years, consistent with the pattern of recognition of the associated revenue.

NOTES ON THE FINANCIAL STATEMENTS

10. Property, Plant and Equipment

	2023 \$'000	2022 \$'000
Plant and equipment - at cost	8,648	7,473
Less: accumulated depreciation	(6,981)	(6,093)
Plant and Equipment	1,667	1,380
Leased building at cost - Right-of-use asset	18,737	9,596
Less: accumulated depreciation	(10,245)	(6,998)
Leased Buildings – Right-of-use asset	8,492	2,598
Property, Plant and Equipment	10,159	3,978
Plant and equipment - Balance at 1 July	1,380	1,596
Exchange differences	(13)	3
Additions	1,217	649
Depreciation	(917)	(868)
Balance at 30 June	1,667	1,380
Right-of-use asset - Balance at 1 July	2,598	5,558
Exchange differences	(29)	35
Additions (See Note 14 for further details)	9,141	255
Business combinations	-	256
Assets classified as held for sale, depreciation of discontinued operation	-	(329)
Sublease	-	(237)
Depreciation	(3,218)	(2,940)
Balance at 30 June	8,492	2,598

11. Intangible Assets

Software developed and acquired for sale and licensing – at cost	19,785	18,786
Less: accumulated amortisation	(17,716)	(16,305)
Software developed and acquired for sale and licensing	2,069	2,481
Software internal management systems – at cost	5,029	4,990
Less: accumulated amortisation	(4,958)	(4,881)
Software internal management systems	71	109
Customer contracts and relationships – at cost	333	333
Less: accumulated amortisation	(333)	(324)
Customer contracts and relationships	-	9
Goodwill – at cost	37,232	37,155
Less: impairment losses	(10,586)	(10,509)
Goodwill	26,646	26,646
Intangible Assets	28,786	29,245

NOTES ON THE FINANCIAL STATEMENTS

11. Intangible Assets (Continued)

	Customer relationships \$'000	Software For Sales to Customers ¹ \$'000	Software For Internal Use \$'000	Goodwill \$'000	Total \$'000
Balance at 1 July 2022	9	2,481	109	26,646	29,245
Additions	-	189	-	-	189
Exchange differences	-	2	(2)	-	-
Business combinations	-	792	-	-	792
Amortisation	(9)	(1,395)	(36)	-	(1,440)
Balance at 30 June 2023	-	2,069	71	26,646	28,786
Balance at 1 July 2021	24	4,008	27	21,612	25,671
Additions	-	402	116	-	518
Exchange differences	-	74	3	-	77
Business combinations	-	-	-	5,034	5,034
Amortisation	(15)	(2,003)	(37)	-	(2,055)
Balance at 30 June 2022	9	2,481	109	26,646	29,245

¹ Software also includes capitalised development costs.

(a) Impairment Tests for Goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) according to business unit. A segment level summary of the goodwill is presented below.

	2023 \$'000	2022 \$'000
Software Division	21,612	21,612
Advisory Division	5,034	5,034
	26,646	26,646

(b) Key assumptions used for value-in-use calculations

In the current and prior years, the recoverable amount of the Software and Advisory CGU has been determined by value-in-use calculations. These calculations were based on the following key assumptions:

	Margin ¹		Growth Rate ²		Discount Rate ³	
	2023	2022	2023	2022	2023	2022
Software Division	63%	61%	5.0%	5.0%	14.2%	14.1%
Advisory	23%	20%	2.5%	2.5%	17.5%	17.5%

¹ Budgeted gross margin

² Weighted average growth rates used to extrapolate cash flows beyond the budget period

³ In performing the value-in-use calculations for each CGU, the group has applied both pre-tax and post-tax discount rates to discount the forecast future attributable pre-tax and post-tax cash flows. The pre-tax discount rates are disclosed above

These assumptions have been used for the analysis of each CGU. Cash flows were projected based on financial budgets and management projections over a five-year period including current and projected economic conditions. Management determined budgeted gross margin based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used reflect specific risks relating to the relevant segments.

NOTES ON THE FINANCIAL STATEMENTS

11. Intangible Assets (Continued)

(c) Impact of possible changes in key assumptions

An increase or decrease of 10% on any of the assumptions individually would not result in an impairment.

12. Trade and Other Payables

	2023 \$'000	2022 \$'000
Current		
Trade payables	3,498	3,509
Other payables and accruals	9,433	8,706
Trade and Other Payables	12,931	12,215

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current. Other payables and accruals generally arise from normal transactions within the usual operating activities of the Group and comprise items such as employee taxes, incentives, employee on costs, GST and other recurring items.

13. Provisions

Current		
Annual leave	3,051	3,138
Long service leave	3,292	2,960
Employee benefits	6,343	6,098
Non-current		
Employee benefits – Long service leave	1,107	1,066

The group also operates defined contribution plans in Australia, Canada and USA which receive fixed contributions from group companies. The group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current period in relation to these contributions was \$4,119,000 (2022: \$3,705,000).

14. Other Liabilities

	2023 \$'000	2022 \$'000
Current		
Contract liabilities - software maintenance and licences	21,217	18,336
Contract liabilities - consulting and advisory	5,807	4,709
Contingent consideration – at fair value	22	143
Lease liabilities	2,567	2,376
Other Liabilities	29,613	25,564
Non-current		
Contingent consideration – at fair value	21	-
Lease liabilities	6,537	755
Other Liabilities	6,558	755

NOTES ON THE FINANCIAL STATEMENTS

14. Other Liabilities (Continued)

Contract liabilities consist of unearned income for software maintenance, subscriptions, licences and consulting and advisory services. These liabilities have increased for software subscriptions in line with revenue compared to 2022 as noted in the Consolidated Statement of Comprehensive Income, see note 1(f)(ix).

From the opening contract liability balances of \$18,336,000 the group has recognised \$18,316,000 in the current reporting period. The group expects to recognise approximately all current contract liabilities in its 2023 revenues.

Additions to right-of-use assets and lease liabilities during the 2023 financial year were \$9,141,000 (2022: 255,000) the bulk of which primarily related to the company increasing its leased space and extending the term for its head office lease in Brisbane and a new office lease in Perth, see note 10.

15. Contributed Equity

	2023 Number	2022 Number	2023 \$'000	2022 \$'000
Share capital				
Ordinary shares - fully paid	228,022,637	231,704,960	93,877	100,427

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a showing of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

Options

Information relating to the RPMGlobal Holdings Limited Employee Share Option Plan (ESOP), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of financial year, is set out in note 23.

Capital Risk Management

The Group's objectives when managing capital include safeguarding the ability to continue as a going concern, so they continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group does not have any externally imposed capital requirements.

Consistent with the industry practice, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

NOTES ON THE FINANCIAL STATEMENTS

15. Contributed Equity (Continued)

Capital Risk Management (Continued)

As the Group does not have any debt, the gearing ratios at 30 June 2023 and 30 June 2022 were not applicable:

	Notes	2023 \$'000	2022 \$'000
Total borrowings, trade and other payables		12,931	12,215
Less: cash and cash equivalents	6	(34,458)	(34,458)
Net (cash) / debt		(22,527)	(22,243)
Total equity		57,940	60,115
Total capital		36,413	37,872

Movements in Share Capital:

Details	Notes	Number of shares	\$'000
Opening balance 1 July 2022		231,704,960	100,427
Exercise of options - proceeds received		1,105,670	770
Exercise of options - transferred from share option reserve		-	239
Less: Transaction costs arising on share issues		-	(28)
Shares bought back		(4,787,993)	(7,476)
Transaction costs arising on share buyback		-	(75)
Deferred tax credit recognised directly in equity		-	20
Balance 30 June 2023		228,022,637	93,877
Opening balance 1 July 2021		229,435,170	98,574
Exercise of options - proceeds received		2,525,171	1,606
Shares issues on business combinations		626,119	1,197
Exercise of options - transferred from share option reserve		-	503
Less: Transaction costs arising on share issues		-	(50)
Shares bought back		(881,500)	(1,408)
Transaction costs arising on share buyback		-	(14)
Deferred tax credit recognised directly in equity		-	19
Balance 30 June 2022		231,704,960	100,427

16. Reserves

	2023 \$'000	2022 \$'000
Share-based payments (i)	2,703	1,815
Foreign currency translation (ii)	(3,551)	(3,391)
Financial assets revaluation reserve (iii)	(1,601)	(1,601)
Revaluation surplus	18	18
Reserve arising from an equity transaction (iv)	(1,553)	(1,553)
Reserves	(3,984)	(4,712)

NOTES ON THE FINANCIAL STATEMENTS

16. Reserves (Continued)

Nature and Purpose of Reserves

(i) Share-based payments

The fair value of options issued to employees is recognised as an employment cost during the option vesting period with corresponding increase in equity recognised in this reserve.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policy note 1(e).

(iii) Financial assets revaluation reserve

Changes in the fair value of investments are recognised in equity securities in other comprehensive income. These changes are accumulated in a separate reserve within equity.

(iv) Reserve arising from an equity transaction

Arose from the acquisition of an additional interest in the controlled entity, RPMGlobal Africa (Pty) Ltd.

Movement in Reserves

	Share-based payments		Foreign Currency Translation	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Balance at 1 July	1,815	1,259	(3,391)	(3,827)
Options expensed	1,150	1,072	-	-
Options exercised reclassified to share capital	(239)	(503)	-	-
Options lapsed reclassified to retained losses	(23)	(13)	-	-
Foreign currency translation	-	-	(160)	436
Balance at 30 June	2,703	1,815	(3,551)	(3,391)

There were no other movements in reserves in 2023 and 2022.

17. Dividends

	Cents per share		Total	
	2023 Cents	2022 Cents	2023 \$'000	2022 \$'000
Fully paid ordinary shares	-	-	-	-

No dividend was declared in respect of the current financial year (2022: nil). The parent's franking account balance is nil (2022: nil).

NOTES ON THE FINANCIAL STATEMENTS

18. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditors of the Group, its related entities, its network firms and unrelated firms.

	2023	2022
	\$	\$
Auditors of the Group – BDO and related network firms:		
Audit and review of the financial statements:		
Group	185,000	196,628
Auditors of subsidiaries	72,290	74,616
Total audit and review of the financial statements	257,290	271,244
Non -audit services		
Taxation and transfer pricing advice	31,500	26,854
Taxation compliance services	3,950	11,610
Total non-audit services	35,450	38,464
Total services provided by BDO	292,740	309,708

19. Commitments

Software Subscription and Maintenance payments

The Group sold its software under non-cancellable software subscription agreements expiring within one to five years. The agreements have varying terms and renewal rights. On renewal the terms of the subscriptions are generally renegotiated. The group has also sold maintenance contracts committed for up to five years.

Future minimum payments to be received in relation to non-cancellable software subscriptions and maintenance:

	2023	2022
	\$'000	\$'000
Within one year	24,353	16,229
Later than one year but not later than 5 years	86,660	67,022
Over 5 years	-	59
Commitments not recognised in the financial statements	111,013	83,310

NOTES ON THE FINANCIAL STATEMENTS

20. Reconciliation of Net Profit to Net Cash Inflow from Operating Activities

	2023 \$'000	2022 \$'000
Net profit/(loss)	3,689	(4,095)
Depreciation and amortisation	5,575	5,863
Fair value movements	26	51
Impairments of trade receivables	168	891
Loss on sublease, sale of property, plant and equipment	-	90
Net exchange differences and comprehensive income	(703)	(320)
Employee share options	1,150	1,072
Change in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	(1,991)	(7,042)
Decrease / (increase) in current tax asset	430	(301)
Decrease / (increase) in deferred tax asset	23	(717)
Decrease / (increase) in contract asset	130	(1,929)
Decrease / (increase) in other assets	(1,503)	(1,531)
Increase / (decrease) in trade and other payables	716	(660)
Increase / (decrease) in contract liabilities	3,979	5,001
Increase / (decrease) in current tax liabilities	252	166
Increase / (decrease) in provisions	286	1,079
Net cash inflow from operating activities	12,227	(3,506)

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets, see note 10;
- partial settlement of a business combination with contingent consideration, see note 2.
- Movement in lease liabilities reconciled to net cashflow is presented below

Balance as at 1 July (note 14)	3,131	6,098
Financing cash flows	(3,132)	(3,245)
New Leases (note 14)	9,141	255
Additions on business combinations	-	271
Lease early termination	-	(355)
Foreign exchange adjustments	(36)	81
Liabilities associated with assets classified as held for sale	-	26
Interest expense	(389)	(195)
Interest payments presented as operating cash flows	389	195
Balance as at 30 June (note 14)	9,104	3,131

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk.

The Board of Directors is ultimately responsible for reviewing, ratifying and monitoring systems of internal controls and risk management. The Board has established an Audit and Risk Committee, which is responsible for overseeing risk management systems. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's finance division is responsible for development and maintenance of policies which deal with each type of risk related to use of financial instruments.

The Group holds the following financial instruments:

	2023 \$'000	2022 \$'000
Financial assets		
Cash and cash equivalents	34,757	34,458
Trade and other receivables ¹	22,803	20,862
Financial Assets	57,560	55,320
Financial liabilities		
Trade and other payables ¹	12,931	12,215
Contingent consideration ²	42	143
Financial Liabilities	12,973	12,358

¹ At amortised cost

² At fair value

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents and its receivables from customers.

The Group does not require guarantees or collateral of its trade and other receivables. In some foreign regions the Group works on a prepayment basis to avoid credit risk.

The maximum credit risk exposure of financial assets of the Group is represented by the carrying amounts of financial assets set out above. The Group had no significant concentrations of credit risk with any single counterparty or group of counterparties. The Group holds its cash with AA and A-rated banks, except for the banks located in Brazil (BBB), Kazakhstan (B), Mongolia (B), Turkey (B), South Africa (BB), Colombia (BB), China (BBB) and Russia (BBB).

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management (Continued)

(a) Credit Risk (Continued)

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled satisfied performance obligations and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that affect the ability of the customers to settle the receivables.

On that basis the loss allowance as at 30 June 2023 was determined as follows:

30 June 2023	Current	1 - 30 days past due	30 - 90 days past due	More than 90 days past due	TOTAL
Expected loss rate	0.75%	0.97%	5.31%	66.56%	
Gross carrying amount - trade receivables	16,923	3,207	2,292	1,973	24,395
Gross carrying amount – contract asset	3,891	-	-	-	3,891
Loss Allowance	149	31	122	1,313	1,615

30 June 2022	Current	1 - 30 days past due	30 - 90 days past due	More than 90 days past due	TOTAL
Expected loss rate	0.62%	0.98%	2.60%	63.98%	
Gross carrying amount - trade receivables	14,885	2,740	2,675	2,091	22,391
Gross carrying amount – contract asset	4,027	-	-	-	4,027
Loss Allowance	113	27	70	1,338	1,548

The closing loss allowances for trade receivables and contract assets as at 30 June 2023 reconcile to the opening loss allowances as follows:

	2023 \$'000	2022 \$'000
Opening loss allowance as at 1 July	1,548	1,385
Increase in loss allowance recognised in profit or loss during the period	168	891
Effects of foreign exchange	(49)	7
Impairment losses written off	(10)	(730)
Impairment losses discontinued operations	-	20
Impairment losses recovered	(42)	(25)
At 30 June	1,615	1,548

Of the above impairment losses \$168,000 (2022 - \$891,000) relate to receivables arising from contracts with customers. For Group's policy on impairment, see note 1(g).

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management (Continued)

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation. The Group regularly reviews cashflow forecasts and maintains sufficient cash on demand.

Contractual maturities of the Group's financial liabilities, including interest thereon, are as follows:

2023	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	12,931	12,931	12,931	-	-	-	-
Lease Liabilities	9,104	9,799	1,550	1,346	2,476	4,427	-
Contingent consideration	42	45	-	22	23	-	-
Total	22,077	22,775	14,481	1,368	2,499	4,427	-
2022							
Trade and other payables	12,121	12,121	12,121	-	-	-	-
Lease Liabilities	3,120	3,225	1,385	1,065	619	156	-
Contingent consideration	143	143	143	-	-	-	-
Total	15,384	15,489	13,649	1,065	619	156	-

(c) Market Risk

Currency Risk

Market Risk is the risk of exposure arising from recognised financial assets and liabilities not denominated in Australian dollars. The current policy is not to take any forward positions. At 30 June 2023 and 30 June 2022, the Group had not entered into any derivative contracts to hedge these exposures. The Group does not engage in any significant transactions which are speculative in nature. As a multinational corporation, the Group maintains operations in foreign countries and as a result of these activities, the Group is exposed to changes in exchange rates which affect its results of operations and cash flows. The Group's exposure to foreign currency risk at reporting date expressed in Australian Dollars was as follows:

2023	USD	CAD	ZAR	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	9,459	3,971	10,946	2,553	26,929
Trade and other receivables	13,094	2,234	612	926	16,866
Trade and other payables	(265)	(353)	(693)	(172)	(1,483)
Net exposure	22,288	5,852	10,865	3,307	42,312
2022					
Cash and deposits	13,317	2,998	6,692	4,124	27,131
Trade and other receivables	11,568	2,065	474	1,098	15,205
Trade and other payables	(254)	(360)	(69)	(339)	(1,022)
Net exposure	24,631	4,703	7,097	4,883	41,314

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management (Continued)

(c) Market Risk (Continued)

A 10 percent strengthening of the Australian dollar against the above currencies at 30 June 2023 based on assets and liabilities at 30 June 2023 would have increased/(decreased) equity and profit or loss by the amounts shown in the table below on the next page. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022.

The Group manages its exposure to foreign currency fluctuations through a policy approved by the Board of Directors. There are no other significant market risks affecting the Group.

2023		2022	
Equity \$'000	Profit/(Loss) \$'000	Equity \$'000	Profit/(Loss) \$'000
(2,860)	(1,372)	(3,342)	(792)

A 10 percent weakening of the Australian dollar against the above currencies at 30 June 2023 would have had equal but opposite effect on the above currencies to the amounts shown above.

Interest rate risk

Details of the Group's borrowing facilities are presented below.

Borrowing facilities	Currency	Nominal interest rate	Maturity	2023		2022	
				Facility \$'000	Utilised \$'000	Facility \$'000	Utilised \$'000
Other facilities							
Bank guarantee	AUD	1.00%	n/a	2,000	1,664	-	-
Bank guarantee	AUD	1.95%	n/a	25	25	1,250	1,139

In both 2023 and 2022 financial years bank guarantees were secured by the Group's term deposits.

(d) Fair Value of financial instruments

Fair value hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e., as prices), or indirectly (i.e., derived from prices)
- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

NOTES ON THE FINANCIAL STATEMENTS

21. Financial Risk Management (Continued)

(d) Fair Value of financial instruments (Continued)

Recurring fair value measurements

The following financial instruments are subject to recurring fair value measurements:

	2023 \$'000	2022 \$'000
Contingent consideration – level 3	43	143

Contingent consideration in 2023 was recognised on the acquisition of Splashback Solutions in November 2022 has been estimated by calculating the present value of the future expected cash outflows for two annual payments of \$23,000 dollars discounted at 5.25%.

Contingent consideration in 2022 was recognised on the acquisition of Revolution Mining Software in 2021 has been estimated by calculating the present value of the future expected cash outflows for the annuity of \$160,000 Canadian Dollars discounted at 3.5%.

No reasonable changes to any of the key assumptions would result in a material change to contingent consideration.

Reconciliation of level 3 movements

The following table sets out the movements in level 3 fair values for contingent consideration payable.

	2023 \$'000	2022 \$'000
Opening balance 1 July	143	190
Recognised on business combination	41	-
Payments of contingent consideration	(165)	(104)
Foreign exchange differences	(2)	5
Fair value adjustments	26	52
Closing balance 30 June	43	143

Valuation processes for level 3 fair values

Valuations are performed every six months to ensure that they are current for the half-year and annual financial statements.

NOTES ON THE FINANCIAL STATEMENTS

22. Earnings Per Share

	2023 Cents	2022 Cents
From continuing operations attributable to the ordinary equity holders of the company	1.6	(2.0)
From discontinued operation	-	0.2
Total basic earnings per share attributable to the ordinary equity holders of the company	1.6	(1.8)
Total diluted earnings per share attributable to the ordinary equity holders of the company ¹	1.6	(1.8)

	2023 \$'000	2022 \$'000
Earnings used in Calculating Earnings Per Share		
Profit/(Loss) attributable to the ordinary equity holders used in calculating earnings per share:		
From continuing operations	3,689	(4,615)
From discontinued operation	-	520
Profit/(Loss) for the period	3,689	(4,095)

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	230,087,599	231,561,581
Dilutive options ¹	6,637,609	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	236,725,208	231,561,581

¹ Options are anti-dilutive when converted to ordinary shares as they reduce loss per share.

23. Share Based Payments

Tax Exempt Share Plan

The Employee Share Scheme enables the Board to issue up to \$1,000 of shares tax free per employee of the Group each year. There were no shares issued under the \$1,000 Share Purchase Plan in 2023 or 2022.

Eligibility for the tax exempt share plan is approved by the board having regard to individual circumstances and performance. No directors or key management personnel are eligible for the Tax Exempt Share Plan.

Employee Share Option Plan (ESOP)

The Employee Share Option Plan (ESOP) was approved by the Board of Directors on 5 February 2008, amended on 7 October 2009, 28 October 2011, 29 October 2013, 24 November 2016 and most recently following approval of shareholders at the Company's 2019 Annual General Meeting.

Eligible participants of the ESOP include any person who is employed by, or is a director, officer or executive (or their approved permitted nominee), of the Group and whom the Board or its nominee determines is eligible to participate in the Option Plan. A permitted nominee includes a company controlled by the employee, a trust in which the employee has, or may have entitlements or such other entity as approved by the Board. Options are granted at the discretion of the Board of Directors.

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

All options under the ESOP are to be offered to eligible employees for no consideration. The offer to the eligible participant must be in writing and specify amongst other things, the number of options for which the eligible employee may apply, the period within which the options may be exercised, any conditions to be satisfied before exercise, the option expiry date and the exercise price of the options, as determined by the Board. The Board can impose any restrictions on the exercise of options as it considers fit.

The rules of the ESOP plan enable the Board to determine the applicable vesting criteria and to set a timetable for vesting of options in the offer document, including vesting in tranches over a defined period. The Board has the discretion on whether or not to set performance hurdles for vesting or to link vesting solely to a defined service period in order to drive key staff retention and reward longevity of service.

The options may be exercised, in part or full, subject to the employee continuing to be employed at the relevant vesting dates, by the participant giving a signed notice to the Company and paying the exercise price in full. The Company will apply for official quotation of any Shares issued on exercise of any options.

The rules of the plan allow the Board to set the exercise price per Option in the offer document.

Subject to the accelerated expiry terms set out in the ESOP plan (explained further below), options will expire five years after the date of grant subject to the option holder remaining employed by the Group. Unexercised options will automatically lapse upon expiry. Unless determined otherwise by the Board, in the event of stated events detailed in the plan, including termination of employment or resignation, redundancy, death or disablement or in the event of a change of control of an employee's permitted nominee, unvested options shall lapse and the expiry date of any vested options will be adjusted in accordance with the accelerated timetables set out in the ESOP plan rules (subject to the Board's discretion to extend the term of exercise in restricted cases).

Once shares are allotted upon exercise of the options the participant will hold the shares free of restrictions. The shares will rank equally for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue. Should the Company undergo a reorganisation or reconstruction of capital or any other such change, the terms of the options (including number or exercise price or both) will be correspondingly changed to the extent necessary to comply with the Listing Rules. With this exception, the terms for the exercise of each Option remains unchanged. In the event of a change of control of the Company, all options will vest immediately and may be exercised by the employee (regardless of whether the vesting conditions have been satisfied). A holder of options is not entitled to participate in dividends, a new or bonus issue of Shares or other securities made by the Company to Shareholders merely because he or she holds options.

The Options are not transferable, assignable or able to be encumbered, without Board consent and the options will immediately lapse upon any assignment, transfer or encumbrance, with the exception of certain dealings in the event of death of the option holder.

The ESOP plan will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate terms and conditions (subject to the Listing Rules) in addition to those set out in the ESOP plan.

The ESOP plan may be terminated or suspended at any time by the Board. The ESOP plan may be amended or modified at any time by the Board except where the amendment reduces the rights of the holders of options, unless required by the Corporations Act or the Listing Rules, to correct any manifest error or mistake or for which the option holder consents. The Board may waive or vary the application of the ESOP plan rules in relation to any eligible employee at any time.

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

Employee Benefits expense	2023 \$'000	2022 \$'000
Share-based payment expense recognised during the financial year		
Options issued under employee option plan	1,150	1,072
	1,150	1,072

The options issued in prior years vest in tranches over a three year period from the date of grant, with vesting conditions solely linked to the holder maintaining employment with the Group over that period and are issued at an exercise price based on the volume weighted average price of the Company's shares in the five days prior to each grant. Options issued in 2023 vest in three years from the grant date, with vesting conditions linked to the holder maintaining employment with the Group over that period and Total Shareholder Return on shares overperforming ASX 300 accumulated index (AXCOA).

Grant date	Vesting date	Expiry date	Exercise Price \$	Number beginning of year	Granted	Forfeited	Exercised	Share Price \$ ¹	Number at end of year
2023									
<i>Options granted to employees</i>									
31/10/17	31/10/18	31/10/22	0.77	168,329	-	(33,333)	(134,996)	1.68	-
31/10/17	31/10/19	31/10/22	0.77	168,334	-	(33,333)	(135,001)	1.68	-
31/10/17	31/10/20	31/10/22	0.77	268,338	-	(33,334)	(235,004)	1.68	-
15/03/18	15/03/19	15/03/23	0.67	20,001	-	-	(20,001)	1.44	-
15/03/18	15/03/20	15/03/23	0.67	20,001	-	-	(20,001)	1.44	-
15/03/18	15/03/21	15/03/23	0.67	19,998	-	-	(19,998)	1.44	-
13/09/18	13/09/19	13/09/23	0.61	154,997	-	-	(66,668)	1.47	88,329
13/09/18	13/09/20	13/09/23	0.61	259,996	-	-	(143,337)	1.47	116,659
13/09/18	13/09/21	13/09/23	0.61	551,680	-	-	(74,997)	1.47	476,683
14/12/18	14/12/19	14/12/23	0.58	74,331	-	-	(29,666)	1.51	44,665
14/12/18	14/12/20	14/12/23	0.58	107,668	-	-	(4,667)	1.51	103,001
14/12/18	14/12/21	14/12/23	0.58	224,338	-	-	(21,334)	1.51	203,004
15/03/19	15/03/20	15/03/24	0.58	51,666	-	-	-	-	51,666
15/03/19	15/03/21	15/03/24	0.58	85,000	-	-	-	-	85,000
15/03/19	15/03/22	15/03/24	0.58	285,002	-	-	(166,667)	1.46	118,335
14/09/20	14/09/21	14/09/25	1.15	16,666	-	-	-	-	16,666
14/09/20	14/09/22	14/09/25	1.15	49,999	-	-	(33,333)	1.49	16,666
14/09/20	14/09/23	14/09/25	1.15	50,002	-	-	-	-	50,002
12/11/20	12/11/23	12/11/25	-	1,257,253	-	(135,540)	-	-	1,121,713
23/03/21	23/03/24	23/03/26	-	1,233,524	-	(78,854)	-	-	1,154,670
3/09/21	3/09/24	3/09/26	-	1,214,781	-	(270,583)	-	-	944,198
25/02/22	25/02/25	25/02/27	-	759,775	-	(92,922)	-	-	666,853
26/09/22	26/06/25	26/09/27	-	-	1,498,633	(119,134)	-	-	1,379,499
TOTAL				7,041,679	1,498,633	(797,033)	(1,105,670)	1.57	6,637,609
Weighted average exercise price, \$				0.24	-	0.10	0.70		0.13

¹ Weighted average share price at the exercise date

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

Grant date	Vesting date	Expiry date	Exercise Price \$	Number beginning of year	Granted	Forfeited	Exercised	Share Price \$ ¹	Number at end of year
2022									
<i>Options granted to employees</i>									
9/02/17	9/02/18	9/02/22	0.59	186,662	-	(6,666)	(179,996)	1.98	-
9/02/17	9/02/19	9/02/22	0.59	186,662	-	(6,666)	(179,996)	1.98	-
9/02/17	9/02/20	9/02/22	0.59	186,676	-	(6,668)	(180,008)	1.98	-
8/06/18	8/06/20	8/06/22	0.57	16,668	-	-	(16,668)	1.71	-
31/10/17	31/10/18	31/10/22	0.77	278,328	-	-	(109,999)	1.98	168,329
31/10/17	31/10/19	31/10/22	0.77	278,333	-	-	(109,999)	1.98	168,334
31/10/17	31/10/20	31/10/22	0.77	428,340	-	-	(160,002)	1.98	268,338
15/03/18	15/03/19	15/03/23	0.67	56,669	-	-	(36,668)	1.79	20,001
15/03/18	15/03/20	15/03/23	0.67	56,669	-	-	(36,668)	1.79	20,001
15/03/18	15/03/21	15/03/23	0.67	81,662	-	-	(61,664)	1.79	19,998
13/09/18	13/09/19	13/09/23	0.61	263,382	-	(5,000)	(103,385)	1.92	154,997
13/09/18	13/09/20	13/09/23	0.61	471,713	-	(5,000)	(206,717)	1.92	259,996
13/09/18	13/09/21	13/09/23	0.61	951,748	-	(5,000)	(395,068)	1.92	551,680
14/12/18	14/12/19	14/12/23	0.58	79,331	-	-	(5,000)	1.94	74,331
14/12/18	14/12/20	14/12/23	0.58	129,335	-	-	(21,667)	1.94	107,668
14/12/18	14/12/21	14/12/23	0.58	271,005	-	-	(46,667)	1.94	224,338
15/03/19	15/03/20	15/03/24	0.58	159,999	-	-	(108,333)	1.89	51,666
15/03/19	15/03/21	15/03/24	0.58	393,333	-	-	(308,333)	1.89	85,000
15/03/19	15/03/22	15/03/24	0.58	393,336	-	-	(108,334)	1.89	285,002
7/06/19	7/06/21	7/06/24	0.60	100,000	-	-	(100,000)	1.84	-
7/06/19	7/06/22	7/06/24	0.60	100,000	-	(100,000)	-	-	-
14/09/20	14/09/21	14/09/25	1.15	66,665	-	-	(49,999)	1.92	16,666
14/09/20	14/09/22	14/09/25	1.15	66,665	-	(16,666)	-	-	49,999
14/09/20	14/09/23	14/09/25	1.15	66,670	-	(16,668)	-	-	50,002
12/11/20	12/11/23	12/11/25	0.00	1,323,835	-	(66,582)	-	-	1,257,253
23/03/21	23/03/24	23/03/26	0.00	1,316,282	-	(82,758)	-	-	1,233,524
3/09/21	3/09/24	3/09/26	0.00	-	1,252,101	(37,320)	-	-	1,214,781
25/02/22	25/02/25	25/02/27	0.00	-	814,436	(54,661)	-	-	759,775
TOTAL				7,909,968	2,066,537	(484,655)	(2,450,171)	1.92	7,041,679
Weighted average exercise price, \$				0.43	0.00	0.50	0.62	-	0.24

¹ Weighted average share price at the exercise date

NOTES ON THE FINANCIAL STATEMENTS

23. Share Based Payments (Continued)

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.7 years (2022: 2.9 years).

The fair values at grant date for the options were estimated using a Trinomial Lattice model which defines the conditions under which employees are expected to exercise their options after vesting in terms of the stock price reaching a specified multiple of the exercise price. For zero exercise price options, the Monte Carlo simulation run by the model takes into account multiple scenarios for the exercising of the options.

The model inputs for options granted during the 2023, 2022, 2021, 2019, 2018, 2017 financial years included:

Grant date	Vesting date	Share Price \$	Exercise price \$	Expected volatility %	Weighted average life, years	Expected dividends %	Risk-free interest rate ¹ , %	Fair value at grant Date, \$
9/02/17	9/02/18	0.63	0.59	43	5.0	nil	2.12	0.17
9/02/17	9/02/19	0.63	0.59	43	5.0	nil	2.12	0.21
9/02/17	9/02/20	0.63	0.59	43	5.0	nil	2.12	0.23
8/06/17	8/06/20	0.54	0.57	43	5.0	nil	1.95	0.17
31/10/17	31/10/18	0.77	0.77	42	5.0	nil	2.24	0.19
31/10/17	31/10/19	0.77	0.77	42	5.0	nil	2.24	0.23
31/10/17	31/10/20	0.77	0.77	42	5.0	nil	2.24	0.26
15/03/18	15/03/19	0.67	0.67	42	5.0	nil	2.30	0.17
15/03/18	15/03/20	0.67	0.67	42	5.0	nil	2.30	0.20
15/03/18	15/03/21	0.67	0.67	42	5.0	nil	2.30	0.23
13/09/18	13/09/19	0.65	0.61	41	5.0	nil	2.22	0.17
13/09/18	13/09/20	0.65	0.61	41	5.0	nil	2.22	0.21
13/09/18	13/09/21	0.65	0.61	41	5.0	nil	2.22	0.23
14/12/18	14/12/19	0.58	0.58	41	5.0	nil	2.14	0.14
14/12/18	14/12/20	0.58	0.58	41	5.0	nil	2.14	0.17
14/12/18	14/12/21	0.58	0.58	41	5.0	nil	2.14	0.19
15/03/19	15/03/20	0.55	0.58	41	5.0	nil	1.60	0.12
15/03/19	15/03/21	0.55	0.58	41	5.0	nil	1.60	0.15
15/03/19	15/03/22	0.55	0.58	41	5.0	nil	1.60	0.17
7/06/19	7/06/21	0.59	0.60	41	5.0	nil	1.14	0.16
7/06/19	7/06/22	0.59	0.60	41	5.0	nil	1.14	0.19
14/09/20	14/09/21	1.14	1.15	45	5.0	nil	0.40	0.28
14/09/20	14/09/22	1.14	1.15	45	5.0	nil	0.40	0.34
14/09/20	14/09/23	1.14	1.15	45	5.0	nil	0.40	0.39
12/11/20	12/11/23	1.12	0.00	45	5.0	nil	0.30	0.70
23/03/21	23/03/24	1.29	0.00	45	5.0	nil	0.46	0.80
3/09/21	3/09/24	1.96	0.00	45	5.0	nil	0.63	1.19
25/02/22	25/02/25	1.79	0.00	45	5.0	nil	1.94	1.12
26/09/22	26/09/25	1.52	0.00	41	5.0	nil	3.84	0.93

¹ based on government bonds

The expected price volatility is based on the historic volatility compared to that of similar listed companies and the remaining life of the options.

NOTES ON THE FINANCIAL STATEMENTS

24. Parent Entity Disclosures

As at and throughout the financial year ending 30 June 2023 the parent entity of the Group was RPMGlobal Holdings Limited.

Summary financial information

The individual financial statements for the parent entity show the following aggregation:

	2023 \$000	2022 \$000
Result of parent entity		
Profit/(loss)	2,778	(4,112)
Other comprehensive income	-	-
Total comprehensive income	2,778	(4,112)
Financial position of parent entity at year end		
Current assets	44,282	48,194
Total assets	72,455	69,236
Current liabilities	10,468	10,554
Total liabilities	18,532	12,453
Total equity of the parent entity comprising of:		
Issued capital	93,877	100,427
Share-based Payments Reserve	2,704	1,815
Revaluation Surplus Reserve	18	18
Reserve Arising From an Equity Transaction	(600)	(600)
Accumulated losses	(42,076)	(44,877)
Total equity	53,923	56,783
Contingent liabilities	-	-
Contractual commitments for the acquisition or property, plant or equipment	-	-

25. Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2023 are set out below. All subsidiaries have share capital consisting solely of ordinary shares that are 100% (2022: 100%) held directly by the Group, and the proportions of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

NOTES ON THE FINANCIAL STATEMENTS

25. Interests in other entities (Continued)

(a) Material subsidiaries (Continued)

Name of entity	Place of business/ incorporation	Principal Activities
RPM Software Pty Ltd	Australia	Software Sales and Services
RPM Advisory Services Pty Ltd	Australia	Advisory Services
RPM Software International Pty Ltd	Australia	Software Sales and Services
RPMGlobal USA, Inc.	USA	Advisory Services
RPM Software USA, Inc.	USA	Software Sales and Services
RPMGlobal Canada Ltd	Canada	Software Sales and Services
PT RungePincokMinarco	Indonesia	Advisory Services
RPMGlobal Asia Limited	Hong Kong	Advisory Services
RPMGlobal China Limited	China	Advisory Services
RPMGlobal LLC	Mongolia	Advisory Services
CJSC Runge (in liquidation)	Russia	Software and Advisory Services
RPMGlobal LLC (in liquidation)	Russia	Software Sales and Services
RPMGlobal Singapore Pte. Ltd.	Singapore	Software Sales and Services
RPMGlobal Africa (Pty) Ltd	South Africa	Software Sales and Services
RPMGlobal Chile Limitada	Chile	Software Sales and Services
RPMGlobal Software Do Brasil Ltda	Brazil	Software Sales and Services
Revolution Mining Software Inc	Canada	Software Sales and Services
IMAFS Inc	Canada	Software Sales and Services
iSolutions International Pty Ltd	Australia	Software Sales and Services
iSolutions Holdings Pty Ltd	Australia	Software Sales and Services
MineOptima Holdings Pty Ltd	Australia	Software Sales and Services
MineOptima Operations Pty Ltd	Australia	Software Sales and Services
Minvu Pty Ltd	Australia	Software Sales and Services
Minvu Holdings Pty Ltd	Australia	Software Sales and Services
Nitro Solutions Pty Ltd	Australia	Advisory Services
Blueprint Environmental Strategies Pty Ltd	Australia	Advisory Services
Splash Back Solutions Pty Ltd (refer note 2)	Australia	Software Sales and Services
Kurilpa Investments Pty Ltd	Australia	Software Sales and Services
RPM Global Turkey Danışmanlık Hizmetleri ve Ticaret A.Ş.	Turkey	Advisory Services
RPMGlobal Kazakhstan LLP	Kazakhstan	Software Sales and Services
RPMGlobal Colombia SAS	Colombia	Software Sales and Services

All entities trade as RPM and RPMGlobal.

(b) Significant Restrictions

Cash and short term deposits held in Chile, Brazil, South Africa, China, Indonesia, Mongolia and Russia are subject to local exchange control regulations. These regulations provide restrictions on exporting capital from those countries other than through normal trading transactions or dividends. The carrying amount of cash included within the consolidated financial statements to which these restrictions apply is \$16,190,000 (2022: \$11,009,000).

NOTES ON THE FINANCIAL STATEMENTS

26. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the CEO in order to make decisions about resource allocations and to assess performance of the Group. The reports are split into functional divisions: Software Division, Advisory Division.

Software Division provides all of the Group's Software offerings, including support (maintenance), training and implementation services to mining companies. Advisory Division provides consulting and advisory services which cover technical and economic analysis and assessment of mining activities and resources on behalf of mining companies, financial institutions, customers of mining companies (e.g., coal fired electricity generators), lessors and potential lessors of mineral rights to mining companies, government departments and agencies and suppliers to mining companies and projects. GeoGAS division specialising in coal gas laboratory testing was divested in 2022 and removed from the segment report and its prior year comparatives. Segment revenue, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

(a) Information about reportable segments

	2023			2022		
	Software Division	Advisory Division	Total	Software Division	Advisory Division	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External Sales	66,069	31,303	97,372	56,051	26,644	82,695
Inter-segment sales	362	119	481	194	213	407
Total Revenue	66,431	31,422	97,853	56,245	26,857	83,102
Inter-segment expenses	(119)	(362)	(481)	(200)	(193)	(393)
Rechargeable expenses	(2,150)	(4,651)	(6,801)	(1,468)	(3,467)	(4,935)
Net revenue	64,162	26,409	90,571	54,577	23,197	77,774
Expenses	(29,896)	(20,498)	(50,394)	(27,495)	(19,523)	(47,018)
Software Development	(18,218)	-	(18,218)	(16,540)	-	(16,540)
Segment profit/(loss)	16,048	5,911	21,959	10,542	3,674	14,216

(b) Disaggregation of revenue from contracts with customers

Revenue						
Segment Revenue	66,431	31,422	97,853	56,245	26,857	83,102
Inter-segment revenue	(362)	(119)	(481)	(194)	(213)	(407)
Revenue from external customers	66,069	31,303	97,372	56,051	26,644	82,695
<i>Timing of revenue recognition</i>						
At a point in time	2,916	-	2,916	1,791	-	1,791
Over time	63,153	31,303	94,456	54,260	26,644	80,904
Revenue from contracts with customers	66,069	31,303	97,372	56,051	26,644	82,695

Segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

NOTES ON THE FINANCIAL STATEMENTS

26. Operating Segments (Continued)

(c) Geographical Information	2023		2022	
	Revenues from contracts with customers \$'000	Non-current assets ¹ \$'000	Revenues from contracts with customers \$'000	Non-current assets ¹ \$'000
Australia	38,832	37,382	30,124	32,297
Asia	12,061	404	13,771	317
Americas	24,124	4,775	20,201	3,611
Africa & Europe	22,355	1,019	18,599	542
Operating Segment	97,372	43,579	82,695	36,767
Less: Discontinued operations:				
- GeoGAS revenue in Advisory	-	-	(121)	-
Total	97,372	43,579	82,574	36,767

¹ Excludes financial instruments and deferred tax assets

	2023 \$'000	2022 \$'000
(d) Reconciliation of segment profit to reported net profit:		
Segment result	21,959	14,216
Adjustments:		
Other income	988	1534
Employment benefits – corporate and IT	(6,674)	(7,771)
Other unallocated costs – corporate and IT	(4,276)	(3,623)
Depreciation and amortisation	(5,575)	(5,862)
Ukraine and Russia - Bad debts	(168)	(936)
Redundancy costs	(1,248)	-
Advisory contribution from GeoGAS business	-	(44)
Net finance costs	(171)	(306)
Loss before income tax	4,835	(2,792)
Income tax expense	(1,146)	(1,823)
Loss after income tax from continuing operations	3,689	(4,615)

27. Key Management Personnel Disclosures

	2023 \$	2022 \$
(a) Compensation		
Short term employee benefits	2,854,554	2,890,189
Post-employment benefits	87,899	85,974
Share-based payments	137,459	108,209
	3,079,912	3,084,372

No other transactions with Key Management personal occurred during the year.

NOTES ON THE FINANCIAL STATEMENTS

28. Discontinued operation

(a) Description

In May 2021 the board decided to divest its GeoGAS business via a Management Buy Out (MBO). The associated assets and liabilities were consequently presented as held for sale in the 2021 financial statements.

The subsidiary was sold on 14 August 2021 and is reported in the current period as a discontinued operation. The consideration to be paid for this divestment is equal to \$500,000, being the net assets of the GeoGAS business as at 30 June 2021. The consideration was paid to the Group by the GeoGAS management in a once-off cash payment in full at closing plus or minus customary post-completion balance sheet adjustments.

(b) Profit/(Loss) from discontinued operations

	2023 \$'000	2022 \$'000
Revenue from contracts with customers – services	-	901
Other revenue – Government subsidies and leases	-	2
Rechargeable expenses	-	(8)
Depreciation	-	(67)
Employee benefits	-	(270)
Other expenses	-	(35)
Impairment of Property Plant and Equipment	-	-
Interest expenses	-	(3)
Income tax benefit/(expense)	-	-
Impairment of Goodwill	-	-
Profit/Loss from discontinued operations	-	520

(c) Cashflow from discontinued operations

Net cash inflows from operating activities	-	712
Net cash outflows from investment activities	-	(2)
Net cash outflows from financing activities	-	(42)
Net Increase of cash generated by subsidiary	-	668

29. Events occurring after the reporting period

No matter or circumstance have arisen since 30 June 2023 that has significantly affected the Group's operations, results or state of affairs, or may do so in the future years.

30. Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets that require disclosure in the financial report.

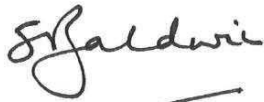
DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 (a) to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- the remuneration disclosures included in pages 17 to 24 of the Directors' report (as part of audited Remuneration Report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001*; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors



Stephen Baldwin,

Chairman

Dated this 26 August 2023

INDEPENDENT AUDITOR'S REPORT

To the members of RPMGlobal Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RPMGlobal Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cashflows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition and measurement

Key audit matter	How the matter was addressed in our audit
<p>The Group generates revenue from multiple streams, including: software sales (perpetual and SaaS), maintenance, advisory and consultancy.</p> <p>The Group continued to increase its software sales from recurring subscription sales. Revenue recognition under AASB 15 <i>Revenue from Contracts with Customers</i> is complex and subject to error, especially where revenue is recognised over time or with multiple performance obligations.</p> <p>The Group's disclosures about revenue recognition are included in Note 1(f), which detail the accounting policies applied under the requirements of AASB 15 <i>Revenue from Contracts with Customers</i>.</p> <p>The assessment of the Group's revenue recognition was significant to our audit due to the materiality of revenue to the financial report, and the complex nature of accounting for the appropriate timing of revenue related to the sale of software and related maintenance services under the requirements of AASB 15 <i>Revenue from Contracts with Customers</i>.</p> <p>The Group has entered into a number of material contracts, requiring the Group to supply software licence and maintenance services, a number of which included comprehensive contractual provisions. The total value of these contracts are considered material to the Group.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> Assessing the revenue recognition policy for compliance with AASB 15 <i>Revenue from Contracts with Customers</i>. Selecting significant software licence contracts, and reconciling the contract from inception to reporting, alongside the revenue recognition under AASB 15. This included a focus on new subscription sales and the recognition of revenue 'over time'. Selecting a sample of licence sales, maintenance services and consulting fees recognised as revenue, and agreeing to supporting invoices, signed customer contracts and proof of delivery where available. Obtaining and evaluating credit notes issued post year-end, and completing invoice cut-off testing, to ensure an appropriate revenue cut-off was achieved at balance sheet date. Analytical review procedures on all significant revenue streams on a disaggregated balance against expected trends and prior year levels. Selecting a sample of receipts and maintenance invoices from the clients' income in advance schedule and recalculating appropriate deferred portion of revenue. Obtaining management's revenue recognition papers on the relevant contracts, assessing revenue recognition for compliance with AASB 15 <i>Revenue from Contracts with Customers</i>, including identifying performance obligations and allocating the transaction price. Further, substantive procedures verified amounts recognised as revenue. Assessing the adequacy of the Group's revenue recognition disclosures within the financial statements.

Carrying value of goodwill - impairment assessment

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's disclosures on Goodwill impairment are included in Note 11, detailing the allocation of Goodwill to the Group's various cash-generating units ('CGUs'), setting out the key assumptions for value-in-use calculations and the impact possible changes in these assumptions would have.</p> <p>This annual impairment test is significant to our audit given the material balance of Goodwill as at 30 June 2023, and its importance to the financial statements.</p> <p>The impact of inputs used in management's assessment required significant auditor attention.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the value-in-use models, and critically evaluating management's methodologies and their key assumptions. • Assessing management's allocation of Goodwill, and assets and liabilities, including corporate assets to the CGU's. • Evaluating the inputs used in the value-in-use calculations, including growth rates, discount rates and underlying cash flows applied by management. • Involving our internal specialists to assess the discount rates and terminal growth rates against comparable market information. • Assessing the disclosures related to the Goodwill and impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report


We have audited the Remuneration Report included in pages 17 to 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of RPMGlobal Holdings Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

The image shows a handwritten signature in black ink. Above the signature, the letters 'BDO' are written in a stylized, cursive font. The signature itself is a complex, flowing script that appears to read 'C K Henry'.

C K Henry
Director

Brisbane, 26 August 2023

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement – Year Ended 30 June 2023

The Board and Management of RPMGlobal Holdings Limited (ASX:RUL) (the ‘Company’) consider that it is crucial to the Company’s long term performance and sustainability and to protect and enhance the interests of the Company’s shareholders and other stakeholders, that it maintains an appropriate corporate governance framework pursuant to which the Company and its related companies globally (the ‘Group’) will conduct its operations in Australia and internationally with integrity, accountability and in a transparent and open manner.

The Company regularly reviews its governance arrangements as well as developments in market practice, expectations, and regulation. The Company’s Corporate Governance Statement, which is available to view at https://rpmglobal.com/wp-content/uploads/2023/08/20230825-CG_PY_00_Corporate-Governance-Statement-FY23-24-Update-Final.pdf, has been approved by the Board of RPMGlobal Holdings Limited and explains how the Group addresses the requirements of the Corporations Act 2001, the ASX Listing Rules 2001 and the 4th Edition of the ASX Principles and Recommendations (the ‘ASX Principles and Recommendations’) and is **current as at 26 August 2023**.

The Company’s ASX Appendix 4G, which is available to view at <https://rpmglobal.com/wp-content/uploads/2023/08/20230825-RPM-FY23-24-Appendix-4g-4th-Edition-RUL.pdf> is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in the Company’s Corporate Governance Statement, this 2023 Annual Report and other relevance governance documents and materials on the Company’s website, which are provided in the Corporate Governance section of the Company’s website at <https://rpmglobal.com/company/investor-centre/>. The Corporate Governance Statement together with the ASX Appendix 4G and the Company’s 2023 Annual Report, were also lodged with the ASX on **28 August 2023**.

The Board of the Company strives to meet the highest standards of Corporate Governance and also recognises that it is also crucial that the Company’s governance framework appropriately reflects the current size, operations and industry in which the Company operates.

The Company has complied with the recommendations of the ASX Principles and Recommendations. The Board believes that any areas of minor non-conformance, which are explained in the Corporate Governance Statement and the ASX Appendix 4G, do not materially impact on the Company’s ability to achieve the highest standards of Corporate Governance, whilst at the same time ensuring the Company is able to achieve the expectations of its shareholders and other stakeholders.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 11 August 2023.

A. Distribution of Equity Securities

Analysis of number of equity security holders by size of holding:

	No. Holders	Options
1 – 1,000	3,654	-
1,001 – 5,000	4,151	1
5,001 – 10,000	1,235	28
10,001 – 100,000	1,228	83
100,001 – and over	136	18
	10,404	130

The number of shareholdings held in less than marketable parcels of 317 shares is 519 (Close Price 11 August 2023 \$1.58).

B. Equity Security Holders

The names of the twenty largest holders of quoted equity securities (as at 11 August 2023) are listed below:

Name	Number held	Percentage of issued shares
NATIONAL NOMINEES LIMITED	35,508,497	15.58
CITICORP NOMINEES PTY LIMITED	23,087,946	10.13
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,022,354	10.10
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	22,062,529	9.68
RUNGE INTERNATIONAL PTY LTD <RUNGE FAMILY A/C>	8,552,131	3.75
PAUA PTY LTD <THE PAUA A/C>	6,795,753	2.98
BNP PARIBAS NOMS(NZ) LTD<DRP>	4,324,351	1.90
UBS NOMINEES PTY LTD	4,312,821	1.89
BOND STREET CUSTODIANS LIMITED <SALTER - D79836 A/C>	3,000,000	1.32
MR STEPHEN JOHN BALDWIN + MRS ANDREA MAREE BALDWIN <THE STEVE BALDWIN S/FUND A/C>	2,642,511	1.16
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,419,132	1.06
TODD GLOBAL INVESTMENTS PTY LTD <TODD A/C>	2,360,676	1.04
BNP PARIBAS NOMS PTY LTD <DRP>	1,515,153	0.66
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,503,447	0.66
THE RIDGE NZ PTY LTD <THE RIDGE NZ SUPER FUND A/C>	1,424,385	0.62
BRETTON PTY LTD <WALKER SUPER FUND NO 2 A/C>	1,200,000	0.53
MR IAN JAMES LUXTON	982,934	0.43
MR ALUN GWYN PHILLIPS + MRS ANDRE JOAN PHILLIPS <A & A PHILLIPS S/FUND A/C>	832,500	0.37
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	822,354	0.36
CRX INVESTMENTS PTY LIMITED	800,000	0.35
	147,169,474	64.57

Unquoted equity securities

6,404,275 options over unissued shares (as at the date of this report): for further details see note 23.

SHAREHOLDER INFORMATION

C. Substantial Holders

The names of the substantial shareholders listed in the holding register as at 30 June 2023 are:

Estimated beneficial holdings as at 30 June 2023	Number held	Percentage
Perennial Value Management	31,935,139	14.00%
Ellertson Capital	11,561,845	5.07%

D. Voting Rights

Refer to note 15 for voting rights attached to ordinary shares.

CORPORATE DIRECTORY

Directors

Richard Mathews
Managing Director

Stephen Baldwin
Chairman
Non-executive Director

Angeleen Jenkins
Non-executive Director

Paul Scurrah
Non-executive Director

Ross Walker
Non-executive Director

Company Secretary

James O'Neill
Group General Counsel and Company Secretary

Registered Office

Level 14, 310 Ann Street
Brisbane QLD 4000
Ph: +61 7 3100 7200
Fax: +61 7 3100 7297
Web: www.rpmglobal.com

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek St
Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Limited
Level 1, 200 Mary Street
Brisbane QLD 4000

Stock Exchange Listing

The Company is listed on the Australian Securities
Exchange Limited (ASX: RUL)

RPMGlobal Holdings Limited

ABN 17 010 672 321

RPMGLOBAL

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