

Announcement

Acquisition of IMAFS Inc

28 October 2020

RPMGlobal Holdings Limited (ASX: RUL) [RPM ®] is pleased to announce it has entered into a share purchase agreement to acquire 100% of the issued share capital of Quebec Canada headquartered, Software-as-a-Service (**SaaS**) and cloud delivered inventory optimisation management and forecasting solution company, IMAFS, Inc.

Privately-owned IMAFS has more than 20 years' experience developing and selling its flagship IMAFS™ product, a cutting-edge, cloud delivered inventory management and forecasting software solution that has a proven track record of increasing the financial performance of asset intensive companies by greatly improving inventory management through state-of-the-art optimisation.

The IMAFS product has been designed and built for the sole purpose of optimising the inventory holdings of large asset intensive companies. In the mining industry, management and optimisation, specifically the Maintenance, Repair and Operational (MRO) inventory is critical to ensuring operational continuity and attainment of production targets.

The key to accurately forecasting any type of inventory is understanding future demand. Mining MRO inventory optimisation is often a unique challenge to solve due to low volume and/or erratic turnover with long lead times, high component costs and the complex logistics associated with operating remote locations leading to companies over-stocking parts inventory and tying up capital unnecessarily.

Mining by its very nature means carrying high levels of inventory, spare parts, and consumables. Major Enterprise Resource Planning (ERP) products are good at managing 'steady use' inventory, based predominately on historic patterns of use and trends. The challenges arise in managing and forecasting inventory for maintaining large complex, fixed and mobile assets which are not always scheduled or easily forecast based on history. When it comes to mining, properly managing MRO inventory is vital. If the plant, or key pieces of equipment (Loaders, Trucks, Conveyors etc.) stop operating because spare parts are not available, you have a costly operational problem. A poor inventory optimisation process can result in a company ordering inventory urgently due to reactive (poor) inventory processes rather than predictive (good) inventory processes.

IMAFS have developed a hosted subscription service that allows inventory data to be extracted from a company's ERP product or Computerised Maintenance Management (CMM) system and analysed programmatically. IMAFS' proprietary and cutting-edge algorithms also include Artificial Intelligence (AI) logic which incorporates parameters such as transport mode, carrier, weather, customs, seasonality, holidays, availability and many other data points. IMAFS will also identify excess or obsolete stock that can be returned or disposed of.

Commenting on the acquisition, RPM CEO and Managing Director Richard Mathews said "we are very pleased to have concluded negotiations to acquire IMAFS and are really looking forward to welcoming the Quebec based IMAFS team into the wider RPM family. This product is a great fit with the existing RPM product suite and further builds on our cloud and optimisation offerings".

"Four years ago, we acquired iSolutions because we understood the importance of planning maintenance in parallel with production. AMT sales have been strong and the adoption rate within our customer base has been pleasing. AMT stands alone when it comes to forecasting the lifecycle cost of an asset using its dynamic lifecycle costing engine (DLCC). This real time engine accurately predicts when customers will require major parts and components. In other words, by going back to first principles (as AMT does) we can predict the future demand that can be factored into IMAFS' advanced AI algorithms. That future demand is the critical piece of the puzzle so that IMAFS can optimise procurement and management of critical parts and components."

"Our AMT solution is also used by the major OEM's and their dealer network. These organisations can take forecasts from their customers into the IMAFS product thereby assisting them in optimising their massive

spare parts inventory. While we haven't had a product to do this in the past, we have been involved in a number of discussions with dealers and miners to do exactly this."

"Whilst IMAFS can be sold stand-alone, we also intend to provide IMAFS integrated with the AMT suite as a parts and inventory optimiser. It will also be sold as part of our AMT4SAP suite."

IMAFS has a number of active customers with committed annually recurring subscription revenue of CAD\$500k per annum.

Robert Lamarre, IMAFS founder said "It is immensely pleasing to see the passion emanating from the team at RPM to championing inventory optimisation and cloud driven enterprise integration. We are convinced that the IMAFS product suite will benefit from increased investment and the sales and marketing support that RPM can offer these products right around the world." Following completion Robert will continue his involvement with promoting IMAFS through a third party business partner authorised to market and distribute IMAFS products to customers in North America outside of mining and resources. Mr Lamarre continued by saying "Knowing that IMAFS is in great hands with mining and resources customers right across the globe, I am proud to continue to work as a partner with RPM to market and distribute IMAFS for non-mining clients in North America."

Following completion of the transaction, IMAFS' employees will move across into the RPM business where they will continue to be focused on transforming mining operations through innovative software solutions.

The transaction is comprised of a once-off payment of CAD\$1,300,000 paid on completion plus post completion payments of between CAD\$200,000 and CAD\$700,000 contingent upon new subscription customer contracts being concluded prior to closing of the acquisition and a working capital adjustment three months after completion, and is entirely funded from RPM's existing cash reserves.

The acquisition is expected to close on 25 November 2020 (Canadian Eastern Time) subject to a number of conditions precedent and customary completion events.

Authorised by:

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About RPM:

RPMGlobal Holdings Limited (ASX: RUL) [RPM®] was listed on the Australian Securities Exchange on 27 May 2008 and is a global leader in the provision and development of mining software solutions, advisory services and professional development to the mining industry.

With history stretching back to 1968, RPM has been trusted by mining companies of all sizes and commodities to support their growth. Our global expertise has been achieved over the past 50 years through our work in over 125 countries and our approach to the business of mining being strongly grounded in economic principles.

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