



ASX ANNOUNCEMENT

28 JULY 2020

Loyal Investment Update

REFFIND (ASX: RFN) ('RFN Group', 'Reffind' or 'the Company') provides the following update to the market on its investment in Loyal Corporation ('Loyal').

Historical summary of the Loyal investment

1. **On 29 January 2018**, Reffind invested a total of **USD\$2,300,000** into Loyal on the following terms:
 - (a) USD \$1,500,000 worth of Series A-3 Preferred Stock giving the Company 4,670,714 shares with an immediate equity interest of 9.38% (**at a USD\$16,000,000 valuation**) in Loyal on a fully diluted basis; and
 - (b) USD \$800,000 worth of 2 year convertible promissory notes in Loyal ('Note');

Conversion of the convertible promissory notes would see a further equity interest of 5.33% (**at a USD\$15,000,000 valuation**) to be obtained which would combine for a total fully diluted equity holding of 14.71% in Loyal.

2. **On 23 September 2019**: Reffind announced to the market that Loyal's Series A-4 funding round for USD \$1,150,000 was conducted at a **USD\$22,000,000 valuation**. Sophisticated technology investors who participated in this round included Unblock Ventures Limited (LINE Corporation own the LINE messaging app which is the most popular messaging application in Japan), Recruit Holdings Co. (a Japanese publicly listed company with a market capitalisation of >\$70 billion dollars when converted to AUD), and Monex Group Inc.
3. **13 October 2019**: Reffind announced the successful completion of Loyal's ongoing pilot with Emirates Airways and the public endorsement of Loyal's technology by Dr. Nejib Ben Khedher, the Divisional Senior Vice President, Skywards from Emirates Skywards
4. **24 February 2020**: Reffind announced that Loyal signs a three (3) year contract with Emirates Airlines.
5. **31 January 2020**. Reffind announced in the Quarterly Activities Report that it had invested a further USD \$100,000 in the form of a SAFE instrument in a round of funding conducted at a valuation cap of **\$USD29,000,000**.
6. **30 April 2020**: Reffind announced that it has decided not to convert the promissory note in Loyal and is seeking repayment of USD \$845,315 which is principal and interest as at 30 April 2020.
7. **17 July 2020**: Reffind announced that on the 24 June 2020 Reffind filed a claim in the United States District Court (Northern District of California) in the amount of USD \$883,969.



Investment Outlook and Strategy

Reffind wishes to provide an assessment of the recent decisions of the Company and the proposed strategy to monetise the Loyal investment and maximise shareholder value. The major market opportunities for Loyal are airlines, hotels and financial services. During March 2020, as a result of the impacts being felt of COVID-19 and global travel restrictions that came in to place, Reffind decided from a risk mitigation standpoint to seek repayment of its Note rather than convert to equity.

The unique circumstances of COVID-19 have meant that Loyal's clients such as Emirates have been significantly impacted. This has put Loyal in a difficult financial position in negotiations with Reffind to repay the Note at this time. Opportunistically, and for the benefit of our shareholders, Reffind was working in conjunction with a consortium to recapitalise Loyal and take up to a 55% controlling stake in a Loyal.

The negotiations have concluded and were unsuccessful. Loyal has filed for bankruptcy protection. Reffind, in conjunction with the consortium, presently intends to bid for the assets of Loyal. If successful, Reffind and the consortium would, subject to funding, continue to operate the business, await trading conditions to improve and, at the appropriate time, put Loyal on a path to IPO. Reffind may need to conduct a further capital raising and will consider if and when a further capital raising is required and will advise the market accordingly.

Reffind would envisage a substantial value add for our investors if Reffind was able to execute on the above strategy.

Authorised for release by the Rumi Guzder, non-executive chairman of Reffind Ltd.

– ENDS –

For further information, please contact:

Company Enquiries

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About REFFIND

REFFIND (ASX:RFN) is an Australian-based software-as-a-service solutions company that is revolutionising employee peer recognition as well as how customer loyalty and employee incentives are created, rewarded and managed. Our employee experience technology platform, Wooboard, uses a gamified, social cloud-based platform to allow employees to send recognition and share updates instantly.