

ASX Announcement

3 August 2020

Updated Quarterly Activities Report

REFFIND LTD (ASX: RFN) ('RFN', 'Reffind' or 'the Company'), has today released a revised version of its Quarterly Activities Report for the quarter ended 30 June 2020 to provide a more detailed Cash Flow Analysis.

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Highlights

- Wooboard new trial account signups increase by 179% on previous quarter
- The Tax Division of the Sydney office of **BDO** (ranked by the [AFR](#) as the 6th largest accounting firm in Australia and one of the largest accounting firms in the world with over 80,000 staff) has commenced a custom trial programme of Wooboard
- Update on Licencing agreement with InterBio
- Reffind in discussions with a consortium of sophisticated investors to take ownership of Loyyal's assets.
- Reffind to be pro-active and seek consultation with ASX regarding Reffind's level of participation in the consortium.

REFFIND LTD (ASX: RFN) ('RFN', 'Reffind' or 'the Company'), has today released its Appendix 4C and is pleased to provide an operational update for the quarter ended 30 June 2020.

Wooboard continues to gain traction post Strategic Review

While the COVID-19 global pandemic resulted in a challenging macroeconomic environment during the June quarter, this situation has presented Reffind with significant commercial opportunities. As a large proportion of the workforce continues to transition towards mobile and remote working environments, Reffind sees Wooboard as being expertly placed to capture commercial opportunities arising from this shift, with the platform targeting both domestic and international medium to large enterprises.

According to [a recent study by Gartner](#), responses to the global pandemic has fast-forwarded digital adoption by five years with more than more than 58% of workforces reporting skill transformations since the onset of the pandemic. Accordingly, the Company is positioning itself to maximise this opportunity for shareholders and take advantage of the increased relevance and demand of its intelligent employee recognition platform Wooboard post-COVID 19.

Reffind is pleased to announce that Wooboard continued to gain traction during the quarter as a result of targeted measures implemented by the Company following a completion of a strategic review in April (refer to ASX Announcement on 28 April 2020). The primary outcome of the strategic review was in relation to the impact that the COVID-19 crisis has had on the utilisation of Wooboard as well as its growing application to small, medium and large businesses seeking to promote employee engagement and peer recognition in remote work environments.

Subsequently, Reffind saw a productive quarter for its flagship Wooboard offering, with the average number of new trial accounts per month on the platform up 179% on the previous quarter – more details can be found in Reffind's announcement of 24 July 2020. Reffind's strategic objective is to increase the overall Wooboard subscriber base and increase paid user conversions. Reffind in the upcoming weeks shall be increasing Wooboard trial periods from 14 days to 90 days based on feedback from trial participants, especially larger corporations, that more time is required for corporations during COVID-19 to obtain the Senior Management authorisation required to commit to a paid subscription for their entire workforce.

Reffind's Strategic Review found that the current trial period of 14 days is too short which significantly harms conversions to paid subscribers. Reffind has now commenced taking action to increase the trial period to 90 days; this will promote user engagement, make trial users more sticky to the Wooboard product and most importantly to give Senior Management of target corporations adequate time to sign off on converting Wooboard usage for their corporations from trial to paid. Over the course of the new 90 day trial period, if Reffind is able to maintain trial user engagement with the platform, the view of Reffind's sales team is that our prospects of higher paid conversions should significantly improve, especially in the case of corporations with large headcounts operating across multiple jurisdictions. In the case of those corporations, head office sign-off is often required and can involve an amount of procedural red tape which currently poses too challenging to complete during a 14 day trial period. As Wooboard's initial sign ups for new trial accounts often come from Human Resource (HR) managers rather than CEOs, when the time comes for a decision on mobilising a client's workforce to a paying Wooboard subscription; the HR managers need sign off from CFO or CEO level.

Reffind's board realises that there may be extra cost to Reffind in extending these trial periods for larger trial accounts, however it is intended that the cost of granting increased trial periods will prove a worthwhile investment by increasing user engagement, making Wooboard a stickier product to trial users and therefore increasing the paid conversion rate. This is the methodology generally employed by SaaS businesses – for example, LinkedIn provides trial accounts, boost user engagement on the platform and subsequently seek to transition the userbase to paid.

BDO (Sydney Tax Division) using Wooboard

As part of Reffind's Wooboard initiative to offer 90 day trial periods to large corporations, Reffind is pleased to announce that large accounting firm BDO (Sydney office) has commenced using Wooboard in their Tax Division. BDO is ranked as the 6th largest accounting firm in Australia and one of the largest in the world with over 80,000 staff. BDO is a prime example of a client that if subjected to Wooboard's traditional policy of a strict 14 day trial period would have made converting them to a paid subscription an almost impossible task. Reffind has formed the view that the benefits of Wooboard start to be felt by clients after 30 days to 60 days as more staff are onboarded and user engagement has increased. Large clients such as BDO probably need another 30 days once there is increased user engagement to review the benefits of Wooboard and then obtain executive sign-up to proceed further (i.e. convert from trial to paid and onboard more divisions of the business). The plan for BDO is that once the trial period has proven a success in the Sydney Tax Division, a further proposal from Wooboard will be taken to the

National Head of Tax to consider rolling Wooboard out across the broader BDO organisation across multiple jurisdictions (with the exception of the Audit division).

Licencing Agreement with InterBio

During the quarter, the Company announced it had entered into a Licencing Agreement with identity management and biometric software solutions company, International Biometrics Pte Ltd (InterBIO). The Company recognises COVID-19 to be a transformational adoption driver of biometric identification solutions with InterBIO's products leveraged into potentially high growth markets including security, surveillance and workforce management.

Subsequent to quarter end, the companies were unable to come to a contractual agreement and have resolved to discontinue the proposed licencing agreement (Refer to ASX Announcement 17 July 2020). Reffind made the strategic decision to increase its focus on identifying commercial opportunities that will allow it to fast-track the commercial rollout of an enhanced Wooboard solution to capitalise on the current work-from-home environment.

Reffind did incur product, transaction and legal costs during the quarter associated with the InterBio transaction. Reffind can confirm that no additional costs are due to be incurred in connection with the InterBio Licencing Agreement.

Update on Loyyal Investment

As summarised in Reffind's announcement to the market on 28 July 2020: In January 2018, Reffind invested a total of USD\$2.3 million into Loyyal Corporation ('Loyyal'), consisting of USD\$1.5 million worth of Series A-3 Preferred Stock and USD \$800,000 worth of two-year convertible promissory notes in Loyyal. During the quarter, Reffind announced it had decided not to convert the promissory note in Loyyal, seeking repayment of USD\$845,314 (Reffind's 'Note'). COVID-19 has for the time being adversely impacted Loyyal's clients in the airline sector (such as major client Emirates) and hotel chains. During the quarter, this placed Loyyal in a difficult financial position and Reffind opportunistically sought repayment of its Note rather than converting to further equity in Loyyal which contributed combined with the impacts of COVID-19 resulted in Loyyal filing for bankruptcy protection.

Reffind is now working with a consortium of sophisticated investors to take a controlling stake in the ownership of the assets of Loyyal. Reffind through its corporate advisors, including Barclay Pearce who managed the recent capital raise to sophisticated investors as announced to the market on 21 July 2020, have indicated that Reffind playing a significant role in the consortium would result in strong sophisticated investor support for Reffind conducting future capital raising. A future capital raise would be on the basis that funds raised were used to acquire a significant stake in the Loyyal assets as part of a consortium. In the event such capital raising had to occur, the Board's intention is that such a capital raise should be conducted at a higher price than the last raise that occurred on 28 July 2020. Therefore,

Reffind confirms its desire to maximise its role in the consortium and pending ASX consultation Reffind hopes to be in a position to do so. Giving consideration to the fact that in a pre-COVID-19 environment as at 31 January 2020: Reffind participated in a Loyyal SAFE instrument at a valuation cap of USD\$29,000,000. The Board's view is it would be in the best interest of Reffind's shareholders that Reffind seize the opportunity to play a significant role in the consortium seeking to take ownership of Loyyal's assets. Reffind's view is aligned to that of the consortium. Loyyal during the upcoming bankruptcy process in the US can possibly be acquired at a large discount to the USD\$29,000,000 valuation cap of the SAFE instrument. Therefore, as a matter of urgency in the upcoming weeks, Reffind will be seeking consultation with ASX on the issue of the significant role Reffind is seeking to play in the consortium to acquire Loyyal's assets.

Cash Flow Analysis

During the quarter the Company has reported net operating cashflow of -\$515,000. Payments to related parties (director's fees) totalled \$35,000 for the quarter. More information as to the Company's cash flows is available in the Appendix 4C. One-off costs incurred during the quarter included transaction fees pertaining to the InterBio transaction. Further, the Company has incurred legal fees pursuant to the Loyyal demand and the Company's proposed participation in a consortium to bid for the assets of Loyyal.

Authorised for release by the Board of Directors of Reffind Ltd.

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For further information, please contact:

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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.