

## Cashrewards H1FY21 Financial Results

**25 February 2021:** Cashback ecosystem, Cashrewards Limited (Cashrewards) (ASX:CRW) today released its results for the six months ended 31 December 2020.

Cashrewards made strong progress during the half in its objective to entrench its position as the clear leader in Australian cashback, leveraging its IPO proceeds received in December to further accelerate investment in each of product and platform development, along with an increased focus on brand awareness.

### Highlights

- **Increasing growth in members active in the half:** Underlying<sup>1</sup> members who transacted in H1FY21 amounted to 200,501, up 49% on H1FY20. Reported members who transacted in the H1FY21 were 212,688, a 40% increase on the 152,227 members who transacted in H1FY20.
- **Increasing growth in active members<sup>2</sup>:** Active members at 31 December 2020 were 246,105, up 38% against 31 December 2019 which itself was 20% up on the year prior reflecting continual positive momentum throughout the 2020 calendar year.
- **Accelerating new member<sup>3</sup> growth:** 170,284 new members joined the Cashrewards ecosystem during H1FY21, up 22% against H1FY20, taking total members to 922,640.
- **Increasing member shopping frequency:** For active members who joined prior to the half<sup>4</sup>, reported frequency grew 22% and underlying frequency was up 30% (in each case H1FY21 vs H1FY20).
- **Strong underlying growth in Transactions and Total Transaction Value (TTV<sup>5</sup>):** Underlying transactions in H1FY21 increased 60% whilst underlying TTV grew 56% compared to H1FY20.
- **H1FY21 underlying revenue of \$9.9m, up 31% against H1FY20.**
- **H1FY21 reported revenue of \$10.7m, up 10% against H1FY20:** This result was achieved despite the significant continuing impact of COVID-19 on travel, which was previously Cashrewards' largest category.
- **Reported transactions grew 40% however the 10% fall in reported TTV against H1FY20 was** driven primarily by an 80% decrease in transaction value in the travel segment due to COVID-19.
- **H1FY21 EBITDA loss of \$11.1m excluding one-off IPO costs as Cashrewards invests for growth.** Reported net loss after tax of \$14.0m.

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<sup>1</sup>Underlying performance throughout this announcement reflects the given metric excluding gift cards and travel due to a change to Cashrewards' gift card model during the half and the significant impact of COVID-19 on the travel segment. Information regarding underlying performance has not been audited or reviewed in accordance with Australian Auditing Standards.

<sup>2</sup>An active member is a person who has transacted with Cashrewards in the past 12 months and remains a member.

<sup>3</sup>New members are members who have joined Cashrewards during the period.

<sup>4</sup>Members who joined the Cashrewards ecosystem in H1FY21 are excluded from the calculation to reflect the like-for-like change in frequency trends. This approach ensures members who were active for only a fraction of the period are not weighted the same as those who were active throughout the entire period, which unadjusted may obscure a like-for-like comparison.

<sup>5</sup>Total Transaction Value before sale returns, ineligible transactions and cancelled bookings.

- **Continued progress against an ambitious brand, technology, platform and eco-system agenda driven by key leadership hires.**
- **Successful IPO on ASX on 2 December 2021 supports strong financial position:** Cash and cash equivalents at 31 December 2020 of \$39.5 million with no debt.

## CEO Update

Cashrewards CEO and Managing Director, Bernard Wilson, said: “Our maiden first half result as a listed company tells an exciting story of increasing underlying momentum.

“Setting aside the COVID-19 impacted travel segment, we saw our focus and investment translate to very strong increases in each of transaction volume, transaction value and revenue across all of our core categories, allowing Cashrewards to offset the revenue impact of COVID-19 on travel bookings during the 2020 calendar year.

“Whilst travel still remains impacted by the COVID-19 restrictions, we are beginning to see some early signs of a recovery in domestic travel and, as we enter the second half, we can begin to view any further recovery in travel as upside.

“The increasing momentum in the second quarter is especially pleasing as it reflects laser-like focus on delivering great outcomes for our members and merchants, and was largely achieved without the benefit of the IPO proceeds which were not received until December.

“While these early signs are very encouraging, we expect momentum to continue to build throughout H2FY21 and beyond with deployment of the IPO proceeds, into awareness and product, technology and platform development to enhance our ecosystem and fuel scale,” said Mr Wilson.

## Strong underlying<sup>6</sup> momentum in transactions, TTV and Revenue

<b>Underlying Active Members, Transactions, TTV, Revenue and Commissions</b>			
	H1FY21	H1FY20	%+/-
<b>Active Members</b>	231,383	160,090	45%
<b>Active Members in the Half</b>	200,501	134,901	49%
<b>Transactions</b>	1,712,920	1,072,191	60%
<b>TTV</b>	\$184.8m	\$118.6m	56%
<b>Revenue</b>	\$9.9m	\$7.6m	31%
<b>Average Commission – Online &amp; Instore<sup>7</sup></b>	5.9%	6.5%	(10%)

Underlying transactions, TTV and revenue were very strong in H1FY21 compared with H1FY20. Underlying transactions grew by 60% driven by demand for technology and electrical items while consumers were in lockdown and an increase in marketplace transactions as consumers turned to alternative channels to obtain out of stock items. With marketplace typically offering lower rates of commission than other categories this saw the underlying commission rate fall to 5.9% for the period. The growth in

<sup>6</sup> Transactions, TTV and Revenue all ex-gift cards and travel.

<sup>7</sup> Commission rates are calculated with reference to TTV before sale returns, ineligible transactions and cancelled bookings. The average Commission rate is derived from Commission received from the Merchant Partner over the TTV associated with the transaction. Due to timing in revenue recognition differences this Commission rate will not reconcile to Commission revenue over TTV.

transactions however supported a 56% uptick in underlying TTV<sup>1</sup> and resulted in a 31% increase to underlying revenue for H1FY21.

The result was supported by strong growth in new members. Active members on an underlying basis had grown to 231,383 at 31 December 2020 representing a 45% increase against the 31 December 2019 balance. This was a significant improvement on the 31% growth vs pcg posted at 30 June 2020 when there were 135,687 underlying active members, reflecting increasing positive momentum behind the Cashrewards ecosystem.

Eight of the ten largest categories in the Cashrewards eco-system ex-travel delivered strong TTV growth, with marketplace, beauty, and sport and fitness particular stand-outs.

### Accelerating momentum in key member metrics

Key Member Metrics			
	H1FY21	H1FY20	%+/-
<b>Total members</b>	922,640	692,315	33%
<b>Active Members<sup>8</sup></b>	246,105	178,787	38%
<b>Active Members in the Half</b>	212,688	152,227	40%

Total members grew to 922,640 at the conclusion of the half, up 33% on 31 December 2019. Reflecting the strength of Cashrewards' marketing execution through the key digital and festive sales period, 117,711 new members were recruited to the platform during Q2FY21, up 124% against Q1FY21 during which 52,573 new members were added.<sup>9</sup>

Reported active members grew to 246,105 as at 31 December 2020 which represented a 38% increase against 31 December 2019 which itself was 20% up on the year prior, reflecting continual positive momentum throughout the 2020 calendar year.

### Reported<sup>10</sup> metrics improving, driven by strong underlying performance in core categories and early signs of a recovery in domestic travel

Reported: Transactions, TTV and Revenue			
	H1FY21	H1FY20	%+/-
<b>Transactions</b>	1,960,514	1,396,925	40%
<b>TTV</b>	\$325.1m	\$361.5m	(10%)
<b>Revenue</b>	\$10.7m	\$9.7m	10%
<b>Average Commission exc. gift cards<sup>7</sup></b>	5.7%	5.3%	8%

The reported result was significantly affected by the impact of COVID-19 on the travel segment which was previously the largest contributor to each of TTV and revenue.

Reported TTV including travel and gift cards fell 10% against H1FY20 driven by an 80% decrease in transaction value in the travel segment. However, reported revenue increased 10% against H1FY20 due to the growth in higher margin categories as seen by

<sup>8</sup> Updated figure post end of period reconciliation process

<sup>9</sup> New members are members who have joined Cashrewards during the period

<sup>10</sup> Including gift cards and travel

the 31% growth in underlying<sup>1</sup> revenue against H1FY20 despite revenue from travel declining 73% against the H1FY20 period due to COVID-19.

During the second quarter, the business launched the exciting new Cashrewards Gift Card Marketplace showcasing leading retail brands including Myer, Harvey Norman and Kogan. Cashrewards' prior gift card offer delivered material TTV but low margins. Whilst the revenue contribution from gift cards remains relatively minimal, the new Gift Card Marketplace, despite being implemented late in the half, helped Cashrewards deliver a 13% increase in H1FY21 reported revenue from gift cards vs pcp, despite an 11% reduction in gift card TTV.

While travel activity remained depressed, Cashrewards experienced an increase in average commission from travel transactions due to travel providers offering higher commissions in an attempt to stimulate demand and gain market share. This translated to an 8% increase in reported average commissions excluding gift cards.

Cashrewards posted an EBITDA loss of \$11.1m excluding one-off IPO costs, which translated in to reported net loss after tax of \$14.0m.

### **Significant progress against ambitious product, technology eco-system agenda**

Cashrewards made significant progress against its product, platform and technology agenda throughout the half under the leadership of new Chief Product and Marketing Officer Steve Cuda and Chief Technology Officer Dave Norris.

Since receipt of the IPO funding, Cashrewards has begun implementing a suite of strategic technology investments to optimise the foundations upon which a future accelerated feature roll-out will be built.

Simultaneously, Cashrewards deployed an improved on-boarding journey and enhanced personalisation capabilities towards the end of the half, along with a program of more frequent app and web capability updates, when compared to prior periods.

In time for the key 2020 Christmas trading period, Cashrewards also launched its Gift Card Marketplace, where members can earn cashback on a broad variety of gift cards.

### **Partnerships**

Also, in December 2020, MoneyMe launched MoneyMe Perks '*Powered by Cashrewards*' enabling MoneyMe's Freestyle Virtual Mastercard customers to earn 'credit back' on on-line purchases by deploying Cashrewards' newly developed Partner Rewards Engine: a compelling loyalty and rewards solution.

Cashrewards is in ongoing discussions with one of its major shareholders, ANZ Bank, on some exciting product development. Whilst progress is positive, contractual terms have not yet been finalised.

This announcement was approved by Cashrewards' CEO Bernard Wilson, on behalf of the Cashrewards Board.

Cashrewards CEO Bernard Wilson and CFO Iain Skelton will host an investor briefing at **12pm (AEDT) today (25 February 2021)**. Presentation material will be lodged with the ASX prior to the webcast. Interested parties can register for the webcast here:

<https://webcast.openbriefing.com/7197/>

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## **About Cashrewards**

Australian-owned and operated, Cashrewards is a cashback centred e-commerce ecosystem, where members browse brands and offers and receive cashback on transactions by shopping online or in-store.

Cashrewards provides over 900,000 Members with a broad array of Cashback offers via its 1,600+ merchant partners including Adidas, Amazon.com.au, Apple, Booking.com, Cellarmasters, Chemist Warehouse, Dan Murphy's, Dell, Expedia, Myer, Nike, The Iconic, and Microsoft.

This ecosystem has driven more than \$2.5 billion of TTV for Merchant Partners since its inception, translating into more than \$110 million of cashback and savings for Members.

Cashrewards was the first Pledge 1% business to list on the ASX with the Starlight Children's Foundation the key beneficiary. Since making the pledge, Cashrewards has donated more than \$800,000 to the Foundation, helping more than 20,000 sick children and their families.