

Quarterly Activities Report – Gratificii delivers strong revenue growth for June quarter.

- Customer cash receipts up 82% quarter on quarter
- Total quarterly revenue up 95% in June quarter
- Customer total turnover value (TTV) up 18%
- Accelerated R&D and product manufacturing

Gratificii Limited (ASX:GTI), the enterprise loyalty and rewards company is pleased to announce strong cash receipts and revenue growth from customers in the June quarter. Total quarterly revenue was up 95% to \$1,319,000 and was experienced across the retail, hospitality, telecom, banking, insurance, and financial services sectors.

Cash receipts from customers grew from \$656,000 in the March quarter to \$1,197,000 for the June quarter.

Now, more than 60 enterprise clients use Gratificii to engage with 20 million customers globally. Customers on Gratificii’s platforms earned over \$45 million in customer rewards in the quarter, up from \$37m in the March quarter.

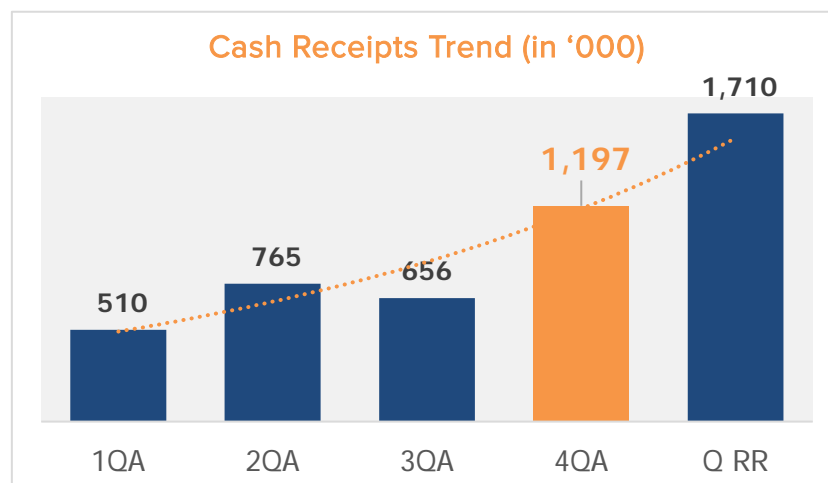


Figure 1 Details quarterly cash receipts for the historical FY21 financial year and management indicative estimates for Q1 FY22 based upon a quarterly run rate estimate (Q RR) assumes current SaaS revenues for existing customers, expected increase in transaction and member platform volumes, new wins, and the uplift expected on migrations to the Mosaic platform. Projections may be affected by the assumptions supporting new client wins and continued COVID restrictions in Australia.

Acquisition of Neat Ideas

Gratiffii added new ways to redeem loyalty points with the acquisition of 100% of Neat Ideas during the quarter. This enables clients to offer rewards and curated offers to their staff and customers. Gratiffii added 50 enterprise clients and gained access to four million customers as a result of the acquisition. The combined offering places Gratiffii at the forefront of innovation in rewards management.

The acquisition cost for Neat Ideas was cash of \$1.3m and includes an earn out based upon FY22 revenues (satisfied through the issue of GTI shares). Further, as a result of this acquisition, there has been a corresponding increase in the product manufacturing costs during the quarter to reflect the purchase price of third-party products to be accessed by our customers on the platform.

Card Linked Offers

Gratiffii continued to enhance the offering within loyalty and rewards during the quarter through the inclusion of *card linked rewards* to its platform in partnership with Open Sparkz. Staff and customers now only need to register their credit cards with clients' programs once. They can then earn rewards every time they transact with the client without the need for any branded cards. This makes earning points automatic and frictionless. It also allows Gratiffii to introduce 'instant cashback' as a rewards category.

Fractional Equities Capability

Further, the company added fractional equities as a reward 'burn' category to its platform in conjunction with Easy Equities. This allows enterprise clients to reward customers with shares in their company, which has been shown to drive greater loyalty than traditional rewards.¹

Charles Savage, CEO at EasyEquities said "Right from the start we've always wanted to align share ownership with a loyalty platform and in Gratiffii we've found the perfect partner who believes as much as we do in enabling this ownership economy. The simple fact is that we are all more likely to spend where we own shares and enabling this through swapping loyalty for shares creates incredible benefits for everyone involved."

Gratiffii will ingest the EasyEquities platform into its Mosaic enterprise platform. This will allow users to access the EasyEquities KYC and on-boarding process via a single front-end application. EasyEquities will earn their standard published fees on transactions and Gratiffii will charge enterprise clients a monthly licence fee for the Fractional Equities feature set as part of its Mosaic platform.

Continued development of Mosaic platform

During the quarter, \$788,000 was invested in the continued development of the company's Mosaic Enterprise Platform. The accelerated development will enable the company to deliver several new modules next quarter including the Card Linked Offers and Fractional Equities capabilities.

Corporate Update

During the quarter, the company completed a successful convertible note raising of \$3m from Bombora Investment Management and high net worth investors. As a result of this and other capital raising activity the company incurred transaction costs and interest of \$445,000.

Additionally, during the quarter, significant investments were made into key personnel building the capacity in the sales, product and software delivery functions to accommodate the growing new customer sales pipeline.

The Company also strengthened its board by appointing Stephen Borness as a non-executive director. Mr Borness has 30 years of experience leading and developing digital businesses. Mr Borness also sits on the PKS Holdings Limited board.

Outlook

Indicative management estimates based upon current revenue streams indicate continued revenue growth from customers in Q1 FY22. The quarterly revenue numbers (refer above graph) provide an estimate of revenues and adds a run rate assessment for recent new client wins and upgrades. The quarterly run rate (Q RR) assumes current SaaS revenues for existing customers, expected increase in transaction and member platform volumes, new wins, and the uplift expected on migrations to the Mosaic platform. Q RR is provided to give some context to the income trend line expected next quarter and assist in understanding the Company's progression, highlighting the expected financial impacts associated with the Company's activities in the last quarter. It assumes the current COVID-19 lockdowns are resolved by the end of August. Should the existing lockdowns continue beyond the end of August, some reductions may occur.

The Company maintains a strong balance sheet with over \$2 million cash in the bank.

ASX Additional Information

During the June 2021 quarter, the Company paid directors fees and remuneration of \$104,000 to Non-Executive Directors and the Executive Chairman during the period.

Appendix 4C

The Company's Appendix 4C cashflow report is **attached**.

GTI confirms that this announcement has been approved by the board of directors of GTI.

For further information, contact:

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¹ How owning a brand's stock keeps customers loyal. Columbia Business School Research published in Vox, 12 April 2021

About Gratifi Limited

Gratifi Limited (ASX:GTI) is a full-stack customer engagement technology provider that delivers end-to-end technology solutions for businesses to engage with their customers. Its primary focus is providing liquidity for digital assets through its newly developed Mosaic Enterprise Engagement Platform. With mobile payment, ordering, booking and local offer capability; the Mosaic EEP will be the gateway to delivering a new digital lifestyle rewards program. To learn more, please visit: www.gratifi.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

GRATIFII LIMITED

ABN

47 125 688 940

Quarter ended ("current quarter")

30 June 2021

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 1,197 | 3,183 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (980) | (1,407) |
| (c) advertising and marketing | - | (2) |
| (d) leased assets | (36) | (118) |
| (e) staff costs | (683) | (1,854) |
| (f) administration and corporate costs | (160) | (1,088) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | (50) | (138) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 283 | 915 |
| 1.8 Other (provide details if material) | (9) | 60 |
| 1.9 Net cash from / (used in) operating activities | (438) | (449) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | (1,300) | (1,300) |
| (b) businesses | - | - |
| (c) property, plant and equipment | - | - |
| (d) investments | - | - |
| (e) intellectual property | (788) | (2,257) |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|---|----------------------------|--|
| 2.2 | Proceeds from disposal of: | - | - |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (2,088) | (3,557) |
| 3. Cash flows from financing activities | | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 1,505 | 4,833 |
| 3.2 | Proceeds from issue of convertible debt securities | 1,495 | 2,995 |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | (856) |
| 3.7 | Transaction costs related to loans and borrowings | (445) | (445) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | (15) | (464) |
| 3.10 | Net cash from / (used in) financing activities | 2,540 | 6,063 |
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,214 | 69 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (438) | (449) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (2,088) | (3,557) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|------------------------------------|---|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 2,540 | 6,063 |
| 4.5 | Effect of movement in exchange rates on cash held | - | 102 |
| 4.6 | Cash and cash equivalents at end of period | 2,228 | 2,228 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 2,228 | 2,214 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,228 | 2,214 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 104 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | 35 | 27 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 35 | 27 |
| 7.5 Unused financing facilities available at quarter end | | 8 |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| <div style="border: 1px solid black; padding: 5px;"> \$35,000 NAB Business Support Loan with an interest rate of 4.5%. </div> | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (438) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 2,228 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 8 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 2,236 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 5 |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> | |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions: | |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| <div style="border: 1px solid black; padding: 5px;"> N/A </div> | |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| <div style="border: 1px solid black; padding: 5px;"> N/A </div> | |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| <div style="border: 1px solid black; padding: 5px;"> N/A </div> | |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i> | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 21 July 2021

Authorised by: The Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.