

Upcoming Cashrewards Max™ launch caps off strong growth in June quarter

28 July 2021: Cashrewards Limited (Cashrewards) (ASX:CRW) is pleased to provide its quarterly activities report for the quarter ended 30 June 2021.

Highlights

- New Members of 99,864, up 208% against the prior corresponding period (pcp) demonstrating continued business momentum
- Total Members to 1.1 million, up 44% against pcp, exceeding our FY21 goal
- Underlying Active Members^{1,2} of 260,882 up 46% against pcp
- Underlying Total Transaction Value² (TTV) through the Cashrewards platform of \$98.4 million, up 50% against pcp
- Transformational strategic partnership agreed with ANZ bank to launch Cashrewards Max™ for up to 4.7 million ANZ credit and debit card customers in August 2021
- Shared ambition with ANZ for Cashrewards Max™ to add close to half a million Active Members by early FY23 at limited marketing cost to Cashrewards
- Agreement executed to enable all Cashrewards Members to register their eftpos-enabled card and use in-store from July 2021
- Cash receipts from customers of \$6.1 million up 41% against pcp³
- Net cash used in operating activities of \$5.6 million, incorporating material costs associated with the Cashrewards Max™ launch, including product and technology enhancements that will enhance Cashrewards' core platform and overall business performance
- Cash and cash equivalents at 30 June 2021 of \$26.1 million
- Globally experienced financial services executive Zelma van Woerkom appointed as new Chief Financial Officer, commencing August 2021

Cashrewards CEO, Bernard Wilson, said: "We saw continued strong momentum in the June quarter with total Members passing the 1 million mark delivering on our IPO target ahead of schedule as more Australian consumers embrace the opportunity to 'buy now, save now'.

"We're delighted to see the investments we are making to drive awareness of our brand and proposition working so well as we continue to address the under-penetration of cashback by the Australian consumer when compared to markets like the United States and the United Kingdom.

"As we invest in our platform and deploy a suite of member engagement initiatives, we are achieving excellent growth in Active Members.

"At our IPO we said that our partnerships strategy would deliver transformational opportunities to step-change Member acquisition at minimal cost and Cashrewards Max™ is a powerful example.

¹ An Active Member is a person who has transacted with Cashrewards during the last 12 months. Numbers reported are 12 months to June.

² Underlying = Excludes gift cards and travel given COVID-19 impact on the travel category and change to gift card offering

³ Cash receipts from customers does not reflect revenue in the period, as commission revenue is recognized on the member transacting whereas cash receipts reflect when the merchant pays Cashrewards for the commission; payment terms vary by merchants.

“Establishing the necessary foundations for Cashrewards Max™ saw us accelerate our ambitious product and technology agenda during the quarter to the benefit of all our Members and merchants, including the launch of eftpos tracking in-store.

“I remain incredibly proud of how the growth of our business continues to increase our contribution to the Starlight Foundation and ultimately bring more joy to sick children. As at 30 June, Cashrewards has donated more than \$900,000 to the Foundation, helping more than 23,000 sick children and their families.

“More Australians than ever are enjoying the benefits of cash savings across hundreds and categories and more than 1,700 merchants, with no strings attached, via Cashrewards.

“We expect the strong momentum we have achieved since listing to continue into FY22, and for our product and platform enhancements to further grow our relevancy to both Members and merchants,” said Mr Wilson.

Operational performance

Total Members as at the end of the June quarter were 1,087,351, up 44% against the previous corresponding period (pcp), while 99,864 New Members joined Cashrewards in the quarter, up 208% against the pcp.

Total Active Members increased 39% against the pcp to 272,957, while Underlying Active Members increased 46% against the pcp to 260,882.

Underlying TTV increased 50% against the pcp to \$98.4 million.

Underlying Transactions in the quarter increased 47% against the pcp to 835,261. This growth is in addition to 38% growth in Q4FY20 against the pcp, reflecting strong underlying momentum in the business.

Strategic partnership with ANZ

Cashrewards' partnerships strategy aims to simultaneously drive transformational Member acquisition at relatively low cost, whilst enhancing the value proposition to Merchants through larger reach to an increasingly high-quality cohort of Active Members.

Cashrewards executed a transformational long-term agreement with ANZ in July 2021. Cashrewards will initially launch a tailored version of Cashrewards, Cashrewards Max™, for ANZ's 4.7 million credit and debit card customers in August 2021, in advance of the key retail trading season in Q2FY22.

Cashrewards expects Cashrewards Max™ to help cement it as Australia's premier cashback ecosystem and to accelerate its mission to grow the cashback category to match the size of similar international markets. The parties have a shared ambition of having close to half a million Active Members by early FY23 in addition to growth in the core program, supported by a multi-million-dollar marketing campaign led by ANZ.

The agreement with ANZ reflects the compelling strengths of the Cashrewards ecosystem for partners looking to achieve clear differentiation in how they reward and deepen engagement with their customers. The agreement with ANZ has an initial term of three years and creates a framework for further exciting product innovation. The partners are already scoping the best way to fully integrate Cashrewards Max™ into ANZ's digital channels.

The partnership follows ANZ's cornerstone investment of a 19.0% stake in Cashrewards in the company's December 2020 IPO.

eftpos activation

Cashrewards has completed the necessary product and technology deployments, including penning an agreement with fintech company, Verency, to enable its Members to earn automated cashback in-store using their eftpos-enabled debit cards.

Previously in-store linking was limited to Visa- and Mastercard-enabled credit or debit cards. Cashrewards' Merchants will have the opportunity to enjoy even greater returns on their marketing investment as Members enjoy more payment flexibility in their stores.

Cashrewards' Members can register eftpos-enabled debit cards to earn cashback on in-store purchases from 19 July 2021.

Cashflows

Receipts from customers totalled \$6.1 million, representing a 41% increase against the pcg reflecting strong momentum across key metrics and overall business performance as Cashrewards benefits from increasing awareness and member engagement.

Cash receipts from customers do not reflect revenue in the period, as commission revenue is recognised on the member transacting, whereas cash receipts reflect when the merchant pays Cashrewards for the commission.⁴

Total cash and cash equivalents at the end of the quarter totalled \$26.1 million. Net cash used in operating activities was \$5.6 million, up from \$4.8 million in the March quarter as Cashrewards continues to invest in product and technology, particularly ahead of the launch of Cashrewards Max™.

Corporate

Cashrewards has today announced the appointment of a globally experienced finance director, Zelma van Woerkom, as its new Chief Financial Officer.

Ms van Woerkom brings substantial financial services experience to the role, having worked and partnered across all levels of management within Westpac, where she worked for just over 11 years in a variety of finance roles. Her last role with Westpac was that of Finance Director, acting as finance business partner to the Retail Chief Operating Officer. During her time at Westpac, she also held group finance and financial controller roles across multiple divisions where she was responsible for all control and reporting requirements for the Group, Divisions and subsidiaries.

Prior to joining Cashrewards, Ms van Woerkom was the group finance senior leader, supporting the UK & Europe operations for fuel and convenience company, EG Group. In that role, in addition to managing financial performance and reporting, she designed, implemented and delivered finance post-acquisition integration following multiple acquisitions across the US, UK and Germany.

Ms van Woerkom replaces current Chief Financial Officer and Deputy CEO Iain Skelton, who has decided to pursue other opportunities after over 6 years with Cashrewards. Mr Skelton previously led Cashrewards as CEO before stepping into the CFO and Deputy CEO role prior to listing.

The Board would like to thank Mr Skelton for his significant contribution to Cashrewards, including playing a large role in its successful ASX listing in December 2020, and wishes him well in his future endeavours.

⁴The nature of Cashrewards' business model means that quarterly cashflow reports do not accurately reflect quarterly trading performance as receipt of cash depends upon when Cashrewards is paid by a merchant. In addition, operating cashflows are also influenced by seasonal and category trends which impact the timing receipt of both cash inflows and outflows. In addition, whilst Cashrewards' revenue recognition policy varies depending on the revenue category, revenue is typically recognised at the point of a transaction, whereas cash for that transaction is received at a later date.

Iain will remain with Cashrewards until after the release of Cashrewards full-year FY21 results.

As noted in section 6 of the Appendix 4C, payments to Directors of the entity during the quarter, comprised salaries and fees for Executive and Non-Executive Directors. No other payments were made to any related parties or their associates of the entity.

Use of funds

The Cashrewards Initial Public Offer (the Offer) raised \$44.9 million (before costs) and after payments to divesting shareholders. The company retained \$39.2 million of cash after funding the costs of the offer. These funds are being invested primarily in:

- marketing to drive awareness of Cashrewards and the cashback category in Australia and to grow member engagement;
- product, technology and platform research, development and build to continue to extend the market leadership of Cashrewards' consumer and merchant product as well facilitate transformational partnership opportunities such as the recent agreement with ANZ; and
- key talent acquisition and working capital.

As disclosed in the prospectus dated 10 November 2020 (Prospectus), Cashrewards has and will continue to intentionally increase the proportion of Commission from Merchant Partner sales that it pays to Members in the form of Cashback increase penetration and drive accelerated growth in key operating metrics as it continues to scale. Although Cashrewards' views the additional Cashback spend as a marketing item, and as such it will be funded out of the marketing budget, this cost will be recognised in Cost of Sales in the income statement.

The funds raised under the Offer are being applied as per the below table, as outlined in Cashrewards' Prospectus:

Uses of funds	Funds received per prospectus (\$m)	% of Offer funds	Q2 Expenditure (\$m)	Q3 Expenditure (\$m)	Q4 Expenditure (\$m)	Cumulative since Offer (\$m) ⁵
Marketing	14.0	21.5	1.7	2.0	2.9	6.6
Ongoing investment in product, technology and platform development	7.6	11.7	0.2	0.7	2.1	3.0
Working Capital	8.3	12.7	0.6	1.9	0.3	2.0
Key employee hires	4.0	6.2	0.1	0.5	0.5	1.1
Research & Development	3.6	5.5	0.3	0.6	1.9	2.8
Repayment of debt	2.0	3.1	2.0	0.0	0.0	2.0
Costs of the Offer	5.5	8.5%	4.6	0.0	0.0	5.7
Payments to Selling Shareholders	20.0	30.8	20.0	0.0	0.0	20.0
Total uses	65.0	100.0	29.5	5.7	7.7	43.2

All costs are aligned with the Cashrewards' expected use of funds as outlined in its Prospectus.

⁵ Includes offer costs incurred prior to Q2.

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

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About Cashrewards

Australian-owned and operated, Cashrewards is the leading Australian cashback ecosystem, where Members browse brands and offers and receive cashback on transactions by shopping online or in-store.

Cashrewards provides over one million Members with a broad array of Cashback offers via its 1,700+ Merchant Partners including Apple, Myer, Liquorland, Adidas, Bonds, Target, Booking.com and The Iconic.

These offers are funded by Cashrewards' Merchant Partners, who work with Cashrewards because of its unique proposition which drives best-in-market returns for brands on their marketing investment.

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 for Members.⁶

Cashrewards was the first Pledge 1% business to list on the ASX, with children's charity the Starlight Foundation the key beneficiary. Since making the pledge, Cashrewards has donated more than \$900,000 to the Foundation, helping more than 23,000 sick children and their families.

⁶ As at 1HFY2021.