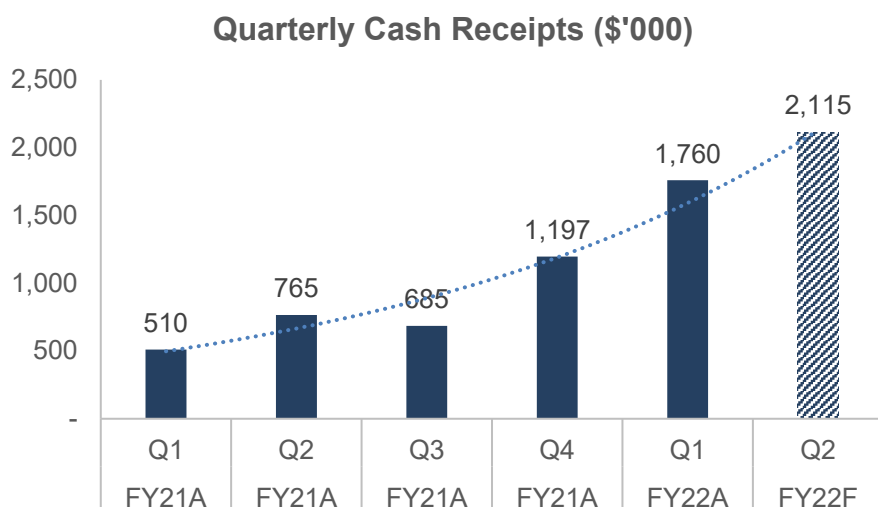


## 1Q FY22 Quarterly Activities Report and Appendix 4C Cashflow Statement

### Gratifii delivers strong revenue growth for second consecutive quarter

- **Cash receipts of \$1.76m +47% quarter on quarter (+245% pcp)**
- **Revenue (unaudited) of \$1.86m +42% quarter on quarter (+267% pcp)**
- **Platform transaction volumes up 29% quarter on quarter**
- **Record pipeline of new SaaS opportunities**
- **Strong balance sheet with \$1.72m of available cash**
- **Additional \$517,000 balance of convertible note issue has been subsequently received and \$500,000 from R&D grant expected during current quarter**
- **Net cash used in September quarter \$547,000**
- **Forecast improved trading conditions to result in the Company being cashflow positive in Q2 FY22**

Gratifii Limited (ASX:GTI), the enterprise loyalty and rewards company is pleased to announce continued strong revenue growth from customers in the September quarter. The growth was experienced across the retail, hospitality, telecom, banking, insurance, and financial services sectors. Cash receipts from customers grew from \$1.20 million in the June quarter to \$1.76 million for the September quarter. Revenue (unaudited) was up 42% from \$1.32 million to \$1.87 million for the same period.



*Figure 1 Quarterly cash receipts, Q1 FY21 to Q1 FY22 and management cash receipts estimate for Q2 FY22 based on current run rate and the ending of lockdowns in relevant jurisdictions and strong holiday period trading.*

Commenting on the quarterly report, Gratifii Executive Chairman, Iain Dunstan, said: “We are pleased to have delivered our second consecutive quarter of 40% plus growth in cash receipts and unaudited client revenue and expect the December quarter to continue to deliver strong growth. We have a strong pipeline of new opportunities particularly for our newly developed Card Linked Offer module.”

Transaction volumes on the platform totalled \$21.8 million, an increase of 29% on the June quarter. Users were up 6% over the prior quarter to 9.3 million. It should also be noted that we recently increased inventory on the balance sheet by \$700,000 to \$2 million, in anticipation of increased activity in the December quarter and market expectations that discounted offers will be difficult to source due to the activity post lockdown, in key states.

The results are particularly pleasing considering the Neat Ideas revenue was below budget for the quarter, largely associated with the Victorian lockdowns, and the transactional revenues were also down in South Africa due to their COVID related lockdowns. We are expecting increased revenues in the next quarter in both these jurisdictions as lockdowns ease.

## **Loyalty Rewards Sector**

We continue to see increased activity in and around customer and employee loyalty initiatives in Australia and South Africa. Our installed base in South Africa continues to increase transactions with the lifting of COVID restrictions and companies focused on improving loyalty programmes to encourage repeat buying/engagement in its customer and employee base (including in-store and on-line).

This trend is also playing out in Australia with the pipeline of activity, around implementation and building consistent and flexible loyalty offerings (including points, tier based, cash back, and spend programmes) increasing significantly, with Gratifii’s pipeline of Request for Tenders (RFT) at historical highs (refer below).

Gratifii estimate that the majority of companies in the markets we serve have loyalty programmes, which have been somewhat challenged through a number of developments including cash back companies and Buy Now Pay Later (BNPL) regimes, loyalty fatigue and COVID impacts. Hence, the focus on improving the engagement and expanding the style and nature of benefits offered.

Gratifi's enterprise grade loyalty and rewards platform, considered a "turnkey" solution, is resonating with companies seeking to improve engagement and the performance of its loyalty and incentive programmes. Companies seeking to differentiate its offering and client base is expected to continue to drive opportunities for Gratifi.

### **Card Linked Offers (CLO) module now live**

During the quarter, our Card Linked Offers module went live in partnership with OpenSparkz. This has enabled the Company to offer frictionless rewards utilising the Visa, MasterCard and EFTPOS payment rails directly via a wallet on consumer's smartphones without the need for loyalty cards, coupons or offer codes. It also removes the need for expensive integration with point-of-sale terminals. This is the last key piece of our turnkey solution, which has been well received by a number of our enterprise customers and importantly, high on the requirements lists in the recent RFT's.

### **Sales pipeline**

As noted above, our sales pipeline (RFT's) is at record highs and is targeting larger Enterprise customers in Australia, South Africa, Asia, and the Middle East for our Mosaic enterprise platform. In the quarter, we have submitted some 11 proposals globally, with six of those being Australian based RFT requests. We have subsequently been shortlisted on two of the six and await decision on the other four. We have also been selected as the preferred supplier on two new corporate opportunities and we have now entered commercial discussions and contract negotiations. This will continue to add to our install base and provide strong reference sites in Australia to complement the South African position.

### **New content Partners**

During the quarter, the company added 23 new content partners including Harvey Norman, Victorian Farmer's Markets, Australian Dairy Pharmaceuticals, Naked Wines, Topgolf, Yoga Hive and Zero Latency. For a number of our corporate clients, we are looking to run extensive customised marketing campaigns promoting our content providers leading into the Christmas period and as the economy reopens.

We expect to see an increase in transaction volumes during the next quarter as States open up, particularly Victoria which has traditionally been our highest revenue earning

State and has added the largest number of new suppliers. Peter Skene the CEO of Australian Dairy Nutritionals said, "We are excited to be working with Gratifii and see the very real opportunities for substantial revenue growth in the short, medium and long term not just here in Victoria but nationally."

## **Capital Raise**

In September and October 2021, the Company raised \$1.5 million via an unsecured debt issuance. This raise again featured Bombora Investment Management as a cornerstone participant. These funds will primarily be used to accelerate the development of our Mosaic enterprise platform to meet the growing pipeline of new opportunities we are generating across all the markets in which we operate. As at quarter end we had received \$983,000 and the balance of \$517,000 was received during the first week of October. Also, during the quarter, a \$50,000 balance from a previous capital raise was also received.

## **Expenditure**

Expenditure for the quarter was broadly in line with previous quarters other than Product manufacturing and operating costs which increased, primarily due to a full quarter of Neat Ideas expenditure and significant purchase of inventory of approximately \$700,000 during the quarter.

## **Outlook**

We continue to engage with Australian corporates to discuss/design and highlight the benefits and flexibility in our Mosaic offering and turnkey solution. The sector is redefining itself to better leverage offerings and flexible engagement with customers and employees alike. We believe that the scarcity of qualified and experienced employees will also improve the opportunities to focus on employee engagement and reduce churn. Based upon the current pipeline and trends of increased transactional volumes on easing of restrictions, the company is confident of the continued trend of growth in our revenues and cashflows. The chart above highlights management estimates of continuing growth of 20% in 2Q FY22. Currently, more than 60 enterprise clients use Gratifii to engage with over 20 million customers globally.

Our team is gaining significant experience in the loyalty space, improving our ability to define, design and implement loyalty programmes for major enterprises. Gratifii Executive Chairman, Iain Dunstan said "I would like to thank everyone for their hard work over the last quarter. Our success is dependent on the continuing excellent performance by the team and the executive leadership".

At quarter end, the Company had \$2.24 million in cash and total available funding. With the inclusion of the expected \$500,000 Research & Development grant due to be received during the current quarter, the company will have reserves of \$2.7 million. With the forecast increased trading over the holiday season, the lifting of COVID lockdowns and the expected conversion of pipeline opportunities, the company anticipates it will be cashflow positive during the December quarter.

### **ASX Additional Information**

During the period, the Company paid directors fees and remuneration of \$153,000 to Non-Executive Directors and the Executive Chairman.

### **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.

David Hwang  
**Company Secretary**

### **For further information, contact:**

Iain Dunstan  
**Executive Chairman**  
[iaind@gratifii.com](mailto:iaind@gratifii.com)

### **About Gratifii Limited**

Gratifii 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, curated content, 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.gratifii.com](http://www.gratifii.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 September 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,760	1,760
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,402)	(1,402)
(c) advertising and marketing	-	-
(d) leased assets	(34)	(34)
(e) staff costs	(540)	(540)
(f) administration and corporate costs	(392)	(392)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	67	67
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(547)</b>	<b>(547)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(729)	(729)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(729)</b>	<b>(729)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	1,033	1,033
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	(217)	(217)
3.7	Transaction costs related to loans and borrowings	(45)	(45)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>771</b>	<b>771</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,228	2,228
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(547)	(547)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(729)	(729)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	771	771
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,723</b>	<b>1,723</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,723	2,228
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,723</b>	<b>2,228</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	153
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		



<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	1,500	983
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>1,500</b>	<b>983</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>517</b>
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.		
On 17 September 2021, the Group issued 1,500,000 convertible notes with a face value of \$1.00 each. The \$1,500,000 in unsecured debt is provided by various sophisticated investors for a term of 12 months ending 16 September 2022, at an interest rate of 8% p.a.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(547)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,723
8.3 Unused finance facilities available at quarter end (item 7.5)	517
8.4 Total available funding (item 8.2 + item 8.3)	2,240
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>4.1</b>
<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?	
N/A	
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?	
N/A	
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?	
N/A	
<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: 26 October 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.