



31 January 2022

ASX ANNOUNCEMENT

2Q FY22 Quarterly Activities Report – Updated

Gratificii Limited (ASX:GTI), the enterprise loyalty and rewards company, refers to the Quarterly Activities Report lodged with ASX on 28 January 2022. The Company wishes to advise it has updated the Quarterly Activities Report to include additional information regarding the expenditure in the quarter (under the title "Expenditure").

For completeness, please find attached the updated Quarterly Activities Report together with the Appendix 4C Cashflow Statement.

GTI confirms that this announcement has been approved by the Executive Chairman.

David Hwang
Company Secretary

For further information, contact:

Iain Dunstan
Executive Chairman
iaind@gratificii.com

About Gratificii Limited

Gratificii 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.gratificii.com

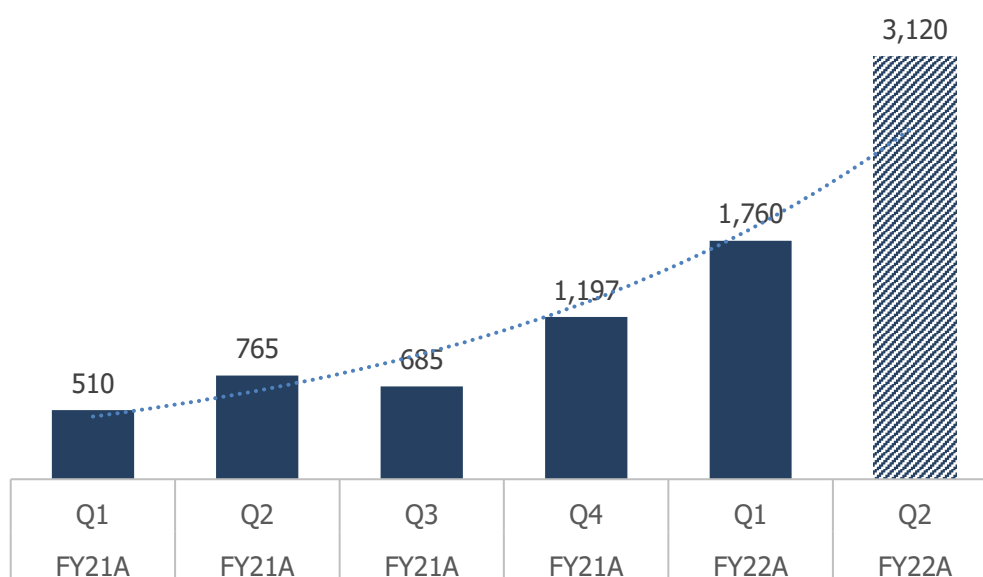
2Q FY22 Quarterly Activities Report and Appendix 4C Cashflow Statement

Gratifii revenue growth exceeds forecasts for third consecutive quarter

- **Cash receipts of \$3.12m, up 77% quarter on quarter (+308% pcq)**
- **Revenue (unaudited) of \$3.64m up 95% quarter on quarter (+376% pcq)**
- **Cash and cash equivalents increased by \$919,000 during December quarter**
- **Positive quarterly cashflow and strong balance sheet with \$2.64m in cash**
- **SaaS revenue increased by 19% for the quarter**
- **Rewards revenue increased by 117% for the quarter**
- **New strategic partnership agreements signed with Ukheshe and Humm**

Gratifii Limited (ASX:GTI), the enterprise loyalty and rewards company is pleased to announce continued strong revenue growth in the December quarter across both SaaS and Rewards. Cash receipts from customers grew to \$3.12 million for the December quarter from \$1.76 million in the September quarter. Revenue (unaudited) was up 95% from \$1.87 million to \$3.64 million for the same period.

Quarterly Cash Receipts (\$'000)



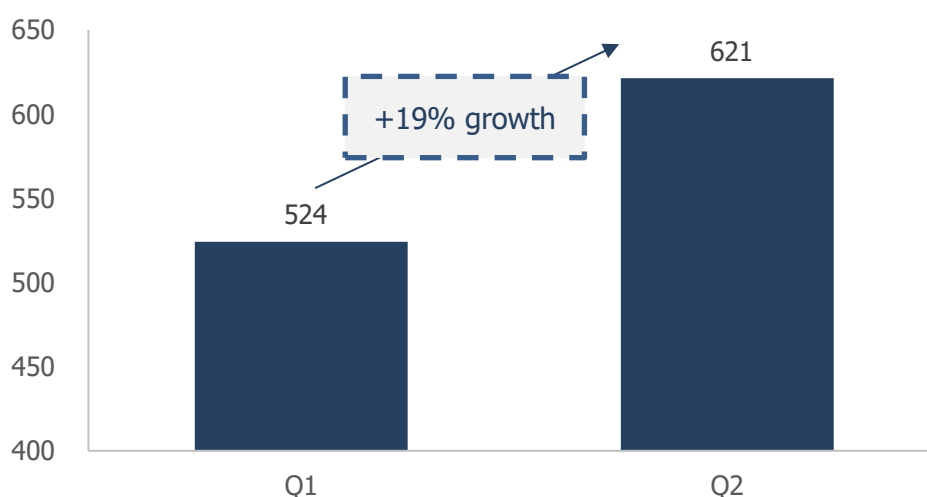
Commenting on the quarterly report, Gratifii Executive Chairman, Iain Dunstan, said:
 “We are pleased to announce our third consecutive quarter of double-digit growth in cash receipts and unaudited client revenue. The Christmas school holiday has traditionally

been a strong period for loyalty and rewards and the lifting of restrictions led to record revenues over the period”

SaaS Revenue (unaudited)

SaaS revenue (unaudited) for the Q2 FY22 was up 19% on prior quarter to \$621k through increased volumes on the platform by existing clients as well implementation fees received for upcoming enterprise client launches. Annualised Recurring Revenue (ARR) as at Q2 FY22 of \$2.2 million, up 18% quarter on quarter, which is expected to grow as Gratifii expands on its existing modules and transitions enterprise clients onto its Mosaic Platform.

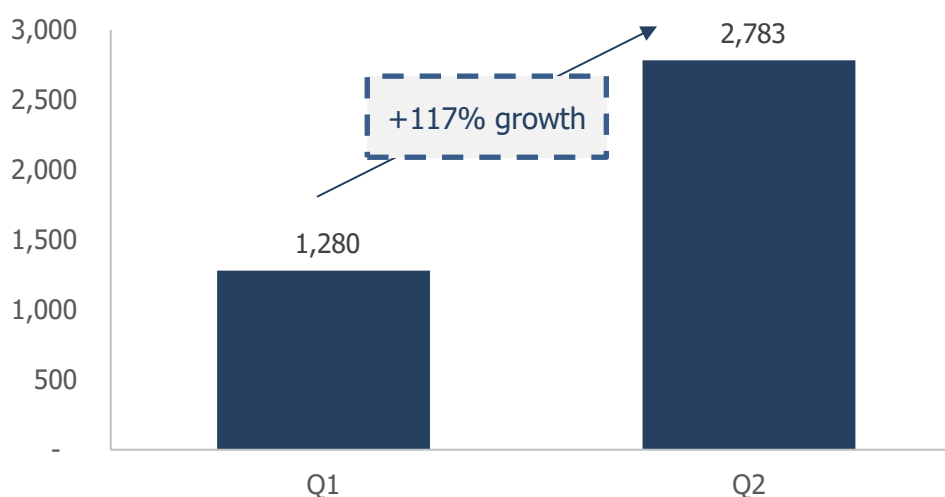
SaaS FY22 Quarterly Revenue (Unaudited) (\$'000)



Rewards Revenue (unaudited)

Rewards revenue (unaudited) for Q2 FY22 was up 117% on prior quarter to \$2.8 million resulting from the implementation of management initiatives, favourable seasonality over the December holiday period as well as continued loosening of COVID-19 related lockdowns in key geographies.

Rewards FY22 Quarterly Revenue (Unaudited) (\$'000)



New content partners

During the quarter, the Company signed three new corporate clients and added nine new content partners including Cotton On and Purely Gourmet. The addition of new content partners will provide additional product offerings for the rewards business as well as increase variety of rewards options.

New strategic partnerships

Ukheshe Technologies

Gratifii recently executed a 3-year Partnership Agreement with Ukheshe Technologies, a leading fintech enablement partner. This partnership will create opportunities for

Ukheshe to integrate Gratiffii's existing Mosaic platform as the loyalty and rewards engine into Ukheshe's extensive list of blue-chip clients in the banking and telco sectors, as well as the opportunity to jointly work with new enterprise prospects.

Ukheshe Technologies will have established operations in over 40 countries in Europe and Africa, with over 2 million users of payments apps which utilise their API, over 340,000 merchants onboarded and currently processes over US\$10B per annum in payments. Key clients include Nedbank, MTN, Chipper Cash, Vodacom, Telkom Standard Bank, Sasai, Tanda, KCB and Vleissentraal.

Donovan Drew, President of Global Partnerships at Ukheshe said, "The global trend for customers is aligned with simplicity and speed of checkout, as seen with the rapid adoption of our digital wallet with tap-to-pay, QR and WhatsApp banking solutions. We are excited to integrate Gratiffii's Mosaic loyalty platform into our Eclipse platform, giving our existing and future customers an additional value advantage when using our payment orchestration platform. This enables earning into the retailer's loyalty program seamlessly on the back of a card payment. No additional cards required, and no additional steps."

Humm

Gratiffii has partnered with Humm to enable customers to access Humm's Buy-now-pay-later (BNPL) payment services at check out. Many of our retail clients required the ability to offer BNPL functionality to their end consumers.

Historically the introduction of BNPL services into an e-commerce platform has led to an increase in transaction value, an increase in repeat sales and an overall increase in customers¹ as well as reducing cart abandonment rates. Gratiffii believes the introduction of Humm's offering has the potential to achieve similar results within Gratiffii's existing enterprise client base.

Will Schmidt, Humm's General Manager of BNPL, said, "We are excited to provide our BNPL offering to Gratiffii, offering their 10 million Australian consumers a simple, transparent and digital way to pay with an unmatched customer experience. We believe Gratiffii is a leader in its space, offering software services to over 40 enterprises in Australia, and we're delighted to bring our expertise in BNPL to our partnership with them."

Sales pipeline

The sales pipeline continues to grow strongly with the team targeting larger Enterprise customers in Australia, South Africa, Asia, and the Middle East for the SaaS Mosaic enterprise platform. We are currently undertaking a paid scoping exercise for a new enterprise client, and Click Frenzy is on track to go live during the March 2022 quarter.

Product roadmap

Mosaic continues to grow in functionality and performance. Over the past 6 months we have had 25 production releases with zero hot fixes and 100% uptime. We have maintained a code coverage of 98.4% in our unit testing and have created over 80 internal core and external endpoints for functionality, including but not limited to:

- notifications (integrations into global third-party providers SendGrid and Twilio),
- card linked offers, benefits (such as gift cards and vouchers),
- redemption events,
- increased our overall existing functionality to allow for greater configuration and flexibility,

all driven at the touch of button by our Mosaic Admin portal.

Strengthening of management team

The Company completed a number of key strategic hires to complement the management team during the quarter.

Sarah Fallon joined as the CEO for Neat Ideas. Sarah was previously the General Manager of Memberships at The Entertainment Group bringing over 20 years of experience in leading sales and operational teams in the loyalty and rewards space.

Daniel Cotterill also joined as Sales Director for the Eastern States. He was previously State Manager for Victoria, NSW and Tasmania for The Entertainment Group.

The Company has also strengthened its business analyst team and customer success capabilities with hires from the Collinson Group and Virgin Australia.

Expenditure

Despite the large increase in revenue in the quarter, cash expenditure on operating costs only increased by 3% compared to the prior quarter. There were significant inventory purchases in Neat Ideas in the prior quarter in preparation for the upcoming Christmas holiday period, and this continued into the December quarter. Administration and corporate costs increased by 16% to \$458k in the quarter, primarily due to timing of some annual payments.

Outlook

Despite the recent uncertainty due to the resurgence of COVID-19 in key geographies, H2 FY22 continues to look strong. December 2021 was a record month for the Company and although there has been some COVID-19 related slowdown in January, we are still forecasting continued revenue growth in the March 2022 quarter, particularly within the SaaS business.

Iain Dunstan commented, "With the investment in the team and product over the last nine months, Gratifii is in an exciting position to capture the growing demand for loyalty and rewards solutions. The Company is ready to execute on the promising pipeline of new enterprise clients."

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

1. Aaron Blackman, CEO Retail Express article, 8 January 2022.

About Gratifii Limited

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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")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,120	4,880
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,440)	(2,842)
(c) advertising and marketing	(2)	(2)
(d) leased assets	(34)	(68)
(e) staff costs	(518)	(1,058)
(f) administration and corporate costs	(458)	(850)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(5)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	505	572
1.8 Other (provide details if material)	1	1
1.9 Net cash from / (used in) operating activities	1,169	622
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(767)	(1,496)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(767)	(1,496)

3.	Cash flows from financing activities		
.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	517	1,550
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)
3.7	Transaction costs related to loans and borrowings	-	(45)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	517	1,288

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,723	2,228
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,169	622
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(767)	(1,496)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	517	1,288
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,642	2,642

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
	Bank balances	2,642	1,723
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)	2,642	1,723

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	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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,175	5,175
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,175	5,175
7.5	Unused financing facilities available at quarter end		-
7.6	<p>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.</p> <p>On 12 May 2021, the Group issued 10 convertible notes with a face value of \$150,000 each to Bombora Investment Management Pty Ltd ATF Bombora Special Investments Growth Fund ('Bombora'). The \$1,500,000 in unsecured debt is provided for a term of 24 months from the original date of the Bombora Loan Agreement, with expiry being 24 February 2023, at an interest rate of 8% p.a.</p> <p>On 15 November 2021, the Group issued 4,000,000 convertible notes with a face value of \$1.00 each. The \$4,000,000 in unsecured debt is provided by Bombora and various other sophisticated investors for a term of 12 months ending 15 November 2022, at an interest rate of 8% p.a. 325,000 convertible notes have been converted to date.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,169
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,642
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,642
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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

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.

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: 28 January 2022

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.