

Hachiko Acquisition Presentation



hachi-kō
Loyalty-led Marketing



Presented August 2022

Disclaimer

All currency amounts in this presentation are in Australian Dollars (AUD).

This presentation has been prepared by Gratifii Limited (ABN 47 125 688 940) ("Gratifii"). Each recipient of this presentation is deemed to have agreed to accept the qualifications, limitations and disclaimers set out below.

This presentation contains summary information about Gratifii and its activities which is current as at the date of this presentation. No member of Gratifii, its subsidiaries or respective directors, officers, employees, advisers or representatives (each a "Limited Party") makes any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this presentation, including any forecast or prospective information. This presentation should be read in conjunction with the Company's Annual Report, market releases and other periodic continuous disclosure announcements, which are available at www.asx.com.au.

This presentation is not a prospectus, product disclosure statement or any other disclosure or offering document under Australian law (and has not been, and will not be, lodged with the Australian Securities and Investments Commission) or any other law. The distribution of this presentation outside Australia may be restricted by law. Any recipient of this presentation who is outside Australia must seek advice on and observe any such restrictions. This presentation may not be reproduced or published, in whole or in part, for any purpose without the prior written permission of Gratifii. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any shares in the United States or in any other jurisdiction in which such an offer would be illegal.

This presentation contains certain "forward-looking statements" about Gratifii and the environment in which Gratifii operates. Forward-looking statements often include words such as "may", "anticipate", "expect", "intend", "plan", "believe", "continue" or similar words in connection with discussions of future operating or financial performance. The forward-looking statements included in this presentation involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Gratifii and each Limited Party. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based.

Given these uncertainties, you are cautioned to not place undue reliance on such forward-looking statements.

Certain market and industry data included in this presentation has been obtained from public filings, research, surveys or studies conducted by third parties, including industry and general publications, and has not been independently verified by Gratifii. Gratifii cannot warrant or guarantee the accuracy or completeness of such information.

This presentation is a general overview only and does not purport to contain all the information that may be required to evaluate an investment in Gratifii. The information in this presentation is provided personally to the recipient as a matter of interest only and has been prepared without taking into account the objectives, financial situation or needs of prospective investors. It does not amount to an express or implied recommendation with respect to any investment in Gratifii, nor does it constitute financial, legal, tax, investment or other advice or a recommendation to acquire Gratifii shares.

The recipient, intending investors and respective advisers should: a) conduct their own independent review, investigations and analysis of Gratifii and of the information contained or referred to in this presentation; and/or b) seek professional advice as to whether an investment in Gratifii is appropriate for them, having regard to their personal objectives, risk profile, financial situation and needs.

Except insofar as liability under any law cannot be excluded, neither Gratifii nor any Limited Party shall have any responsibility for the information contained in this presentation or in any other way for errors or omissions (including responsibility to any persons by reason of negligence).



Executive Summary



Gratified is acquiring Hachiko, a specialised loyalty and rewards marketing agency, creating an 'end-to-end' loyalty and rewards provider

Acquisition of Hachiko

- Gratified will acquire Hachiko Pty Limited ("Hachiko"), a specialised loyalty and rewards marketing agency
- The acquisition is funded via a mixture of a share placement, a convertible note and Gratified scrip consideration with acquisition enterprise value of \$3.03m, with cash on hand and net working capital adjustment of \$0.56m
- Consideration includes 73.1m shares issued at \$0.026 to align Gratified and Hachiko's vendor shareholders' incentives and share risks (with value of \$1.45m at 14-day VWAP of \$0.020⁽¹⁾)
- Hachiko's founder and majority shareholder, Patrina Kerr, will join Gratified's Board and retain approximately 4% equity stake in GTI post completion
- Hachiko's CEO, Donna Adam will join Gratified's executive team

Hachiko Overview

- Hachiko is a specialised loyalty and rewards marketing agency with 21 staff and operations in Australia (Sydney) and New Zealand
- Focuses on enterprise IT corporations, with large sales channels such as Microsoft, Ingram Micro and HP as well as other substantial wholesalers
- Develops and deploys bespoke campaigns that utilise innovative engagement tools with attractive rewards to drive channel performance

Compelling Strategic Rationale

- Front end design services complements Gratified's back-end software and rewards solutions
- Gratified is expected to be cash flow breakeven on operations post-completion
- ~\$600k of identified synergies over FY23 including finance, hosting, shared services, migration of content to Neat Ideas etc.
- Cross selling opportunities to all 80+ enterprise clients
- Mosaic acceleration and sales / implementations
- New Board member with relevant credentials and expertise

Executive Summary

Gratificii is acquiring Hachiko, a specialised loyalty and rewards marketing agency, creating an 'end-to-end' loyalty and rewards provider

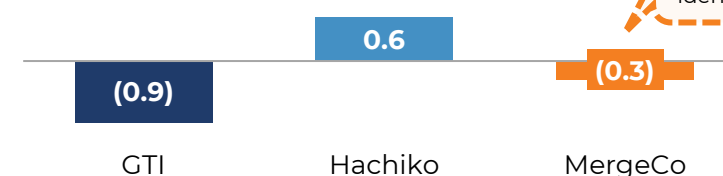


Pro-forma Financial Metrics

FY22A Revenue (A\$m)



FY22A EBITDA (A\$m)



PF EBITDA of +\$0.3m, assuming \$0.6m of identified synergies

Transaction Structure Summary

- Acquisition enterprise value of \$3.03m, with Hachiko cash on hand and net working capital adjustments of \$0.56m, total acquisition consideration of \$3.59m. The consideration paid consists of:
 - Cash payment of \$2.14m, funded via a share placement and convertible note
 - 73.1m consideration shares issued at \$0.026 being a 31% premium to Gratificii's 14-day volume-weighted average price⁽¹⁾, equivalent to current market value of \$1.45m
 - 53.8m consideration shares (\$1.07m) (subject to Shareholder approval) to be deferred for ~12 months as security against any warranty and indemnity claims⁽²⁾
- The consideration shares will be escrowed or deferred for 12 months post-completion

Funding Summary

- \$1.250m raised via a share placement conducted at \$0.018 being a 9% discount to Gratificii's 14-day volume-weighted average price, issuing a total of 69.4m ordinary shares
- \$1.475m convertible note raise, with key terms including 10% interest rate, conversion price of \$0.023 (16% premium to GTI's 14-day VWAP⁽¹⁾), convertible in 12 months at Noteholder's discretion and 18 months total term⁽³⁾
- Cornerstone investor Bombora Special Investments Growth Fund has committed to the convertible note raise

Unaudited financials. (1) As at 9 August 2022. (2) \$1.07m of shares (to be issued at \$0.026) to be deferred for ~12 months as security against any warranty and indemnity claims (which are customary warranties for a transaction of this nature) and to be held via a loan agreement on GTI's balance sheet. (3) \$762k will be subject to shareholder approval at the AGM, and will be held on Gratificii's balance sheet as loan notes for the interim period.

Corporate Snapshot



Gratific has transformed into a leading **loyalty and rewards provider**

About Gratific Limited (ASX:GTI)

Gratific (ASX:GTI) is an ASX-listed technology company that enables businesses to drive customer engagement with loyalty and rewards programs. The core product, Mosaic™, is a customer enterprise engagement platform that is modular, scalable and globally portable.

The Company helps clients implement loyalty and rewards programs with expertise in consumer engagement, content management and creation and management of loyalty ecosystems.

Gratific has innovated in the loyalty, rewards and engagement verticals for over a decade, currently serving over 60 enterprise clients, reaching 25m customers in the retail, hospitality, telecom, banking, insurance, and financial service industries.

Corporate Snapshot (9 August 2022)

Share Price	\$0.020
Shares on Issue	868.1m
Market Capitalisation	\$17.4m
Convertible Notes	\$3.0m
Cash (Jun 30th 2022)	\$2.1m
Enterprise Value	\$18.3m
FY22 Net Cash from Operating activities	\$0.1m
Top 20 Holders	58.7%
Bombora Investment Mgmt.	~19.9% ⁽¹⁾

Board of Directors

Iain Dunstan - CEO & Managing Director

- 30+ years of financial services and tech experience
- Previously: CEO of IncentiaPay / CEO of Rubik Financial Ltd (turnaround and exit) / Founder of Bravura Solutions
- Graduate Member of AICD & holds Masters of Commercial Law and an MBA

Mike Hill – Non Executive Director

- 20+ years of company management across several industries and companies
- Founder of Bombora Group, Chairman of Janison Education (JAN.ASX), Beamtree (BMT.ASX) and non-executive Board member of Mad Paws (MPA.ASX)
- Previously: Ops manager of Iron Bridge (PE firm) / Partner at E&Y / Numerous board positions
- FAICD, Bachelor of Arts (Accountancy)

Stephen Borness – Non-Executive Chairman

- 30+ years' experience leading and developing technology companies
- Non-exec director of Beamtree Holdings (BMT.ASX)
- Previously: Launched CRM technology Company / Investment banker (US, EU, AUS)
- Fellow of AICD, Bachelor of Business, MBA & CPA

Bryan Zekulich – Non Executive Director

- 20+ years' experience in M&A, ECM and advisory
- Portfolio Manager at Bombora Investment Mgmt.
- Board member, treasurer and Company secretary of Australian Investment Council, and director of Hockey Australia Ltd
- Previously: Managing Partner of EY's PE division
- Fellow of ICAA and FINSIA, Bachelor of Commerce

(1) Assumes conversion of all convertible notes.

A halftone-style photograph of three business professionals in a meeting. Two men and one woman are gathered around a table, looking at a laptop. The image is circular and set against a dark blue background with a faint grid pattern.

Strategic Rationale

A horizontal bar with a color gradient from orange to blue, positioned to the right of the title.

Why Acquire Hachiko?



Opportunity to **disrupt the Loyalty space** with a unique blend of loyalty, rewards and engagement

To respond to increasing market demands for personalised customer experiences, Gratificii has an opportunity to differentiate with **stronger focus on customer engagement**. Options include building out a strong team of marketing & engagement specialists or acquire a company who can bring this capacity as well as other benefits.

This is the value **Hachiko** can bring to Gratificii.



Personalised Engagement

Tailored engagement solutions to connect with a defined audience



[Acquisition]



Sophisticated Technology

Fully API based, modern loyalty and rewards engine



Differentiated Rewards

450+ content partners who offer above average value



AS ONE GROUP WE ARE:



56
Talented
people



6
Offices around
the World



85
Enterprise
customers



\$19M+
FY22 Annual
turnover (unaudited)

A blend of best-in-class loyalty brands



This combined strength puts Gratifii in a far better position to help more customers and employees the world over, to power up their loyalty success and create results they'll love...

Business Model



Gratificii charges clients a combination of retainer, SaaS fees and a margin on rewards

Front End

Web Development / Member Engagement / Marketing

Hachiko **charges its ~35 Enterprise clients a monthly retainer** (which includes the licence fee)

hachi-kō
Loyalty-led Marketing

Loyalty Engine

Suite of SaaS API modules that power loyalty and rewards programs

A high margin broad-based revenue model comprising:

- ✓ SaaS license fees (paid monthly)
- ✓ Implementation and integration service fees
- ✓ Enterprise specific usage based (volume) fee (users, % of online ordering etc.)

Revenue per customer is uncapped: Engagement = Revenue

gratificii

Rewards

Source and supply of market leading rewards

Gratificii earns a margin on the rewards delivered clients

Rewards are purchased either outright or on consignment:

- The Company combines these two options to maximise margin, whilst limiting capital expenditure and risk
- Rewards are combined (i.e. Movie tickets and meal discount) to enhance Gratificii's margin

neat ideas
A GRATIFICII LIMITED COMPANY

Immediate Growth Opportunities



Hachiko provides and unlocks immediate growth opportunities



Hachiko and Gratifii Synergies



Two businesses that strongly complement each other

The integration of Hachiko into Gratifii will form Australia/New Zealand's only fully integrated, end-to-end loyalty and rewards service provider

Hachiko as a client of Gratifii



- Hachiko don't have their own technology (engagement with Incentive Solution is coming to an end)
- Hachiko's 30+ clients can utilise Gratifii's Mosaic to power their loyalty and rewards programs**



- Hachiko currently purchases a portion of it Rewards / Content from Neat Ideas.
- \$3.6m of Rewards purchased in FY22, which Neat Ideas can fulfill in FY23.**

Gratifii as a client of Hachiko



- A growing number of Gratifii's clients / target clients have requested the 'front end' **and marketing services that Hachiko provides**

	Hachiko	Gratifii / Neat Ideas
Technology		
UX / Web development / Frontend expertise		
Marketing Services		
Rewards / Content		
Program Implementation		
Offer Do not Offer Not core service		

Pro-forma Financials

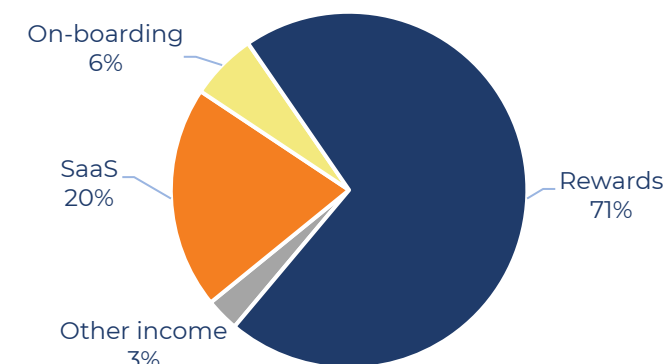


This acquisition will increase Gratificii's scale, with combined pro-forma FY22A (unaudited) revenue of ~\$19m and EBITDA of ~(\$0.3m)

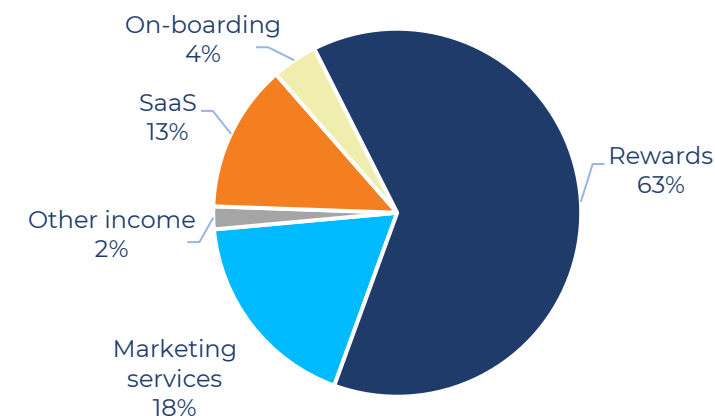
	Gratificii	Hachiko	MergeCo
A\$'000	FY22A	FY22A	FY22A
SaaS	2,255	-	2,255
On-boarding	174	150	324
Rewards	8,741	3,739	12,480
Marketing services	-	3,268	3,268
Other income	925	-	925
Total income	12,095	7,157	19,252
Total cost of sales	(8,537)	(4,370)	(12,907)
Gross profit	3,558	2,787	6,345
Gross profit margin	29.4%	38.9%	33.0%
Operating expenses	(4,431)	(2,174) ⁽¹⁾	(6,605) ⁽¹⁾
EBITDA	(872)	613	(260)
EBITDA margin	n.a.	8.6%	n.a.
Potential synergies	-	-	600
EBITDA post-synergies	(872)	613	340

FY22A revenue breakdown

Gratificii - Pre-acquisition



MergeCo

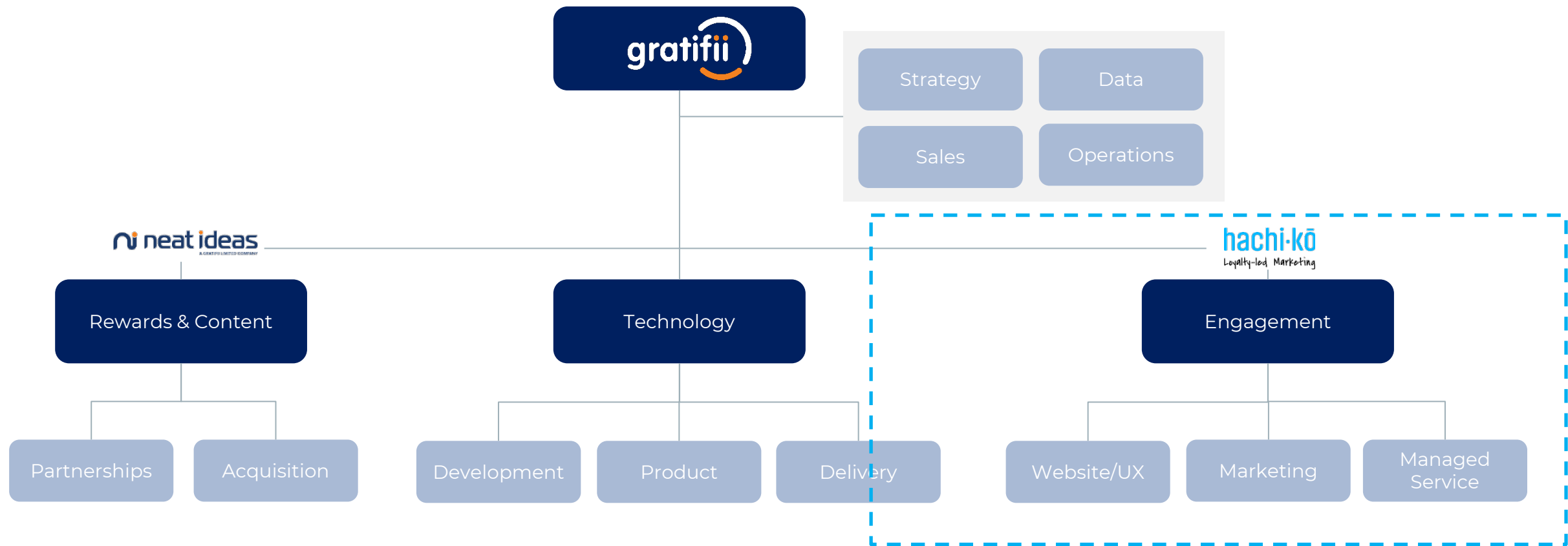


Unaudited financials. Notes: (1) Operating expenses include all staff costs, including revenue generating roles. (2) ~\$600k of potential synergies to be achieved over FY23 including finance, hosting, shared services, migration of content to Neat Ideas etc.

Filling the Gaps in the Gratifii Org-chart



Member engagement expertise to round up the Gratifii solution



Expanded Management Team

to drive growth



Iain Dunstan
Managing Director
& CEO



Mark Schoombie
CTO



Justin Jefferies
COO



Sarah Fallon
CEO Neat Ideas



Daniel Nissen
Head of Sales



Donna Adam
CEO Hachiko

A blend of best-in-class loyalty brands





Hachiko Overview

About Hachiko



Hachiko is a well-established specialised loyalty and rewards marketing agency with a very strong footprint in IT

hachi-kō

What is Hachiko?

- Hachiko is a specialised loyalty and rewards marketing agency
- 21 staff with operations in **Australia (Sydney) and New Zealand**

Clients – Predominantly Enterprise IT Corporations

- Hachiko focuses on **enterprise IT corporations, with large sales channels** such as Microsoft, Ingram Micro and HP (75% of clients are IT) and **substantial wholesalers**

Client Challenge – Motivating sales channels to perform

- Hachiko's clients have large, diversified sales channels (sales teams, reseller networks & distributors) **that require continued motivation and incentivisation to perform** (sell a their product, hit sales, expand the channels, undertake training, etc).

Hachiko's Solution – Engage and reward sales channels

- Hachiko develops and deploys bespoke campaigns that utilise innovative engagement tools with attractive rewards to drive channel performance. A typical campaign looks like:
 - **Configuration** of a unique loyalty campaign for an established audience (n=500-1000)
 - Bespoke **front end development (websites, leader boards, gamification, apps etc)**
 - **Success is rewarded** (holidays, experiences, electronics, gift cards, etc)
 - Programs are often tactical (3-6months) and get extended or replaced afterwards.

Revenue Model

Hachiko **charges a monthly retainer** (which includes the licence fee) and usage based rewards fees (if applicable)

Key Clients

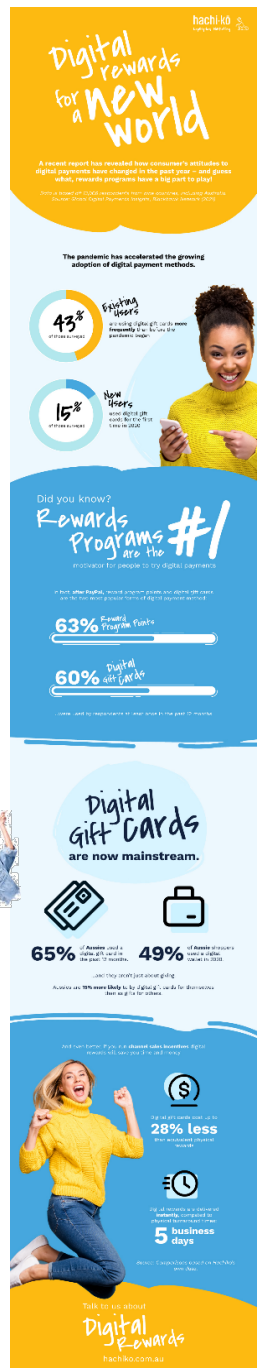


Hachiko Content Examples

Convincing design & marketing skill and a credible brand with aligned values



Click on the screen for an example case study



What does Hachiko do?



Hachiko is a loyalty marketing company with ~35 enterprise customers

Building & Delivering a Campaign

Design & Creative

- Website development
- Infographics and digital banners
- Animated videos
- Sales presentations
- Web/Mobile Applications

Content Creation

- Long-form eBooks and whitepapers
- Written or video case studies
- Blog articles and sales collateral

Marketing Services

- Paid Media
- Social Media
- Personalised Email / Telemarketing

Engaging the Sales Channel

Generate Competition

Challenge the channel with clear and measurable goals. Utilise leaderboards and targets.

Attractive rewards, easily redeemed

Offer attractive rewards for performance that are quick and easy to redeem

Gamification

Gamification rewards positive behaviours

Data and analytics

Detailed insights into channel behaviours

Rewarding the Sales Channel

Merchandise

Extensive catalogue includes a wide range of merchandise, apparel, electronics, home décor, appliances and more.

Experiences

Tickets to exciting concerts, sporting events, drive days and more.

Gift Cards

End-to-end management and delivery of both digital and physical gift cards.

Campaigns have previously been powered by outsourced technology. **~35 clients to transition to Gratificii's technology engine.**

Rewards have previously been bought from various sources. **~35 clients to now purchase rewards from Gratificii (Neat Ideas)**

Hachiko Expertise

Highly experienced, loyalty and rewards professionals joining Gratifii



Patrina Kerr



Patrina Kerr founded Hachiko in 2012 with the vision to create a world class loyalty-led marketing agency.

By helping companies of all sizes to create, build and manage a reward program to drive measurable outcomes, Hachiko grew into a successful organisation with long term client relationships. As the Managing Director Patrina lead the management team to continue to grow and scale the business.

Having started her professional career in IT Technical roles, Patrina developed her market knowledge while working for global IT vendors and Distributors and moved into sales, marketing and then senior management roles which provided the full range of business knowledge and disciplines.

Patrina is a member of the New Zealand and Australia Institute of Directors

Donna Adam



Donna Adam is a highly motivated and experienced channel leader and joined Hachiko in 2016. As CEO of Hachiko, Donna is responsible for a talented team who are committed to delivering engaging incentive, reward and loyalty programs across the Asia Pacific market. Through sharing her skills and experience, Donna helps to attract and retain many customers, staff and key partners to Hachiko.

For more than 20 years, Donna has worked within organisations to build bespoke and tailored programs that help them to accelerate their ambitions. Before joining Hachiko, she worked in the Australian tech industry where she successfully managed teams of professionals within the areas of marketing, business development, product management and customer service to drive greater outcomes for global reseller and distribution organisations.

Financial Overview



Hachiko

Loyalty-led marketing agency

Founded in 2012

Specialty: delivery of B2B channel engagement programs Industry focus: IT, followed by trade

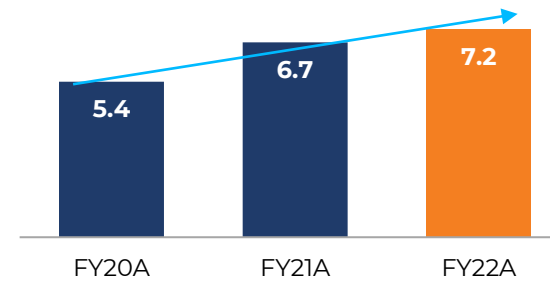
14 permanent employees, 8 contractors

Principal office: North Sydney

Notes: Unaudited financials.

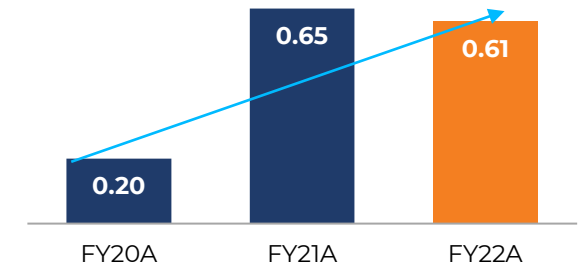
Gross revenue (\$m)

FY20A-FY22A CAGR: **15.6%**

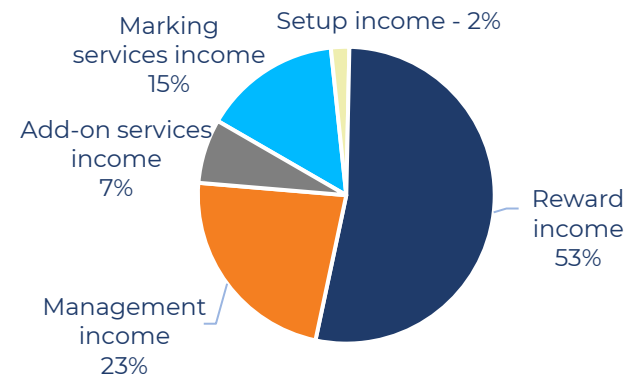


EBITDA (\$m)

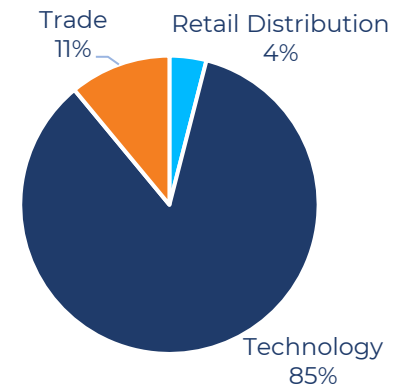
FY20A-FY22A CAGR: **76.5%**



FY22A gross revenue sources



FY22A gross revenue by industry





Transaction Summary



Transaction and Funding Structure



Gratificii is acquiring Hachiko on an attractive multiple with limited dilution

	A\$m
Acquisition EV	Hachiko equity value
	3.59
	Hachiko cash and net working capital adjustments
	0.56
	Hachiko acquisition enterprise value
	3.03
Consideration	Cash consideration
	2.14
	Scrip consideration
	1.45
	Total consideration received
	3.59
Acq. multiples	EV / FY22A revenue (\$7.2m)
	0.4x
	EV / FY22A EBITDA (\$613k)
	4.9x

Cash consideration funded from:

- \$1.250m share placement
- \$1.475m convertible note raise

Scrip component includes:

- \$1.90m of scrip issued at \$0.026 (equivalent to \$1.45m issued 14-day VWAP of \$0.020)⁽¹⁾
- \$1.4m to be deferred for ~12 months⁽²⁾

Acquisition multiple based on:

- A number of strategic benefits for the combined Group
- Identified synergies of \$600k, **decreasing EV/EBITDA multiple to ~2.5x**

Unaudited financials. (1) GTI 14-day VWAP as at 9 August 2022. (2) \$1.07m of shares (to be issued at \$0.026) to be deferred for ~12 months as security against any warranty and indemnity claims (which are customary warranties for a transaction of this nature) and to be held via a loan agreement on GTI's balance sheet.

POWERFUL BENEFITS



**Better
Innovation**



**Stronger
Engagement**



**Greater
Rewards**

Our union allows us to **blend the best-in-class** people, programs, technology and rewards to better serve our clients, staff and shareholders as **one end-to-end loyalty provider**.

Whilst we'll retain our individual names and each offer our business-as-usual services, we will work together as one Gratifii company to **magnify our many combined strengths**.

The sum of the partners is indeed greater....

RESULTS YOU'LL LOVE

WELCOME TO THE GRATIFII GROUP!



The best technology for a smarter, faster customer experience, is combined with exciting curated rewards at a remarkable value point, and delivered by an experienced managed services team with proven marketing prowess. **Together, we deliver results you'll love.**

Iain Dunstan – CEO & Managing Director

