



FY23 FINANCIAL RESULTS PRESENTATION

Gratificii Limited (ASX: GTI)
September 2023

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FINANCIAL SUMMARY FY23



6 consecutive halves of revenue growth

**FY23 REVENUE
FROM
ORDINARY
ACTIVITIES**

\$29.9m

**+148%
v FY22**

**FY23 FULL
YEAR POSITIVE
OPERATING
CASH FLOW**

\$0.5m

**+156%
v FY22**

**CASH AT 30
JUNE 2023**

\$1.69m*

**CASH RECEIPTS
2-YEAR CAGR
TO END OF
FY23**

89%

**SHARES ON
ISSUE**

1,323m

SHARE PRICE

\$0.010¹

MARKET CAP

\$13.2m¹

1. As at 15 September 2023.

*Excludes \$0.9m received from Tranche 2 of Placement in August 2023.

GRATIFII'S UNIQUE END-TO-END SOLUTION



Gratificii is Australia's only provider of end-to-end **Loyalty** (software & services) and **Rewards**



Enterprises want: LOYAL CUSTOMERS

- Gratificii has developed a market-leading enterprise grade **Loyalty Platform**
- Loyalty software and services utilised by enterprises across all major sectors



Loyal Customers expect: REWARDS SOLUTIONS



- Gratificii provides Enterprises with all the major in-demand **Rewards Products**
- Rewards include movie tickets, discounts, travel experiences, gift cards, carbon offsets, etc



TARGET OPERATING MODEL

Gratified has a target to charge new clients a combination of SaaS fees, service fees and a margin on rewards to generate an **average margin of 20-22%**

Every dollar of Loyalty platform fees at 50% margin has the potential to generate an additional \$10-\$15 of rewards revenue in full-service contracts at targeted margins.

	Loyalty Platform 	Rewards 
Fees earned:	SaaS & Service fees	Margin on rewards
Typical revenue per client:	\$150k - \$750k p.a.	~\$1.0m - \$5m p.a.
Typical margin:	50%	15-17%
FY23 revenue contribution (%):	37%	63%
FY23 revenue contribution (\$):	\$11.0m	\$18.9m

Gratifi's Loyal Customers





Gratificii has quickly established itself as a leading provider of 'end-to-end' loyalty & reward solutions to the Australian market.

THEN FY2021	NOW FY2023	FUTURE FY2024 +
Offering Loyalty Software	Offering Australia's only 'end-to-end' loyalty and rewards platform	Offering Continued development
Clients 13 across 5 sectors	Clients 66 across 17 sectors	Clients Enhanced penetration in current sectors (initial focus on member organisations)
Revenue \$4.1m	Revenue \$29.9m+	Revenue Strong growth profile expected to continue
Key Goals <ul style="list-style-type: none">✓ Transition software to SaaS✓ Enhanced capabilities via R&D & acquisition	Key Goals <ul style="list-style-type: none">✓ Finalise Technology build✓ Integrating enterprise clients	Key Goals <ul style="list-style-type: none">○ Integrate RACV & new member groups○ Deliver upgrades to existing clients to fund growth



Strong organic growth profile

- **Organic growth** accounted for 61% of revenue growth and 39% from Hachiko acquisition
- **Revenue growth** was offset by \$0.9 million in R&D grants and government subsidies received in FY22 but not in FY23 (FY23 EBITDA improved by **\$0.15m** without FY22 subsidies)
- **Gross profit** growth was driven by diversification of revenue streams and new enterprise contracts
- **Operating costs** increased due to higher depreciation, amortisation and employment costs following Hachiko acquisition and continued SaaS platform development

FY23 Financial Highlights

	FY23	FY22	Change
Total Revenue	\$30.2m	\$12.1m*	▲ 150%
Revenue from ordinary activities	\$29.9m	\$12.1m*	▲ 148%
Gross Profit	\$5.0m	\$2.6m*	▲ 91%
EBITDA	(\$2.2m)	(\$1.5m)*	▼ 46%
Total comprehensive (loss) for the year	(\$3.8m)	(\$2.4m)*	▼ 57%

* Includes \$840k of research and development grant income not received in FY23.

KEY INDICATORS



SUSTAINABLE PROFITABILITY

Capable of self-funding Gratificii's **strong growth profile**



Revenue

Currently ~\$32m (annualised)
+ \$8.8m - \$13m from RACV
+ New clients
+ Growth from existing clients



Margin

Margin to improve

- Clients taking whole solution
- Economies of scale
- Marginal cost base increase



Clients & Users

- Currently integrating significant contracts
- Numerous late-stage negotiations to be converted
- Pipeline of paid projects with existing clients building



R&D Expenditure

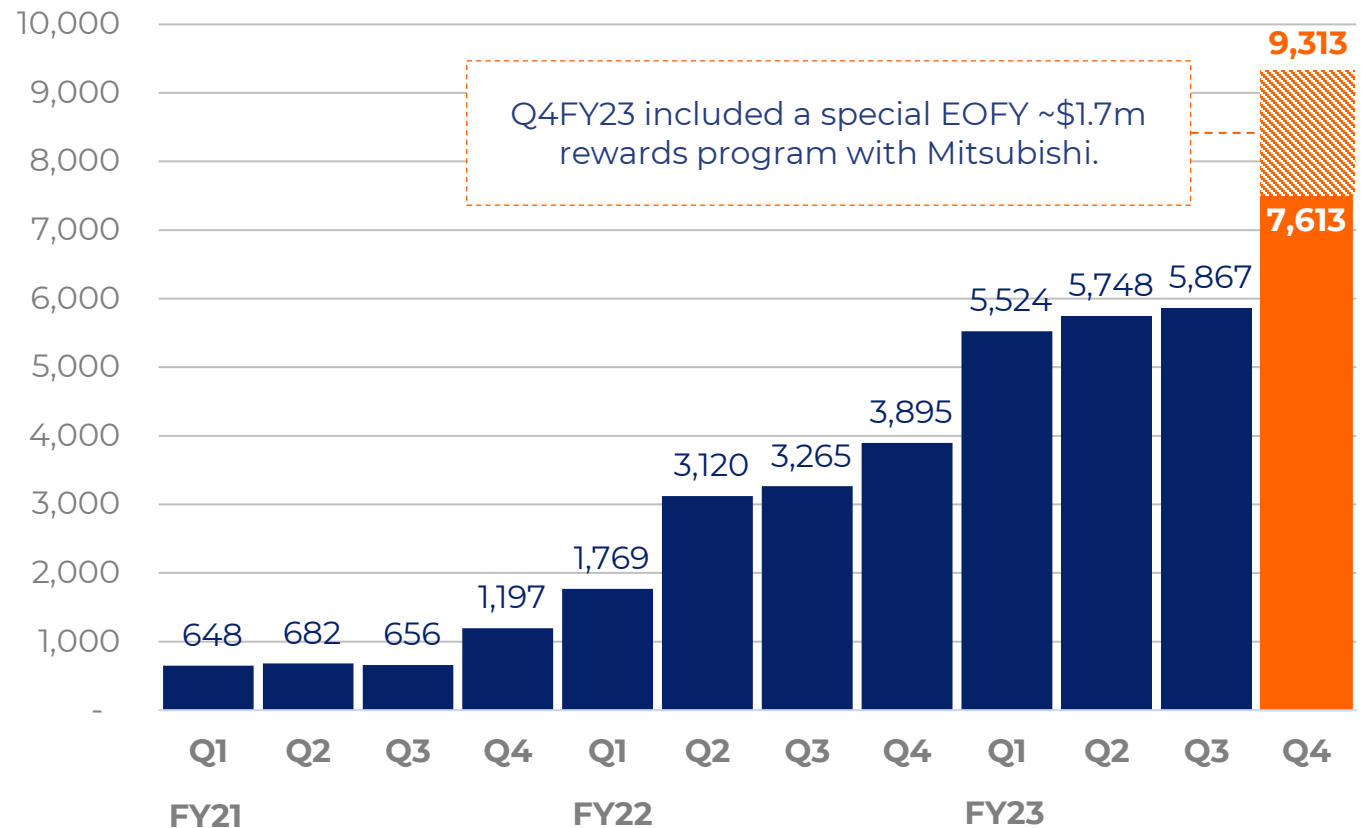
R&D of \$3.0m in FY23

- Integrate RACV in 1HFY24
- R&D cost reduced to approx. \$90k per/m in 2HFY24 = \$1.2m p.a.

FY23 RECORD CASH RECEIPTS

+139% v FY22

QUARTERLY CASH RECEIPTS (\$'000)



FY23 CASH HIGHLIGHTS

2-year cash receipts
CAGR of 89%

Key Cash Highlights

FY23 record cash receipts of \$26.5m (+139% on FY22)

The record FY23 result is a culmination of various factors including:

- Accelerated uptake of all products from new and existing clients
- The strong result highlights the countercyclical nature of Gratificii's 'end-to-end' loyalty and rewards platform.

Operationally cash flow positive for full-year FY23

- Full year FY23 positive operational cash flow of \$0.5 million

Capitalised to deliver positive cashflow

- Successful June 2023 capital raise provided funding required to deliver positive cashflow and growth via the implementation of the expanded RACV contract and other new client opportunities.
- **Cash position increased by a further \$0.9 million** post settlement of tranche 2 of Placement in August 2023.

A dark silhouette of a person jumping or falling, set against a blue background with a halftone dot pattern.

Delivering strategic objectives

Targeting #1 in Loyalty Services in Aust and NZ

FY23: A Transformational Year

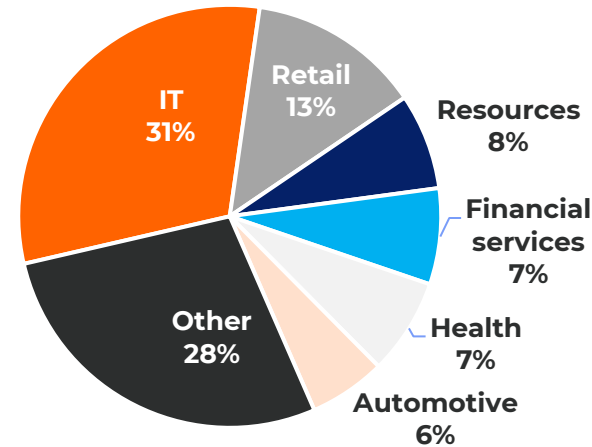
- Key client projects delivered:**
 - Niterra
 - Rest Superannuation
 - FAB Group
 - Cornerstone Health
 - Student Edge
 - Seagrass Boutique Hospitality Group
- Surpassed 150,000 active users on Mosaic platform**
- RACV signed and phase 1 built and delivered**
 - Member access to Neat Ideas content completed
- Investment in a robust infrastructure and on track to attain ISO 27001 in calendar 2023**
- Successfully completed two capital raises to fund acquisitions and accelerate growth**
- Material cross-sell opportunities in the customer base providing additional Gratifii services and broaden existing relationships.**

Diversified, High Quality Client Base

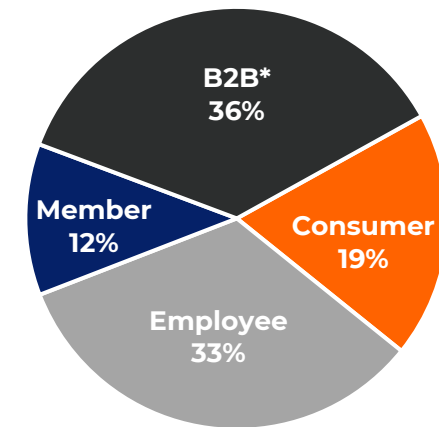
End-to-end loyalty solution

- Delivering loyalty services and rewards to 60+ top brands
- Clients are diversified by industry and program type
- 26% of clients use 2+ services
- 57% of clients have partnered with Gratifi for 5+ years

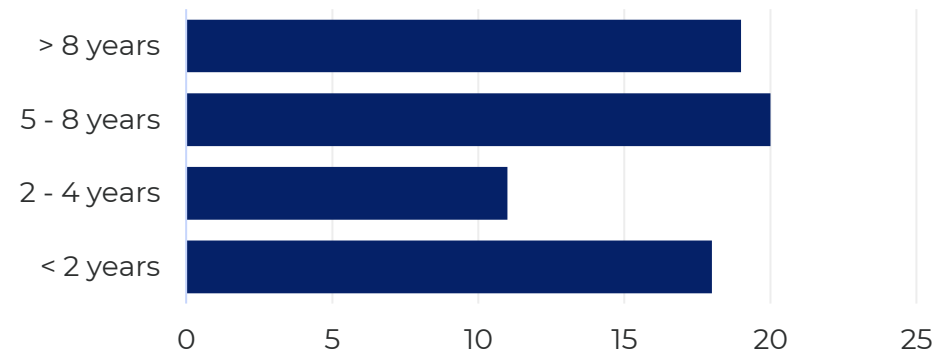
CLIENTS BY INDUSTRY



CLIENTS BY PROGRAM TYPE



CLIENTS BY RELATIONSHIP LENGTH



* B2B includes trade and channel engagement programs.

FY23 OPERATIONAL HIGHLIGHTS

Key FY23 Operational Highlights

Transformational 3-year contract signed with RACV

- Contract expected to generate **~\$8.8m** in additional revenue in FY24* and represents Gratificii's largest SaaS contract to date. Contract **anticipated to deliver ~\$13.0m** revenue in FY25*

Acquisitions of Hachiko and Spendless

- Acquired high quality clients and experienced team from Hachiko (\$3.3m), complementing our existing loyalty and rewards expertise.
- Completed acquisition (\$0.2m) of business assets of bulk gift card and movie ticket reseller Spendless, with early performance **ahead of forecasts.**

Record client integrations delivered:

- Multiple client projects successfully delivered during the year namely, Meat & Wine Co, Italian Street Kitchen, Cornerstone Health, Niterra, FAB Group, Spark, Datacom, Synergy.

Closure of South African operations

- Closure due to legislative changes affecting operating conditions. Will have a minimal impact on Gratificii's FY24 revenue/earnings.

* Based on RACV volumes in the prior 12 months.

Record Year for New Clients Going Live

- ✓ **Niterra:** Launched to approx. 5,000 independent garages and workshops: <https://powerperks.com.au/>
- ✓ **FAB Group:** Gone live with Caci branded clinics to sell their Murad and Skin Smith products: www.caciverse.co.nz
- ✓ **RACV:** Phase One built and in testing.
- ✓ **Seagrass brands:** Dining Rewards Program live across six restaurant brands.
- ✓ **Cornerstone Health:** Added 14 medical centres and over 173,000 new users to-date.

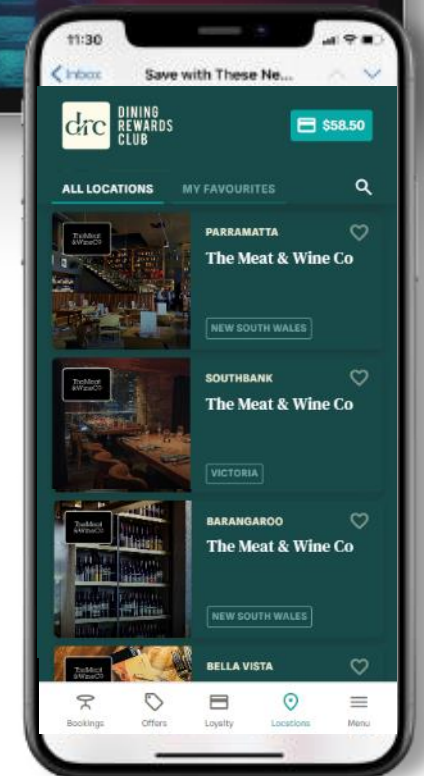
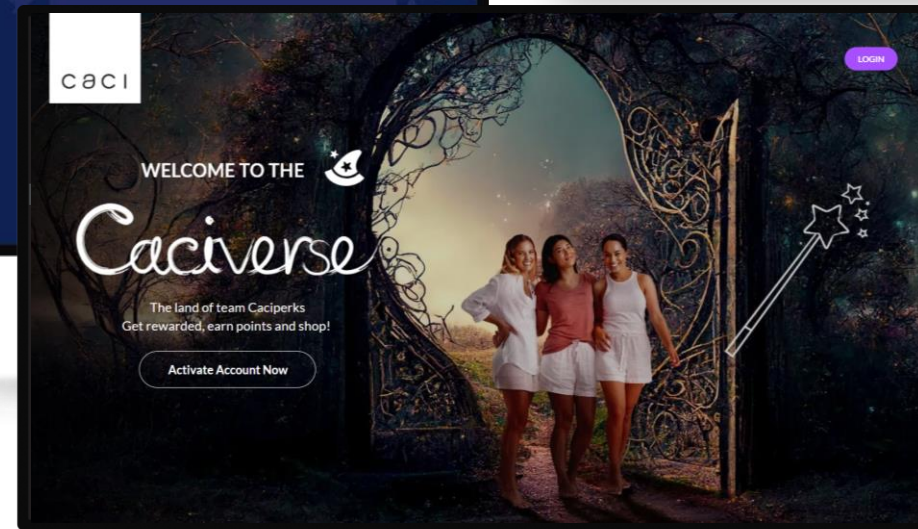
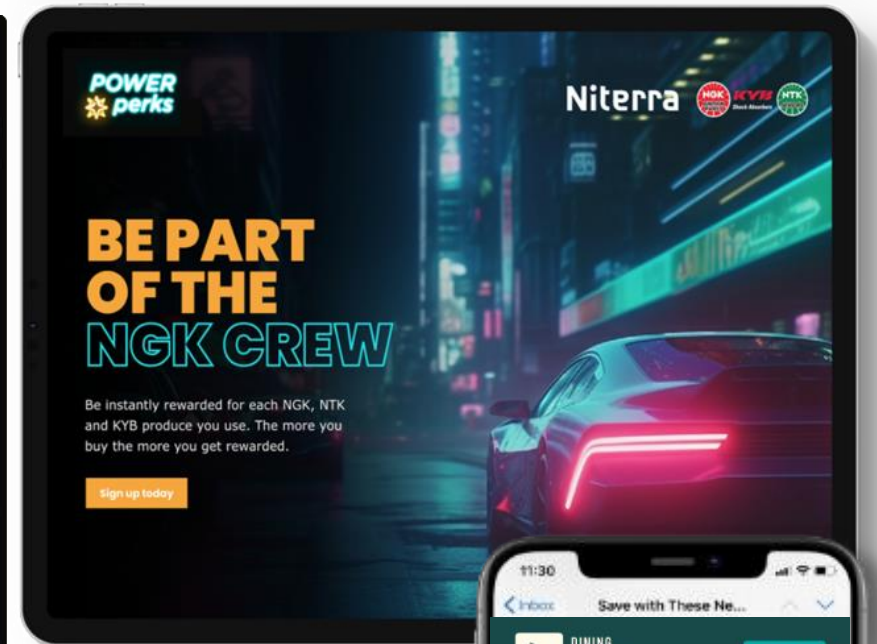
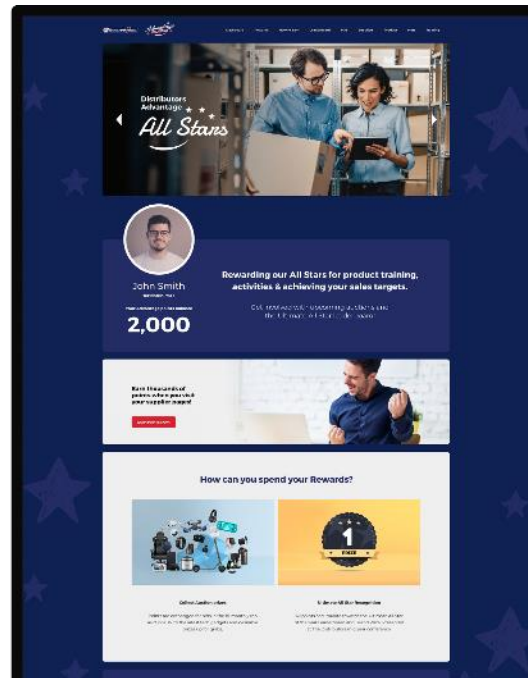
FY23
CLIENT
HIGHLIGHTS





RECORD YEAR FOR CLIENT DELIVERY

Cementing our position as Australia's only full-service solution delivering loyalty, content and service through a single platform.



Outlook - 1QFY24 & Beyond

Operating Cashflow

- Positive Operating Cashflow: **FY23 = \$0.5m**

Delivery of Phase 2 of the RACV contract during H1FY24:

- Upon completion of Phase 2 of the project in 3QFY24, Gratifii anticipates it will transition to cashflow positive.

1QFY24 – Seasonally slower quarter

- 1Q is typically the slowest quarter due to seasonal factors but has started strongly, with revenue tracking over **20% ahead** of the same time last year (unaudited).
- Operating free cashflow to be in line with previous quarters.
- 2Q is typically the **strongest quarter** and aims to deliver strong free cashflow.

Pipeline

- Gratifii is building a **large pipeline** of enterprise clients, which has the potential to deliver a strong growth profile for the foreseeable future.
- Well progressed discussions with **additional large member organisations**



1Q FY24 OUTLOOK

Outlook - 1QFY24 & Beyond

R&D Expenditure

- R&D expenditure forecast to normalise **at \$0.4m per quarter by Q3-Q4FY24** post RACV Phase 2 delivery
- Base level R&D team/expenditure to be reduced from current \$200k per month to \$90k per month from Jan 2024.

Strong start to FY24

- July/August 2024 – inflows **over 20% above budget** (unaudited)
- RACV **phase 1 has gone live** on time and on budget
- Cornerstone Health has added an additional 65,000 members since 1 July 2023
- Contract signed with another major state motoring organisation
 - Estimated revenue **over \$1 million annually***

Sufficiently capitalised to reach cashflow positive goal

- Gratifii is currently sufficiently capitalised to reach its **positive cash flow goal in 2HFY24.**

* Based on prior 12-month volumes.

Major emerging opportunity with member organisations



GRATIFICII'S SOLUTIONS DEPLOYED IN THREE MAJOR SECTORS



CONCENTRATED MARKETS



EXTENSIVE REACH



SIGNIFICANT OPPORTUNITIES

AUSTRALIAN MOTORING CLUBS

Deals executed with **3 of 7** organisations

Access to **3.8m of 8.9m** members¹

Provide members **>\$600m** in benefits & rewards²

AUSTRALIAN SUPER FUNDS

Deals executed with **1 of top 10** funds

Access to **1.9m of 14.0m** members in top 10 funds³

Only 3 of top 10 funds provide rewards to members⁴

HEALTH INSURANCE

Deals executed with **1 of top 10** providers

Access to **1.7m of 12.4m** members in top 10 providers⁵

Only 4 of top 10 providers reward members⁶

POWERING LOYALTY SUCCESS



WELCOME TO THE GRATIFICII GROUP!

Best-in-class loyalty platform for a smarter, faster customer experience, 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.