

2Q FY24 Quarterly Business Update and Appendix 4C Cashflow Statement

Graffiti delivers record second quarter result

Operationally cash flow positive for the quarter

Highlights for 2Q FY24**Financial highlights for the quarter included:**

- 2Q FY24 **cash receipts of \$9.074m** (+58% vs 2Q FY23), representing a two-year compound average growth rate (**CAGR**) of 71%
- Operationally **cash flow positive (+\$0.2m)** for the quarter
- Cash receipts did not include a further **\$312k of sales** earned over the last weekend of December 2023 that will be recognised in our January 2024 result.
- Cash position of **\$695k** as at 31 December 2023.

Client Integrations & Developments

- Gratificii continues to focus on the scaling and development of its loyalty tech platform, Mosaic.
- Continued success with motoring clubs, with contracts now live with 3 of Australia's 7 peak motoring clubs, and new 3-year agreement with Club Connect to provide access to a potential additional 3.7 million members.
- RACV added an **additional 300,000 affiliate members** with launch of Phase Two delivery.
- Cornerstone Health loaded an additional **95,000 new patients** onto the platform.
- Significant new client wins, including **Snap Fitness**, anticipated to deliver an additional **\$0.5m** software and services revenue over **the next 12 months**.

Corporate

- Winner of the Growth Champion in the *Australian Financial Review's* Business Services Category in the Fast 100 list and 14th in the Deloitte Tech Fast 50 awards for 2023

Gratificii Limited (ASX:GTI) (**Gratificii**), the enterprise loyalty and rewards company, is pleased to announce another strong quarter for cash receipts growth.

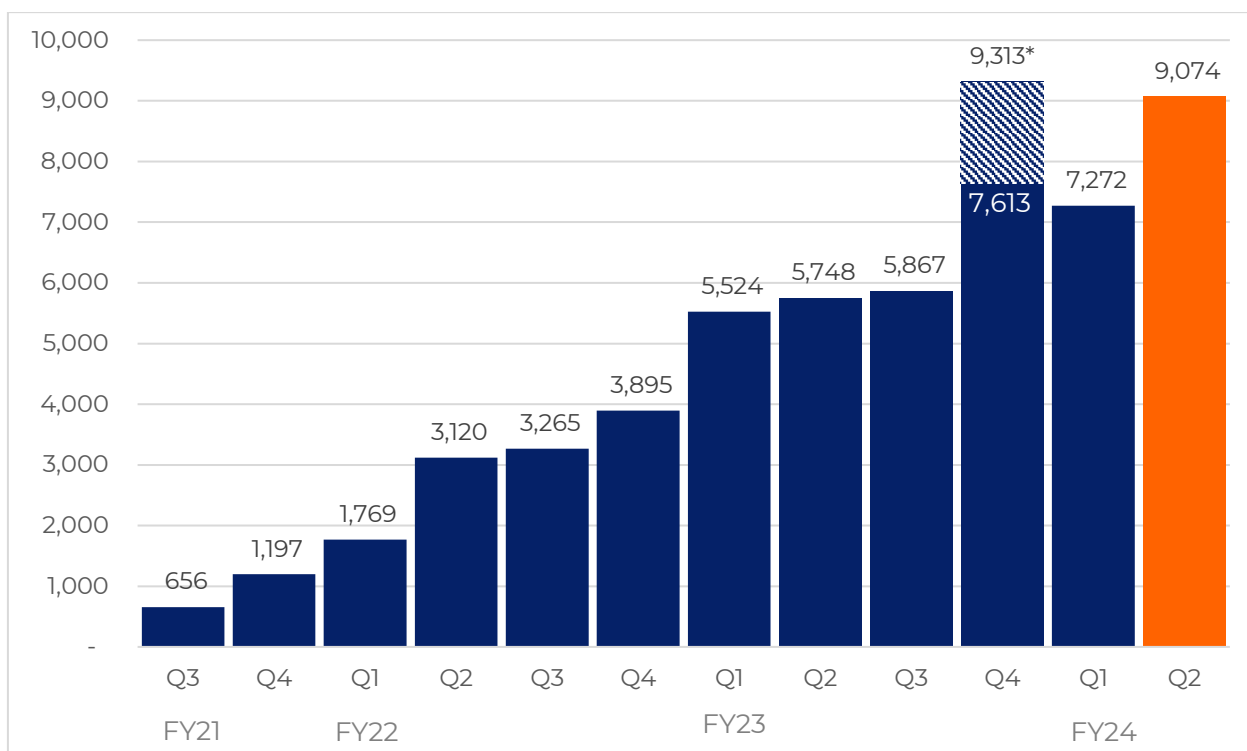
Cash Receipts for the quarter were \$9.074 million, up 25% on the prior period and 58% on 2Q FY23, with demand for rewards and savings growing in the face of rising cost of living pressures. Operational cash flow was positive by \$200k.

The Company saw continued cash receipts growth in 2Q FY24 relative to the prior quarter. The Company's cash position was \$695k as at 31 December 2023, which increased to \$1.007m on 2 January 2024 due to a further \$312k in rewards sales made on the last weekend in December 2023. Historically these cash receipts would have been received in 2Q FY24 but will be recorded in our 3Q FY24 result due to a change in payment provider to Till Payments (GTI's intermediary account).

Commenting on the quarterly report, Gratificii CEO and Managing Director, Iain Dunstan, said:

"We are very pleased to have achieved another strong quarter for cash receipts, even with \$312,000 not being deposited into our accounts until the first trading day of 2024. We continue to add members onto our platform with over 400,000 added during the December quarter".

Quarterly Cash Receipts (\$'000) shows 2-year CAGR to 2Q FY24 of 71%



* Q4 FY23 included a special EOFY ~\$1.7m rewards program with major client Mitsubishi.

New Client wins

In the last quarter, the Company signed a number of new enterprise clients including **Snap Fitness**.



Snap Fitness, with over 250,000 members, has been recognised by multiple industry awards, including the 'Best Fitness Franchise' at the Global Franchise Awards 2022. Gratifii will be offering a range of benefits to their members and also adding Snap Fitness offers to Gratifii's rewards marketplace from February 2024. The member project is expected to go live in early March 2024.

The Company also began scoping exercises with two additional enterprise clients and expect to execute contracts during this quarter.

Operations Update

Gratifii delivered client functionality for the following key enterprise contracts during the quarter:

- Phase Two of the 3-year SaaS contract with key client, Royal Automobile Club of Victoria Limited (**RACV**), is now built and live. 300,000 new members have been added during this phase. Revenues and transaction volumes are anticipated to progressively increase as content and clients are onboarded to Gratifii's platform. Phase Three is due for delivery before the end of 2H FY24.
 - ✓ Phase 1: RACV Members access to Neat Ideas content (discounts & offers).
 - ✓ Phase 2: Over 300,000 RACV affiliates members provided access to Neat Ideas content.

- Phase 3: Neat Ideas customers to be provided access to RACV travel offerings.
- **RAA (SA)** is now live on the Gratificii platform, enabling its 800k motoring club members access to “best in class” movie ticketing. This transaction means that Gratificii has now executed contracts with 3 of Australia’s 7 peak motoring clubs, extending Gratificii’s focus on Australian motoring organisations.
- **Club Connect**, the API connecting Mosaic to the Club Connect platform has been completed and is now in testing. On completion, 8.9 million auto club members nationally will have the ability to access Mosaic, including a potential additional 3.7 million members with which the Company does not currently have contractual agreements¹.
- **Cornerstone Health** continued the roll-out of its Gratificii powered loyalty program to its 14 medical centres and added over 95,000 new users during the quarter, taking the total to over 325,000 users now live on the Company’s SaaS platform, Mosaic.

Awards

During the quarter, Gratificii ranked third in the *Australian Financial Review’s* 2023 Fast 100 list, which recognises Australia’s fastest-growing large established companies and was awarded “Growth Champion” in the Business Services category.

Gratificii was also named a finalist in the Deloitte 2023 Tech Fast 50 awards, placing #2 for listed companies and placed #14 overall, up from #27 in 2022. Deloitte’s Tech Fast 50 program recognises Australia’s fastest-growing tech companies.

Outlook

Gratificii remains on track to deliver continued strong revenue growth with the implementation of a growing number of enterprise clients. FY24 looks set to be another significant year for Gratificii with new clients and all phases of RACV going live, resulting in a continued increase in transaction volumes and revenues. Gratificii remains confident that its strong foundation of clients will facilitate the transition to profitability within the first half of FY25.

Commenting on the Company’s outlook, Gratificii CEO and Managing Director, Iain Dunstan, said:

“Gratificii is on track to continue to grow quarterly receipts. January 2024 is expected to close as a new monthly record. We start the new quarter with two exciting new clients to implement, which should go live in March.”

Gratificii continues to assess various corporate initiatives that have the potential to generate and deliver notable shareholder value. The Company looks forward to updating the market in the event of any binding agreements being executed.

ASX Additional Information

During the quarter, the Company paid remuneration of \$69k to the CEO & Managing Director.

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 Gratificii.



Ben Newling, Alicia Gill
Joint Company Secretaries

For further information, contact:

Iain Dunstan
CEO & Managing Director
Gratificii Limited
E: iaind@gratificii.com

Alastair Murray
Investor Relations & Corporate Advisor
Candour Advisory
E: alastair@candouradvisory.com.au

About Gratificii Limited

Gratificii Limited (ASX:GTI) is an ASX listed company transforming the way that loyalty and rewards are managed and delivered. Our single platform is a complete solution offering affordable, market-leading functionality and configurability. Over 60 mid-to-top tier brands rely on Gratificii for their loyalty and rewards across Australia, New Zealand and Singapore.

To learn more, visit: www.gratificii.com.

1. Source: Australian Automobile Association: <https://www.aaa.asn.au/pages/who-we-are/>.

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 2023

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	9,074	16,346
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,292)	(13,142)
(c) advertising and marketing	-	(9)
(d) leased assets	(42)	(84)
(e) staff costs	(839)	(1,676)
(f) administration and corporate costs	(693)	(1,503)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(9)	(22)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	1	3
1.9 Net cash from / (used in) operating activities	200	(87)
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	(770)	(1,633)
(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	(770)	(1,633)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	904
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(103)	(175)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(1)	(1)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(104)	728

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,369	1,687
4.2	Net cash from / (used in) operating activities (item 1.9 above)	200	(87)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(770)	(1,633)

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)	(104)	728
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	695	695

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
5.1	Bank balances	834	1,491
5.2	Call deposits		
5.3	Bank overdrafts	(139)	(122)
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	695	1,369

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	69
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>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	1,470	1,470
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,470	1,470
7.5 Unused financing facilities available at quarter end		-
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.	<p>In August 2022, the Group issued 713,000 notes at a face value of \$1.00. The unsecured debt was provided to various sophisticated investors at an interest rate of 10% p.a. and mature in February 2024.</p> <p>A further 357,000 convertible notes were issued to Novus Capital on 30 January 2023 at a face value of \$1.00. The unsecured debt was provided to various sophisticated investors at an interest rate of 10% p.a. and mature in July 2024.</p> <p>400,000 convertibles are to be issued to Bombora Investment Management Pty Ltd ATF Bombora Special Investments Growth Fund ('Bombora') subject to shareholder approval and will mature 18 months from issue.</p> <p>On 29 December 2023, 728,000 Notes were cancelled and re-issued with a maturity date of February 2025 and an interest rate of 12%</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	200
8.2 Cash and cash equivalents at quarter end (item 4.6)	695
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	695
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?	
Answer: 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?

Answer: 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?

Answer: 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.

30 January 2024

Date:

Authorised by:Board of Directors.....
(Name of body or officer authorising release – see note 4)

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.