

31 January 2025

ASX ANNOUNCEMENT

2Q FY25 Quarterly Business Update and Appendix 4C Cashflow Statement

Gratificii Delivers 110% Quarterly Increase in Cash Receipts

Highlights for 2Q FY25

Financial highlights

- 2Q FY25 **cash receipts of \$17.5m** (\$25.8m YTD) represent an increase of **92%** over previous corresponding quarter and **110%** over 1Q FY25. This includes two months' revenue from the recent Club Connect acquisition and one month's revenue from the Rapport (NZ) acquisition.
 - A three-month contribution from both businesses would have resulted in proforma revenue of \$22.9m.
 - Strong performance demonstrates Gratificii is on track to meet or exceed previously stated proforma revenue run-rate of \$84m in FY26.
- Post the Club Connect acquisition, Gratificii has delivered **positive EBITDA** (unaudited) in the month of December.
- Operating loss for the quarter of \$2.4m largely due to the repayment of \$3.9m of pre-acquisition creditors in both Club Connect and Rapport (Operating outflow)
- Cash as at 31 December 2024 was **\$3.5m, an increase of 80%** from 1Q FY25.

Corporate highlights

- Completed the Club Connect and Rapport (NZ) transactions on 1 November and 1 December 2024 respectively.
- Completed the second tranche of the Placement and Entitlement Offer, raising a total of ~\$9.0m.
- Club Connect transaction to transform Gratificii, delivered:
 - Significant scale and enhanced proforma revenue to ~\$84m with positive EBITDA post synergies to be delivered during 2H FY25.
 - An increase in total client accounts by 8.7m¹ to approximately 20m².

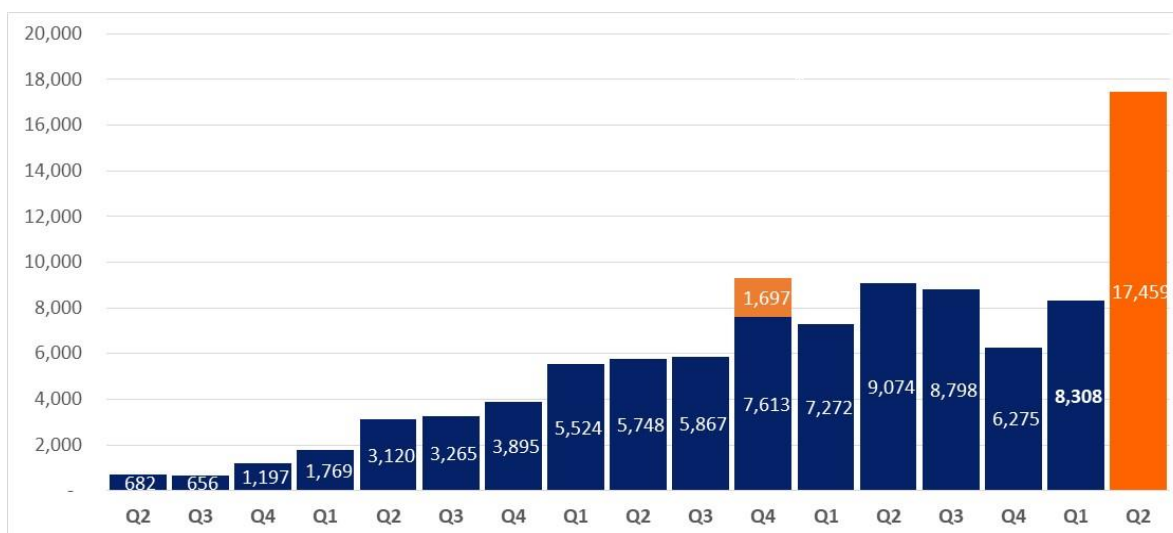
Operational highlights

- Delivered a bespoke 'Black Friday' rewards program for **Coles Online**, materially outperforming the initial contract value.
- Received written commitment from **Virgin Velocity** and **Members Advantage** to launch new programs.
- Began implementation of 'Member's Mobile' service.
- Acquisition integrations in progress and on track, with system consolidation as the key priority.
- Grant Hendry, the CEO of Club Connect joined the Gratificii Executive Team.
- Pipeline of enterprise clients continued to strengthen and advance.

Operations update

Gratificii Limited (ASX:GTI) (**Gratificii**), announces 2Q FY25 cash receipts of \$17.5m, a significant increase on both the prior corresponding period **(+92%)** and the previous quarter **(+110%)**.

Quarterly Cash Receipts (\$'000) show 3-year CAGR to 2Q FY25 of 194% p.a.**



**4Q FY23 excluded a special EOFY ~\$1.7 million rewards program with major client Mitsubishi Heavy Industries Australia.

During the quarter, Gratificii successfully completed the acquisitions of Club Connect and Rapport (NZ) on 1 November and 1 December 2024 respectively. These acquisitions, specifically Club Connect, significantly contributed to 2Q FY25 cash receipts (\$9.6m). Proforma cash receipts (adjusted for three-month acquisition contribution) would have resulted in 2Q FY25 cash receipts of \$22.9m.

Gratificii's record financial performance can be attributed to robust client activity leading into and throughout the Christmas holiday season and successful business development initiatives. Specifically, the Company delivered another bespoke rewards program with Coles Online for 'Black Friday', materially outperforming the initial client estimates. The success of this program is another key validation of Gratificii's offering, highlighting the Company's ability to execute and grow major enterprise opportunities.

Cash position improved to \$3.50m up from \$1.95m at the end of September 2024. This was driven by traditional seasonal factors, as well as additional funding. The completion of the Club Connect acquisition required a clearance of acquired creditors, distorting the quarterly operating cashflow (-\$2.4m).

Iain Dunstan, CEO and Managing Director of Gratificii, said: *"Our strong results this quarter highlight the impact of our recent acquisitions and the effectiveness of our growth strategy. Cash receipts increased 92% year-on-year and 110% quarter-on-quarter, driven by the successful acquisitions of Club Connect and Rapport, which expanded our client base to over 20 million accounts and transformed our revenue profile.*

"Importantly, we achieved a positive EBITDA in the month of December (unaudited management accounts) ahead of schedule. This reflects the strength of our core business and cost management, positioning us to improve profitability through 2H FY25 as we capture further synergies and efficiencies.

"Our enhanced scale has improved supplier margins and strengthened our position in the market. Successes like the Coles Online 'Black Friday' rewards program, which exceeded expectations, validate our ability to deliver innovative, high-impact solutions. With imminent new product launches such as Member's Mobile and a growing enterprise pipeline, Gratificii is positioned to accelerate growth further."

Outlook

The significant increase in cash receipts from the acquisitions combined with seasonal factors, sets the Company up for continued growth in the second half of FY25.

There is a strong focus on post-merger integration, which is expected to yield significant cost savings and revenue upside by the end of this financial year.

Our increased market position has already generated a strong pipeline of new opportunities, many of which are expected to close during 2H FY25.

We continue to roll out new clients and products, including:

- **Virgin Velocity**, providing access to over 10m loyalty members which is expected to go live in early February.
- **Members Advantage**, providing access to over 950,000 members from some of Australia's largest trade unions;
- **'Member's Mobile'**, which is expected to go live in the current quarter, with three new B2B clients already committed to launch soon after; and
- A bespoke car parking app to be delivered to **RACQ**.

ASX Additional Information

During the quarter, the Company paid remuneration of \$104k to the CEO & Managing Director. \$710k was paid to Bombora Investment Management limited and Bombora Capital Limited to repay existing convertible notes and loans. These funds were re-invested in the Entitlement Offer.

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.

¹Australian Motoring Services Report July 2024

²Includes both active and inactive members

Ben Newling
Company Secretary

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About Gratificii Limited

Gratificii Limited (ASX:GTI) is an ASX listed company transforming the way that rewards and incentives are managed and delivered. Our single platform is a complete solution offering affordable, market-leading functionality and configurability. Over 80+ mid-to-top tier brands rely on Gratificii for their rewards and incentives across Australia, New Zealand, and Southeast Asia.

To learn more, visit: www.gratificii.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")

31 December 2024

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		17,459	25,767
1.2 Payments for			
(a) research and development			
(b) product manufacturing and operating costs		(16,871)	(22,405)
(c) advertising and marketing		(14)	(19)
(d) leased assets		-	-
(e) staff costs		(1,585)	(2,696)
(f) administration and corporate costs		(1,366)	(2,318)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(25)	(55)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(2,402)	(1,726)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		(6,438)	(6,438)
(b) businesses		-	-
(c) property, plant and equipment		(16)	(16)
(d) investments		-	-
(e) intellectual property		(362)	(714)
(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 (cash acquired on acquisition)	4,730	4,737
2.6	Net cash from / (used in) investing activities	(2086)	(2,431)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,518	9,091
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	(604)	(710)
3.5	Proceeds from borrowings	-	225
3.6	Repayment of borrowings	(756)	(1,078)
3.7	Transaction costs related to loans and borrowings	(109)	(163)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(18)	(35)
3.10	Net cash from / (used in) financing activities	6,031	7,330

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,954	324
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,402)	(1,726)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,086)	(2,431)

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)	6,031	7,330
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,497	3,497

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	3,626	2,049
5.2	Call deposits	-	
5.3	Bank overdrafts	(129)	(95)
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,497	1,954

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	104
6.2	Aggregate amount of payments to related parties and their associates included in item 2	710
<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.</i> <i>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	751	751
7.2	Credit standby arrangements	-	
7.3	Other (please specify)	-	
7.4	Total financing facilities	751	751
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 29 December 2023, 728,000 notes were issued with a maturity date of 23 February 2025 and an interest rate of 12%</p> <p>23,000 notes were issued which have matured to and remain debt with interest accruing at 10% p.a.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,402)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,497
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,497
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.46
<p><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></p>		
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer:</p> <p>No, the Company acquired the Club Connect business on a cash free / debt free basis which included \$4.7m of cash and the equivalent in trade creditors, as such the business experienced a higher-than-normal operating outflow to creditors which is not expected to continue.</p>	

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:

Refer to 8.6.1, the Company has previously had conversations with a number of existing equity holders in relation to further funding. Based on these conversations, should the Company need to raise funds to expedite its growth trajectory, there is an expectation of support.

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:

Yes, Company expects to continue operations and meet its business objectives with increased inflows from the full quarter effect of the acquisitions, increased seasonality in January and the ability to raise funds if required.

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: 31 January 2025.....

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.