

MARCH QUARTERLY ACTIVITIES UPDATE

BREAKEVEN AND GROW STRATEGY ON TRACK

Executive Summary and Highlights

Rewardle Holdings Limited (ASX:RXH) ("Rewardle" or the "Company") provides the following update with respect to the Company's March quarterly activities.

As outlined in this update, the March quarter was a key inflection point for the Company as it finalised and began implementing its strategy to "Breakeven and Grow".



Implementation of "Breakeven and Grow" strategy is on track

As demonstrated by Rewardle's recent announcements with respect to services engagements with Beanhunter, Pepper Leaf and SplitPay.



Green shoots of growth in Merchant Services revenue

24% QoQ growth in cash receipts from \$70k to 87k is largely attributable to promising growth in Merchant Services fees which are on track towards the Q4 target of ~\$35k/month.



Operational cash outflow to slow as strategy is executed

Growing Merchant Service fees plus professional services income will combine with the Company's low operating cost base to reduce cash outflow.



Additional \$250,000 to support implementation of strategy

Post the March quarter, Executive Chairman, Mr Ruwan Weerasooriya extended an existing \$1m unsecured, interest free loan that is repayable at the Company's discretion to \$1.25m.

Rewardle's Founder and Executive Chairman, Ruwan Weerasooriya, said;

"Rewardle has established a valuable proprietary tech platform, massive network of users and an efficient operating structure."

"We've made a great start implementing our strategy to breakeven and grow as outlined in our most recent Investor Presentation."

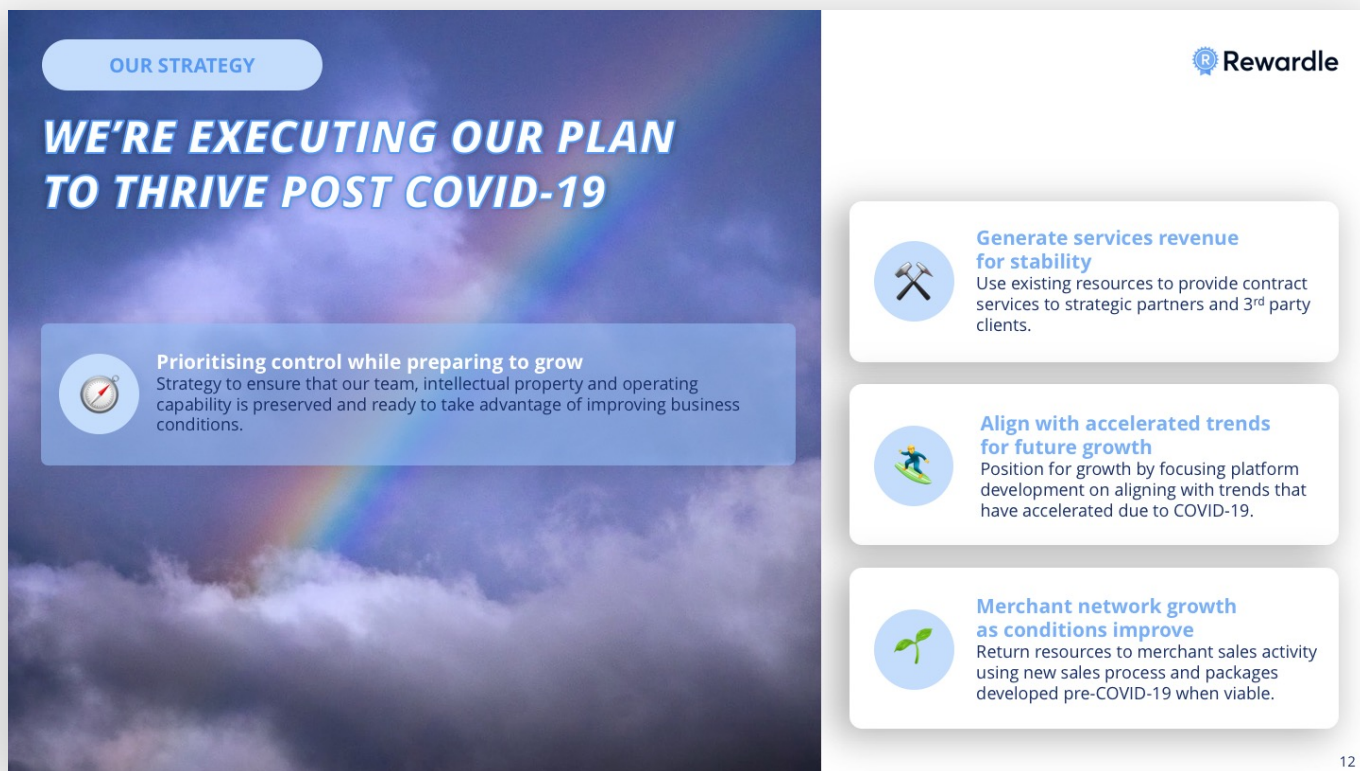
"Our recently announced services engagements will generate short term revenue, but more importantly, they set up high growth opportunities for us to leverage our proprietary platform and massive network of local businesses and members."

"I'm delighted to show my ongoing belief and commitment to the business by providing the financial support required to execute on our strategy without requiring additional funding."

Operations update

The March quarter was a key inflection point for Rewardle as the Company prepared for the end of JobKeeper support (final payment received in April) by finalising its strategy to “Breakeven and Grow” as outlined in the presentation released on the 24th March 2021.

Slide 12 of the presentation provides an overview of the strategy and has been included below for reference. The full presentation can be viewed here: www.rewardle.com/ASXrelease/marchpresentation



OUR STRATEGY

WE'RE EXECUTING OUR PLAN TO THRIVE POST COVID-19

Prioritising control while preparing to grow
Strategy to ensure that our team, intellectual property and operating capability is preserved and ready to take advantage of improving business conditions.

Generate services revenue for stability
Use existing resources to provide contract services to strategic partners and 3rd party clients.

Align with accelerated trends for future growth
Position for growth by focusing platform development on aligning with trends that have accelerated due to COVID-19.

Merchant network growth as conditions improve
Return resources to merchant sales activity using new sales process and packages developed pre-COVID-19 when viable.

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As detailed above, a key component of the Company's strategy is to use its resources to generate professional services revenue from strategic partners and 3rd party clients to ensure the Company's team, intellectual property and operating capability are preserved so it can take advantage of improving business conditions.

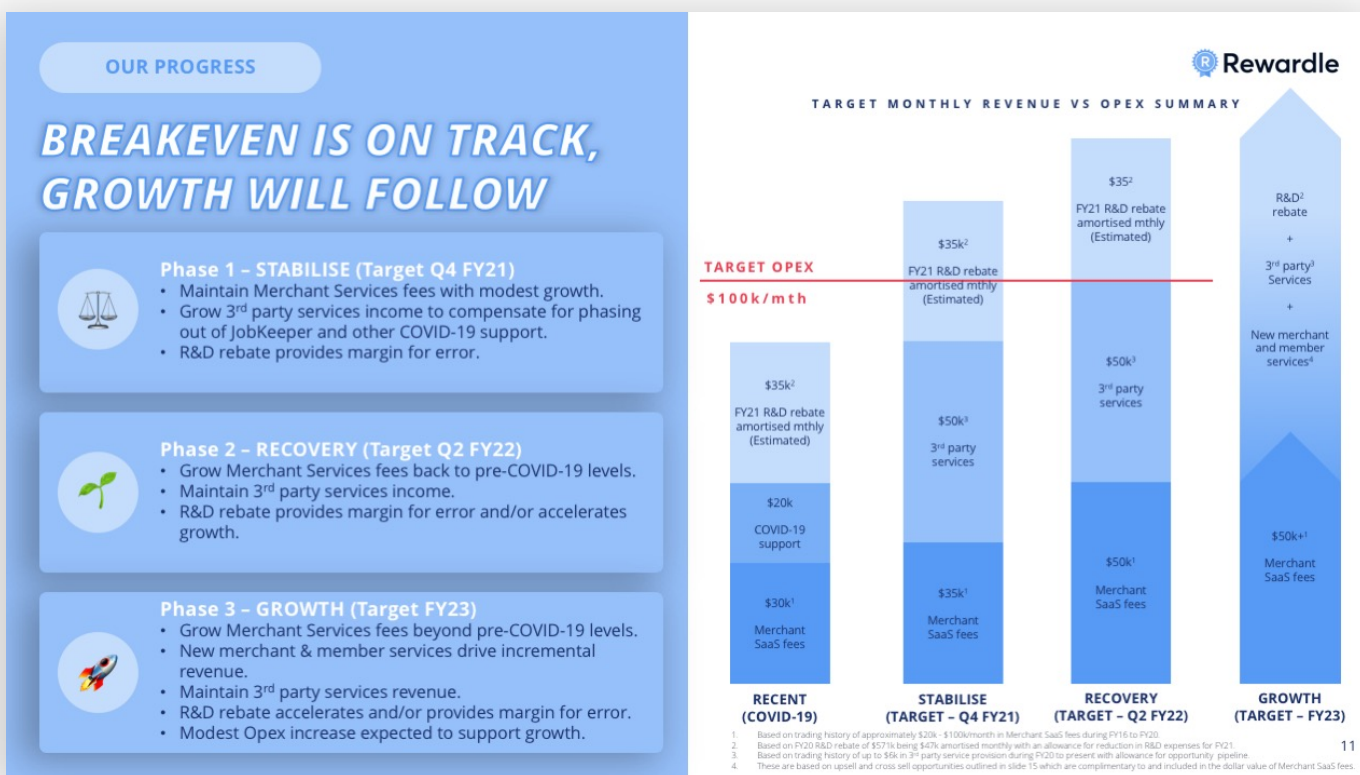
Under the strategy being implemented, the professional services revenue, recurring merchant service fees and R&D rebate funds combine with management's ongoing work to achieve an efficient, low operating cost base to maintain all the Company's capabilities to operate and grow without requiring additional funding.

The successful execution of the “Breakeven and Grow” strategy will give the Company financial stability, control and time to develop growth opportunities that leverage its proprietary technology platform and substantial network of merchants and members to generate highly profitable additional revenue.

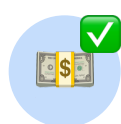
Operations update

The staged approach that the Company is taking to achieving stability and growth are outlined in the presentation released on the 24th March 2021.

Slide 11 of the presentation provides an overview of the strategy and has been included below for reference. The full presentation can be viewed here: www.rewardle.com/ASXrelease/marchpresentation



Management is pleased with the progress towards achieving the initial “Stabilise” targets as summarised below:



\$250,000 working capital funding via Director loan on favourable terms

Executive Chairman, Mr Ruwan Weerasooriya provided the Company with an alternative to R&D financing on more attractive terms than commercial options by extending an existing \$1m unsecured, interest free loan that is repayable at the Company's discretion to \$1.25m,



Multiple 3rd Party Professional Services engagements secured

The Company has announced professional services engagements with Beanhunter, Pepper Leaf and SplitPay which demonstrate strong progress towards achieving the 3rd party services revenue target of the “Stabilise” phase.



Merchant SaaS fees on track

Merchant SaaS fees grew 24% QoQ during the March quarter and the fees continue to track well. Notwithstanding trading disruption due to COVID-19, management is confident of achieving the Merchant SaaS fee contribution to the “Stabilise” target.

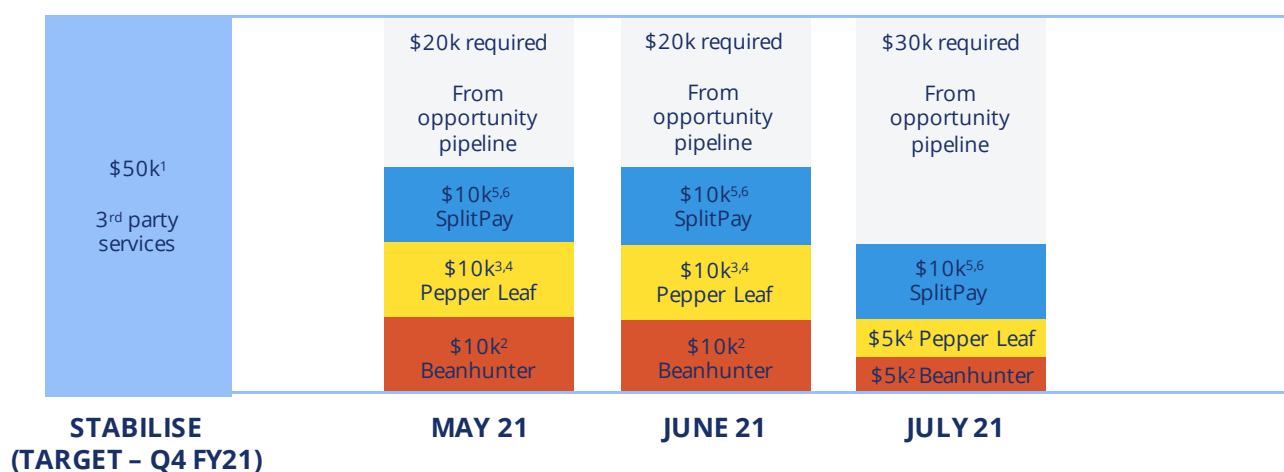
During the quarter, the Company continued working on establishing an efficient, low operating cost base while maintaining all key capabilities required to operate and grow. Management is confident that the business is on track towards achieving its target cost base of \$100k/mth.

Progress of 3rd Party Professional Services

Subsequent to the quarter end, the Company has made substantial progress on the 3rd party services component of the “Stabilise” phase by formalising engagements with Beanhunter, Pepper Leaf and SplitPay.

The Company is working on a pipeline of 3rd party services opportunities and will provide further updates with respect to the progress of individual opportunities as appropriate, taking into consideration the nature and potential impact on the business.

TARGET MONTHLY REVENUE FROM 3rd PARTY SERVICES



- Based on trading history of up to \$6k in 3rd party service provision during FY20 to present with allowance for opportunity pipeline.
- Based on anticipated billing and payment for services work.
- Based on anticipated billing and payment for integration services work.
- Based on agreed retainer fee for technical and customer support. After an initial 90 day period, the parties intend to review and may revise the retainer fee based on Pepper Leaf's use of Rewardle resources and ongoing requirements.
- Based on agreed, estimated average fees payable by SplitPay to Rewardle of \$10,000/month, with minimum retainer of \$5,000/month.
- Based on an agreed Term of 2 years, with provision for either party to terminate with 30 days notice after an initial 90 day period.

Summary of professional services engagements

Beanhunter: www.rewardle.com/ASXrelease/beanhunteraprilupdate

Professional services engagement to provide software development services to upgrade the Beanhunter website and integrate Beanhunter content and services into the Rewardle Platform along with ongoing customer and sales support.

Pepper Leaf: www.rewardle.com/ASXrelease/pepperleafaprilupdate

Professional services engagement to provide software development services to integrate Pepper Leaf's meal kit service into the Rewardle Platform to create a more seamless consumer experience and ongoing technical and customer support services.

SplitPay: www.rewardle.com/ASXrelease/splitpaygrowthservices

Professional services engagement to provide strategy and technical consulting services to assist in accelerating the growth and development of SplitPay's business.

In the short term, the professional services engagements above provide a valuable contribution to the 3rd party services target of the “Stabilise” phase. It should be noted that they also set up high growth opportunities for the Company to work with each partner to leverage the Company's proprietary platform and massive network of local businesses and members to generate high margin, additional revenue.

Quarterly Cashflow Commentary

Cash receipts from customers for Q3 FY21 were \$87k, an increase of \$17k or 24% from \$70k for the previous quarter. Notwithstanding COVID-19 lockdowns, the Company expects merchant services activity to pick up during coming months as local businesses return to their regular routines.

During Q3 FY21 government grants and tax incentives of \$76k were received relating to COVID-19 support. This was a decrease of \$594k compared to \$670k the previous quarter due to the receipt of the FY20 R&D rebate in the previous quarter.

Outgoing cash payments for Q3 FY21 were \$480k, a decrease of \$102k or 17.5% from \$582k for the previous quarter. A summary of this movement is outlined below:

- Product manufacturing and operating costs were \$230k, a decrease of \$8k or 3.4% from \$238k during the prior quarter. The decrease was due to a combination of cost reductions and timing of payments associated with regular recurring operating expenses that do not relate to an underlying change in operating costs.
- Advertising and marketing costs were \$1k, a decrease of \$1k or 50% from \$2k during the previous quarter, which is reflective of the reduced business development activity during the period.
- Staff costs were \$155k, a decrease of \$140k or 47% from \$295k during the previous quarter. The decrease was largely due to timing of payments for PAYG, Superannuation and payout of long service leave to a departing staff member in the previous period.
- Administration costs of \$94k increased \$68k from \$26k during the prior period. This is due to timing of payments related to Audit fees, insurance and consulting services and does not represent an underlying increase in underlying administration costs.
- No interest or other costs of finance were paid compared to \$21k in the previous quarter relating to interest due on payout of the Company's R&D loan.
- Government grants and tax incentives of \$76k decreased \$596k from \$670k due to receipt of the Company's FY20 R&D Tax Rebate in addition to COVID-19 related support in the previous period.
- Proceeds from borrowings of \$3k decreased by \$300k from \$303k as the Company had access to the FY20 R&D rebate funds for working capital.

Net cash outflow from operating activities for Q3 FY21 was \$317k, compared to \$158k of cash inflow for the previous quarter primarily due to the receipt of the Company's FY20 R&D rebate during the prior period.

Cash at the end of Q3 FY21 was \$45k, a decrease of \$314k from \$359k at the end of the previous quarter.

During Q3 FY21 there were related party payments of \$6k being payment of Directors fees to Mr Rodney House.

While fluctuations in operating cash flow are to be expected, management is confident that the progress of its "Breakeven and Grow" strategy is well on course.

This ASX announcement has been approved for release by Executive Chairman, Ruwan Weerasooriya.

Working capital management

As previously announced, to support the Company's working capital requirements as the strategy to "Breakeven and Grow" is implemented, Executive Chairman, Mr Ruwan Weerasooriyas extended the unsecured, interest free, working capital loan of up to \$1m to \$1.25m during the quarter. The loan is repayable at the Company's discretion when it has capacity.

Management is confident that it will have sufficient working capital to meet its budget objectives for FY21 and beyond based upon:

- Ongoing reduction and management of operating costs
- Generation of technology licensing and professional services income
- Development of corporate partnership opportunities
- Receipt of FY21 R&D rebate
- Access to R&D financing for FY21 activities
- Access to Director loan
- Improvements trading conditions and sales performance across the businesses revenue lines

The Board is regularly reviewing operating budgets and strategy taking into consideration a variety of commercial and corporate scenarios and opportunities.

This ASX announcement has been approved for release by Executive Chairman, Ruwan Weerasooriya.

About Rewardle Holdings Limited

Rewardle connects millions of Members with thousands of local businesses across Australia.

The Rewardle Platform is a marketing and payments platform that combines membership, points, rewards, payments and social media into a single cloud based platform powered by Big Data analysis.

Rewardle is positioned to be a leading player as the worlds of social media, marketing, mobile and payments converge to transform how we connect, share and transact.

As part of its long term strategy, Rewardle is seeks to secure equity positions in partner businesses by leveraging the Company's operational team, platform and network merchants and members.

The Company is led by an experienced entrepreneurial team with a successful background in Internet and media businesses.

For more information please contact:

Ruwan Weerasooriya (Founder and Managing Director)

Email: ruwan@rewardle.com

Mobile: 0412448769