

Appendix 4C

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

Name of entity

Rewardle Holdings Limited

ABN

37 168 751 746

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	133	407
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(210)	(830)
(c) advertising and marketing	-	(8)
(d) leased assets	-	-
(e) staff costs	(127)	(738)
(f) administration and corporate costs	(31)	(200)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	-	(21)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	16	904
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(219)	(486)
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	232	631
3.6	Repayment of borrowings	-	(125)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	232	506

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	45	38
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(219)	(486)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	232	506
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	58	58

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	58	45
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	58	45

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	-
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>		

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	1,250	1,192
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	1,250	1,192
7.5	Unused financing facilities available at quarter end		58
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>During the quarter, the unsecured, interest free working capital loan facility to the Group from Executive Chairman, Mr Ruwan Weerasooriya was increased from \$1m to \$1.25m (as announced on 23rd April 2021). During the quarter, \$232k has been drawn down from this loan facility.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(219)
8.2	Cash and cash equivalents at quarter end (item 4.6)	58
8.3	Unused finance facilities available at quarter end (item 7.5)	58
8.4	Total available funding (item 8.2 + item 8.3)	116
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.53
	<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?	
	<p>Answer: The Company expects to have negative operating cash flows but expects these to reduce in coming periods as the combination of cost reduction initiatives, government support and the Company's strategy to generate professional service income take effect and advance the Company's operations towards cash flow breakeven.</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?
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Answer:

The Board continues to believe it is in the best interests of shareholders to balance capital raising options against the operational progress of the business towards consistent cash flow positive operations.

As such, in considering funding requirements and options, the Board is closely monitoring progress of its strategy to supplement existing income streams with the generation of professional services income to achieve cash flow break even operations.

While the Board is primarily considering the Company's existing operations, from time to time the Company receives approaches to recapitalise the business, some in combination with the addition of new complimentary businesses.

The following options have been or are being considered by the Company. The Company is aware of its continuous disclosure requirements and will provide updates if the nature of any discussions with respect to the following options progresses to warranting such disclosure.

1. Recapitalisation/corporate transactions:

As previously outlined, from time to time the Company receives approaches to recapitalise the business, some in combination with the addition of new complimentary businesses.

These discussions remain relatively early stage and exploratory in nature and at this stage the Company considers some of the opportunities to be genuine, some to be highly speculative and others to be opportunistic.

2. Issue of shares:

The Company may elect to issue shares under the placement capacity approved by Shareholders at the most recent Annual General Meeting.

If a placement was undertaken, given the Company's current market capitalisation and subject to demonstrating the successful execution of its strategy to drive operations towards consistent cash flow break even, the Board believes that it is reasonable to expect broader support from existing shareholders and external parties than the most recent capital raising.

3. FY20 R&D rebate:

The Company's has previously received refunds under the Federal Government's Research and Development (R&D) Tax Incentive program and the receipt of an FY21 R&D refund is a key management assumption with respect to the Company's working capital needs.

The Company has commenced preparing its FY21 R&D submission at the completion of the financial year and expects to receive the rebate in the range of \$300,000 and \$400,000 prior to 31 October 2021.

4. FY21 R&D financing:

Due to its highly strategic nature, the Company is maintaining its commitment to investing in research and development during FY21.

While R&D expenditure is incurred progressively during the Financial Year, the refunds from the program are typically received 3-9 months from the end of Financial Year. Due to this timing asymmetry a number of finance providers offer working capital advances against forecast R&D refunds.

As part of its cash flow management strategy the Company has previously used an R&D financing facility from Radium Capital (Radium).

The Company has the option of financing subsequent expenditure if the need arises.

The decision to access further R&D financing from Radium will be made by monitoring cash flow over coming months including consideration of the loan provided by Executive Chairman, Ruwan Weerasooriya, as outlined in point 5 below.

Updates will be provided in the case of the Company entering into formal financing agreements.

5. Director loans

In addition to the points above, during the June quarter, Executive Chairman, Ruwan Weerasooriya, extended the unsecured, interest free loan of up to \$1,000,000 to \$1,250,000 to support the Company's working capital needs as it implements its strategy to "Breakeven and Grow".

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:

The Company expects to be able to continue its operations and meet its business objectives based on the following items as detailed in the Q4 FY21 Business Update:

- 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 in trading conditions and sales performance across Merchant Services, Brand Partnership revenue streams and the development of new revenue opportunities.

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: 30/07/2021

Authorised by: Executive Chairman, Ruwan Weerasooriya
(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.