

SPLITPAY PARTNERSHIP UPDATE

BUILDING EQUITY IN UK BNPL PARTNER

Key Highlights and Executive Summary



Leveraging cash flow positive operations into high growth opportunities

Having established cash flow positive operations, the Company's focus is shifting to growth opportunities including the development of its portfolio of licensing and equity partnerships.



Transforming professional services fees into high growth equity

Leveraging the Company's experience, resources and capabilities into SplitPay equity allows the Company to share in the upside that it is helping to create.



Building exposure to the UK market, Buy Now, Pay Later sector and strengthening partnership

Continuing to build a direct equity stake in SplitPay provides the Company with greater exposure to the UK market, Buy Now, Pay Later sector and strengthens the strategic partnership.



Executing strategy to build a portfolio of VC style growth opportunities

Building a shareholding in SplitPay aligns with a key component of the Company's growth strategy of leveraging its operations to build a portfolio of equity and licensing positions in partner businesses.

Rewardle Holdings Limited (ASX:RXH) ("**Rewardle**" or the "**Company**") advises that it has agreed to update the terms of the Growth Services Agreement announced on 29th April 2021 with **Splitpay Group Holdings Limited** ("**SplitPay**"), an Australian based unlisted public company, operating a Buy Now, Pay Later (BNPL) service that is targeting the fast growing UK and European markets.

On 8th October 2021, the Company announced that it had amended the Terms Sheet such that it would convert its professional services fees from cash to SplitPay shares for 3 months starting 1 November 2021. During this period the Company was issued ~23,000 shares representing a SplitPay shareholding of ~0.5%.

Rewardle and SplitPay have agreed to another fee to equity conversion period commencing on 1st April 2022 for 4 months, which may be extended by mutual agreement.

Based on recent monthly fees for professional services provided to SplitPay, which are variable based on time and materials, the Company expects to forgo \$30,000 - \$60,000 in cash fees in return for shares that will result in an additional 0.75% - 1.5% shareholding in SplitPay.

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

"On the back achieving consistent cash flow positive operations over recent months our attention is turning to opportunities that can create long term value and benefits such as ongoing transaction fees, software licensing, equity participation, enhanced network effects and user engagement."

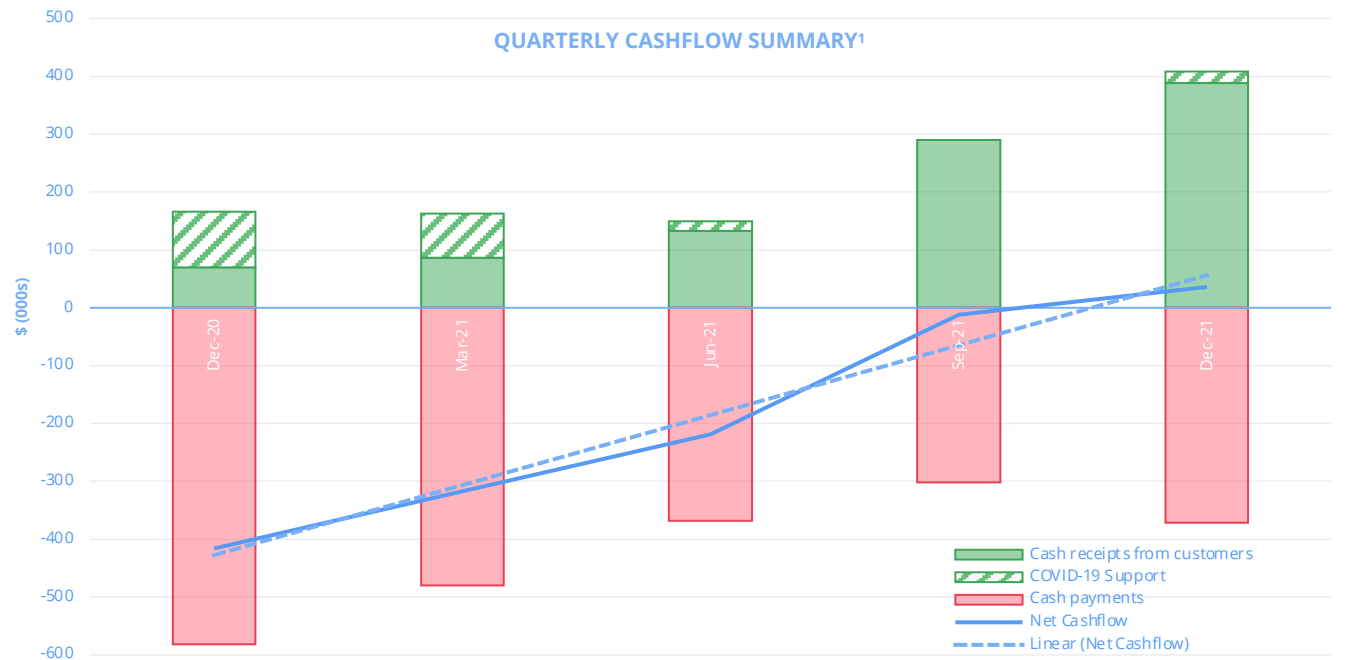
"Extending the conversion of our cash fees into SplitPay shares allows us to continue building our equity position and increase our exposure to the UK market, the Buy Now, Pay Later sector and the upside generated from our services work."

"While the Buy Now, Pay Later sector is clearly experiencing a period of consolidation and volatility, we believe that the underlying consumer shift away from traditional credit products towards new, innovative payment solutions will continue."

"We have identified several high growth opportunities where we can leverage our experience, capabilities and IP to help SplitPay to innovate, differentiate and grow. Increasing our shareholding elevates the nature of our relationship and creates a stronger basis for establishing a deeper strategic relationship."

Strategy focus is shifting to growth opportunities

As outlined below and detailed in the December Quarterly Activities Report, the Company has demonstrated consistently improving operating cash flow and achieved cash flow positive operations for the December quarter.



1. Based on Appendix 4C quarterly reports, excluding R&D rebates received.

While fluctuations are to be expected, the Company is confident that it can maintain the positive cash flow momentum and its focus has shifted to driving growth by developing opportunities that leverage its operations, resources and capabilities as outlined in the Investor Presentation released on 22nd December 2021.

Slide 7 of the presentation provides an overview of the Company's key growth areas and has been included below for reference. The full presentation is available to view at: www.Rewardle.com/ASX/InvestorPresentationDec2021.

KEY GROWTH AREAS

ASX | RXH

LEVERAGING OUR PLATFORM, NETWORK AND OPERATIONAL CAPABILITY

GROWTH

 **Multiple high growth opportunities**

Rewardle's Business to Business to Consumer (B2B2C) technology platform business model offers multiple opportunities to generate highly profitable additional revenue and grow by leveraging existing operating resources and capabilities.

 **Generate cash flow positive merchant sales**

New sales process, product offering & pricing transform merchant sales from negative to positive cash flow.

 **Launch high margin, features and services**

Ongoing investment in platform features and functionality to launch new, high margin digital services for merchants & members.

 **Explore geographic expansion opportunities**

The Rewardle Platform is a cloud/app based solution designed to operate globally with minimal, incremental operating costs.

 **Create VC style portfolio of strategic partnerships**

Develop a portfolio of transactional, licensing and equity positions in complementary partner businesses to create VC style exposure.

LARGE, ESTABLISHED, NATIONAL NETWORK OF MERCHANTS AND MEMBERS

LOW OPERATING COST BASE, COMPLETE OPERATING CAPABILITY

OPERATING LEVERAGE

Overview of SplitPay Growth Services Agreement

As announced on 29th April 2021, Rewardle entered a binding Terms Sheet with SplitPay, an Australian based buy now, pay later operator targeting the nascent, fast growing UK and European markets. View announcement in full at www.rewardle.com/asx/splitpaygrowthservices.

SplitPay business summary

SplitPay is a Buy Now, Pay Later (BNPL) business targeting the nascent, high growth UK and European markets. SplitPay's BNPL product enables merchants to offer customers the opportunity to pay for purchases in three or four equal monthly instalments.

SplitPay is an unlisted public company, co-founded in 2018 by Campbell Welch. The Company has raised over \$2,000,000 from investors and established a strategic partnership with Novatti Group Limited ("Novatti") (ASX:NOV).

Novatti is a Melbourne based specialist payments technology company that provides solutions for financial services companies worldwide. Novatti has taken a substantial, minority shareholding in SplitPay in return for developing the underlying software platform that SplitPay uses to deliver its installment payment service to customers.

BNPL is nascent in the UK but growing quickly. The UK market is still in a land-grab phase with many Merchants not yet offering a BNPL solution. While SplitPay is not first to market and will compete for merchants and consumers with large, established BNPL companies such as Klarna, Afterpay (Clearpay) (ASX:SQ@) and Zip (ASX:Z1P), the rapid growth of these operators validates the opportunity.

SplitPay believes it can compete and capture market share due to the substantial size and diversity of the addressable market which will support multiple BNPL consumer propositions. This dynamic is being demonstrated by merchants electing to offer multiple BNPL options and SplitPay signing up merchants who are already using Klarna, Afterpay (Clearpay), Zip or Laybuy due to key differences in its BNPL offering.

Rewardle to assist in accelerating the development and growth of SplitPay

Rewardle is well positioned to add substantial value to SplitPay through its experience and operational capabilities as the dynamics of developing, operating and commercialising the Rewardle Platform are very similar to a BNPL business.

Rewardle acquires members/users through acquiring merchants and the Company has developed robust technology and operating procedures while also balancing growth against the cost of capital.

Over its lifetime, Rewardle has acquired almost 10,000 local businesses and over 3 million of members. It will support SplitPay in achieving its goals by providing technical consulting services to accelerate the development of its technology platform along with input into strategy and operations.

In addition to the professional services, both parties have acknowledged their interest in exploring the development of strategic partnership opportunities that can increase their respective addressable markets by extending platform capabilities or expanding the geographic operations.

Summary of key terms agreed with SplitPay

- 2 year term.
- Either party may terminate with 14 days notice.
- Monthly fee estimated at \$10,000/month based on time and materials.
- Minimum monthly fee of \$5,000/month.
- For 4 months commencing 1 April 2022, Rewardle will convert its fees into SplitPay shares based on share price of most recent capital raising.
- Conversion of fees to equity may be extended by mutual agreement.
- If the ASX determines that Listing Rule 11.1 applies to the equity based payments, fees will revert to cash.

Working capital management

In executing the Company's strategy, management intends to continue to prioritise operating cash flow while aggressively seeking to leverage its experience, resources and capabilities to develop high growth opportunities.

In addition to its improving operating cash flow, the Company recently received its FY21 R&D rebate of \$347,365. The additional working capital from the FY21 R&D rebate combined with the Company's improving operating cash flow supports the Company's execution of its strategy.

While fluctuations in operation cash flow are to be expected, the Company is confident that it can operate and grow without requiring additional funding.

The conversion of the Company's professional services fees to SplitPay equity is an example of how the Company is executing its growth strategy, balancing its short-term cash flow requirements against long-term growth opportunities.

The Company is working on a pipeline of growth 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.

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

About Rewardle Holdings Limited

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.

Rewardle is a software business undertaking the development, operation and commercialisation of its proprietary Business to Business to Consumer (B2B2C) software platform (Rewardle Platform).

The Rewardle Platform connects millions of members with thousands of local businesses across Australia. It 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.

As part of its long term strategy, the Company is seeking to leveraging its operational capabilities, expertise and IP to develop new markets and opportunities.

In addition to operating the Rewardle Platform, the Company is building a portfolio of transactional, licensing and equity positions in partner businesses by leveraging the Company's operational team, platform and network of merchants and members.

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

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