

CARDIAC RHYTHM DIAGNOSTICS UPDATE

EARNING EQUITY IN MEDTECH 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 licensing and professional services fees into high growth equity

Updated terms allow for conversion of licensing and professional services fees into equity, providing Rewardle with exposure to upside that it is creating in a fast growing Medtech business.



Strengthening strategic partnership and sharing in upside from accelerated growth

Building a direct equity stake in Cardiac Rhythm Diagnostics strengthens the strategic partnership and allows Rewardle to share in the upside generated through the application of its B2B2C platform.



Executing strategy to build a portfolio of VC style growth opportunities

Building a shareholding in Cardiac Rhythm Diagnostics aligns with a key component of the Company's growth strategy of leveraging 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 updated the terms of the Growth Services Agreement announced on 2nd August 2021 with **Cardiac Rhythm Diagnostics Pty Ltd** ("**CRD**"), a fast-growing MedTech business that is developing a disruptive, technology enabled cardiac diagnostics service for local GPs that was established by Professor Rukshen Weerasooriya, a Perth based cardiologist, who is the brother of Rewardle's founder and Executive Chairman, Ruwan Weerasooriya.

The primary change is that Rewardle has been granted the opportunity to convert some or all of its licensing and professional services fees into shares in CRD. The arrangement gives Rewardle discretion over the conversion of fees, giving the Company the flexibility to balance its operating cash flow while building an equity position in CRD over time.

While the parties anticipate that Rewardle will establish a meaningful, minority shareholding in CRD over the term of the agreement, due to the variable nature of Rewardle's fees and the discretionary nature of the conversion of fees to equity, it is not possible to accurately quantify the potential value, % shareholding, or timing at present.

The Company will provide updates with respect to its CRD shareholding as part of its quarterly reporting and continuous disclosure obligations.

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

"Having achieved consistent cash flow positive operations over recent months our focus is shifting to developing opportunities that leverage our operations, resources and capabilities to drive growth."

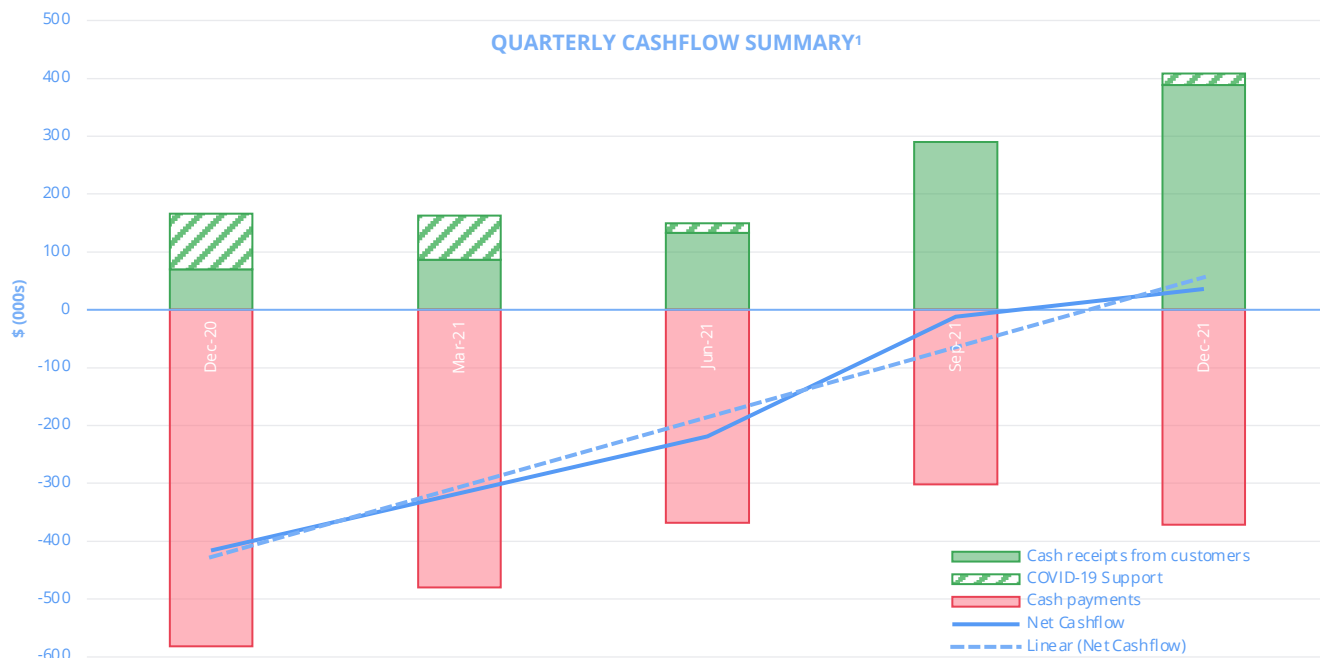
"A key component of our growth strategy is to leverage our operational capabilities, expertise and IP to create VC style growth exposure by building a portfolio of transactional, licensing and equity positions in partner businesses."

"We're looking forward to leaning further into supporting Cardiac Rhythm Diagnostics and accelerating its growth. Converting our fees into shares will give us direct exposure to the upside we are helping to create from the application of our platform in a fast growing digital health business."

"The flexible nature of the arrangement allows us to balance our cash flow requirements while building an equity position over time."

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.

OPERATING LEVERAGE

LARGE, ESTABLISHED, NATIONAL NETWORK OF MERCHANTS AND MEMBERS

LOW OPERATING COST BASE, COMPLETE OPERATING CAPABILITY

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Building a diverse portfolio of 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. The Company's growth strategy is outlined in the 21st December 2021 presentation, available to view at: www.Rewardle.com/ASX/InvestorPresentationDec2021.

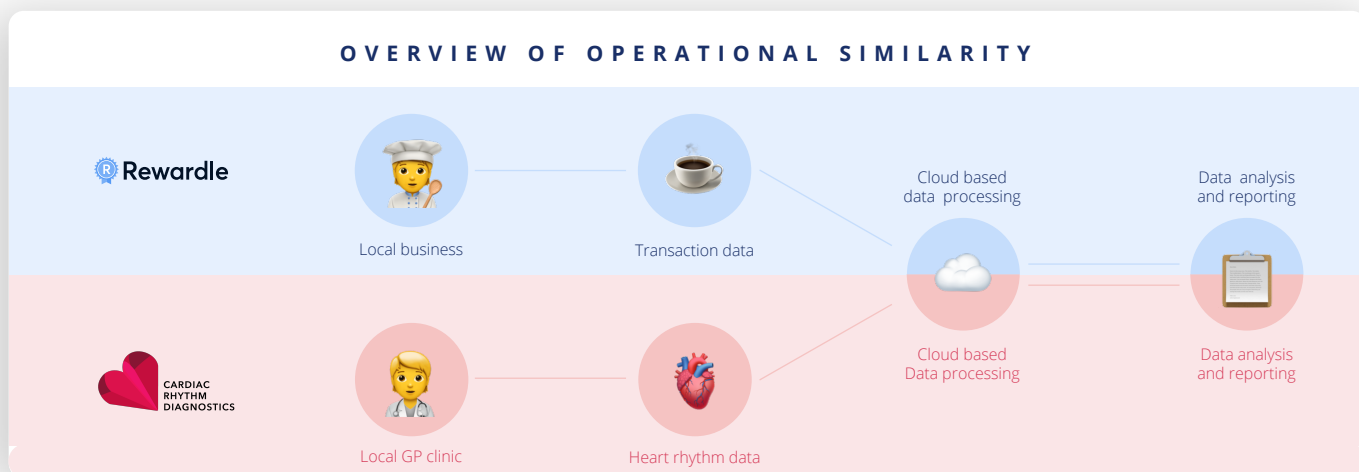
As outlined in the presentation, a key pillar of the Company's growth strategy is leveraging its operational capabilities, expertise and IP to create VC style growth exposure by building a portfolio of transactional, licensing and equity positions in partner businesses.

Rewardle's equity and licensing portfolio consists of Beanhunter (Coffee community/e-Commerce), Pepper Leaf (Meal Kit delivery/e-Commerce), SplitPay (BNPL) and Cardiac Rhythm Diagnostics (MedTech).

In addition to the above, the Company is working on a pipeline of Growth 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.

Summary of Rewardle's Growth Services offering to Cardiac Rhythm Diagnostics

As outlined below, where Rewardle works with local businesses to record and analyse customer transaction data, CRD works with local GP clinics to record and analyse patient heart rhythm data.



Due to the similar nature of the operating models, Rewardle is well positioned to accelerate the development and growth of CRD by applying its resources and experience. Over the past 6 months, Rewardle has demonstrated how it can effectively leverage its operations to assist CRD through a variety of services including but not limited to the following:

- Software licensing and/or development
- Design and marketing
- Business development
- 1st tier, non-clinical customer service/support
- Corporate/commercial strategy and fundraising

Overview of Cardiac Rhythm Diagnostics Growth Services Agreement

As announced on 2nd August 2021, Rewardle entered a binding Terms Sheet with Cardiac Rhythm Diagnostics, a fast-growing MedTech business that is developing a disruptive, technology enabled cardiac diagnostics service for local GPs. The full announcement can be viewed at: www.rewardle.com/ASX/CRDmedtech.

The Agreement acknowledged a mutual interest in exploring strategic partnership opportunities that may create additional value. Over the past 6 months Rewardle has demonstrated its capabilities and the parties have established that there is a mutual benefit in establishing a mechanism for Rewardle to become a substantial, minority shareholder through the conversion of fees into CRD equity.

The parties have agreed to amend the original Terms Sheet as outlined in the following table to provide Rewardle with the discretionary opportunity to extend its existing software licensing exposure to CRD's growth to also include direct equity exposure.

Summary of updated binding Terms with Cardiac Rhythm Diagnostics

Key Terms	Comment
3 year term commencing 31 st July 2021.	(As per original)
Either party may terminate with 90 days notice after an initial 12 month term.	(As per original)
Minimum software licensing and professional services fee of \$20,000/month.	(As per original)
Mutually agreed estimated software licensing and professional services of \$30,000/month.	(As per original)
Rewardle may at its discretion opt to convert some or all of its fees into CRD shares.	(New addition)
The ongoing number of shares to be purchased by Rewardle will be calculated based on the greater of the current valuation of CRD of \$5m or CRD's most recent capital raising – see Conversion Scenario Summary Table below.	(New addition)
Rewardle is restricted from establishing a majority interest in CRD.	(New addition)
Rewardle is not entitled to any CRD Board representation based on shareholding established via the fee conversion.	(New addition)

Summary of potential fee to equity conversion scenarios

Rewardle has discretion to convert some or all of its fees into CRD shares rather than a fixed obligation. This arrangement provides the Company with valuable flexibility as it implements its growth strategy.

While it is anticipated that Rewardle will establish a meaningful, minority shareholding in CRD over the term of the agreement, due to the variable nature of Rewardle's fees and the discretionary nature of the conversion of fees to equity, it is not possible to quantify the exact potential value, % shareholding, or timing at present.

As such, the following Conversion Scenario Summary Table is included for illustrative purposes only. It outlines potential scenarios based on Rewardle converting \$360,000, \$720,000 and \$1,080,000 of fees (ie 12, 24 and 36 months of 100% conversion of the mutually agreed, estimated software licensing and professional services of \$30,000/month) into CRD equity across a range of potential CRD valuations and the resulting Rewardle shareholding in CRD.

Conversion Scenario Summary Table				
	Current Valuation of CRD	Potential Future Valuations of CRD		
CRD valuation @ conversion	\$5,000,000	\$2,500,000	\$10,000,000	\$20,000,000
% shareholding of CRD ** (Based on converting \$360,000 of fees – 1 yr)	7.20%	7.20%	3.60%	1.20%
% shareholding of CRD ** (Based on converting \$720,000 of fees – 2 yrs)	14.40%	14.40%	7.20%	2.40%
% shareholding of CRD ** (Based on converting \$1,080,000 of fees – 3yrs)	21.6%	21.6%	10.80%	3.60%

* There is no certainty that the scenarios will occur as the \$ value of Rewardle's fees and % of fees converted into shares, along with the valuation of CRD are all subject to variation.

** The Company is aware of its obligations under the Corporations Act 2001 (Cth) regarding the above transaction and more specifically the Takeover Provisions of the Corporations Act. Currently CRD is a proprietary limited company with less than 50 members and therefore the section 606 prohibition does not apply. Should this change the Company will ensure compliance with all relevant Corporations Act 2001 (Cth) law provisions.

The Company will provide updates with respect to its CRD shareholding as part of its quarterly reporting and continuous disclosure obligations.

Working capital management

In addition to its improving operating cash flow, the Company recently received its FY21 R&D tax rebate of \$347,365. The FY21 R&D rebate funds combine with the improving operating cash flow to maintain the Company's capability to operate and grow without requiring additional funding.

Under the terms of the updated Terms with CRD, Rewardle management have been granted the discretion to convert some or all of its fees into CRD shares. The Company's intention is to prioritise operating cash flow, building an equity position in CRD from surplus cash flow over time.

While the parties anticipate that Rewardle will establish a meaningful, minority shareholding in CRD during the 3 year term of the agreement, due to the variable nature of Rewardle's fees and the discretionary nature of fee conversion to equity, it is not possible to accurately quantify the potential future value, % shareholding or timing of Rewardle's shareholding in CRD. As such, the Company will provide regular updates with respect to its CRD shareholding as part of its quarterly reporting and will seek shareholder approval for the fee to equity conversion if circumstances require such approval.

This ASX announcement has been approved for release by the board or directors of Rewardle Holdings Limited.

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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