

MARCH QUARTERLY ACTIVITIES UPDATE

ON TRACK TO DELIVER ACCELERATED GROWTH

Key Highlights and Summary



Cash flow positive momentum continues to build

Second consecutive quarter of positive cash flow from operating activities generated \$26k, increasing cash and cash equivalents from \$168k to approximately \$200k.



Working capital bolstered by receipt of FY21 R&D tax rebate

\$347k received and applied to paying down accrued liabilities, supporting ongoing R&D into extending the capabilities of the Rewardle Platform and other growth initiatives.



Substantial acceleration in positive cash flow expected in next quarter and beyond

Strategy to develop a range of growth opportunities from the current cost base by leveraging the Company's existing IP, network and resources is on track to deliver a substantial acceleration in growth over coming quarters.

Rewardle Holdings Limited (ASX:RXH) ("Rewardle" or the "Company") provides the following update with respect to the execution of the Company's strategy to "Breakeven and Grow" and its March quarterly activities.

The net cash from operating activities in the March quarter was \$26k, resulting in consecutive quarters of cash flow positive operations. Having achieved consistent cash flow positive operations, management's focus has shifted to unlocking the high operating leverage opportunities within the business.

The Company expects its positive cash flow trend to accelerate substantially in Q4 FY22 and beyond as it continues to execute on its strategy to leverage its existing IP, network and resources to develop a range of high margin, high growth opportunities.

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

"At the end of March last year we outlined our strategy to survive and thrive without the need for additional funding. Over the past 12 months we've hit our key targets and demonstrated our commitment to preserving and building shareholder value rather than diluting it through lazy capital raisings."

"During the March quarter we've used our FY21 R&D tax rebate to tidy up our balance sheet in preparation for entering an exciting phase of accelerated growth which will be fuelled by taking advantage of our high operating leverage and re-investing positive cash flow into growth initiatives."

"We are on track to deliver a substantial acceleration in our growth during Q4 FY22 and expect this trend to continue as multiple growth vectors combine to power our growth trajectory."

"I'm mindful that investors may have lost track of our story over the years and would like to invite any interested investors to contact me via email or mobile if they have any questions about our strategy, progress and prospects."

Focus has shifted to developing growth initiatives

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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During the quarter the Company agreed to a second period of fee to equity conversion with SplitPay, and subsequent to the quarter a similar fee to equity conversion agreement was established with Cardiac Rhythm Diagnostics.

As outlined in the slide above, these arrangements are part of the Company's growth strategy to develop a portfolio of transactional, licensing and equity positions in complementary partner businesses to create VC style exposure for shareholders.

The Company is working on a pipeline of additional 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.

In addition to the above, as COVID-19 related restrictions ease around the country, the Company is preparing to return resources to growing its merchant services revenue and launching new features in the Rewardle app for members that can generate additional, high margin revenue for the Company.

To support positioning the business for accelerated growth in coming quarters the Company has used its FY21 R&D rebate to pay down accrued liabilities, fund ongoing R&D into extending the capabilities of the Rewardle Platform and other growth initiatives.

The Company is on track to deliver a substantial acceleration in positive cash flow in Q4 FY22 which will be invested into driving further growth, creating a compounding flywheel effect for the business moving forward.

As the Company continues to successfully execute its strategy, the business is becoming more robust with growth potential across a diverse range of revenue streams and opportunities.

Quarterly Cash Flow commentary

Net cash from the operating activities for Q3 FY22 was \$26k, compared to \$36k for the previous quarter.

The Company's second consecutive quarter of positive cash flow from operating activities was supported by receipt of the Company's FY21 R&D tax rebate of \$347k during the period. R&D funds received were applied to paying down accrued liabilities, supporting ongoing R&D into extending the capabilities of the Rewardle Platform and other growth initiatives that will deliver accelerated growth in coming quarters.

Cash at the end of Q3 FY22 was \$194k, an increase of \$26k from \$168k at the end of the previous quarter.

Incoming cash receipts for Q3 FY22 were \$629k, an increase of \$221k or 54% from \$408k for the previous quarter. A summary of this movement is outlined below:

- Cash receipts were \$282k, a decrease of \$106k or 34% from \$388k for the previous quarter. The decrease was primarily due to timing of payments associated with growth services projects and associated fees. The underlying trend of cash receipts growth that the Company has experienced over the past 12 months is expected to continue and accelerate in future periods.
- Government grants and tax incentives were \$347k, an increase of \$327k or 1,635% from the previous quarter when \$20k was received. Funds in Q3 FY22 were receipt of the Company's FY21 R&D tax rebate while funds received in Q2 FY22 were related to COVID-19 support payments.

Outgoing cash payments for Q3 FY22 were \$603k, an increase of \$231k or 62% from \$372k for the previous quarter. A summary of this movement is outlined below:

- Product manufacturing and operating costs were \$269k, an increase of \$27k or 11% from \$242k during the prior quarter. The increase was primarily due to timing of payments associated with regular, recurring operating expenses and using FY21 R&D rebate funds received to pay down accrued liabilities relating to product manufacturing and operating costs that do not relate to changes in underlying operating costs.
- Staff costs were \$287k, an increase of \$189k or 193% from \$98k during the previous quarter. The variance was due to use of FY21 R&D rebate funds received to pay down accrued liabilities relating to staff costs and does not relate to an underlying change in operating costs.
- Administration costs were \$47k, a increase of \$15k or 47% from \$32k during the previous quarter. This is due to timing of payments for a variety of items and use of FY21 R&D tax rebate funds to pay down accrued liabilities relating to administration costs and does not represent an underlying change in operating costs.
- Proceeds from borrowings decreased to \$0k from \$9k in the previous quarter as the Company did not need to draw down on working capital finance provided by Executive Chairman, Ruwan Weerasooriya to support the execution of the Company's "Breakeven and Grow" strategy.

During Q3 FY22 there were no related party payments as Directors fees were accrued.

While fluctuations in operating cash flow are to be expected, particularly COVID-19 circulates, the Company is pleased with the overall trend and remains confident that the business can operate and grow without the need for additional funding.

Working capital management

In generating \$26k during the quarter, the Company increased its cash and cash equivalents from \$168k to approximately \$200k, demonstrating that the execution of the Company's "Breakeven and Grow" strategy remains on track.

Working capital was bolstered by receipt of FY21 R&D tax rebate of \$347k which was applied to paying down accrued liabilities, supporting ongoing R&D into extending the capabilities of the Rewardle Platform and other growth initiatives which have positioned the Company for accelerated growth in coming quarters.

While fluctuations in operating cash flow are to be expected, the Company is expecting a substantial acceleration in positive cash flow in Q4 FY22 and remains confident that the business can operate and grow without the need for additional funding.

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.

For more information please contact:

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