

SEPTEMBER QUARTERLY ACTIVITIES UPDATE

STRONG GROWTH MOMENTUM INTO FY23

Key Highlights and Summary



Quarterly cash receipts from customers of \$1.88m exceeds total receipts for FY22 of \$1.74m

Accelerating momentum continues with cash receipts from customers increasing 2.4x from previous quarter to \$1,877k and positive cash flow from operations increasing 2.5x from the previous quarter to \$649k.



Investing positive cash flow into building a high growth, VC style portfolio of partnerships

Building equity in Cardiac Rhythm Diagnostics, a fast-growing MedTech business, through arrangement to convert fees into equity which allows the the Company to share in the upside it is helping to create.



Multi-dimensional strategy set to deliver further growth during the course of FY23

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 further growth during FY23 and beyond.

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

As anticipated in the June Quarterly Activities update, cash receipts from customers and positive cash flow from operations increased significantly in Q1 FY23. As per the Company's growth strategy, cash flow generated by leveraging its operations, resources and capabilities are being invested into growth initiatives to create a compounding growth flywheel effect for the business moving forward.

During Q1 FY23, the Company established a financing facility for its FY22 R&D activity and received \$290k which supported the Company in aggressively maximising its fee to equity conversion opportunity with Cardiac Rhythm Diagnostics.

The Company has started to shift its focus to the growth of merchant services revenue and the launch of new membership features in the Rewardle app that support the generation of additional, high margin revenue.

The business is becoming more robust as its diverse range of revenue streams and opportunities are developed and the Company is well positioned for further growth during FY23 and beyond.

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

"We're very pleased with the September quarter performance and the progress of our growth strategy, in particular the development of our partnership with Cardiac Rhythm Diagnostics, a fast growing Medtech business."

"We've provided additional resources to Cardiac Rhythm Diagnostics which has accelerated its growth and we're sharing in the upside that we are helping to create by aggressively converting our service fees into high growth equity."

"During the quarter, we started returning resources to growing our merchant services revenue and preparing to launch new features in the Rewardle app for members that can generate additional, high margin revenue."

"Our strategy to unlock growth across a diverse range of opportunities is building a more robust and resilient business."

Successfully executing growth strategy

As outlined in the Investor Presentation released on 22nd December 2021, the Company is driving growth by developing opportunities that leverage its operations, resources and capabilities.

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.



As anticipated in the June Quarterly Activities Update, the Company has experienced a strong acceleration in positive operating momentum during the September quarter and as per its strategy, cash flow has been and will continue to be invested into growth initiatives to create a compounding growth flywheel effect for the business moving forward.

The Company's growth strategy includes the development of a portfolio of transactional, licensing and equity positions in complementary partner businesses. The primary partner focus during the quarter has been Cardiac Rhythm Diagnostics (Cardiac MedTech).

The Company has accelerated the growth of Cardiac Rhythm Diagnostics by providing additional resources and is sharing in the upside being created through the conversion of service fees into equity.

During the September quarter the Company converted \$732,000 of fees to equity in Cardiac Rhythm Diagnostics, bringing the Company's shareholding to 15.34%.

In addition to the ongoing development of the Company's portfolio of transactional, licensing and equity positions in complementary businesses, resources have been returned to growing merchant services revenue and launching new features in the Rewardle app for members that can generate additional, high margin revenue.

During the quarter, the Company completed the extension of Rewardle Platform's capabilities to support transactional based rewards and undertook testing with its meal kit partner, Pepper Leaf. The extended Platform capability will underpin a variety of new membership features and the development of high margin, digital revenue opportunities.

As outlined above, the Company's growth strategy is well on track and the positive momentum gathered over the recent quarters is being carried into FY23.

Quarterly Cash Flow commentary

The Company has been successfully executing its strategy to drive growth through operating leverage and Q1 FY23 is the fourth consecutive quarter of positive cash flow from operating activities.

The Company has achieved strong QoQ growth in Q1 FY23 and is well positioned for further growth during FY23. Cash receipts from customers increased 2.4x to \$1,877,000, resulting in positive cash flow from operations increasing 2.5x to \$649,000. As per the previous quarter, the sharp increase in cash receipts and positive cash flow from operations demonstrates the potency of the Company's high operating leverage and illustrates how rapidly the Company can unlock value as it continues to execute its strategy.

Cash receipts for Q1 FY23 were \$1,877k, an increase of \$1,093k or 139% from \$784k the previous quarter. A summary of the Q1 FY23 Cash receipts and management commentary is provided below:

- Cash receipts from customers were \$1,877k, an increase of \$1,093k or 139% from \$784k for the previous quarter. The increase was driven by growth in software licensing and services fees, timing of payments associated with growth services projects and transactions associated with testing new capabilities of the Rewardle Platform. The underlying trend of growing cash receipts from customers is expected to continue during FY23.

Outgoing cash payments for Q1 FY23 were \$1,228k, an increase of \$706k or 135% from \$522k for the previous quarter. A summary of this movement and management commentary is provided below:

- Product manufacturing and operating costs were \$937k, an increase of \$623k or 198% from \$314k during the prior quarter. The increase was due to a combination of the Company investing in resourcing to support growth initiatives, timing of payments associated with regular, recurring operating expenses, and variable costs associated with testing of new transactional reward capabilities of the Rewardle Platform that do not represent changes in underlying operating costs.
- Staff costs were \$217k, an increase of \$69k or 47% from \$148k during the previous quarter. The variance is due to the Company continuing to pay down accrued liabilities relating to staff costs and the underlying staff costs were relatively unchanged. The Company is anticipating additional staffing to support growth initiatives in coming quarters which will result in a moderate increase in ongoing staffing costs.
- Administration costs were \$74k, an increase of \$14k or 23% from \$60k during the previous quarter. This is due to timing of payments and paying down accrued liabilities relating to administration costs and does not represent an underlying change in operating costs.
- Payments for equity investments was \$732k compared to \$323k in the previous quarter. This related to the arrangement with Cardiac Rhythm Diagnostics for the Company to convert fees into equity by acquiring shares. The increase was due to the Company providing additional resources to Cardiac Rhythm Diagnostics to accelerate its growth and aggressively converting fees into high growth equity.

Proceeds from borrowings was \$290k compared to \$0 in the prior quarter. This relates to financing of the Company's FY22 R&D activity from Radium Capital to support the Company's working capital needs while it pursues growth initiatives. The Company has completed and lodged its FY22 R&D rebate claim which when processed will retire the Radium Capital loan and provide additional working capital to support the Company's execution of its growth strategy.

During Q1 FY23 there were related party payments of \$10k, being payment of Directors fees to Mr. Rodney House.

While fluctuations in operating cash flow are to be expected, particularly in the current environment of economic uncertainty, the Company is pleased with the progress of its strategy and remains confident that the business can operate and grow without the need for additional funding.

Working capital management

The Company is successfully executing its strategy to drive growth through operating leverage and has achieved its fourth consecutive quarter of positive cash flow from operating activities.

Cash and cash equivalents at the end of the quarter of \$339k increased \$206k or 154% from \$133 for the previous quarter.

The Company is well positioned for further growth and the business will become more robust and resilient as new revenue streams and opportunities are developed.

While fluctuations in operating cash flow are to be expected, particularly in the current environment of economic uncertainty, the Company is pleased with the progress of its strategy 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 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.

For more information please contact:

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