

PARTNERSHIP WITH TIMELY COFFEE

ENHANCING INVESTMENT IN BEANHUNTER

Key Highlights and Summary



Multi-year, wholesale coffee supply agreement established with Timely Coffee

Rewardle has negotiated attractive commercial terms to purchase wholesale coffee from a fast growing, innovative coffee roaster which will be leveraged into its investment in Beanhunter and across its broader operations.



Partnership with Timely Coffee will boost Beanhunter's wholesale to retail markup by over 100%

Beanhunter will leverage the commercial terms established by Rewardle, substantially increasing the gross profit margin of its coffee subscription service.



On going discussion with Timely Coffee to develop a more comprehensive Strategic Partnership

During the process of establishing the wholesale supply agreement, Rewardle and Timely have identified further partnership opportunities and are exploring the development of a more comprehensive strategic partnership.

Rewardle Holdings Limited (ASX:RXH) ("**Rewardle**" or the "**Company**") provides the following update with respect to a commercial partnership it has established to purchase wholesale coffee from Timely Coffee ("**Timely**").

Timely, based in Perth Western Australia, is an innovative coffee roaster, retailer and wholesaler, specialising in sourcing and roasting delicious and ethical coffee from around the world. It recently raised capital at a \$10m+ valuation via the Birchal equity crowd funding platform to accelerate its growth and development.

Rewardle will leverage the commercial terms it has established with Timely Coffee to enhance its recent investment in Beanhunter, Australia's leading online community for independent cafes and coffee lovers.

Beanhunter primarily commercialises its community through its direct to consumer, coffee subscription service and the Company's first order of business following its investment was to identify opportunities to improve efficiency, reduce costs and improve margins.

The attractive commercial terms Rewardle has established with Timely will boost wholesale to retail markup of Beanhunter's coffee subscription service by over 100%, increasing its gross margin by more than 50%.

In establishing the multi-year wholesale supply agreement, the parties have identified further opportunities and are exploring the development of a more comprehensive partnership.

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

"The partnership with Timely will increase the value of our investment in Beanhunter by substantially improving the unit economics of its direct to consumer, coffee subscription service."

"Every dollar of Beanhunter's coffee subscription revenue will be significantly more profitable and the upside from this multi-year agreement will grow as we scale up Beanhunter's subscriber numbers."

"We'll also leverage the Timely partnership into other opportunities such as adding Timely's coffee to the YourGrocer marketplace and we're looking forward to further discussions with the Timely team to develop a more comprehensive strategic partnership."

Timely Coffee Wholesale Supply Agreement

Timely, based in Perth Western Australia, is an innovative coffee roaster, retailer and wholesaler, specialising in sourcing and roasting delicious and ethical coffee from around the world.

Timely is seeking to create a brand that is the market leader in the home coffee segment, capturing more attractive margins than a traditional wholesale coffee roasting operation in the process.

Timely has grown quickly since being founded in 2017, recently securing funding to accelerate its development via the Birchal equity crowd funding platform at a valuation of \$10m+.

The wholesale supply partnership with Rewardle supports Timely in scaling up by providing a consistent, underlying operational workflow and cash flow. In return, Rewardle has secured attractive wholesale coffee pricing based on Timely's variable production costs.

While the precise terms of the agreement between the parties are commercially sensitive and subject to confidentiality, a high level outline of the key terms is provided below.

- 3 year term.
- Rewardle's price for wholesale coffee will be based on Timely's variable production costs (ie. primarily green beans and labour).
- Rewardle will purchase a minimum volume of coffee over 3 years which equates to ~\$75,000 which will be funded from operational cash flow.
- Rewardle will progressively prepay its purchasing to support Timely's cash flow.
- The parties have agreed to collaborate to develop a more comprehensive strategic partnership.

Rewardle is confident that it can comfortably meet its minimum commitments under the agreement and that the Company will enjoy significant upside from the wholesale coffee supply partnership as the volume of coffee purchased from Timely grows.

In the first instance, Rewardle will leverage the agreement to improve the unit economics of Beanhunter's coffee subscription service, increasing the value of its investment.

Beanhunter's coffee subscription service currently generates approximately \$200,000 PA in recurring revenue and operates with a wholesale to retail mark up of approximately 100%, resulting in a gross profit margin of approximately 50%. Based on the pricing Rewardle has secured with Timely, Beanhunter's wholesale to retail markup will increase to over 200%, resulting in its gross margin increasing by more than 50% to approximately 80%.

As outlined above, Rewardle's wholesale coffee supply agreement with Timely significantly enhances Beanhunter's coffee subscription model and the upside will grow over the multi-year term of the agreement as the subscription service scales up.

In addition, Rewardle has identified demand for quality coffee among YourGrocer's customers and plans on adding Timely Coffee to the YourGrocer marketplace during the relaunch of the grocery delivery service.

Furthermore, based on the discussions between the parties to establish the wholesale coffee supply agreement, the Company believes there is a strong opportunity to develop a "Growth Services" based partnership with Timely Coffee and the parties have committed to exploring the development of a more comprehensive strategic partnership. These discussions are early stage and incomplete and the Company will provide updates with respect to progress as appropriate.

This ASX announcement has been approved for release by The Board of Directors.

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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