

MARCH QUARTERLY ACTIVITIES UPDATE

GROWTH STRATEGY CONTINUES

Key Highlights and Summary



Positive cash flow from operations continues

Cash receipts of \$4.7m including FY23 R&D rebate, generated \$2.1m in positive cash flow from operations which was invested into growth initiatives while maintaining cash and equivalents of ~\$1.1m at end of period.



Integrating strategic investments in YourGrocer and Pepper Leaf

Process of consolidating and integrating the operations of YourGrocer and Pepper Leaf commenced, reducing duplicate costs and unlocking operational synergies between the grocery marketplace and meal kit service models.



Preparing new merchant and member services for launch

Beta-testing of new merchant products and services is progressing and feedback from users is being incorporated in preparation for a broader launch.

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

The March quarter has extended the consistent, positive momentum of the last 24 months, generating strong cash receipts from customers and positive cash flow from operations.

In addition to the Company's ongoing Growth Services partnership with CloudHolter Pty Ltd ("**CloudHolter**", previously Cardiac Rhythm Diagnostics Pty Ltd), a key highlight during the quarter was commencing the consolidation and integration of the Company's recent investments in YourGrocer and Pepper Leaf.

Vertically integrating grocery services into its operations is part of the Company' strategy to commercialise the local membership, points, rewards and payments application of its proprietary Business to Business to Consumer (B2B2C) software platform.

The integration of YourGrocer and Pepper Leaf unlocks operating efficiencies while accelerating growth by offering consumers a broader, more comprehensive and compelling grocery delivery service. This next generation grocery delivery service will be integrated with the Rewardle Platform and promoted to members, acquiring grocery delivery customers at no cost.

During the March quarter the Company continued beta-testing of new merchant products and services and user feedback is being incorporated for further testing in preparation for broader release.

As per the Company's growth strategy, cash flow generated by leveraging its operations, resources and capabilities is being invested into growth initiatives to create a compounding growth flywheel effect for the business moving forward.

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

"We are continuing to execute our growth strategy, investing the cash flow generated by leveraging our operations, resources and capabilities into growth initiatives to create a compounding growth flywheel for the business moving forward."

"Our short-term focus is on bedding down the recent investments we've made in grocery delivery services and launching new products and services for local merchants and members which will act as a growth growth flywheel for our next generation grocery delivery service."

"We are also working on new Growth Services and partnership opportunities to support our strategy of building a VC style portfolio of transactional, licensing and equity positions in complementary partner businesses via our growth services offering."

"As always, I welcome interested investors to reach out to me via email or mobile should they have any inquiries regarding our strategy, progress, and prospects."

Successfully executing growth strategy

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

As a technology platform based business with largely fixed costs, the Company has the potential to generate highly profitable additional revenue by leveraging its capabilities and substantial network of local businesses and members that it has already been amassed.

The Company's strategy is to leverage its operational capabilities, expertise and IP to develop new markets and opportunities without the need for additional funding.

A summary of the strategy is outlined in the Investor Presentation released on 22nd December 2021 and is available to view at: www.Rewardle.com/ASX/InvestorPresentationDec2021. Slide 7 of the presentation provides an overview of the Company's key growth areas and has been included below for reference.



During Q3 FY24, the Company has continued to generate positive cash flow from operations which has been, and will continue to be, invested into growth initiatives to create a compounding growth flywheel effect for the business moving forward.

During the March quarter the Company converted \$1,680,000 of fees to equity in CloudHolter, increasing its total shareholding 0.9% from 49% at the end of the December Quarter to 49.9%. Under the agreed terms of the fee to equity conversion, the Company is precluded from acquiring a controlling shareholding in CloudHolter.

CloudHolter is a fast-growing MedTech business that is developing a disruptive, technology enabled cardiac diagnostics service for local GPs.

CloudHolter is leveraging the workflow and data generated from its innovative diagnostic service to develop an AI powered software solution for ECG analysis and diagnosis of cardiac arrhythmia. CloudHolter is incorporating machine learning into the existing analysis and reporting workflows, such that the diagnostic software and underlying AI algorithms are dynamic and incrementally improved via a process of reinforcement learning.

The AI based software solution being developed by CloudHolter has the potential to be faster, cheaper and more accurate than the existing, manual practices and will have broad, global application across a range of use cases to enhance patient care and health outcomes, helping to prevent stroke, death, and disability.

Successfully executing growth strategy ... (cont.)

In recent quarters, the Company increased the provision of Growth Services to CloudHolter which accelerated its development and allowed the Company to more aggressively convert fees to equity. The Company expects its provision of Growth Services to CloudHolter to moderate in coming periods as CloudHolter begins to internalise more of its operations in keeping with its business and corporate strategy.

The Company is leveraging its corporate experience and networks to assist CloudHolter with the development and execution of its corporate strategy. Based on its direct operational role and deep understanding of the business, the Company believes that CloudHolter is approaching several key milestones which may result in a substantial increase the value of CloudHolter shares.

The Company believes CloudHolter's unique combination of fast-growing cash flow generated by its diagnostic services, along with its promising AI-based software development with global application, has the potential to deliver the Company a return several times greater than its investment.

In addition to its ongoing partnership with CloudHolter, the Company is in active discussion with a pipeline of Growth Services opportunities and is exploring partnership models that may increase deal flow and accelerate its strategy of building a VC style portfolio of transactional, licensing and equity positions in complementary partner businesses.

The Company will provide updates with respect to the progress of individual opportunities as appropriate, taking into consideration the nature and potential impact on the business.

Quarterly Cash Flow commentary

Q3 FY24 is the 9th consecutive quarter of positive cash flow from operating activities, highlighting the Company's successful execution of its strategy to drive growth through operating leverage without the need for additional funding.

Cash receipts for Q3 FY24 were \$4,677k, a decrease of \$1,933k or 29% from \$6,610k the previous quarter. A summary of the Q3 FY24 Cash receipts and outflows along with management commentary is provided below:

- Cash receipts from customers were \$3,905k, a decrease of \$2,705k or 41% from \$6,610k the previous quarter. The variation was primarily driven by the volume of work conducted and timing of payments associated with Growth Services projects.
- Government grants and tax incentives were \$772k, an increase of \$772k from the previous quarter due to receipt of FY23 R&D rebate.

Outgoing cash payments for Q3 FY24 were \$2,532k an increase of \$656k or 35% from \$1,876 for the previous quarter. A summary of this movement and management commentary is provided below:

- Product manufacturing and operating costs were \$1,473k an increase of \$506k of 52% from \$967k during the prior quarter. The increase was due to a combination of costs associated with the Company's recent acquisitions, timing of payments associated with regular, recurring operating expenses, and variable costs associated with testing of new transactional reward capabilities of the Rewardle Platform.
- Staff costs were \$881k an increase of \$115k or 15% from \$766k during the previous quarter. The increase is primarily due to staffing costs associated with the Company's recent acquisitions. The Company is also continuing to pay down accrued liabilities relating to staff costs and the timing of these payments is reflected in the staff costs.
- Administration costs were \$131k, a decrease of \$3k or 2% from \$134k during the previous quarter. The decrease is primarily due to one off costs associated with recent acquisitions in the previous quarter along with a combination of timing of payments associated with administration costs.
- Interest and other costs of finance paid was \$47k an increase of \$38k from \$9k, during the previous period. These costs primarily relate to interest associated with financing of YourGrocer's delivery vehicle fleet which are expected to be an ongoing operational expense for the duration of the finance facilities associated with the vehicle fleet and the one off interest cost associated with the FY23 R&D rebate financing which was repaid during the quarter upon receipt of the rebate.

Quarterly Cash Flow commentary ... (cont.)

- Payments for equity investments was \$1,680k compared to \$4,650 in the previous quarter. These payments relate to the arrangement with CloudHolter for the Company to convert fees into equity. The decrease in investment compared to the previous quarter was due to the Company approaching the agreed limit of its fee conversion.
- Repayment of borrowings was \$578k related to repayment of financing associated with the FY23 R&D activity from Radium Capital and was repaid upon receipt of the FY23 R&D rebate and repayment of financing associated Your Grocer's delivery vans which reached end of term.
- During Q3 FY24 there were related party payments of \$165k, being payment of accrued Directors fees to Mr. Ruwan Weerasooriya. While the Company intends to continue paying down accrued Directors fees from cash flow as part of its broader strategy to reduce liabilities and strengthen the Company's financial position, the Directors remain supportive and willing to pause payment of fees to preserve cash for investment in growth opportunities as required.

Update on FY23 Financial Statements and working capital management

The Company was not in a position to lodge its accounts by 29th September 2023 which resulted in trading in the Company's listed securities being suspended and they will remain so until lodgement of accounts. The Company is continuing to work with its auditors to finalise its outstanding FY23 Annual Financial Statements and 31 December 2023 Interim Report which will be released as soon as possible.

In the meantime, the Company is continuing to successfully execute its and has achieved its ninth consecutive quarter of positive cash flow from operating activities. Cash receipts of \$4.7m generated \$2.1m in positive cash flow from operations which was invested into growth initiatives while maintaining cash and equivalents of ~\$1.1m at end of period.

The Company intends to continue balancing its operating cash flow to invest in growth opportunities while paying down liabilities. As outlined in the Quarterly Cash Flow Commentary, the Company took advantage of its improving cash flow to continue paying down liabilities including accrued Directors fees during the quarter. The Directors remain supportive and willing to pause payment of fees to preserve cash for investment in growth opportunities as required.

While fluctuations in operating cash flow are to be expected, particularly as the Company integrates its acquisitions, investments and partnerships during the current environment of economic uncertainty, the Company is pleased with the progress of its strategy and management is confident that its multi-dimensional growth strategy and agile operating structure can be adapted as required so the business can operate and grow without requiring additional capital.

This announcement has been approved for release to ASX 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.

For more information please contact:

Ruwan Weerasooriya (Founder and Managing Director)

Email: ruwan@rewardle.com

Mobile: 0412448769