

DECEMBER QUARTERLY ACTIVITIES UPDATE

EXECUTING STRATEGY, BUILDING VALUE

Key Highlights and Summary



Continuing to drive positive cash flow from operations

During the quarter, cash receipts of \$7,784k generated \$3,981k in positive cash flow from operations which was invested into growth initiatives while maintaining cash and equivalents of ~\$1.2m at the end of period.



Strong performance from CloudHolter Growth Services partnership and investment

Strong growth in service fees to support accelerated growth and development of CloudHolter, which has been reflected in CloudHolter's valuation increasing to \$100m (previously \$35m).



Developing strategy for Growth Services partnerships

Developing strategy for development of Growth Services partnerships to increase deal flow and opportunities to replicate the success of CloudHolter partnership.

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

During the December quarter, the Company continued to generate strong cash receipts from customers and positive cash flow from operations. 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.

A key highlight was the ongoing success of the Company's Growth Services partnership and investment in CloudHolter Pty Ltd ("**CloudHolter**"), which raised capital during the quarter at an increased valuation of \$100m (previously \$35m). The new valuation is supported by an updated independent valuation and reflects CloudHolter's rapid, substantial growth and development over the past 12-18 months.

During the quarter, the Company continued progressing the vertical integration of its grocery delivery services as part of its strategy to commercialise the local membership, points, rewards and payments application of its proprietary Business to Business to Consumer (B2B2C) software platform and is developing its pipeline of Growth Services opportunities across a combination of direct opportunities and partnership discussions.

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

"We're 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 performance in the December quarter was boosted by the ongoing and accelerating success of our Growth Services partnership with CloudHolter and we're looking forward to the value of our investment being unlocked for our shareholders as CloudHolter progresses its corporate strategy."

"We're actively seeking to leverage the experience and expertise gained from our partnership with CloudHolter into other AI based opportunities and are exploring a combination of direct and partnership models to support our strategy of building a VC style portfolio of transactional, licensing and equity positions in complementary partner businesses."

"During the quarter we've also continued integrating our grocery delivery operations with our local membership, points, rewards, and payments platform with a vision of creating a seamless and rewarding experience for local consumers while enhancing merchant engagement."

"Interested investors can reach 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).

The Company has been successfully executing its growth strategy as outlined in the Investor Presentation released on 22nd December 2021 which 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 Q2 FY25, 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.

The Company's growth strategy includes the development of a portfolio of transactional, licensing and equity positions in complementary partner businesses with the primary partner focus during the December quarter being CloudHolter (Cardiac MedTech).

CloudHolter is a fast-growing MedTech business that provides GPs with an innovative, in-practice Holter monitoring service and is leveraging the workflow and data generated from its innovative diagnostic service to develop an Artificial Intelligence (AI) powered software solution for ECG analysis and diagnosis of cardiac arrhythmia.

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.

During the December quarter, CloudHolter was offered, and accepted, funding at an increased valuation of \$100m (from \$35m previously) which is reflective of its substantial growth and development over the past 12-18 months. CloudHolter's revised valuation represents a significant uplift in the value of the Company's shareholding, is supported by an updated independent valuation and will become the basis for Rewardle's future fee to equity conversion.

During the December quarter the Company converted \$2,325,000 of fees to equity in CloudHolter resulting in a total shareholding of 49.1% which the Company expects to increase to 49.9% through further fee conversions. Under the agreed terms of the fee to equity conversion, the Company is precluded from acquiring a controlling shareholding in CloudHolter.

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 strong return on investment.

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.

In addition to its ongoing Growth Services partnership with CloudHolter, the Company has continued progressing the vertical integration of its grocery delivery services as part of its strategy to commercialise the local membership, points, rewards and payments application of its proprietary Business to Business to Consumer (B2B2C) software platform.

The Company has also continued applying resources to the development and testing of its local membership, points, rewards and payments platform including beta testing of new merchant and member services that have the potential to leverage the existing merchant and membership network to generate high margin, additional income in the future.

The Company has continued to develop its pipeline of Growth Services opportunities and is in active discussion directly with potential partners while also 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

Q2 FY25 is the 12th 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 Q2 FY25 were \$7,784k, an increase of \$2,860k or 58% from \$ \$4,924k the previous quarter. A summary of the Q2 FY25 Cash receipts and outflows along with management commentary is provided below:

- Cash receipts from customers were \$7,784k, an increase of 2,860k or 58% from \$4,924k the previous quarter. The variation was primarily driven by increased Growth Services fees and timing of payments.

Outgoing cash payments for Q2 FY25 were \$3,803 an increase of \$91k or 2% from \$3,712k for the previous quarter. A summary of this movement and management commentary is provided below:

- Product manufacturing and operating costs were \$2,941k an increase of \$323k of 12% from \$2,618k 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 \$582k a decrease of \$197k or 25% from \$779k during the previous quarter. The decrease is primarily due to timing of payments. 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 \$280k, a decrease of \$35k or 11% from \$315k during the previous quarter. The decrease is primarily due to timing of payments associated with administration costs.
- Payments for equity investments was \$2,325k compared to \$1,490k in the previous quarter. These payments relate to the arrangement with CloudHolter for the Company to convert fees into equity resulting in a total shareholding in CloudHolter of 49.1%.
- Repayment of borrowings of \$1,123k is comprised of \$1,119k being partial repayment of \$1,278k drawn against the working capital loan of \$1,300k provided by Executive Chairman, Ruwan Weerasooriya and \$4k being repayment of vehicle finance associated with YourGrocer's delivery van fleet.
- During Q2 FY25 there were related party payments of \$96k, being \$81k of accrued Directors fees being paid to Mr. Ruwan Weerasooriya and \$15k of accrued Directors fees being paid to Mr. David Niall.

Quarterly Cash Flow commentary ... (cont.)

Update on outstanding Financial Statements and working capital management

As previously announced, the Company was not in a position to lodge the FY23 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 the Company's outstanding accounts.

The delay in lodging the Company's accounts has primarily been due to the Company's auditors determining that audited accounts were required for CloudHolter, for use in the equity accounting treatment of the Company's shareholding in CloudHolter.

CloudHolter is a private company that is not controlled by the Company and is not required by law to prepare statutory accounts or have those accounts audited. While CloudHolter has been amenable to undertaking the required audits for its own purposes, it should be noted that the Company has no representation on the CloudHolter Board and the preparation and audit of CloudHolter's accounts is out of the Company's control.

The Company is pleased to confirm that CloudHolter is close to completing the audit of its FY24 Financial Statements which will be used by the Company's auditors to finalise the review of the Company's outstanding 31 December 2023 Interim Report, which in turn facilitates the opening balances to be used in preparation of the Company's outstanding Audited FY24 Annual Report and 31 December 2024 Interim Report due for release at the end of February.

The Company is mindful of upcoming deadlines and is working with its auditor to complete the outstanding accounts and return the Company to timely reporting as soon as practicable and will provide further updates as appropriate.

In the meantime, the Company is continuing to successfully execute its growth strategy, consistently achieving quarters of positive cash flow from operating activities and advancing its broader strategic objectives as reported in quarterly updates.

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 loans and 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, 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