

Shares:	188,435,949	Merchants (as at 31 Dec 2016):	5,459
Market cap (@ \$0.047):	\$8.8m (Approx)	Members (as at 31 Dec 2016):	2,216,613
Cash (as at 31 Dec 2016):	\$0.78m (Approx)	Check-ins (as at 31 Dec 2016):	39.9m

December Quarterly Report

Key highlights

- **Paying Merchants continued to grow with over 2000 paying recurring monthly service fees as at 31 December.**
- **Strong growth in recurring Merchant Services revenue, up over 100% QoQ, to approximately \$215,000 (unaudited) for the December quarter.**
- **Platform development during the quarter established additional services that are being taken to market and expected to contribute to future revenue growth.**
- **Advertising revenue continues to be generated from Brand Partnerships with multiple campaigns conducted for financial services brands during the December quarter.**
- **Operating cost reduction of approximately 20% or \$100,000 per month as part of the transition to commercialisation after initially focussing on establishing Network critical mass.**
- **\$1.4m refund claim under the Federal Government's Research and Development (R&D) Tax Incentive program lodged and expected to be processed in coming weeks.**
- **R&D refund combined with cash provides the Company with over \$2.1m in working capital as at 31 December.**

Management remains focused on developing existing and new revenue streams that leverage the growing network, platform data and operations of the business.

Commenting on the quarterly performance, Rewardle founder and Managing Director, Ruwan Weerasooriya, said;

"Having initially focussed on establishing network scale, our transition to commercialisation is well underway with operating costs being balanced against revenue development as we move forward."

"Our recurring merchant services revenue has grown strongly over a series of successive quarters and we expect this trend to continue. In addition, we are consistently engaging with brands who are paying for advertising access to our network of thousands of local businesses and over two million members."

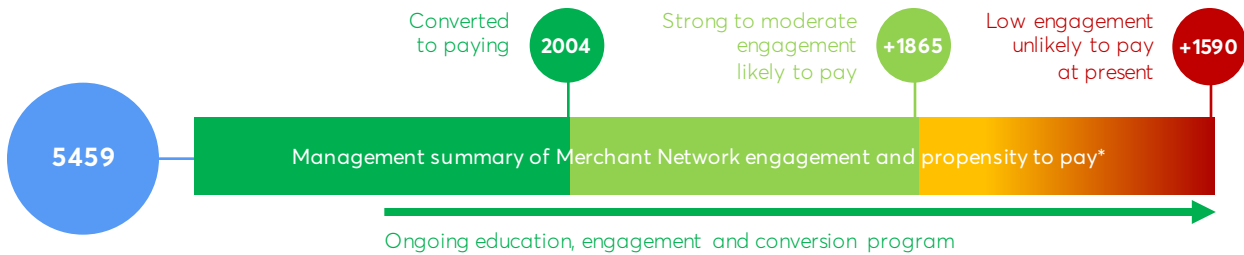
"Operating costs have been aligned to revenue generation which has resulted in a substantial reduction in monthly operating costs and moving forward we intend to balance operating costs against closely monitored revenue generation targets."

Network summary

	Merchants	Members	Check-ins	Prepaid Added	Prepaid Used	Prepaid Held
As at 31 Dec 2016	5,459	2,216,613	39,956,596	\$5,099,175	\$4,040,521	1,058,654

Paying Merchant growth

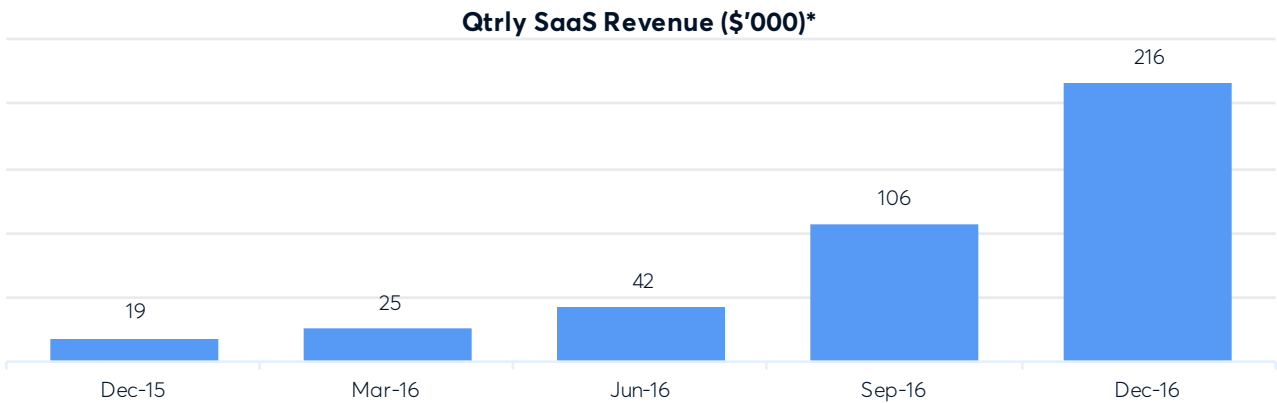
Over 2000 Merchants are now paying under Rewardle's Merchant Services (SaaS) Program, representing approximately 36% of total Merchant Network as at 31 December 2016.



*Estimate as at 31 Dec 2016 based on internal qualitative measures,

Merchant Services (SaaS) revenue growth

Strong QoQ Merchant Services (SaaS) revenue growth is expected to continue, driven by consistent growth of paying Merchants and upselling of additional services to paying Merchants.



*Unaudited management estimates,

During the quarter, additional services were established that create new opportunities to drive ongoing Merchant Services (SaaS) revenue growth.

One of these opportunities is Postcoder.com.au (Postcoder), an online city guide for locals, that was soft launched in November with the support of Lion beer as a foundation advertising partner. Postcoder content is being integrated with the Rewardle Platform, creating additional engagement and revenue opportunities.

Advertising revenue

Brand partnerships with American Express (Retail Payments), Kikka Capital (Business Lending) and Macquarie Bank (Consumer Banking) demonstrated the potential of the Rewardle Platform and Network for broad application across the financial services sector.

Initial feedback on performance of campaigns has been positive and the Company is continuing to develop Brand Partnership opportunities.

Significant cost reduction as business transitions to commercialisation



In keeping with the Company's strategy to transition from the initial focus on establishing Network scale to commercialisation, resources and operating costs have been re-aligned from Network growth to revenue generation.

The associated operational changes have resulted in a substantial reduction (approximately 20%) in operating costs from circa \$500,000 to \$400,000 per month.

Moving forward, management intends to balance operating costs against closely monitored revenue generation targets.

Working capital management

The Company has recently submitted a \$1.4m refund claim under the Federal Government's Research and Development (R&D) Tax Incentive program.

R&D refund is expected to be processed in coming weeks and when combined with cash provides the Company with over \$2.1m in working capital as at 31 December.

Over the last 12 months the business has consistently demonstrated strong quarterly growth in recurring Merchant revenue. This trend is expected to continue, driven by the substantial addressable market of approximately 200,000 local businesses and the ongoing development of additional services for upselling to existing paying Merchants.

Having already instigated substantial operating cost reductions by aligning operating costs with revenue generation, management intends to balance operating costs against closely monitored revenue generation targets.

About Rewardle Holdings Limited

Rewardle connects over 2.2 million Members with over 5,400 local businesses around Australia.

The Rewardle Platform 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.

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.

The Company is led by an experienced entrepreneurial team with a successful background in Internet and media businesses.

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