

Operations and investor update

July 2017

 **Rewardle** | ASX:RXH

A marketing and payments platform
designed for a connected world



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Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Rewardle (ASX:RXH) investor highlights

Exposure to the high growth digital marketing and mobile payments sectors

Rewardle is uniquely positioned to capture the digital migration of marketing budgets and customer relationships of up to 200,000 local businesses in Australia

- ✓ Early mover advantage established through development of proprietary technology platform and building substantial network scale
- ✓ Critical mass established through the recruitment of over 5000 local businesses and over 2.5m Members
- ✓ Network effect powering ongoing organic growth and serving as barrier to entry for potential competitors
- ✓ Over 45% of Rewardle's Merchant Network paying recurring Merchant Services (SaaS) fees
- ✓ 18 months of consistent traction in development of brand advertising and recurring Merchant Services (SaaS) revenue
- ✓ Substantial reduction in operating costs and growing recurring revenue from Merchant Services (SaaS) fees with current annualised run rate of approximately \$1m
- ✓ Multiple opportunities being developed by management to leverage the growing network and platform data into additional revenue streams
- ✓ Scalable technology platform business model with largely fixed costs is designed to deliver highly profitable marginal revenue over time

Company overview

Set to reward investors as local businesses embrace intelligent digital marketing

Business summary

Rewardle offers a digital marketing and payments solution to local independent businesses that is underpinned by a proprietary membership, points, rewards and payments platform.

The Company has captured a substantial early mover advantage through platform development and recruitment of over 5000 local businesses and over 2.5m Members since founding in 2012.

Initial monetisation is being demonstrated through consistent brand advertising and growing, recurring, Merchant Services (SaaS) fees.

As a highly scalable technology business with largely fixed costs there is substantial potential in development of new revenue streams that leverage the Company's consistently growing network and platform data.

While continuing to build existing revenue streams, management is working on the development of new revenue opportunities through a variety of approaches including building, partnering and acquisition.

Board of Directors

Ruwan Weerasooriya – Executive Chairman

David Niall – Executive Director

Peter Pawlowitsch – Non-Executive Director

Capital structure

Shares on issue	188,435,949
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Board ownership	~60%
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Share price (12-July-17)	\$0.015
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Market capitalisation	~\$2.8m
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Cash (30-Jun-17)*	~\$0.2m
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Enterprise value	\$2.6m
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*Related party loan of \$400,000 established subsequent to 30 Jun 17
see slide 16 for key terms

Business overview

Proprietary membership, points, rewards and payments platform is at core of business model

Rewardle provides local businesses with a digital customer engagement solution and consumers with a free, fun and convenient way to earn rewards



Rewardle is building a valuable network of users and an accompanying proprietary data set that the Company intends to monetise through the development of multiple revenue streams

Business overview

How it works



Step 1.

Grab card or
download app



Step 2.

Tap screen,
scan to Check-in



Step 3.

Register points
and/or
redeem rewards

Please view Rewardle explainer here:

https://youtu.be/t_NywTY64wg



Business overview

Simple, balanced value for users that improves as the network grows

For Merchants



Simple digital marketing

Makes email, social and mobile marketing easy for time poor local business owners



Powerful data insights and analytics

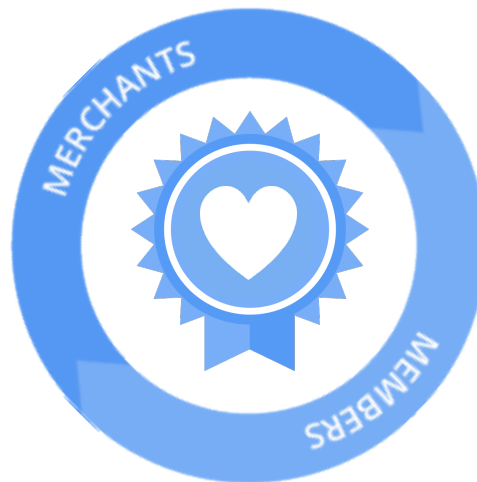
Valuable customer profile and behavioural data identifies customer trends and informs better business management



Marketing automation

Proprietary algorithms analyse data and trigger targeted marketing campaigns on behalf of time poor local business owner

Growing Network Effect



For Members



Choice of reward

Members redeem their choice of reward rather than the same reward repeatedly



Never lose points

By registering their account members points are safely backed up in the cloud



Convenience

A free single membership that can be used across a growing network of thousands of local businesses around Australia

Powerful digital customer engagement solution to attract and retain customers

Growing Network Effect

Free, fun and convenient way to earn rewards at local businesses

Market opportunity

Macro trends in marketing and payments are converging on mobile device

MARKETING

Traditional to digital to mobile



PAYMENTS

Cash to cards to mobile



PwC Australian Entertainment & Media Outlook 2015–2019

The challenge for the industry will be changing the way content is delivered, in order to sustain what advertisers are demanding; channels that support targeting and accurate reporting ... this means innovating in terms of product and consumer experience, **putting mobile at the centre of your strategy**, and developing seamless consumer relationships."

David Wiadrowski - PwC's entertainment and media industry leader

Westpac Cash Free Report, September 2015

53% of payments currently made in Australia are cashless.

79% of Australian smartphone users agree making payments via a smartphone will soon become the norm.

"Cashless technology is the way of the future."

- Elliot Smith - Westpac's Head of Consumer Deposits

Market opportunity

Large international and domestic retailers are implementing digital strategies to drive customer engagement and develop new revenue streams



Each investing in intelligent, technology driven marketing and payments platforms for exclusive use in own stores

BUSINESS INSIDER

Starbucks' digital strategy drives sales Apr '16

"Mobile ordering and digital loyalty offerings remain major drivers of Starbucks' growth..."

Forbes

Here's How Dunkin' Brands Plans To Drive Growth In the Future Dec '15

"A plan to use innovation, data, and technology to drive sales...strategy for growth in the next five years."

FINANCIAL REVIEW

Forget pizza, Domino's is a tech company Aug '15

"Domino's once again underlined that its strong same store sales growth... has been driven over the last five years by the clever use of digital strategies."

NEWS

Coles, Woolworths accumulating consumer data as they prepare to compete with banks on home loans Aug '14

"Coles and Woolworths' competitive edge over the banks is their treasure-trove of information on Australians' shopping habits, budgets and lifestyles, gathered from their credit card customers and the 14.5 million members of the FlyBuys and Woolworths Rewards loyalty programs."

The Company is not endorsed or affiliated with the above brands in anyway

Market opportunity

Rewardle is set to capture the digital migration of local commerce through its proprietary platform developed for local businesses



Each investing in intelligent, technology driven marketing and payments platforms for exclusive use in own stores

Investing in intelligent, technology driven marketing and payments platform for licensing to **massive** market of local businesses



Massive addressable market of digital upgrade and greenfields opportunities

FROST & SULLIVAN

Independent Industry Report on the Digital Consumer Engagement Market June 14

Up to 200,000 SMEs in sectors where rewards programs are common

60,000 to 80,000 migration opportunity

30%-40% estimated by Frost & Sullivan to be currently operating some form of individual rewards programme

120,000 to 140,000 greenfield opportunity

60%-40% estimated by Frost & Sullivan as yet to implement a retention marketing program

The Company is not endorsed or affiliated with the above brands in anyway

Market opportunity

Trends identified in IBM and PwC industry reports support Rewardle's investment thesis that local businesses will adopt intelligent digital platforms

IBM 5in5 Predictions 2013 - Buying local will beat online*

"In five years, local stores will merge digital with the instant gratification of physical retail to offer a more immersive and personalized shopping experience."

Sima Nadler - IBM researcher

PwC - The rise of the 'connected store' gives physical retail a future – November 2014**

Similarly, investment in traditional marketing could be re-directed to data analysis to create customised offers, inventory and experiences that are matched to the preferences of consumers at a local, store-by-store level.

"With uptake of digital mobile technology, Australian consumers are now 'always on'"

John Riccio - PwC's Digital Change leader

*Source : <http://www.ibmbigdatahub.com/video/buy-local-five-future-technology-predictions-ibm>

**Source: <http://www.pwc.com.au/media-centre/2014/connected-curated-retail-nov14.htm>

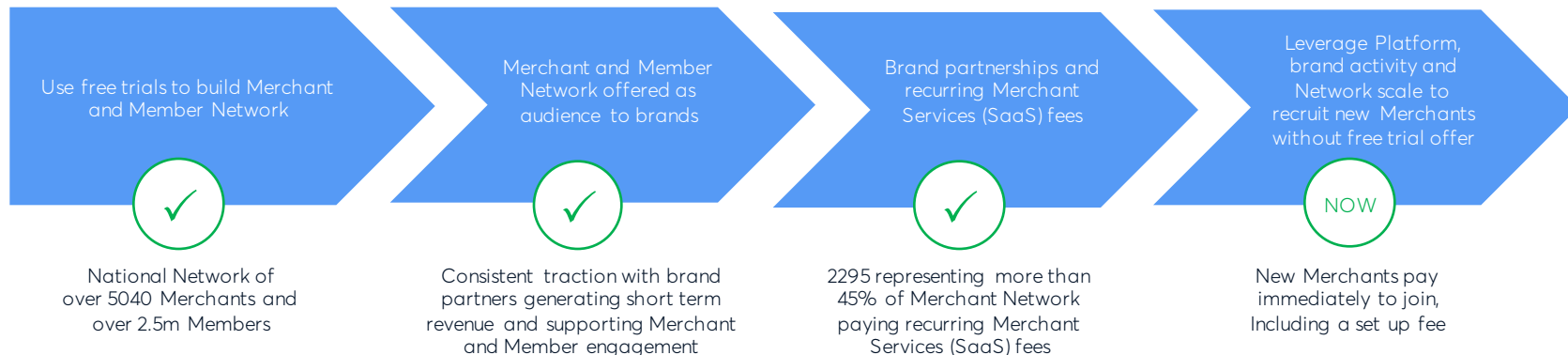
Executing on strategy

Set to benefit from investment in establishing early mover advantage and network effect

STRATEGY



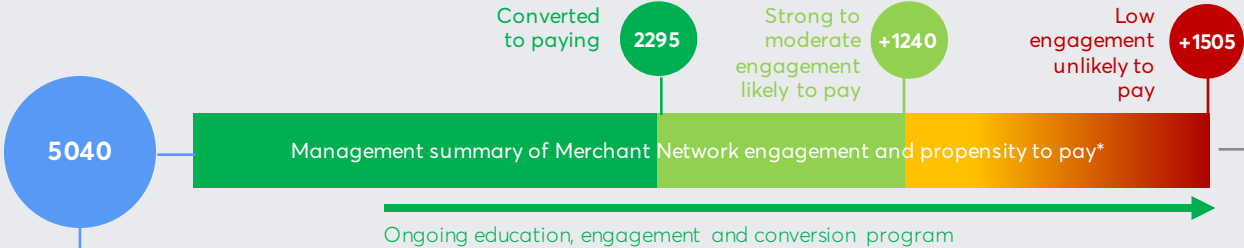
EXECUTION



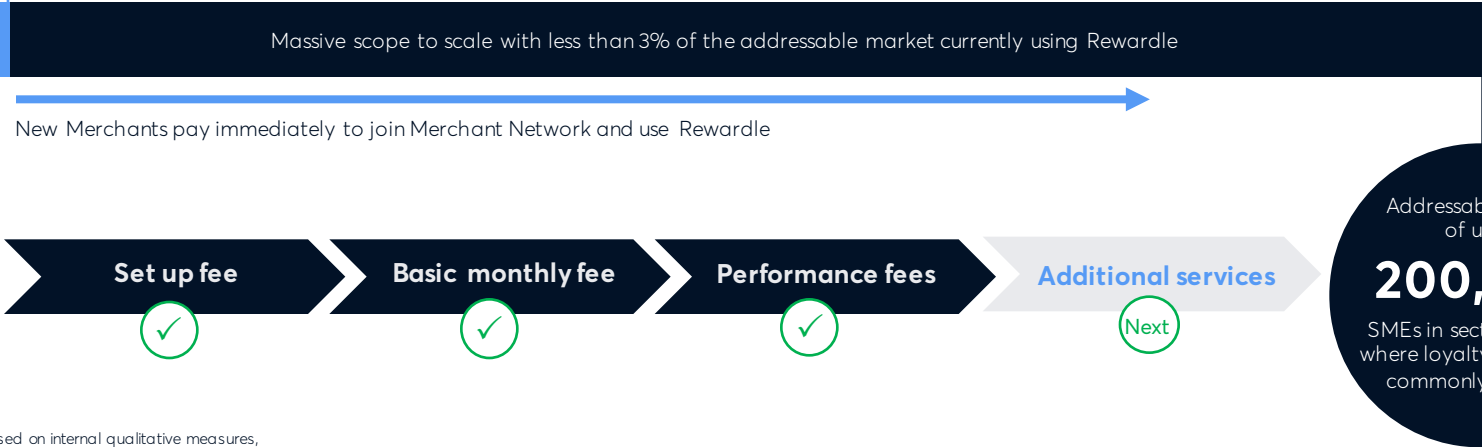
Revenue model: recurring Merchant services (SaaS) fees

Merchant services (SaaS) program building through conversion and new acquisition

ESTABLISH NETWORK



GROW NETWORK

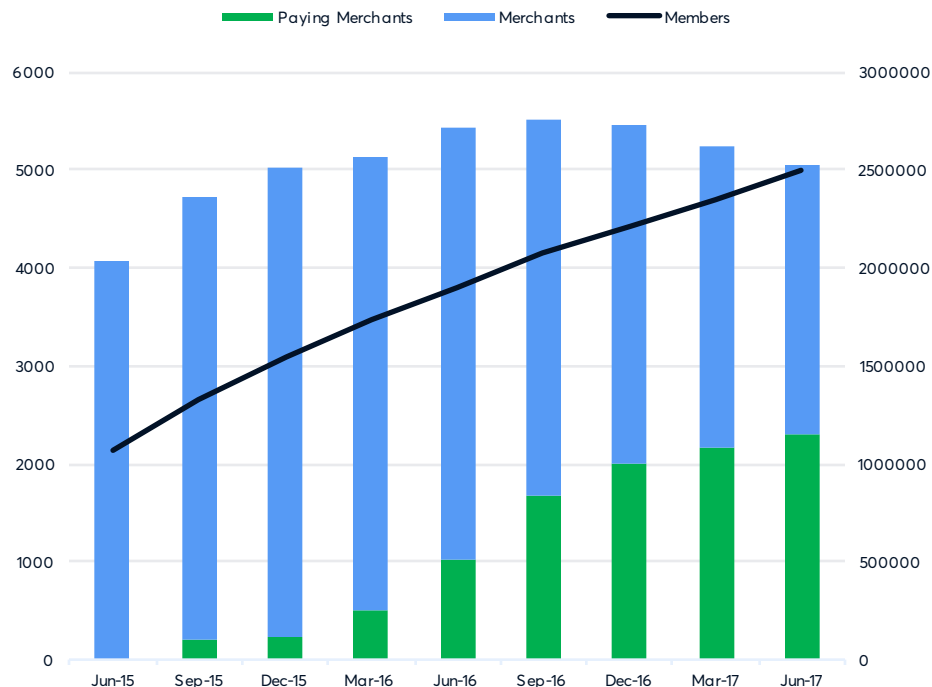


*Estimate as at 30 June 2017 based on internal qualitative measures,

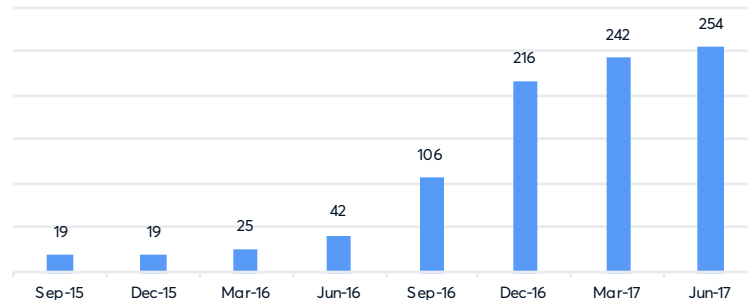
Merchant services (SaaS) progress overview

Current trends set to continue with additional revenue expected from new streams

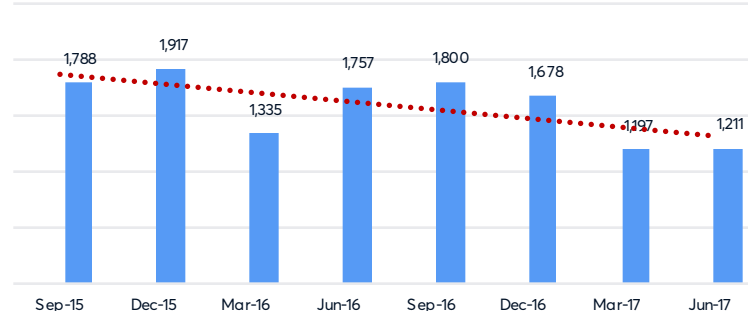
Merchant and Member Network Development



Qtrly SaaS revenue (\$'000)*



Qtrly operating expenses (\$'000)*



*Approximate values based on unaudited management accounts. Qtrly SaaS Revenue excludes bad debt provisions.

Board and Management

Transition to hands on commercialisation team

As announced to the ASX on 30th May 2017, as part of Rewardle's development progression from strategic network growth to commercialisation, the Company's Board was re-aligned for the demands of this phase of growth.

Rewardle founder and Managing Director, Ruwan Weerasooriya assumed the role of Executive Chair, joined by David Niall as an Executive Director and Peter Pawlowitsch as an Independent Non-Executive Director. Key terms and commentary relating to the appointment of new Directors is outlined below:

David Niall – Executive Director (Appointed May 2017)

David Niall has a BSc (Hons) and holds a Master of Business Administration from Harvard Business School. Formerly an executive at Telstra, he has deep knowledge of the mobiles industry with extensive experience in developing and launching innovative products. He has extensive experience driving implementation of complex strategic programs across telecommunications, technology and management consulting industries. David has been consulting to Rewardle with respect to strategy and implementation over recent months and will increase his engagement with the business in his role as an Executive Director.

Key terms of employment subject to formal approval as follows:

- \$120,000 PA plus Superannuation
- Notice period of 6 months
- Devote approximately 70% of time to the Company

Peter Pawlowitsch – Non-Executive (Appointed May 2017)

Peter Pawlowitsch is Certified Practising Accountant, holds a Master of Business Administration and is an experienced public company director and investor in the technology sector. He is currently chairman of ASX-listed technology companies Dubber Corporation Ltd and Novatti Group Ltd.

Working capital management

Funding strategic goals for FY18

Key strategic goals

Management has substantially reduced operating costs while maintaining business development capability as demonstrated by consistently developing Merchant Services (SaaS) fees and Brand Partnership income. During FY18 management remains focussed on aligning operational costs with revenue generation and balancing operating costs against closely monitored revenue targets. Key management goals and an operating budget for FY18 has been approved by the Board and execution will be funded as outlined below.

Appendix 4c: The quarterly cash flow ending 30 June 2017 has been lodged. The strategies implemented by the board to fund the business through the next phase are as follows:

1. Capital Raising: The Company is in the process of finalising key terms and conditions for a capital raising. Details of the planned raising are to be announced shortly.

2. Directors Loan: To ensure adequate working capital for day to day operations while the Capital Raising process is finalised the Company has established a loan facility with Executive Chair, Ruwan Weerasooriya, on the following key terms:

- Up to \$400,000
- Unsecured
- Fee and interest free
- To be repaid from capital raising

3. R&D tax rebate: The Company anticipates receiving a rebate for activities undertaken in FY17 under the Federal Government's Research and Development (R&D) Tax Incentive program. The R&D claim will be prepared following the completion of the FY17 audit process.

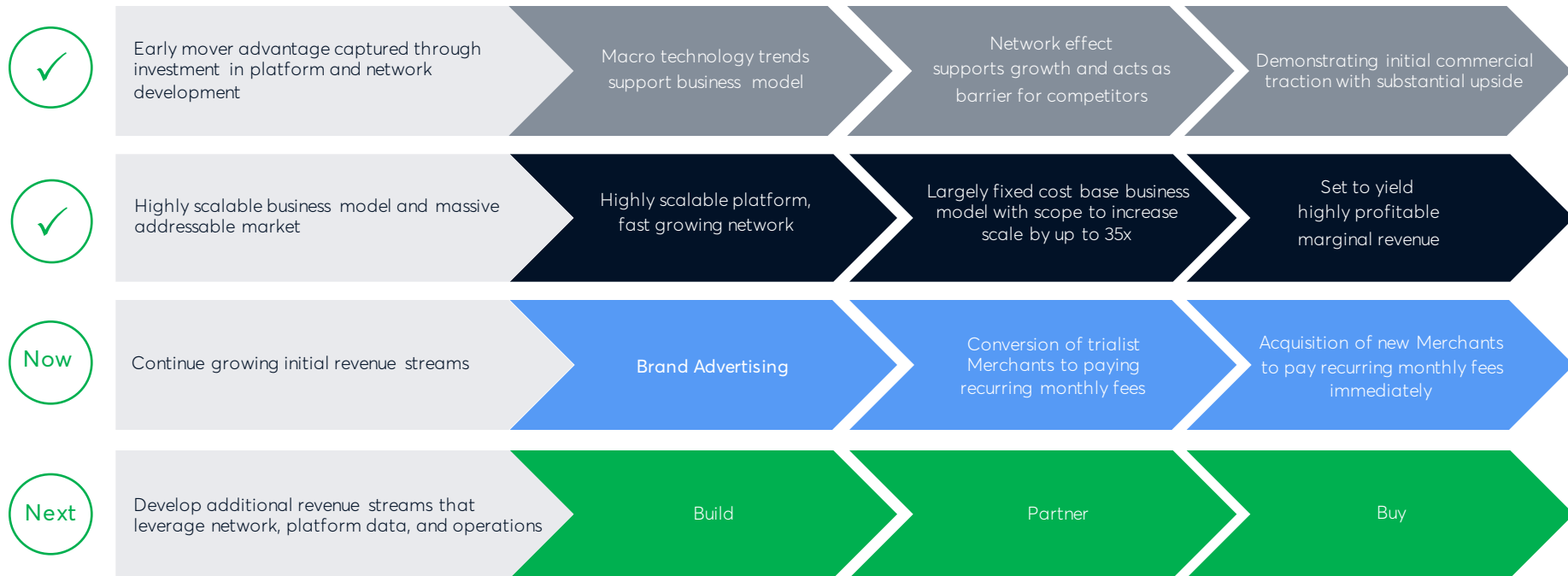
4. Staff Equity for Salary Scheme: The Board has approved the implementation of a Staff Equity for Salary scheme which is in the process of being formally documented. The intention of the Scheme is to reduce operating cash outflow while also providing an equity incentive to staff. Key aspects of the scheme are as follows:

- Staff to be invited to accept fully paid ordinary shares in RXH as after tax component of salary
- 20% premium offered on the salary component paid in shares
- Price of shares to be issued under the scheme to be based on 30 VWAP at time of accrual
- Shares to be accrued monthly and issued quarterly
- Adoption of Staff Equity for Salary Scheme will be subject to shareholder approval at AGM
- Management retains discretion to restrict or terminate participation of staff in the Scheme

Next steps

Grow network, grow existing revenue streams, add and grow new revenue streams

Having established critical mass, commercial traction is set to accelerate as existing revenue streams grow and new opportunities are developed



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Thankyou, questions?

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