

Shares:	327,642,540	Merchants (as at 31 Dec 2017):	4,889
Market cap (@ \$0.015):	\$4.91m (Approx)	Members (as at 31 Dec 2017):	2,750,984
Cash (as at 31 Dec 2017):	\$0.26m (Approx)	Check-ins (as at 31 Dec 2017):	54.2m

December Quarterly Operational and Cash Flow Update

Key highlights

- **Continued operational improvements delivered 19.5% reduction in cash burn in December vs September Quarter.**
- **Beta-testing of universal points functionality demonstrated potential for monetisation of Rewardle membership base.**
- **8.9% reduction in cash operating costs with 16.9% reduction in staff cash costs quarter on quarter.**
- **Quarterly cash inflows increased 32% from Paying Merchants and consistent advertising revenue from Brand Partnerships.**
- **Finalising lodgement of FY2017 Federal Government's Research and Development (R&D) Tax Incentive claim. Rebate expected to be received during the March Quarter.**

Commenting on the quarterly activities, Rewardle founder and Executive Chairman, Ruwan Weerasooriya, said;

"We have continued to see improvement in our cash flow from operations through a combination of increased revenue and reduction in operating expenses".

"Our paying merchant base of 2,224 Merchants continues to value the Rewardle Platform for managing their Loyalty and Rewards programs and provides the foundation for our revenue growth."

"We continue to focus on improving the efficiency of our team in growing our existing revenue streams through improved marketing capabilities and development of new sales initiatives."

"Valuable feedback from our beta-users is assisting with our development of new revenue streams based on our large, engaged and growing membership base."

"We are committed to operating within our tight cash budgets, whilst continuing the cash improvements in our commercial operations."

Network summary

	Merchants	Members	Check-ins	Prepaid Added	Prepaid Used	Prepaid Held
As at 31 Dec 2017	4,889	2,750,984	54,219,835	\$6,833,589	\$5,564,140	\$1,269,449

Operational Update

Management introduced a new CRM system which is delivering operational improvements and improved marketing effectiveness through our sales and field support teams. The CRM system also provides a pathway to expand sales partner channels to achieve lower Merchant acquisition costs and improved service costs. Initial discussions have been held with partners in the Charities and Not for Profit sector and with Direct Sales organisations.

A review of hardware strategy has led to the establishment of commercial arrangements with two top tier telecommunications companies. These arrangements deliver joint benefits of enabling online access for all new Rewardle devices while also reducing the upfront capital investment in hardware. This operational change to provide "always on" devices improves the real-time marketing capability of Rewardle for Merchants while also improving the historical economics of acquiring and servicing customers.

During the December Quarter Brand Partnerships with Suncorp, Mastercard and Commbank were successfully delivered. Cash receipts for this activity are due in the March Quarter. During the December Quarter new campaigns for Commbank and energy drink Carabao were booked, these are being implemented during the March Quarter along with initial activity from Pioneer Credit.

Management continues to manage a pipeline of partnership opportunities from organisations looking to access Rewardle's substantial network and transactional data set and the Company continues to invest in enhancing the functionality and features on the Rewardle Platform.

The Company extended the reach of ongoing beta user test and learn trials utilising Rewardle's universal point currency. Feedback from the trials continues to be encouraging and feeds directly into new product development to enhance the user experience and value proposition. Continued roll-out of this program is a priority of Management leading in the second half of FY18.

Working capital management

During the December Quarter, Management achieved working capital improvements consistent with its internal operating budget.

Management has delivered on growing cash receipts while reducing operating costs and is committed to maintaining this momentum towards cash positive operations.

As at 31 December, the Company's cash on hand was lower than anticipated primarily due to delays in preparation of FY2017 Federal Government's Research and Development (R&D) Tax Incentive claim. The claim is expected to be submitted in coming weeks and funds received during the March quarter. The Company will update the market in coming weeks upon submission of the FY17 R&D claim and receipt of funds.

The Company anticipates sufficient working capital to meet its operational budget objectives for FY18 based upon the following:

- Existing commercial operations and planned initiatives
- Initial partnership payment was received from Pioneer Credit in January (see ASX announcement 4th April 2017: Strategic Partnership with Pioneer Credit)
- Record operational monthly cash receipts achieved in January 2018 of almost \$600,000
- Receipt of FY17 R&D Tax Incentive rebate during March quarter
- Access to an undrawn Directors loan on favourable terms to the Company

The board is regularly reviewing operating budgets and strategy taking into consideration a variety of commercial and corporate scenarios and opportunities.

About Rewardle Holdings Limited

Rewardle connects over 2.7 million Members with approximately 5,000 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.

For more information please contact:

Ruwan Weerasooriya (Founder and Managing Director)

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Rewardle Holdings Limited

ABN

37 168 751 746

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	367	645
1.2 Payments for		
(a) research and development	-	(1)
(b) product manufacturing and operating costs	(482)	(953)
(c) advertising and marketing	(6)	(20)
(d) leased assets	-	-
(e) staff costs	(647)	(1,426)
(f) administration and corporate costs	(97)	(185)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(865)	(1,939)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(14)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	(44)	(44)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	2	2
2.6 Net cash from / (used in) investing activities	(42)	(56)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	62	2,083
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(43)
3.5 Proceeds from borrowings	-	200
3.6 Repayment of borrowings	-	(200)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	62	2,040

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,103	213
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(865)	(1,939)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(42)	(56)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	62	2,040

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	258	258

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	258	1,103
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	258	1,103

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

79

-

Director fees, salaries and travel reimbursements

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	400	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Executive Chairman, Ruwan Weerasooriya has offered the Group an unsecured, non-recourse facility for \$400k that can be drawn down at any time. The facility is interest free and repayable at the Company's discretion.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(364)
9.3 Advertising and marketing	(10)
9.4 Leased assets	-
9.5 Staff costs	(625)
9.6 Administration and corporate costs	(100)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,100)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: ..31 January 2018

Print name: ..Ian Hobson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.