

Shares:	338.36m	Merchants (as at 30 Sept 2018):	5,040
Market cap (@ \$0.005):	\$1.69m (Approx)	Members (as at 30 Sept 2018):	3,039,786
Cash (as at 30 Sep 2018):	\$0.61m (Approx)	Check-ins (as at 30 Sept 2018):	62,808,941

September Quarterly Operational and Cash Flow Update

Key highlights

- **Management remains focussed on growing cash receipts while reducing operating costs to guide the business towards cashflow positive operations.**
- **39% YoY increase in cash receipts from Merchant Services Fees (SaaS) - excluding one-off adjustment of \$165k for return of prepayment to enterprise client (see commentary for further detail).**
- **Operating costs increased due to the timing impact of approximately \$250k worth of transactions during the period (see commentary for further detail).**
- **Ongoing baseline cash used for operating and investing activity has been reduced through organisational efficiency and will become more apparent in future periods where the impact of transaction timing is less pronounced.**
- **\$1.08m in Federal Government’s Research and Development (R&D) Tax Incentive program was received.**
- **The board is regularly reviewing operating budgets and strategy taking into consideration a variety of commercial and corporate scenarios and opportunities.**

Commenting on the Company’s activities during the September quarter, Rewardle founder and Executive Chairman, Ruwan Weerasooriya, said;

“While our cashflow for the period was impacted by the one off repayment and timing events we are pleased with our progress towards cashflow breakeven operations.”

“Our focus on improving our organisational efficiency has resulted in substantially improved economics of new merchant acquisition and servicing while also reducing our ongoing operating costs.”

“We are confident that the lower cost base we have established will be maintained for coming periods whilst delivering improved sales performance, account service and user satisfaction.”

“Management priorities moving forward are improving the consistency of merchant services sales performance, growing our brand partnership income and developing new revenue opportunities by leveraging our Platform and substantial merchant and member network.”

“We remain committed to working to tight budgets and managing our working capital by balancing operating costs against closely monitored revenue generation targets.”

Cash Receipts

On 27 September 2018, \$165,000 was returned to an enterprise client that had initially paid Rewardle in advance of installation activities. The client has indicated ongoing support for the project and the Company will invoice the client progressively as fees become due. The repayment has reduced Customer Receipts for the period by \$165,000.

After the adjustment outlined above, Customer Receipts for the period were \$386,726, representing a 39% increase YoY and 7% higher than the June quarter.

During the quarter the Company's R&D refund claim of \$1,088,252 under the Federal Government's Research and Development (R&D) Tax Incentive program was processed and funds received. The payment provides Rewardle with additional working capital to support ongoing research projects and monetisation of the Company's substantial network consisting of thousands of local Merchants and over 3m Members.

Operational Improvements

Higher operating cash expenses in the September quarter were due to the timing impact of approximately \$250k in transactions that are not expected to re-occur in the same manner:

- Accrued PAYG expenses
- Supplier Pre-Payments
- Consulting fees and corporate overheads

Organisational efficiency continued to improve with further cost reductions implemented that will provide a stronger pathway into cash positive operations in future periods.

Development of existing and new revenue streams

Improving the consistency of merchant services sales performance remains a key management focus. During the quarter ongoing iteration with respect to the merchant proposition was conducted including the development of new features and functionality. This process continues to create new revenue opportunities and improved merchant satisfaction with the Rewardle product offerings.

During the quarter management reinitiated the development of Brand Partnership opportunities. As historically demonstrated, brand partnerships can make a significant contribution to Rewardle's income however are more transactional and less predictable than the recurring Merchant Services fees (SaaS).

A number of commercial partnership opportunities are also being explored that deliver new revenue streams by leveraging the Rewardle Platform and Network.

The Company is continuing to invest in the development of new functionality and features of the Rewardle Platform. This investment incorporates our R&D initiatives and beta-testing of our universal points which support short term commercialisation opportunities and longer term strategic goals.

Working capital management

On 31 March 2018, Mr Ruwan Weerasooriya provided a \$900,000 unsecured, fee and interest free loan facility to Rewardle Pty Ltd to become repayable in full within 21 days of the Company receiving FY18 R&D rebate.

The FY18 R&D rebate has been received and \$831,209 drawn down on this facility became payable to Mr. Weerasooriya on 9th October 2018. The due date for this amount has been extended by mutual agreement.

The Company is confident that it will have sufficient working capital to meet its budget objectives for FY19 based upon:

- Demonstrated progress in commercialisation with growing cash receipts against falling costs.
- Improved cashflow associated with Merchant acquisition
- Active development of Brand Partnership opportunities
- Active development of commercial partnership opportunities
- Being able to raise capital as equity through a Rights Issue or Placement
- Access to Director 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 3 million Members with around 5,000 local businesses across 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")

30 September 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		221	221
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(547)	(547)
(c) advertising and marketing		(1)	(1)
(d) leased assets		-	-
(e) staff costs		(662)	(662)
(f) administration and corporate costs		(108)	(108)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		1,088	1,088
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(9)	(9)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		-	-
(b) businesses (see item 10)		-	-
(c) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	53	53
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	-	-
3.5	Proceeds from borrowings	500	500
3.6	Repayment of borrowings	-	-
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	553	553

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	65	65
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9)	(9)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	553	553

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	609	609

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	609	65
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)	609	65

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**

47

-

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**

-

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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)	900	831
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 provided the Group an unsecured, fee and interest free and non-recourse facility of \$900k. \$500k has been drawn down as a loan to support working capital requirements and \$331k has been drawn down against unpaid salary and Director's Fees. The amounts drawn down on this facility became payable to Mr.Weerasooriya on 9th October 2018 but repayment has been extended by mutual agreement.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	0
9.2 Product manufacturing and operating costs	413
9.3 Advertising and marketing	0
9.4 Leased assets	0
9.5 Staff costs	428
9.6 Administration and corporate costs	67
9.7 Other (provide details if material)	0
9.8 Total estimated cash outflows	908

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 October 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.