

Shares:	526.32m	Merchants (as at 31 Mar 2019):	4,941
Market cap (@ \$0.002):	\$1.05m (Approx)	Members (as at 31 Mar 2019):	3,176,213
Cash (as at 31 March 2019):	\$0.12m (Approx)	Check-ins (as at 31 Mar 2019):	67,443,119

March Quarterly Operational and Cash Flow Update

Key highlights

- **Management focus on growing cash receipts while reducing operating costs delivered first month of positive operating cash flow during the March quarter.**
- **Successfully developing a new revenue stream through sales of a new, high margin, digital marketing service for local businesses.**
- **48% reduction in QoQ operating cash outflows with further cost reductions being implemented over the June and September quarters.**
- **Consistent brand partnership activity expected to start growing as result of engaging new, low risk/cost business development channels.**
- **Partnership strategy being developed to leverage the Company's operations.**
- **The board is continuing to review operating budgets and strategy taking into consideration a variety of commercial and corporate scenarios and opportunities.**

Commenting on the Company's activities during the March Quarter, Rewardle founder and Executive Chairman, Ruwan Weerasooriya, said;

"Once again, we are pleased to demonstrate the improving organisational efficiency through growing cash receipts while significantly reducing operating cash outflow during the March quarter."

"Delivering our first month of positive cash flow operations has energised and focussed the team on our next goal, which is to deliver a full quarter of positive cash flow."

"We intend to further reduce costs and 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 remain improving the consistency of merchant services sales performance, growing our brand partnership income and developing new revenue and corporate opportunities that leverage our existing operations."

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

Strong reduction in QoQ cash outflow delivers first month of breakeven operations

As previously reported, the sustained management focus over the past 18 months to improve efficiency and commercialise Rewardle's substantial network of local businesses and members has been delivering substantial reductions in quarterly cash outflow.

During the March quarter this trend continued with QoQ cash outflow from operations being reduced by 48% from \$369k to \$195k as management continued to focus on growing cash receipts while reducing operating costs.

The Company is pleased to advise that as a result of the substantially reduced operating cost base and sales activity ramping up out of the seasonally slow December/January period, the month of March was operationally cash flow breakeven.

Management considers the month of March performance to be a significant milestone that has significantly energised and focussed the team on delivering the next milestone, a full quarter of positive operating cash flow.

Management is confident that the recent trend of growing cash receipts will continue on the back of improved sales processes and additional products.

In addition to the substantially lower cost base delivered during the March quarter, further cost reductions have been identified that are expected to deliver further reductions in operating costs over the June and September quarters. These additional cost reductions will support management in delivering consistent cash flow breakeven operations in the future.

While operational fluctuations are to be expected, the Company is cautiously optimistic the business can continue to grow cash receipts while maintaining the significantly lower operating cost base that is being established.

Successfully launched a new high margin, Local Business Listings product

Rewardle's merchant prospect database, built through the Company's significant investment over many years of field based sales activity, consists of over 200,000 local businesses that are suited to the services offered by Rewardle.

Over the past 12 months the Company has been experimenting with a number of initiatives to support local businesses with local area marketing services.

The insight gathered over various iterations has led to the development of a "Local Business Listings" feature within the Rewardle app that compliments the customary social media and online advertising undertaken by local businesses.

Rewardle's "Local Business Listings" are a high margin, digital marketing product line that can be sold independently or in combination with the existing membership, points, rewards and payments offering.

Importantly, the sales process for Local Business Listings leverages the existing platform infrastructure, CRM systems and data, sales resources and team capability already incumbent in the Company's operations. This allows the Company to generate new revenue without incurring any significant increase in operating costs.

Sales of Local Business Listings began at the end of February and contributed to March's cash flow breakeven performance. During the current quarter the sales performance is steadily improving as the team becomes more familiar with the product and minor adjustments are made to the product proposition and pricing.

Management is confident that there is potential to build on the early success of the Local Business Listings product to deliver a new, reliable stream of high margin revenue without increasing the current operating cost base.

Successfully launched a new high margin, Local Business Listings product ... (cont.)

In addition to scaling up sales with in-house resources, the Company is exploring options to outsource lead generation and/or sales of Local Business Listings to specialist sales organisations on a contract or commission basis such that growth may be delivered in an entirely cash flow positive manner.

The local business listings feature is progressively being released to members inline with the Company's geographically targeted sales approach.

Consistent Brand Partnership activity continues during March quarter

During the March quarter the Company undertook a preliminary test and learn campaign with Macquarie Bank to promote home loans to Rewardle members.

As Rewardle is a relatively new marketing channel for the category, the initial phase of the campaign was undertaken on a test and learn basis to allow the parties to collaborate towards developing a long term, always on advertising partnership.

The initial phase of the campaign concluded at the start of March and while the immediate results were moderate, it provided the parties with valuable insight. In collaboration with the client, Rewardle has been developing a second phase of the campaign that incorporates key learnings to improve performance.

Payment for the initial phase was received in the current quarter and the second phase of the campaign is expected to launch in coming weeks. Management is confident that the revised approach will improve performance and a long term, always on advertising partnership can be developed with the client.

During the current quarter Rewardle has also undertaken campaigns for Sunny Queen Farms and Virgin Wines. The Company is also finalising a campaign for RedBalloon which is expected to launch in coming days.

While the Sunny Queen Farms campaign was once off B2B campaign to promote a new product into the café sector, the campaigns with Virgin Wines and RedBalloon are based on discussions with these organisations to explore broader, always on partnership opportunities and are following a test and learn, collaborative path similar to the Macquarie Bank opportunity.

Opportunities to cost effectively grow brand advertising revenue being developed

The development of consistent, high margin brand advertising revenue is a key factor in the Company achieving its goal of consistently delivering positive quarterly cash flow from operations.

Management is exploring a number of methods to develop a new, low financial risk structure such that Rewardle can leverage the scale of its market leading merchant and member network to generate substantial, consistent, high margin digital advertising income.

As previously outlined, unlike the predictable nature of recurring Merchants Services (SaaS) fees, Brand Partnership (advertising) revenue is typically based on once off transactions. As such, the development of a successful display advertising business requires consistent market development to uncover, respond and secure new brand advertising opportunities.

While the Company has demonstrated consistent Brand Partnership revenue on an annualised basis, this has not typically been delivered through consistent monthly contributions.

As demonstrated in previous quarters, when focused resources are applied to pursuing Brand Partnerships, Rewardle's market leading network scale can be leveraged to generate significant, high margin revenue for the Company.

Opportunities to cost effectively grow brand advertising revenue being developed ... (cont.)

During the March quarter the Company enlisted an experienced media professional to assist with sales of the Company's high margin brand advertising opportunities on a commission only basis.

The process for developing consistent brand advertising opportunities was expected to require at least one to two quarters of consistent servicing to appropriately engage with the media briefing and booking process and as anticipated the initial opportunities from recent efforts are starting to emerge.

In addition to engaging an experienced media sales professional on a commission only basis to promote and sell Rewardle's advertising inventory, the Company is also engaged in exploratory discussions with a number of emerging media inventory marketplaces.

Media marketplaces are emerging in response to the growing digitisation of the media inventory and the availability of data for audience targeting.

The significant scale of Rewardle's merchant and member network coupled with the platforms rich proprietary data set is highly appealing to start-up media marketplaces seeking to establish critical mass to attract media buyers and brands to transact on their platform.

As part of these discussions the Company is considering the potential for Rewardle to spin out is substantial and growing media inventory as the cornerstone supplier for a start-up media marketplace in return for equity.

At present, only informal discussions have been undertaken with potential partners and no formal documentation has been prepared. The Company will provide updates in the event that these discussions progress sufficiently to be considered material.

Development of partnership opportunities that leverage the Company's operations

The Company has identified that Rewardle's proprietary technology, data, operations and corporate infrastructure can be leveraged to support the objectives of complimentary businesses with minor operational disruption or incremental cost.

As such, the Company is developing a pipeline of partnership opportunities based on earning equity in return for the provision of the following services:

- Marketing/advertising
- Software Licensing and/or development
- Telephone and field sales
- 1st tier customer service
- Corporate strategy and fundraising

While transactions that progress in this manner are not expected to deliver short term cash flow contributions. The development of these opportunities aligns with the long term strategic objectives of the Company.

At present, only informal discussions have been undertaken with potential partners and no formal documentation has been prepared. The Company will provide updates with respect to progress of transactions as appropriate.

Working capital management

Based on the recent improvements in cash flow performance, the Company is confident that it will have sufficient working capital to meet its budget objectives for FY19 and beyond based upon:

- Demonstrated ability to operate on a monthly, cash flow breakeven basis.
- Successful launch and improving sales of new Merchant Services (SaaS) revenue stream - Local Business Listings
- Current and prospective Brand Partnership opportunities
- Further planned cost reductions
- Development of new revenue and partnership opportunities
- Preparing and receiving FY19 R&D rebate

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")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	335	815
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(201)	(1,033)
(c) advertising and marketing	(2)	(10)
(d) leased assets	-	-
(e) staff costs	(263)	(1,211)
(f) administration and corporate costs	(64)	(205)
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
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(195)	(520)

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 (9 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	-	95 ^a
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	(4)	(21)
3.5	Proceeds from borrowings	-	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	(4)	574

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	318	65
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(195)	(520)

^a Year to date proceeds from issues of shares restated based the half year financial report as at 31 December 2018. The corresponding effect of 53k adjustment taken to staff cost.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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)	(4)	574
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	119	119

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	119	318
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)	119	318

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

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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

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8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

- 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.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	170
9.3 Advertising and marketing	1
9.4 Leased assets	-
9.5 Staff costs	250
9.6 Administration and corporate costs	30
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	451

The above estimated cash outflows for the next quarter does not take into consideration any cash inflows from the normal course of business.

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

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



Sign here:
(Company secretary)

Date: 30 April 2019

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.