

Shares:	526.32m	Merchants (as at 30 Sept 2019):	4,800
Market cap (@ \$0.003):	\$1.58m (Approx)	Members (as at 30 Sept 2019):	3,290,255
Cash (as at 30 Sept 2019):	\$0.15m (Approx)	Check-ins (as at 30 Sept 2019):	72,093,628

# September Quarterly Operational and Cash Flow Update

## Key highlights

- **Management remains focussed on reducing operating costs along with developing existing and new revenue streams.**
- **Key challenge of sales performance consistency across Merchant Services and Brand Partnerships being addressed through iterations of sales process and product proposition.**
- **Partnership strategy continuing to develop with addition of SportsPass and Beanhunter to portfolio along with Pepperleaf.**
- **\$805,727 received under the Federal Government's Research and Development (R&D) Tax Incentive program for FY19 expenditure.**
- **Radium Capital R&D loan of \$596,818 plus associated interest along with Directors loans of \$250,000 have been repaid.**
- **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 September Quarter, Rewardle founder and Executive Chairman, Ruwan Weerasooriya, said;

"Having substantially reduced our underlying operating costs our key challenge remains cost effectively developing existing and new revenue streams."

"We are continuing to iterate our approach to commercialising our network of merchants and members. Our ongoing investment in research and development to extend the capabilities of the Rewardle Platform is creating unique propositions for commercial partners."

"While management of our sales performance is clearly challenging, we remain confident that we can iterate our process and proposition to achieve the performance levels required to deliver consistent cash flow positive operations."

"In addition to our core operations, we are developing a portfolio of partnerships opportunities based on earning equity in return for the provision of services. Our partnerships are structured to leverage the scale of Rewardle's network and operational resources to unlock value for us and our partners."

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

## **Management continuing to focus on growing revenue while managing reduced operating costs:**

The sustained management focus on reducing operating costs has substantially reduced the underlying operating costs of the business. These cost reductions will support management in delivering consistent cash flow breakeven operations in the future.

To support the development of existing and new revenue streams the Company is continuing to invest in research and development to extend the capabilities of the Rewardle Platform and develop unique commercial propositions.

While clearly challenging, management is confident that by continuing to iterate on the process and proposition associated with the Merchant Services and Brand Partnership revenue streams the required sales performance improvements can be achieved to deliver consistent cash flow positive operations.

## **Partnership with SportsPass:**

As part of the Company's strategy to leverage its operations, a strategic partnership was established with SportsPass, a small, profitable Melbourne based business that provides rewards and benefits programs to sporting groups.

Under the partnership, Rewardle will prepare a customised version of the Rewardle Platform for SportsPass to exclusively promote and sell to community sporting groups. Rewardle will be compensated for the provision of services through a combination of equity (options) and fees for service (cash).

### **SportsPass overview:**

Founded in 2015, SportsPass is operated by founder Chris Coleman who has developed a comprehensive understanding of Australia's sports landscape along with an extensive commercial network in the sports sector.

To date, SportsPass has worked with over 80 state sporting associations that represent over 5,000 clubs and over 1,000,000 participants.

While SportsPass has made progress in partnering with sporting codes and clubs, the business has suffered from being undercapitalised. The lack of resources has limited its technical, operational and commercial execution capabilities.

While initially launched as a web based offering for sporting codes and clubs, SportsPass has identified that upgrading to a mobile centric solution is better aligned to needs of stakeholders.

### **Rewardle X SportsPass partnership overview:**

Under the partnership, Rewardle and SportsPass will work together to customise the Rewardle Platform to allow SportsPass to deliver a market leading, mobile first membership, rewards and benefits solution to sporting groups around Australia.

In addition, Rewardle will provide comprehensive operational support to Chris and SportsPass to support aggressively growing the business.

In upgrading to a mobile first engagement model and with back office services being provided by Rewardle, the parties expect SportsPass will quickly unlock a range of new commercial opportunities.

## Partnership with Beanhunter:

As part of the Company's strategy to leverage its operations, a strategic partnership was established with Beanhunter, Australia's leading online community for independent cafes and coffee lovers.

Under the partnership Rewardle will leverage its operations to support reducing the operating costs of Beanhunter and growing Beanhunter's current revenue streams. Rewardle will be compensated for the provision of services through a combination of equity (options) and fees for service (cash).

### Beanhunter overview:

Beanhunter was founded by James Crawford, Al Ramsay and Adam Lowe in 2009 and operates from Melbourne, Australia's coffee capital.

Through the Beanhunter website ([www.beanhunter.com](http://www.beanhunter.com)) and mobile app coffee lovers can discover great independent cafés and share their coffee experiences. Beanhunter uses crowd sourced ratings and reviews to help users find great new coffee experiences. For cafés, Beanhunter provides a specialist platform to reach coffee lovers and attract new customers.

Beanhunter currently lists over 33,000 operating cafes, approximately 200,000 reviews and attracts over 200,000 user sessions a month across its website and mobile apps.

Beanhunter's online directory and mobile app have become a top destination for coffee aficionados and coffee lovers around the world to find and share great coffee. The website and app has been featured in the mainstream and startup press including The Age, Sydney Morning Herald, Mashable, Lifehacker, Anthill, StartupDaily and SmartCompany.

Beanhunter currently commercialises its community through a combination of advertising and e-commerce:

- **Banner Advertising:**

Banner advertising is sold across the Beanhunter.com and Coffeejobs.com websites.

- **Café and hospitality recruiting:**

In October 2014 Beanhunter acquired CoffeeJobs.com, a leading café and hospitality jobs board that sells job ad packages to cafes and restaurants that are seeking to recruit new staff.

- **E-commerce:**

In October 2015 Beanhunter launched the Beanhunter Coffee Club, a coffee subscription service delivering coffee from a featured specialty coffee roaster to members' doorsteps every month.

- **Business listings:**

Launched in January 2017, cafes can pay a small monthly fee to claim ownership of their business profile on the Beanhunter Directory and engage with Beanhunter users to attract new customers and grow their business.

### Rewardle x Beanhunter partnership overview:

Rewardle's operations are highly complimentary to those of Beanhunter. Under the partnership Rewardle will leverage its operations to support reducing the operating costs of Beanhunter and growing Beanhunter's current revenue streams as follows:

- **Banner Advertising:**

Beanhunter currently derives the majority of its banner advertising income from low yield programmatic advertising. Rewardle will include Beanhunter in its brand advertising sales process and seek to develop higher yielding direct advertising partnerships.

## Rewardle x Beanhunter partnership overview... (cont.)

- Café and hospitality recruiting:

In conjunction with Joralocal, a subsidiary of Seek (ASX:SEK), Rewardle has previously conducted extensive market research into the recruiting needs and pain points of local businesses. Rewardle believes an opportunity exists to innovate CoffeeJobs.com into a market leading recruitment platform for local businesses.

- E-commerce:

Rewardle operates CoffeeScout, a coffee subscription service, as a test and learn brand. Consolidating the back office operations associated with fulfilment for CoffeeScout and the Beanhunter Coffee Club will result in operating efficiencies and cost reductions for both services.

- Business listings:

Rewardle has significant experience in the sale of online and in app business listings to local businesses and will apply its sales resources to growing the Beanhunter café listings revenue stream.

## Ongoing development of partnership opportunities that leverage the Company's operations:

SportsPass and Beanhunter form a portfolio with the previously established partnership with PepperLeaf, a profitable, Australian owned and operated subscription-based meal kit delivery service based in Melbourne.

As previously outlined, 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
- 1<sup>st</sup> 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.

The Company is developing a pipeline of partnership opportunities and will provide updates with respect to progress of partnership transactions as appropriate.

## FY 19 R&D financing facility with Radium Capital and refund receipt

During the September quarter the Company established a financing facility for its FY19 R&D activity with specialist R&D lender Radium Capital (Radium) and received \$596,818.

The R&D Tax Incentive is an Australian Government scheme which supports investment in innovation under which companies receive cash refunds for eligible expenditure on research and development benefiting Australia. The Company's has previously received refunds under scheme.

Due to its highly strategic nature, Company has maintained its commitment to investing in research and development during FY19 while balancing the commercial challenges of steering the business to consistent cash flow break even operations.

While R&D expenditure is incurred progressively during the the Financial Year, the refunds from the program are typically received 3-9 months from the end of Financial Year. Due to this timing asymmetry Radium has developed a financing model to provide eligible companies with working capital advances secured by forecast R&D refunds.

## **FY 19 R&D financing facility with Radium Capital and refund receipt... (cont.)**

The financing facility established with Radium allows the Company to manage the cash flow asymmetry associated with the timing difference between investment in research and development activity and receipt of the R&D refund.

During the September quarter the Company's FY19 R&D refund claim of \$805,727 was processed and funds received. The Radium loan plus associated costs was repaid in full from the proceeds and the Company took the opportunity to pay down some accrued liabilities which lead to higher than expected cash outflows for the quarter.

The Company intends to continue investing in research and development and using R&D financing services as a component of its cash flow management strategy.

The Company is in the process of completing its application to finance R&D activity incurred during the September quarter and will provide updates on progress as appropriate.

## **Working capital management**

The Company is confident that it will have sufficient working capital to meet its budget objectives for FY20 and beyond based upon:

- Ongoing management of operating costs
- Improvements in sales performance across Merchant Services and Brand Partnership revenue streams
- Development of corporate partnership opportunities
- Development of new revenue and partnership opportunities
- Financing of FY20 R&D activities

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 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	149	149
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(444)	(444)
(c) advertising and marketing	(5)	(5)
(d) leased assets	-	-
(e) staff costs	(249)	(249)
(f) administration and corporate costs	(40)	(40)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(17)	(17)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	805	805
1.8 Other (proceeds from refund of deposits)	56	56
<b>1.9 Net cash from / (used in) operating activities</b>	<b>259</b>	<b>259</b>
<b>2. Cash flows from investing activities</b>		
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	(6)	(6)
	(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	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(6)</b>	<b>(6)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
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	727	727
3.6	Repayment of borrowings	(872)	(872)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(145)</b>	<b>(145)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	45	45
4.2	Net cash from / (used in) operating activities (item 1.9 above)	259	259
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(145)	(145)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	153	153

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	153	45
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	153	45

**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

-  
-

**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. <b>Financing facilities available</b> <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	5	5
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

During the quarter, the Group has drawn \$80k and \$50K from unsecured, non-recourse, fee and interest free facilities provided respectively by the Executive Chairman, Mr Ruwan Weerasooriya and Non-executive Director, Mr David Niall.

During the quarter the Group repaid loans of \$225k to Mr Ruwan Weerasooriya and \$50K to Mr David Niall. \$5k remains outstanding to Mr Weerasooriya on an unsecured, non-recourse, fee and interest free basis.

During the quarter the Group received \$597k of short-term funding from Radium Capital as announced to the market on 24 July 2019. The Group has repaid this amount in full along with associated interest and fees during September 2019 quarter.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	160
9.3 Advertising and marketing	1
9.4 Leased assets	-
9.5 Staff costs	190
9.6 Administration and corporate costs	30
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>381</b>

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	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 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.