

Investor presentation

August 2016

 **Rewardle** | ASX:RXH

A marketing and transactional platform designed for a connected world



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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 5400 local businesses and approximately 2m Members
- ✓ Network effect powering ongoing organic growth and serving as barrier to entry for potential competitors
- ✓ 19% of free trialist Merchants that were part of building critical mass have consistently been converted to paying Merchants over recent months
- ✓ Use of free trials as standard Merchant onboarding offer ceased as of 1 July 2016, new Merchants pay immediately to join the Rewardle Network
- ✓ Consistent traction in development of brand advertising and recurring, monthly Merchant Services (SaaS) fees
- ✓ 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 5400 local businesses and approximately 2m 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

Jack Matthews – Chairman

Ruwan Weerasooriya – Managing Director

Brandon Munro – Independent Director

Capital structure

Shares on issue 131,389,015

Board ownership ~67%

Share price (8-Aug-16) \$0.05

Market capitalisation ~\$6.6m

Cash (30-Jun-16) ~\$0.9m

Enterprise value \$5.7m

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

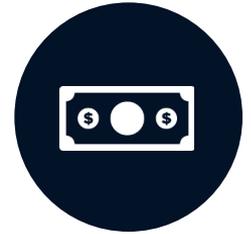
MARKETING

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



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

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

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-no14.htm>

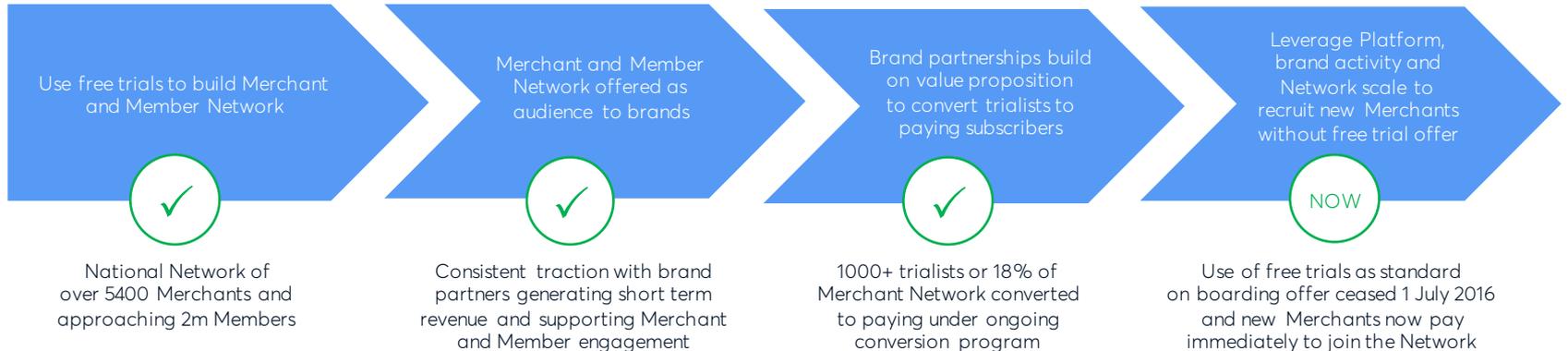
Executing on strategy

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

STRATEGY



EXECUTION



Executing on strategy

Growing Network and engagement underpin Rewardle's business model and approach



Revenue model: brand advertising

Traction with brand partners drives revenue while adding value for Merchants and Members

2012	Uber	AirAsia	KitKat	Brisbane Lions	Emporium Hotel	Mövenpick	Vodafone	July 2016
	Ben and Jerrys Openair cinema	Quickflix	Cellarmasters	Little Shop of Horrors	Fiddler on the Roof	Commonwealth Bank		

Instore digital screen display

Brand advertising on tablet screens reaches approximately 30m customers/month

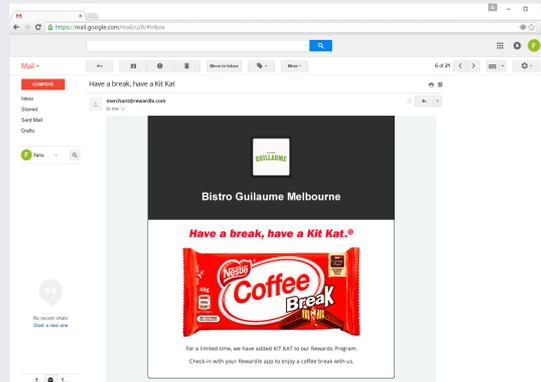
+

Integrated advertising connects directly with Members during use



Broadcast email advertising

Brand sponsored emails to Members average open rate >40%, approximately 2x industry standard due to strong, trusted relationship between Merchants and Members



Mobile display advertising

Unique "mobile moment" opportunity for brands to engage consumer with targeted messaging on mobile device



The Company has conducted promotional activity with the above brands but is not endorsed or affiliated in anyway. Images presented are examples of creative used in actual promotional campaigns

Revenue model: recurring Merchant services (SaaS) fees

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

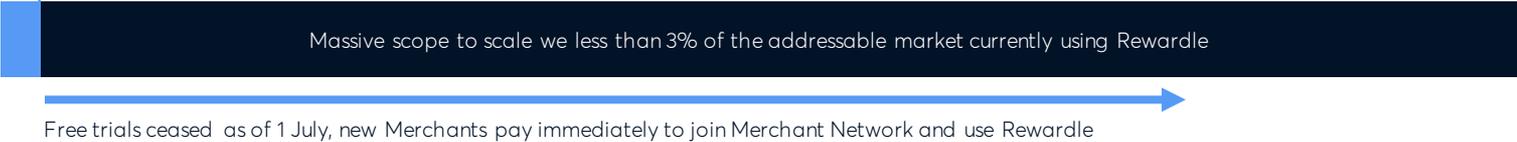
ESTABLISH NETWORK



While unlikely to pay at present, low engagement status can be upgraded through education and support

In the meantime, these Merchants continue to acquire Members and provide valuable Network density while paying Merchant coverage develops

Free trials to build initial critical scale



GROW NETWORK

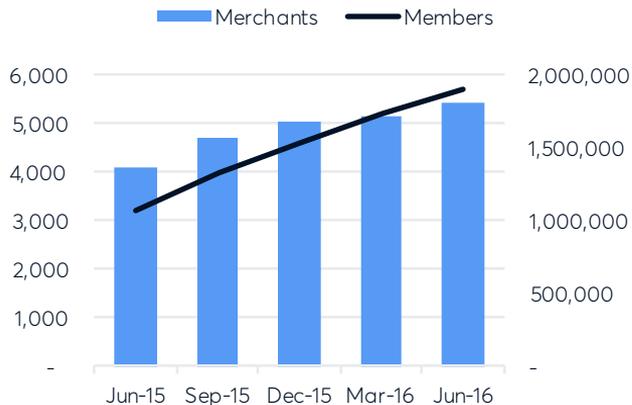


*Estimate as at 30 June 2016 based on internal qualitative measures.

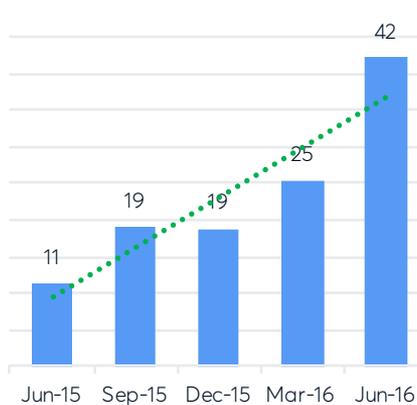
Next steps

Current trends set to continue plus additional revenue streams planned for release

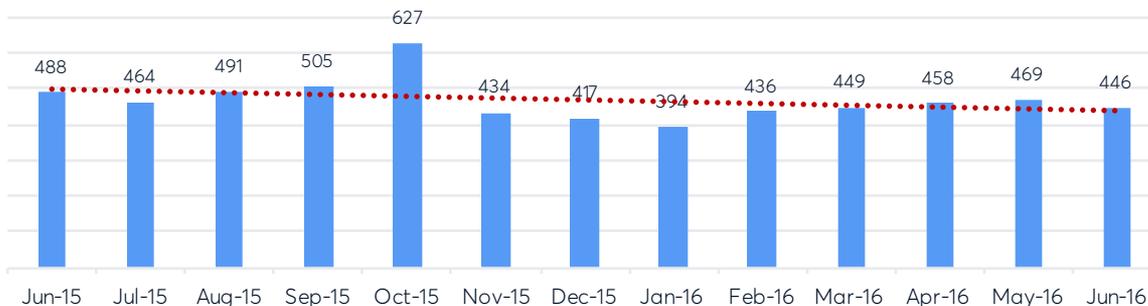
Qtrly Merchant and Member Network



Qtrly SaaS Revenue (\$'000)*



Monthly operating expenses (\$'000)*



*Approximate values based on unaudited management accounts

✓ Consistent Merchant and Member Network growth

✓ Growing, recurring Merchant Services (SaaS) revenue

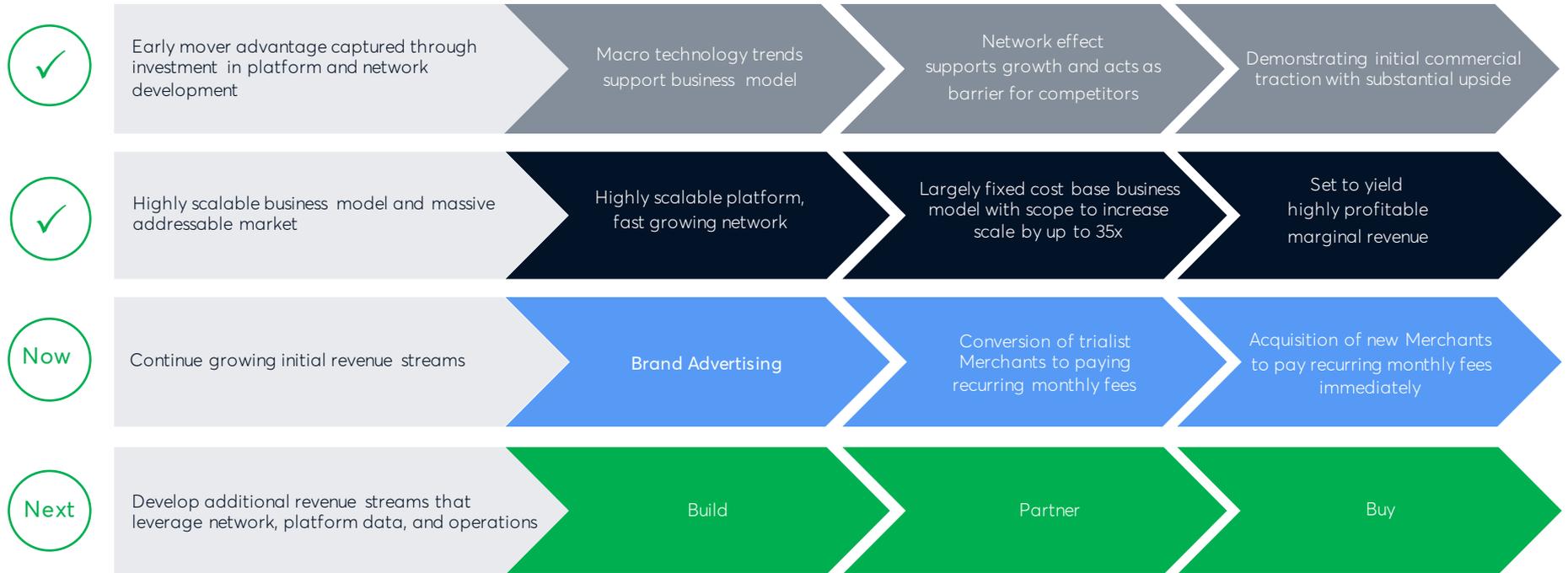
✓ Stable cost base over 12 month period of Network and SaaS revenue growth

Next Additional revenue opportunities expected to deliver highly profitable marginal revenue

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



9th August 2016

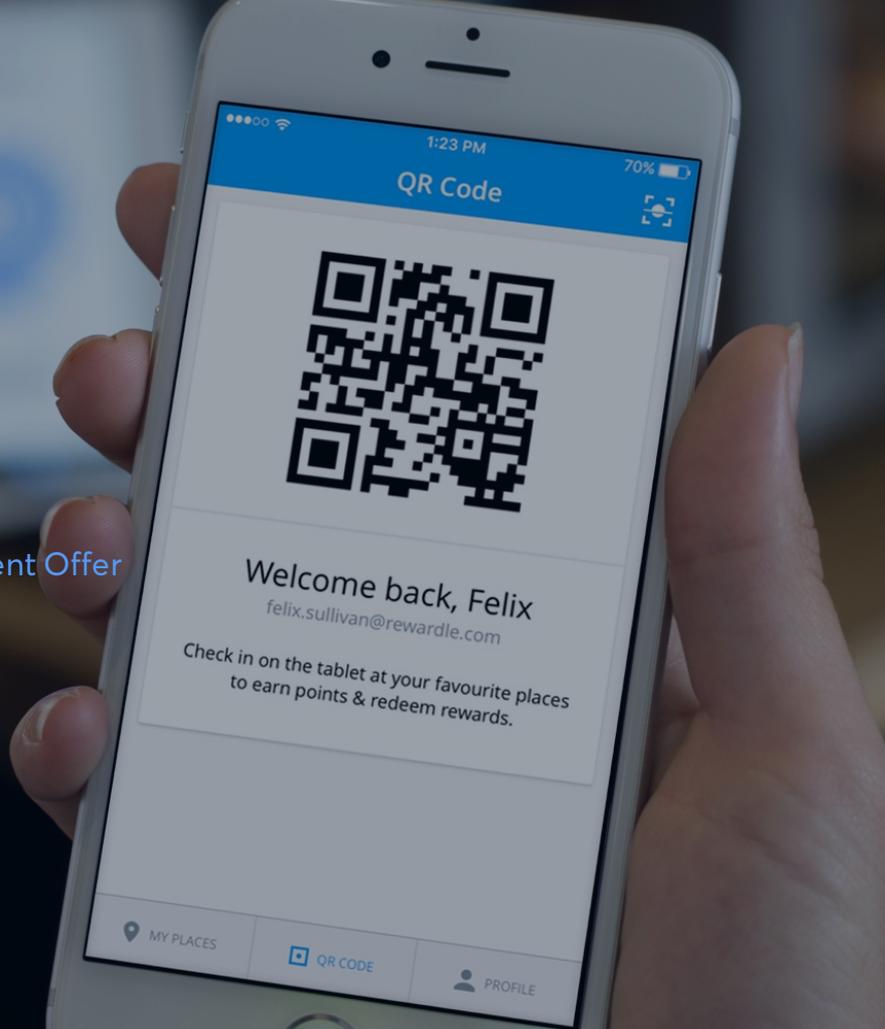
Entitlement offer details

REWARDLE HOLDINGS LIMITED (RXH)

Accelerated Non-Renounceable Entitlement Offer

Lead broker:

Morgans IN ALLIANCE WITH
 **CIMB**



Indicative timetable

Key Events	Date	Business Day
Institutional Entitlement Offer opens	Tuesday, 9 August	0
Institutional Entitlement Offer closes	Tuesday, 9 August	0
Existing shares recommence trading on ex-entitlement basis	Thursday, 11 August	2
Record Date for the Entitlement Offer (7:00pm (AEST))	Tuesday, 11 August	2
Retail Entitlement Offer opens and despatch of Retail Entitlement Offer Booklet	Tuesday, 16 August	5
Settlement of Institutional Entitlement Offer	Tuesday, 16 August	5
Expected quotation of New Shares under the Institutional Entitlement Offer	Wednesday, 17 August	6
Retail Entitlement Offer closes (7:00pm (AEST))	Monday, 26 August	13
Settlement of Retail Entitlement Offer	Thursday, 1 September	17
Issue of New Shares under the Retail Entitlement Offer	Friday, 2 September	18
Expected quotation of New Shares under the Retail Entitlement Offer	Monday, 5 September	19

Key terms of offer entitlement offer

Ranking

New Shares issued will rank equally with existing Rewardle shares.

Offer size and Structure

An accelerated one for two pro-rata non-renounceable entitlement offer to raise gross proceeds of approximately A\$3.285 million. Approximately 65.7 million new Rewardle ordinary shares to be issued (or 33.3% of the ordinary shares on issue after completion of the offer)¹

Mr Ruwan Weerasooriya, Founder and Managing Director and the entities he controls hold 87,500,000² Rewardle shares (or 66.6%). Mr Weerasooriya will be taking up \$1,000,000 of his rights as part of the Institutional Entitlement.

Timing of Offers

The Institutional Entitlement Offer will be conducted over Tuesday 9 August 2016 and Wednesday 10 August 2016. Entitlements not taken up under the Institutional Entitlement Offer will be offered to new and existing eligible institutions at the offer price via a shortfall bookbuild concluding on Tuesday 9 August June.

The Retail Entitlement Offer opens Tuesday 16 August 2016 and closes Friday 26 August 2016. Eligible retail shareholders in Australia and New Zealand will be able to apply for additional shares over their entitlement under a "Top-Up Facility" as part of the Retail Entitlement Offer, subject to the Company's scale back policy.

Lead Manager

Lead Manager to the Offer is Morgans Corporate Limited.

Offer Price

\$0.05 per new share which to the 8th August represents:

- 10.2% discount to 5 day VWAP of 5.57 cents
- 17.6% discount to 10 day VWAP of 6.07 cents
- 24.0% discount to 30 day VWAP of 6.58 cents
- 44.1% discount to 90 day VWAP of 8.95 cents

Use of funds

The funds raised from this Entitlement Offer will be used to fund:

- growth of the Merchant and Member Network and associated administration;
- software development;
- general working capital;
- the costs of the Entitlement Offer.

1. After the offer, approximately 197 million shares will be on issue

2. Excludes options and performance options. After the offer, Mr Weerasooriya, and the entities he controls, will control approximately 54.5% of the shares on issue, assuming full take up of the Offer

Pro-forma Balance Sheet

	Unaudited	Proceeds of the offer after costs	Pro - forma Unaudited Balance Sheet
	30 June 2016		30 June 2016
	\$		\$
ASSETS			
Current Assets			
Cash and cash equivalents	906,533	3,116,052	4,022,585
Trade and other receivables - Current	150,776		150,776
Total Current Assets	<u>1,057,309</u>		<u>4,173,361</u>
Non-Current Assets			
Trade and other receivables - Non-current	4,140		4,140
Plant and equipment	12,376		12,376
Total Non-Current Assets	<u>16,516</u>		<u>16,516</u>
Total Assets	<u>1,073,826</u>		<u>4,189,878</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	456,221		456,221
Provisions	171,358		171,358
Loans and borrowings	0		0
Total Current Liabilities	<u>627,579</u>		<u>627,579</u>
Total Liabilities	<u>627,579</u>		<u>627,579</u>
Net Assets	<u><u>446,247</u></u>		<u><u>3,562,299</u></u>
EQUITY			
Issued capital	12,353,702	3,116,052	15,469,754
Reserves	3,014,766		3,014,766
Accumulated losses	(14,922,221)		(14,922,221)
Total Equity	<u><u>446,247</u></u>		<u><u>3,562,299</u></u>

Key risks

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and should refer to the additional risk factors in section 3 of the Retail Entitlement Offer.

Risk	Summary
Limited operating history	Rewardle has limited relevant operating history in the development of a points and rewards platform and the unproven potential of its proposed new business model makes any evaluation of the business or its prospects difficult.
Reliance on key personnel	The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations.
Reliance on new products	The Company's ability to grow Rewardle's Merchant and Member Network and generate revenue will depend in part on its ability to create successful new products.
Building and maintaining a Merchant and Member Network	Rewardle's business plan is dependent on building a Merchant and Member Network. A failure to establish this network to a sufficient scale or decline in this network may negatively impact revenues and profitability.
Programming errors, bugs or vulnerabilities	The Company's products may contain programming errors, which could harm its brand and operating results.
Competition	The Company will compete with other businesses and companies. Effective competition may reduce the scale of the Merchant and Member Network and operating margins that may be obtained from Rewardle's products.
Security breaches	If Rewardle's security measures are breached, or if its products are subject to cyber-attacks that restrict user access to its products, its products may be perceived as less secure than competitors and users may stop using Rewardle's products.
Credit card fraud or payment gateways disruption	It is possible that the Rewardle business will in the future include the capacity to accept or process credit card transactions or other payment mechanisms. In such a case, Rewardle will be at risk of fraud by its members.
Data loss, theft or corruption	Rewardle stores data with a variety of third party service providers. Hacking or exploitation of some unidentified vulnerability in its network could lead to loss, theft or corruption of data.
Directors retain a significant stake	Following completion of the Offer (assuming full subscription), the Directors will retain approximately 56.3% of the issued capital of the Company.
Liquidity and realisation risk	There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase.
Additional requirements for capital	The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the future.

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Thankyou, questions?

Ruwan Weerasooriya – Founder and MD

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