



# 4Q FY23 QUARTERLY UPDATE

**Gratificii Limited (ASX: GTI)**  
**July 2023**



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# FINANCIAL SUMMARY

## 4Q FY23



**9 consecutive quarters of cash receipts growth**

**4Q FY23 CASH  
RECEIPTS**

**↑\$9.31m**

**+139%  
v PVP 2022**

**FY23 FULL  
YEAR POSITIVE  
OPERATING  
CASH FLOW**

**↑\$0.28m**

**vs -\$0.30m  
PVP 2022**

**PRO FORMA  
CASH AT END  
OF QUARTER**

**\$2.59m\***

**CASH RECEIPTS  
2-YEAR CAGR  
TO END OF 4Q**

**89%**

**SHARES ON  
ISSUE**

**1,213m**

**SHARE PRICE**

**\$0.012<sup>1</sup>**

**MARKET CAP**

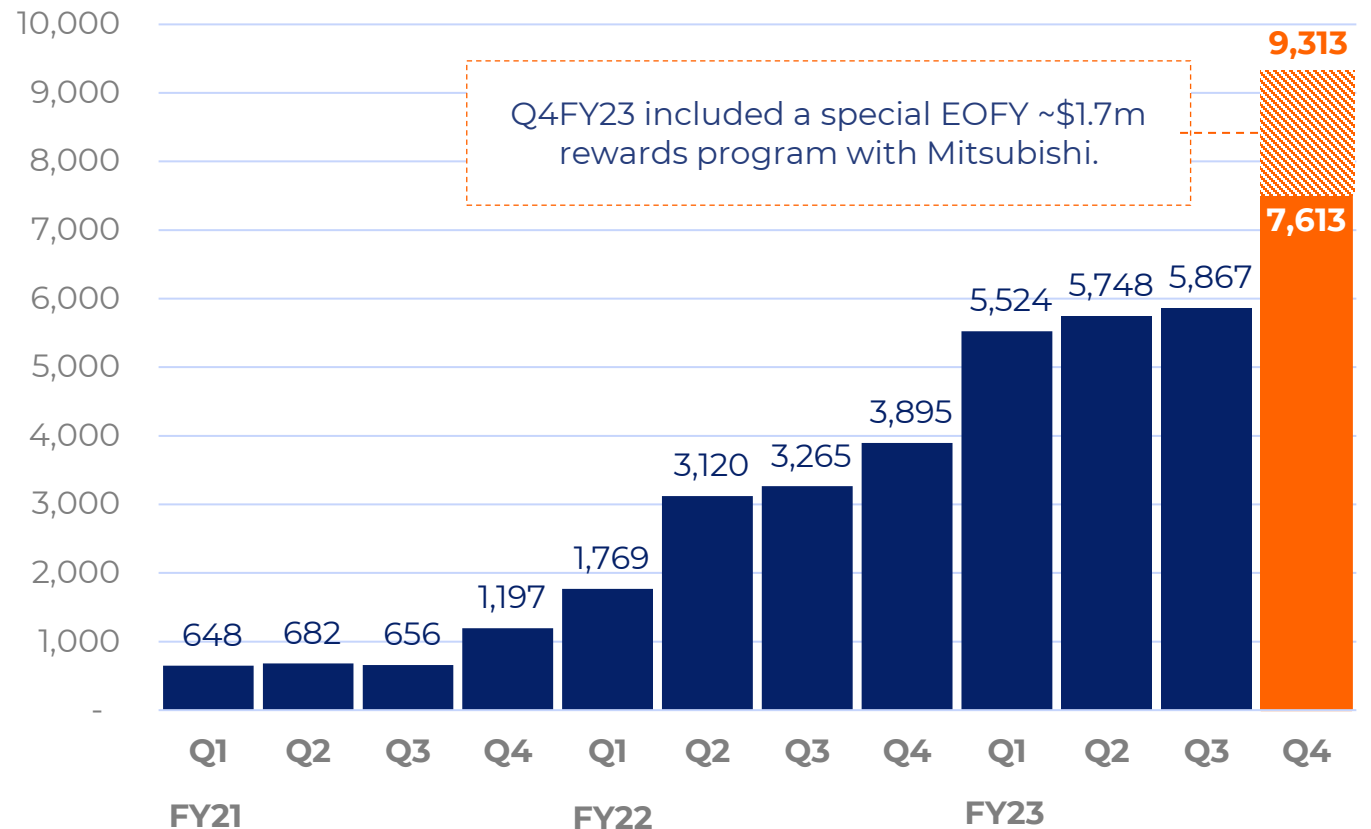
**\$14.6m<sup>1</sup>**

1. As at 26 July 2023.

# 4Q FY23 RECORD CASH RECEIPTS

**+59% v 3Q FY23**

## QUARTERLY CASH RECEIPTS (\$'000)



**Delivering strategic objectives**

**Targeting #1 in Loyalty Services in Aust and NZ**

## 4QFY23: A transformational quarter

### ✓ Key client projects delivered:

- Niterra
- Fab Group
- Spark
- Datacom
- Meat & Wine Co
- Italian Street Kitchen
- Synergy

### ✓ RACV signed and phase 1 built and on track for August delivery

- Member access to Neat Ideas content completed

### ✓ Investment in a robust infrastructure and on track to attain ISO27001 in September

### ✓ Successfully completed a capital round to provide resources to accelerate the RACV implementation and build Mosaic into a full-service loyalty platform.

### ✓ Material Cross Sell opportunities in the customer base providing additional Gratified services and broaden existing relationships.





**Gratificii has quickly established itself as a leading provider of 'end-to-end' loyalty & reward solutions to the Australian market.**

# Market position established



## HUGE REACH

Access to **16** million consumers Australia-wide.



## QUALITY CLIENTS

**66 enterprise clients** across retail and wholesale industries.



## REVENUE GROWTH

Reached **annualised revenue run-rate of ~\$32m** in Q4FY23, which is to be significantly enhanced by RACV contract in FY24.

# 4Q FY23 FINANCIAL HIGHLIGHTS

2-year cash receipts  
CAGR of 89%

## Key financial highlights

### Q4 FY23 record cash receipts of \$9.3m (+59% on Q3)

- The record 4QFY23 result is a culmination of various factors including:
  - A special 'End of Financial Year' ~\$1.7m rewards program with Mitsubishi which exceeded typical client program volumes.
  - \$7.6m cash receipts (net of the special Mitsubishi program), a 30% uplift on 3QFY23
  - Seasonally strong tailwinds for rewards
  - Accelerated uptake of all products from new and existing clients
- The strong result highlights the countercyclical nature of Gratifii's 'end-to-end' loyalty and rewards platform.

### Operationally cash flow positive for full-year FY23

- Full year FY23 positive operational cash flow of \$0.28m

### Capitalised to deliver NET positive cashflow

- Successful June 2023 capital raise provided funding required to deliver NET positive cashflow and growth via the implementation of the expanded RACV contract and new client opportunities.
- **Cash position to increase by \$0.9 million** post settlement of tranche 2 of Placement (assuming shareholder approval).



# 4Q FY23 OPERATIONAL HIGHLIGHTS

## Key operational highlights

### Transformational 3-year contract signed with RACV

- Contract expected to generate ~\$8.8m in additional revenue in FY24\* and represents Gratifi's largest SaaS contract to date. Contract **anticipated to deliver ~\$13.0m** revenue in FY25\*

### Record quarterly client integrations delivered:

- Multiple client projects successfully delivered during the quarter Meat & Wine CO, Italian Street Kitchen, Health Service Provider, Niterra, FAB Group, Spark, Datacom, Synergy.

### Completed acquisition of Spendless

- Completed acquisition (\$0.2m) of business assets of bulk gift card and movie ticket reseller Spendless.
- Early performance ahead of forecasts.

### Closure of South African operations

- Closure due to legislative changes affecting operating conditions. Will have a minimal impact on Gratifi's revenue/earnings.

\* Based on RACV volumes in the prior 12 months.



# 4Q FY23 CLIENT HIGHLIGHTS

## Record Quarter for client delivery

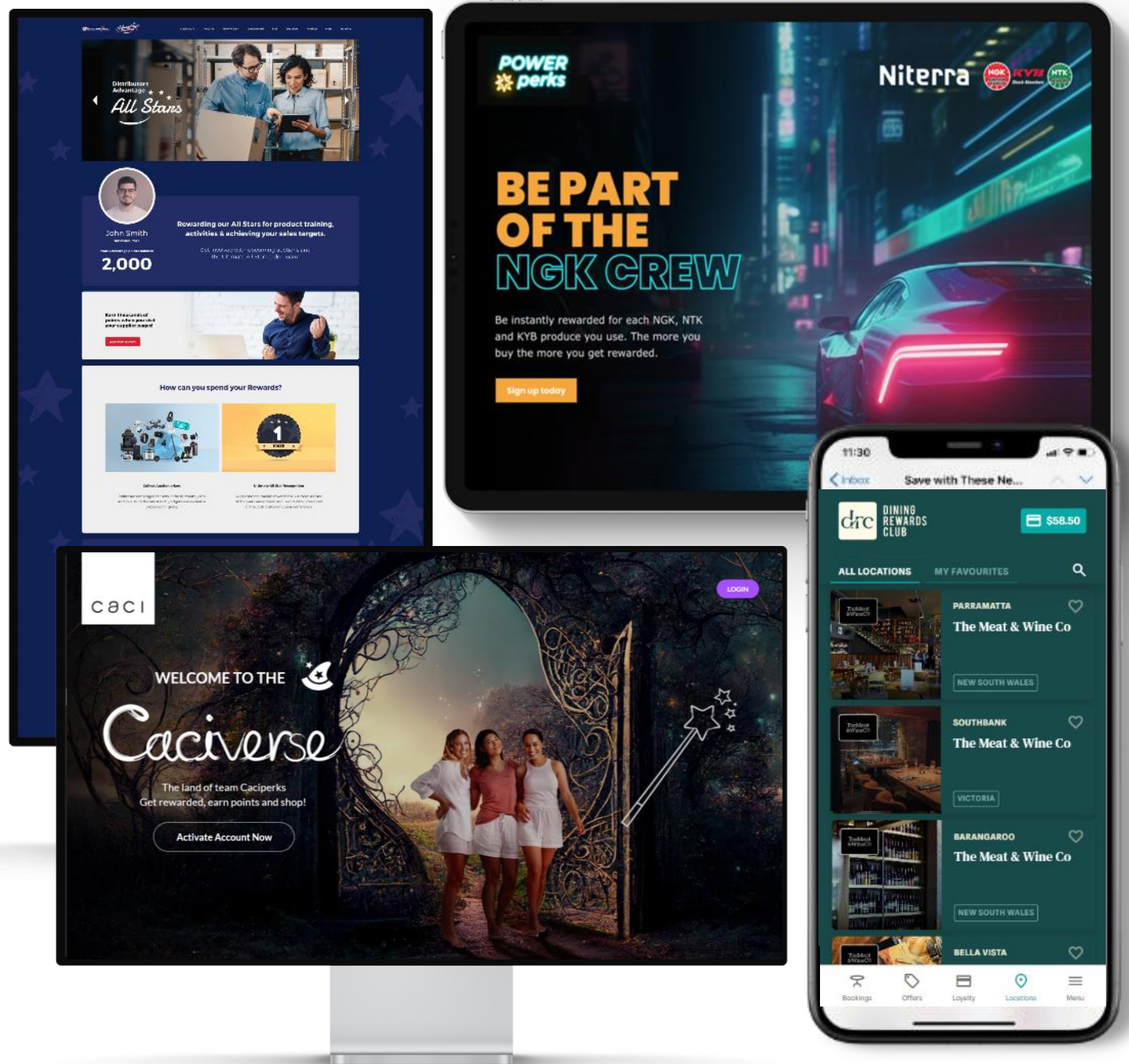
- ✓ **Niterra:** Launched to approx. 5,000 independent garages and workshops: <https://powerperks.com.au/>
- ✓ **FAB Group:** Gone live with Caci branded clinics to sell their Murad and Skin Smith products: [www.caciverse.co.nz](http://www.caciverse.co.nz)
- ✓ **RACV:** Phase One built and in testing.
- ✓ **Seagrass brands:** Italian Street Kitchen and Meat & Wine Co have gone live.
- ✓ **Medical Services provider:** added 6 more medical centres and over 60,000 new users to the system during the quarter.





# RECORD QUARTER FOR CLIENT CONTENT DELIVERY

**Cementing our position as  
Australia's only full-service  
solution delivering loyalty,  
content and service through  
a single platform.**








# Target operating model



Gratificii has a target to charge new clients a combination of SaaS fees, service fees and a margin on rewards to generate an **average margin of 20-22%**

Service line:	Loyalty Platform 	Loyalty Services 	Rewards 
Fees earned:	SaaS fees	Service fees	Margin on rewards
Target margin:	80%	40%	15-17%
FY23 revenue contribution:	13%	12%	75%

**Every dollar of SaaS licence fees at 80% margin has the potential to generate an additional \$10-\$15 of rewards and services revenue in full-service contracts at targeted margins**

**OPERATIONALLY CASHFLOW  
POSITIVE FY23**



**STRONG REVENUE GROWTH  
(INC. FORECAST \$8.8M  
FROM RACV)**



**~\$1.5M+ P.A. REDUCTION IN  
R&D EXPENDITURE**



**CASHFLOW POSITIVE  
IN 2HFY24**

## Clear pathway to positive cashflow

### Operating Cashflow

- Positive operating Cashflow: **FY23 = \$0.28m**

### R&D Expenditure

- 4QFY23 R&D expenditure of **\$1.08m** is substantially higher than usual as a result of:
  - \$0.35m (of \$0.75m forecast) expended on RACV integration
  - \$0.25m expended finalising the integration of Fab Group and Meat & Wine Co.
- R&D expenditure forecast to normalise **at \$0.3m-0.4m per quarter by Q3-Q4FY24.**

### Sufficiently capitalised to reach NET cashflow positive

- Gratifii sufficiently capitalised to reach its **net positive cash flow goal in 2HFY24.**



## Outlook - 1QFY24 & Beyond

### Delivery of Phase 2 of the RACV contract during H1 FY24:

- Upon completion of Phase 2 of the project in 3QFY24, Gratifii anticipates it will transition to Net cashflow positive.

### 1Q FY24 – Seasonably slower quarter

- 1Q is typically the slowest quarter due to seasonal factors.
- Operating free cashflow to be in line with previous quarters.
- 2Q is typically the Company's strongest and aims to deliver strong free cashflow.

### Pipeline

- Gratifii is building a large pipeline of enterprise clients, which has the potential to deliver a strong growth profile for the foreseeable future.
- Net cashflow positivity to be utilised to further accelerate growth, with a focus on delivering the RACV contract.

### Acquisitions

- As Gratifii transitions to NET cashflow positive, it will be well-positioned to take advantage of corporate opportunities.



# POWERING LOYALTY SUCCESS



## WELCOME TO THE GRATIFI GROUP!

Best-in-class loyalty platform for a smarter, faster customer experience, combined with exciting curated rewards at a remarkable value point, and delivered by an experienced managed services team with proven marketing prowess.

Together, we deliver results you'll love.