



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

\$0.012¹

MARKET CAP

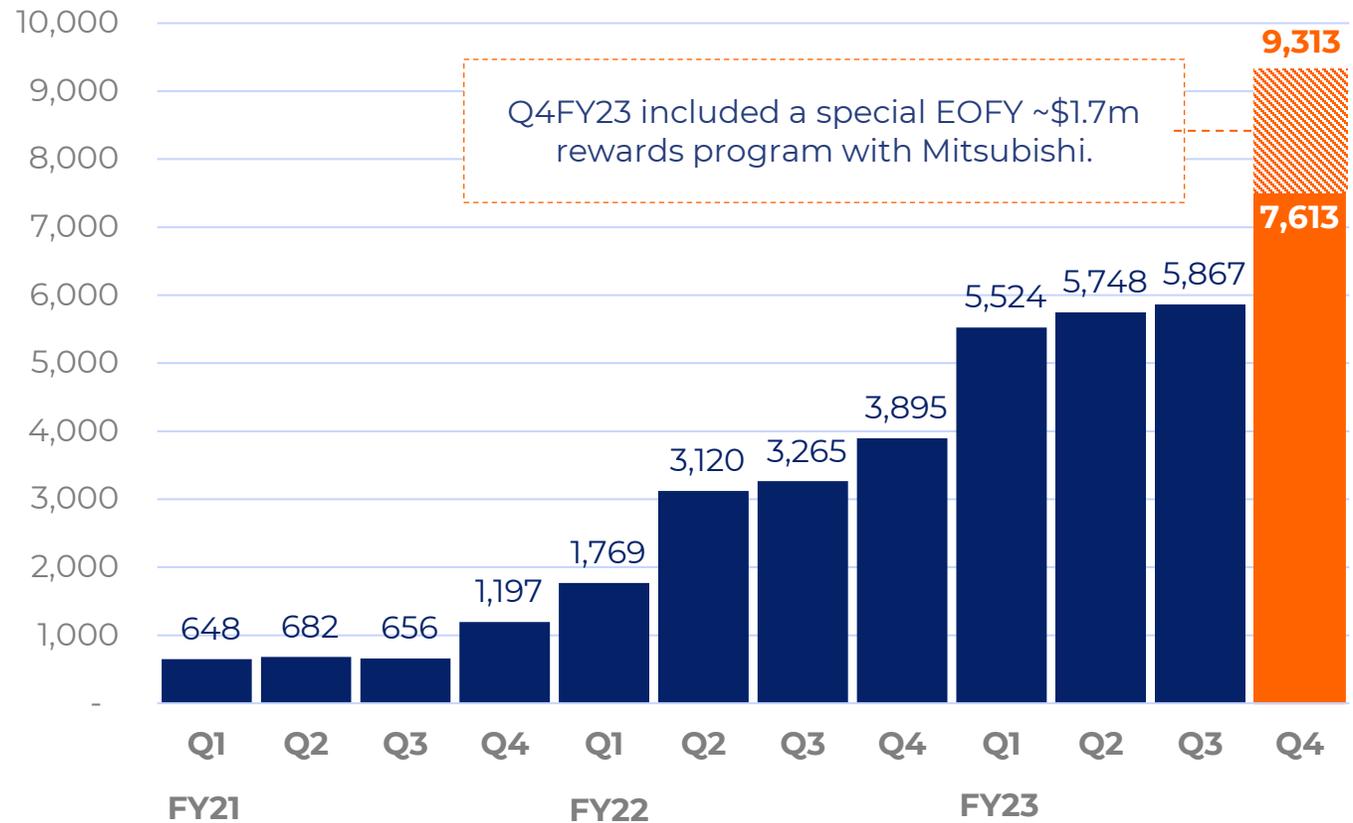
\$14.6m¹

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 Gratifii services and broaden existing relationships.



Gratifii 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 Gratificii'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 Gratificii's revenue/earnings.

* Based on RACV volumes in the prior 12 months.

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
- ✓ **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.

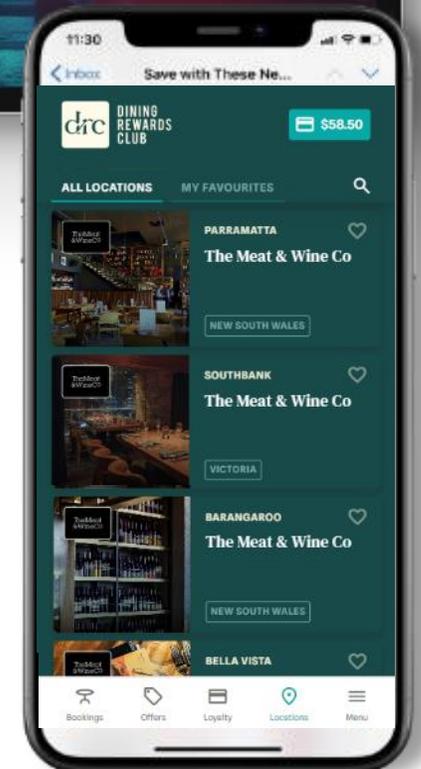
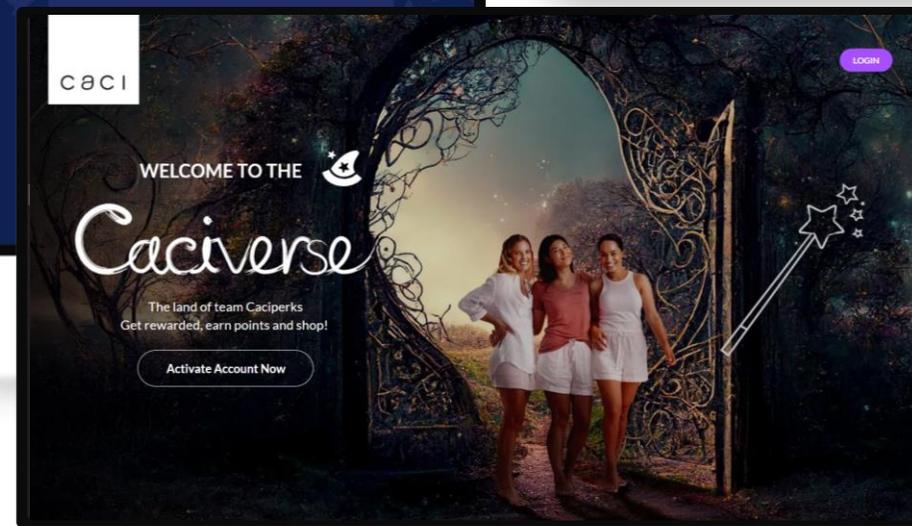
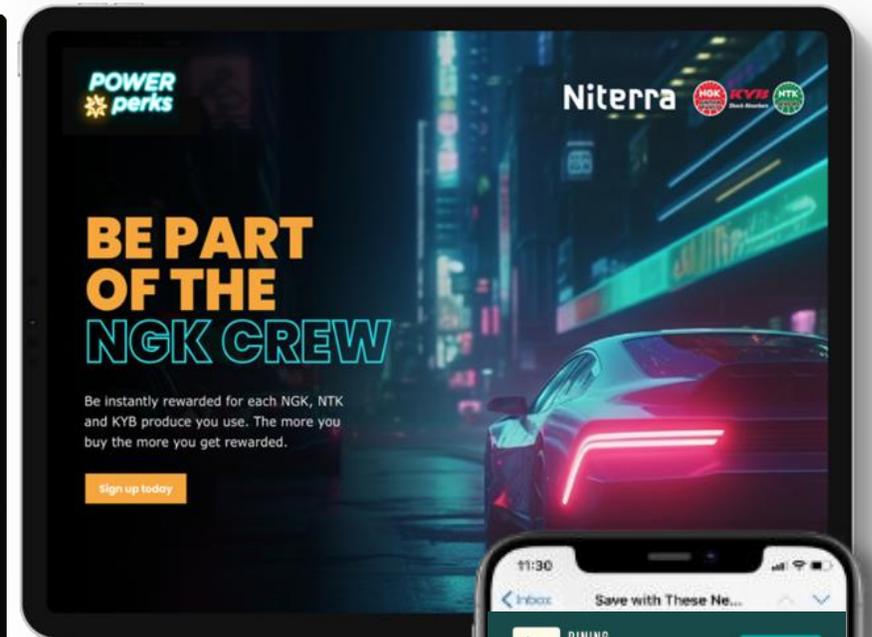
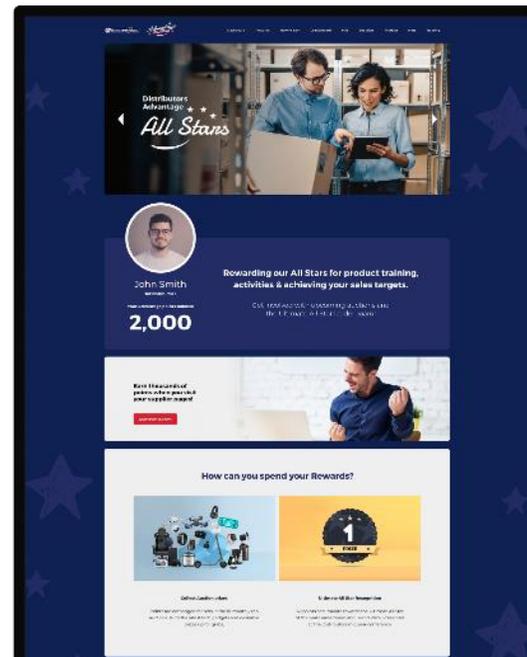
4Q FY23
CLIENT
HIGHLIGHTS





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 GRATIFII 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.