

JUNE QUARTERLY ACTIVITIES UPDATE

BREAKEVEN AND GROW STRATEGY ON TRACK

Executive Summary and Highlights

Rewardle Holdings Limited (ASX:RXH) ("**Rewardle**" or the "**Company**") provides the following update with respect to the Company's June quarterly activities.

During the June quarter, the Company continued to successfully implement its strategy to "Breakeven and Grow".



Strong progress with developing Growth Services opportunities

During the quarter engagements were established with Beanhunter, Pepper Leaf and SplitPay and a strong pipeline of additional opportunities has been developed.



Stable recurring Merchant SaaS fees provide foundation for growth

Focus shifting from stabilising recurring Merchant SaaS fees at ~\$35k/month to growing Merchant SaaS fees back to ~\$50k/month over coming quarters.



Operational cash outflow reducing as "Breakeven and Grow" strategy is executed

Stable Merchant Service fees plus professional services income combined with the Company's efficient operating cost structure to reduce cash outflow.



\$250,000 loan from founder to support implementation of strategy

During the June quarter, Executive Chairman, Mr Ruwan Weerasooriya extended an existing \$1m unsecured, interest free loan that is repayable at the Company's discretion to \$1.25m.



"Breakeven and Grow" strategy provides control during uncertain times

The Company's strategy accommodates ongoing uncertainty with respect to COVID-19 restrictions and provides management with the ability to navigate various scenarios.

Rewardle's Founder and Executive Chairman, Ruwan Weerasooriya, said;

"We made a great start executing our breakeven and grow strategy during the June quarter and I'm delighted to back our team with ongoing financial support."

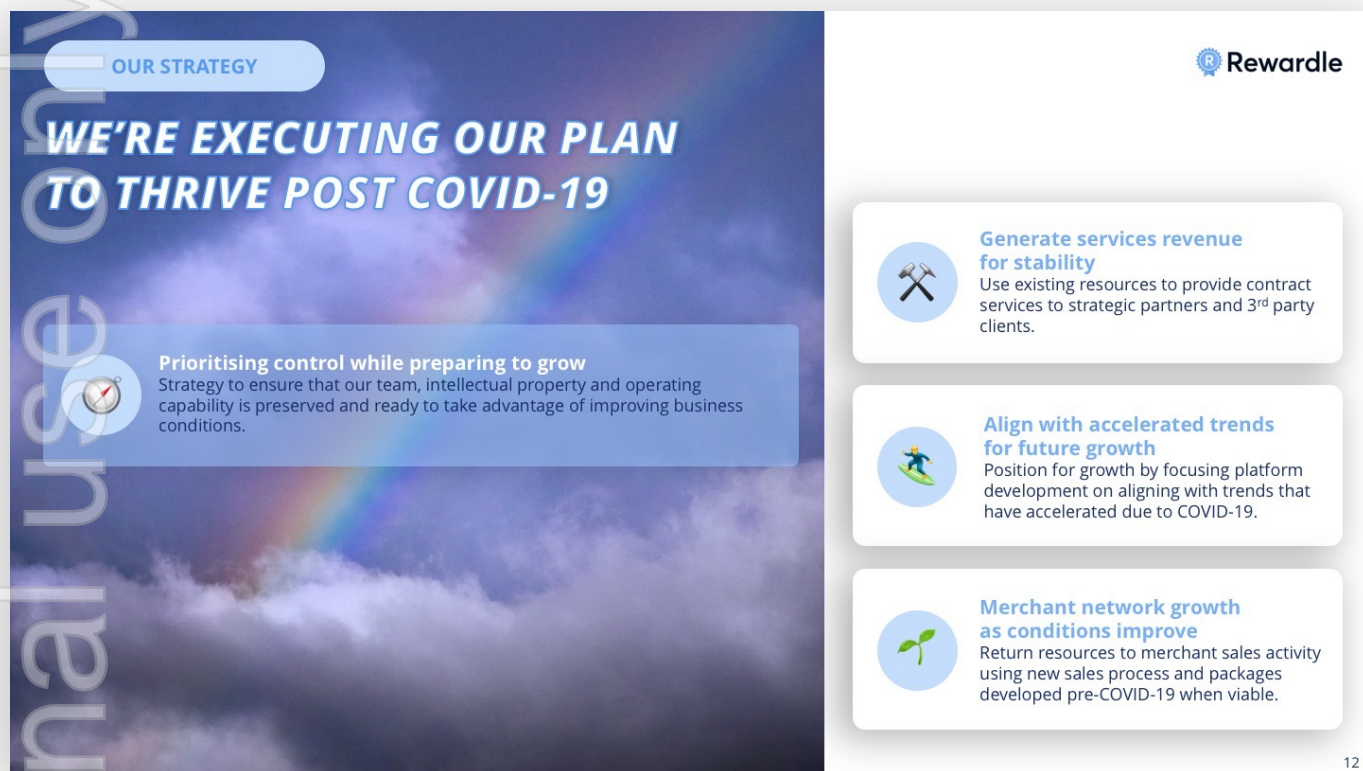
"Our growth services engagements are generating short term revenue, but more importantly, they are creating high growth opportunities for us to leverage our proprietary platform and massive network of local businesses and members."

"While we're mindful that the ongoing COVID-19 restrictions may require us to adjust our approach, we're looking forward to moving into the next phase of our strategy."

“Breakeven and Grow” strategy background

During the June quarter the Company made significant progress in the execution of its strategy to “Breakeven and Grow” as outlined in the presentation released on the 24th March 2021.

Slide 12 of the presentation provides an overview of the strategy and has been included below for reference. The full presentation can be viewed here: www.rewardle.com/ASX/MarchPresentation



OUR STRATEGY

WE'RE EXECUTING OUR PLAN TO THRIVE POST COVID-19

Prioritising control while preparing to grow
Strategy to ensure that our team, intellectual property and operating capability is preserved and ready to take advantage of improving business conditions.

Generate services revenue for stability
Use existing resources to provide contract services to strategic partners and 3rd party clients.

Align with accelerated trends for future growth
Position for growth by focusing platform development on aligning with trends that have accelerated due to COVID-19.

Merchant network growth as conditions improve
Return resources to merchant sales activity using new sales process and packages developed pre-COVID-19 when viable.

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As detailed above, a key component of the Company's strategy is to use its resources to generate professional services revenue from strategic partners and 3rd party clients to ensure the Company's team, intellectual property and operating capability are preserved so it can take advantage of improving business conditions.

Under the strategy being implemented, the professional services revenue, recurring merchant service fees and R&D rebate funds combine with management's ongoing work to achieve an efficient, low operating cost base to maintain all the Company's capabilities to operate and grow without requiring additional funding.

The successful execution of the “Breakeven and Grow” strategy will give the Company financial stability, control and time to develop growth opportunities that leverage its proprietary technology platform and substantial network of merchants and members to generate highly profitable additional revenue.

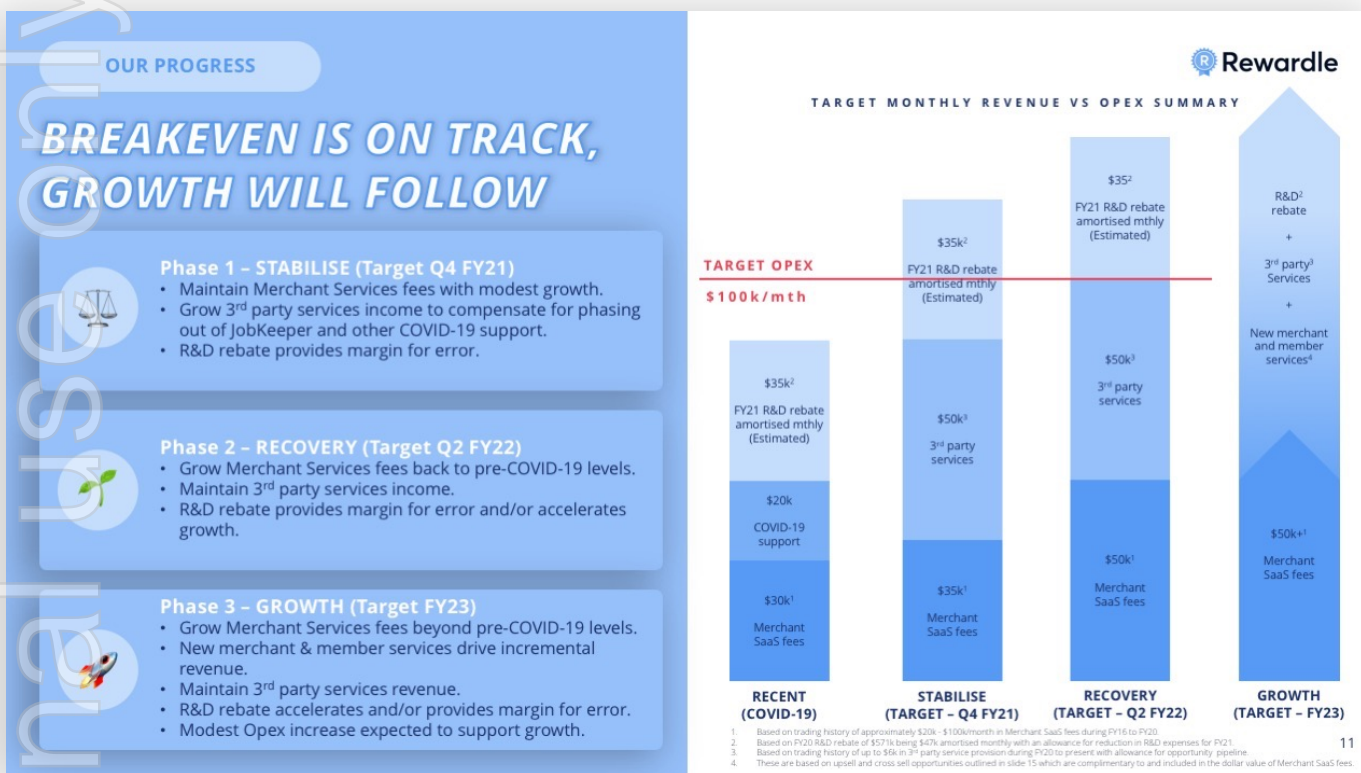
Overviews of the Company's strategy and progress are available for review here:

- www.Rewardle.com/ASX/MarchPresentation (24th March 2021)
- www.Rewardle.com/ASX/MayStrategyUpdate (14th May 2021)

Operations update

The staged approach that the Company is taking to achieving stability and growth are outlined in the presentation released on the 24th March 2021.

Slide 11 of the presentation provides an overview of the strategy and has been included below for reference. The full presentation can be viewed here: www.rewardle.com/ASX/MarchPresentation.



As outlined above, the Growth Services revenue, recurring Merchant Service fees and R&D rebate funds combine with the Company's efficient, operating cost base to form a cash flow breakeven operating structure that maintains all the Company's capabilities to operate and grow without requiring additional funding.

Management is pleased with the Company's progress towards achieving the "Stabilise" targets during the June quarter as summarised below:

\$250,000 working capital funding via Director loan on favourable terms

Executive Chairman, Mr Ruwan Weerasooriya provided the Company with an alternative to R&D financing on more attractive terms than commercial options by extending an existing \$1m unsecured, interest free loan that is repayable at the Company's discretion to \$1.25m.

Multiple Growth Services engagements secured plus strong opportunity pipeline

The Company has announced Growth Services engagements with Beanhunter, Pepper Leaf and SplitPay. In addition to these engagements, the Company has developed a strong pipeline of opportunities.

Merchant SaaS fees on track

Merchant SaaS fees remained stable during the June quarter and the Company has started to shift focus to the "Recovery" target. Management is monitoring the impact of recent COVID-19 restrictions and will adapt the Company's strategy as required.

The Company is continuing to work on establishing an efficient, low operating cost base while maintaining all key capabilities required to operate and grow. While fluctuations are to be expected, management is confident that the business is on track towards achieving its target cost base of \$100k/mth.

A key component of the Company's strategy is to use its resources to generate professional services revenue from strategic partners and 3rd party clients to ensure the Company's team, intellectual property and operating capability are preserved so it can take advantage of improving business conditions.

During the June quarter, the Company has made substantial progress on the "Growth Services" component of the Company's strategy by establishing engagements with Beanhunter, Pepper Leaf and SplitPay.

Beanhunter: www.rewardle.com/ASXrelease/beanhunteraprilupdate

Professional services engagement to provide software development services to upgrade the Beanhunter website and integrate Beanhunter content and services into the Rewardle Platform along with ongoing customer and sales support.

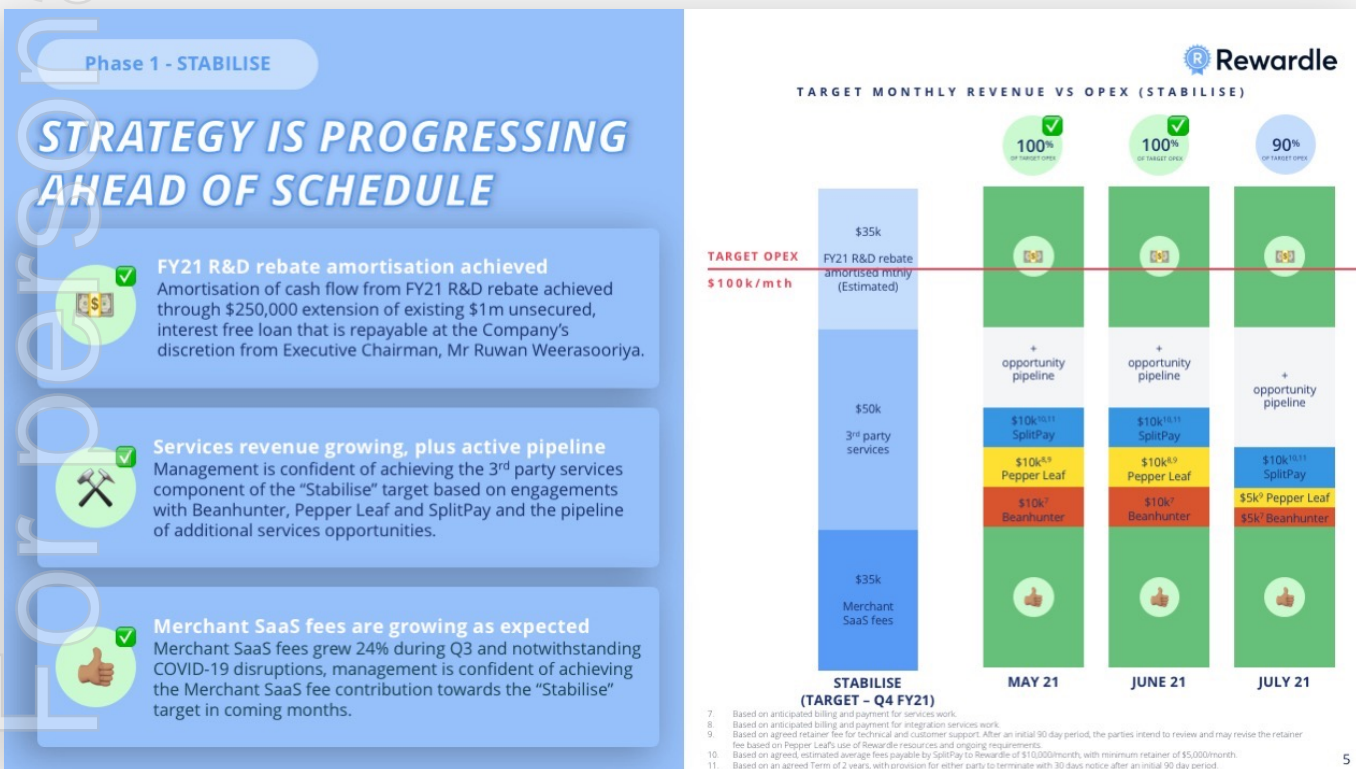
Pepper Leaf: www.rewardle.com/ASXrelease/pepperleafaprilupdate

Professional services engagement to provide software development services to integrate Pepper Leaf's meal kit service into the Rewardle Platform to create a more seamless consumer experience and ongoing technical and customer support services.

SplitPay: www.rewardle.com/ASXrelease/splitpaygrowthservices

Professional services engagement to provide strategy and technical consulting services to assist in accelerating the growth and development of SplitPay's business.

In the short term, the Growth Services engagements above provide a valuable contribution to the 3rd party services target of the "Stabilise" and "Recovery" phases of the Company's strategy. They also set up high growth opportunities for the Company to work with each partner to leverage the Company's proprietary platform and massive network of local businesses and members to generate additional, high margin revenue.



Quarterly Cash Flow commentary

Cash receipts for Q4 FY21 were \$133k, an increase of \$46k or 53% from \$87k for the previous quarter.

During Q4 FY21 government grants and tax incentives of \$16k were received relating to COVID-19 support. This was a decrease of \$60k compared to \$76k the previous quarter due to the conclusion of COVID-19 support packages.

Outgoing cash payments for Q4 FY21 were \$368k, a decrease of \$112k or 23% from \$480k for the previous quarter. A summary of this movement is outlined below:

- Product manufacturing and operating costs were \$210k, a decrease of \$11k or 5% from \$221k during the prior quarter. The decrease was due to a combination of cost reductions and timing of payments associated with regular recurring operating expenses that do not relate to an underlying change in operating costs.
- There were no Advertising and marketing costs, a decrease of \$1k or 100% from \$1k during the previous quarter, which is reflective of the reduced business development activity focused on Merchant acquisition during the period.
- Staff costs were \$127k, a decrease of \$28k or 18% from \$155k during the previous quarter. The decrease was largely due to timing of payments for PAYG, Superannuation in the previous period along with minor staffing changes.
- Administration costs of \$31k decreased \$72k from \$103k during the prior period. This is due to timing of payments related to Audit fees, insurance and consulting services in the previous quarter.
- Government grants and tax incentives of \$16k decreased \$60k from \$76k due to the end of government COVID-19 support packages.
- Proceeds from borrowings of \$232k increased by \$229k from \$3k in the previous quarter as the Company drew down on working capital finance provided by Executive Chairman, Ruwan Weerasooriya support the execution of the Company's "Breakeven and Grow" strategy.

Net cash outflow from operating activities for Q4 FY21 was \$219k, a decrease of \$98k or 31% compared to \$317k for the previous quarter primarily due to increased cash receipts from customers and reduced outgoing cash payments.

Cash at the end of Q4 FY21 was \$58k, an increase of \$13k from \$45k at the end of the previous quarter.

During Q4 FY21 there were no related party payments as Directors fees were accrued.

While fluctuations in operating cash flow are to be expected the Company is pleased with the overall trend and remains confident that the Company remains on track to deliver against the targets as per its "Breakeven and Grow" strategy.

Overviews of the Company's strategy and progress are available for review here:

- www.Rewardle.com/ASX/MarchPresentation (24th March 2021)
- www.Rewardle.com/ASX/MayStrategyUpdate (14th May 2021)

Working capital management

As previously announced, to support the Company's working capital requirements as its strategy to "Breakeven and Grow" is implemented, Executive Chairman, Mr Ruwan Weerasooriya extended the unsecured, interest free, working capital loan of up to \$1m to \$1.25m during the quarter. The loan is repayable at the Company's discretion when it has capacity.

Management is confident that it will have sufficient working capital to meet its budget objectives for FY21 and beyond based upon:

- Ongoing reduction and management of operating costs
- Generation of technology licensing and professional services income
- Development of corporate partnership opportunities
- Receipt of FY21 R&D rebate
- Access to R&D financing for FY21 activities
- Access to Director loan
- Improved trading conditions and sales performance across the business's revenue lines

The Board is regularly reviewing operating budgets and strategy taking into consideration a variety of commercial and corporate scenarios and opportunities.

This ASX announcement has been approved for release by Executive Chairman, Ruwan Weerasooriya.

About Rewardle Holdings Limited

Rewardle connects millions of Members with thousands of 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.

As part of its long term strategy, Rewardle is seeks to secure equity positions in partner businesses by leveraging the Company's operational team, platform and network merchants and members.

The Company is led by an experienced entrepreneurial team with a successful background in Internet and media businesses.

For more information please contact:

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