

SEPTEMBER QUARTERLY ACTIVITIES UPDATE

CONSISTENT MOMENTUM CONTINUES

Key Highlights and Summary



Continuing to drive positive cash flow from operations

During the quarter, cash receipts of \$4,924k generated \$1,212k in positive cash flow from operations which was invested into growth initiatives while maintaining cash and equivalents of ~\$0.7m at the end of period.



Using integration of grocery delivery services to create new merchant and member opportunities

Vertical integration of grocery delivery services supports the commercialisation of the local membership, points, rewards and payments application of the Rewardle Platform in the future.



Developing strategy for Growth Services partnerships

Developing strategy for development of Growth Services partnerships to increase deal flow and opportunities to replicate the success of CloudHolter partnership.

Rewardle Holdings Limited (ASX:RXH) (“Rewardle”; or the “Company”) provides the following update with respect to its September quarterly activities and execution of its growth strategy.

During the September quarter, the Company maintained its positive momentum, generating strong cash receipts from customers and positive cash flow from operations. As per the Company's growth strategy, cash flow generated by leveraging its operations, resources and capabilities is being invested into growth initiatives to create a compounding growth flywheel effect for the business moving forward.

As per the June quarter, in addition to its ongoing Growth Services partnership with CloudHolter Pty Ltd (“CloudHolter”), the Company has continued progressing the vertical integration of its grocery delivery services as part of its strategy to commercialise the local membership, points, rewards and payments application of its proprietary Business to Business to Consumer (B2B2C) software platform.

The Company has continued to develop its pipeline of Growth Services opportunities which includes a combination of direct opportunities and partnership discussions which could increase deal flow and accelerate its strategy of building a VC style portfolio of transactional, licensing and equity positions in complementary partner businesses.

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

“We are continuing to execute our growth strategy, investing the cash flow generated by leveraging our operations, resources and capabilities into growth initiatives to create a compounding growth flywheel for the business moving forward.”

“The integration of our grocery delivery operations into the membership, points, rewards and payments application of our proprietary platform creates unique, new merchant and member offerings that can generate high margin, additional revenue in the future.”

“We're particularly pleased with the progress of our growth services partnership with CloudHolter and are seeking to leverage our experience and expertise into other AI based opportunities. Along with direct opportunities, we're exploring partnership models which could increase our deal flow and accelerate our strategy of building a VC style portfolio of transactional, licensing and equity positions in complementary partner businesses.”

“Interested investors can reach me via email or mobile should they have any inquiries regarding our strategy, progress, and prospects.”

Successfully executing growth strategy

Rewardle is a software business undertaking the development, operation and commercialisation of its proprietary Business to Business to Consumer (B2B2C) software platform (Rewardle Platform).

The Company's strategy is to leverage its operational capabilities, expertise and IP to develop new markets and opportunities without the need for additional funding.

As a technology platform based business with largely fixed costs, the Company has the potential to generate highly profitable additional revenue by leveraging its capabilities and substantial network of local businesses and members that it has already been amassed.

The Company has been successfully executing its growth strategy as outlined in the Investor Presentation released on 22nd December 2021 which is available to view at: www.Rewardle.com/ASX/InvestorPresentationDec2021. Slide 7 of the presentation provides an overview of the Company's key growth areas and has been included below for reference.



KEY GROWTH AREAS ASX | RXH

LEVERAGING OUR PLATFORM, NETWORK AND OPERATIONAL CAPABILITY

GROWTH

Multiple high growth opportunities

Rewardle's Business to Business to Consumer (B2B2C) technology platform business model offers multiple opportunities to generate highly profitable additional revenue and grow by leveraging existing operating resources and capabilities.

- Generate cash flow positive merchant sales**
New sales process, product offering & pricing transform merchant sales from negative to positive cash flow.
- Launch high margin, features and services**
Ongoing investment in platform features and functionality to launch new, high margin digital services for merchants & members.
- Explore geographic expansion opportunities**
The Rewardle Platform is a cloud/app based solution designed to operate globally with minimal, incremental operating costs.
- Create VC style portfolio of strategic partnerships**
Develop a portfolio of transactional, licensing and equity positions in complementary partner businesses to create VC style exposure.

OPERATING LEVERAGE

- LARGE, ESTABLISHED, NATIONAL NETWORK OF MERCHANTS AND MEMBERS
- LOW OPERATING COST BASE, COMPLETE OPERATING CAPABILITY

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During Q1 FY25, the Company has continued to generate positive cash flow from operations which has been, and will continue to be, invested into growth initiatives to create a compounding growth flywheel effect for the business moving forward.

During the September quarter the Company converted \$1,490,000 of fees to equity in CloudHolter, maintaining its total shareholding of 49.9% by matching a capital raising undertaken by CloudHolter. Under the agreed terms of the fee to equity conversion, the Company is precluded from acquiring a controlling shareholding in CloudHolter.

CloudHolter is a fast-growing MedTech business that provides GPs with an innovative, in-practice Holter monitoring service and is leveraging the workflow and data generated from its innovative diagnostic service to develop an Artificial Intelligence (AI) powered software solution for ECG analysis and diagnosis of cardiac arrhythmia.

The AI based software solution being developed by CloudHolter has the potential to be faster, cheaper and more accurate than the existing, manual practices and will have broad, global application across a range of use cases to enhance patient care and health outcomes, helping to prevent stroke, death, and disability.

The Company believes CloudHolter's unique combination of fast-growing cash flow generated by its diagnostic services, along with its promising AI-based software development with global application, has the potential to deliver the Company a strong return on investment.

Successfully executing growth strategy ... (cont.)

In recent quarters, the Company increased the provision of Growth Services to CloudHolter which accelerated its development and allowed the Company to more aggressively convert fees to equity. The Company expects its provision of Growth Services to CloudHolter to moderate in coming periods as CloudHolter begins to internalise more of its operations in keeping with its business and corporate strategy.

In addition to its ongoing Growth Services partnership with CloudHolter, the Company has continued progressing the vertical integration of its grocery delivery services as part of its strategy to commercialise the local membership, points, rewards and payments application of its proprietary Business to Business to Consumer (B2B2C) software platform.

During the quarter, the Company continued the migration of YourGrocer and Pepper Leaf to a common e-commerce platform to standardise and simplify the process of technically integrating their grocery delivery offerings with the Rewardle Platform and the Company has continued applying resources to the development and testing of new merchant and member services with the potential to generate high margin, additional income in the future.

The Company has continued to develop its pipeline of Growth Services opportunities and is in active discussion directly with potential partners while also exploring partnership models that may increase deal flow and accelerate its strategy of building a VC style portfolio of transactional, licensing and equity positions in complementary partner businesses.

The Company will provide updates with respect to the progress of individual opportunities as appropriate, taking into consideration the nature and potential impact on the business.

Quarterly Cash Flow commentary

Q1 FY25 is the 11th consecutive quarter of positive cash flow from operating activities, highlighting the Company's successful execution of its strategy to drive growth through operating leverage without the need for additional funding.

Cash receipts for Q1 FY24 were \$4,924, an increase of \$880k or 22% from \$4,044k the previous quarter. A summary of the Q1 FY25 Cash receipts and outflows along with management commentary is provided below:

- Cash receipts from customers were \$4,924k, an increase of 880k or 22% from \$4,044k the previous quarter. The variation was primarily driven by timing of payments.
- There were no government grants and tax incentives or other cash receipts.

Outgoing cash payments for Q1 FY25 were \$3,712k an increase of \$677k or 22% from \$3,035k for the previous quarter. A summary of this movement and management commentary is provided below:

- Product manufacturing and operating costs were \$2,618k an increase of \$747k of 40% from \$1,871k during the prior quarter. The increase was due to a combination of costs associated with the Company's recent acquisitions, timing of payments associated with regular, recurring operating expenses, and variable costs associated with testing of new transactional reward capabilities of the Rewardle Platform.
- Staff costs were \$779k a decrease of \$93k or 11% from \$872k during the previous quarter. The decrease is primarily due to timing of payments. The Company is also continuing to pay down accrued liabilities relating to staff costs and the timing of these payments is reflected in the staff costs.
- Administration costs were \$315k, an increase of \$127k or 68% from \$188k during the previous quarter. The increase is primarily due to one off costs associated with recent acquisitions along with a combination of timing of payments associated with administration costs.
- There were no interest and other costs of finance paid, a decrease of \$104k paid during the previous period.
- Payments for equity investments was \$1,490k compared to \$1,000k in the previous quarter. These payments relate to the arrangement with CloudHolter for the Company to convert fees into equity with the investment made to maintain the Company's shareholding of 49.9% by matching capital raising undertaken by CloudHolter.
- Other cash flows from investing activities of \$45k relates to the Pepper Leaf founders drawing on the loans offered to them as part of the Company's investment.

Quarterly Cash Flow commentary ... (cont.)

- During Q1 FY25 there were related party payments of \$90k, being \$85k of accrued Directors fees being paid to Mr. Ruwan Weerasooriya, \$5k of accrued Directors fees being paid to Mr. David Niall and \$45k paid to Pepper Leaf founder and Director, Simon Kahil which was drawn down as per the terms offered as part of the Pepper Leaf investment. While the Company intends to continue paying down accrued Directors fees from cash flow as part of its broader strategy to reduce liabilities and strengthen the Company's financial position, the Directors remain supportive and willing to pause payment of fees to preserve cash for investment in growth opportunities as required.

Update on H1 FY24 and FY24 Financial Statements and working capital management

As previously detailed in the ASX announcement on 1 July 2024, the Company was not in a position to lodge the FY23 accounts by 29th September 2023 which resulted in trading in the Company's listed securities being suspended and they will remain so until lodgement of the Company's outstanding accounts.

During the quarter, the Company released its Audited FY23 Annual Report which facilitates the opening balances to be used in preparation of the Company's outstanding 31 December 2023 Interim Report which will in turn facilitate the preparation of the FY24 Preliminary Report which was due to be lodged today.

The Company is continuing to work with its auditor to complete the outstanding accounts and return the Company to timely reporting as soon as practicable and will provide further updates as appropriate.

In the meantime, the Company is continuing to successfully execute its growth strategy, successfully achieving consecutive quarters of positive cash flow from operating activities over the past 2+ years.

The Company intends to continue balancing its operating cash flow to invest in growth opportunities while paying down liabilities. As outlined in the Quarterly Cash Flow Commentary, the Company took advantage of its improving cash flow to continue paying down liabilities including accrued Directors fees during the quarter. The Directors remain supportive and willing to pause payment of fees to preserve cash for investment in growth opportunities as required.

While fluctuations in operating cash flow are to be expected, the Company is pleased with the progress of its strategy and management is confident that its multi-dimensional growth strategy and agile operating structure can be adapted as required so the business can operate and grow without requiring additional capital.

This announcement has been approved for release to ASX by the Board of Directors

About Rewardle Holdings Limited

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.

Rewardle is a software business undertaking the development, operation and commercialisation of its proprietary Business to Business to Consumer (B2B2C) software platform (Rewardle Platform).

The Rewardle Platform connects millions of members with thousands of local businesses across Australia. It 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.

As part of its long term strategy, the Company is seeking to leveraging its operational capabilities, expertise and IP to develop new markets and opportunities.

In addition to operating the Rewardle Platform, the Company is building a portfolio of transactional, licensing and equity positions in partner businesses by leveraging the Company's operational team, platform and network of 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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