

Appendix 4E

Preliminary Final Report to the Australian Securities Exchange

Part 1

Name of Entity	Rewardle Holdings Limited
ABN	37 168 751 746
Financial Year Ended	12 months ended 30 June 2023
Previous Corresponding Reporting Period	12 months ended 30 June 2022

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	10,106	476%
Profit from ordinary activities after tax attributable to members	6,215	15064.5%
Net profit attributable to members	6,215	15064.5%

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Please note that this Preliminary Final Report is unaudited.

This ASX announcement has been approved for release by the board of Directors of Rewardle Holdings Limited

Part 3 – Contents of ASX Appendix 4E

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Part 4 – Consolidated Statement of Profit or Loss and Comprehensive Income

	Part	Consolidated 30 June 2023 \$	30 June 2022 \$
Rendering of services	9(a)	10,106,072	1,753,131
Other income	9(b)	402,241	367,365
Expenses			
Operating expenses associated with Rewardle network	9(c)	(2,937,160)	(1,308,817)
Employee benefits expense		(1,371,562)	(852,921)
Depreciation and amortisation expense		(3,048)	(289)
Profit/(loss) before income tax expense		6,196,543	(41,531)
Income tax expense		-	-
Profit/(loss) after income tax expense for the year		6,196,543	(41,531)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		1,070,018	-
Other comprehensive income for the year, net of tax		1,070,018	-
Total comprehensive income for the year		7,266,561	(41,531)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		(18,370)	-
Owners of Rewardle Holdings Limited		6,214,913	(41,531)
		6,196,543	(41,531)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(18,370)	-
Owners of Rewardle Holdings Limited		7,284,931	(41,531)
		7,266,561	(41,531)
		Cents	Cents
Basic and diluted earnings per share	13	1.18	(0.01)

Part 5 – Consolidated Statement of changes in Equity

Consolidated	Issued capital \$	Preference shares \$	Financial asset reserve \$	Retained losses \$	Non-controlling interest \$	Total deficiency in equity \$
Balance at 1 July 2021	18,190,908	-	-	(20,425,573)	-	(2,234,665)
Loss after income tax expense for the year	-	-	-	(41,531)	-	(41,531)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(41,531)	-	(41,531)
Balance at 30 June 2022	18,190,908	-	-	(20,467,104)	-	(2,276,196)
Consolidated	Issued capital \$	Preference shares \$	Financial asset reserve \$	Retained losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022	18,190,908	-	-	(20,467,104)	-	(2,276,196)
Profit/(loss) after income tax expense for the year	-	-	-	6,214,913	(18,370)	6,196,543
Other comprehensive income for the year, net of tax	-	-	1,070,018	-	-	1,070,018
Total comprehensive income for the year	-	-	1,070,018	6,214,913	(18,370)	7,266,561
<i>Transactions with owners in their capacity as owners:</i>						
Increase from business acquisition	-	615,904	-	-	(286,099)	329,805
Balance at 30 June 2023	18,190,908	615,904	1,070,018	(14,252,191)	(304,469)	5,320,170

Part 6 – Consolidated Statement of Financial Position

	Consolidated 30 June 2023	30 June 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	239,755	132,794
Trade and other receivables	195,582	34,502
Total current assets	<u>435,337</u>	<u>167,296</u>
Non-current assets		
Financial assets at fair value through profit or loss	7,372,072	347,072
Property, plant and equipment	213,984	1,294
Intangibles	629,926	-
Other	73,414	-
Total non-current assets	<u>8,289,396</u>	<u>348,366</u>
Total assets	<u>8,724,733</u>	<u>515,662</u>
Liabilities		
Current liabilities		
Trade and other payables	2,688,314	1,320,585
Borrowings	1,314,321	1,277,971
Provisions	210,844	148,314
Unearned Income	236,379	44,988
Total current liabilities	<u>4,449,858</u>	<u>2,791,858</u>
Non-current liabilities		
Borrowings	24,723	-
Total non-current liabilities	<u>24,723</u>	<u>-</u>
Total liabilities	<u>4,474,581</u>	<u>2,791,858</u>
Net assets/(liabilities)	<u>4,250,152</u>	<u>(2,276,196)</u>
Equity		
Issued capital	18,190,908	18,190,908
Preference share capital	615,904	-
Accumulated losses	(14,252,191)	(20,467,104)
Equity/(deficiency) attributable to the owners of Rewardle Holdings Limited	4,554,621	(2,276,196)
Non-controlling interest	(304,469)	-
Total equity/(deficiency)	<u>4,250,152</u>	<u>(2,276,196)</u>

Part 7 – Consolidated Statement of Cash Flows

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Cash flows from operating activities		
Receipts from customers	13,693,164	1,744,143
Payments to suppliers and employees	(6,737,797)	(1,799,355)
R&D and other Government incentives	402,240	367,365
Interest and other finance costs paid	(22,263)	-
Net cash from operating activities	<u>7,335,344</u>	<u>312,153</u>
Cash flows from investing activities		
Payment for purchase of subsidiary, net of cash acquired	(135,080)	-
Payments for investments	(7,025,000)	(323,440)
Payments for property, plant and equipment	(28,694)	-
Net cash used in investing activities	<u>(7,188,774)</u>	<u>(323,440)</u>
Cash flows from financing activities		
Proceeds from borrowings	289,035	86,304
Repayment of borrowings	(328,644)	-
Net cash from/(used in) financing activities	<u>(39,609)</u>	<u>86,304</u>
Net increase in cash and cash equivalents	106,961	75,017
Cash and cash equivalents at the beginning of the financial year	<u>132,794</u>	<u>57,777</u>
Cash and cash equivalents at the end of the financial year	<u><u>239,755</u></u>	<u><u>132,794</u></u>

Part 8 – Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix

Part 9 – Loss from Ordinary Activities

The loss from ordinary activities before income tax includes the following items of revenue and expense:

(a) Rendering of services

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Merchant Licensing fees (SaaS) and subscription	289,865	360,860
Growth services income	9,512,347	1,374,863
Sales and commission income	295,778	-
Set up fees	8,082	13,408
Brand partnership fees	-	4,000
	<u>10,106,072</u>	<u>1,753,131</u>

9(b) Other income

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
R&D tax incentive rebate	402,241	347,365
COVID-19 incentives	-	20,000
	<u>402,241</u>	<u>367,365</u>

9 (c) Operating expenses associated with Rewardle network

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
Consultant and contractor fees	1,613,770	527,668
Sales commission and service fees	187,041	175,910
Impairment of trade receivables	158,026	95,792
Merchant and member network costs	136,785	105,046
Auditing fees	44,912	39,006
Company secretarial and accounting fees	48,164	34,214
Rent	75,840	695
Legal fees	20,007	2,353
IT consumables	7,361	1,849
Other corporate and operating expenses	587,052	326,284
Operating cost for grocery delivery operations	58,202	-
	<u>2,937,160</u>	<u>1,308,817</u>

Part 10 – Commentary on Results

The profit for the consolidated entity after providing for income tax amounted to \$6,196,543 (2022: loss of \$41,531). During the year the Company materially increased the level of services it provided to Cardiac Rhythm Diagnostics, resulting in Growth Service income of \$9,512,347, which was the main driver of the significant improvement in the profit position for the year ended 30 June 2023.

While the Company significantly increased revenue by 467% compared to the previous year, expenses correspondingly increase by 99%, mainly driven by increase consultant and contractor fees to support the increased activity. In combination with R & D rebate of \$402,241 recognised during the year, the company posted a net profit of \$6,196,543.

During the year company has acquired controlling interests by investment in Beanhunter Pty Ltd and Your Grocer Pty Ltd. The Company also made significant investment of \$7,025,000 in Cardiac Rhythm Diagnostics via its agreement to convert fees into equity, increasing its investment in the equity of Cardiac Rhythm Diagnostics from 15% as at 30 June 2022 to 40% as at 30 June 2023.

The Company is continuing to invest in enhancing the capability of the Rewardle Platform while working to grow the Company's existing revenue streams and developing new revenue opportunities through a variety of approaches including building, partnering and acquisitions.

Part 11 – Notes to the Consolidated Statement of Cash Flows

Reconciliation of profit/(loss) after income tax to net cash from operating activities:

	Consolidated 30 June 2023	30 June 2022
	\$	\$
Profit/(loss) after income tax expense for the year	6,196,543	(41,531)
Adjustments for:		
Depreciation and amortisation	3,048	289
Impairment of trade receivables	158,028	95,729
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,150,868	(99,607)
Increase/(decrease) in trade and other payables	(1,427,063)	406,666
Increase in contract liabilities	191,391	-
Increase/(decrease) in other provisions	62,531	(49,393)
Net cash from operating activities	<u>7,335,344</u>	<u>312,153</u>

Part 12 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

Part 13 – Earnings per Share

	Consolidated 30 June 2023 \$	30 June 2022 \$
Profit/(loss) after income tax	6,196,543	(41,531)
Non-controlling interest	18,370	-
Profit/(loss) after income tax attributable to the owners of Rewardle Holdings Limited	6,214,913	(41,531)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	526,321,488	526,321,488
	Cents	Cents
Basic and diluted earnings per share	1.18	(0.01)

Part 14 – Net Tangible Assets per Security

	30 June 2023 Cents	30 June 2022 Cents
Net tangible assets per ordinary security	0.69	(0.43)

Part 15 – Details of Entities Over Which Control has been Gained

Name of entity	Beanhunter Pty Ltd	Your Grocer Pty Ltd
Date control gained	9 March 2023	20 April 2023
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(13,480)	(250,042)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	(19,964)	(683,430)

There has been no loss of control over the subsidiaries during the year.

Part 16 – Details of Associates and Joint Venture Entities

Name of associates/joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material profit/(loss))	
	30/06/2023 %	30/06/2023 %	Year ended 30/06/2023 \$	Year ended 30/06/2022 \$A'000
Cardiac Rhythm Diagnostics	40%	15%	Note 1	N/A
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where</i>				
Profit/(loss) from ordinary activities before income tax	-	-	Note 1	N/A

Note 1: During the year ended 30 June 2023, Rewardle has increased its investment in Cardiac Rhythm Diagnostics (CRD) from 15% as at 30 June 2022 to 40% as at 30 June 2023. Due to the increased holding, the Company's investment in CRD is required to be accounted as an investment in associate under AASB128 - Investments in Associates and Joint Venture.

As at 30 June 2023, the investment in CRD is recognised at cost. The Company is awaiting the audited results of CRD which are currently in the process of being prepared. Based on CRD's audited accounts, the Company will apply the equity method of accounting as required under AASB128 - Investments in Associates and Joint Venture.

Part 17 – Issued Securities

	Consolidated			
	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 \$	30 June 2022 \$
Ordinary shares - fully paid	<u>526,321,488</u>	<u>526,321,488</u>	<u>18,190,908</u>	<u>18,190,908</u>

Part 18 – Segment Information

Identification of reportable operating segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statement.

The Board considers that the Consolidated Entity has only operated in one segment, that is the development, operation and commercialisation of its proprietary Business to Business to Consumer (B2B2C) software platform (Rewardle Platform) by leveraging the Company's operational capabilities, expertise and IP.

Where applicable, corporate costs, finance costs, and interest revenue are not allocated to segments as they are not considered part of the core operations of the segments and are managed on a group basis.

The Consolidated Entity is domiciled in Australia. All revenue from external customers is generated from Australia only. Segment revenues are allocated based on the country in which the project is located.

Revenue of \$9,512,347 representing 94% of total revenue from ordinary activities was derived from a single customer.

The information reported to the CODM is on a monthly basis

Part 19 – Going Concern

For the year ended 30 June 2023 the consolidated entity had an operating net profits of \$6,196,543 (2022: loss of \$41,531), net cash inflows from operating activities of \$7,335,344 (2022: 312,153) and net current liabilities of \$4,014,521 (2022: \$2,624,562). However, the current liabilities as at 30 June 2023 contain a number of liability accounts, including loan from Directors of \$1,150,971 and salaries and Directors fee payable to the current Directors of \$884,890 and unearned Income of \$236,379 which represent the results of accounting adjustments and do not represent amounts currently payable, or expected to become payable, to third parties. If these liability accounts are removed from the calculation of working capital at 30 June 2023, the adjusted working capital deficit is reduced to approximately \$1,742,281 (2022: \$407,397)

In determining that the going concern assumption is appropriate, the Directors have had regard to:

- The Group cashflow forecast shows a positive cash position for the period extending beyond twelve months for this report;
- Forecast revenue from historical Merchants Services products (SaaS) continuing in keeping with historical performance and growing in the future in keeping with management assumptions;
- Forecast revenue from new Merchant Services products (SaaS) in keeping with management assumptions;
- Forecast revenue from brand partnerships continuing in keeping with historical performance and forecast revenue from new brand partnership products in keeping with management assumptions;
- Forecast professional services revenue resulting from strategic partnership agreements for the provision of technology, marketing, operational support and corporate strategy services to Pepper Leaf, Beanhunter, SplitPay and Cardiac Rhythm Diagnostics in keeping with management assumptions;
- Forecast Growth Services revenue in keeping with management assumptions including development of new partnership opportunities;
- Strategic partners ability to generate income and/or raise sufficient capital to support their ongoing growth and forecast professional services income;
- Ongoing growth of membership and development of opportunities to generate new revenue streams from members;

- Ongoing management of the underlying cost base (primarily through employee costs, improved technology efficiencies and other operating cost reductions) such that they are in keeping with management assumptions;
- Forecast receipt of FY23 research and development tax incentive rebate (R&D) in keeping with historical levels of cost apportionment and management assumptions;
- Access to R&D financing on quarterly draw down on similar terms provided to the Company previously;
- Access to loans which Directors may elect to provide on terms yet to be negotiated and agreed;
- Potential to raise capital as equity.

The Consolidated Entity's ability to continue to operate as a going concern is dependent upon the items listed above. Should these events not occur as anticipated, there is a material uncertainty that may cast significant doubt on whether the Consolidated Entity is able to continue as a going concern and as to whether the Consolidated Entity will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Consolidated Entity be unable to continue as a going concern and meet its debts as and when they fall due.

Part 20 – Subsequent events

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years

Part 21 – Audit Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	✓