

22 April 2024

ASX ANNOUNCEMENT

3Q FY24 Quarterly Business Update and Appendix 4C Cashflow Statement

## Gratificii delivers 50% PCP cash receipts growth, highlighting increasing value proposition in tough times.

Operationally cash flow positive for the quarter and YTD

### Highlights for 3Q FY24

#### Financial Highlights

- 3Q FY24 **cash receipts of \$8.798m** (+50% on the prior corresponding period (**PCP**), being 3Q FY23), representing a two-year compound average growth rate (**CAGR**) of 64%.
  - The strong 3Q result achieved in a seasonably slower quarter, with greater volumes and experiences on the platform and supports the strong value proposition of discounted experiences in tougher economic times.
- Operationally **cash flow positive** for the quarter (+\$0.4m) and YTD (+0.32m)
- Cash position of **\$1.445m** as at 31 March 2024 – to be bolstered by \$0.4m from Tranche 2 of Placement expected late May 2024.
- Successful capital raise received binding commitments of \$1.6m, demonstrating strong market support for the Company.

#### Corporate and Operational Highlights

- Significant new client win, with the **Bendix** Rewards Plus B2B loyalty program signed and launched during the quarter.
- Launched branded digital prepaid debit cards with **EML Payments**.
- Agreed with **Stripe** to become Gratificii's preferred payment gateway.
- Won "Best Overall Loyalty Program Business to Employee" category at the **2024 Asia Pacific Loyalty Awards** for The Distributors' owned "Advantage All Stars" program.
- On track to deliver Phase Three of material contract for key client **RACV** during May.

Gratificii Limited (ASX:GTI) (**Gratificii**), the enterprise loyalty and rewards company, is pleased to announce another strong quarter for cash receipts growth and cash flow.

Cash receipts for the quarter were \$8.798 million, up 50% on 2Q FY23, with demand for rewards and savings growing in the face of rising cost of living pressures.

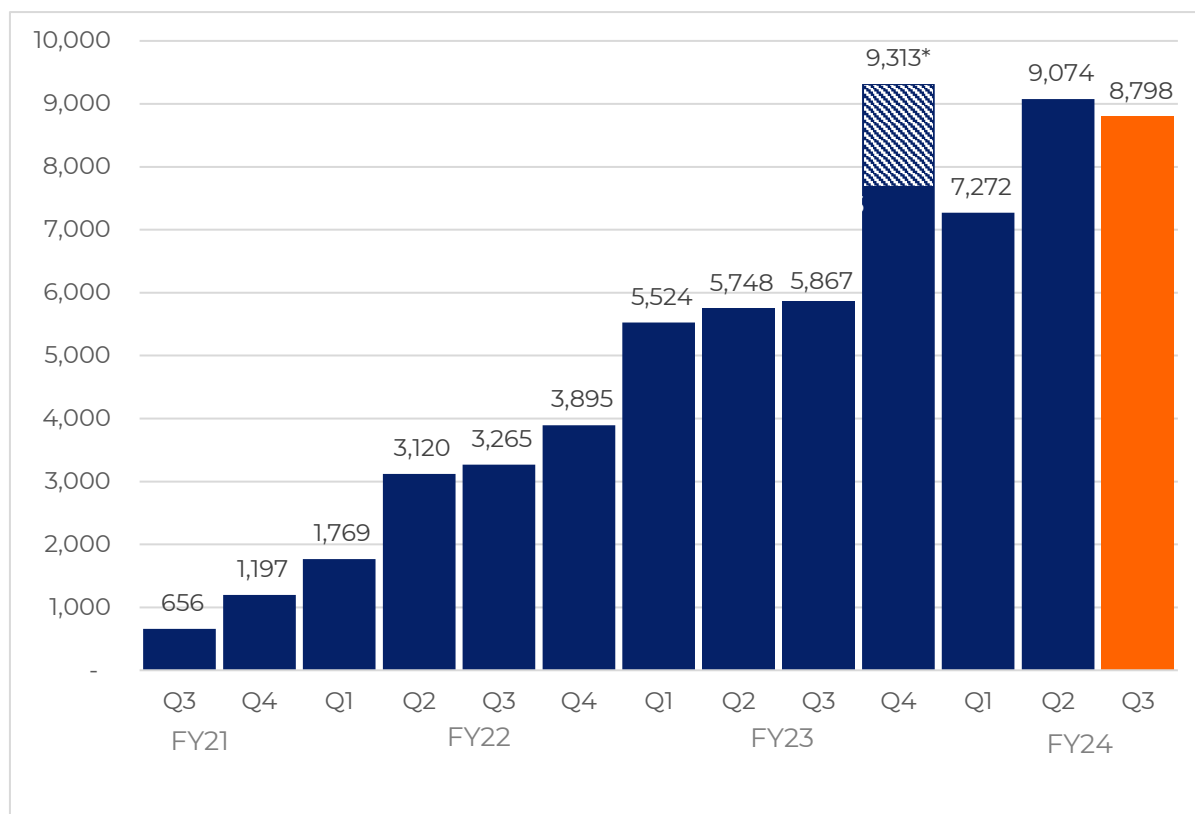
Operational cash flow was positive by \$402k for the quarter and \$315k for the financial year to-date. The Company's cash position was \$1.144m as at 31 March 2024.

Commenting on the quarterly report, Gratificii CEO and Managing Director, Iain Dunstan, said:

*"As Australia's largest loyalty and rewards business<sup>1</sup>, we are very pleased to have achieved results well above our budget given 3Q is a seasonally slower quarter. These results highlight the*

continued demand for our suite of loyalty services and technologies. It was also pleasing to see such strong support from professional and sophisticated investors for our capital raise."

### Quarterly Cash Receipts (\$'000) show 2-year CAGR to 3Q FY24 of 64%



\*Q4 FY23 included a special EOFY ~\$1.7 million rewards program with major client Mitsubishi.

## Corporate Update

As announced on 25 March 2024, the Company received binding commitments to raise \$1.6 million through the issue of 320 million new fully paid ordinary shares at an issue price of \$0.005 per share (**Placement**) to professional and sophisticated investors, including \$0.2 million participation by the Directors.

The Placement will be undertaken in two tranches:

- Tranche 1 raised \$1.2 million via the issue of 242.8 million new shares on 2 April 2024. The Company used its existing Listing Rule 7.1 and 7.1A placement capacity and therefore did not require shareholder approval to issue these shares.
- Tranche 2 is expected to raise \$0.4 million via the issue of 77.2 million new shares, subject to shareholder approval at an Extraordinary General Meeting to be held on or around Wednesday, 29th May 2024. Each new share issued under Tranche 2 will issue one new option, with an

exercise price of \$0.008 and an expiry date of 18 months after their date of issue, subject to shareholder approval.

Funds raised under the Placement will be allocated to additional technology development, inventory and working capital.

## New Client and Partner Wins

Gratificii signed up **new client** FMP Group (Australia) Pty Ltd (**Bendix**) during the quarter:



- Bendix is Australia's largest automotive brake pad manufacturer, producing a large range of disc brake pads from its manufacturing plant in Ballarat, Victoria, with offices across Australia as well as Thailand and Malaysia.
- Bendix signed an initial contract for 12 months, with rolling 12-month extensions, for Gratificii to provide a complete digital loyalty solution, earning platform licence fees and loyalty service fees following development of an extensive program launch and marketing services.
- The Bendix Rewards Plus program went live within 2 months of project scoping, demonstrating Gratificii's speed to market. The contract represents Gratificii's second full-service sale in the Australian aftermarket automotive sector which consists of over 36,000 businesses and 76,000 workers.<sup>2</sup>

During the quarter, Gratificii also announced **new partnerships to strengthen its loyalty offerings:**

- Gratificii signed two new agreements with EML Payments Solutions Limited (**EML**), as announced on 20 March 2024, incorporating:
  - 1. Gift Card Agreement:**
    - 3.5-year Stored Value Cards Agreement to deliver digital prepaid gift cards to Gratificii's Australian clients from April 2024.
    - The deal with EML unlocks the potential of Gratificii's gift card opportunity, enhancing the margin on each card issued.
    - Significantly enhances Gratificii's competitiveness in market in a ~\$6.3bn market.<sup>3</sup>
  - 2. Salary Sacrifice Rewards Agreement**
    - 12-month agreement for EML to access Gratificii's rewards content in order to extend the range of rewards available to EML's clients from May 2024.
    - EML has over 400,000 card holders on its Salary Packaging Employee Benefits platform who will be able to access Gratificii's rewards content by the end of April.
    - The Agreements with EML require minimal technical integration time and cost, and both have the potential to unlock significant upside.
- Gratificii appointed **Stripe** as its preferred payment gateway, incorporating Stripe's Elements and Checkout, to build completely customisable experiences for loyalty program members.

## Operations Update

As announced on 13 June 2023, Gratifii signed a three-year agreement with key client Royal Automobile Club of Victoria Limited (**RACV**) to deploy its SaaS platform with an extended range of services and rewards. The third and final phase of the project is on track to be delivered within 4QFY24 and Gratifii is contracted to receive \$360k in annual licence fees plus incremental revenue for curated content.

The “Advantage All Stars” program, owned by client The Distributors and powered by Gratifii, was awarded the “Best Overall Loyalty Program Business to Employee” category at the 2024 Asia Pacific Loyalty Awards. The program targets 245 sales representatives who service more than 15,000 petrol outlets, convenience and corner stores, pharmacies, newsagents, schools across Australia.

## Outlook

FY24 is on track to be a record year for Gratifii, given the number of new client implementations that have gone live during the year resulting in increased transaction volumes and revenues. Further, the Company continues to have a 100% client retention rate over the last 4 years. It remains confident that its strong foundation of clients will facilitate the transition to profitability within the first quarter of FY25.

Commenting on the Company’s outlook, Gratifii CEO and Managing Director, Iain Dunstan, said:

*“Given we achieved better than forecast revenue growth this quarter without the expected additional revenue from the delayed RACV Phase Three project, the expectation is for continued growth in quarterly receipts during 4Q FY24.”*

Gratifii continues to assess various corporate initiatives that have the potential to generate and deliver notable shareholder value.

## ASX Additional Information

During the quarter, the Company paid remuneration of \$67k to the CEO & Managing Director.

## Appendix 4C

**The Company’s Appendix 4C cashflow report is attached.**

GTI confirms that this announcement has been approved by the Board of Directors of Gratifii.

**Ben Newling, Alicia Gill**  
**Joint Company Secretaries**



**For further information, contact:**

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**About Gratificii Limited**

Gratificii Limited (ASX:GTI) is an ASX listed company transforming the way that loyalty and rewards are managed and delivered. Our single platform is a complete solution offering affordable, market-leading functionality and configurability. Over 60 mid-to-top tier brands rely on Gratificii for their loyalty and rewards across Australia, New Zealand and Southeast Asia.

To learn more, visit: [www.gratificii.com](http://www.gratificii.com).

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- 1 Ellipsis & Company's April 2024 Loyalty Market Update for Australia and New Zealand, based on 17 million accounts.
  - 2 IBIS World Motor Vehicle Engine and Parts Repair and Maintenance in Australia, 2 August 2022.
  - 3 Global GoGift: The Ultimate Guide to the B2B Gift Card Market in Australia 2023.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

GRATIFII LIMITED

**ABN**

47 125 688 940

**Quarter ended ("current quarter")**

31 March 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,798	25,144
1.2 Payments for		
(a) research and development		-
(b) product manufacturing and operating costs	(6,735)	(19,877)
(c) advertising and marketing	(8)	(17)
(d) leased assets	(42)	(126)
(e) staff costs	(728)	(2,404)
(f) administration and corporate costs	(877)	(2,380)
1.3 Dividends received (see note 3)		-
1.4 Interest received		-
1.5 Interest and other costs of finance paid	(8)	(30)
1.6 Income taxes paid		-
1.7 Government grants and tax incentives		-
1.8 Other (provide details if material)	2	5
<b>1.9 Net cash from / (used in) operating activities</b>	<b>402</b>	<b>315</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		-
(b) businesses		-
(c) property, plant and equipment	(3)	(3)
(d) investments		-
(e) intellectual property	(680)	(2,313)
(f) other non-current assets		-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(683)</b>	<b>(2,316)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,214	2,118
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(60)	(235)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(108)	(108)
3.7	Transaction costs related to loans and borrowings	(15)	(16)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,031</b>	<b>1,759</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	695	1,687
4.2	Net cash from / (used in) operating activities (item 1.9 above)	402	315
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(683)	(2,316)

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,031	1,759
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,445</b>	<b>1,445</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,577	834
5.2	Call deposits		
5.3	Bank overdrafts	(132)	(139)
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,445</b>	<b>695</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	67
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		



<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	1,362	1,362
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	<b>1,362</b>	<b>1,362</b>
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>234,000 convertible notes were issued to Novus Capital on 30 January 2023 at a face value of \$1.00. The unsecured debt was provided to various sophisticated investors at an interest rate of 10% p.a. and mature in July 2024.</p> <p>400,000 convertibles are to be issued to Bombora Investment Management Pty Ltd ATF Bombora Special Investments Growth Fund ('Bombora') subject to shareholder approval and will mature 18 months from issue.</p> <p>On 29 December 2023, 728,000 Notes were cancelled and re-issued with a maturity date of February 2025 and an interest rate of 12%</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	402
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,445
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,445
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: .....22 April 2024.....

Authorised by: ....Board of Directors.....  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.