

SPLITPAY GROWTH SERVICES UPDATE

EARNING EQUITY IN UK BNPL OPERATOR SPLITPAY

Key Highlights and Executive Summary



Turning professional services into SplitPay shares

Converting professional services fees from cash to equity as focus shifts from cash flow to developing high growth opportunities.



Leveraging Rewardle into the UK market and Buy Now, Pay Later sector

Gaining exposure to the fast growing Buy Now, Pay Later sector in the UK by leveraging the Company's experience, resources and capabilities.



Establishing a stronger basis for deeper strategic collaboration

Actively exploring strategic partnership opportunities, including the development of an instalment payment solution that is integrated with Rewardle's points and rewards platform.



Expanding Rewardle's portfolio of high growth strategic equity and licensing positions

SplitPay will join Beanhunter, Pepper Leaf, and Cardiac Rhythm Diagnostics as part of Rewardle's portfolio of strategic equity and licensing positions.

Rewardle Holdings Limited (ASX:RXH) ("**Rewardle**" or the "**Company**") advises that it has revised the SplitPay Growth Services Agreement announced on 29th April 2021 with **SplitPay Group Holdings Limited** ("**SplitPay**"), an Australian based unlisted public company operating a Buy Now, Pay Later (BNPL) service that is targeting the fast growing UK and European markets.

The primary change under the revised binding Terms Sheet, is that the Company's professional services fees will be paid via the issue of SplitPay shares instead of cash for 3 months starting 1 November 2021.

Based on recent monthly fees for professional services provided to SplitPay, which are variable based on time and materials, the Company expects to forgo \$30,000 - \$60,000 in cash fees in return for a shareholding of between 0.5% and 1% in SplitPay.

The arrangement to convert cash fees to equity may be extended beyond the initial 3 month term by mutual agreement.

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

"As we successfully execute our strategy to breakeven and grow, we're turning attention to opportunities that can create long term value and benefits such as ongoing transaction fees, software licensing, equity participation, enhanced network effects and user engagement."

"Through our work with SplitPay over recent months we've identified a number of high growth opportunities where we can leverage our experience, capabilities and IP to help them innovate, differentiate and grow."

"For example, we believe that buy now, pay later can follow in the steps of traditional credit cards to power a substantial points and rewards opportunity."

"Converting of our cash fees into SplitPay shares gives us direct exposure to the Buy Now, Pay Later sector, the UK market and upside generated from our services work. It also elevates the nature of our relationship from service provider to shareholder and creates a stronger basis for establishing a deeper strategic relationship."

Conversion of Growth Services Fees from Cash to Equity in SplitPay

The Company has been prioritising Growth Services engagements that generate short term cash flow and develop new markets and opportunities that have the potential to create long term value and benefits for the Company in areas such as ongoing transaction fees, software licensing, equity participation, enhanced network effects and user engagement.

As outlined in the Breakeven and Grow Progress update on 14th September 2021, the Company is successfully implementing its strategy, achieving cash flow positive operations in August with September on track to follow suit. The full announcement can be viewed at www.rewardle.com/asx/augustupdate.

While fluctuations are to be expected, particularly as COVID-19 related restrictions continue, the Company is confident that it can maintain the positive momentum and its focus is shifting from cash flow to developing high growth opportunities that can create long term value and benefits such as ongoing transaction fees, software licensing, equity participation, enhanced network effects and user engagement.

In establishing the professional services agreement, both parties acknowledged their interest in exploring the development of strategic partnership opportunities that can increase their respective addressable markets by extending platform capabilities or expanding the geographic operations.

By converting of its professional service fees from cash into SplitPay shares the Company gains direct exposure to the Buy Now, Pay Later sector, the UK market and upside generated from its services work. It also elevates the Company from a service provider to shareholder, creating a stronger basis for establishing a deeper strategic relationship.

Key terms of updated binding Terms Sheet with SplitPay

- 2 year term.
- Either party may terminate with 30 days notice.
- Monthly fee estimated at \$10,000/month based on time and materials.
- Minimum monthly fee of \$5,000/month.
- For 3 months commencing 1 November 2021 fees will be paid through the issue of SplitPay shares based on share price of most recent capital raising.
- Equity based payment for professional services may be extended by mutual agreement.
- If the ASX determines that Listing Rule 11.1 applies to the equity based payments, fees will revert to cash.

Expanding Rewardle's portfolio of strategic partners

Under the services for equity arrangement, SplitPay will join the Company's portfolio of strategic partners which currently consists of equity positions with Beanhunter and Pepper Leaf via options agreements and software licensing with Cardiac Rhythm Diagnostics.

The Company is working on a pipeline of Growth Services opportunities and will provide further updates with respect to the progress of individual opportunities as appropriate, taking into consideration the nature and potential impact on the business.

Working capital management

As outlined in the Breakeven and Grow Progress update on 14th September 2021, the Company is successfully implementing its strategy, achieving cash flow positive operations in August with September on track to follow suit.

In addition to its improving cash flow, the Company has commenced preparing its FY21 R&D submission and anticipates receiving a rebate in the range of \$300,000 and \$400,000 in coming weeks.

The FY21 R&D rebate combines with professional services revenue, recurring merchant service fees and a efficient, low operating cost base to maintain the Company's capability to operate and grow without requiring additional funding.

Overview of SplitPay Growth Services Agreement

As announced on 29th April 2021, Rewardle entered a binding Terms Sheet with SplitPay, an Australian based buy now, pay later operator targeting the nascent, fast growing UK and European markets. View announcement in full at www.rewardle.com/asx/splitpaygrowthservices.

SplitPay business summary

SplitPay is a Buy Now, Pay Later (BNPL) business targeting the nascent, high growth UK and European markets. SplitPay's BNPL product enables merchants to offer customers the opportunity to pay for purchases in three or four equal monthly instalments.

SplitPay is an unlisted public company, co-founded in 2018 by Campbell Welch. The Company has raised over \$2,000,000 from investors and established a strategic partnership with Novatti Group Limited ("Novatti") (ASX:NOV).

Novatti is a Melbourne based specialist payments technology company that provides solutions for financial services companies worldwide. Novatti has taken a substantial, minority shareholding in SplitPay in return for developing the underlying software platform that SplitPay uses to deliver its installment payment service to customers.

BNPL is nascent in the UK but growing quickly. The UK market is still in a land-grab phase with many Merchants not yet offering a BNPL solution. While SplitPay is not first to market and will compete for merchants and consumers with large, established BNPL companies such as Klarna, Afterpay (Clearpay) (ASX:APT) and Zip (ASX:Z1P), the rapid growth of these operators validates the opportunity.

SplitPay believes it can compete and capture market share due to the substantial size and diversity of the addressable market which will support multiple BNPL consumer propositions. This dynamic is being demonstrated by merchants electing to offer multiple BNPL options and SplitPay signing up merchants who are already using Klarna, Afterpay (Clearpay), Zip or Laybuy due to key differences in its BNPL offering.

Rewardle to assist in accelerating the development and growth of SplitPay

Rewardle is well positioned to add substantial value to SplitPay through its experience and operational capabilities as the dynamics of developing, operating and commercialising the Rewardle Platform are very similar to a BNPL business.

Rewardle acquires members/users through acquiring merchants and the Company has developed robust technology and operating procedures while also balancing growth against the cost of capital.

Over its lifetime, Rewardle has acquired almost 10,000 local businesses and over 3 million of members. It will support SplitPay in achieving its goals by providing technical consulting services to accelerate the development of its technology platform along with input into strategy and operations.

In addition to the professional services, both parties have acknowledged their interest in exploring the development of strategic partnership opportunities that can increase their respective addressable markets by extending platform capabilities or expanding the geographic operations.

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 building a portfolio of transactional, licensing and 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.

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