

27 February 2025

ASX ANNOUNCEMENT

Graffiti increases 1H FY25 revenue 55% to \$24.1 million

Gratifii Limited (ASX:GTI) (**Gratifii** or **the Company**), the enterprise loyalty and rewards company, is pleased to announce its half year results for the period ended 31 December 2024 (**1H FY25**).

Revenue has increased to \$24.1 million, a 54.54% improvement on the prior period due to significant scale from the Club Connect and Rapport Group acquisitions.

This scale has enabled the Company to achieve its first EBITDA positive month in December 2024. Whilst unaudited, a positive EBITDA result is also expected for January 2025 and positions the Company well to continue its overall revenue growth.

The integrations of both Club Connect and Rapport are ahead of schedule and the Company is strongly positioned to realise synergistic benefits from FY26.

Highlights for 1H FY25

Financial:

- **Revenue from ordinary activities** of \$24.1 million, (1H FY24: \$15.5 million:) up 54.54% from 1H FY24, attributed partially to a material growth in rewards and the recent acquisitions
- **Gross profit** of \$3.3 million (1H FY24: \$2.4 million:), up 37% on 1H FY24
- **Underlying EBITDA** Loss of \$1.1 million (1H FY24: \$1.0 million loss:) down 15.98% due to technology related costs
- **Cash** as at 31 December 2024 was \$3.5 million

Operational:

- Continued success in the motoring club sector with the expansion of offerings across several major Australian motoring clubs
- Mosaic development has significantly lessened given the successful delivery of key functionality. This will see further reductions in capex expenditure in 2H FY25
- Signed key deals with, Virgin Velocity, Faster Mobile and Members Advantage, among others which are expected to yield increased revenue
- Appointments made to Executive team to better support continued growth

Financial results

	1H FY25 (\$m)	1H FY24 (\$m)	% Change
Revenue from Ordinary Activities	24.1	15.6	54.54%
Gross Profit	3.3	2.4	37.01%

Employment Costs	(2.7)	(2.0)	(34.16%)
Corporate Admin	(2.0)	(1.3)	(53.88%)
Other	(0.6)	(0.3)	(106%)
EBITDA	(2.0)	(0.8)	(140.71%)
Underlying EBITDA¹	(1.1)	(1.0)	(15.98%)
Total Comprehensive Profit (loss) for the year	(3.9)	(2.0)	(96.99%)

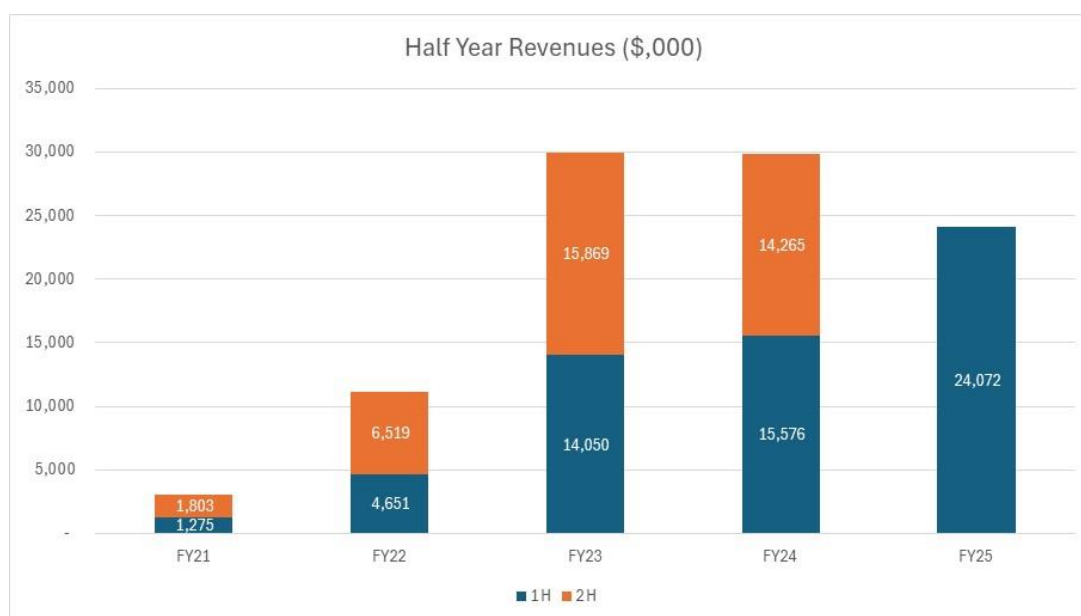
Total Revenue was \$24.1 million for the half year ended 31 December 2024, which has seen both Rewards and Loyalty Services segments materially increase compared to the prior corresponding period:

- The Company has restructured its Software as a Service (**SaaS**) business due to repositioning as a Rewards and Loyalty business with underlying technology platforms as an enabler. Accordingly, reporting has been consolidated into two operating segments – (i) Rewards and (ii) Loyalty Services.
 - SaaS fees from contracted clients in 1H FY24 was \$0.3 million;
- \$18.9 million was Rewards revenue (1H FY24: \$10.8 million); and
- \$5.1 million was Loyalty Services (1H FY25: \$4.4 million).

Rewards revenue grew by 75% on the previous financial year due to increased sales of rewards content, a growing portfolio of customers, and two months of post-acquisition revenue from Club Connect.

Loyalty Services revenue increased by 18%. This is despite challenging market conditions causing downward pressure on discretionary spending. Gratifii has experienced a winding back of loyalty program spend from a small number of customers, some of which have indicated they are intending to exit the Australian market.

¹ Earnings Before Interest, Tax, Depreciation and Amortisation and removing significant one-off items. This is a Non AIFRS item, a reconciliation is provided in the Appendix 4D.



Gross Profit increased by 37.01% to \$3.3 million (1H FY24: \$2.4 million). Gross Profit margin decreased to 13.7% during the period (1H FY24: 15.4% margin), due to a decline in higher margin SaaS revenue and a larger proportion of lower margin Rewards revenue. Post acquisition, the Gross Profit margin from Rewards is expected to improve with economies of scale.

Underlying EBITDA Loss was down 16.0% when adjusted for the one-off transaction cost related to the Club Connect and Rapport transactions. This result is largely due to increased operating expenditure in IT, attributed to the Company investing in its compliance with ISO standards. Post acquisition of Club Connect and Rapport, the Company has delivered two consecutive EBITDA positive months - the result of increased scale, combined with seasonal factors.

Reported Net Loss was \$3.9 million for the financial year, (1H FY24: \$2.1 million). 1H FY25 saw increased depreciation and amortisation costs, primarily related to the Mosaic platform.

Cash was \$3.5 million as at 31 December 2024 (1H FY24: \$0.7 million).

Corporate activity

In October 2024 the Company announced the raising of circa \$9 million through a Placement and Entitlement Offer to acquire Club Connect and Rapport.

In addition, the Company repaid circa \$740k in convertible notes and unsecured debt to strengthen its balance sheet.

Operational update

Executive appointments

Gratificii has made three appointments to its Executive team to better support continued growth:

- Matt Waples – joined in October 2024 as Chief Technology Officer (ex-Qantas Loyalty);
- Grant Hendry – joined in November 2024 as Head of Operations (previously CEO Club Connect); and
- Leonie Titshall – joined in December 2024 as Head of Client Services (previously CEO of Rapport NZ).

New customers and partners

Gratificii acquired eight new customers during 1H FY25, taking the total number of clients accounts to over 80.

These include *MyMoto*, the go-to platform for customers looking to find, buy and service their car online; *RAFAA*, one of Australia's largest not-for-profit retirement living and residential care providers that support veterans and serving members of the Australian Defence Force and Air Force members and their families; *West Rewards* and its subscribers to the West Australian Newspaper and Sunday Times Newspaper, and; *Members Advantage*, a marketplace designed for members from several of Australia's largest trade unions. These four new customers bring an additional 100,000 members.

Gratificii has also signed an agreement with Collinsons who administer Virgin Velocity's loyalty program with ~10 million members, for the provision of movie tickets

Furthermore, Gratificii is expanding its footprint into the Hong Kong market with the launch of a trade incentive program for Mitsubishi HK Heavy Industries Air Conditioning. It's 'MCool Installer Rewards' introduces cashback incentives for the HK and Macau installer network and has been designed to drive loyalty and create a meaningful point of difference between MHI HK and its key competitors.

Gratificii has signed a five-year unconditional contract with *Fastter*, a telecommunications studio that develops and manages virtual mobile networks. Fastter has a track record of delivering material earnings to its partnering platforms. Gratificii are the first Australian company to offer a branded B2B2C telco product to its clients and end-users. Branded 'Member's Mobile', this telco offering is powered by Fastter and delivers mobile phone plans at reduced costs. It includes coverage on the full Optus 5G Network and is available as a fully white-labelled offering. Gratificii expects this new offering to go live in late March.

Outlook

The Company is confident in its ability to deliver continued revenue growth in 2H FY25 and into FY26 from its expanded rewards and loyalty services offerings acquired through its recent acquisition, paired with its pre-existing customer base.

Commenting on the Company's outlook, Gratificii CEO and Managing Director, Iain Dunstan, said:



“We’ve had a strong start to the second half of FY25 with results ahead of budget and are excited about the new products we’re bringing to the market during this half. Our acquired scale has created a strong sales pipeline, as well as numerous growth and diversification opportunities, both in Australia and New Zealand. We now have the scale, supply arrangements, technology assets and Executive team in place to deliver on the strategy and growth expectations.”

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

Ben Newling
Company Secretary

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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 80 mid-to-top tier brands rely on Gratificii for their loyalty and rewards across Australia, New Zealand and Hong Kong.

To learn more, visit: www.gratificii.com .