

**ASX ANNOUNCEMENT**  
26 April 2018

## Change Financial Achieves Record Quarter and Critical Milestones Across All Divisions

### Investment Highlights

#### Consumer Division

- Record total transaction volume (“TTV”) growth of 19% ↑, deposit growth of 19% ↑ and purchase growth of 15% ↑ Quarter over Quarter (“QoQ”)
- Record efficiency in the cost of acquiring customers (“CAC”) at an average of \$9.59
- Increased organic acquisition rate by 42.6% during the quarter

#### Enterprise Division

- Secured three critical enterprise agreements to advance progress in monetising the processing platform technology
- On-track to receive Mastercard third party processing registration and Payment Card Industry Data Security Standard (“PCI DSS”) certification by the middle of this calendar year

#### Blockchain Division

- Ivy Koin has successfully completed its Token Generating Event
- Significant increase in value of investment in Ivy Koin (“Ivy”), a blockchain technology company built to disrupt the \$1,250 trillion global payments market. Change Financial holds a 33% equity interest in Ivy and 130 million ivyKoin tokens

**26 April 2018:** U.S.-based fintech, banking software, and blockchain investment company Change Financial Limited (ASX:CCA / OTCQX:CNGFF) (“Change Financial” or “the Company”) is pleased to present its quarterly report for the three months ending 31 March 2018.

#### Consumer Division

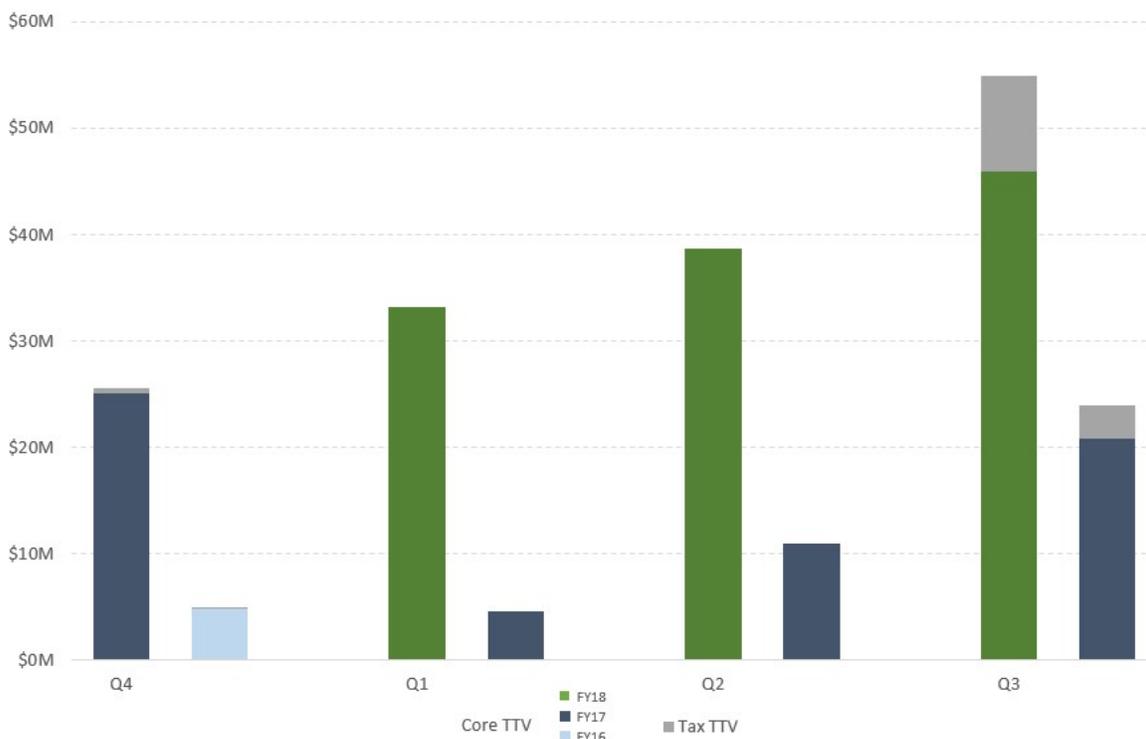
ChimpChange now has 160,000+ direct to consumer customers using its multi award-winning platform. ChimpChange won the Pay Awards 2017 “Start Up of the Year Best Mobile App Consumer Champion” in 2017 and, post quarter end, was named a “Top 10 Mobile Banking Solution Provider 2018” by Banking CIO Outlook magazine<sup>1</sup>. The recent award is further validation of the value that ChimpChange provides to millennials and the underbanked in the United States.

From a transactional perspective, Change Financial’s Consumer Division achieved strong organic growth during the quarter, supercharged by the US tax refund season. The Company delivered growth across all areas of the Division with the success of

ChimpChange this quarter further confirming the opportunity in the US market for an innovative tech-driven fee-free consumer banking product.

Key metrics including total transaction volume (“TTV”), deposits, and purchases all grew significantly during the quarter.

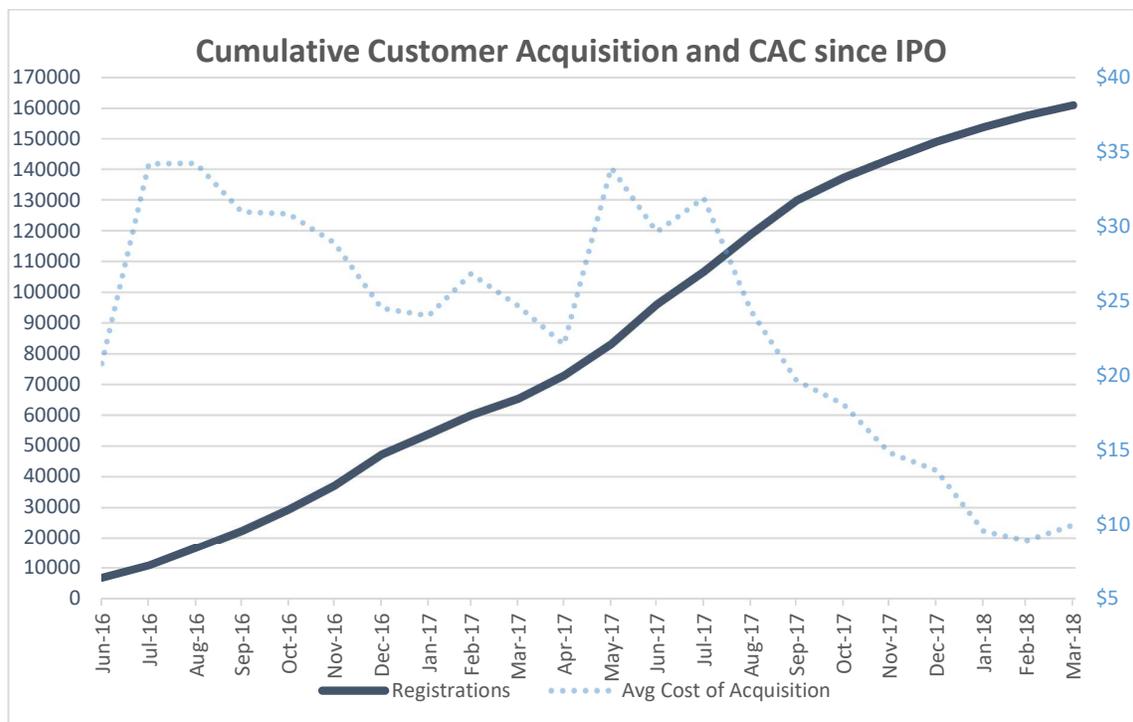
TTV, which represents the movement of gross consumer funds within the Company’s banking environment, grew by 19% quarter-on-quarter (“QoQ”) to US\$46.0 million (A\$59.8 million<sup>2</sup>). This sustained growth has boosted the annualised run rate of ChimpChange’s TTV to approximately US\$200 million (A\$260 million<sup>2</sup>), a 69% Year-on-year (“YoY”) increase on the 2017 March quarter.



Customer deposits for the quarter grew by 19% QoQ to US\$22.9 million driven by the seasonal boost in deposits in the form of tax refund inflows, as was recorded in the 2017 March quarter. YoY customer deposits have grown 91% from the US\$12.0 million (A\$15.6 million<sup>2</sup>) recorded in the March 2017 quarter.

Purchases increased QoQ by 15% to US\$15.3 million (A\$19.9 million<sup>2</sup>). YoY purchases have increased 89% from the \$8.1 million (A\$10.5 million<sup>2</sup>) recorded in the March 2017 quarter. The Company finished the March quarter at an annualised card purchase run rate of approximately US\$70 million (A\$90.9 million<sup>2</sup>) from approximately 2.4 million transaction swipes per annum.

Organic acquisition rate increased to 42.6% in Q3 FY18, up from 32.7% in the prior quarter. Similarly to the previous quarter, further efficiency gains were realised to reduce the average cost of acquiring customers to US\$9.59. The high organic rate and low cost to acquire customers indicates the brand is growing convincingly and the value proposition of the product resonates with the Company’s key demographics.



### Enterprise division

Change Financial is continuing to make progress towards the full launch of its enterprise Software-as-a-Service (SaaS) solution that will combine innovative processing functionality and flexibility with its award-winning smartphone app consumer interface.

Post quarter end, Change Financial secured major enterprise agreements with Central Bank of Kansas City (CBKC), Mastercard (NYSE:MA), and Pulse, a subsidiary of Discover Financial Services (NYSE:DFS). These agreements will provide Change Financial with the following:

- CBKC has been positioned as the first enterprise customer to have transactions processed by Change Financial. The agreement with CBKC supports continued innovation and product development for Change Financial’s enterprise SaaS processing solution and indicates the first bank of many to integrate Change Financial’s enterprise technology platform.
- Mastercard’s network gateway services will provide transaction gateway connection to the Change Financial processing engine, allowing Change Financial to compete alongside Fortune 500 companies such as TSYS, First Data, and Fiserv. Pulse will provide transactions routed through its vast network, the third largest debit/ATM network in the US, completing the core foundation needed to service financial institutions

These agreements are the critical pieces to the launch of Change Financial’s Enterprise offering. Upon registration as a Mastercard third party processor and PCI DSS certification, Change Financial will be able to provide enterprise processing services to the Company’s banking partners.

### Blockchain division

Change Financial sees the establishment of its Blockchain Division as in keeping with its mission of creating better banking through innovative and leading technology.

Change Financial's investment in Ivy, a blockchain technology company built to disrupt the \$1,250 trillion global payments market<sup>3</sup>, increased in value significantly throughout the quarter.

As announced previously, because of Change Financial's seed investment in Ivy, Change has a 33% equity holding in Ivy and holds 130 million ivyKoin tokens. In February, Ivy completed its most recent token sale, raising US\$16.5 million (A\$21.4 million<sup>2</sup>), via a private placement at a price of US\$0.10 per token.

Post quarter end, Ivy completed its Token Generating Event. With the success of Ivy, Change Financial has been receiving consistent inbound inquiries to invest in or advise other blockchain projects. The Company's Blockchain Division is now in the process of evaluating and assessing these projects and will update the market on the roadmap for further blockchain investments.

#### Cash flow

Cash at the end of the March quarter was US\$3.2 million (A\$4.16 million<sup>2</sup>). All financial figures in the following Appendix 4C are denominated in US dollars, unless stated otherwise.

**Change Financial Managing Director Ash Shilkin:** "We are very pleased with the strong growth we achieved across our three divisions in the March quarter. The Consumer Division continues to set records across all key transactional metrics and the Enterprise Division continues make progress toward the launch of our SaaS offering. We are also excited to see the significant increase in value of our Blockchain Division's investment in Ivy. Additionally, we are seeing a number of synergistic benefits for the technology we've built across all divisions as we begin looking to leverage and integrate them together to further enhance shareholder value."

<sup>1</sup> [https://www.bankingciooutlook.com/magazines/April2018/Mobile\\_Banking/](https://www.bankingciooutlook.com/magazines/April2018/Mobile_Banking/)

<sup>2</sup> Based on a Quarter-end USD/AUD of \$0.77

<sup>3</sup> [https://www.fincen.gov/news\\_room/rp/files/Appendix\\_D.pdf](https://www.fincen.gov/news_room/rp/files/Appendix_D.pdf)

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## About Change Financial

Change Financial Limited (ASX:CCA, OTCQX: CNGFF) is a U.S-based award-winning fintech, banking software, and blockchain investment company consisting of three core business units: Consumer, Enterprise and Blockchain.

The Consumer unit is underpinned by ChimpChange, the Company's award-winning digital bank account and mobile app. ChimpChange makes free retail banking available to Americans who typically pay fees to have a bank account and provides money management tools to help its customers - the majority of which are millennials - make better financial decisions.

The Enterprise unit provides a turn-key, Software-as-a-Service solution for U.S banks which is PCI compliant and capable of authenticating transactions.

The Blockchain unit pursues value-accretive investments in the burgeoning blockchain space. Change Financial has invested in Ivy, a blockchain-based cryptocurrency that comes embedded with significant Know Your Transaction (KYT) and Know Your Customer (KYC) information to provide more transparency for traditional banks and financial institutions when receiving fiat or cryptocurrency deposits.

To learn more please visit: [www.changefinancial.com](http://www.changefinancial.com)