

ASX ANNOUNCEMENT  
31 July 2018

## Change Financial Ends June Quarter Prepared for New Phase of Growth

### Investment Highlights

- Appointed fintech veteran in the payments industry Eric Bachman as new CEO
- Acquired the option to purchase the remaining equity interests in Ivy Entities for US\$10 million in scrip and cash, subject to shareholder approval
- Raised US\$2.62 million in a heavily oversubscribed placement to fund acquisition of the Ivy call-option and deployment of enterprise solution
- Finalised connectivity testing with Mastercard of innovative Software-as-a-Service enterprise solution and progressing closer to commercial launch
- Achieved total transaction volume of US\$35 million, deposits of US\$11.9 million and record efficiency of cost of acquiring customers in the company's consumer product
- Total transaction volume growth of 40% from prior comparable period

**31 July 2018:** U.S.-based fintech company Change Financial Limited (ASX: CCA) ("Change Financial" or "the Company") is pleased to present its quarterly report for the three months ending 30 June 2018.

### Restructured leadership for a new phase of growth

Operationally, a significant portion of the June quarter was devoted to Change Financial's restructure of its leadership and capital raising for a strategic acquisition of the Ivy Entities ('Ivy'), as the Company embarks on a new phase of growth.

On July 4, Change Financial announced that had appointed Eric Bachman as CEO effective 1 August 2018, with Managing Director Ash Shilkin remaining on the Board and moving to an Executive Director. Mr Bachman is an institutional payments veteran with over 30 years' experience in banking, payments, and building new companies. Mr Bachman's experience reaches across key brands, such as Wells Fargo, US Bank, Visa, BankServ and NextCard. He was part of the team that built and launched Marqeta's leading payment card issuing and processing services and analytics platform. With the support of key leadership which includes alumni of Westpac, PayPal and Goldman Sachs, Mr Bachman is ideally placed to lead Change Financial to execute its monetisation strategy and bring its enterprise solution to market.

### Capital raising and acquisition of Ivy

To support its evolution, in early July Change Financial raised approximately US\$2.62 million in a heavily oversubscribed placement. Net proceeds from the placement are being used to fund working capital, the deployment and marketing of its enterprise solution and for the purchase of the option to acquire Ivy (US\$250,000).

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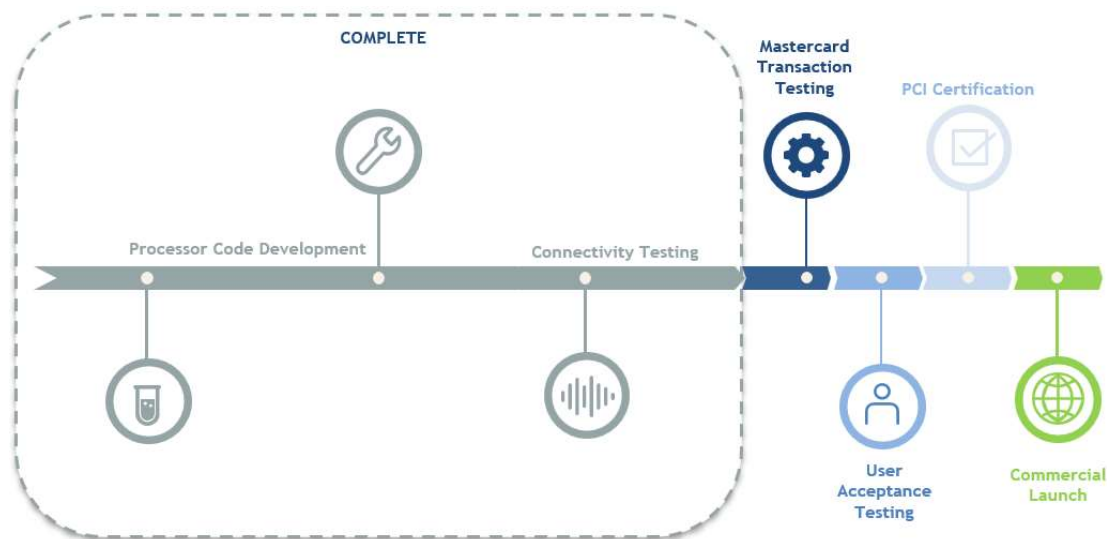
Ivy is developing a platform which aims to solve one of cryptocurrency’s biggest challenges, the issue of anonymity associated with payments recorded on a blockchain and how they interact with the existing financial ecosystem. Ivy’s platform will embed comprehensive Know-your-Customer (KYC) and Know-your-Transaction (KYT) information into the Ivy token to assist in the satisfaction of anti-money laundering (AML) requirements. The aim of Ivy’s technology is to bridge the gap between the significant volume of blockchain-based payments (up to US\$92 million in the US alone in 2017 according to Bloomberg) and financial institutions. Furthermore, the vision for Ivy is to ultimately be an alternative to the global incumbent payment networks which transfer more than US\$5 trillion per day<sup>1</sup>.

Change Financial intends to integrate the Ivy platform into its enterprise solution and award-winning consumer product as it continues to evolve its unified payments platform. Further to this, Ivy announced during the quarter a partnership with HiveEx, a leading cryptocurrency trading platform, to launch IvyPay, a platform which will turn cryptocurrency into AUD instantly and allow it to be used to make payments.

### Finalised testing of the enterprise solution

Change Financial made further progress towards the launch of its enterprise solution which will provide turn-key services targeting 7,000 Federal Deposit Insurance Corporation (FDIC) banks in the US with innovative, cost-effective mobile banking services. Incoming CEO Mr Bachman has six years of experience with Marqeta successfully rolling out similar product offerings; Marqeta recently achieved a valuation of US\$545 million.

The Company has been working with its partners Mastercard (NYSE: MA), Discovery Financial Services’ (NYSE: DFS) subsidiary Pulse and the Central Bank of Kansas City to become one of the small number of processors that is fully integrated with Mastercard globally. Change Financial completed interconnection testing during the quarter and, post the quarter end, began testing programs for registration as a Mastercard third party processor, including system messaging, key exchange and transactional testing.



Change Financial is on track to begin testing customer accounts and is targeting a full launch in 2H FY19. Change Financial expects the appointment of Mr Bachman, who has

<sup>1</sup> [https://www.fincen.gov/sites/default/files/shared/Appendix\\_D.pdf](https://www.fincen.gov/sites/default/files/shared/Appendix_D.pdf)

extensive experience and connections in the payments industry, will greatly expedite the progress of the enterprise solution as it moves through development into full launch.

The size of the addressable market for the enterprise solution is extremely large, with the global payments industry projected to grow its revenues to \$2.2 trillion annually by 2021, driven by global GDP growth and the increasing transactional needs of businesses and consumers worldwide<sup>2</sup>.

### Strategic review of consumer product underway

Change Financial's award-winning consumer mobile banking app, ChimpChange, achieved total transaction volume (TTV) of US\$35 million with deposits of US\$11.9 million and a continued record efficiency of cost of acquiring customers (CAC) of just US\$10 per customer. Compared to the prior comparable period (June quarter 2017), loads were up 39%, purchases were up 37% up and TTV was up 40%. ChimpChange not only provides an excellent customer-facing mobile banking solution but also supports the Company's SaaS enterprise solution by providing a valuable testing ground for forging mobile banking best practices.

Change Financial is currently conducting a strategic review of ChimpChange which includes evaluating additional monetisation opportunities and the exploration of other methods of unlocking value from its customer base.

### Cash flow

Cash at the end of the June quarter was \$1.67 million. All financial figures in the following Appendix 4C are denominated in US dollars, unless stated otherwise. Furthermore, after the close of the quarter, as mentioned above, the company completed a raise of US\$2.62 million through a private placement.

**Change Financial Executive Director Ash Shilkin:** "I am excited by the opportunities presented by our enterprise solution and the Ivy business.. I am confident Mr Bachman will be effective in leading our strong team as we challenge and disrupt the payments industry. We look forward to integrating our consumer, enterprise and blockchain capabilities in a way that delivers on our promise of creating better banking through technology."

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### About Change Financial

Change Financial Limited (ASX:CCA, OTCQX: CNGFF) is a US-focused fintech company revolutionising the way traditional currencies and digital assets flow between consumers, businesses and financial institutions through its range of innovative, globally scalable payments' services. Change Financial's solutions include a registered Mastercard enterprise processor, a blockchain-based payments platform and cryptocurrency and an award-winning consumer digital banking platform.

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