

**ASX ANNOUNCEMENT**

Sunday, 30 September 2018

**Decision on Ivy Option, Director Resignation, Business Update & Funding Options**

**Sunday, 30 September 2018:** U.S.-based fintech company Change Financial Limited (ASX:CCA) (“Change Financial” or “the Company”) announces:

- the Company has decided not to exercise its option to acquire the additional 66.7% of Ivy, a blockchain technology company in which it owns a 33.3% interest;
- Andrew Pipolo is stepping down as a Director;
- a general business update; and
- the Company is considering funding options.

**Decision to not exercise the Ivy option**

In relation to the Company’s decision not to exercise its option to acquire the remaining 66.7% of Ivy, Teresa Clarke, Executive Chair of Change Financial said:

“We continue to believe that diversifying our assets to include exposure to blockchain technology is a sound strategic decision in the longer term and we saw Ivy as an excellent opportunity to achieve this aim. However, subsequent to Change’s acquisition of the call option, the recent leadership changes and the commencement of the strategic review of Change’s business have made clear that in the near term, Change needs to remain focused on its own existing core business activities.

The blockchain industry is highly dynamic and Ivy requires a shareholder that can dedicate the substantial resources against the backdrop of a rapidly evolving environment.

Consequently, we determined that it is not in the best interests of the Company to exercise the Ivy option.”

There are no break fees or other costs associated with the decision not to exercise the call option. The Company will continue to share in the potential success of the Ivy business through its significant token holding and shareholding in Ivy.

**Andrew Pipolo is Stepping Down as a Director**

The Company wishes to advise that Mr. Andrew Pipolo has resigned as a non-executive director, with effect from today.

For personal use only

Andrew has resigned to allow himself to focus on other business interests in light of the heavy demands associated with serving Change Financial at this stage of its lifecycle. The Board has reluctantly accepted Andrew's resignation.

Andrew has made a substantial contribution to the Company's strategic thinking during his tenure on the Board.

The Board would like to express their sincerest thanks and appreciation to Andrew for his hard work and dedication and wish him all the best in his future endeavours.

### **General Business Update**

For the fiscal year ended 30 June, 2018, transaction volume for the Company's mobile banking product reached US\$152.7 million, up 107 per cent on last year's recorded US\$73.6 million. Deposits grew to US\$75.5 million, which is a 137 per cent increase on the previous year. Revenue reached US\$1,076,868, an increase of 79 per cent from the previous year.

As activity across the ChimpChange mobile banking platform ramped up, the Company was unable to scale revenues at the same pace relative to this growth of customers and transactions for two primary various reasons: 1) lack of adoption as customer's primary banking relationship; and 2) not capturing the full value of a banking customer through the offering of a range of lending and other products.

The Company is on the path towards diversifying its revenue sources through its investment in serving enterprise clients and banks. Change Financial is now close to being awarded certification by Mastercard of its payment processor, one of approximately 16 processors to achieve this level of accreditation in the United States, which will unlock its ability to start generating revenue from this long term investment in development.

The development of the processor that is at the core of the Company's enterprise business has taken longer than originally planned when the Company first embarked on the enterprise strategy.

For the year ended 30 June 2018, the Group incurred an operating cash outflow of US\$8,261,753 and a net loss for the period of US\$9,047,969.

Without additional capital, the Group will be unable to continue to invest in both its mobile banking and its payment processor businesses at the current rate.

The Directors have implemented plans to address this issue including undertaking a strategic assessment of each of those business units and considering what core operational and development strategies represent the best business opportunities for the Group in light of a potentially reduced capacity to fund investment in those businesses.

We expect to have completed a strategic review of the Company by mid-October, and to make a comprehensive announcement at the end of October as to the Company's way forward.

### **Considering Funding Options**

The Directors of Change Financial have been presented with term sheets from two institutions based in the United States which would provide up to US\$5 million in new funding for the Company. Both of these institutions have proposed a quasi-equity instrument that would provide the Company with

For personal use only

sufficient short-term funding to ensure that its development operations are maintained. Change will provide an update on the terms of the funding on completion of negotiations.

The Directors are also reviewing additional capital raising options and strategic partnerships.

**For more information, please contact:**

**Ash Shilkin**

**Executive Director**

Phone: +61 2 8280 7355

Email: [investors@changefinancial.com](mailto:investors@changefinancial.com)

Web: [www.changefinancial.com](http://www.changefinancial.com)

**Julia Maguire**

**Investors and Media (AUS)**

The Capital Network

Phone: +61 419 815 386

Email: [julia@thecapitalnetwork.com.au](mailto:julia@thecapitalnetwork.com.au)

**About Change Financial**

Change Financial Limited (ASX:CCA) 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 and an award-winning consumer digital banking platform.

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

For personal use only