

ASX ANNOUNCEMENT

30 April 2019

March 2019 Quarter Update

Investment Highlights

- Focus on implementing the corporate restructure as announced in October 2018, including:
 - Monetisation of investment in Ivy Project for proceeds of US\$1.5 million
 - Restructured agreements and costs relating to mobile banking consumer business
 - Completing successful entitlement offer raising A\$792,000
- Continue to advance the build of the Company's core payments processor targeting launch H2 2019 with first enterprise customer

30 April 2019: U.S.-based fintech company Change Financial Limited (**ASX: CCA**) ("**Change Financial**" or "**the Company**"), is pleased to provide the following business update for the quarter ending March 2019.

During the quarter the board focused on finalising its corporate restructure, details of which are provided below.

Divestment of non-core assets

Ivy Investment: On 11 January 2019, the Company announced it had monetised its investment in the Ivy Project for cash proceeds of US\$1.5 million.

The terms of the sale agreement entered into by Change Financial results in the Company selling its 33% equity stake. In addition, but separate to the sale, the Company will receive a distribution of capital from Ivy Koin LLC.

The Company's divestment of the Ivy Project together with the capital distribution, represent a significant return on investment. The Company will retain its direct holding of 130,000,000 Ivy tokens as part of the sale transaction.

The sale is subject to conditions which are customary for a transaction of this size and nature. The Company continues to work with the buyer on satisfying those conditions. Completion of the sale and receipt of the capital distribution is anticipated to be received in the second half of FY2019.

Mobile banking consumer business: On 21 January 2019, Change Financial reached an agreement with its US banking partner, Central Bank of Kansas City ('**CBKC**'), to

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eliminate ongoing losses from operating the ChimpChange business. Under the agreement, there is a reduction of fees payable by the Company to CBKC.

In addition, Change Financial has granted CBKC the right to license ChimpChange to other clients in CBKC's portfolio. The Company retains all technical IP relating to ChimpChange and provides engineering services and customer support functions to CBKC on a fee-for-service basis.

As part of the agreement, CBKC have agreed to give Change Financial the first right to perform transaction processing pending completion of the Company's payments processor as well as ancillary services for the ChimpChange platform. This is a significant initial step in securing the first enterprise client for the Company's payments processor.

As previously announced, the Company had already renegotiated with its current card processor partner to reduce ChimpChange processing costs (refer ASX Announcement: October 31, 2018). These costs are now being passed through to CBKC. The Company has also ceased marketing ChimpChange to new customers to eliminate marketing spend.

Successful Capital Raising

In addition to the new funding secured from Altor Capital in the December quarter the Company undertook an entitlement offer to existing shareholders which raised A\$597,000. With the placement of shortfall totaling \$195,000, the Company raised a total of \$792,000.

Focus on enterprise solution

The recent capital raising initiatives, monetisation of Ivy and the restructured agreement with CBKC were all key steps towards refocusing on completing the Company's enterprise solution.

Cash Flow

Cash at the end of the March 2019 quarter was US\$0.9 million. All financial figures in the following Appendix 4C are denominated in US dollars, unless stated otherwise.

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About Change Financial

Change Financial Limited (ASX: CCA) is a US-focused fintech company developing innovative and scalable payments technology to provide solutions for businesses and financial institutions. Change Financial is building a Mastercard registered enterprise payments and card processor, in addition to its award-winning consumer digital banking platform.

To learn more, please visit: www.changefinancial.com

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Change Financial Limited

ABN

34 150 762 351

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9	542
1.2 Payments for		
(a) staff costs	(456)	(1,879)
(b) advertising and marketing	-	(170)
(c) other	(427)	(3,136)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	20
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(866)	(4,623)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) software	-	(82)
(b) payment for investment		
(c) physical non-current assets	-	(2)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

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Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	(84)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	566	3,167
3.2 Proceeds from issue of converting notes	1,185	1,185
3.3 Proceeds from exercise of share options	(20)	(192)
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings (Altor loan)	-	352
3.6 Repayment of borrowings (Conversion of Altor loan into convertible notes)	(352)	(352)
3.7 Transaction costs related to loans and borrowings	-	(78)
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	1,379	4,082

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	427	1,666
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(866)	(4,623)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(84)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,379	4,082
4.5 Effect of movement in exchange rates on cash held	(42)	(144)
4.6 Cash and cash equivalents at end of quarter	897	897

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5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1 Bank balances	897	427
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	897	427

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$US'000**

19

Item 6.1 comprises payments to the Directors

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$US'000**

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)	1,446	1,196
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The facility in 8.3 is the Altor converting note facility as approved at the Extraordinary General Meeting on 12 February 2019. Details of that facility are included in the notice of meeting for that meeting.

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	-
9.4 Leased assets	
9.5 Staff costs	(327)
9.6 Administration and corporate costs	
9.7 Other (provide details if material)	(337)
9.8 Total estimated cash outflows	(664)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

By Order of the Board
Adam Gallagher
Company Secretary
30 April 2019

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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