

## ASX ANNOUNCEMENT

4 July 2018 (Sydney)

### Industry veteran appointed CEO, US\$2.62M raised via placement and option to acquire Ivy Entities

#### Investment Highlights

- Change Financial has appointed a new CEO, Eric Bachman; Mr. Bachman is a fin-tech veteran in the payments' industry and will support Change Financial's efforts to bring the Company's enterprise-facing payments' processing platform to market.
- Ash Shilkin will transition to Executive Director.
- Change Financial has acquired an option to purchase the remaining equity interests that it does not currently own in the Ivy Entities for US\$10 million in scrip and cash, subject to shareholder approval.
- The Ivy Entities are developing the Ivy Platform, which aims to de-anonymise blockchain-based payments to address the anti-money laundering concerns that currently prevent those funds from entering the traditional banking sector.
- Change Financial has raised approximately US\$2.62M million in a heavily oversubscribed placement to strengthen its working capital, fund the deployment and marketing of the payments' processing platform and, if it receives shareholder approval and the Board believes it is in shareholders' best interests, fund the purchase of the option over the Ivy Entities.

**4 July 2018:** US-based, Change Financial Limited (ASX: CCA, OTCQX: CNGFF) (**Change Financial** or the **Company**) is pleased to announce the appointment of a new CEO, that it has received commitments to raise US\$2.62M and that it has acquired a call option from Elmoson Pty Ltd (**Elmoson**) to purchase the remaining 67% interests in Ivy Koin LLC (Delaware registered) and Ivy Blockchain Pty Ltd (the **Ivy Entities**) that it does not currently own (the **Ivy Option**).

#### Appointment of New CEO

Eric Bachman will take on the CEO role on 1 August 2018, reporting to the Board of Directors, to accelerate Change Financial's enterprise and monetisation strategy. Mr. Shilkin will step aside as Managing Director on 1 August 2018 but will remain on the Board as an Executive Director. He will assist Mr. Bachman transition to the role of CEO and will focus on business development and the assessment of new strategic initiatives. All other terms of Mr. Shilkin's employment will remain the same.

With the support of key management and the board who bring relevant experience from senior positions at previous employers such as Westpac, PayPal, Goldman Sachs, Yahoo, and Deloitte, Mr. Shilkin has carefully positioned Change Financial to enter this new phase of growth. The Company believes that it is now an opportune time for an experienced fin-tech veteran with a proven track record of success to lead Change Financial into the execution phase of its monetisation strategy and to enter the broader market.

Eric Bachman is an institutional payments veteran with over 30 years in banking, payments, and building new companies. He has operated businesses in the payment card issuing and acquiring spaces, transaction processing business, and the mortgage lending and insurance spaces. In each of these areas, he's consistently delivered strong growth and profitability, and has built and managed exceptional teams.

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.

Marqeta, whose platform powers prepaid debit and credit cards, has been able to ride the wave of growth in the multi-trillion dollar payments market. The company has racked up clients including Square Inc., Affirm Inc., Kabbage Inc. and Alipay since its founding in 2010. Marqeta also has partnerships with large networks like Visa Inc., MasterCard Inc. and Discover Financial Services. The company's platform allows users to build cards and payment systems for themselves, which can mean creating customized virtual cards for suppliers and employees, and completing online point-of-sale transactions. For example, Instacart can give contractors a debit card issued by Marqeta to pay for goods purchased in store. And Alipay can use the company to let Chinese consumers instantly pay with their Alipay accounts when shopping in the U.S

As COO at Marqeta, his focus was on creating the infrastructure, partnerships, and processes that allowed the company to commercialise its processing technology and turn the innovative fintech into a \$545 million company that serves multiple financial institutions and many of the most recognised service, technology, and financial technology companies. Most recently, Mr. Bachman was an Entrepreneur in Residence at BBVA, a global leader in fintech innovation and investments, helping the bank develop new businesses and investments in a number of blockchain opportunities for the New Digital Businesses group.

Mr. Bachman has also managed numerous corporate transactions, including more than a dozen company or portfolio acquisitions and integrations, along with helping to raise over \$250 million in funding from private investors, VCs, and private equity. Moreover, his experience working closely with regulators to steer companies in different industries through regulatory hurdles will be crucial for Change Financial.

Mr. Bachman's interest in joining Change Financial centers on the opportunity he sees within the company. *"By leveraging Change's strong team and its unique combination of technologies, we'll bring totally new capabilities to the payments industry."* Eric Bachman stated that: *"I'm excited to have the chance to define the path to growth and take the company to profitability. I look forward to taking each of the company's technologies to market and to leveraging the company's strengths in order to deliver unique and much needed products."*

The key terms of Mr. Bachman's employment as Chief Executive Officer are set out in the Appendix.

## Capital raising

Change Financial has obtained commitments under a placement to institutional and sophisticated investors (**Placement**) to raise approximately US\$2.62 million, through the issue of approximately 6 million new ordinary shares at an issue price of A\$0.58 per share. Morgans and CCZ Statton Equities acted as Joint Lead Managers to the Placement.

The Placement issue price of A\$0.58 per share an 13% discount to Change Financial's closing price of A\$0.67 per share on 30 June 2018 and an 19% discount to the VWAP for the 5 days prior to the Placement of A\$3.50 million. The Placement is expected to settle on 10 July 2018, with allotment the following trading day

Net proceeds from the Placement will be used to strengthen Change Financial's working capital, fund the deployment and marketing of its enterprise-facing payments' processing platform and satisfy the cash payment to Elmoson to purchase the Ivy Option.

The Placement was made utilising the Company's existing placement capacity under ASX Listing Rules 7.1, and therefore does not require shareholder approval for the issue of the shares. The Company will seek to ratify its placement capacity at a members meeting to be held at a later date.

### **Ivy Option**

Change Financial has entered into an option to acquire (subject to receipt of shareholder approval) the remaining interests in the Ivy Entities that it does not currently own from Elmoson for a non-refundable fee of US\$250,000 (**Ivy Option**).

If the Company receives shareholder approval, then it may exercise the Ivy Option at any time prior to 30 September 2018 and purchase those interests for US\$10 million – comprising US\$8 million worth of ordinary shares in Change Financial (Elmoson Shares) issued at A\$0.80 per share and subject to an escrow schedule up to 12 months and US\$2 million in cash. 10,000,000 shares from the Elmoson Shares will be subject to voluntary escrow per the schedule below:

- 3,000,000 shares released from escrow 6 months after issue of shares;
- Additional 3,000,000 shares released from escrow 9 months after issue of shares; and
- Additional 4,000,000 shares released from escrow 12 months after issue of shares.

The Company may extend the Ivy Option exercise period for a further 3 months by payment of a US\$250,000 extension fee to Elmoson (any time prior to 30 September 2018) and again by an additional 6 months by payment of a further US\$500,000 (any time prior to 31 December 2018). The initial fees paid by Change Financial, along with any extension fee(s), will be rebated against the US\$2 million cash payment due at completion.

The Board considers it prudent that shareholders are given the opportunity to approve the exercise of the Ivy Option. Accordingly, the exercise of the Ivy Option is subject to Change Financial shareholder approval.

The Board will seek shareholder approval at a members meeting at a later date – full details of the proposed acquisition will be included with the notice of meeting sent to shareholders at that time.

No assurances can be given that the Company will exercise the Ivy Option. If the shareholders do not approve the exercise of the Ivy Option, Placement participants will not be entitled to a return of proceeds from the issue.

An acquisition of the remaining interests in the Ivy Entities by Change Financial represents a significant value proposition for the Company and its shareholders.

The software platform (**Ivy Platform**) being developed by the Ivy Entities aims to solve the problem of anonymity associated with payments recorded on a blockchain. In effect, it embeds digital currency payments with comprehensive Know-your-Customer (**KYC**) and Know-your-Transaction (**KYT**) information, to assist traditional financial institutions meet their anti-money laundering (**AML**) requirements. If successful, the technology is expected to provide a path for millions of people and businesses currently struggling to transfer those funds through the traditional banking industry and deposit those payments into a bank account in fiat currency (e.g. US dollars). In addition, the Ivy Platform's use of blockchain technology enables banks to reconcile their interbank liabilities and remittances more efficiently and cost effectively.

The Ivy Entities are run by a strong management team and advisory board (including Gary Fan, Mike Beck and Bob Murray), who have significant experience in technology and the payments and banking industries in senior level positions at previous employers such as Intel, Red Bull, and Chicago Mercantile Exchange, amongst others.

Change Financial may leverage the Ivy Platform and its experienced team to open up new market and revenue opportunities for the Company. The merger is expected to open up additional, diversified revenue streams for Change Financial through enhanced distribution to Ivy's and customers, and ability to cross-sell to their network of financial institutions.

Exercise of the Ivy Option and completion of the transaction is conditional on, amongst other things, receipt of shareholder approval, no material adverse change in the Ivy Entities' business and the fulfilment by the parties of any applicable requirements pursuant to the ASX Listing Rules, the Corporations Act or applicable foreign laws.

Elmoson has provided Change Financial with warranties that are standard for a transaction of this nature, including the receipt of good title to Elmoson's interests in the Ivy Entities.

Ivy Management Group LLC (Delaware registered) is the responsible manager for Ivy Koin LLC. Following the Ivy Transaction, Change Financial will become the responsible manager of Ivy Koin LLC.

Please see below for further information regarding the rationale for the Ivy Option and the Ivy Entities.

### **Rationale for the Ivy Option**

The transaction is structured as a call option to permit Change's Board and its new CEO to further monitor the development of the Ivy Platform and its complimentary attributes to Change Financial's existing payments' technologies and its ability to open up additional, diversified revenue streams for the Company.

The Ivy Entities hold US\$13 million in cash and equivalents, a portion of which, will continue to be expended on the development and marketing of the Ivy Platform prior to any exercise.

Subject to shareholder approval and exercise of the Ivy Option, Change Financial expects the acquisition of the remaining interests in the Ivy Entities to be value accretive for its shareholders and aligned with its growth strategy in the fin-tech and financial payments space. More specifically:

- it allows Change Financial to integrate the Ivy Platform into its award-winning ChimpChange digital banking platform and enterprise-facing payments processing service, to reduce the risk of money laundering in respect of blockchain-based payments. Similarly, the acquisition will reinforce the Company's brand as an innovation leader in the payments industry and lower the costs of acquiring new customers. In Europe, neo-banks such as Revolut have begun integrating such platforms and marketing cross functionality of their banking platform;
- 100% ownership would provide Change Financial with the flexibility to more closely align the Ivy Platform to its existing technology and strategy without the need to consider the potentially inconsistent rights and objectives of other Ivy Entities shareholders;
- it is expected to open up additional, diversified revenue streams for Change Financial through:
  - the distribution of access rights to the Ivy Platform to financial institutions, as well as consumers and businesses who wish to transact through the platform.
  - cross-sale of its enterprise-facing payments processing service operating on a blockchain framework to financial institutions utilising the Ivy Platform (so as to provide them with a more comprehensive blockchain solution).
- the acquisition may also provide significant revenue and cost synergies to assist development and commercialisation of the Ivy Platform. This includes leveraging Change Financial's:
  - existing platform infrastructure (e.g. UI and blockchain framework infrastructure).
  - use of human resources (software engineers, compliance and settlements personnel and marketing).
  - existing momentum and relationships in the banking industry, and user base.

## Further information on the Ivy Entities

### *Strategy*

Many financial institutions do not currently accept payments stemming from blockchain-based sources because of AML concerns. The primary reason for this lack of support within the global banking and financial industry is due to the applicable regulation that requires certain transaction information that is inconsistent with anonymity.

Ivy Tokens (ivyKoins) are a blockchain based cryptocurrency intended for transactions with financial institutions and embeds far more Know Your Transaction (KYT) and Know Your Customer (KYC) information into payments than incumbent payment networks, including current baseline payment systems such as the SWIFT protocol, CHIPS and Fedwire.

The Ivy Entities' business was built to help address these AML concerns and bridge the gap between the significant volume of blockchain-based payments (with an estimated US\$92 billion in capital gains made on digital currency investments in the US alone in 2017<sup>1</sup>) and the inadequacies of traditional financial institutions in dealing with those payments. Financial institutions can service a whole new market of payments and customers if they can meet these AML requirements.

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<sup>1</sup> Bloomberg, 'Crypto Selloff Driven by \$25 Billion Capital Gain Hit, Tom Lee Says', Joanna Ossinger (April 5, 2018) <<https://www.bloomberg.com/news/articles/2018-04-05/crypto-rout-driven-by-25-billion-capital-gain-hit-tom-lee-says>>

The use of blockchain technology also makes it possible to strip out a number of intermediaries in the banking value chain. Therefore, in addition to addressing banks' AML concerns with blockchain-based payments, the Ivy Platform aims to:

- provide consumers and businesses with a cheaper way of remitting funds;
- allow banks to reconcile interbank liabilities more efficiently and cost effectively. Here, the closest competitor to the Ivy Platform is Ripple, which is utilising ledger technology to provide more efficient remittances and settlement of interbank liabilities. Ripple's XPR token currently has a market capitalisation of approximately US\$18 billion<sup>2</sup>. However, unlike the Ivy Platform, Ripple does not have the planned additional KYC/KYT data points to assist financial institutions from an AML perspective;
- accelerate the speed of transactions as compared to incumbent payment systems.

The Ivy Entities have engaged an eight-person engineering team, including a technical partnership with dxChain to leverage existing blockchain-based security and storage protocols to develop the Ivy Platform technology.

If approved by shareholders and the Company exercises the Ivy Option, the Company expects to integrate the Ivy Platform with its existing technologies, along with full-scale marketing and customer acquisition activities in 2019, to align with forecast commercial use of the Ivy Platform and revenue generation in 2020.

Please refer to the ivyKoin White Paper (link [here](#)) for further information on the Ivy Platform.

#### *Funding and proposed use of funds*

The distribution of ivyKoins has been an important part of the Ivy Entities' fundraising strategy to date. They are bearer instruments that will provide their holders with the ability to use and embed blockchain-based payments with KYC, KYT and AML data on the Ivy Platform.

The Ivy Entities hold approximately US\$13 million in cash and equivalents, which are the remaining proceeds of previous private placements of ivyKoin including the private placement of approximately 165 million ivyKoins in February 2018 at an issue price of US\$0.10 each.

Overall, approximately 1.6 billion ivyKoins have been generated by the Ivy Entities, with approximately 880 million outstanding and approximately 730 million ivyKoins currently held in reserve. ivyKoins do not provide holders with any other rights in respect of the Ivy Entities (for example, corporate rights like voting rights or to dividends etc.) and no further ivyKoins will be generated.

The funds raised by the Ivy Entities have, so far, been expended by them for startup costs and to commercialise the Ivy Platform and, should it exercise the Ivy Option, Change Financial intends to commit expenditure in two key areas: (1) technology development and staffing (~65% or approx. US\$8.5 million); and (2) marketing and partnerships (~30% or approx. US\$3.9 million). The remaining 5% of funds raised (approx. US\$600,000) will be used to support working capital and corporate overheads for the Ivy Entities.

Change Financial currently holds 130 million ivyKoins, which were acquired in October 2017 as part of its initial investment of \$100,000 in the Ivy Entities.

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<sup>2</sup> Based on XRP price data available from CoinMarketCap (as at 3 July 2018) < <https://coinmarketcap.com> >

## Risks associated with exercise of the Ivy Option

Exercise of the Ivy Option carries potential risks (particularly blockchain technology-related risks) that shareholders should carefully consider:

- **(development and commercialisation of blockchain and digital currency related products)** blockchain technology is still in its infancy with a number of challenges to overcome prior to its broader commercial and consumer adoption (e.g. privacy, scalability, security and achieving a critical mass of users). A failure to manage these challenges may affect the successful development of the Ivy Platform. Similarly, lower than expected growth in blockchain-based payments (for whatever reason) may impact demand for the Ivy Entities' services.
- **(regulatory uncertainty)** the Company's Board understands that the Ivy Entities have received legal advice in respect of the issue of ivyKoins and trading of the ivyKoins. There is considerable regulatory uncertainty in Australia, the United States and other established markets surrounding blockchain technology, the issue of cryptographic tokens and the emerging nature of token exchanges. Changes in the regulatory environment are unpredictable. The Company will seek further legal advice if and as required following any exercise of the Ivy Option. In particular:
  - the development and operation of the Ivy Platform may be affected by changes in law relating to blockchain-related businesses and AML requirements for digital currency payments. The Ivy Entities are working with regulators to ensure that the Ivy Platform provides banks with sufficient KYC and KYT information to meet their AML requirements.<sup>3</sup> There is also a risk that the Company may be required to apply for financial services and or other licenses to operate the Ivy Platform.
  - the Ivy Entities may be exposed to developments in the application of securities laws through the introduction of new legislation, amendments and or interpretation and application of existing legislation, which may affect the regulation of:
    - ivyKoins, and the cost of compliance.
    - digital currencies and their exchanges, which may reduce the prospect for broader adoption of digital currencies (and demand for the Ivy Platform).
- **(competition)** while the Company is confident in the competitive advantages offered by the Ivy Platform, it is possible that a competing platform or cryptographic token could have features that make it more desirable than the Ivy Platform or ivyKoins and, therefore, reduce the Ivy Entities' value proposition.
- **(ivyKoin holdings)** there are risks associated with Change Financial and the Ivy Entities' holdings of ivyKoins, including:
  - liquidity risks in that they may not necessarily be tradable on a public exchange.
  - cryptographic tokens are, generally speaking, highly speculative and endure extreme price volatility.
  - general uncertainty in respect of the tax treatment of cryptographic token holdings and transactions.
  - a malfunction, forking, mining attack on, breakdown of (including due to advances in cryptography, such as through quantum computing) or abandonment of the Ethereum blockchain, on which the ivyKoin holdings and associated transactions are recorded.

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<sup>3</sup> See, for example, The Wall Street Journal, 'Cryptocurrency Firms Explore Getting Bank Licenses - Coinbase and Ivy Koin met with regulators to discuss their business, learn about bank charters', Ryan Tracy (18 May 2018). <<https://www.wsj.com/articles/cryptocurrency-firms-explore-getting-bank-licenses-1526635800>>

- while the Company and the Ivy Entities take cyber security measures very seriously, there is a risk that private keys to the wallets holding those ivyKoins may be stolen or lost, preventing their future transfer.
- please refer to section 9 (Risks) of the ivyKoin White Paper (link [here](#)) for further information.
- **(protection of technology rights and intellectual property)** there is a risk that as yet unknown third parties may assert intellectual property claims in relation to the blockchain-based technologies / the source code utilised by the Ivy Entities, which irrespective of the merit of any rights or claims asserted by third parties, may adversely affect them.
- **(unanticipated risks)** the Ivy Platform represents a new and relatively untested technology in a fast-moving industry. In addition to the risks noted above, there may be other associated risks that the Company has not yet anticipated.

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## About Change Financial

Change Financial Limited (ASX:CCA, OTCQX: CNGFF) is a US-focused, fin-tech company disrupting the way people, businesses and financial institutions pay each other in traditional currencies and digital assets, through its range of innovative, globally scalable payments' services. This includes the award winning, ChimpChange digital banking platform.

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

## Disclaimer and Disclosures

This material has been prepared based on publicly available information and information that has been made available to Change as at the date of this document. Change has not and does not intend to independently verify any of such information, all of which Change assumes is accurate and complete in all material respects. Information contained in this announcement is current as at 4 July 2018.

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## Summary of material terms of Mr. Bachman's executive service agreement

- Commencement date 1 August 2018
- No fixed term. Ongoing until terminated by either party in accordance with employment agreement (see below).
- Total fixed remuneration US\$350,000 per year.
- Incentives and other remuneration
  - 1,000,000 options in the Company at A\$1.00. These options vest after 90 days of employment and expire the earlier of 31 December 2020 or 3 months from cessation of employment.
  - 1,000,000 options in the Company at A\$1.50 strike price. These options vest on the 1-year anniversary of employment and upon the stock having traded for a 10 day VWAP period above A\$2.00. Expiry term the earlier of 5 years or 3 months from cessation of employment.
  - 1,500,000 options in the Company at A\$2.35 strike price. These options vest on the 1-year anniversary of employment and upon the stock having traded for a 10 day VWAP period above A\$3.00. Expiry term the earlier of 5 years or 3 months from cessation of employment.
  - 1,500,000 ivyKoin Tokens at completion of the three-month probationary period.
  - 2,000,000 ivyKoin Tokens on signing of 25 MOUs / partnership agreements.
  - 2,000,000 ivyKoin Tokens vesting 50% at the end of year 1, with the remainder vesting quarterly over the second year.
  - Mr. Bachman will be eligible to participate in the ChimpChange Limited Employee Share Options Plan during employment with ChimpChange.
- Mr. Bachman will also be eligible for ChimpChange's standard benefits package.
- Either party may give the other six months' written notice to terminate.

# **Change**

Financial Limited

**Banking** TOP 10  
**CIO** MOBILE  
**Outlook** BANKING  
TECHNOLOGY SOLUTION PROVIDERS - 2018

**PAY** 2017  
**AWARDS**

Startup of the Year  
Best Mobile App  
Consumer Champion

## **Investor Presentation**

July 2018

ASX: CCA  
OTCQX: CNGFF

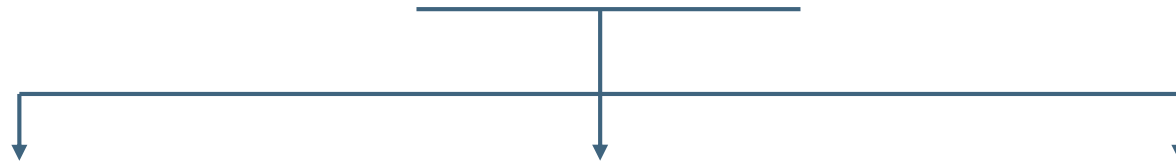
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# Change

Financial Limited

is a US-focused, fin-tech company disrupting the way people, businesses and financial institutions pay each other in traditional currencies and digital assets, through its range of innovative, globally scalable payments services.



Consumer Banking

Enterprise SaaS

Blockchain

**ChimpChange**  
Mobile Banking



PROCESSOR



High growth consumer bank account offering with 160,000+ US banking customers (65% millennials).

Building a PCI compliant, registered Mastercard processor.

Blockchain-based cryptocurrency for business transactions.




Providing turn-key award winning mobile banking to serve banks with and without a mobile strategy.

**Post exercise of option<sup>1</sup>**

Equity in Ivy

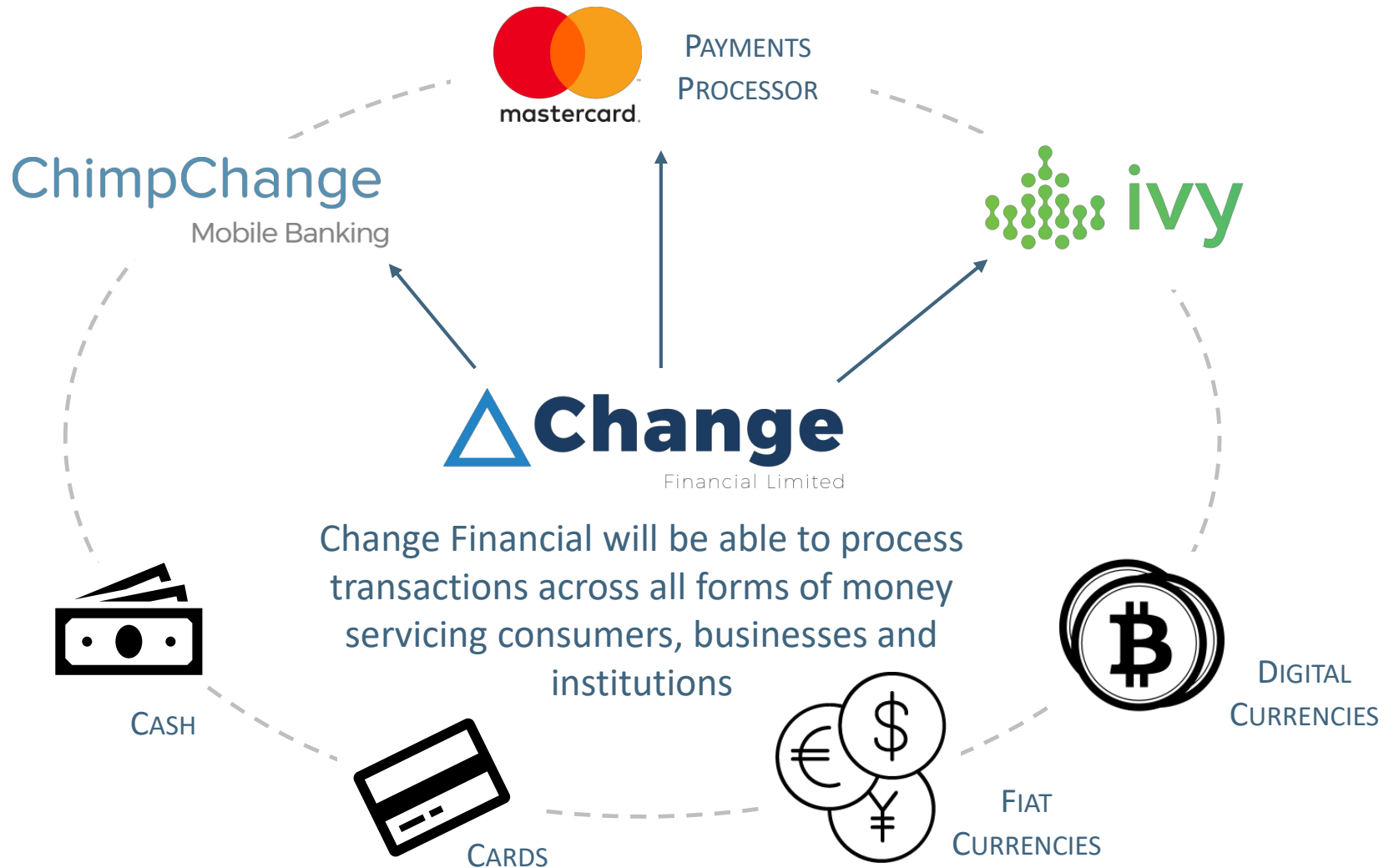
 to 100%

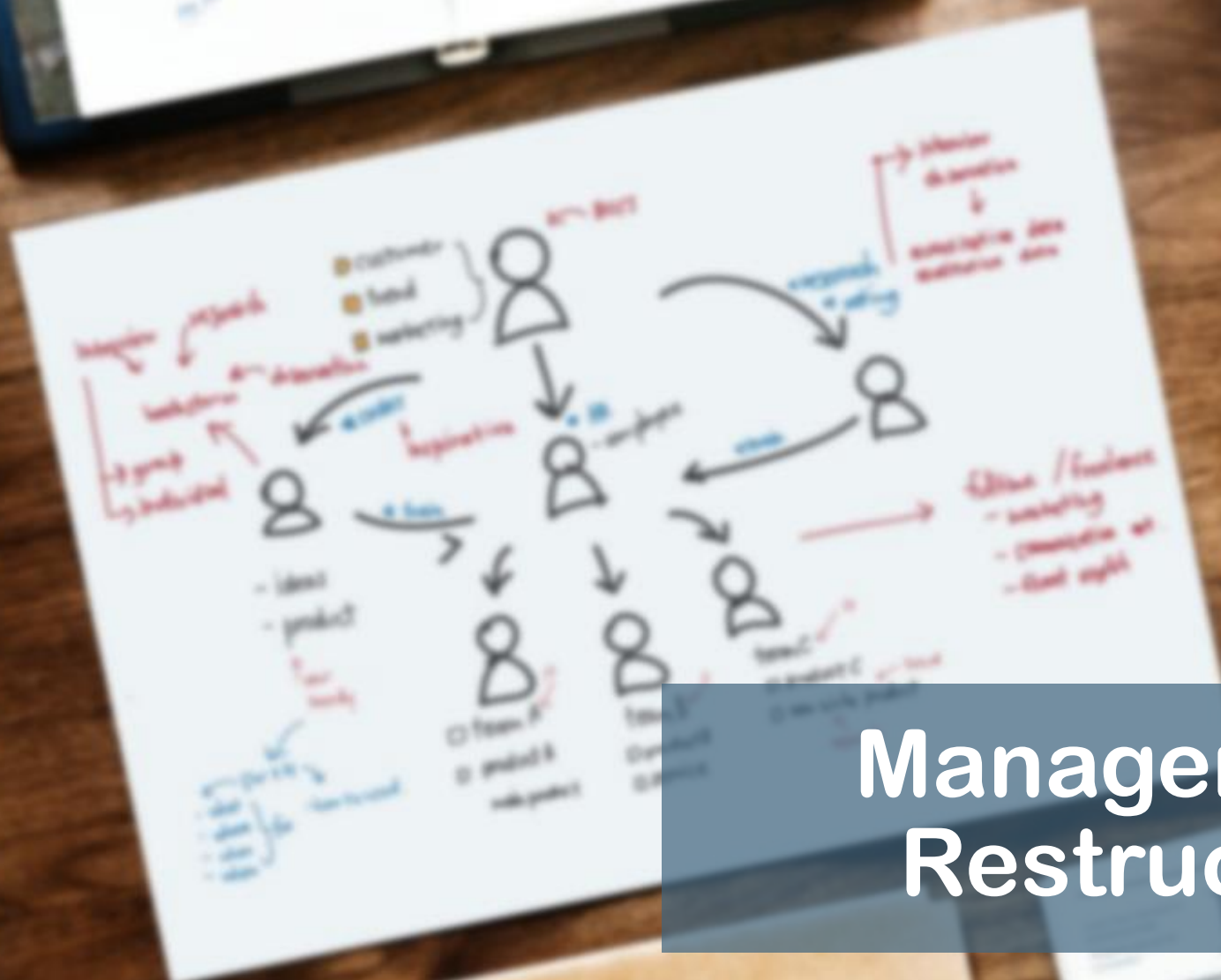
Ivy token holding

 to 860 million

<sup>1</sup> based on Change Financial exercising its option to acquire Ivy as per slide 10.

# Our Technology Platform





# Management Restructure



# Management Restructure

## Adding an incredible depth of experience

### Appointment of new CEO

- On 1 August 2018, Eric Bachman will join Change Financial as CEO; and
- Ash Shilkin will transition to Executive Director.



Eric is a fin-tech veteran in the payments' industry and will support Change Financial's efforts to bring the Company's enterprise-facing payments' processing platform to market.

As former COO at Marqeta, he created infrastructure, partnerships, and processes that allowed the company to commercialise its processing technology and turn the innovative fintech into a \$545 million company.

He has managed and grown highly profitable payments businesses in large banks and multiple successful start ups.







# Proposed Acquisition of Ivy

# Overview of ivy

The potential for blockchain based cryptocurrencies is well recognised, however anonymity has prevented mainstream adoption and created incompatibility with the current international payment framework.

Ivy is a cryptocurrency with a significant point of difference and aims to bridge the gap between cryptocurrencies and financial institutions by embedding far more Know Your Customer (KYC) and Know Your Transaction (KYT) information into payments than incumbent payment networks.

## As Seen On

THE WALL STREET JOURNAL  
**WSJ**

**YAHOO!**  
FINANCE

 **BLOCKONOMI**

**Bloomberg**



**Bank**Director.com

**AMERICAN BANKER**

# Ivy Key Metrics

## Explosive growth and revenue opportunity

Change Financial (pre-exercise of option <sup>1</sup> )	Ivy	Change Financial (combined entity <sup>1</sup> )
33.34% equity holding in Ivy	Remaining 66.66% equity	100% equity holding in Ivy
130 million IVY tokens	Approx. 730 million IVY tokens	Approx. 860 million IVY tokens
US\$4.9 million cash <sup>2</sup>	US\$13 million cash	US\$17.9 million cash

<sup>1</sup> based on Change Financial exercising its option to acquire Ivy. See slide 10 for more details.

<sup>2</sup> includes funds raised as part of Placement as detailed on slide 31.

# Option to Acquire ivy

## Explosive growth and revenue opportunity

### Proposed transaction

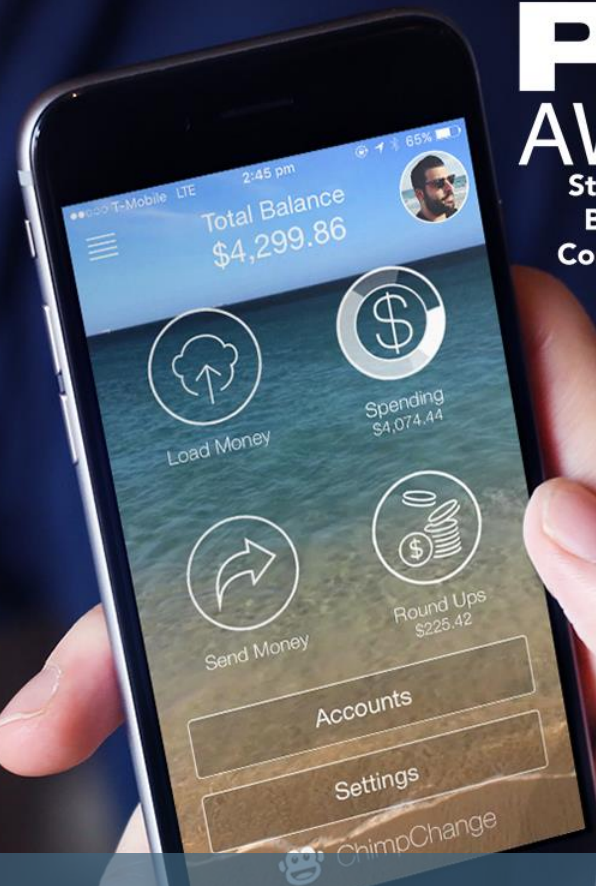
- Change Financial has acquired an option to purchase the remaining equity interests that it does not currently own (66.66%) in the Ivy Entities, increasing its ownership to 100% for US\$10 million in scrip and cash, subject to shareholder approval.

### Option terms and consideration for the acquisition

- Non-refundable option fee of US\$250,000
- If Change Financial receives shareholder approval, it may exercise that option at any time prior to 30 September 2018 and purchase those interests for:
  - US\$8 million in the form of ordinary shares in Change Financial (issued at A\$0.80 per share and subject to an escrow schedule of up to 12 months)<sup>1</sup>; and
  - US\$2 million in cash.
- Change Financial may extend the option for a further 3 months by payment of a US\$250,000 extension fee (prior to 30 September 2018) and again by an additional 6 months by payment of a further US\$500,000 (prior to 31 December 2018).
- The initial US\$250,000 fee paid by Change Financial, along with any extension fees, will be rebated against the US\$2 million cash payment due at completion

<sup>1</sup> see ASX announcement for further details on the escrow schedule.

Change your banking,  
change your life.



**PAY** 2017  
**AWARDS**  
Startup of the Year  
Best Mobile App  
Consumer Champion

ChimpChange  
Mobile Banking

# Our Value Proposition

## Capitalising on outdated model and evolving landscape

### US CONSUMER BANKING IS EXPENSIVE AND ARCHAIC

**>50%**

Banking customers still pay monthly account and other fees

**\$10-\$25/mo.**

Account maintenance fees when minimum balances/deposits aren't met

**~\$260/yr.**

Paid in overdraft or insufficient funds fees

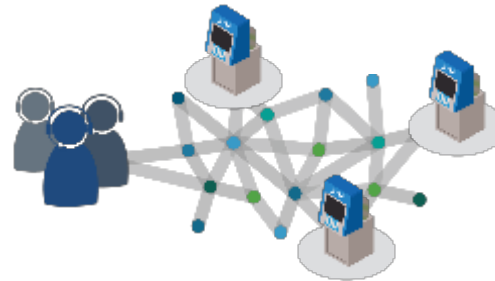
**~67M**

People upset with high fees and willing to leave their bank

**Limited functionality**

Banks have limited mobile and online presence if at all

### HOW WE ARE SOLVING THIS PROBLEM



**FREE**

Account, debit card, ATM network, automatic round ups, savings account and great customer support

**Aesthetically Friendly**

Beautiful visuals showing transaction history, auto-categorised purchases, notes, and more

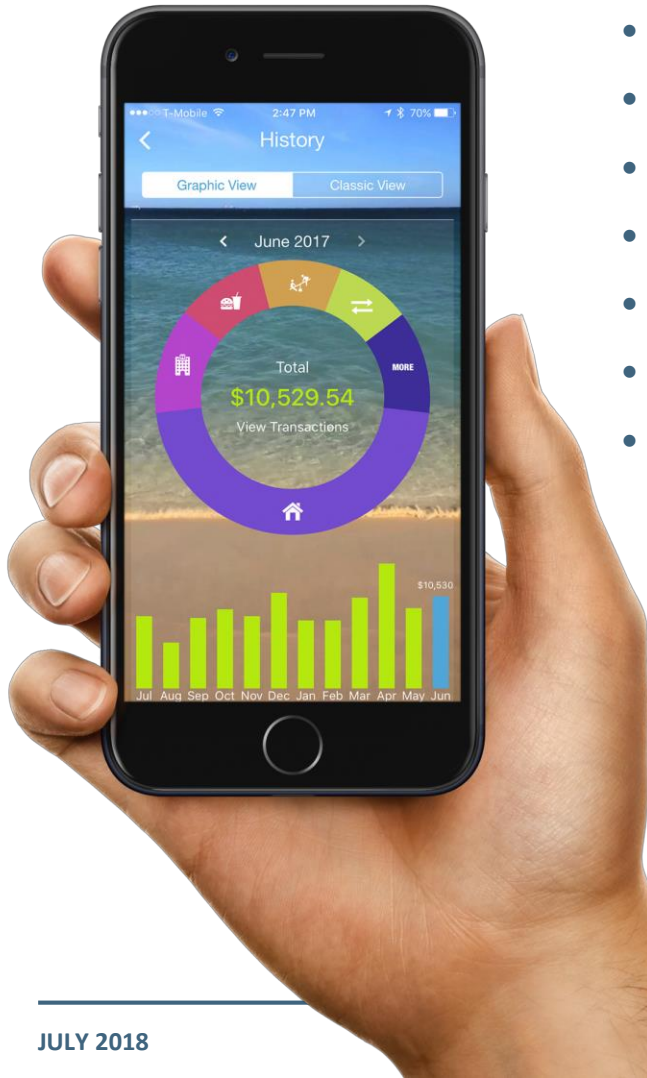


**Modern UI**

Instant cheque clearing with your smartphone's camera, send money to friends free, and PFM tools

# ChimpChange

## Award-winning consumer banking technology



- Paperless mobile account opening in 3 minutes
- Graphic view of transaction history
- Easy savings with automatic round ups
- Replacing branches with retail stores
- No more standing in line or high fees to cash cheques
- Send money in real-time to anyone, anywhere, anytime
- Real-time alerts with push notifications

**Banking** TOP 10  
**CIO** MOBILE  
**Outlook** BANKING  
TECHNOLOGY SOLUTION PROVIDERS - 2018

**PAY** 2017  
**AWARDS**

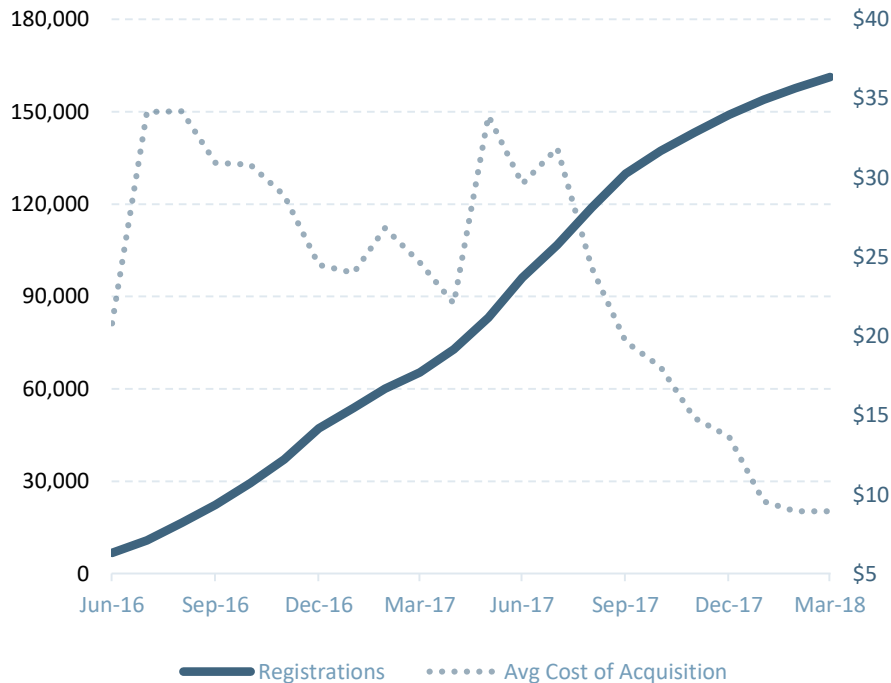
**Start Up of the Year**  
**Best Mobile App**  
**Consumer Champion**

# Targeted customer acquisition

## Attracting millennial customers at low costs

Marketing has been focused on targeting high value millennial customers and optimising for efficiency resulting in lower cost of customer acquisition

### CUSTOMER ACCOUNTS



Note: Excludes customers on the platform without a registered debit card

### CUSTOMER ACQUISITION CHANNELS

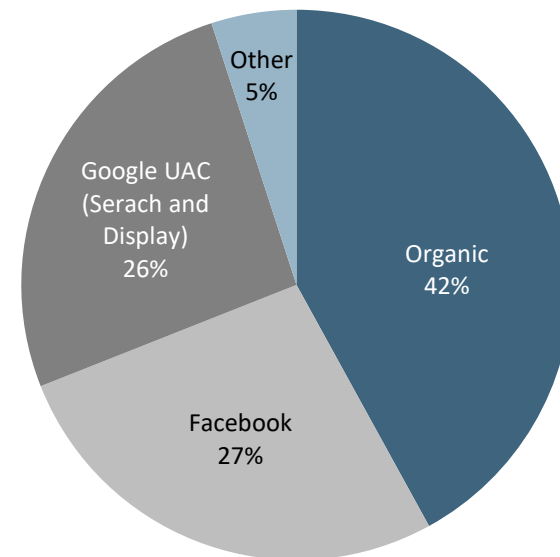


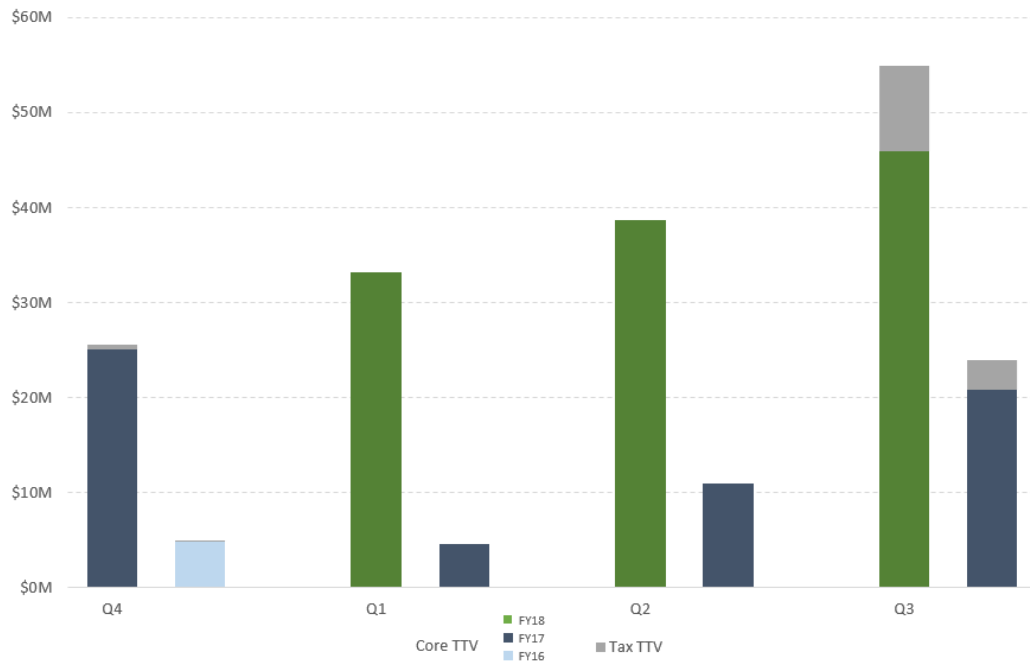
Chart above represents acquisitions at the end of December  
Facebook, Instagram, Google UAC and Other are paid media channels.  
Organic accounts for all other registrations that are not from paid media channels.



# Stimulating activity in the customer base

## Improving Total Transactional Volume (TTV)

TTV (USD) QUARTER OVER QUARTER COMPARISON



### MONETISATION



Interchange

1%-2%



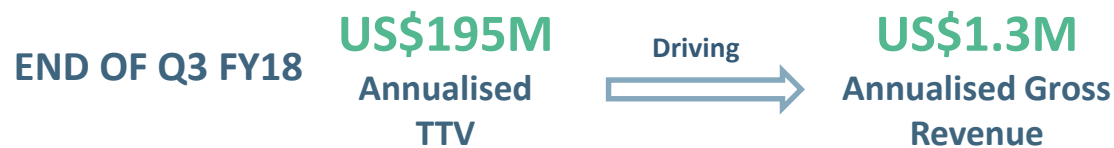
Out-of-network  
ATM withdrawals

US\$1.95



Cheque deposits

1%





# Enterprise SaaS & Technology

# We Have Best-in-Class Technology

## Microservices Architecture

- Automatically scalable with incremental spend
- Better fault isolation – limit bugs to single module

## Cloud Based

- Superior security and manageability
- Increased efficiency and cost savings

## API Driven

- Intuitive, accessible structure
- Easily integrated with outside systems

## Blockchain Framework

- Irrefutable audit trail
- AML benefits

## Global & Scalable

- Ease of application in new regions



## Pioneers of Microservices Technology

amazon

Google

NETFLIX

ebay

UBER

# Our Software is Underpinned by Blockchain Technology

## Key Blockchain Benefits

Irrefutable Audit Trail

KYC Benefits

AML Benefits

Enhanced Transaction Reviewing System

**Secure Transaction Ledger Database**  
Secure transaction ledger database which is shared by all parties in an established, centralised network

**Cost Reduction**  
Reduction of infrastructure as well as transaction costs associated with contracting

**Eliminates Error Handling**  
Eliminates error handling and reconciliation; provides a real time track and trace audit trail

**BANKS STARTING TO TAKE BLOCKCHAIN TECHNOLOGY SERIOUSLY, BUT WILL MOVE SLOWLY...**

Cost Reduction

Increased Efficiency

Superior Technology

Faster Time to Market

# Why are we building a processor

## Consumer Banking

- Gross Margin increasing from 30% to approximately 60%

## Enterprise SaaS (Software as a Service) Banking

- Target 7,000 FDIC banks in the US with a more innovate offering
- High revenue business, larger margins and reduced regulatory overhead

## Innovation and Competitive Advantage

- ✓ Superior fraud detection and prevention
- ✓ Customer specific card limits (e.g. which store your card works at, what time of day and up to different payment thresholds)
- ✓ Instant issuance and virtual on demand cards
- ✓ ApplePay, SamsungPay and AndroidPay integrations
- ✓ Customised card packaging



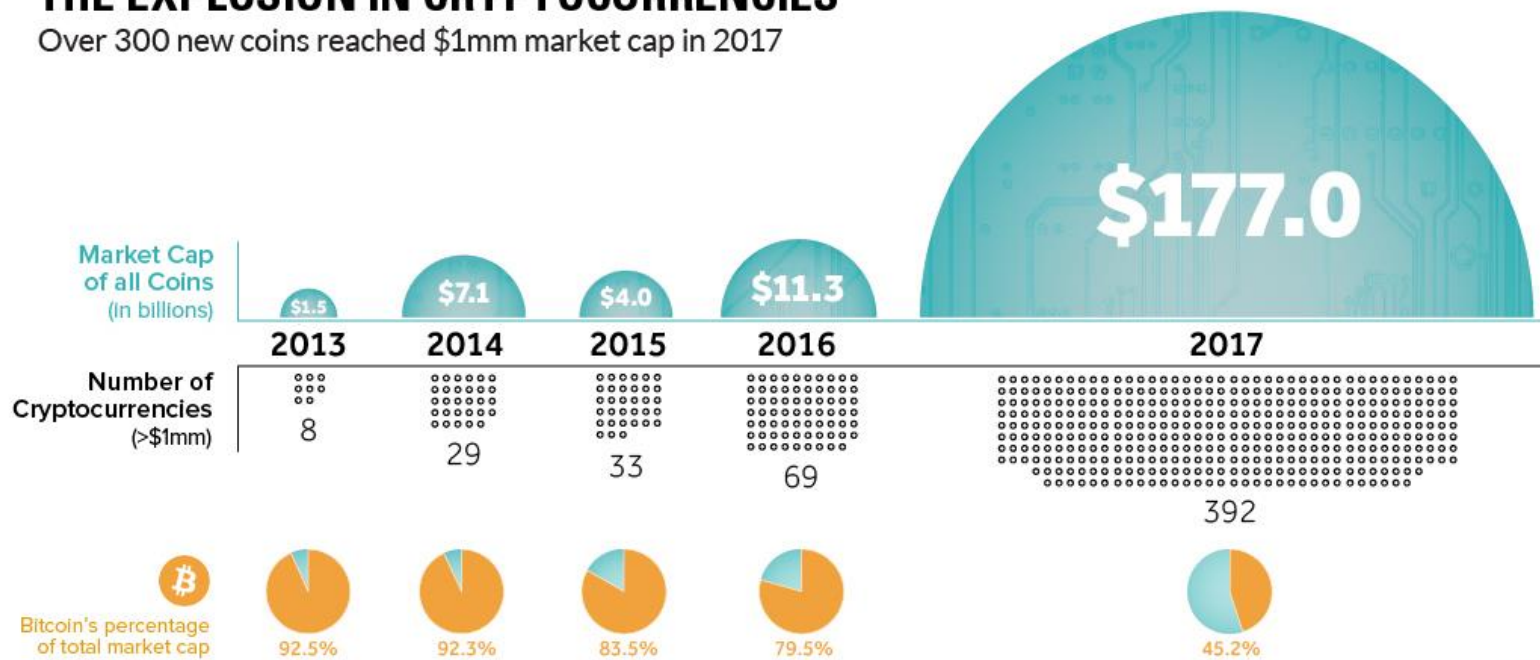
# Blockchain

# Digital Currency Market

The cryptocurrency market is broadening at a rapid rate, with a current cryptocurrency coin market capitalisation of US\$255 billion as at 1 July 2018

## THE EXPLOSION IN CRYPTOCURRENCIES

Over 300 new coins reached \$1mm market cap in 2017



SOURCE: Coinmarketcap.com, last week of August 2017 each year

visualcapitalist.com



# Benefits of Digital Currency

A digital currency (or cryptocurrency) is created and managed through the use of advanced encryption techniques known as cryptography. Since the first currency, Bitcoin, was created in 2009, thousands of different digital currencies have been developed to solve different technology problems across nearly every industry.

In the financial system, digital currencies provide the following benefits as compared to existing money and payment systems used around the world.



**Faster**



**Easier**



**Cheaper**



**Trackable**



**No Delays**



**More  
Data**



**Secure**

Change Financial is uniquely positioned to capitalise on experience in banking, payments, compliance, regulation and technology.



# Why Banks Need ivy

**PROBLEM**

Regulators are increasingly concerned with fraud, money laundering and proceeds of crime given the increasing scale of global payments and the lack of data associated with traditional payment systems and digital currencies.

**SOLUTION**

By embedding KYC and KYT data points directly into a transaction, Ivy's blockchain technology will provide regulatory comfort and provide access to large pools of global funds that would otherwise be unbankable.

## **Other Benefits**

- Access half a trillion dollars of unbanked value and capture new deposit accounts
- Be recognized as a leaders in fintech and regtech solutions
- Reduce AML and BSA regulatory staffing costs and requirements by up to 50%
- Mitigate the bank's risks when performing fiscal transfers
- Reduce costs on domestic and international transfers
- Harness the security, reliability and immutability of the blockchain

# Investment in ivy

## Prior to exercise of option to acquire the Ivy Entities:

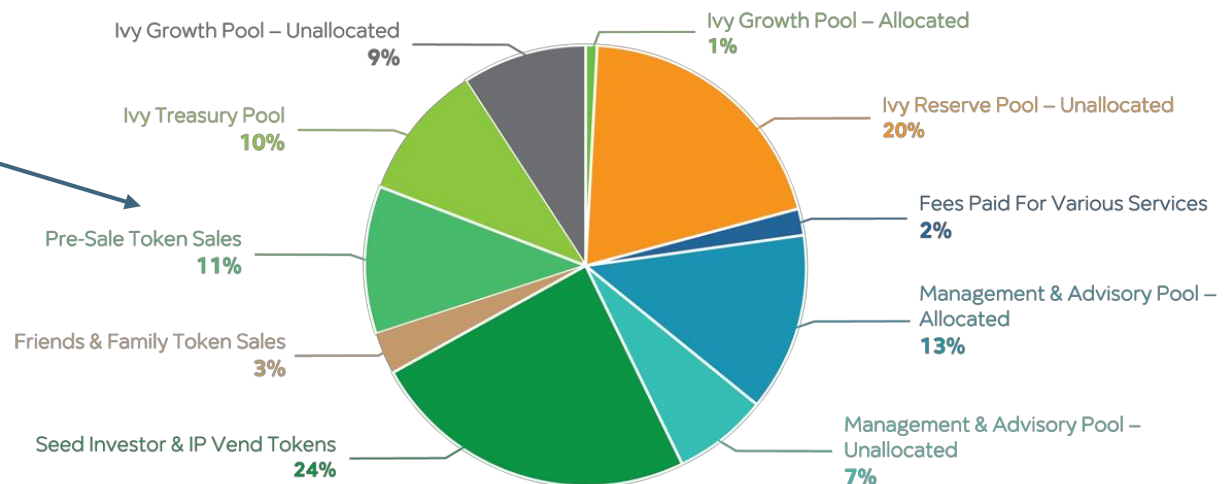
- Change Financial holds a 33.34% equity interest in Ivy
- Change Financial holds 130 million Ivy tokens directly

## Ivy

- Approximately 45% of total tokens supply is held by Ivy (approximately 730 million IVY tokens)

## Recent Token Sales

- In early 2018, Ivy closed its token pre-sale at a price of US\$0.10 per token
- IVY is now trading on multiple exchanges





**The Team**

# Management



**Eric Bachman – CEO<sup>1</sup>**

Institutional payments veteran with over 30 years experience in banking, payments, and building new companies. Reaching across key brands, such as BBVA, Wells Fargo, Marqeta, US Bank, Visa, BankServ, and NextCard.



**Clayton Fossett - COO**

Tech and Finance executive with more than 25 years' experience. Former Yahoo! Director and with previous roles at First Boston and Deloitte. Holds AB and MBA degrees from Harvard University.



**Young Lee - CFO**

Former Senior Manager at Deloitte in New York (10 years) focusing on the financial services industry specialising in financial optimisation strategies. CPA holding a Macc and a Bachelor of Economics from the University of Michigan.



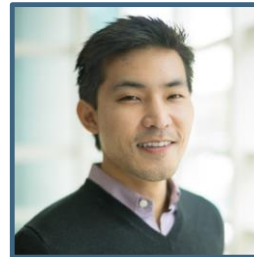
**Muhammad Tahir – CTO**

Muhammad holds a Masters in Computer Science and has over 12 years of experience developing enterprise level software applications and managing engineering teams.



**Tom Russell - VP Product & Operations**

Tom has extensive operations and corporate finance experience with a focus on growth and venture companies in the technology and FinTech sectors. He holds a Bachelor of Commerce and Bachelor of Economics.



**James Park - VP Operations**

Former management experience at Zenefits, Homesuite and Deloitte in operations, product, and customer support. James holds a Bachelor of Science from the University of Michigan.

<sup>1</sup> joining the team as CEO on 1 August 2018

# Board



**Ash Shilkin – Managing Director<sup>1</sup>**  
Former CFO of CO2 Australia, an ASX listed company he helped grow to a market capitalisation of more than \$300 million. He holds a Masters of Commercial Law and Bachelor of Commerce.



**Peter Clare – Chairman**  
Former Chief Executive Officer of Westpac New Zealand Limited from 2012 to 2014. Westpac Banking Corporation Limited 2008 to 2014. 20 years Executive banking experience.



**Andrew Pipolo - Director**  
Former Australia and Japan Managing Director for PayPal. Under his leadership, PayPal Australia was the fastest-growing operation in the PayPal Group. Former Mastercard Head of eCommerce.



**Teresa Clarke – Director**  
Former Managing Director at Goldman Sachs & Co (12 yrs), Harvard MBA & Harvard Law School graduate. Founder and CEO of Africa.com. Former member of President Obama’s Advisory Council.



**Ian Leijer - Director**  
Ian is a Chartered Accountant with over 25 years’ experience in corporate finance, strategy and business management. He was previously CFO of former ASX listed company Avatar Industries.



mastercard.



CommonwealthBank



<sup>1</sup> on 1 August 2018, Ash Shilkin will become an Executive Director.



# Corporate Overview

# Corporate Overview

## CAPITAL STRUCTURE

Share Price (ASX: CCA) <sup>1</sup>	A\$0.67
Share Price (OTCQX: CNGFF) <sup>1</sup>	US\$0.65
Shares on Issue	79,601,336
Market Capitalisation <sup>2</sup>	US\$40.0m

<sup>1</sup> as at 29 June 2018 (AEST)

<sup>2</sup> based on ASX last price and AUD/USD 0.75

## 12 MONTH HISTORICAL SHARE PRICE (ASX)



## SHAREHOLDERS

Ashley Shilkin	14.95%
Avatar Industries Pty Ltd	12.85%
Bart Properties Pty Ltd	3.46%
Narenen Pty Ltd	3.36%
<b>Total Top 20</b>	<b>51.39%</b>



# Offer Details

## Placement

- Placement of ordinary shares to sophisticated and professional investors raising A\$3.5 million at an issue price of A\$0.58 per share
- Issue price represents a:
  - 13% discount to the last close price
  - 23% discount to the 10 day VWAP
  - 31% discount to the 30 day VWAP
- Morgans & CCZ Statton Equities are lead managers to the placement

## Proposed Timetable

Announcement of Offer	Wednesday, 4 July 2018
Settlement of Placement Shares	Tuesday, 10 July 2018
Trading of Placement Shares	Wednesday, 11 July 2018

Note: The Company may vary the offer details and timetable without notice.



# Use of Funds

Sources	
Existing cash as at 30 May 2018	US\$2.30 million
Offer proceeds	US\$2.62 million
<b>Total</b>	<b>US\$4.92 million<sup>1</sup></b>

Uses	
Enterprise – Tech Development	US\$2.10 million
Enterprise – Business Development & Working Capital	US\$1.81 million
Enterprise/Consumer - Marketing	US\$0.60 million
Purchase of Ivy Option	US\$0.25 million
Costs of the Offer	US\$0.16 million
<b>Total</b>	<b>US\$4.92 million<sup>1</sup></b>

<sup>1</sup> based on raising A\$3.5 million and AUD/USD 0.75

# Change

Financial Limited


## Comparable landscape



**Consumer Banking**


**ChimpChange**  
 Mobile Banking

**Enterprise SaaS**

 **PROCESSOR**  
 mastercard.

**Cryptocurrency**

 **ivyKoin**

**ACQUIRED \$117 Million USD**  **SIMPLE**

**ACQUIRED \$175 Million USD** **BankMobile**

**ACQUIRED \$100 Million USD** **Zenbanx**

**ACQUIRED Undisclosed Fee** **HOLVI**

**Atom** Valuation US\$320m

**Revolut** Valuation US\$1.7b


**Moven** Market Cap US\$16b


**TSYS** Market Cap US\$35b


**FIS** Market Cap US\$30b

**jh Banking**

**fisherv.**

 Market Cap US\$107b

 **ripple** Market Cap US\$19b

 US\$5 trillion of transfers per day

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