



ASX ANNOUNCEMENT

31 January 2020

December 2019 Quarter Update

Investment Highlights

- Upgrades to fraud detection technology and Change's platform
- Successful issue of first customer cards and live transaction processing
- Appointment of CEO
- Progressed strategic commercial partnership and investor discussions

31 January 2020: Change Financial Limited (ASX: CCA) ("**Change**" or "**the Company**"), provides the following business update for the quarter ending December 2019.

Change Platform

The Company continues to work through the final implementation stages with its first customer, UpChange, in partnership with its sponsor bank ahead of the UpChange formal launch. As part of this implementation the Company has successfully issued (to beta customers of UpChange) cards and completed all successful transactions including non-card transactions (ACH transfers) via Change's sponsor bank.

In addition, Change made a significant upgrade to its payments and card issuing platform by incorporating Mastercard's fraud scoring and monitoring service - Decision Intelligence - into the Company's transaction processing flow.

Mastercard Decision Intelligence is a comprehensive decision and fraud detection service. The solution uses artificial intelligence technology to help financial institutions increase the accuracy of real-time approvals of genuine transactions and reduce false declines. Current decision-scoring products are focused primarily on risk assessment, working within predefined rules. Decision Intelligence is a new approach that goes much further. It takes a broader view in assessing, scoring and learning from each transaction. That score then enables the card issuer to apply the intelligence to the next transaction.

Appointment of CEO

During the quarter the Company announced the appointment of Mr Alastair Wilkie as CEO.

Alastair is an experienced executive with 25 years in the financial services industry focused on banking and payments with a background in information technology and business development. He has held senior leadership roles in Australia, Europe and North America directing the creation and growth of businesses, managing service driven business operations and delivering enterprise wide change programs.

Alastair was previously COO of EML Payments Limited (ASX: EML), a leading financial services organisation providing innovative end-to-end card payment solutions and services for consumers, corporates, retail and government entities in Australia, Europe and the USA. As COO he was accountable for the delivery of the P&L for Australia, focused on business development, sales and marketing, information technology, client services, human resources and the program delivery functions.

Further details about the appointment of Alastair as CEO can be found in the Company's ASX announcement dated 28 October 2019.

Cash Flow

Cash at the end of the December 2019 quarter was US\$0.84million. All financial figures in the following Appendix 4C are denominated in US dollars, unless stated otherwise.

The Company is currently in discussions with a strategic investor with regards to an investment in the Company. While these discussions are ongoing and are yet to be finalised, the Company anticipates being able to update shareholders shortly once they are formalised.

For more information, please contact:

Email: investors@changefinancial.com

Web: www.changefinancial.com

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.

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

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 December 2019

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1	3
1.2 Payments for		
(a) staff costs	(321)	(696)
(b) consulting / outsourced services	(117)	(310)
(c) technology / hosting expenses	(74)	(204)
(d) compliance	(33)	(104)
(e) other	(76)	(232)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
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	(619)	(1,541)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) software	-	-
	(b) payment for investment		
	(c) physical non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	28	28
3.2	Proceeds from issue of converting notes	783	817
3.3	Proceeds from disposal of investment	-	200
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings (Altor loan)	-	-
3.6	Repayment of borrowings (Altor loan)	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid		
3.9	Other – Distribution Received	-	-
3.10	Net cash from / (used in) financing activities	811	1,045

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
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	769	1,465
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(619)	(1,541)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	811	1,045
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(38)	(46)
4.6	Cash and cash equivalents at end of quarter	923	923

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	923	769
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)	923	769

6.	Payments to directors of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to these parties included in item 1.2	42
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	
Item 6.1 comprises payments to the Directors		

7.	Payments to related entities of the entity and their associates	Current quarter \$US'000
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	

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)	-	-
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	Staff costs	(320)
9.2	Consultants / outsourced services	(100)
9.3	Web Hosting / data centre equipment	(74)
9.4	Directors fees	(41)
9.5	Software development	(20)
9.6	Compliance	(40)
9.7	Rent	(16)
9.8	General administration & other costs	(64)
9.9	Total estimated cash outflows	(675)

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

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

By Order of the Board
Adam Gallagher
Company Secretary
31 January 2020



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.