



<http://www.finzsoft.com/>

11 July 2018

Dear Shareholder

On 30 November 2017 Finzsoft announced to the market the strategic alliance arrangement it had established with Datacom Systems Limited ("**Datacom**"). The intention behind the strategic alliance is for Datacom to undertake services for Finzsoft's clients such as application development and support. Finzsoft has maintained the client ownership whilst transitioning to a new service model.

Datacom took over Finzsoft's staff who were engaged in the Services division as part of the strategic alliance. It has undertaken to provide these persons, and others, to undertake services for Finzsoft and for Finzsoft's clients. Datacom has the depth to ensure continuous improvement in the services being provided.

Finzsoft has the benefit not only of having such a resource available to it when required, but it ceased to be liable for the cost of the employees in the Services division. Now Finzsoft pays Datacom for the provisions of people to undertake services largely when it recoups that cost from its clients or as development work on behalf of Finzsoft.

Finzsoft continues to focus on sales of its leading digital-API core and vertical banking products and its 'software-as-a-service' offerings. It has achieved in this financial year an increase in Recurring Licence Revenue, increase in Service Revenue.

However, the above restructuring resulted in Finzsoft incurring one-off costs of approximately \$750,000. In addition, Finzsoft has invested in increasing its sales functions and continuing to develop its 'software-as-a-service' offerings. Finzsoft remains debt free.

Whilst the financial year is complete, the results are still subject to audit, and any impairment of intangible assets is still under consideration by the directors. Excluding the effect of any potential impairment of intangible assets, the directors believe that the financial year will result in a forecasted net loss for the year ended 30 June 2018 of approximately \$1,500,000.

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The directors believe that the above restructuring will achieve significant benefits and cost savings for Finzsoft going forward.

Yours sincerely

Brent Impey
Chairman

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