

ASX RELEASE

17 October 2019

Cashwerkz Limited [ASX: CWZ] turns focus to growth and scaling up.

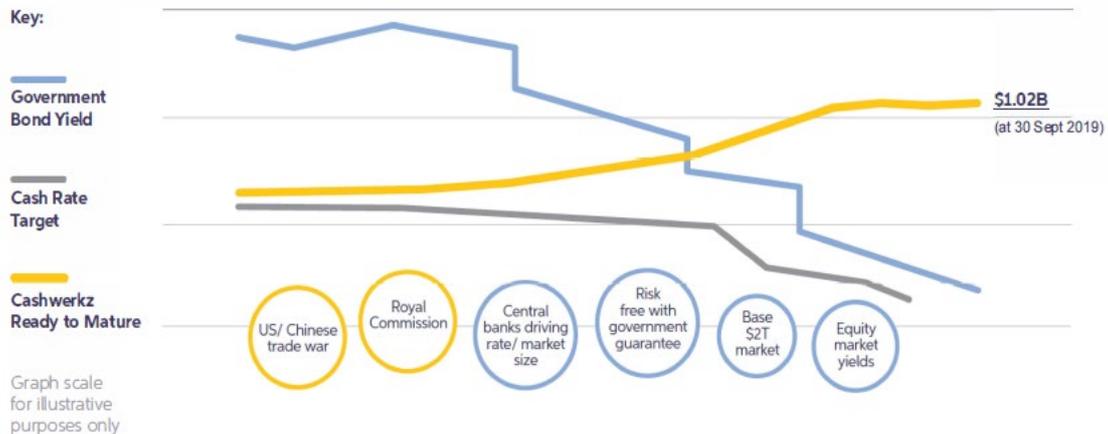
During the recent quarter, Cashwerkz increased the net inflows on the platform by 8.03% rise in total inflows (new money to the platform and maturing money reinvesting) from \$535 million Q1 FY19 to \$578 million Q1 FY20. As at 30th of September, Cashwerkz held approximately \$1.02 billion in funds scheduled for future maturity and 49 banks competing for investor funds for cash investments on the platform. With superior customer loyalty rates maintained at 72% of customers re-investing on the platform, Cashwerkz continued to build out its operational team and platform for future growth opportunities.

Cashwerkz Limited has continued to roll-out its strategic growth plan for its market-first, streamlined and unique approach to cash investing in at call, term deposits and bonds. Its innovative platform remains unchallenged as the leading online marketplace delivering choice, transparency and security for investors chasing yield results for defensive assets.

Key Highlights

- An **8.03 per cent rise in total inflows** from the first quarter of the 2019 financial year to the first quarter of this financial year from \$535 million to \$578 million. Net inflows of \$439k were achieved across the quarter further stabilising our position for growth.
- **Total volume of funds** on the platform waiting to mature remain stable at approximately \$1.02 billion as at the 30 September 2019.
- **Steady customer client loyalty**, with 72 per cent of our existing clients choosing to remain with Cashwerkz during the quarter.
- **49 Authorised Deposit Taking Institution (ADI)** partners now partner with Cashwerkz. A number of new partners have joined the platform, including neo-banks Judo Bank and 86400, as well as Bank Vic, Community First Credit Union, Mega International Commercial Bank and RACQ Bank.
- **Operational updates** with key roles filled for Head of Product, Head of Institution, Head of Desk for RIM Securities; adjustment of Board roles for Executive Chair (John Nantes) and appointment of Craig Swanger in the capacity of non-executive director.
- **Hector Ortiz, currently care-taking the CEO role**, now moving into the **Head of Sales** to focus on executing the potential cash and term deposit pipeline on to the platform.
- **Strategic partnerships continue to develop** as Cashwerkz tailors its data feeds with financial planning networks to enable Australia-wide adviser networks easy access to Cashwerkz for an efficient cash solution.

Cashwerkz defies cash and yield downward trend



Marketplace Innovation Continues to Capture Yield Hunters

Cashwerkz remained committed to its fintech leadership in the online cash investment marketplace with the implementation of its new technology platform. Its newly developed serverless platform architecture will help Cashwerkz to quickly deliver new defensive cash investment solutions and innovations in a dynamic marketplace. Cashwerkz can now concentrate on its 'API as a Product' strategy, helping it scale as it onboards new banking partners and better meet the demands of customer-led banking trends now in play in a post 1 July open-banking era.

Platform process efficiencies around term deposit and cash investing continue to be developed by the technology team. This streamlined identification and verification solution, together with automated reporting helps bank clients support their customers' best interests by ensuring they have access to a wide selection of transparent investment options. This will become increasingly important as rates and margins remain under pressure and the market looks for options with embedded automation.

Continuing to build out its sales pipeline led the Company to refine the platform for use by Not for Profits and Local Government to ensure this part of the market receives access to the most market competitive rates possible. This is particularly relevant as partners such as Judo Bank deliver the ability to target different types of investors from retail to middle market seeking attractive rates for cash investments with purpose.

Operational Update Further Outlines Differentiation

During this first quarter of FY20, there has also been a number of significant additions to the Cashwerkz team. These appointments are all designed to help further differentiate the benefits the Cashwerkz platform offers to industry partners and investors. This has led to a series of senior management appointments including Head of Product, Head of Institution and Head of Desk for RIM Securities. Results from these appointments are being experienced by the company across new partnership negotiations and the opening up of new market opportunities.

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Cashwerkz will also be adding a new senior marketing manager in the marketing team to further leverage our strategic promotion of brand, product and partnerships. A number of integrated and programmatic marketing campaigns were also rolled out during the back end of the quarter, which resulted in significant in-bound platform interest.

Board Changes Reflect FinTech Expertise and Strategy

During the quarter, the roles of the board and leadership team were adjusted to ensure a clear focus on the most significant growth opportunities. John Nantes assumed the role of Executive Chair and we are reviewing the market for a new CEO. Most recently we appointed Craig Swanger to the board. Craig is one of the most highly regarded FinTech investment and strategy experts in Australia. He is an adviser to or investor in a portfolio of 12 high growth companies, ranging from very early stage companies such as Care360 to rapidly scaling FinTechs such as the ASX listed Wisr (ASX: WZR) and newly licensed neobank, Xinja Bank.

Impact of Recent Monetary Policy Decisions Enhances Relevance of Cashwerkz

While the Reserve Bank of Australia cut the cash rate to a record low of 0.75 per cent in October, the cash investment sector still represents a \$2 trillion market opportunity.

Despite the reduction to the cash rate, many ADIs operating on our platform have sensibly not significantly reduced the interest rate they offer on term deposits and other cash-generating instruments. This is due to the need to maintain their margins, hold the expected amount of capital to meet their licence requirements and protect the shareholder returns and ongoing rigour of the banking environment for Australia. Our national goal is to have banks making a profit within acceptable risk parameters. Our experience with the global banking sector operating outside of these boundaries has shown us what can happen when the banks fail to do this.

However, with the cash rate sitting at 0.75 per cent, it has never been more important for investors to ensure they are achieving the highest possible rates on their cash investments. This makes Cashwerkz' platform, which offers investors unparalleled access to a broad range of cash investments from a range on different institutions across instruments offering attractive rates, more relevant than ever.

Cashwerkz remains well placed to continue to support the goals of both issuers and investors in an environment in which the official cash rate is expected to continue to decline. We also anticipate offering an enhanced product suite further out the yield curve beyond cash and term deposits through the RIM Securities side of the business for wholesale and advisory markets.

Cashwerkz offers market competitive strategy for cash investing and \$50 billion capital shortfall for Banks

Cashwerkz remains the only platform of its kind in Australia where 49 financial institutions compete for investor funds for cash and term deposit investments.

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We anticipate continuing strong demand for the products offered through the platform, given banks have a capital shortfall of \$50 billion they need to meet over the next four years and

require capital to plug this gap. They also must continue to protect their margin for shareholders and for the good of the economy and can do this by offering investors access to attractive interest rates through the platform. A major benefit of Cashwerkz for investors is we do not touch the money, providing additional reassurance above and beyond the Government's \$250,000 guarantee under the Financial Claims Scheme.

Cash and term deposits will always form a critical part of the asset mix for investors in a world where interest rates remain at record lows. Retirees need to find income from other investments, without being exposed to the significant risk associated with equities investments. It's likely bonds, infrastructure and other defensive investments producing incomes of between three per cent and eight per cent a year will form a core part of their portfolios to generate sufficient income to support their lifestyle in retirement. Cashwerkz will continue to champion the ability of income-seeking investors like retirees to easily and safely access higher-yielding investments via the platform.

The cash investing marketplace remains a \$2 trillion size deposit market even after the recent rate decreases. The demand for liquidity in an investment portfolio, backed by the \$250,000 capital guarantee, and the need to match portfolios to expense or spending needs will continue to ensure Cashwerkz is very well placed in any market. It's now likely the RBA will look to quantitative easing to help stimulate economic growth where needed, with a broad selection of economists signalling further rate decreases will not make any difference to investors. Regardless of what the RBA do from here, Cashwerkz is extremely well placed to help all cash and term deposit investors get better rates in one place and help the banks meet their capital requirements

Annual General Meeting

The Cashwerkz Annual General Meeting will be held Tuesday 26 November 2019.

Further Details:

John Nantes

Executive Chair

shareholders@cashwerkz.com.au

Cashwerkz Limited

The Cashwerkz Limited group of companies delivers an innovative online cash management marketplace in term deposit and At Call, whilst providing funding to over 49 Authorised Deposit taking Institutions and thousands of financial advisers and direct investors. Listed on the Australian Securities Exchange (ASX: CWZ) the group is headquartered in Australia. Cashwerkz Limited ABN 42 010 653 862 AFSL 260033.

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Cashwerkz Technologies

Cashwerkz Technologies Pty Ltd (Cashwerkz Technologies) leverages the latest technology to deliver an innovative and streamlined approach to investing in term deposits and bonds, meeting the growing demand for a trusted, reliable and secure online platform direct investors and financial professionals can manage their defensive assets and transact cash investments seamlessly. Cashwerkz Technologies is a subsidiary of its parent company, Cashwerkz Limited alongside fixed interest solution experts, RIM Securities. Cashwerkz Technologies Pty Ltd ABN 70 164 806 357 AFSL 459645.

RIM Securities

RIM Securities established 14 years ago, is the independent fixed income specialist arm of Cashwerkz Limited. RIM securities have extensive experience in searching for the value to deliver stable income solutions to all types of investors who require custom solutions or access to wholesale markets across cash, term deposits and fixed bonds and floating rate notes. RIM Securities Ltd ABN 86 111 273 048 AFSL 283119.

Trustees Australia Limited

Trustees Australia Limited delivers trusted, responsible entity services to fund managers and investors requiring bespoke solutions. Trustees Australia Limited ABN 63 010 579 058 AFSL 260038.

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