

12 September 2016

ASX Announcement

Completion of Pocketbook acquisition

HIGHLIGHTS

- **Acquisition of Pocketbook completed following due diligence and execution of transaction documentation**
- **Pocketbook is a market leader and one of the most popular apps in the Australian personal finance sector, with a significant and growing user base**
- **Acquisition is consistent with zipMoney's strategy to provide fairness and financial transparency for Australian consumers**
- **Acquisition enhances zipMoney's proprietary credit and fraud decision technology**

zipMoney Limited (ASX: ZML) ("**zipMoney**") or the ("**Company**") is pleased to announce that it has completed the acquisition of the entire issued capital of Pocketbook Holdings Pty Ltd ("**Pocketbook**") for an upfront consideration of \$6.0 million plus a deferred consideration of up to an additional \$1.5 million (subject to prescribed performance milestones being achieved). Details of Pocketbook and the proposed acquisition were provided in the Notice of General Meeting, lodged with ASX on 16 June 2016 and the Company's ASX announcement on 6 June 2016.

Transaction rationale


The acquisition of Pocketbook, a leading Australian personal financial management app with a strong focus on consumer financial wellbeing, strengthens zipMoney's position in the local fintech sector. The acquisition supports the Company's vision to create a new financial services model that is built around honesty, visibility and empowering consumers to make better financial decisions, improving their lifestyle.

Pocketbook delivers this through the following core features:

- it provides a holistic understanding of a person's financial profile;
- it provides total visibility and helps users track and manage their bills, spending, and savings; and
- it educates consumers and provides simple tools to better manage their finances and achieve their personal goals.

This acquisition significantly increases zipMoney's user base and expands the Company's product offering into 'direct to consumer' financial services, complementing the existing point-of-sale payments model.

zipMoney will gain valuable data analytics on consumer behavior from Pocketbook's large and growing user base, further enhancing its proprietary credit and fraud decision technology. The Pocketbook team will enhance zipMoney's existing data science capabilities. It also provides an engaged user platform through which to incorporate zipMoney's digital wallet solutions.



zipMoney's Managing Director and CEO, Mr Larry Diamond said: "We established zipMoney because we believe Australian consumers deserve honest, responsible and transparent financial products. Our first suite of products disrupted the traditional credit card market by offering consumers flexible, interest-free payments at the checkout with a strong focus on user experience.

"The acquisition of Pocketbook is consistent with this strategy. It is a brilliant and well-established personal financial money management tool that empowers people to make the best financial decisions. It is also completely free. Pocketbook has rapidly grown to become one of Australia's leading personal finance apps and is led by two exceptional founders.

Pocketbook Co-Founder Alvin Singh said: "We started Pocketbook based on the belief that everybody deserves a clear path towards a brighter financial future. We are thrilled to be joining the zipMoney group who share a similar vision of empowering consumers through better transparency, responsible and easy to use financial products. With their additional resourcing, expertise and technology, together, we are better positioned to help Australians realize their financial goals."

Transaction summary

The final consideration paid for Pocketbook comprises an upfront cash consideration and the issue of zipMoney shares:

- The upfront cash consideration of \$2.0 million was financed by the recent equity placement, that was well supported by existing and new shareholders. This was settled today with the vendors.
- The remaining balance of the upfront consideration was funded by the issue of new zipMoney shares. As part of the settlement consideration, zipMoney issued 7,310,782 new zipMoney shares. The new shares issued are subject to an 18-month escrow period for shares to be issued to the founding shareholders (comprising 6,820,296 shares) and a 6-month escrow period for the other Pocketbook shareholders (comprising 490,486 shares).

The deferred consideration comprises up to an additional \$1.5 million in zipMoney shares to be issued approximately 24 months after completion, subject to various performance milestones being achieved and based on a 30-day VWAP prior to the achievement of each relevant performance milestone.

All Pocketbook staff will be retained including the founders, Alvin Singh and Bosco Tan.

In May 2016, Pocketbook recorded its first month of operational revenue through its marketing leading data analytics services. The acquisition of Pocketbook is expected to have no significant impact on the financial position of zipMoney. Completion of the acquisition of Pocketbook is effective today.

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About zipMoney

zipMoney is a leading player in the digital retail finance and payment industry. The Company offers point-of-sale credit and digital payment services to the retail, education, health and travel industries. It operates under the zipPay and zipMoney brands. The Company is focused on offering transparent, responsible and fairly priced consumer credit and payments products. zipMoney's platform is entirely digital and leverages big data in its proprietary decision technology to deliver real-time consumer responses. zipMoney is managed by a team with over 50 years' experience in retail finance and payments and is a licensed and regulated credit provider. For more visit www.zipmoneylimited.com.au.

About Pocketbook

Pocketbook is an innovative personal finance management software that has been operating since 2012. Pocketbook provides a free money management and budgeting app that integrates with the customer's bank account, and is able to sync data with most major Australian financial institutions. It provides users with a view of their cashflow so they can better plan ahead for things like bills, goals and other expenses. Pocketbook has strong customer traction in the Australian market, with over 250,000 users. It is highly acclaimed by industry leading bodies including Choice, AIIA, ACMA and Forrester Research and consistently rates at the top of app stores based on independent customer reviews. For more visit www.getpocketbook.com.