

**ASX Release | Chapmans Limited (ASX:CHP)**

**CHAPMANS TO MAKE STRATEGIC FINTECH INVESTMENT IN TAPP**

**27 November 2018**

The Directors of Chapmans Limited (ASX: CHP) (Chapmans, the Company) are pleased to announce that, having completed its due diligence, it has entered into binding documentation to make a strategic investment in emerging, next generation mobile payment platform business Tapp Group Limited (Tapp).

Chapmans also advises that it has entered into a corporate advisory mandate with Tapp to provide advice, counsel and services to support Tapp's plans to secure a successful listing on the Australian Securities Exchange (ASX) in 2019. The corporate advisory mandate is for an initial period of 12 months, with the provision to be extended subject to the mutual agreement of both parties.

Tapp operates an innovative peer-2-peer commerce exchange network which allows people without access to traditional banking services, such as bank accounts or credit cards – what it refers to as the 'Unbanked' market – to be able to pay for goods and services via a simple, easy-to-use mobile application.

Tapp's initial target market focus in the massive emerging markets of the South-East Asian region where smartphone based ecommerce is forecast to experience significant future growth. Tapp commenced its operations in Indonesia 3 years ago where it has enjoyed substantial take-up for its offering.

The opportunity in the Indonesian market is borne out by the fact that out of a total population of approximately 265.4 million only 36% of people have a bank account and just 2% have a credit card – highlighting the scale of the opportunity for the application of Tapp's platform. Its roll-out strategy will see it then plan to focus on Vietnam, Philippines, Malaysia and Thailand.

The investment sees Chapmans making a strategic, cornerstone investment of AUD\$250,000 (as part of a capital raise to raise up to AUD\$1.0 million). Chapmans investment has been structured in the form of a 1 year convertible note with a conversion price of \$0.02 per share in Tapp and a 10% coupon. If converted today the investment would represent a 3.57% direct equity holding in Tapp.

The funds raised will be predominantly used for IT development and marketing, as well as to provide working capital for the business prior to it becoming cash-flow positive, which is anticipated to occur in the first half of calendar 2019.

Chapmans is excited by the growth potential of Tapp, and is delighted to be able to secure this early entry-point investment, which is consistent with its investment model to identify and support emerging, fast growth and revenue generating businesses.

Tapp was established in 2015, and since that time has enjoyed rapid growth and success in executing its business model. It now has a scalable, fully functional and operational, proprietary platform that allows people without access to traditional online banking services to transact online, send and receive money, and to borrow and lend money.

**Growth Profile**

Since inception, Tapp has acquired more than 86,000 sales agents, which serve as a powerful mobilised sales distribution network, and has completed in excess of 120 million successful transactions – generating more than AUD\$430 million in

sales revenue. The business currently processes more than \$27m in transaction volumes per month which it believes it can grow substantially with increased margins from capital raised to :-

- complete development for API's providing direct transactional connection to a list of large utility and telco providers;
- increase inventories through the wholesale purchase of more phone, data and electricity plans; and
- increase sales and marketing activities to build Tapp's sales agents / merchants.

Looking forward, it aims to achieve monthly transactions of AUD\$150 million and have 105,000 sales agents by the end of the first quarter, 2019, and its 12 month projections are to deliver monthly transactions of AUD\$175 million and to increase the number of sales agents to 175,000.

Chapmans will work closely with Tapp to help support the operational growth of the business through this phase and also to position the business corporately for its proposed public listing.

### About Tapp Commerce

Tapp provides an innovative payment gateway that allows people without access to traditional banking services (the Unbanked) to locate a human ATM (Tapp Agent), deposit cash (Tapp Coins) and transact online (Tapp Market).

Billions of people globally do not have access to traditional financial services which typically facilitate normal day-to-day financial transactions. The Tapp business model is based on providing this massive 'Unbanked' market with a safe and easy means in which to conduct financial transactions and manage their money – to be the 'Bank for the Unbanked'. The global cash economy is currently estimated to be worth more than AUD\$75 trillion, compared to the traditional payments which is estimated at more than AUD\$650 billion globally.

#### Tapp Business Model

- Tapp is a payment platform enabling customers to transact on-line
- Profit is derived from margin on;
  - Products and services sold directly by Tapp - electricity and phone credits
  - Products and services sold by other vendors on the Tapp platform
  - Electricity and phone credits sold directly to other agent networks (wholesale)
  - Margin on remittance
  - Margin on insurance
- Gross margin is expected to be 1.03% on all transactions
- Roll-out strategy will focus on Vietnam, Philippines, Malaysia and Thailand
- Corporate responsibility program will introduce free of subsidized educational material to Tapp customers

**Ends**

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#### **About Chapmans Limited**

Chapmans Limited (ASX:CHP) is an ASX-listed diversified investment company engaged in investments across a diverse range of industries, with a focus and expertise in the mobile and advanced industrial technology sectors.

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