Q3 FY22 Investor Presentation

4 May 2022

Change Financial Limited

ASX: CCA

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Global fintech with local expertise

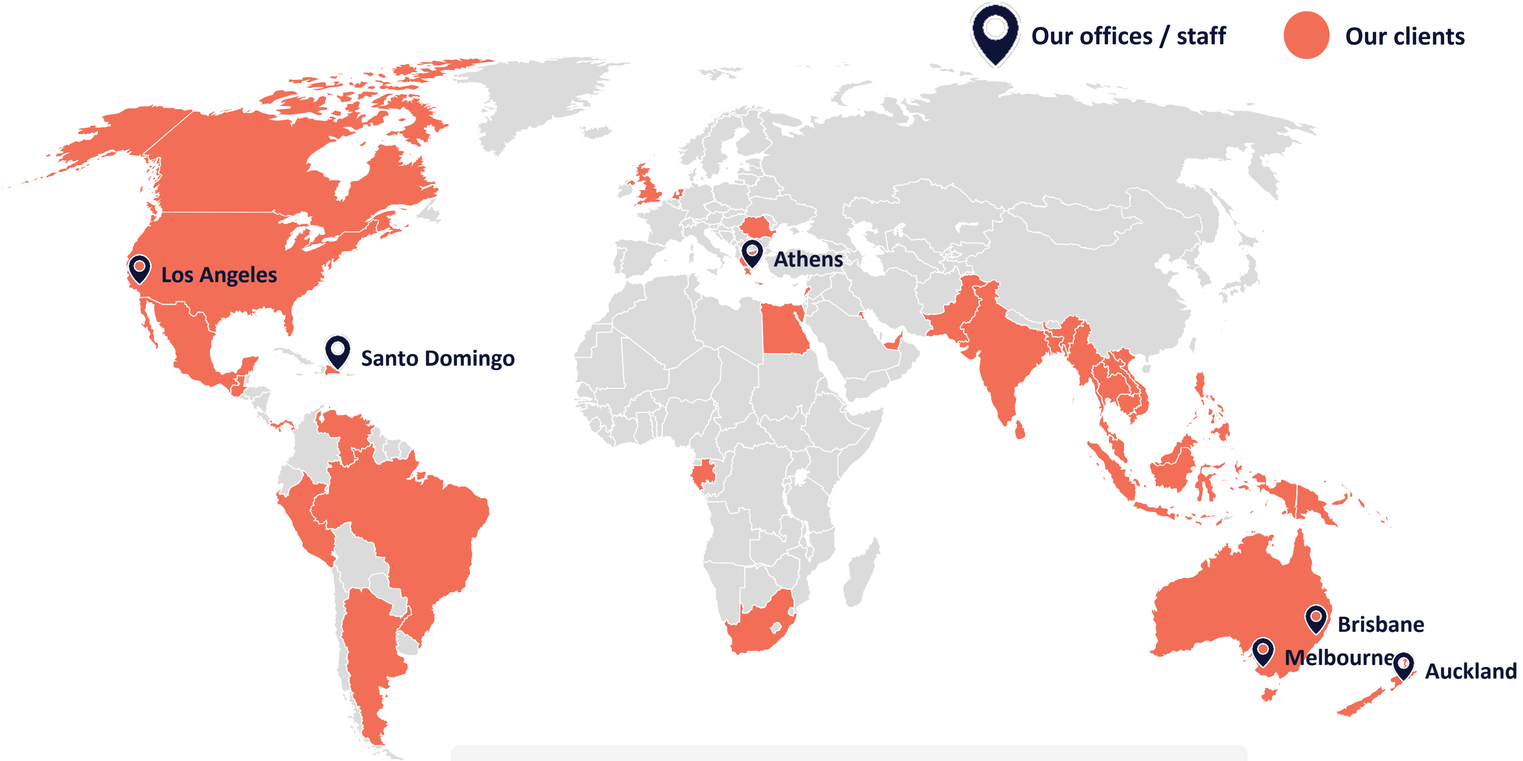
We have a diverse team of over 85 people with local knowledge to support our loyal and growing client base.

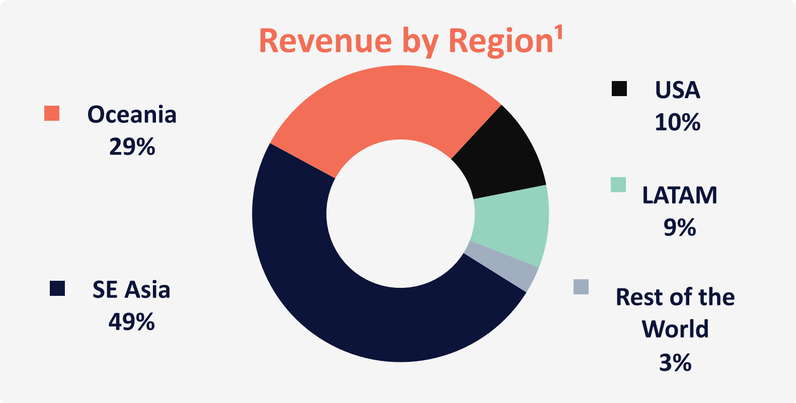
16m+ cards
Scalable payments platform

150 Clients in 41 countries
Global footprint

8+ years average tenure
Highly engaged clients

Processing for the major schemes





[1]H1 FY22

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Change Today: Delivering scalable payments solutions

Payments solutions provider, driving innovation in the Banking as a Service ecosystem.

Banking as a Service

Payments as a Service

vertexon

Issuing physical, digital and virtual prepaid, debit and credit cards

BNPL, Digital wallets, Apple Pay, Google Pay and Samsung Pay

Transaction processing for major schemes Mastercard, VISA, Union Pay, JCB and AMEX

56%[1]

% H1 FY22 Revenue

Payment testing

PAYSIM

Payment simulation

Testing automation

All network management and financial transactions

43%[1]

% H1 FY22 Revenue

[1]c.1% revenue attributable to Other Products

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FY22 Key deliverables for growth

Our 'Be Competitive' year (FY22) is focussed on integration of our platforms, feature development, partnerships and customer growth.

Q1-Q2 FY22

- ✓ Payment Card Industry PA-DSS Certification
- ✓ BDO Unibank Major Platform Upgrade
- ✓ Established Global Business Development team
- ✓ New US Issuing Bank Partnership
- ✓ New US Payments as a Service Client
- ✓ Board changes announced
- ✓ Vertexon SaaS Platform launch
- ✓ New Website Launch
- ✓ Vertexon Eventing
- ✓ PaySim API launch

Q3-Q4 FY22

- ✓ Vertexon SaaS Platform launch in new region
- ✓ Vertexon Product Roadmap release
- ✓ PaySim Product Roadmap Release
- ✓ **Axiom Bank issuing onboarding go live**
- ✓ **Partnership with card scheme in Australia & New Zealand**
- ✓ **New Zealand regulatory approval for direct issuing**
- ▶ First Vertexon SaaS Customer
- ▶ Australian regulatory approval for direct issuing
- ▶ PaySim SaaS Launch
- ▶ Partnership model enabled
- ▶ Enhanced Customer Support Model

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Enhances capability to provide additional value-added services to clients via the Vertexon platform.

Increases speed to market and reduces cost of issuing and payment processing.

Direct Issuing AU/NZ

Expected regulatory approval for direct issuing services for card programs in both Australia & NZ by H1 FY23

Scheme Partnership	New Zealand Regulatory Approval	Australian Regulatory Approval
Completed	Completed	In Progress
mastercard ✓	✓	AFSL application submitted Approval expected H1 FY23

Additional Revenue

- Generate new revenue streams from payment processing, interchange and other value-added services
- Increases return on investment from Vertexon platform

Speed to Market

- Removes requirement to partner with banks for issuing sponsorship

Diversify Customer Portfolio

- Unlock opportunities for global customers; E-comm, Travel, On-Demand Delivery, Expense Management & Digital Banking
- Access to larger addressable market

Innovation

- Greater ability to innovate and deliver market leading products and services
- Pivot towards financially attractive opportunities

From Software Provider to Financial Service & Platform Provider

- Enriched features by building an enhanced ecosystem
- Platform for developers in the payment value chain enables clients to launch new programs with speed, flexibility & scale

Enhanced global scalability

- Principal issuer status enables sponsorship of global subsidiaries for issuing
- Reduces barriers for the business to scale globally

Q3 FY22 Business Development Update

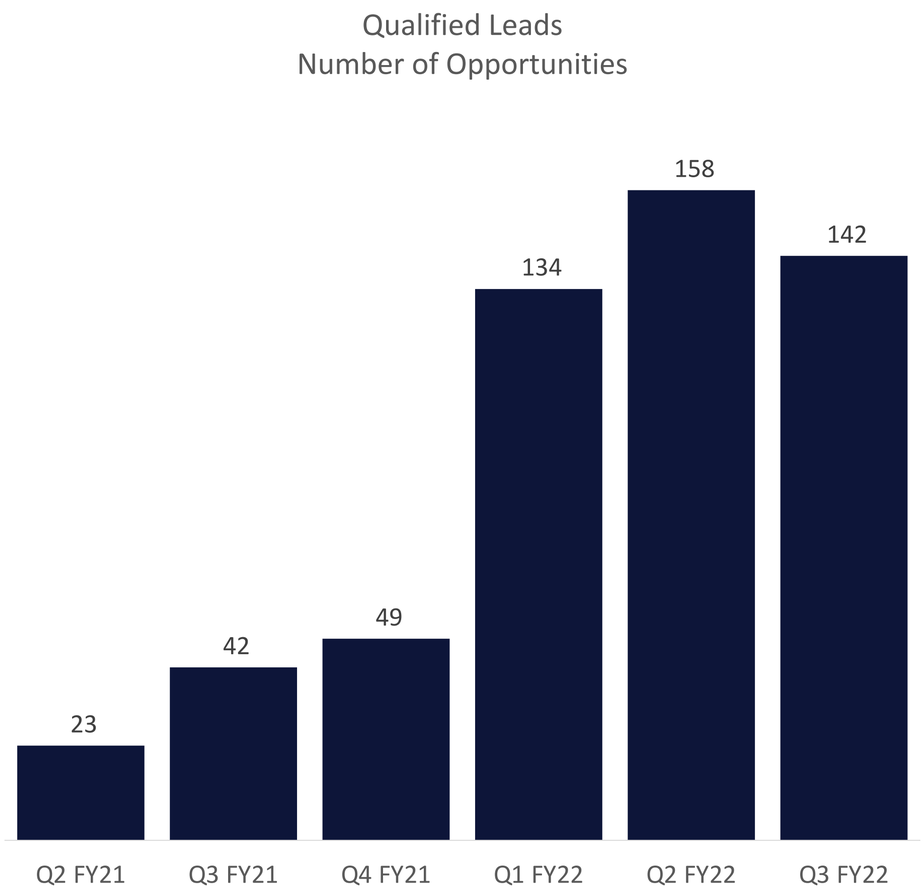
Business Development activities have delivered new customers and opportunities.

Business Development Activities

- 21 opportunities were won and closed in Q3
- 2 x New Vertexon Payments as a Service Clients for the US
- New PaySim client in Asia
- First PaySim API sale completed and strong demand from existing clients
- Existing clients commit to over US$1.6m in payments projects
- Pipeline value continues to grow for both Vertexon and PaySim opportunities

Strategic Activities

- Nurturing leads from the Mastercard partnership announcement in Australia and New Zealand
- Marketing, PR and content strategy in place to increase market visibility and increase opportunities
- Strong business development activities in the LATAM market



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Key Recent Client Wins

Recent wins anticipated to generate in excess of US$2.0m revenue over initial terms.

2 US Fintechs (April 2022)

- Two US fintechs secured as new Vertexon PaaS clients
- Rolling Thunder is a fintech focused on digital wallets and mobile payments in US, Mexico and parts of LATAM
- PlutusM is a fintech focused on the US reseller market for limited edition items
- Go-live & recurring revenue expected to start in H1 FY23

Financial Impact

- Combined minimum fee commitment of US$2.0m (A$2.8m[1]) over initial terms (3 & 5 years); potential for further revenue from interchange, transaction & other fees
- Combined minimum fee commitments add ARR of:
  - US$0.2m in Year 1
  - US$0.4m in Year 2; and
  - **US$0.6M in Year 3 (and rolling ongoing)**

ROLLING THUNDER business solutions

PLUTUSM

[1]AUD/USD = 0.72

Q3 FY22 Financial Update

Strong cashflow quarter driven by increase in receipts from customers.

Revenue

- US$2.1m for the quarter
- Annual Recurring Revenue (ARR) increased to US$4.9m
- Strong contracted pipeline of project revenue in addition to ARR
- YTD revenue split – c.55% recurring / 45% non-recurring

Receipts from Customers

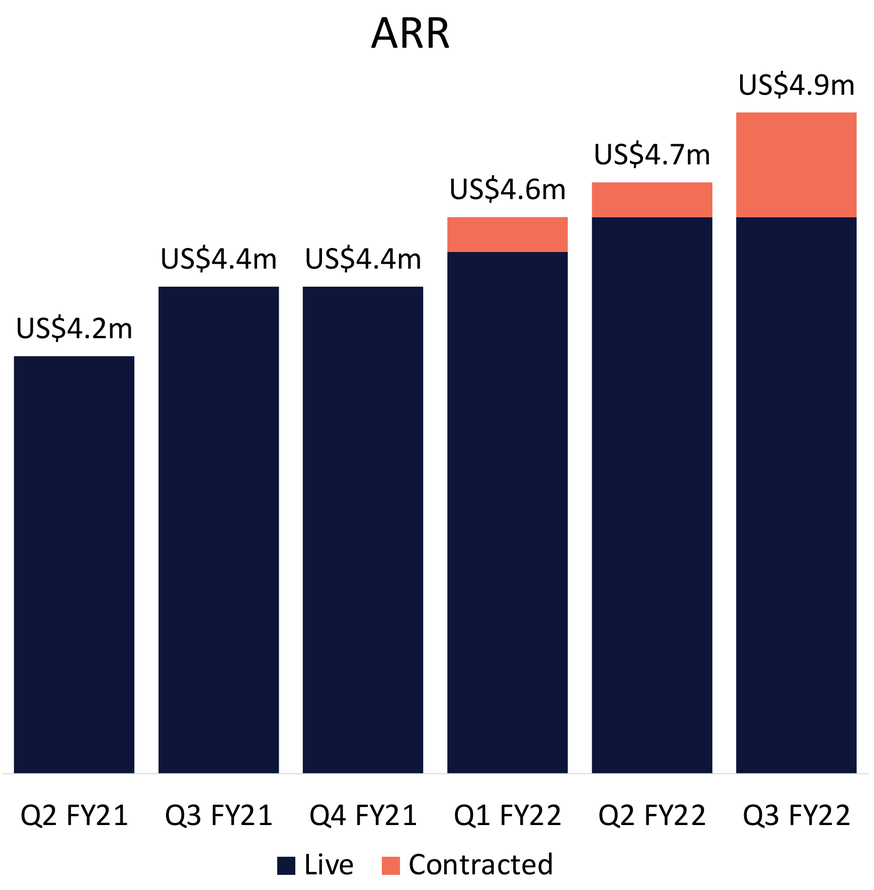
- US$2.9m for the quarter – up from US$1.5m in Q2
- Increase in cash receipts relative to Q2 was expected due to strong customer invoicing in Q2 FY22 and therefore resulting higher cash collections in Q3 FY22

Cash Operating Costs

- Lower than the previous quarters following a reduction in administration and corporate costs – expected to trend back towards the previous quarter levels as the Company continues to execute the Go-to-Market strategy to drive growth

Cash Balance

- US$1.9m as at 31 March – increase from US$1.6m at 31 December
- Cash flow from Operating Activities for Q3 were positive
- At the end of Q3, the Company had drawn US$0.2m of the unsecured loan facility with US$0.9m undrawn



[1]ARR comprises annualised contractual minimum fee commitments from clients that have commenced and are ongoing or are scheduled to commence within the next 12 months. Only the next 12 months of minimum commitments are included in Change's reported ARR and any increasing contracted minimum fee commitments will increase ARR in future periods.

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Revenue Model Transition

Change is transitioning from a licence and project fee revenue model to a SaaS revenue model.

SaaS revenue to start in H2 FY22 on first US SaaS customer launch.

Previous Revenue Model

	Revenue Source	H1 FY22 Revenue
Recurring	**Maintenance** Support & maintenance contracts for existing clients	55%
Recurring	**Subscription (SaaS)** Recurring monthly / annual charges with minimal to no one-off upfront fees	N/A
Recurring	**Transactional (SaaS)** Volume and transaction based fees	N/A
Non-recurring	**Licensing** One-off upfront fees	13%
Non-recurring	**Projects** New products, features, upgrades, client requests	32%

New Revenue Model

FY23+ Revenue Trend	Key Drivers of Revenue Trend
↔	Maintenance revenue tied to one-off license sales which is expected to slow as the business transitions to a SaaS subscription and transactional revenue model
↑	**Vertexon:** Actively seeking to transition existing clients to SaaS model which will drive uplift in annual revenue. Targeting all new customers to be onboarded on a SaaS basis **PaySim:** Exploring a SaaS model to lower upfront capital requirements from clients and offer more flexible pricing
↑	**Vertexon:** Transaction and volume-based fees are a key focus and driver of revenue growth
↓	Transition to SaaS / subscription model for new clients will reduce new licence fee revenue. Change will continue to license new features to existing clients
↔	Growth expected to slow as existing clients migrate to SaaS / subscription model

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Thank you.

Get in touch

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