# change

Company Presentation FY2021 Q3 – 28 April 2021

ASX: CCA

### Disclaimer

#### IMPORTANT NOTICE

This presentation has been prepared by Change Financial Limited (Change Financial) in good faith. No express or implied warranty is given as to the accuracy or completeness of the information in this document or the accompanying presentation. All statutory representations and warranties are excluded, and any liability in negligence is excluded, in both cases to the fullest extent permitted by law. No responsibility is assumed for any reliance by any person on this document or the accompanying presentation.

#### **Summary information**

The information contained in this presentation is a summary overview of the current activities of Change Financial. This presentation does not purport to be all inclusive or to contain all the information that a prospective investor may require in evaluating a possible investment. This presentation is for general information purposes and is not intended to be and does not constitute an offer to sell or a solicitation of an offer to buy or sell securities, a prospectus, product disclosure statement, pathfinder document or other disclosure document for the purposes of the Corporations Act and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission. This presentation should be read in conjunction with all other periodic and continuous disclosure announcements lodged by Change Financial with the Australian Securities Exchange, available at www.asx.com.au.

#### Not financial product advice

The material contained in this presentation is not, and should not be considered as, financial product or investment advice. This presentation is not an offer, invitation or recommendation to acquire New Shares, and does not take into account the investment objectives, financial situation or particular needs of any particular investor. You must make your own independent assessment and review of Change Financial, and the information contained, or referred to, in this presentation, including its financial condition, assets and liabilities, financial position, profits and losses, prospects and business affairs, including the merits and risks involved. Nothing in this presentation constitutes investment, legal, tax or other advice. You should seek legal, financial, tax and other advice appropriate for your jurisdiction.

#### Past and future performance

This presentation contains information as to past performance of Change Financial. Such information is given for illustrative purposes only, and is not – and should not be relied upon as – an indication of future performance of Change Financial. The historical information in this presentation is, or is based upon, information contained in previous announcements made by Change Financial to the market. These announcements are available at www.asx.com.au.

This presentation contains certain "forward looking statements". Forward looking words such as "expect", "should", "could", "may", "will", "believe", "forecast", "estimate" and other similar expressions are intended to identify forward-looking statements. Such statements are subject to various known and unknown risks, uncertainties and other factors that are in some cases beyond Change Financial's control. These risks, uncertainties and factors may cause actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements and from past results, performance or achievements. Change Financial cannot give any assurance or guarantee that the assumptions upon which management based its forwardlooking statements will prove to be correct or exhaustive beyond the date of its making, or that Change Financial's business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this announcement and Change Financial assumes no obligation to update such information.



# **Investment Highlights**

- Change is a global FinTech developing innovative and scalable payments
   technology offering Banking as a Service (BaaS) solutions to businesses and financial institutions
- Change has built a global enterprise payments and card issuing platform and financial transaction testing solution
- More than 125 customers in 36 countries globally
- Annuity income from blue-chip client base including major banks, supermarkets and FinTechs
- Change's BaaS Platform currently manages and processes more than 16 million credit, debit and prepaid cards worldwide
- World class management and technical team



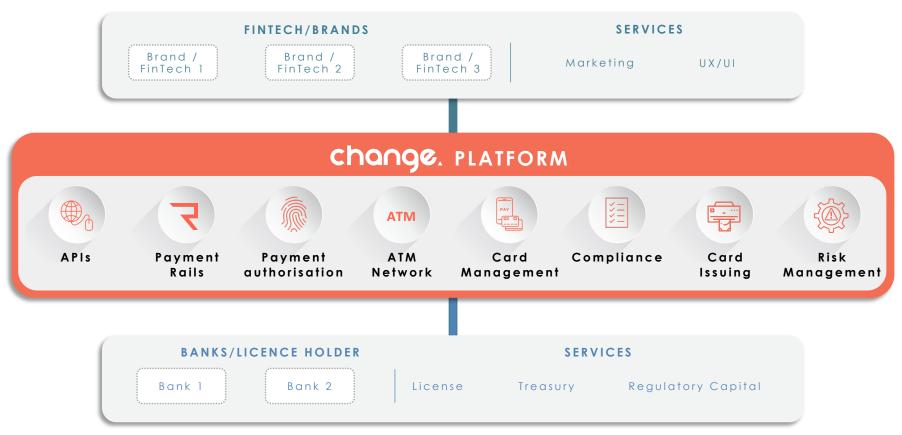


# **Our Global Presence**



# Change Baas Platform

Change is the critical infrastructure provider that connects existing licensed banks with modern API-driven brands (e.g. FinTechs). This infrastructure layer is called Banking as a Service (BaaS).



### Platform Revenue Model

# **Upfront Fees**

### Banks and FinTechs



Set up fees

Professional service fees

Licence fees

~20% of total revenue

# Recurring Fees

### **Enterprise Fees**





Professional service fees

Software fees

White label app and technology fees

Risk and operations management fees

~40%
of total revenue

### **Ongoing Operational Fees**



Transaction processing fees

Recurring non-financial transaction fees

Support and maintenance

~40%
of total revenue



# Financial Update

- Receipts from customers totalled US\$2.88 million
- Cash position at the end of the quarter increased by US\$0.29 million to US\$4.48 million
- Annual Recurring Revenue (ARR) increased from the previous quarter
- Healthy contracted pipeline of project work which is scheduled to be largely delivered over the next six months
- After a reassessment of ARR following the acquisition, the Company has taken a view to exclude licence revenues when reporting ARR as they typically form part of project work and other direct contracted sales activities
- ARR and the graph on the right excludes project revenue and licence revenue





Note: The Company earns revenue in multiple currencies. As of today, the majority of revenue is invoiced in USD, AUD and NZD and therefore there will be currency exchange fluctuations in the reporting of results.

# **Business Development Update**

- Investing in business development and building out sales pipeline
- Recently appointed Malcolm Bourke to VP of Business Development and Client Relationships. Malcolm has more than 15 years of experience at major Australian banks and ASX-listed EML Payments
- Sales opportunities developed during the quarter in the US, Dominican Republic, Chile, Columbia, Argentina, Thailand, Cambodia, Australia and New Zealand
- Currently recruiting senior business development staff for North America and Oceania





# **Proven Technology Platform**



# Platform Functionality

BaaS • APIs • Mobile Solution Data Insights • Dynamic Controls • Multi-Currency Prepaid Cards • Debit Cards • Credit Cards EMV • Virtual Cards • BNPL













+ 95 other currencies

















## Platform Benefits

### **Designed For The Future**

A modern payments and card issuing platform allowing delivery of innovative new financial products and services.

### Speed To Market

Fully integrated infrastructure and partnerships improving time to market.

### Flexibility and Control

Providing the management and control to implement and modify your payment and card products.



# Rapid Growing Trillion-Dollar Industry

Global payment revenue projected to exceed **US\$1.9 trillion** in 2020 with COVID19 impact adjustment. (source: Global Payment 2020, BCG)

COVID 19 accelerate the cash-to-noncash conversion; The global non-cash transactions projected to grow from **US\$684 billion** in 2019 to **US\$1.5 Trillion** in 2025 with 14% CAGR.

(source: Global Payment Report 2019, WorldPay; Global Payment 2020, BCG)

### North America

Payment card purchase volume reached **US\$6.7 trillion** in 2019

(source: Nilsson report, Feb 2020)

 Payment card purchase volume projected to exceed **US\$10 trillion** in USA by 2023 (source: Statista, 2020)

**E-wallet** including "Buy now Pay Later" estimated to become leading online payment of ecommerce by 2023, approaching over **US\$1 trillion** transacted within five years

(source: Global Payment Report 2020, WorldPay)

 Significant existing market opportunities for Change Financial to scale with acquired capability

### Latin America

Payment card purchased volume total **US\$786.5 billion** 

(source: Nilsson report, Mar 2020)

Alternative market opportunities with rapid growing potential for continued growth

Including credit, debit, pre-paid and E-wallet.

### **EMEA**

- Card transactions in EMEA reached **€2 trillion** in 2019, rose by 12.3%
- Total number of payment cards in EMEA increased to **572.1 million** in 2019

  (source: European Central Bank, 2020)
- Increasing card payment adoption expected in POS and e-wallet in both eCommerce and POS

(source: Global Payment Report 2020, WorldPay

Fast growing market opportunities for business scaling with Change Financial Instalment product offering

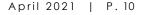
### Asia-Pacific

- Payment card purchase volume hit **US\$18 trillion** in 2019 (source: Nilsson report, Jul 2020)
- Southeast Asia expected to experience the next growth wave. 70% of adult population is "underbanked" or "unbanked.
- Digital payment\* in SEA projected to exceed US\$1 trillion by 2025,

(Source: Bain, Google and Temasek 2020)

Significant existing market opportunity for Change Financial continue to grow market share.





# Strategy Road Map

- Platform features such as InstallPay and Major Purchase (Buy Now, Pay Later), multi-currency accounts, digital and contactless payments
- Successful competition of Phase 1 delivered on time and on budget
- Phase 2 Customer Ready Platform in progress and due for completion FY2022 H1
- Partnering with customers, banks and FinTechs to accelerate new offerings
- Commercialisation opportunities from pipeline of existing and new customers to focus new BaaS revenue model
- Engaged a global payments advisory team to assist with the commercialisation and global rollout of Change's BaaS Platform





# **Corporate Overview**

Capital Structu	re
Last Share price (ASX: CCA) <sup>1</sup>	A\$0.135
Shares on issue	397.9 million
Market capitalisation	A\$53.7 million
Cash at bank²	A\$5.8 million

<sup>&</sup>lt;sup>1</sup> as at close on 27 April 2021

Board & Key Management	
Top 50 Shareholders	48.8%
Board and Management	6.7%
Bart Properties Pty Ltd	3.6%
Altor Capital Management Pty Ltd	3.1%

### Share Price History (Last 12 months)



Board & Key Management	
Ben Harrison	Chairman
lan Leijer	Finance Director
Harley Dalton	Director



<sup>&</sup>lt;sup>2</sup> as at 31 March 2021 – USD/AUD 0.77

# change

changefinancial.com