

Two New US Payments as a Service Client Wins

Highlights

- Two US fintechs, Rolling Thunder and PlutusM, secured as new Payments as a Service clients on Change's Vertexon platform
- Combined total minimum fee commitments of US\$2.0 million (A\$2.7 million¹) over initial terms with additional revenue from interchange, transaction and other fees
- Contractual minimum fee commitments add US\$0.2m (A\$0.3 million¹) ARR in year one, increasing to US\$0.6 million (A\$0.8 million¹) in year three with go-live and recurring revenue starting in H1 FY23

26 April 2022 – Australian based global fintech and Payments as a Service (**PaaS**) provider, Change Financial Limited (ASX: CCA) (**Change**), is pleased to announce that it has secured two new processing and card management clients in the US.

Change CEO and Managing Director, Alastair Wilkie commented, "We are excited to have secured two new US fintechs on our Vertexon platform. This marks another key achievement for our Company as we continue to prove our PaaS model has broad market appeal. We are proud to be working with both Rolling Thunder and PlutusM to help accelerate their respective innovative payment products."

New Client Wins Adding PaaS Revenue

The contracts contain upfront implementation fees as well as ongoing monthly minimum fee commitments. The combined minimum value of the contracts over the initial terms is US\$2.0 million (A\$2.7 million¹). The resultant minimum contracted contribution to Change's ARR² will be:

- US\$0.2 million (A\$0.3 million¹) in year one;
- US\$0.4 million (A\$0.5 million¹) in year two; and
- US\$0.6 million (A\$0.8 million¹) in year three.

Further information on each contract is detailed below.

Minimum fee commitments will be paid to Change, with revenue primarily generated through interchange, transaction fees, cardholder fees, and program management services. Where interchange, transaction and other fees exceed minimums, Change will earn additional revenue.

While the exact future amounts cannot be currently quantified, actual resulting revenues are expected to be higher than the contracted minimums over time based on the anticipated platform usage.

The Company also notes the strategic and commercial significance of welcoming two new clients under multi-year agreements, as well as the opportunity to expand the relationship with Rolling Thunder into other jurisdictions outside the US.

¹ AUD / USD = 0.75

² 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. Revenue is invoiced in multiple currencies and therefore reported revenue will be impacted by currency fluctuations.

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US PaaS Client – Rolling Thunder

Rolling Thunder Business Solutions Inc. (**Rolling Thunder**) is a fintech focused on digital wallets and mobile payments in the US, Mexico and other parts of LATAM. With an established and fast-growing customer base of wallet holders and mobile app users, Rolling Thunder will leverage Change's Vertexon platform to offer cards and other payments to its customers in the US market.

Rolling Thunder CEO, Scott McArthur said, "Our digital wallet, which can be white-labelled, provides a cashless ecosystem that creates a safer, more convenient environment for businesses to accept payments from consumers and to digitally manage their money while substantially lowering operational costs. We are aiming to onboard 125,000 cards in the first year of the program. We chose Change for their experience, technology, global presence, and speed to market for launching a new card program. There are many synergies between our businesses, but ultimately, we are both striving to deliver modern digital payment experiences."

Change will begin onboarding Rolling Thunder this quarter (Q4 FY22) with launch anticipated in H1 FY23.

US PaaS Client – PlutusM

PlutusM, Inc. (**PlutusM**) is a fintech focused on the US reseller market. Change's Vertexon platform will enable PlutusM to deliver digital card payments and processing for the easy purchase of limited-edition items, sneakers and streetwear, collectables and electronics in the US reseller market. PlutusM will leverage Change's Vertexon platform to offer their extensive community of resellers and collectors digital cards, as an affordable and easy way to make payments.

PlutusM CEO, Sebastian Soltero said, "As a participant in a rapidly growing market, predicted to be valued at \$47b by 2025, our focus is on our core offering of virtual cards. We look to experts such as Change to partner with and leverage their capabilities. We chose to partner with Change because they offer innovative payment features and services beyond just digital cards. Their client-centric approach and speed to market is exemplary. We'll be using this card program to grow our client base through simpler, more convenient access and affordable cards and the ability to expand our offering to other markets beyond the reseller market in the near future"

Change will begin onboarding PlutusM this quarter (Q4 FY22) with launch in the US anticipated in H1 FY23.

Key Terms of Agreements

Rolling Thunder

- Agreement to provide processing and card management services in the US
- Total minimum fee commitments of US\$1.3 million (A\$1.8 million¹) over an initial five-year term
- Upfront implementation fees to be paid during onboarding with recurring monthly minimums to commence on program launch which is expected in H1 FY23
- Following the initial term, the contract automatically renews for periods of one year unless notice of non-renewal is provided. There is no termination for convenience in the agreement.
- Aside from onboarding, there are no other material conditions to be satisfied.

PlutusM

- Agreement to provide processing and card management services in the US
- Total minimum fee commitments of US\$0.7 million (A\$0.9 million¹) over an initial three-year term
- Upfront implementation fees to be paid during onboarding with recurring monthly minimums to commence on program launch which is expected in H1 FY23
- Following the initial term, the contract automatically renews for periods of one year unless notice of non-renewal is provided. There is no termination for convenience in the agreement.
- Aside from onboarding, there are no other material conditions to be satisfied.

Authorised for release by the board of Change Financial Limited.

About Change Financial

Change Financial Limited (ASX: CCA) (**Change**) is a global fintech, leveraging innovative and scalable technology to provide tailored payment solutions, card issuing and testing to banks and fintechs. Change's technology is used by over 150 clients across 41 countries to deliver simple, flexible, and fast-to-market payment services, including card issuing and testing.

Change's payments as a service (PaaS) platform Vertexon, seamlessly integrates with banks and fintechs' core systems enabling delivery of digital and virtual card solutions to their customers. It includes integrated features such as Apple Pay, Google Pay, Samsung Pay and Buy Now Pay Later (BNPL) services. Change currently manages and processes over 16 million credit, debit, and prepaid cards worldwide.

Using PaySim, Change tests payment systems to help clients meet the reliability and performance expectations of end customers. Simulating the full transaction lifecycle across multiple systems, PaySim enables banks and fintechs to complete end-to-end testing of their payment platforms and processes from a desktop. Change also provides the default standard for payments testing for many Australian companies, including Australia's domestic card payment service eftpos.

Learn more about Change at www.changefinancial.com

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