

Investor Q&A

5 May 2021 Change Financial Limited (ASX: CCA) (“Change” or “the Company”), is pleased to provide the following responses to questions raised by investors to the board and management following its recent webinar. Please note that some questions received were very similar and these have been collated by the Company into a single question and answer.

Q: Can the company please provide insights into geographical and end-customer sectors (e.g. retail, IT, government, etc.) exposure of the current revenue?

A: Change’s customers are banks, FinTechs and other payment/banking sector participants. As of today, approximately 66% of Change’s revenue comes from more than 30 banks using a varying range of Change’s solutions. Banks such as BDO Unibank, Inc. use a large range of Change’s features and functionalities while some banks may only use one part of Change’s BaaS Platform such as fraud and chargeback management. 8% of revenue is earned from FinTechs and 26% from other sector participants.

From a geographical perspective, approximately 43% of revenue is earned from Asia, 24% from Oceania, 11% from the Americas and 22% from Europe, Africa and the Middle East.

Q: Can you please expand on the economic incentives that banks have to move their technology to Change’s BaaS Platforms in the cloud.

A: For banks, building, operating and maintaining technology and payments infrastructure is non-core to their main business which is taking deposits and writing loans or offering payment products such as credit cards. Having to maintain the internal staff, technology hardware and other infrastructure is also expensive and costly to scale. By using the Change BaaS Platform a bank can reduce internal costs and significantly reduce the time and cost to scale up their core business. This approach also adds value in that the time to design and launch new products and services can be improved, and therefore customer acquisition and the resultant revenues can flow quicker.

Q: Please explain why ARR is US\$4.4 million now?

A: The Company has grown ARR from approximately US\$4.0 million at the time of acquisition, 1 October 2020, to US\$4.4 million on 31 March 2021.

The Company has reassessed the methodology of calculating ARR following the acquisition and 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.

The Company still generates meaningful revenues from discreet licencing and project fees, in addition to ARR, however the Company is actively transition to a higher proportion of more predictable ARR income.

The Company also notes that it earns revenue in multiple currencies from its global customer base. As of today, the majority of revenue is invoiced in USD, AUD and NZD and therefore there will be currency exchange fluctuations in the Company’s reporting of results.

Q: Are you looking for further banking partners in the US?

A: Partnering with additional banks has been on Change’s roadmap for some time, the process for due diligence and onboarding can be significant with banks and the Company is working on initiatives to accelerate this. As of today, Change works with 30 banks globally in different capacities and following the acquisition, the Company’s target market is much broader than just the US.

Q: What is happening with the customers through the US processing business?

A: The US remains a key market opportunity for Change and ongoing investment is being made in business development in that region. The Company anticipates that its current project to combine the certified payments processor and payments management platform will accelerate the onboarding of customers globally and Change is now more than just a US story, which is to the great benefit of the Company and its shareholders. One reason for the slow-down was the pandemic which hit the US hard in the middle of 2020. This had a significant impact on the US market to the extent that we were advised that at least one of the clients that were to be onboarded actually ceased trading. Whilst we are addressing the expansion of our banking partnerships in the US, we are working

with multiple partners to build our US pipeline of opportunities with an acute awareness that we have to secure further US banking relationships to support our expansion in the US market.

Q: Can you please run us through who a typical customer on the new platform might be and how are they charged for the service?

A: Change's combined BaaS Platform will suit banks and FinTechs of all shapes and sizes. If a FinTech is looking to offer payments products to their customers Change will act as the infrastructure layer between the FinTech and the licensed entity (e.g. bank) to allow the FinTech to bring their payments offerings to life without having to build an entire system themselves and having to connect it into the existing payments networks.

For banks, they also have a need for Change's technology, but it makes little sense for every bank to maintain their own technology when this can be outsourced with cost and scale efficiencies. Change is currently charging customers a mix of recurring, licencing and project fees. This will transition to a higher weighting of recurring BaaS fees for use of its Platform.

Q: Who is a typical customer of the BNPL platform and how are they charged for the service?

A: Any bank, FinTech or other business that wants to offer their end-customer a BNPL product could use Change's BaaS Platform.

Unlike traditional BNPL providers, which generally requires direct connection to the merchant's POS systems, the Change BaaS Platform capability allows split payments direct to customers' debit, prepaid and credit cards (via Mastercard, VISA and other card networks). The Change Platform, therefore, does not require any specialised merchant or POS system integration, thus removing a major friction point for mass adoption.

Change's BaaS Platform empowers banks and FinTechs to offer their end customers BNPL products direct to any merchant without having to partner with third-party providers. It allows them to offer BNPL under their own brand, and most importantly, consolidating ownership of their customer base.

Change charges its customers recurring BaaS fees for use of its BNPL features on its Platform.

Q: Are you looking to update social media sites and website in the future?

A: Change is in the process of updating its website, customer and investor communications and other marketing materials. Investors will see these updates starting to flow through in the coming months.

Q: Will your platform be a global processor, with the ability to transact on multiple card schemes and various currencies?

A: Change currently processes transactions and cards for customers on 4 continents and is connected with Mastercard, Visa, AMEX, JCB, Discover, UnionPay and Diners. Change also supports 99 currencies globally.

Q: Since the BNPL announcement on 21 April, have you had any current customers or potential customers make contact?

A: Change currently has three existing customers using its BNPL features. Since the announcement, the Company has received multiple inbound enquiries from domestic and offshore banks and other financial institutions about its BNPL offering and the Company is exploring these opportunities.

Q: Are you looking to strengthen the board with some appointments with global payment experience?

A: The Change Board has been focused on bedding down the acquisition and setting the future growth strategy for the Company which includes looking at potential new board members. It is noted however that the board and senior management have more than 200 years of combined global payments experience.

Q: Do you have any major investment in technology spend over the next 12-24 months that may impact cash flow? What is your forecast expenses for the next few quarters, and do you anticipate revenue and cash flow to exceed this?

A: There is ongoing investment required to combine the Company's certified payments processor and payments management platform into one technology platform. However, more than 50% of these costs are budgeted for staff who are employed by Change and all additional resources required have already been bought into the Change team.

The Company isn't in a position to provide forecasts on forward financials however notes it is evolving the business from an ARR plus project revenue model to focus on ARR and BaaS recurring revenue.

Q: Can you name specific organisations that are customers of Change? Or is this still confidential?

A: The Company released details on one of its key customers in the March quarterly. All existing contracts have strict confidentiality restrictions in them around the disclosure of customer names unless required under law or ASX rules and guidance, however the Company is working with its customers to provide more details where possible.

Q: Are change financial going to give more regular Shareholder updates going forward?

A: The Company has been very inwardly focused while bedding down the recent acquisition and setting Change up for future success. Although this remains the focus, the Company will be increasing its shareholder and market communications to provide more insight to investors. The recent webinar and this Q&A are an early step in the new IR strategy.

Q: What revenue is CCA getting from BDO Unibank, Inc.? Are they using Change's BNPL functionality?

A: Change cannot disclose confidential contract terms with specific existing customers. BDO is the largest bank in the Philippines and one of the largest banks in SE Asia BDO and thus an important and strategic customer of Change.

Q: Are you looking to list on the US share market?

A: The Company has no plans to list on any other securities exchanges at this time.

Authorised for release by the board of Change Financial Limited.

For more information, please contact:

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About Change Financial

Change Financial Limited (ASX: CCA) 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 an integrated global enterprise payment processing and management platform as well as financial transaction testing solution
- Leading Global BaaS Platform
- More than 125 customers in 36 countries
- Annuity income from blue-chip client base including major banks, supermarkets and FinTechs
- Highly experienced management and technical team

To learn more, please visit: www.changefinancial.com