

# Chairman's Address

Good morning my name is Benjamin Harrison and on behalf of the Board of Change Financial Limited (Change), I am pleased to welcome you to the 2022 Annual General Meeting (AGM).

In 2022, we outlined our go-to-market strategy for the next three years. The strategy is focussed on Change delivering on its vision of simplifying payment experiences globally and becoming a leading Payments as a Service (PaaS) provider via simple, flexible and fast to market technology.

Over the year Change successfully completed numerous strategic deliverables. These strategic deliverables provide Change with a solid foundation to enable the business to deliver future growth. Over this period, we have also expanded our client base from 136 clients across 36 countries to 156 across 41 countries.

During the year, we completed our integration with a new issuing bank in the US and signed three new PaaS clients in that region. These new clients are contracted to generate a minimum of US\$2.4 million (A\$3.6 million<sup>1</sup>) of revenue over the initial terms. Our first PaaS client in the US has now gone live and the team continues to work with our other new clients to go-live in financial year 2023.

In Australia and New Zealand (ANZ), the business has continued to make great progress. During the period, we signed an exclusive partnership with Mastercard for direct issuing in ANZ. We also received New Zealand (NZ) regulatory approval to enable direct issuing. On the back of these achievements, we signed milestone agreements with four NZ financial institutions, which is estimated to deliver US\$10.5 million (A\$15.9 million) of revenue over the initial five-year contract terms. Onboarding of these clients is proceeding to schedule and we anticipate going live in the coming months.

We anticipate receiving our Australian Financial Services Licence (AFSL) in the near term which will complement our New Zealand licence and enable Change to undertake direct issuing in both countries.

As we announced in October, I am retiring as Chairman and Non-Executive Director at the end of the AGM. I would like to take this opportunity to thank all our valued clients, employees and shareholders and acknowledge how important you all are in the successful future of our company.

The achievements of this past year provide Change with excellent building blocks as the business enters the 2023 financial year and beyond ready to capitalise on a strong growth outlook.

On the basis of my retirement at today's meeting, I will hand over to the incoming Chairman, Eddie Grobler, to run the formal proceedings of the meeting before handing over to the Managing Director and CEO, Alastair Wilkie, who will do a short presentation.

Thank you.

1. AUD/USD = 0.66 as at 21 November 2022

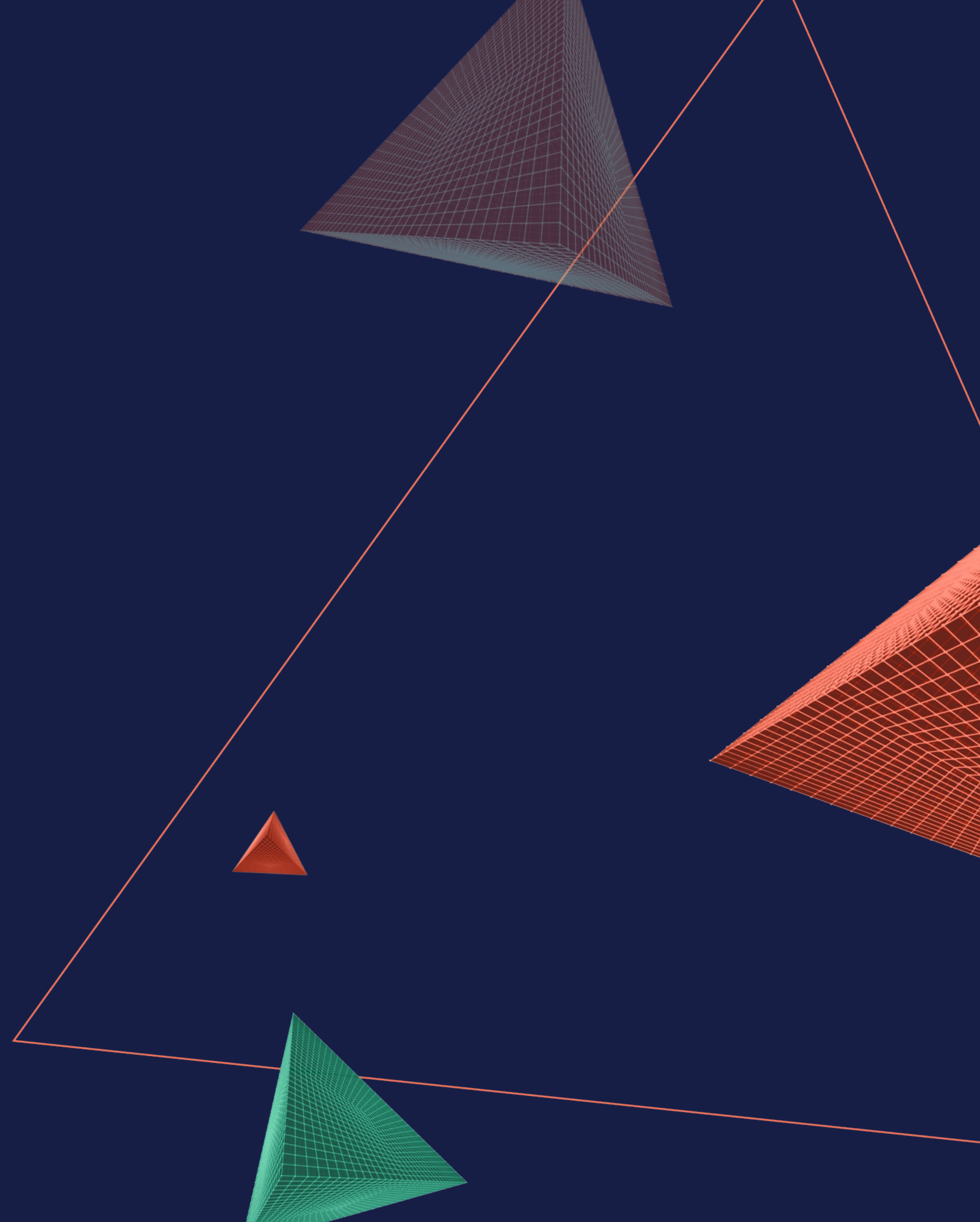
change.

---

# Investor Presentation

## Annual General Meeting (AGM)

24 November 2022





Global team with local knowledge to support our growing client base

# Global fintech with local expertise



**Critical payments infrastructure**  
Deep client integration



**Global footprint**  
156 Clients in 41 countries



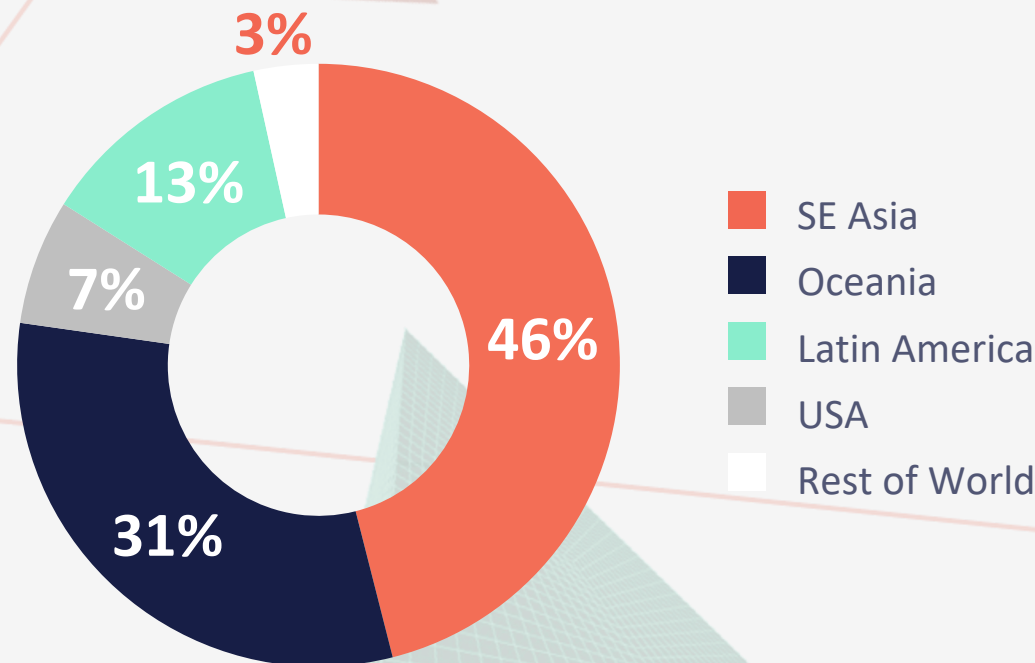
**Scalable payments platform**  
25m+ cards



**Processing for all the major schemes**



FY22 Revenue by Region (%)

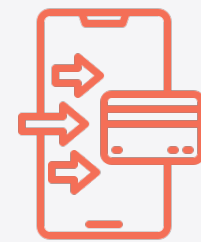


# Change today: delivering scalable payments solutions

Payments solutions provider, driving innovation in the banking ecosystem

## Banking as a Service

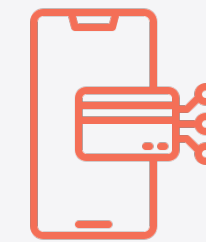
### Payments as a Service



Physical & virtual card issuing



Transaction processing for all major card schemes

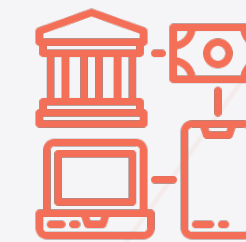


Digital payments (Apple, Google & Samsung Pay), BNPL

**61%**

% FY22 Revenue<sup>1</sup>

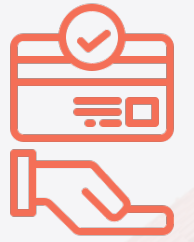
### Payment testing



Full payment simulation



ATM & POS emulation



Visa, Mastercard, UnionPay, Amex, JCB validation

**39%**

% FY22 Revenue

1. Includes c.1% of total revenue attributable to Other Products / Income

# Vertexon: Payments as a Service (PaaS)

▶ Lowers the barrier of entry for banks & fintechs to deliver innovative digital & physical card solutions to their customers

## Key Product Offerings

### Processing

- ▶ Cloud hosted; platform used to manage card & payments infrastructure
- ▶ **Client** responsible for card issuing
- ▶ Global

### Processing & Issuing (P&I)

- ▶ Cloud hosted; platform used to manage card & payments infrastructure
- ▶ **Change** responsible for card issuing
- ▶ ANZ & US

## Unique Selling Proposition



### Cloud Based

- ▶ Locally installed in client jurisdiction with upgrades automatically deployed



### API First

- ▶ Single API & sandbox for rapid global platform access



### Speed to Market

- ▶ Agile & nimble partner which lowers the barriers of entry for issuing & card products



### Innovation

- ▶ Leverage modern digital solutions to respond to market trends & client needs quickly



### Capital Efficient

- ▶ Capital light model through reduced compliance overhead (e.g. PCI DSS) & infrastructure investment



### Scheme Agnostic

- ▶ Transaction processing for all major schemes inc. Mastercard, Visa, Union Pay, JCB & AMEX



Software facilitates remote testing without the need for physical devices such as ATMs & POS terminals

# PaySim: critical payments infrastructure testing tool

- ▶ **Simulates the full transaction lifecycle**, enabling banks & fintechs to complete reliable and cost effective end-to-end testing of their payment platforms & processes
- ▶ Enables financial institutions to **test their payment systems** to meet the reliability & performance expectations of their customers

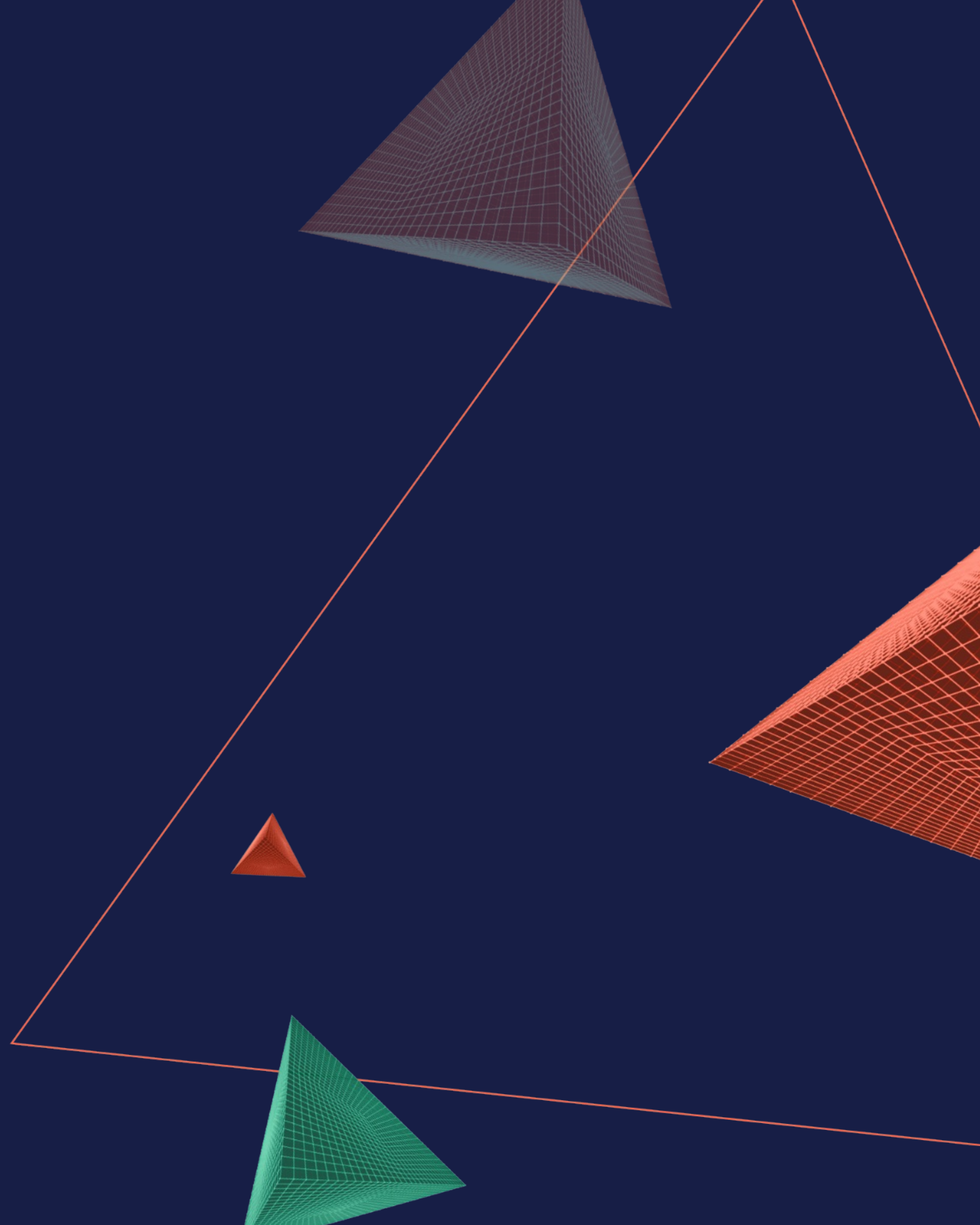
| Growth Strategy        | Licence Model  |   |                                      | SaaS Model   |   |
|------------------------|--|---|--------------------------------------|--|---|
|                        | Licences   | Additional Modules                        | Maintenance                          | Monthly Subscription                                   | Key benefits of SaaS solution for client  |
| Description            | New licence sales to new clients                       | New licence sales for additional features | c.20% p.a. of licence & module sales | All in monthly subscription fee                        | <ul style="list-style-type: none"><li>▶ Reduced capex</li><li>▶ Access to new features &amp; updates as they are released</li><li>▶ API &amp; cloud focused solution (improves scalability)</li></ul> |
| Revenue type           | One-off upfront  | One-off upfront                           | Recurring                            | Recurring  |   |
| Target clients         | New banks, financial institutions & fintechs           | Existing clients                          | -                                    | New banks, financial institutions & fintechs           |   |
| Primary sales channels | Partnerships (e.g. EFTPOS mandate), resellers & direct | Direct & retargeted marketing             | -                                    | Partnerships (e.g. EFTPOS mandate), resellers & direct |   |

For personal use only

change.

# FY22 Review

---



Milestones achieved in FY22 provide foundations for accelerated future growth

## Key 'building blocks' delivered in FY22

| Milestone                         | Why it's important  |
|-----------------------------------|---|
| Launch of SaaS platforms          | <ul style="list-style-type: none"> <li>▶ Launched Vertexon PaaS platform in Oceania in late 2021</li> <li>▶ Major client wins – 4 NZ financial institutions &amp; 3 US fintechs – onboarding nearing completion</li> <li>▶ Launched PaySim APIs as part of PaySim SaaS offering</li> </ul>            |
| Direct issuing in Oceania         | <ul style="list-style-type: none"> <li>▶ Signed Mastercard partnership for direct issuing in ANZ</li> <li>▶ Granted regulatory approval as a Financial Service Provider (FSP) in NZ</li> <li>▶ Application submitted for Australian Financial Services Licence (AFSL) – draft AFSL granted</li> </ul> |
| US issuing bank partnership       | <ul style="list-style-type: none"> <li>▶ Signed Axiom Bank issuing partnership in US</li> <li>▶ US requires bank intermediary (unlike ANZ) for issuing physical &amp; digital cards</li> </ul>  |
| Expanding global channel partners | <ul style="list-style-type: none"> <li>▶ Mastercard – certified Mastercard processor in the US + direct card scheme partner in ANZ</li> <li>▶ Finzsoft – core banking platform &amp; technology provider</li> <li>▶ Mambu – API driven cloud banking platform in 65 countries</li> </ul>              |
| Strengthened team                 | <ul style="list-style-type: none"> <li>▶ Executive &amp; Sales teams bolstered by key appointments with payments experience</li> <li>▶ Strengthened Board with experienced payments &amp; business executives</li> </ul>  |



# Key recent client wins

Recent wins anticipated to generate in excess of **US\$12.9m revenue over initial terms**

## 4 NZ Financial Institutions

- ▶ Milestone PaaS (P&I) contracts with 3 NZ credit unions & 1 NZ building society
- ▶ >35k debit cards anticipated to be transitioned to the Vertexon platform
- ▶ Commenced onboarding, launch anticipated in coming months

### Financial Impact

- ▶ Total contract value anticipated to be in excess of US\$10.5m (A\$15.9m<sup>1</sup>) over the initial 5-year terms
- ▶ Delivering **US\$2.1m (A\$3.2m) per year**, once all clients have been onboarded & customers re-carded
- ▶ Launch triggers US\$1.0m (A\$1.5m) incentive payment from Mastercard



## 3 US Fintechs

- ▶ Gaining traction in US with 3 fintechs secured as new PaaS (P&I) clients
- ▶ Programs include benefits disbursements, digital wallets & mobile payments
- ▶ First client live and transacting

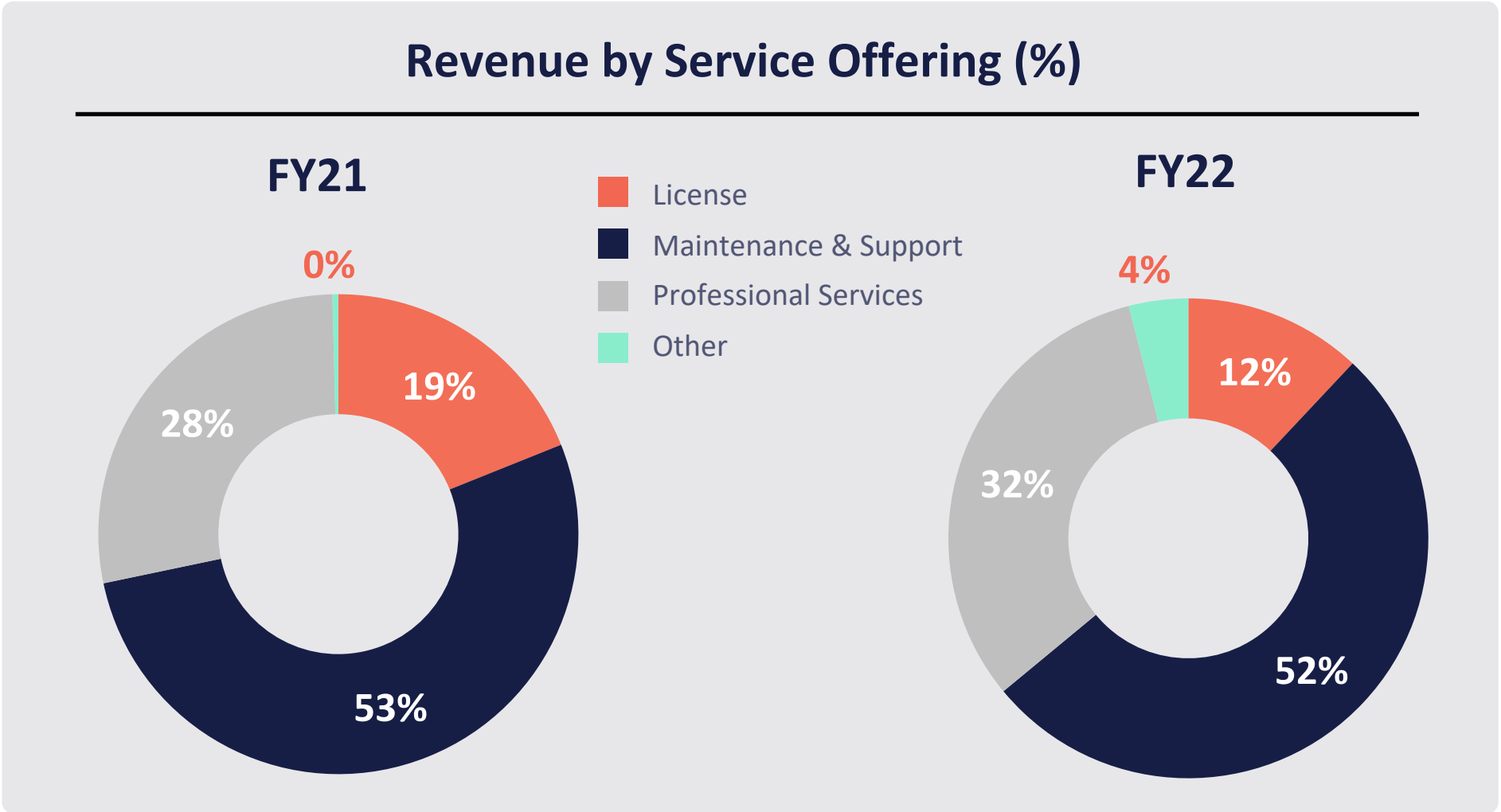
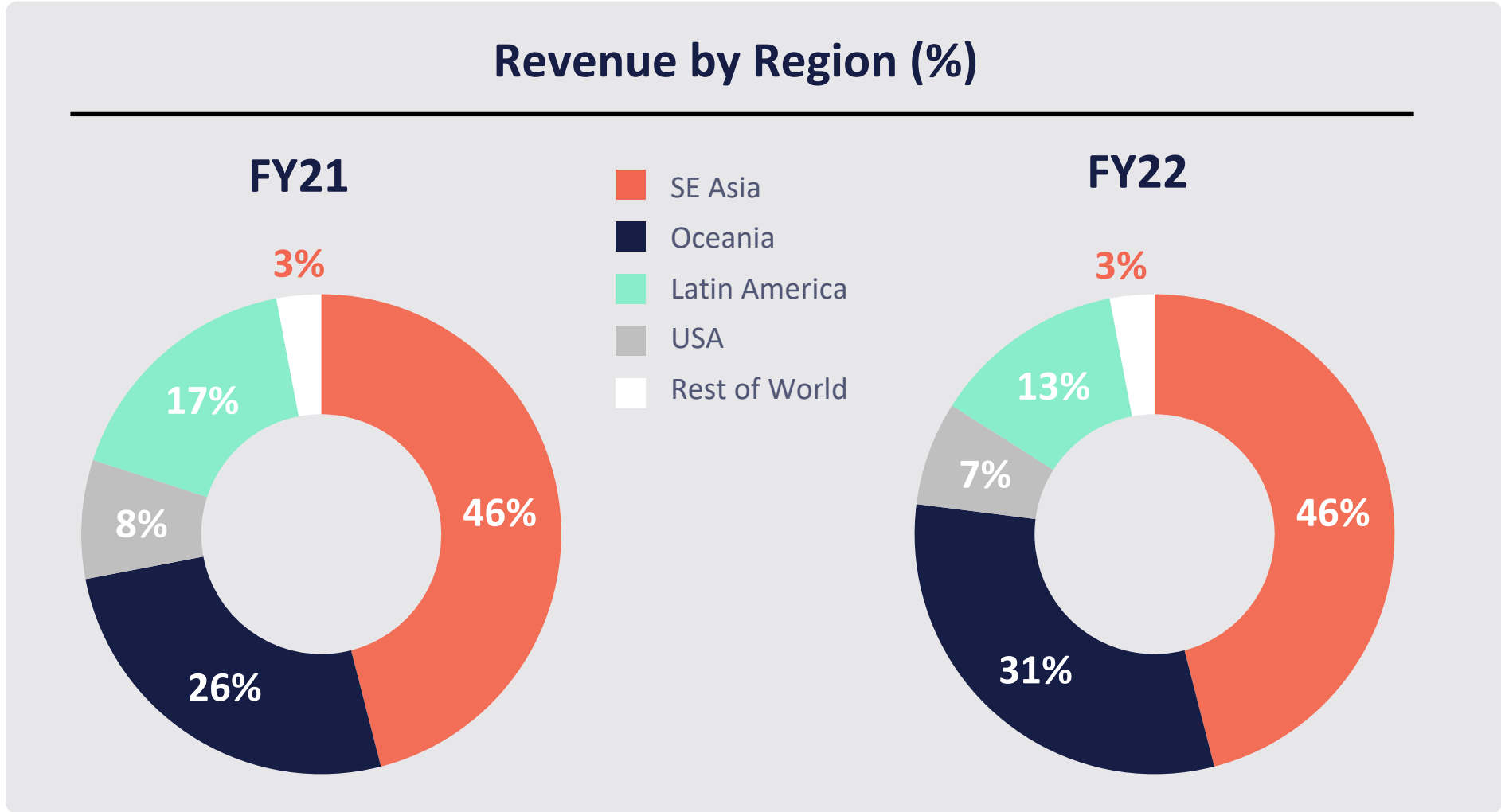
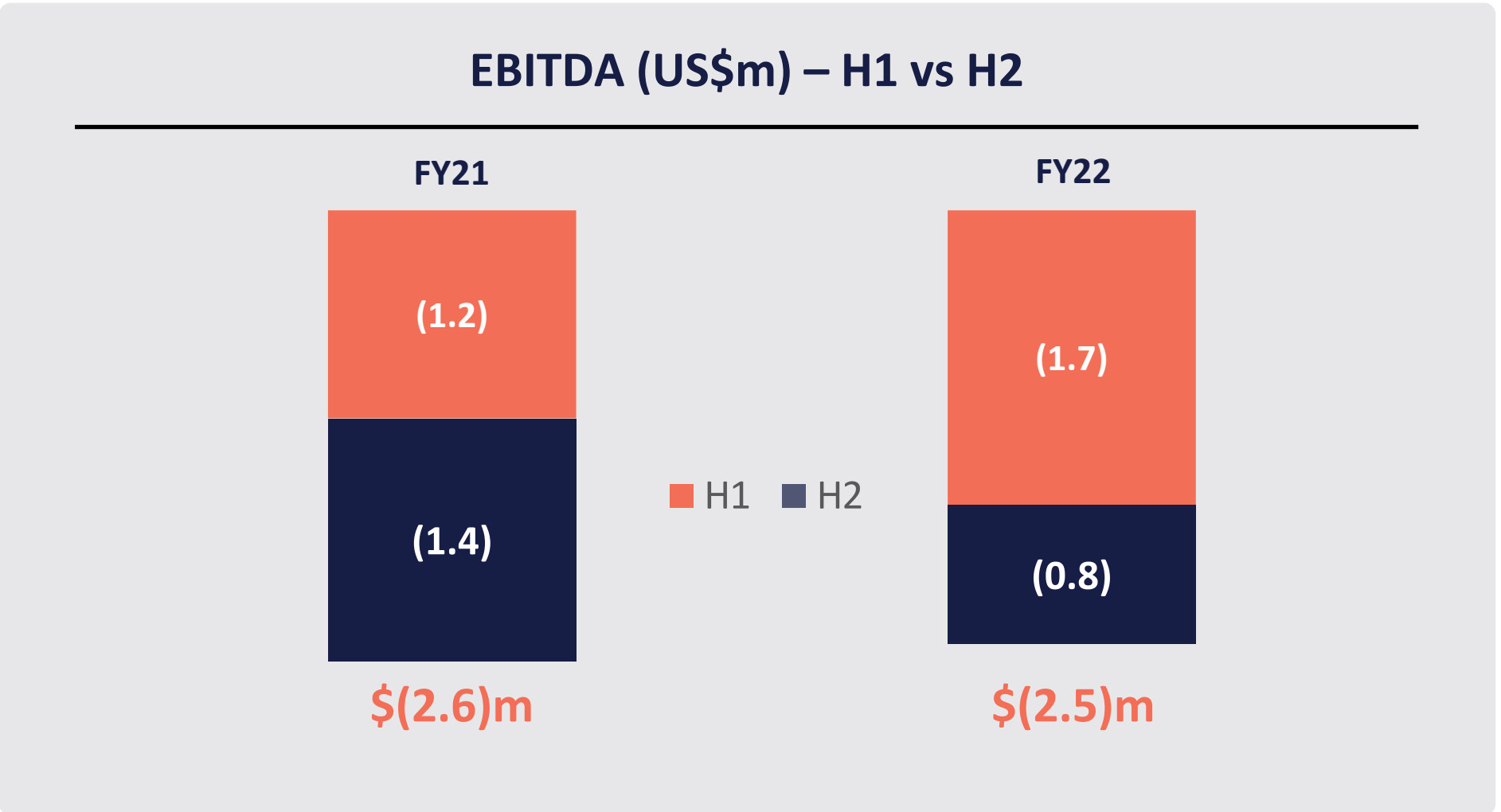
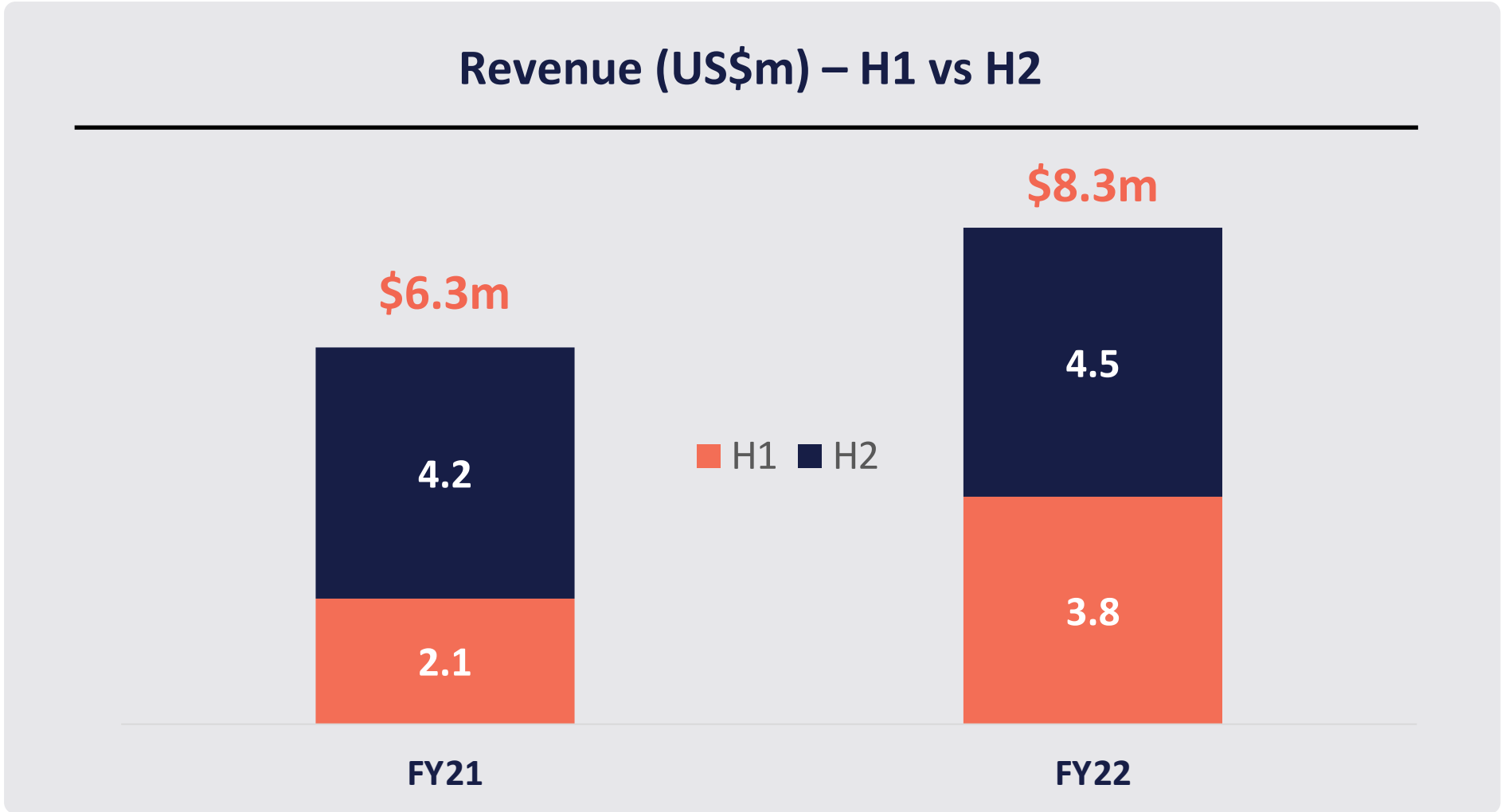
### Financial Impact

- ▶ Combined minimum fee commitment of US\$2.4m (A\$3.6m) over initial terms (3 & 5 years)
- ▶ Further potential revenue from interchange, transaction & other fees



# Financial Dashboard – FY22

Geographically diverse  
client base providing a  
platform for future  
growth and expansion



## Profit & Loss – FY22

| Profit & Loss Summary             |                 |                |               |
|-----------------------------------|-----------------|----------------|---------------|
| (US \$000's)                      | FY22            | FY21           | Var %         |
| Revenue                           | 8,316           | 6,313          | 31.7%         |
| COGS                              | -               | -              | n/a           |
| <b>Gross Profit</b>               | <b>8,316</b>    | <b>6,313</b>   | <b>31.7%</b>  |
| Employee expenses                 | (7,282)         | (5,451)        | 33.6%         |
| Professional services & insurance | (980)           | (556)          | 76.3%         |
| Technology & hosting              | (1,108)         | (843)          | 31.4%         |
| Other expenses                    | (1,461)         | (2,116)        | (31.0%)       |
| <b>Operating Expenses</b>         | <b>(10,831)</b> | <b>(8,966)</b> | <b>20.8%</b>  |
| <b>EBITDA</b>                     | <b>(2,515)</b>  | <b>(2,653)</b> | <b>(5.2%)</b> |

### Key Comments

- ▶ Record FY22 revenue of US\$8.3m (A\$12.6m<sup>1</sup>), up 31.7% pcp
  - ▶ FY21 revenue included 9 months of strategic acquisition
  - ▶ Launched Vertexon PaaS platform in Oceania in late 2021 – will generate revenue in FY23 and beyond
- ▶ Processing and Issuing (P&I) by new clients on the Vertexon PaaS platform will add COGS moving forward as a result of scheme related fees
- ▶ Employee costs increased to support roll-out of Vertexon platform and onboarding of new clients
- ▶ Cost base now established with modest increase in employee costs over next 12 months driven by:
  - ▶ Full year impact of sales & senior executive hires made in FY22
  - ▶ Select hires for operations to appropriately service P&I offering and increased client base
- ▶ Significant improvement in H2 FY22 EBITDA compared to H1 – refer next slide

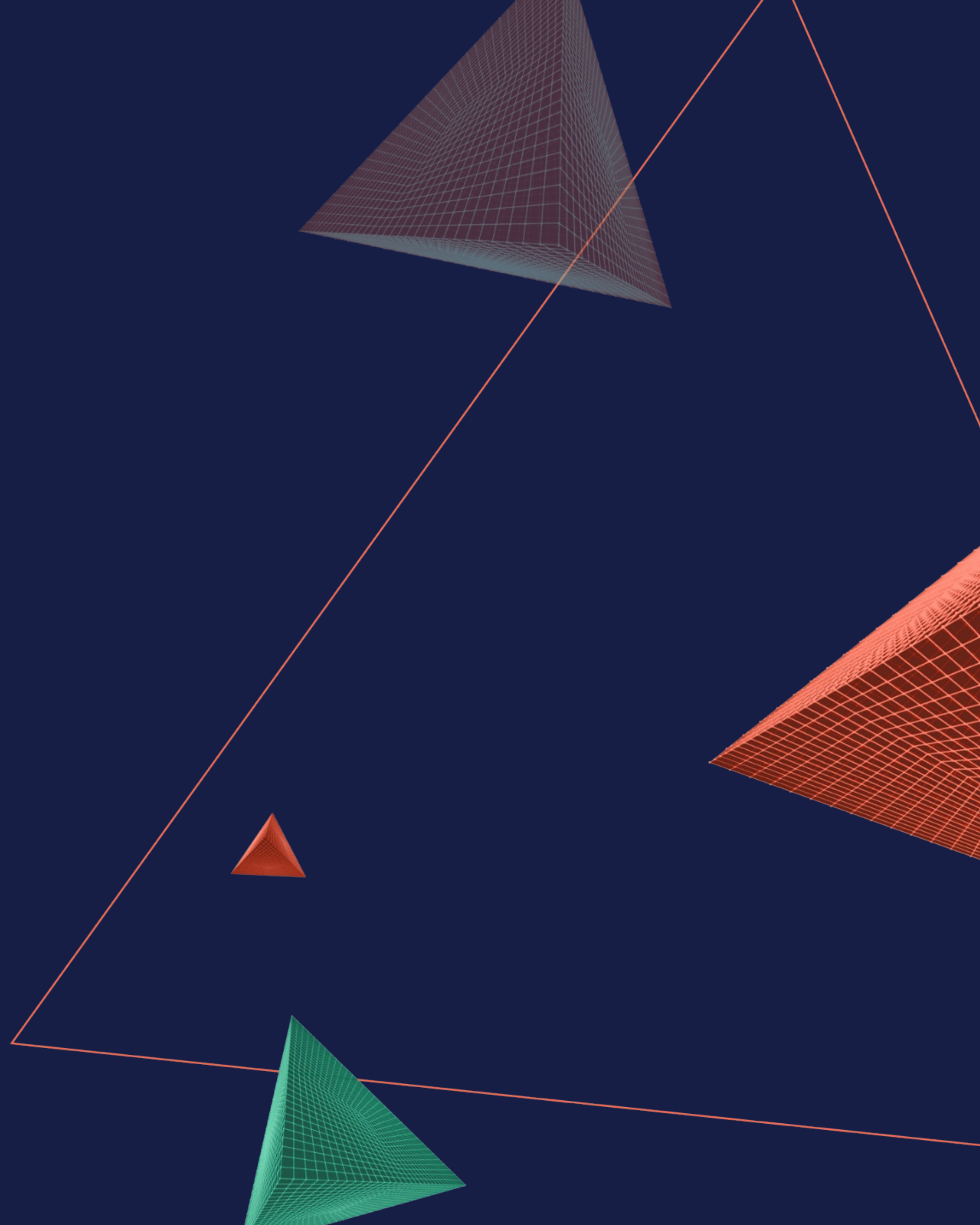


For personal use only

change.

# FY23 Update

---

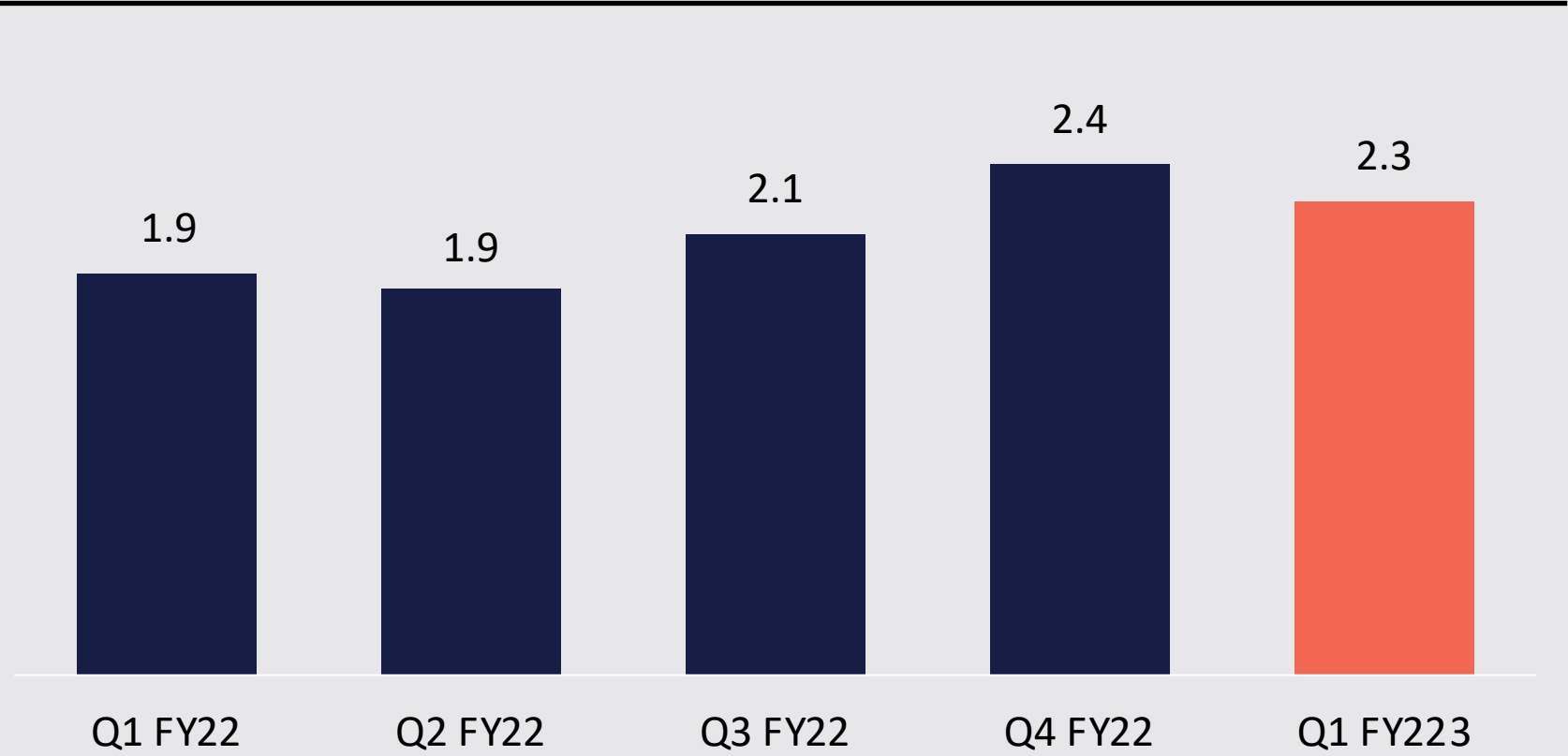


Strengthened the financial position of the Company through revenue growth, cost realignment and capital raise

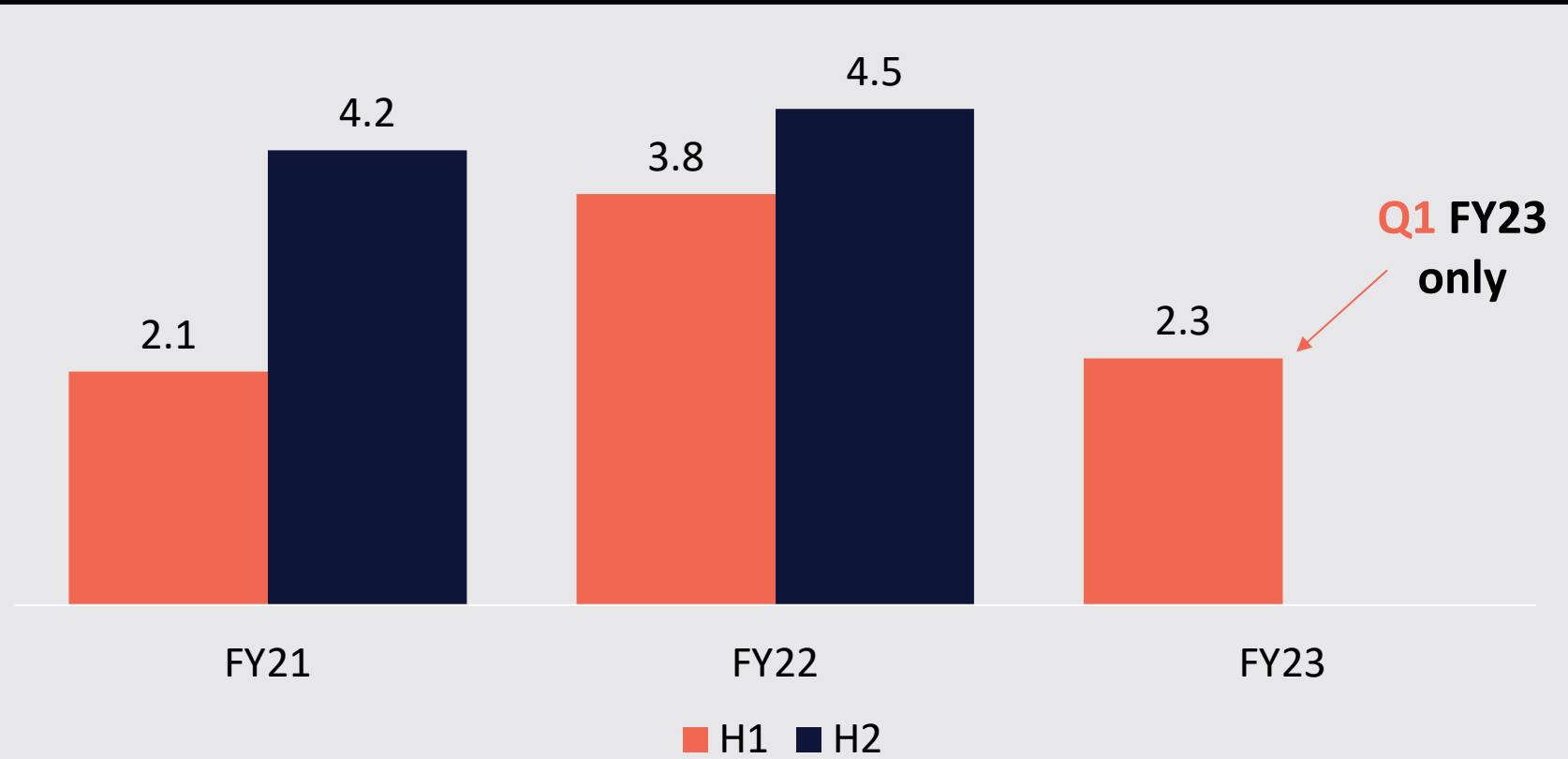
# Financial Update – Q1 FY23

- ▶ FY22 revenue of US\$8.3m (A\$12.6m<sup>1</sup>)
- ▶ FY22 EBITDA loss of US\$2.5m (A\$3.8m)
- ▶ Q1 FY23 revenue of US\$2.3m (A\$3.5m), up 18% on pcp
  - ▶ Growth primarily driven through support and maintenance and new licence sales
  - ▶ c.54% of revenue derived from recurring sources
- ▶ Cash receipts of US\$2.3m (A\$3.5m), down 19% on pcp
  - ▶ Stronger cash collections in prior period driven by collection of a significant one-off licence sale from non-core product and aged debtors from acquisition
- ▶ Completed a realignment of the cost base
  - ▶ Resulted in several one-off restructuring costs (primarily related to staff entitlements)
  - ▶ Expect operating expenses to reduce going forward
- ▶ Strengthened balance sheet; net cash of US\$3.1m (A\$4.7m)
  - ▶ Strong cash position assisted by A\$5.72m capital raise in August from supportive shareholders

Revenue by Quarter (US\$m)



Revenue by Half (US\$m)



1. AUD/USD = 0.66 as at 21 November 2022

# FY23 Operational Milestones

1

## Business readiness for direct card issuing in Oceania

- ▶ Australian Financial Services Licence (AFSL) – approval expected in H1 FY23 (will enable direct issuing in Australia)
- ▶ Complete the establishment of Risk / Compliance / Treasury operations
- ▶ Achieve go-live for recently signed New Zealand clients and migrate card programs to Vertexon

2

## Deliver market leading products

- ▶ Vertexon – enhance digital wallet offering and expand API suite
- ▶ PaySim – deliver SaaS product offering with modern UX / UI enhancements and faster payments certification

3

## Grow through clients and partners

- ▶ Partners – build out partner ecosystem (sales partners, issuing sponsors, fintechs, schemes etc.) and leverage recently secured partnerships to drive growth at scale
- ▶ New clients – leverage momentum and capabilities to secure new direct issuing client wins in Oceania and US
- ▶ Existing clients – secure new project work and commitments to migrate from existing on-premise solution to cloud solution



# Financial Outlook

Proactive management actions to deliver strong and profitable revenue growth

## Revenue **Growth**

- ▶ Targeting to deliver strong (double digit) revenue growth in FY23
- ▶ FY22 revenue of US\$8.3m (A\$12.6m<sup>1</sup>)
- ▶ Q1 FY23 revenue of US\$2.3m (A\$3.5m), up 18% on pcp
- ▶ Key drivers of growth:
  - ▶ Long-standing client base with contracted revenue
  - ▶ Recently contracted PaaS clients who are anticipated to 'go-live' throughout remainder of FY23
  - ▶ Existing clients with identified projects / upgrades + new opportunities in advanced discussions

## Cost Base **Realigned**

- ▶ In July, realigned the cost base to streamline the business and enable future revenue growth to be delivered profitably
- ▶ Realised majority of one-off costs in Q1 FY23; expect operating expenses to reduce for the remainder of FY23, particularly in the second half

## EBITDA **Positive**

- ▶ Targeting monthly EBITDA positive during H2 FY23
- ▶ Sales pipeline continues to grow and mature, with the realigned cost base not affecting the upside potential of the business

# 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](http://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](http://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 forward-looking 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.

For personal use only



# Thank you.

Get in touch

[investors@changefinancial.com](mailto:investors@changefinancial.com)

