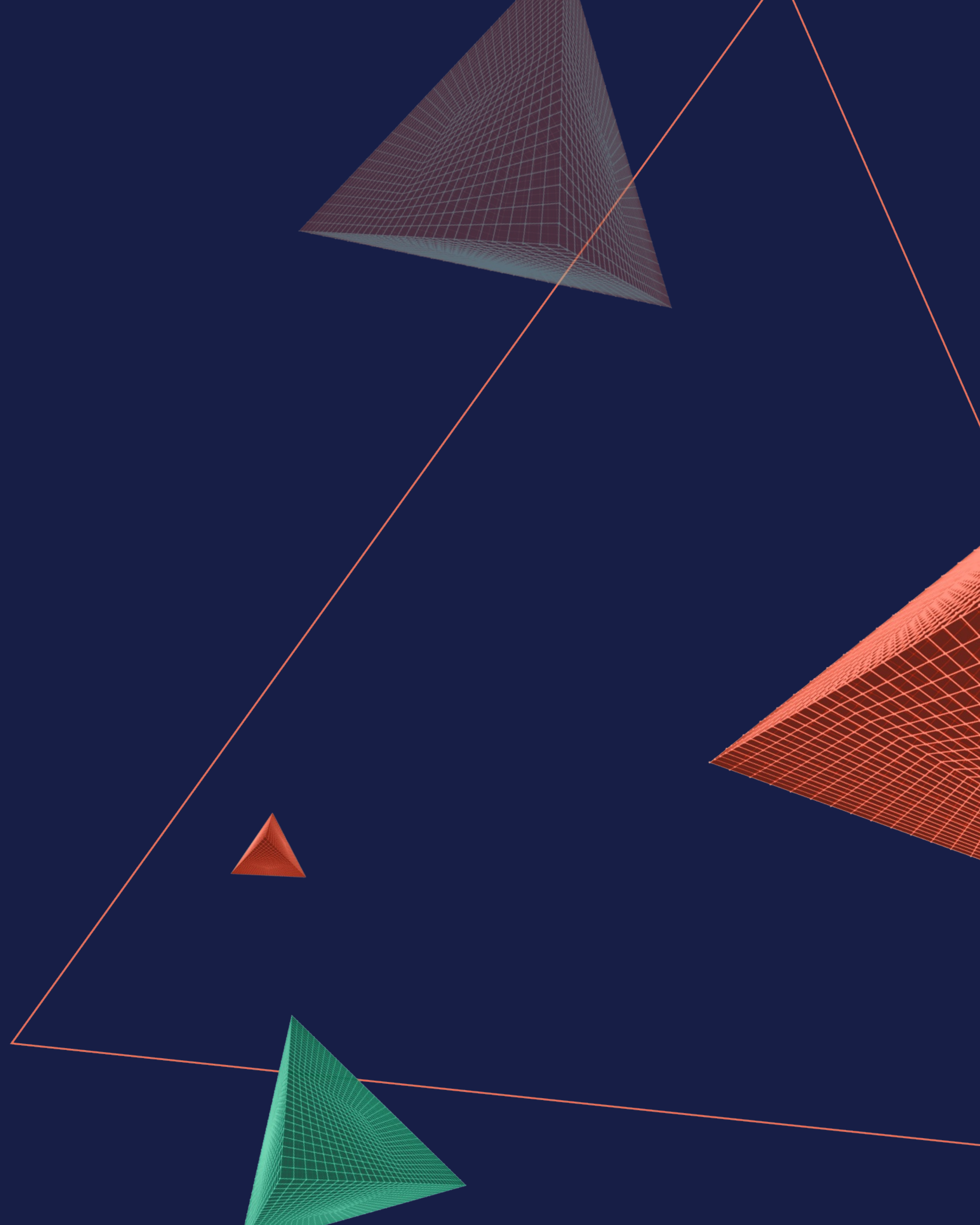




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# Q4 FY23 Investor Presentation

27 July 2023

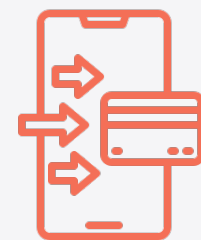


# Delivering innovative and scalable payments solutions

- ▶ Change leverages innovative and scalable technology to provide tailored payment solutions, card issuing and testing to 150+ banks & fintechs across 40+ countries
- ▶ Two core products in the banking & payments ecosystem – Vertexon & PaySim

## Banking as a Service

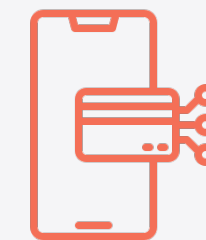
### Payments as a Service



Physical &  
virtual card  
issuing



Transaction  
processing for all  
major card schemes

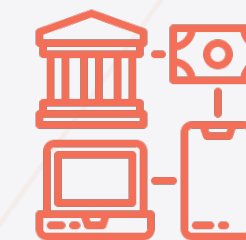


Digital payments  
(Apple, Google &  
Samsung Pay), BNPL

**64%**

of FY23 Revenue

### Payment testing



Full payment  
simulation



ATM & POS  
emulation



Visa, Mastercard,  
UnionPay, Amex, JCB  
validation

**36%**

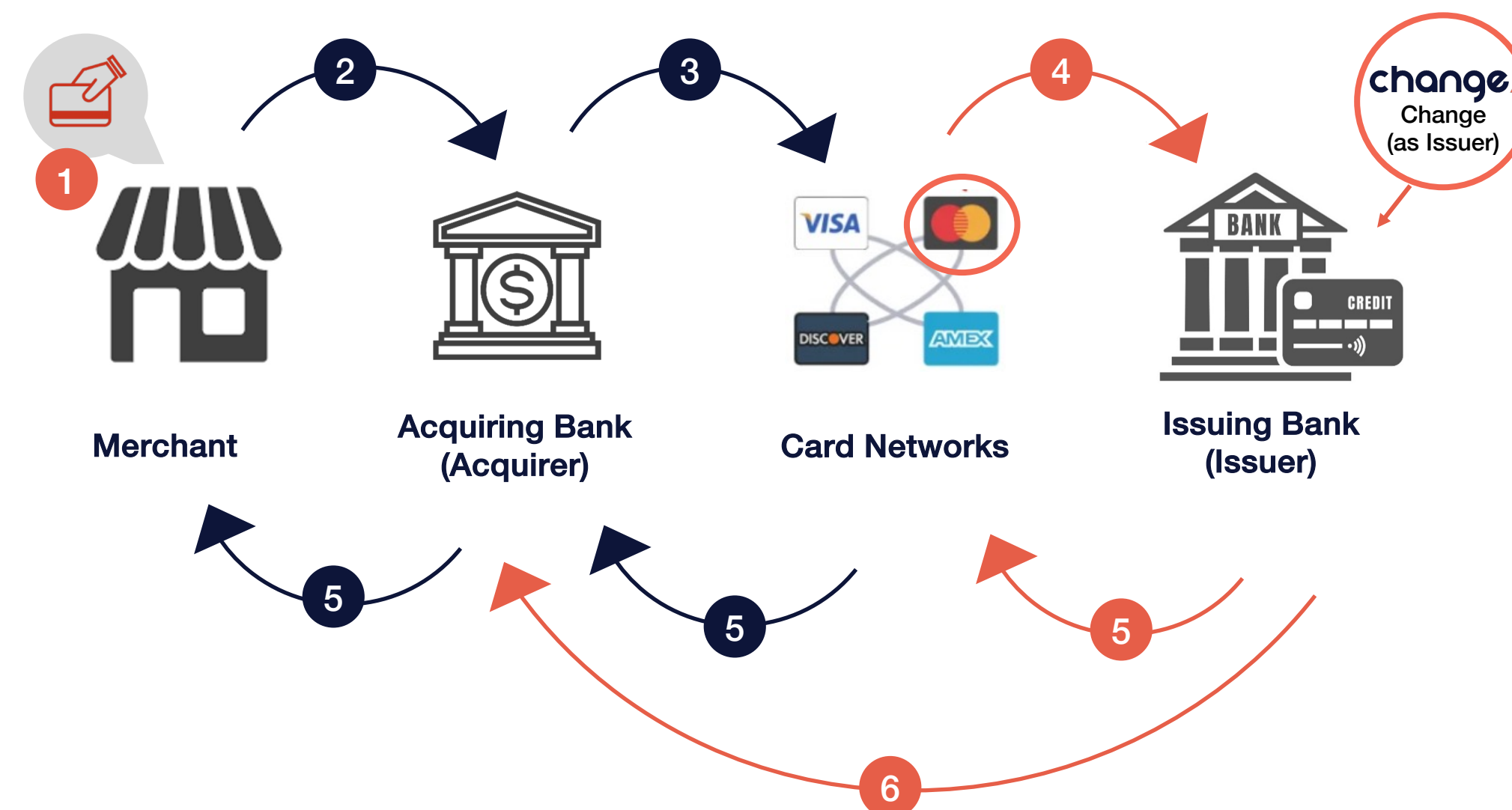
of FY23 Revenue



Change's role in the payments process depends on the region, client type and services provided

## Vertexon in the payments process

- **Processing:** An Issuer (Change's client) using the Vertexon Platform (**technology only**) to manage their cards – client is the Issuer and cards can be issued on any card network supported by Vertexon
- **Processing & Issuing (P&I):** A client using the Vertexon Platform (**technology**) to manage their cards with Change as Issuer (**regulatory & licence**) – **Change** is the Issuer and cards are issued on the **Mastercard Network**









- Processing:** Customer pays with card (all card networks supported) & purchases goods/services from merchant
  - P&I:** Customer pays with a **Change** issued **Mastercard** & purchases goods/services from a merchant
- Payment authenticated – the merchant point-of-sale system captures the customer's account information & securely sends it to the acquirer (i.e. merchant's bank)
- Transaction submitted – merchant acquirer asks card network to get authorisation from the issuer (i.e. customer's bank)
- Processing:** Authorisation requested – card network submits transaction to issuer for authorisation
  - P&I:** Authorisation requested – card network submits transaction to **Change** (as Issuer) for authorisation
- Processing:** Authorisation response – using Vertexon Platform issuer authorises the transaction and routes the response back via the card network and acquirer
  - P&I:** Authorisation response - using the Vertexon Platform **Change** (as Issuer) authorises the transaction and routes the response back via the card network and acquirer
- Processing:** Settlement – card network debits the issuer and pays the acquirer who in turn makes payment to the merchant
  - P&I:** Settlement – card network (**Mastercard**) debits the issuer (**Change**) and pays the acquirer who in turn makes payment to the merchant

Cards can be physical and virtual cards (inc. Apple Pay, Google Pay, etc.) available via Vertexon

Vertexon offering can be tailored by client to offer services that best suit client and end customer needs


# Vertexon product offering

	Processing	Processing & Issuing
Overview	<ul style="list-style-type: none"><li>• Provide core technology to enable card issuing and management including:<ul style="list-style-type: none"><li>○ Transaction processing</li><li>○ Card management</li><li>○ Fraud monitoring</li><li>○ Digital and virtual cards</li><li>○ BNPL functionality</li></ul></li><li>• Platform offers innovative processing capabilities to rival the major banks in a capital efficient manager (Change responsible for PCI DSS compliance, hosting etc)</li><li>• <b>Client</b> responsible for card issuing – client holds the necessary scheme and regulatory licences</li></ul>	<ul style="list-style-type: none"><li>• Provide Processing capability + the following key card Issuing capabilities:<ul style="list-style-type: none"><li>○ Card design and production</li><li>○ Card issuing</li><li>○ AML / CTF</li><li>○ Settlement and reconciliation</li><li>○ KYC &amp; Onboarding</li></ul></li><li>• <b>Change</b> responsible for card issuing – Change holds the necessary scheme (Mastercard) and regulatory licences (i.e. AFSL / FSP / Issuing Bank Partner)</li></ul>
Cards Supported	<ul style="list-style-type: none"><li>• Prepaid, Debit and Credit</li></ul>	<ul style="list-style-type: none"><li>• Prepaid and Debit</li></ul>
Target Clients	<ul style="list-style-type: none"><li>• Banks &amp; financial institutions</li><li>• Large entities with direct issuing capability</li><li>• Migration of key existing Vertexon on-premise clients</li></ul>	<ul style="list-style-type: none"><li>• Mid / Small banks &amp; financial institutions incl. credit unions</li><li>• Fintechs and corporates</li><li>• BIN sponsorship (Australia &amp; New Zealand only)</li></ul>
Regions	<ul style="list-style-type: none"><li>• Global - processing does not require scheme or regulatory licences</li></ul>	<ul style="list-style-type: none"><li>• Australia, New Zealand and the US</li></ul>
Supported Schemes	<div><div> mastercard</div><div></div><div></div><div></div><div></div><div></div></div>	

The majority of key enablers for card issuing in Australia, New Zealand and the US are now in place

# Vertexon issuing capabilities

- ▶ Change has completed the majority of the necessary regulatory and licensing requirements to enable card issuing in NZ, Australia and the US
- ▶ Upon completion of the two remaining items shaded orange (targeting Q1 FY24), Change will be able to issue debit and prepaid cards in NZ, Australia and the US
- ▶ Mastercard Principal Memberships in Australia and New Zealand enables Change to offer BIN Sponsorship in these regions
  - ▶ Enables clients without local issuing capabilities to access Change’s principal issuing status with Mastercard to issue and manage prepaid and debit cards
  - ▶ Also provides an efficient and cost-effective solution for clients looking to expand their service offerings in the region

   change.	Regulatory Licence	Mastercard Issuing Licence	Mastercard Certified Processor	Mastercard Prepaid Issuing	Mastercard Debit Issuing <sup>1</sup>
New Zealand	Registered FSP	Licenced	Certified	Live	Live
Australia	AFSL	Licenced	Q1 FY24	Approved	Approved
United States	Issuing Bank Partner	Licenced	Certified	Live	Q1 FY24

1. Debit issuing requires a partner bank (US) or customers to be a licensed deposit taking entity (NZ & AU)



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 end-to-end testing of their payment platforms, processes & scheme rule compliance
- ▶ 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	

Accelerating opportunities across key regions following recent regulatory approvals and partnerships

# Operational update – Q4 FY23

## Milestone

Business readiness for direct card issuing in Oceania

Grow through clients and partners

Corporate activities

## Q4 Key Achievements

- ▶ Approved for Mastercard Principal Membership in Australia
  - ▶ Will enable Change to issue Mastercard debit and prepaid cards in Australia
- ▶ 3 out of 4 NZ clients now issued ‘live’ cards and will progressively transition cardholders on to Change’s Vertexon platform over H1 FY24
- ▶ In the process of finalising EFTPOS NZ connectivity
  - ▶ Mastercard already live and transacting – EFTPOS will provide full market coverage
- ▶ Partners
  - ▶ Launched prepaid and debit Bank Identification Number (BIN) sponsorship offering in Australia and New Zealand
  - ▶ Demand for prepaid and debit issuing in Australia and New Zealand growing given regulatory and scheme licences secured
- ▶ Clients
  - ▶ Signed 26 new contracts worth US\$2.3m (A\$3.4m) with both new and existing clients during Q4 FY23
  - ▶ New projects, services and licence sales for clients across SE Asia, Oceania and LATAM
  - ▶ Two Vertexon clients received banking awards
    - ▶ Maya (Philippines) – Best Digital Bank PurePlay in Philippines & SE Asia 2023
    - ▶ Banco De Reservas (Dominican Republic) – Best Bank in Dominican Republic 2023
- ▶ Completed the transition to new CEO – Tony Sheehan commenced in the role effective 3 July 2023
- ▶ Strengthened the Board with appointment of experienced Non-Executive Director – Mr Geoffrey Sam, OAM
- ▶ Additional Compliance and Fraud Management resources added in Australia and New Zealand

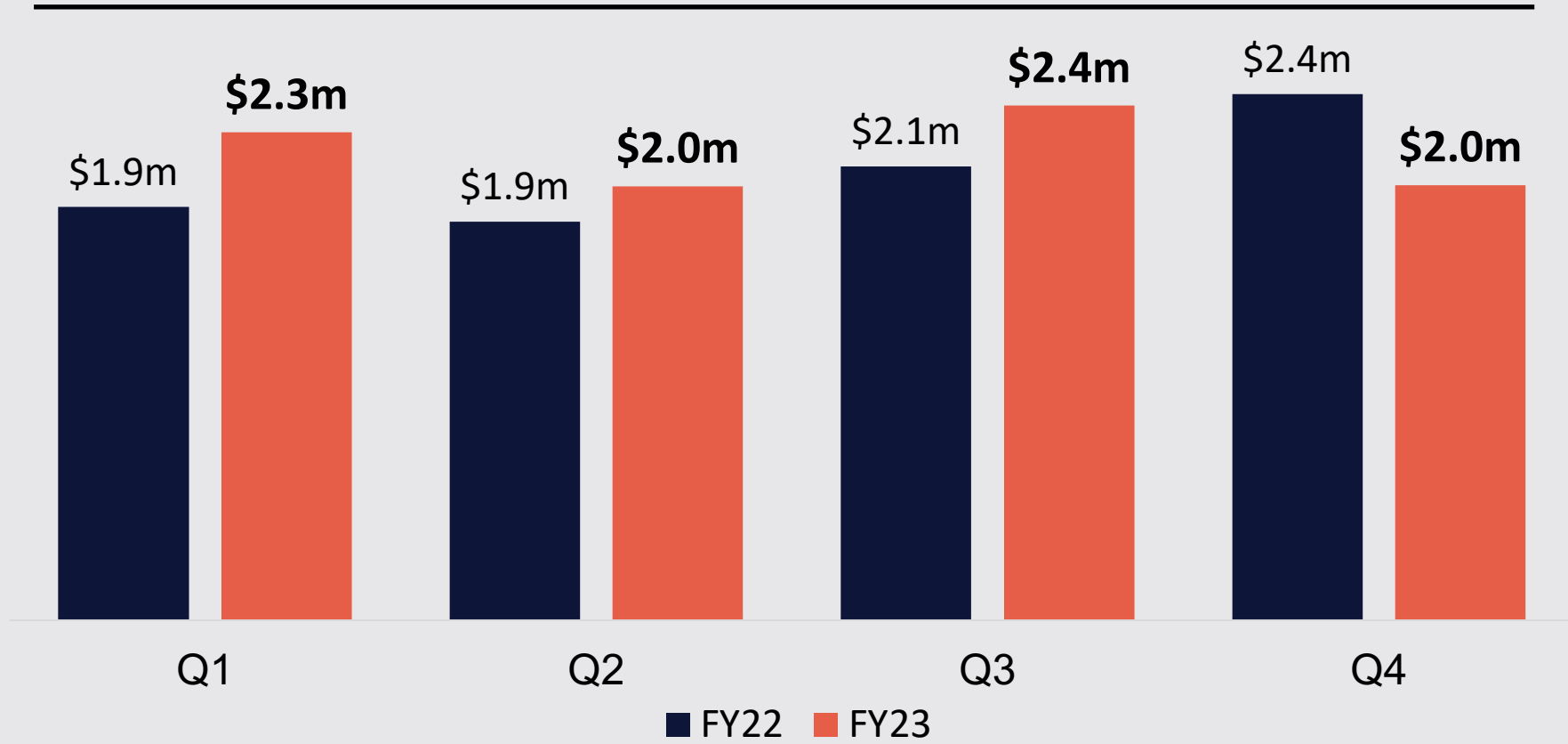
1. AUD/USD = 0.68

FY23 delivered modest revenue growth with reduced cost base

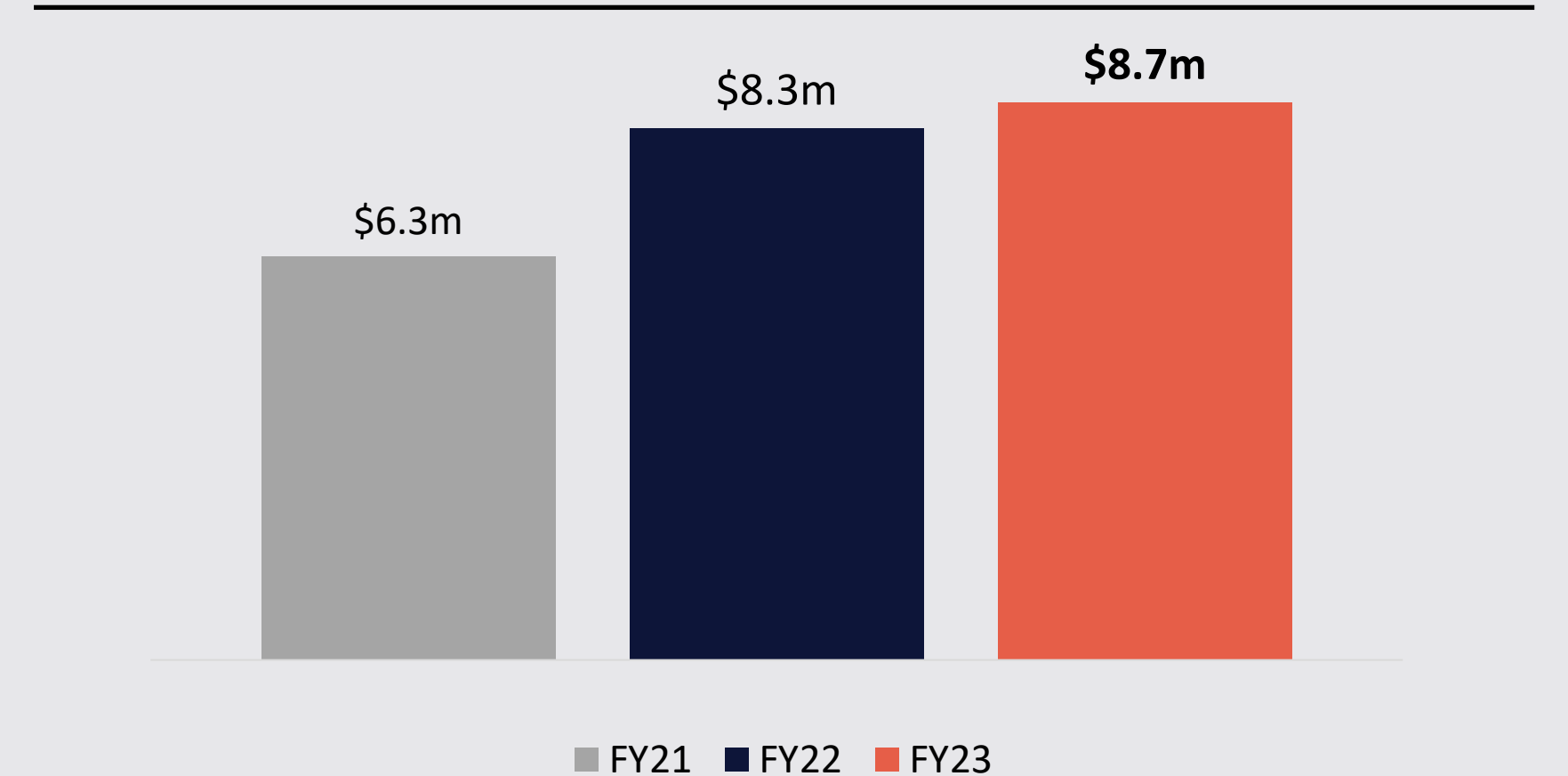
# Financial Update – Q4 FY23

- ▶ Q4 FY23 revenue of US\$2.0m (A\$2.9m<sup>1</sup>)
- ▶ FY23 YTD revenue (unaudited) of US\$8.7m (A\$12.8m), up 4.7% on FY22
  - ▶ FY23 revenue lower than the target ‘double digit’ revenue growth due to delays in NZ PaaS revenue
  - ▶ Full NZ market coverage of Mastercard and EFTPOS will enable card migrations to Vertexon during H1 FY24
- ▶ Cash receipts of US\$2.6m (A\$3.8m), up 42% on pcip
  - ▶ Significant increase is primarily attributable to the receipt of the US\$1.0m (A\$1.5m) Mastercard incentive
- ▶ Cash payments for operating activities (excluding income tax and interest) of US\$2.4m (A\$3.5m)
  - ▶ Realigned cost base has contributed to reduction in staff costs
- ▶ Cash holdings of US\$5.4m (A\$7.9m)
  - ▶ Additional US\$0.3m (A\$0.4m) held in cash-backed security guarantees

Revenue by Quarter (US\$)



Revenue by Year (US\$)



1. AUD/USD = 0.68



## Outlook

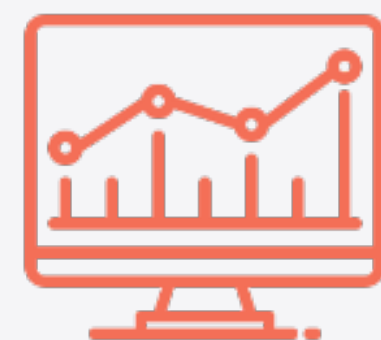
### ▶ Profitable revenue growth

- ▶ Realigned cost base has positioned Change to deliver profitable revenue growth in FY24+
- ▶ Despite initial delays with NZ clients, they are now onboarded with first live cards issued and transition of cardholders now planned to occur over H1 FY24

### ▶ Cashflow breakeven

- ▶ Targeting to achieve a monthly cashflow breakeven run-rate exiting FY24 through
- ▶ Existing client base + contracted PaaS clients + new client / partner wins

## 4 Key Objectives to Drive Success



**Shared  
Success &  
Growth**



**Operational  
Excellence**



**Market Leading  
Solutions**



**Powering our  
People**

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