

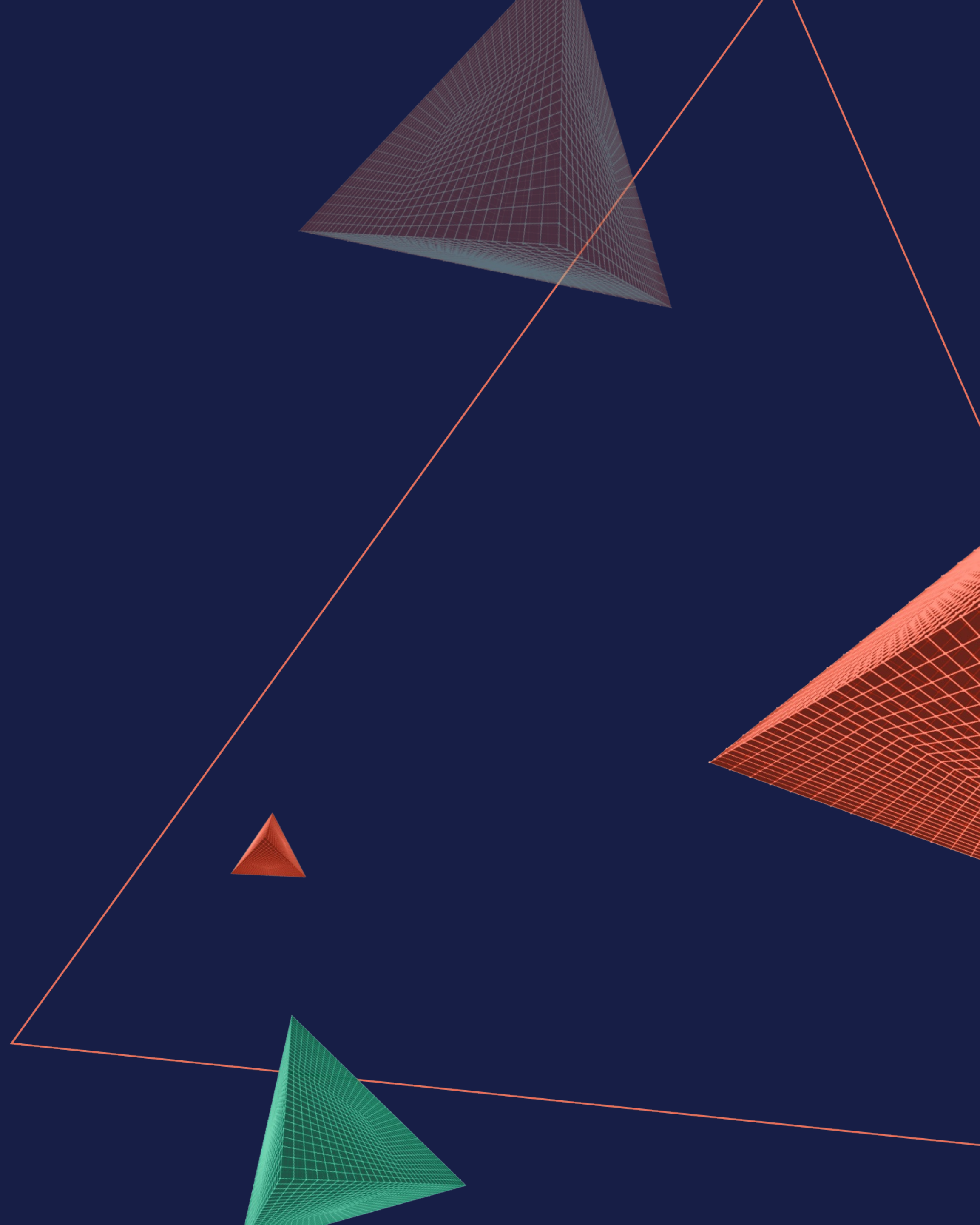
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**change.**

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**Q3 FY24 Investor Presentation**

29 April 2024

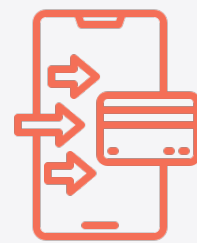


# Delivering innovative and scalable payments solutions

- ▶ 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

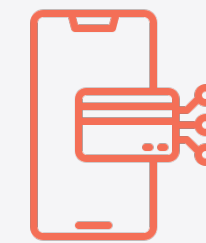
### Payments as a Service



Physical & virtual card issuing



Transaction processing for all major card schemes

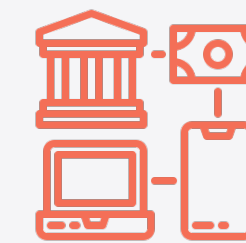


Digital payments (Apple, Google & Samsung Pay), BNPL

**70%**

of YTD FY24 Revenue

### Payment testing



Full payment simulation



ATM & POS emulation



Visa, Mastercard, UnionPay, Amex, JCB validation


**30%**

of YTD FY24 Revenue

# Key Highlights

▶ Contract wins and PaaS Client migrations are driving growth in key metrics

**US\$3.0m**  
(A\$4.6m)<sup>1</sup>

  
25%  
PCP

REVENUE<sup>2</sup> Q3 FY24

**19k+**


  
185%  
QoQ

CURRENT ACTIVE PaaS CARDS ON  
PLATFORM

**57%**

OF REVENUE FROM RECURRING  
INCOME STREAMS<sup>3</sup> FY24 YTD

**630k**

  
370%  
QoQ

NO. OF TRANSACTIONS  
PROCESSED IN Q3 FY24

**US\$19m**

  
310%  
QoQ

\$ VALUE OF TRANSACTIONS  
PROCESSED<sup>4</sup> IN Q3 FY24

**US\$2.8m**

CASH AS AT 31 MARCH 2024  
+ US\$0.5m ADDITIONAL CASH  
BACKED SECURITY GUARANTEES

1. AUD/USD = 0.65, all AUD amounts are converted for representation purposes to assist the reader

2. Unaudited

3. Includes Support & Maintenance and PaaS transaction fee revenue

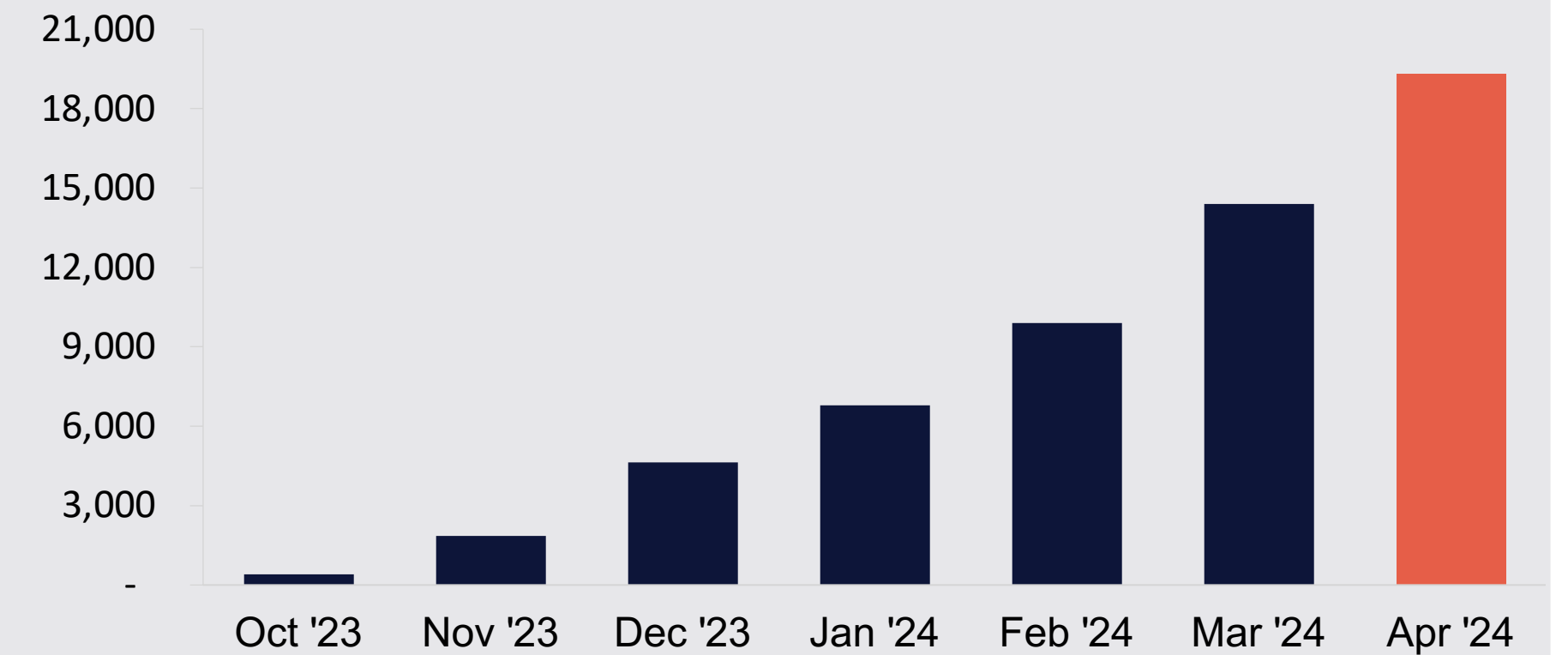
4. Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes

PaaS platform starting to scale with volumes increasing as cards migrate to Change

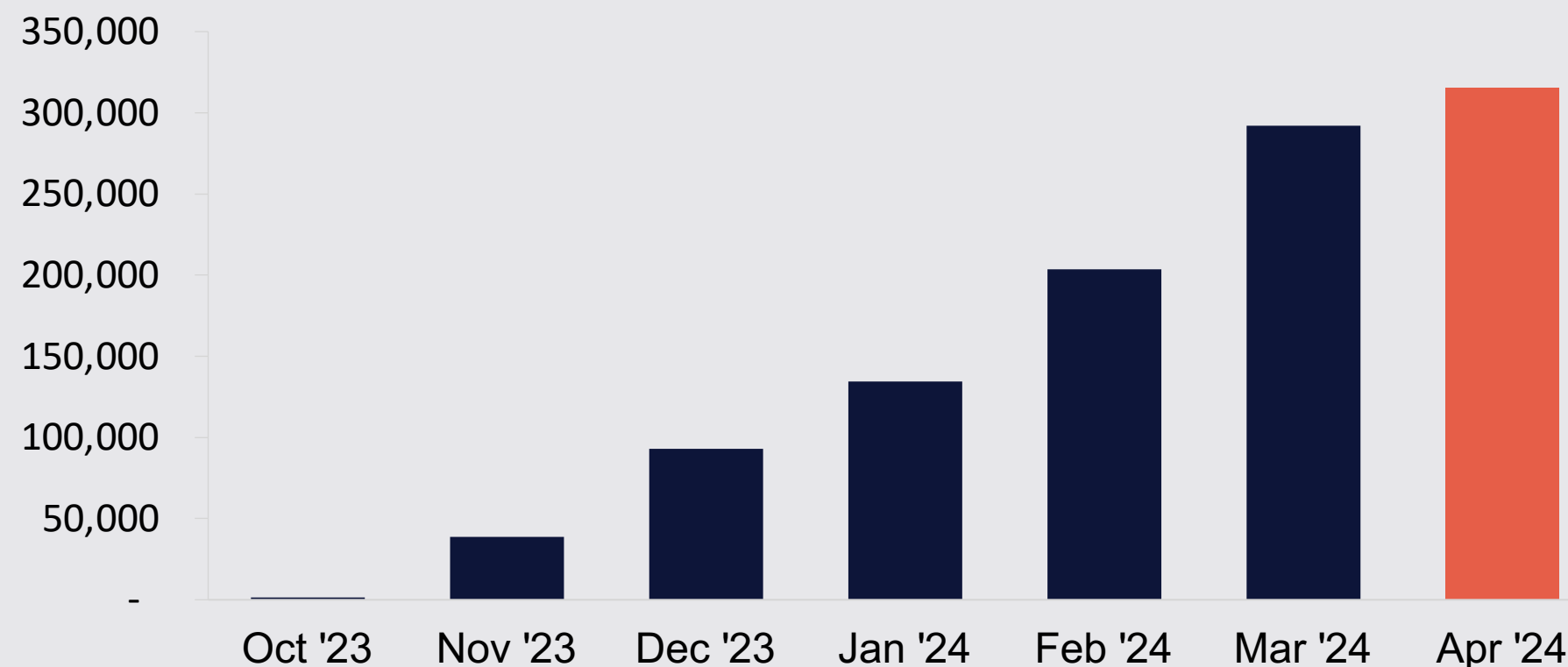
## Vertexon PaaS Metrics

- ▶ c.60% of NZ financial institution client cards migrated
  - ▶ Remaining cards expected to be migrated by June 2024
  - ▶ Expected to deliver revenue of US\$2.1m+ (A\$3.2m) pa
- ▶ 30,000+ cards issued to date – 19,000+ cards now active
  - ▶ Active cards have a greater correlation with revenue
- ▶ US platform fully operational with clients set to expand card offering post completion of pilot
- ▶ First Australian cards ordered – transactions expected in Q4

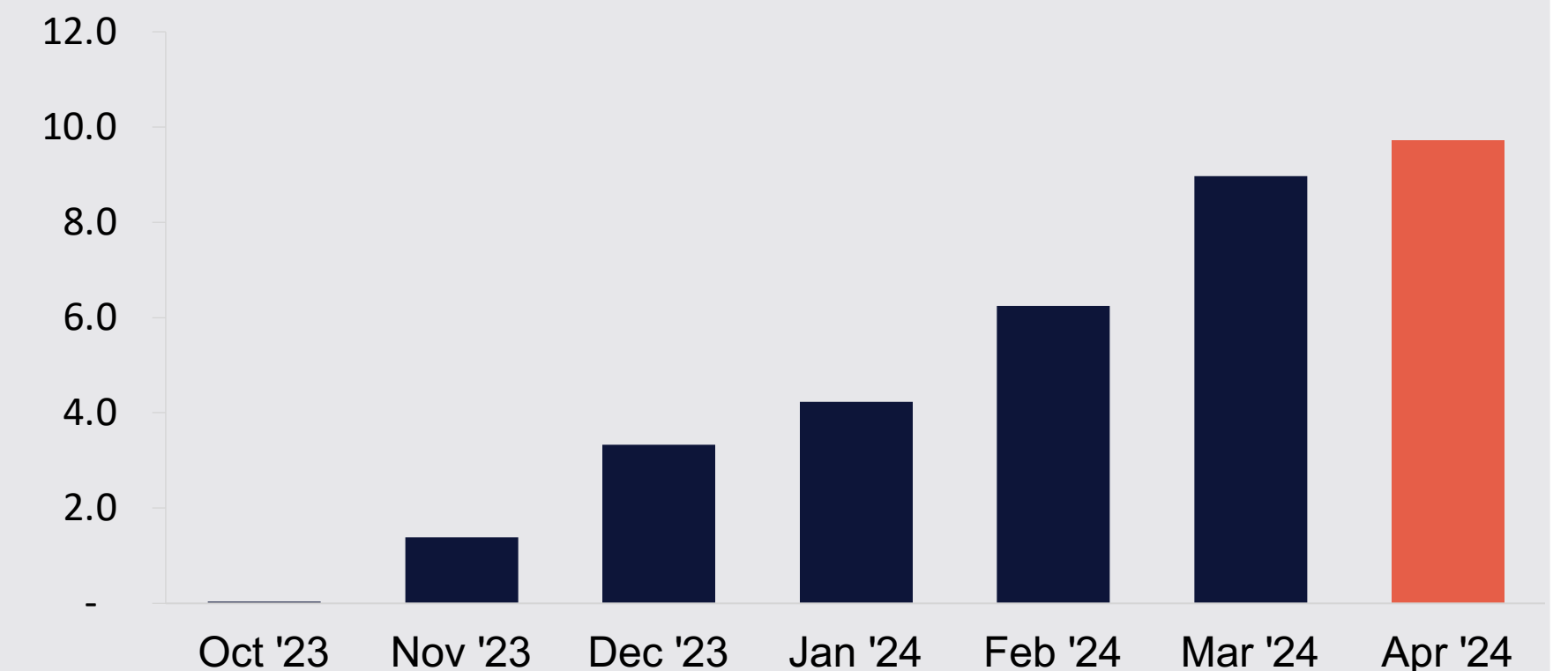
Active Cards



Monthly Transactions Processed



Monthly Transaction Volumes (US\$m<sup>1</sup>)



1. Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes  
 Metrics are as at 26 April 2024, the Company intends to report quarterly data going forward

Significant PaaS revenue ramp up underway

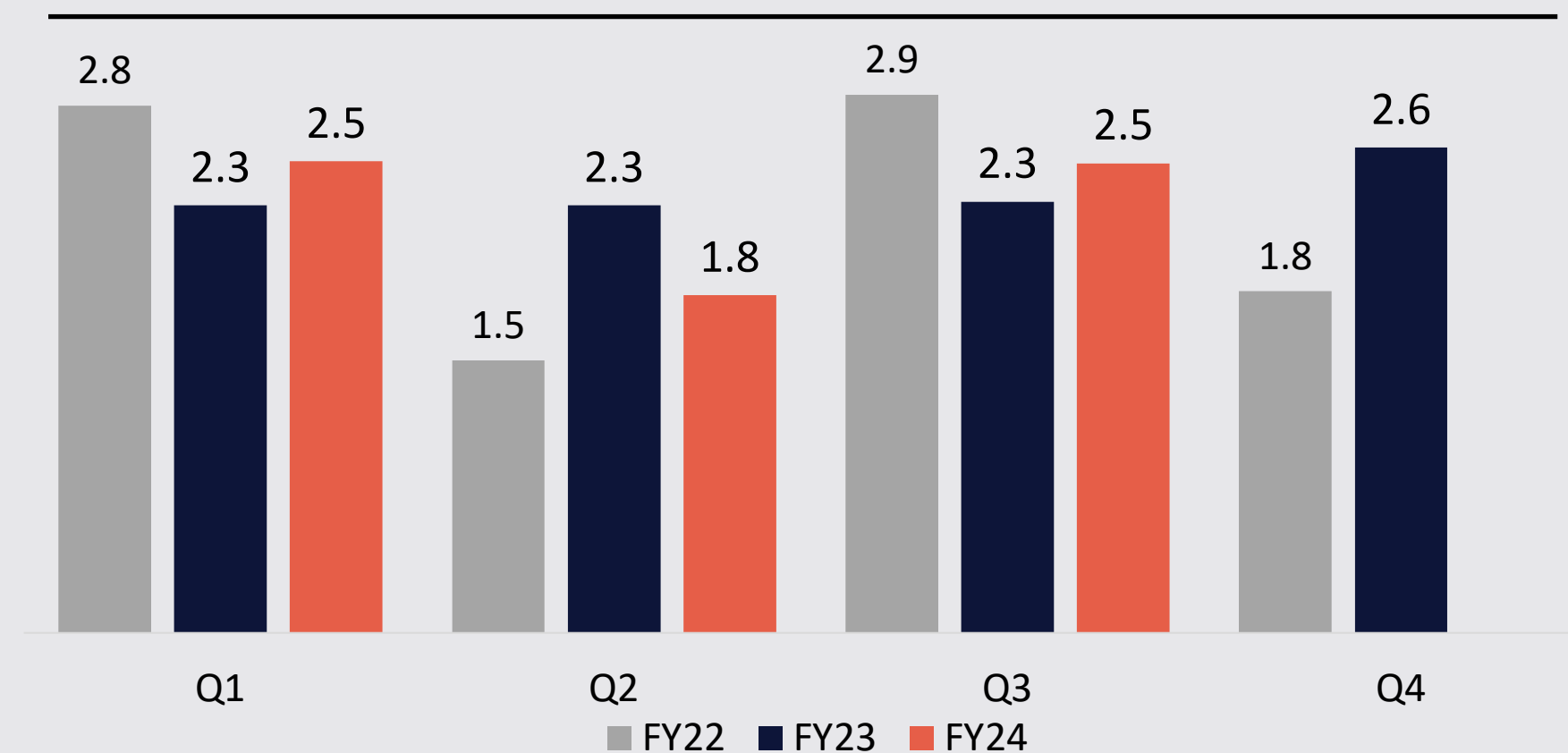
## Financial Update – Q3 FY24

- ▶ Q3 FY24 revenue of US\$3.0m (A\$4.6m<sup>1</sup>), up 25% pcp
  - ▶ **Record revenue quarter**
  - ▶ Growth driven by increased professional services revenue and initial PaaS revenue
  - ▶ PaaS clients will make a meaningful contribution to revenue in H2 FY24
- ▶ Cash receipts of US\$2.5m (A\$3.9m), up 9% on pcp
- ▶ Cash payments for operating activities (excluding income tax and interest) of US\$2.3m (A\$3.5m), down 3% on pcp
  - ▶ Increase in staff costs to ensure operational readiness for card issuing
  - ▶ Increase in product and operating costs due to technology expenses and consulting fees on establishment of ANZ PaaS operations and platform
  - ▶ Reduction in corporate and admin costs due to US network connectivity costs in pcp and holding of settlement funds at quarter end (settled in early April)
- ▶ Cash holdings of US\$2.8m (A\$4.3m)
  - ▶ Additional US\$0.5m (A\$0.8m) held in cash-backed security guarantees relating to card issuing activities

Revenue by Quarter (US\$m)



Cash Receipts by Quarter (US\$m)



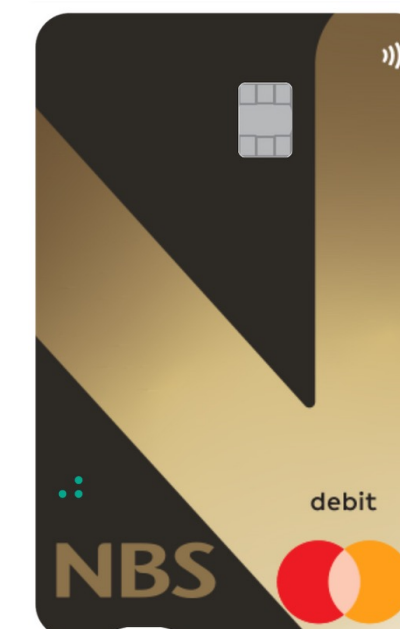
1. AUD/USD = 0.65

# Delivering on Key Milestones – H2

1

## Shared Success & Growth

- ▶ Complete migration of NZ financial institution client cardholders to drive transactional revenue growth – **IN PROGRESS**
  - ▶ c.60% cards already migrated – full migration expected to complete by June 2024
- ▶ Complete onboarding of US clients to progress from pilot to public release – **IN PROGRESS**
  - ▶ Rolling Thunder (LatinPay) and PlutusM (VirtCC) – live cards issued, platform fully operational, public release in Q4
- ▶ Launch first contracted card programs in AU – **IN PROGRESS**
  - ▶ First cards ordered – expect first live transactions in Q4
- ▶ Focus on delivering value to clients and driving revenue growth – **ONGOING FY24 FOCUS**
  - ▶ Secured a major product expansion with an existing SE Asian on-premise client to process credit cards
  - ▶ Working with existing NZ clients to expand product adoption for digital pays (Apple Pay and Google Pay)
  - ▶ Created a dedicated commercial function and appointed a Chief Commercial Officer



## Delivering on Key Milestones – H2 (cont.)

2

### Operational Excellence

- ▶ Strengthen & refine core operations and capabilities – compliance, security, fraud & transaction monitoring – **IN PROGRESS**
  - ▶ Strong base operations and capabilities in place – continue to refine, improve and streamline as volumes increase
  - ▶ Automate settlement and reporting processes including funds flows and reconciliation
- ▶ Continue working with existing Vertexon on-premise clients to upgrade or migrate to PaaS – **ONGOING FY24 FOCUS**
  - ▶ Secured a major product expansion on latest version of Vertexon with an existing SE Asian on-premise client
  - ▶ Currently rationalising a dated platform version which will drive cost savings and operational efficiency

3

### Market Leading Solutions

- ▶ Complete digital tokenization and certification to roll out Apple Pay & Google Pay to PaaS clients – **IN PROGRESS**
- ▶ Complete native SDK and API development including enablement of dynamic CVC and spend controls – **IN PROGRESS**
- ▶ Undertake PaySim modernisation program (UX/UI improvements) – **ONGOING FY24 FOCUS**
  - ▶ Program is expected to increase lead generation and improve sales conversions, particularly in FY25

# Outlook

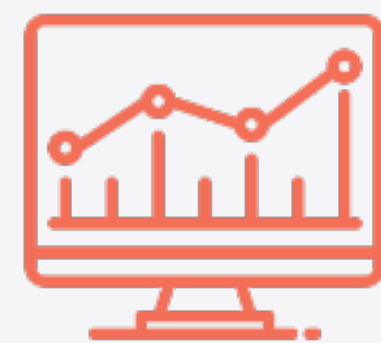
## ▶ Profitable revenue growth

- ▶ Focused on delivering profitable revenue growth in FY24+
- ▶ Migration of NZ cards to Vertexon well underway – PaaS revenue generation has commenced
- ▶ PaaS revenue will continue to increase as migrations complete and new clients are onboarded

## ▶ Cashflow breakeven

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

### 4 Key Objectives to Drive Success



**Shared  
Success &  
Growth**



**Operational  
Excellence**



**Market Leading  
Solutions**



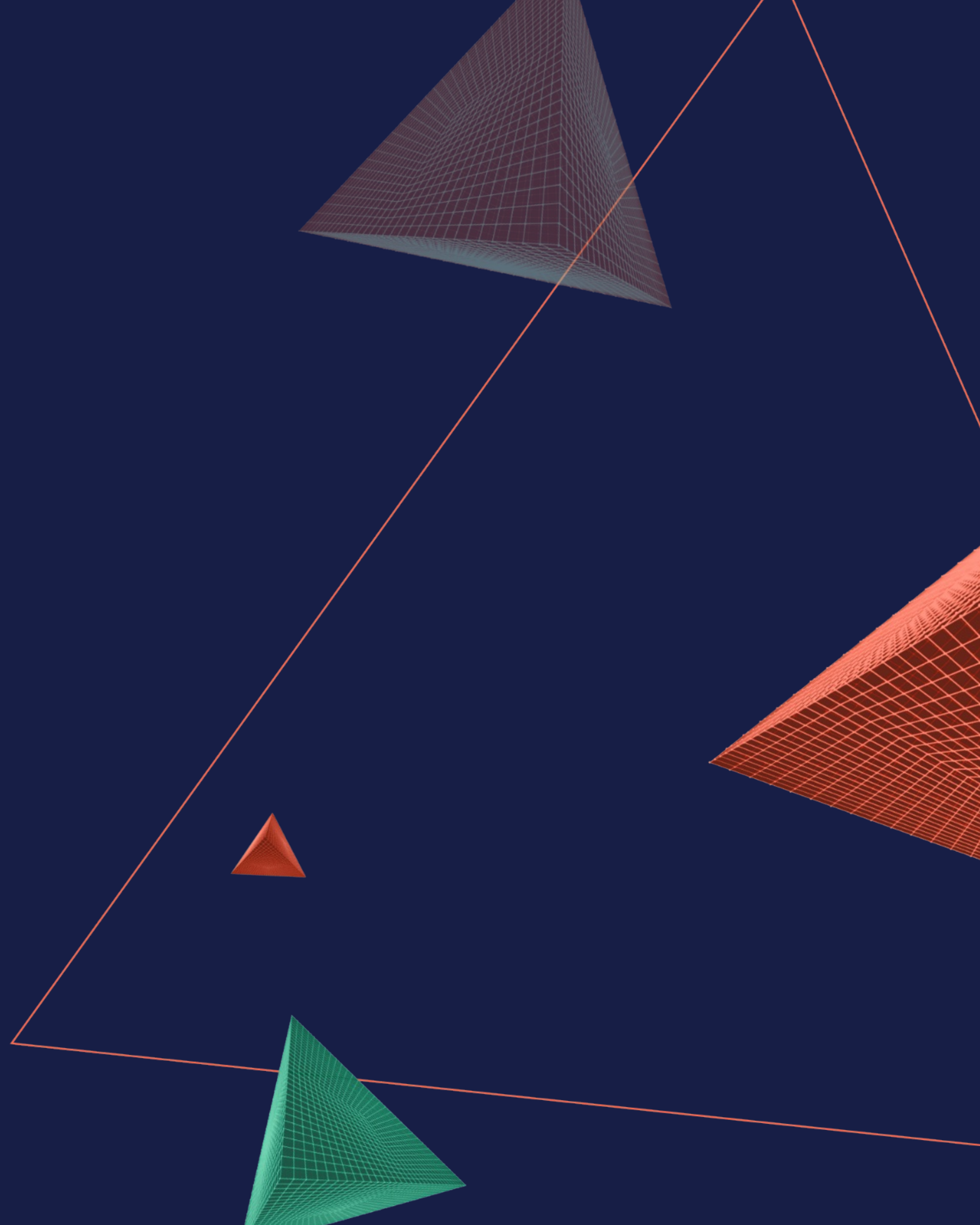
**Powering our  
People**



change.

# Appendix

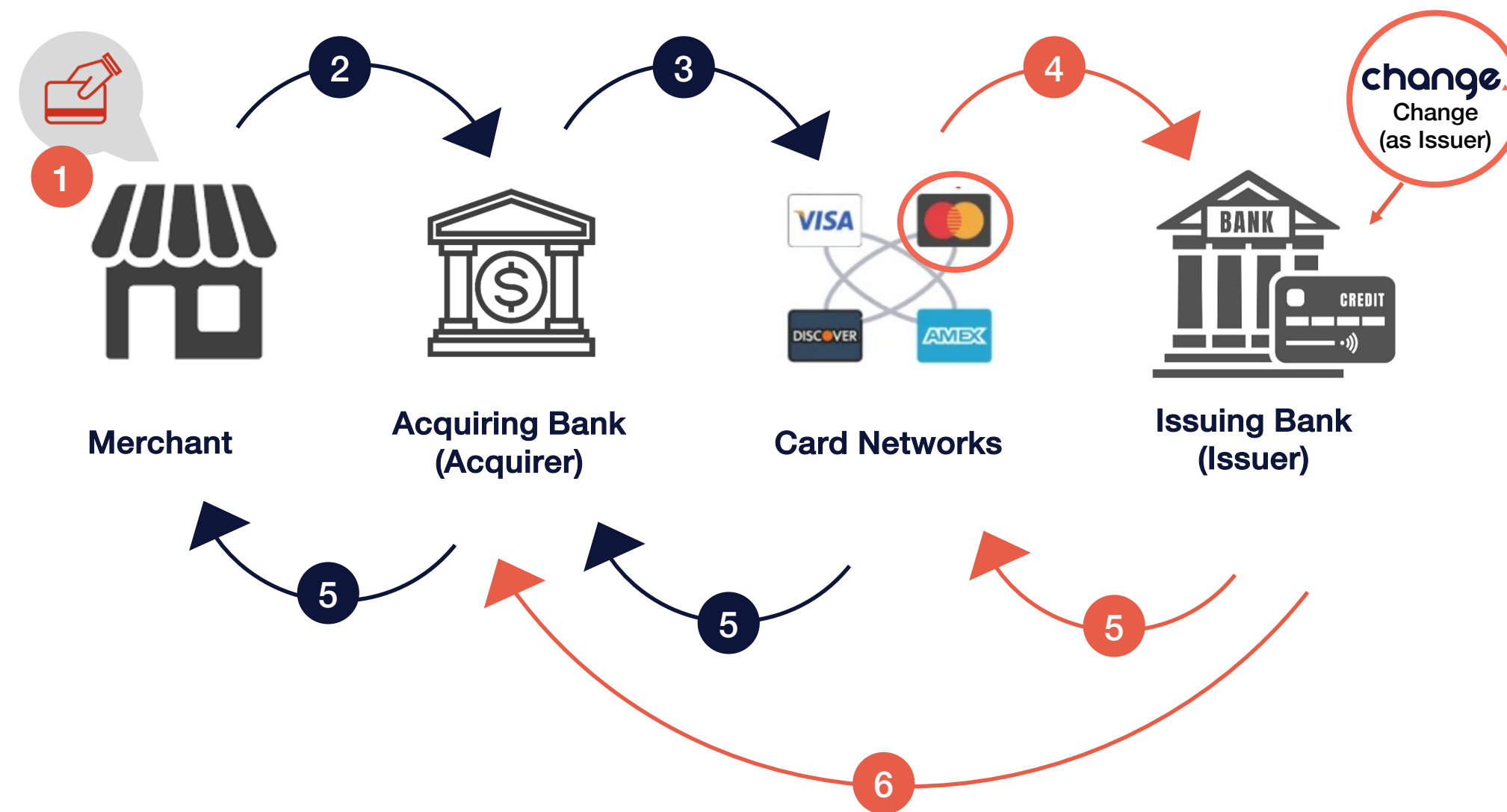
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Change's role in the payments process depends on the region, client type and services provided

# 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**





- 1** { **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
- 2** { 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)
- 3** { Transaction submitted – merchant acquirer asks card network to get authorisation from the issuer (i.e. customer's bank)
- 4** { **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
- 5** { **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
- 6** { **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 product offering


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

	Processing	Processing & Issuing
<b>Overview</b>	<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>
<b>Cards Supported</b>	<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>
<b>Target Clients</b>	<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>
<b>Regions</b>	<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>
<b>Supported Schemes</b>		

All regulatory and licensing requirements for card issuing in Australia, New Zealand and the US are now in place

## Vertexon issuing capabilities

- ▶ Change has completed **all** necessary regulatory and licensing requirements to enable card issuing in Australia, NZ and the US
  - ▶ Change can now issue debit and prepaid cards in Australia, NZ 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	Licensed	Certified	Live	Live
Australia	AFSL	Licensed	Certified	Live	Live
United States	Issuing Bank Partner	Licensed	Certified	Live	Approved

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	

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Thank you.

Get in touch

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