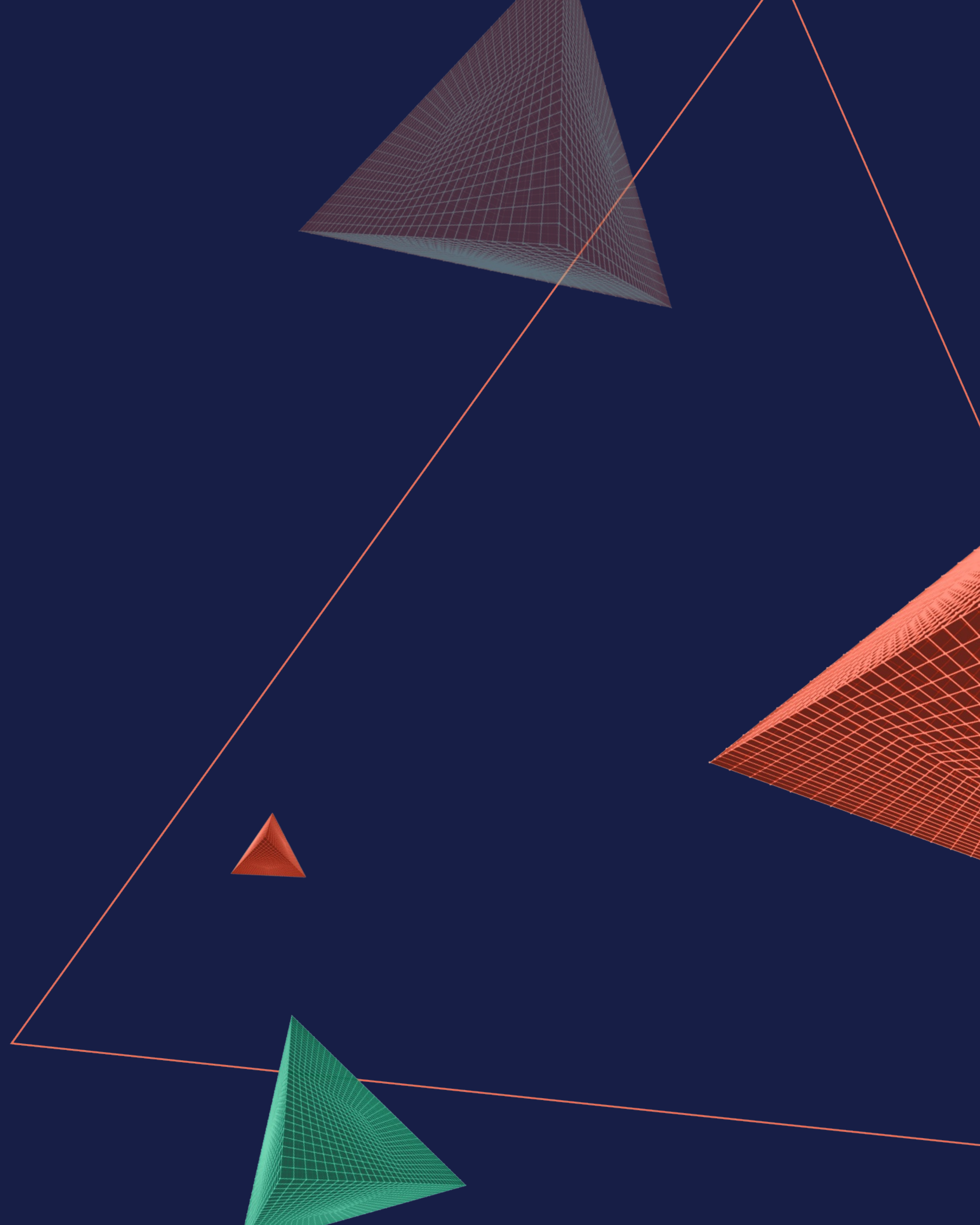




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# Q4 FY24 Investor Presentation

25 July 2024

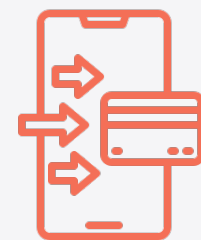


# Delivering innovative and scalable payments solutions

- ▶ 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

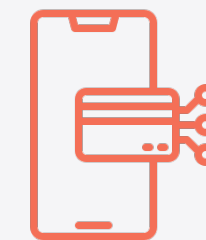
### Payments as a Service



Physical &  
virtual card  
issuing



Transaction  
processing for all  
major card schemes

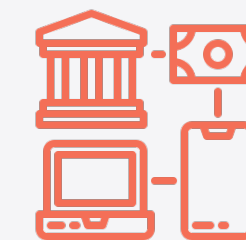


Digital payments  
(Apple, Google &  
Samsung Pay), BNPL

**72%**

of FY24 Revenue

### Payment testing



Full payment  
simulation



ATM & POS  
emulation



Visa, Mastercard,  
UnionPay, Amex, JCB  
validation

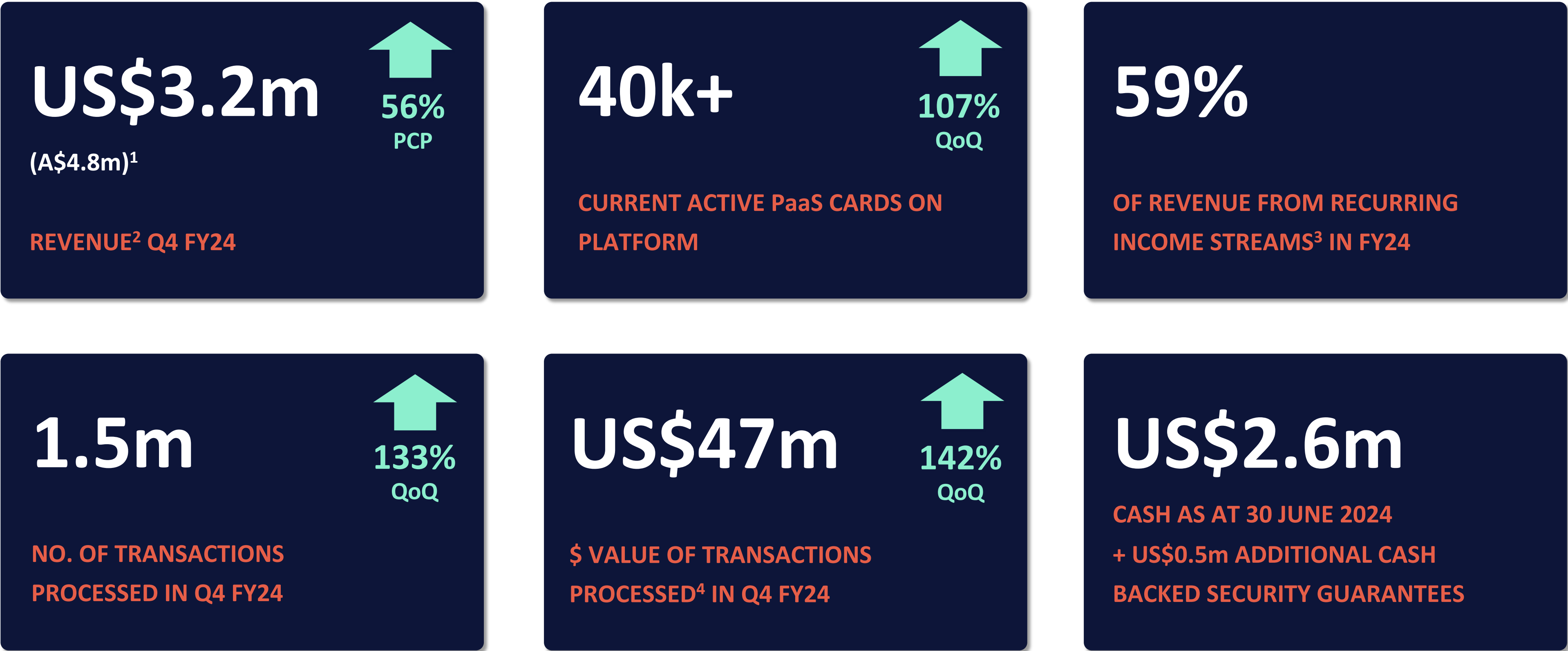
**28%**

of FY24 Revenue

Record revenue quarter driven by an increase in professional services revenue and an increasing contribution from PaaS clients as they continue to migrate to Change

## Key Highlights

- ▶ H2 FY24 revenue (unaudited) of US\$6.2m (A\$9.3m), up 39% on pcg
- ▶ FY24 revenue (unaudited) of US\$10.6m (A\$15.8m), up 22% on FY23



1. AUD/USD = 0.67, all AUD amounts are converted for representation purposes to assist the reader

2. Unaudited

3. Includes Support & Maintenance and PaaS transaction fee revenue

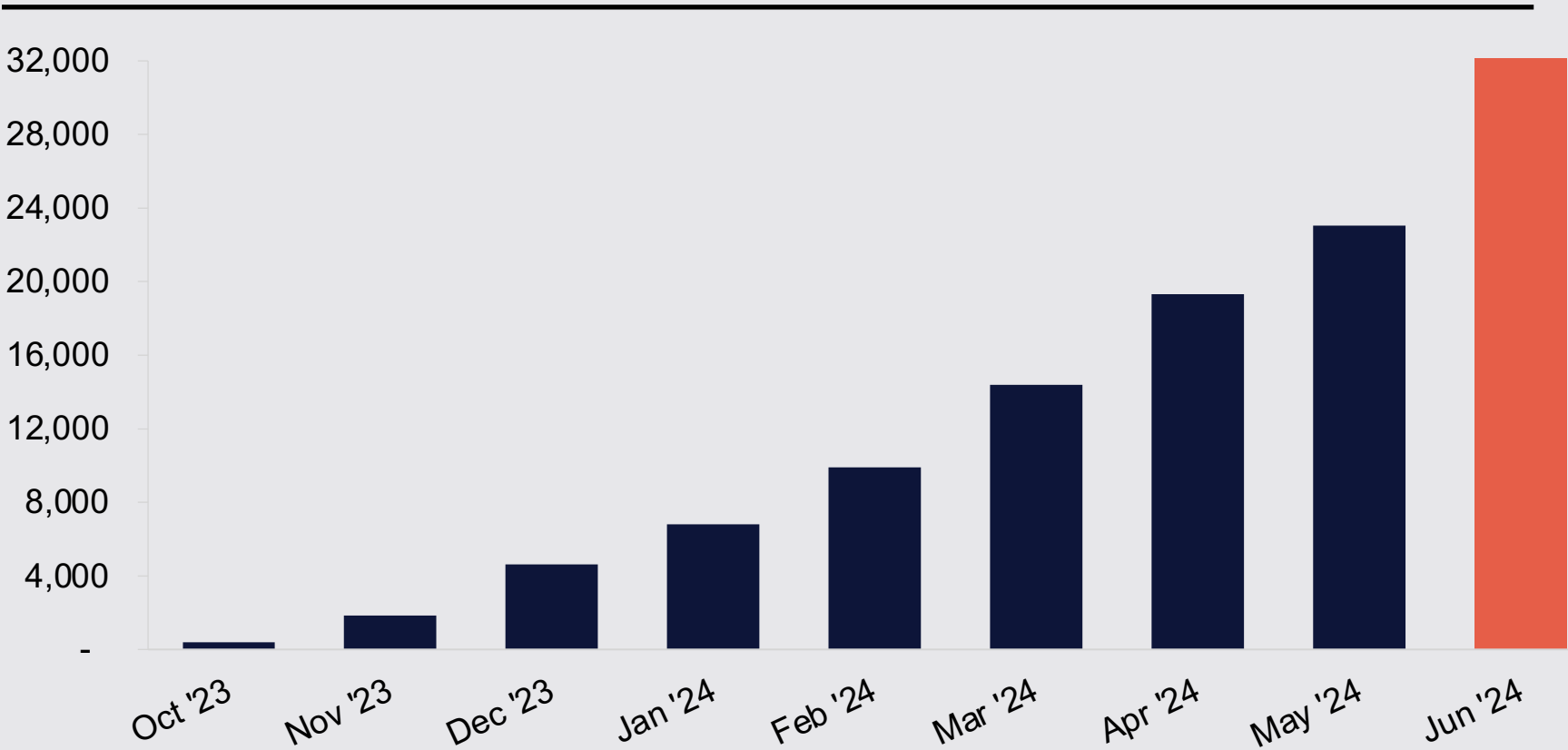
4. Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes

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

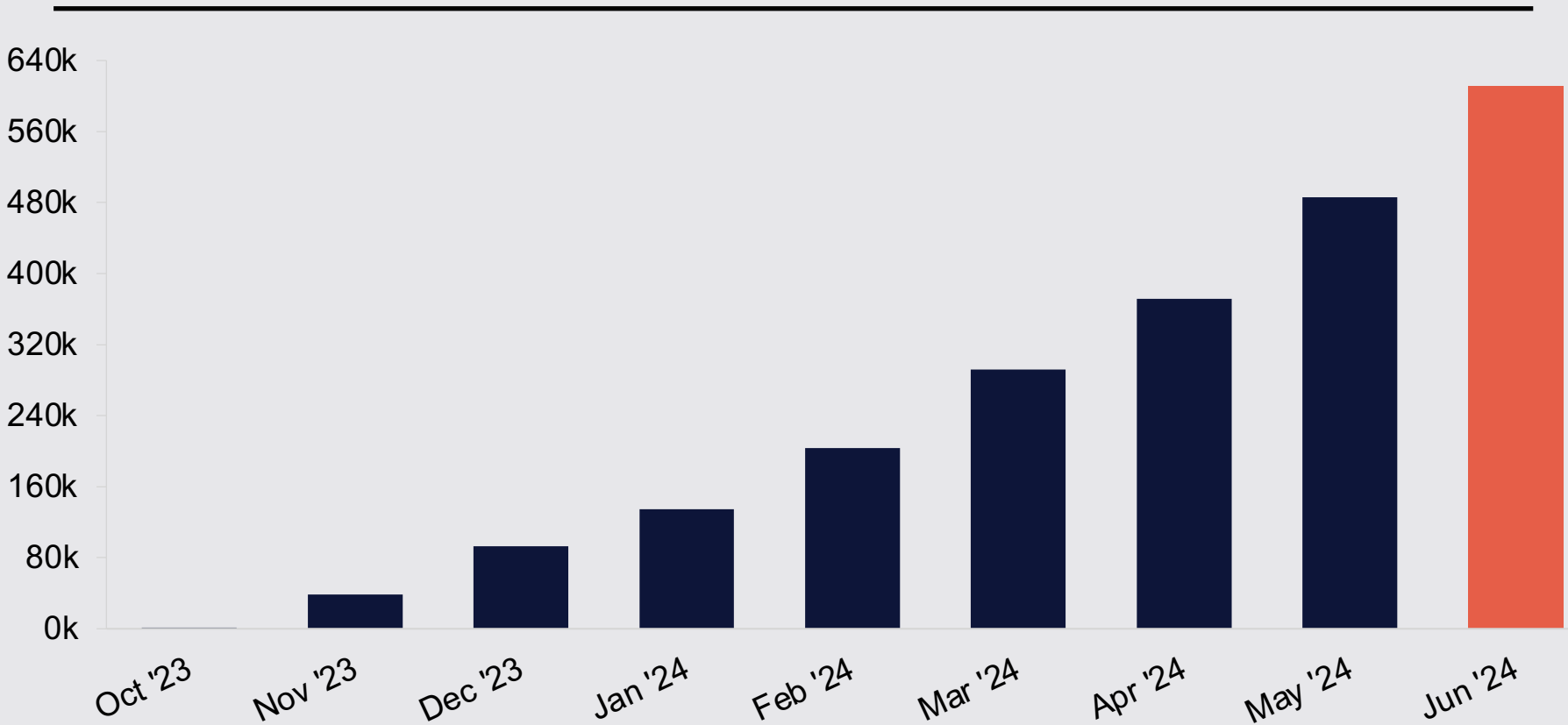
# Vertexon PaaS Metrics

- ▶ Major client onboarding milestones now complete
  - ▶ 8 clients now live on Vertexon PaaS platform
  - ▶ 60k+ cards issued to date<sup>2</sup>
  - ▶ 40k+ cards now active (greater revenue correlation)<sup>2</sup>
  - ▶ Unity Credit Union to migrate 20k+ cards in H1 FY25
- ▶ Platform fully operational in Australia, NZ & US
- ▶ US clients expected to expand card offering imminently
- ▶ First Australian cards issued & transactions processed

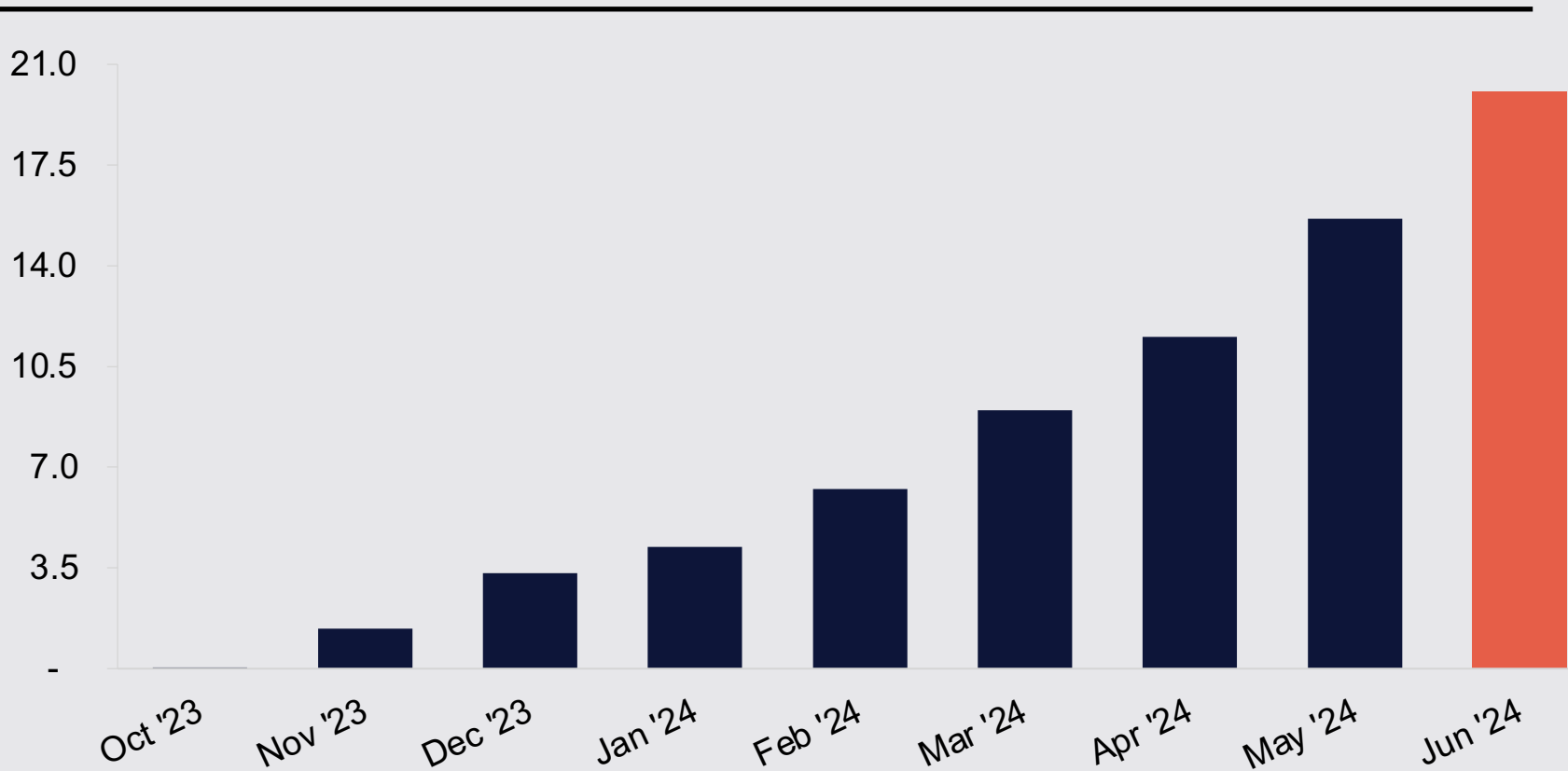
Active Cards



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  
2. As at 19 July 2024

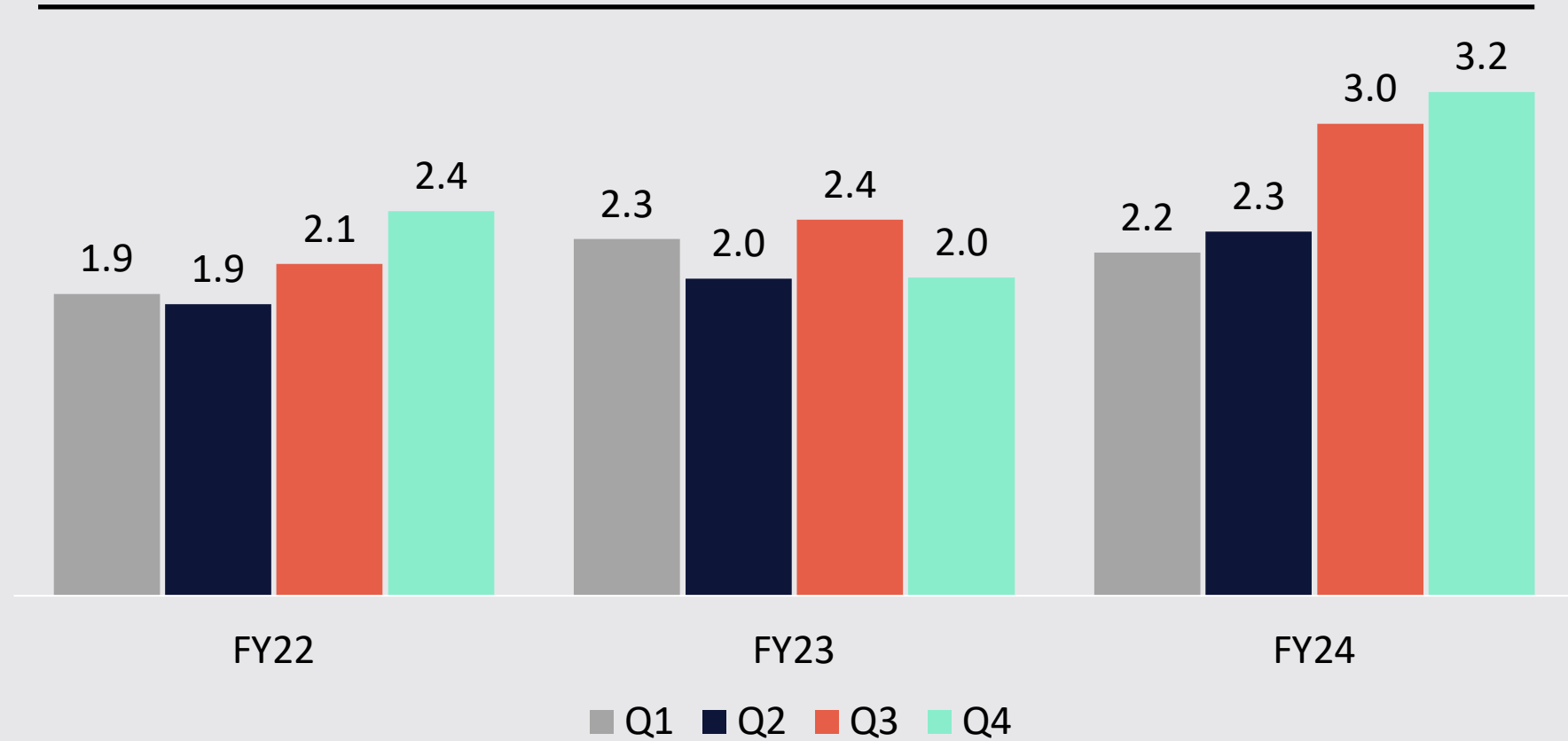


Significant PaaS revenue ramp up underway

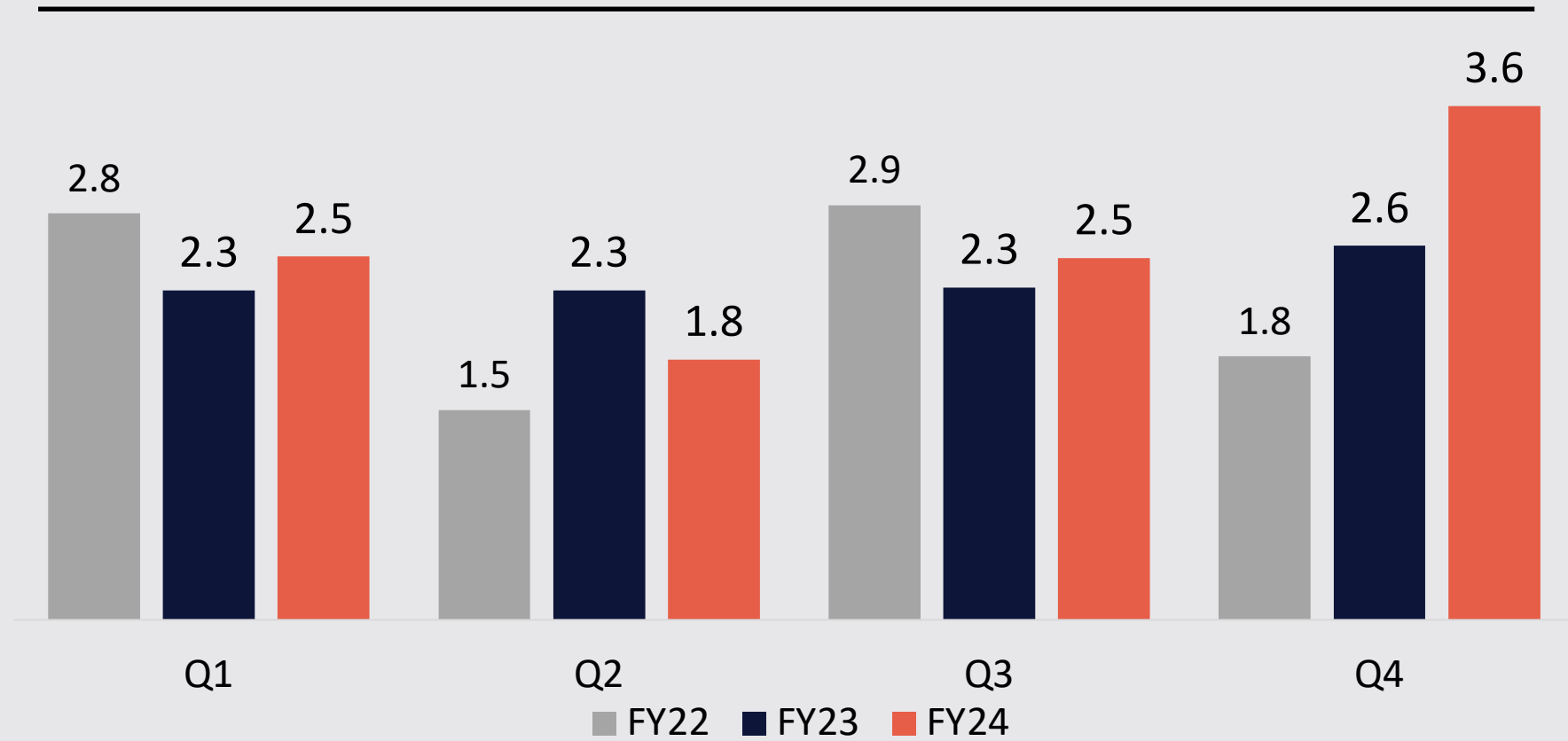
# Financial Update – Q4 FY24

- ▶ Q4 FY24 revenue of US\$3.2m (A\$4.8m<sup>1</sup>), up 56% pcg
  - ▶ **Record revenue quarter**
  - ▶ Growth driven by increasing PaaS revenue and increased professional services revenue
  - ▶ PaaS clients started to make a meaningful contribution to revenue in H2 FY24
- ▶ Cash receipts of US\$3.6m (A\$5.4m), up 37% on pcg
- ▶ Cash payments for operating activities<sup>2</sup> of US\$3.4m (A\$5.1m), up 39% on pcg primarily driven by:
  - ▶ Scheme costs associated with PaaS platform connectivity in NZ, Australia and the US;
  - ▶ Transaction costs for the NZ PaaS clients as volumes increased materially; and
  - ▶ Intramonth movement of client funds related to transaction settlements for card issuing
- ▶ Positive net operating cashflow of US\$0.2m (A\$0.3m)
- ▶ Cash holdings of US\$2.6m (A\$3.9m)
  - ▶ 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)



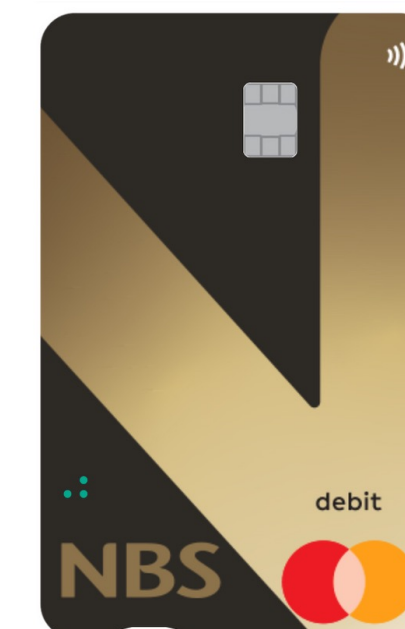
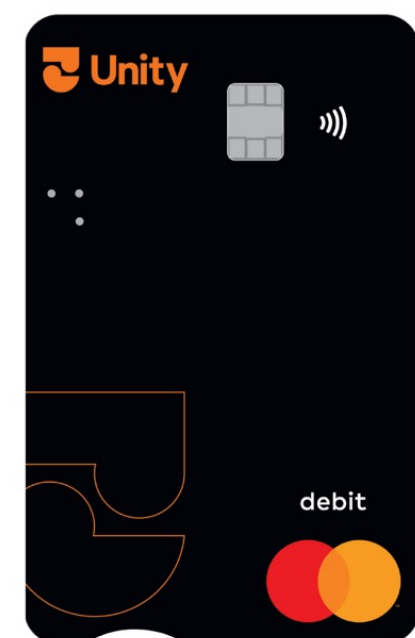
1. AUD/USD = 0.67  
2. Excluding income tax and interest

# Delivering on Key Milestones – H2

1

## Shared Success & Growth

- ▶ Complete migration of NZ financial institution client cardholders to drive transactional revenue growth – **COMPLETE**
- ▶ Complete onboarding of US clients – **COMPLETE**
  - ▶ Rolling Thunder (LatinPay) and PlutusM (VirtCC) – clients will now work through their own launch and rollout plans
- ▶ Launch first contracted card programs in AU – **COMPLETE**
  - ▶ First cards issued and transactions processed
- ▶ 60k+ cards issued to date with 40k+ cards now active (greater revenue correlation)
- ▶ Focus on delivering value to clients and driving revenue growth – **ONGOING**
  - ▶ Secured Unity Credit Union as a new Vertexon PaaS client – go-live planned for H1 FY25
  - ▶ Increased focus on building sales pipeline on back of recent client wins and appointment of Chief Commercial Officer



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

2

### Operational Excellence

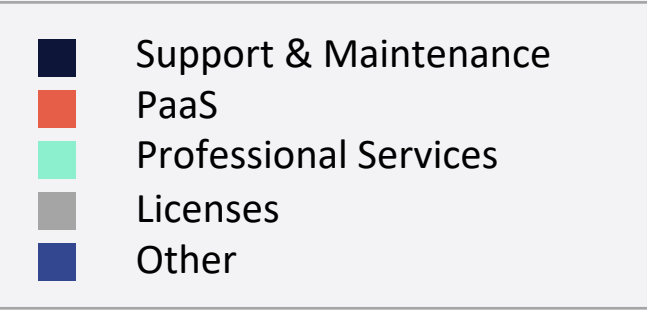
- ▶ Strengthen & refine core operations and capabilities – compliance, security, fraud & transaction monitoring – **ONGOING**
  - ▶ Strong base operations and capabilities in place – continue to refine, improve and streamline as volumes increase
  - ▶ Automate settlement and reporting processes including funds flows and reconciliation
- ▶ Continue working with existing Vertexon on-premise clients to upgrade or migrate to PaaS – **ONGOING**
  - ▶ Delivered all key milestones on time for major product expansion on latest version of Vertexon with an existing SE Asian on-premise client – targeting to launch new product in H1 FY25
  - ▶ Rationalised a dated platform version resulting in material cost savings and improved operational efficiency

3

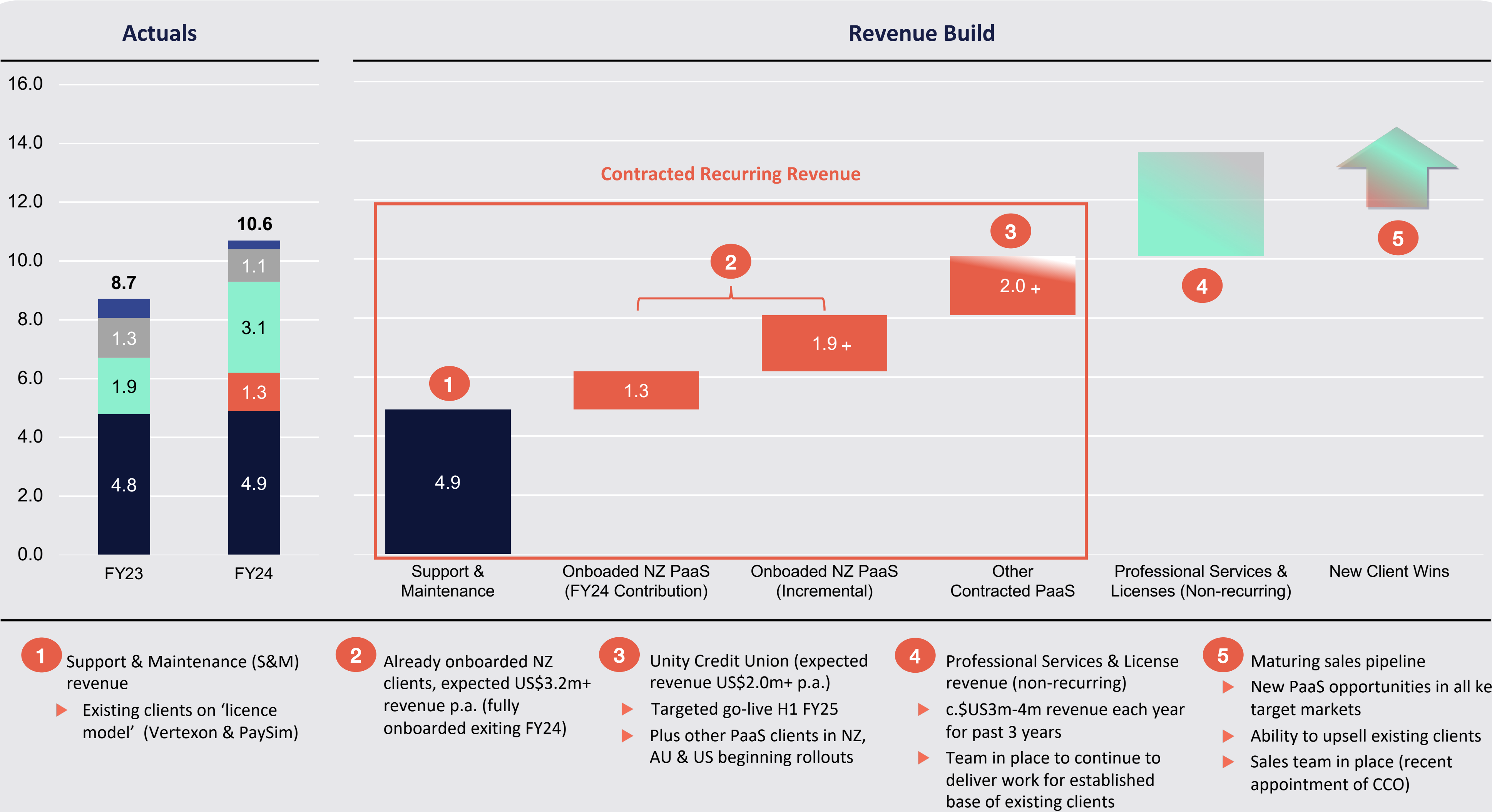
### Market Leading Solutions

- ▶ Complete digital tokenization and certification to roll out Apple Pay & Google Pay to PaaS clients – **IN PROGRESS**
  - ▶ Will commence rolling out Google Pay to PaaS clients in Q1 FY25
- ▶ Complete native SDK and API development including enablement of dynamic CVC and spend controls – **COMPLETE**
- ▶ Undertake PaySim modernisation program (UX/UI improvements) – **ONGOING FOCUS**
  - ▶ Program is expected to increase lead generation and improve sales conversions once complete

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



# Revenue Drivers & Outlook





## Outlook

- ▶ PaaS clients now onboarded and contributing material revenue in FY25
  - ▶ Existing clients providing reference-ability – a key factor in the selection process for potential clients
- ▶ Targeting FY25 revenue growth in excess of 30%
  - ▶ Underpinned by significant portion of contracted revenue and increasing number of PaaS clients onboarded with transactional revenues growing
- ▶ Increasing operating leverage – targeting maiden EBITDA positive result in FY25

Following a significant period of investment, Change is entering the commercialisation phase with a strong focus on growth and scale

## Investment Highlights

### Building Blocks Now In Place



- ▶ All regulatory and licensing requirements for card issuing via Vertexon in NZ, AU & US in place
- ▶ Australian Financial Services Licence in AU & Financial Service Provider in NZ
- ▶ Issuing bank partner in US
- ▶ Global relationship with Mastercard

### Entering Growth & Scale Phase



- ▶ FY24 revenue of US\$10.6m (A\$15.8m)
- ▶ Additional contracted PaaS revenue to build over FY25
- ▶ Stable fixed cost base able to support material increase in new revenue
- ▶ **Targeting to deliver revenue growth in excess of 30% and maiden EBITDA positive result in FY25**

### Marquee Customers



- ▶ Early validation of PaaS platform via several key customer wins in Oceania
- ▶ Long-term relationship with two of the largest banks in the Philippines
- ▶ 5 of the top 10 digital payment companies globally use PaySim for payments testing<sup>1</sup>

### Product Offering



- ▶ Vertexon: leading card management system for processing & issuing
- ▶ PaySim: default standard for eftpos testing in Australia. All participants must use PaySim to validate their technology and systems

### Long-term Contracts



- ▶ Longer term client relationships with initial contract terms typically 3-5 years
- ▶ Given critical nature of service provided, challenging to switch from Vertexon

### Market Tailwinds



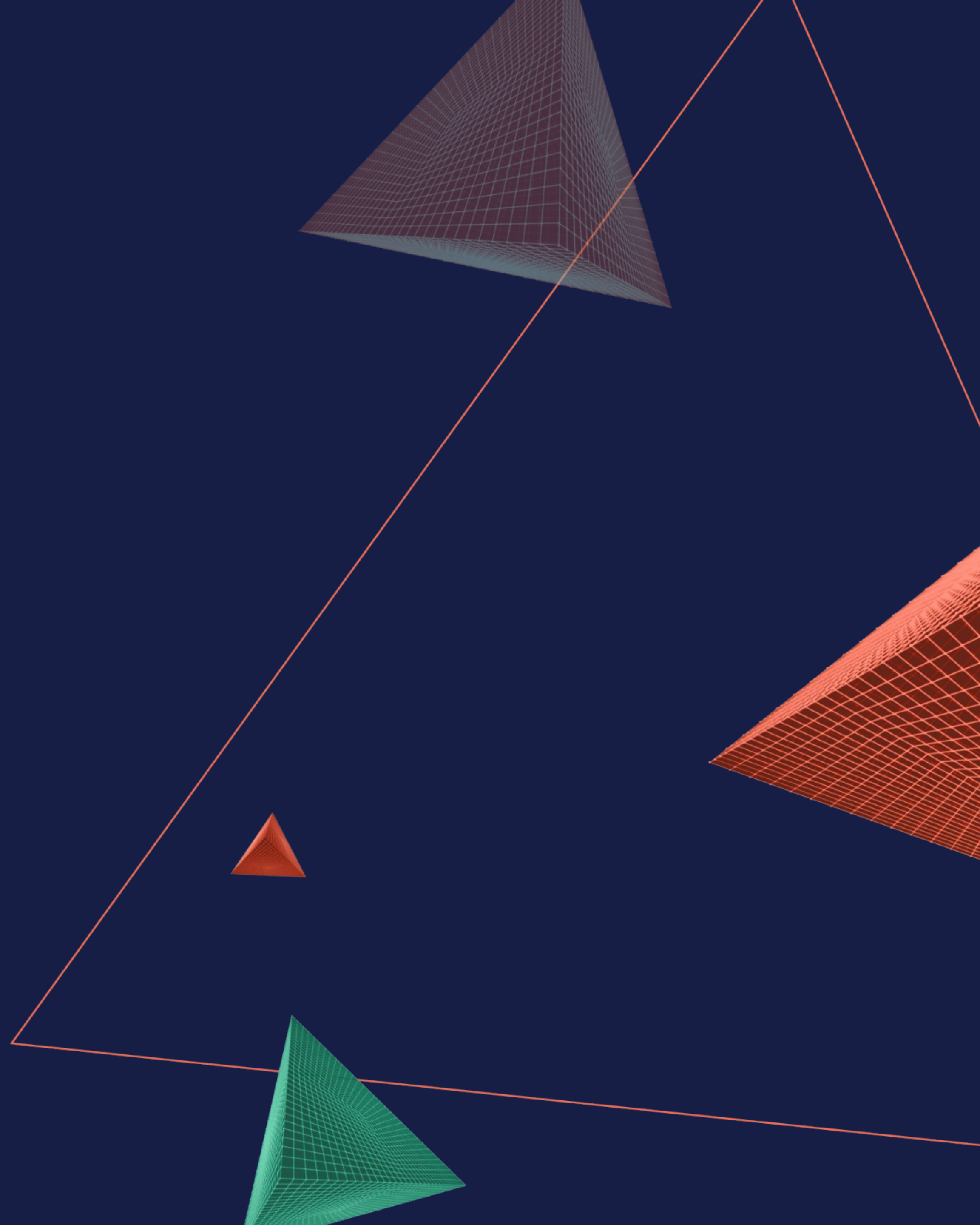
- ▶ Continued move towards digital payments as cash usage declines
- ▶ High barriers to entry to become card issuer with extensive regulatory and licensing requirements providing a strong moat for Change

1. <https://www.emergenresearch.com/blog/top-10-leading-digital-payment-companies-in-the-world>

change.

# Appendix

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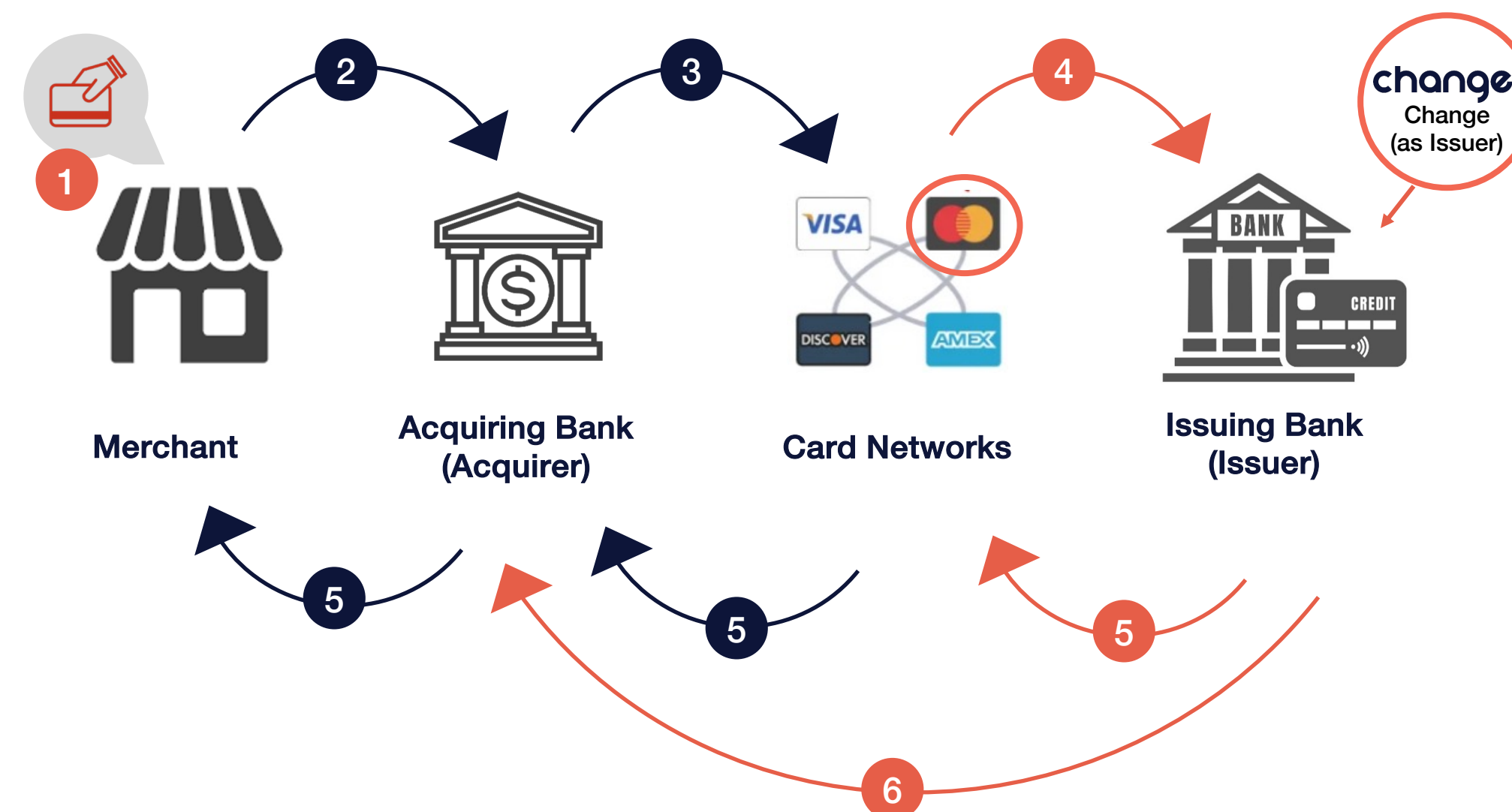




Change's role in the payments process depends on the region, client type and services provided

## 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**









- 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> VISA</div><div> UnionPay</div><div> JCB</div><div> AMERICAN EXPRESS</div><div> Diners Club INTERNATIONAL</div></div>	

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 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

   	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	Certified	Live	Live
United States	Issuing Bank Partner	Licenced	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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