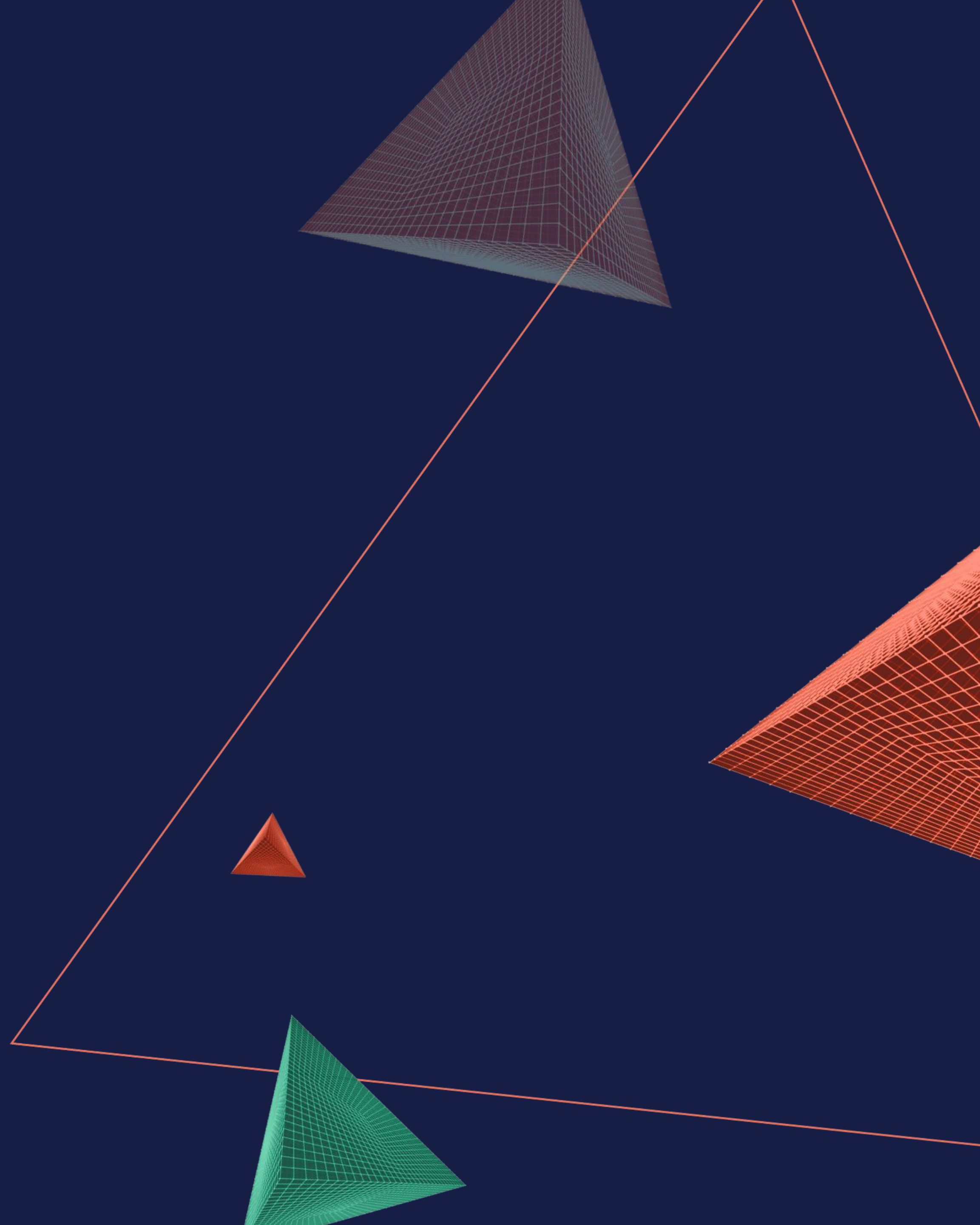


change.

Q1 FY25 Investor Presentation

29 October 2024

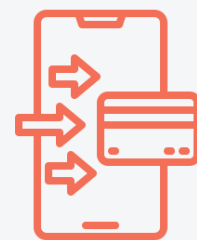


Delivering innovative and scalable payments solutions

- ▶ 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

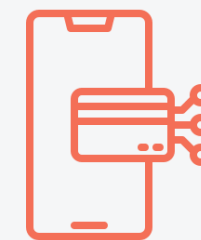
Payments as a Service



Physical, digital & virtual card issuing



Transaction processing for all major card schemes

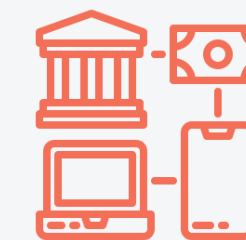


Digital payments (Apple, Google & Samsung Pay), BNPL

78%

of FY25 YTD Revenue

Payment testing



Full payment simulation



ATM & POS emulation



Visa, Mastercard, UnionPay, Amex, JCB validation

22%

of FY25 YTD Revenue

Key Highlights

- ▶ New Vertexon PaaS client signed in NZ, new PaySim client signed in SE Asia and new projects secured with existing Vertexon On-Premises and PaySim clients
- ▶ Successful go-live for Unity Credit Union in September

US\$3.7m

(A\$5.5m)¹

REVENUE² Q1 FY25



69%
PCP

60k+

CURRENT ACTIVE PaaS CARDS ON
PLATFORM



51%
QoQ

69%

OF REVENUE FROM RECURRING
INCOME STREAMS³ IN FY25 YTD

3.5m

NO. OF PaaS TRANSACTIONS
PROCESSED IN Q1 FY25



144%
QoQ

US\$116m

\$ VALUE OF PaaS TRANSACTIONS
PROCESSED⁴ IN Q1 FY25



147%
QoQ

US\$4.6m

CASH AS AT 30 SEPTEMBER 2024
+ US\$1.0m ADDITIONAL CASH
BACKED SECURITY GUARANTEES

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

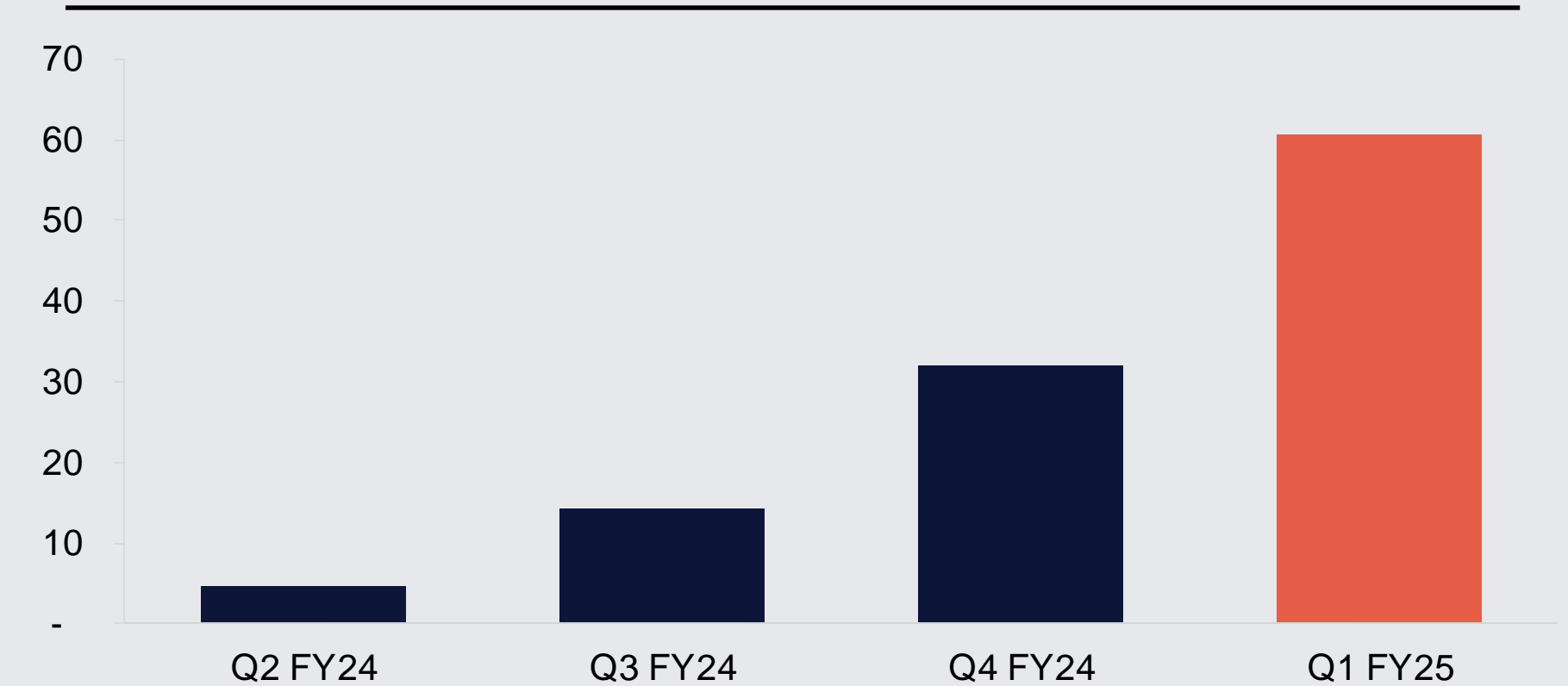
4. Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes

PaaS platform scaling
with volumes increasing
as cards migrate to
Change

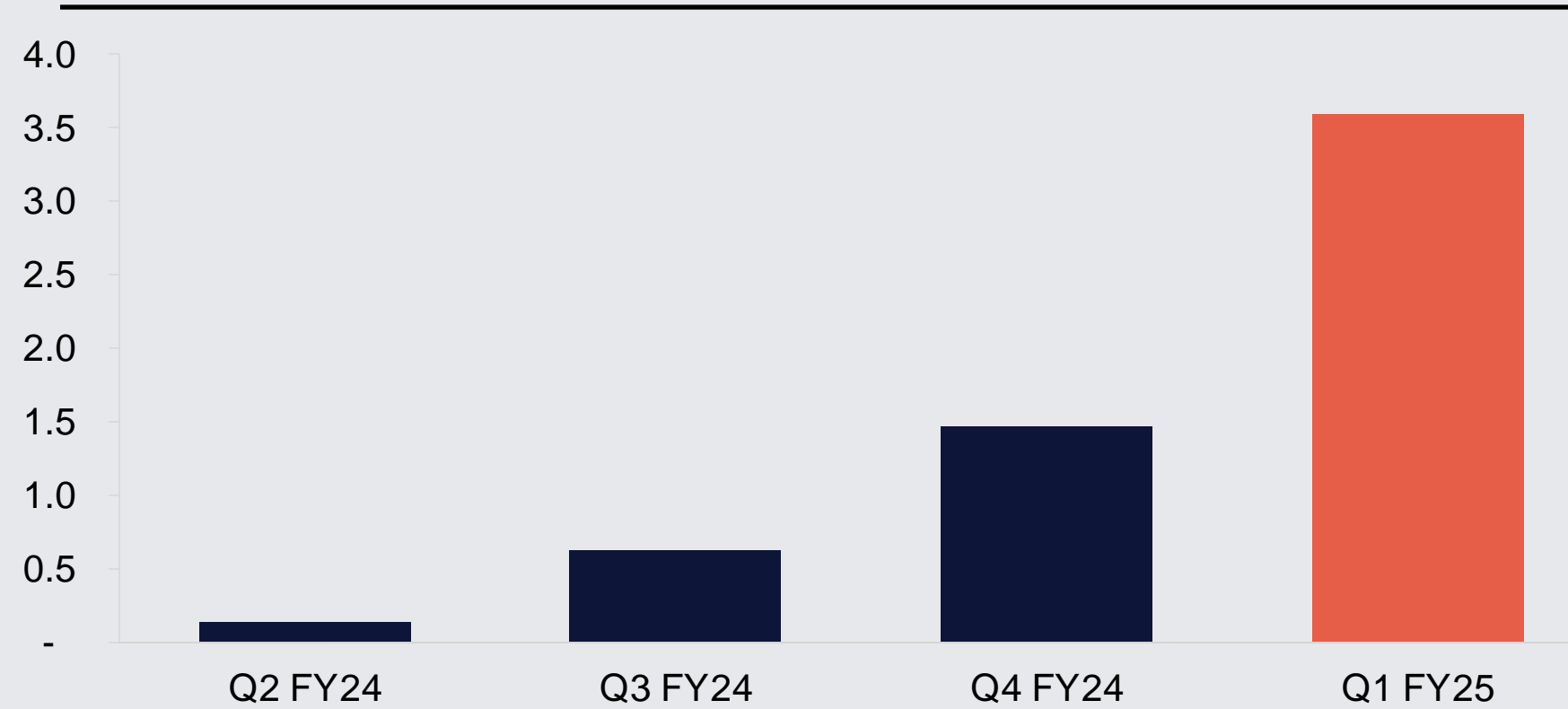
Vertexon PaaS Metrics

- ▶ Vertexon PaaS platform fully live and operational in Australia, NZ & US
 - ▶ 60k+ cards active
 - ▶ Unity Credit Union migrated 20k cards in September
- ▶ Significant increase in active cards & transaction volumes in early FY25
- ▶ Current issuing bank partner in the US experiencing regulatory challenges – Change already in advanced discussions with an alternative partner

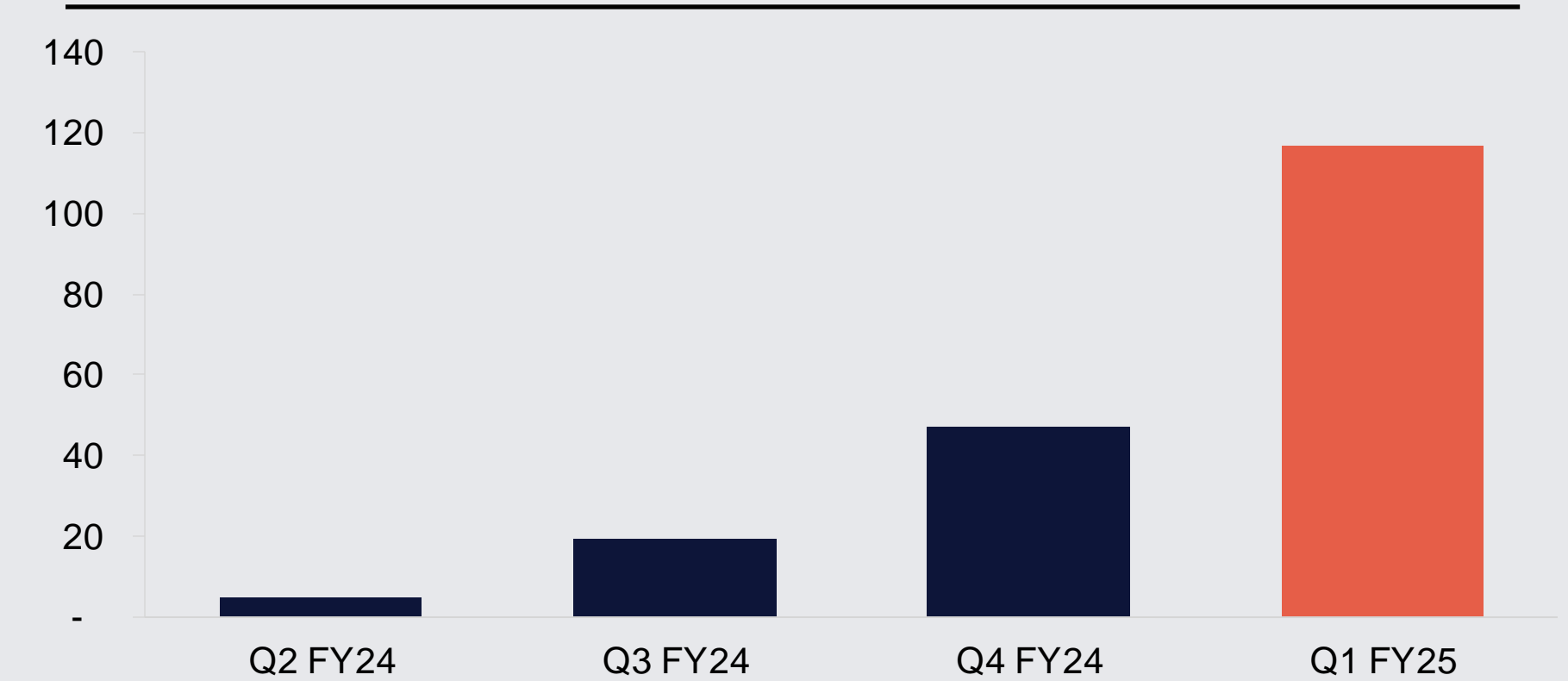
Active Cards (thousands)



Transactions Processed (millions)



Transaction Volumes (US\$m¹)



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

Financial Update – Q1 FY25

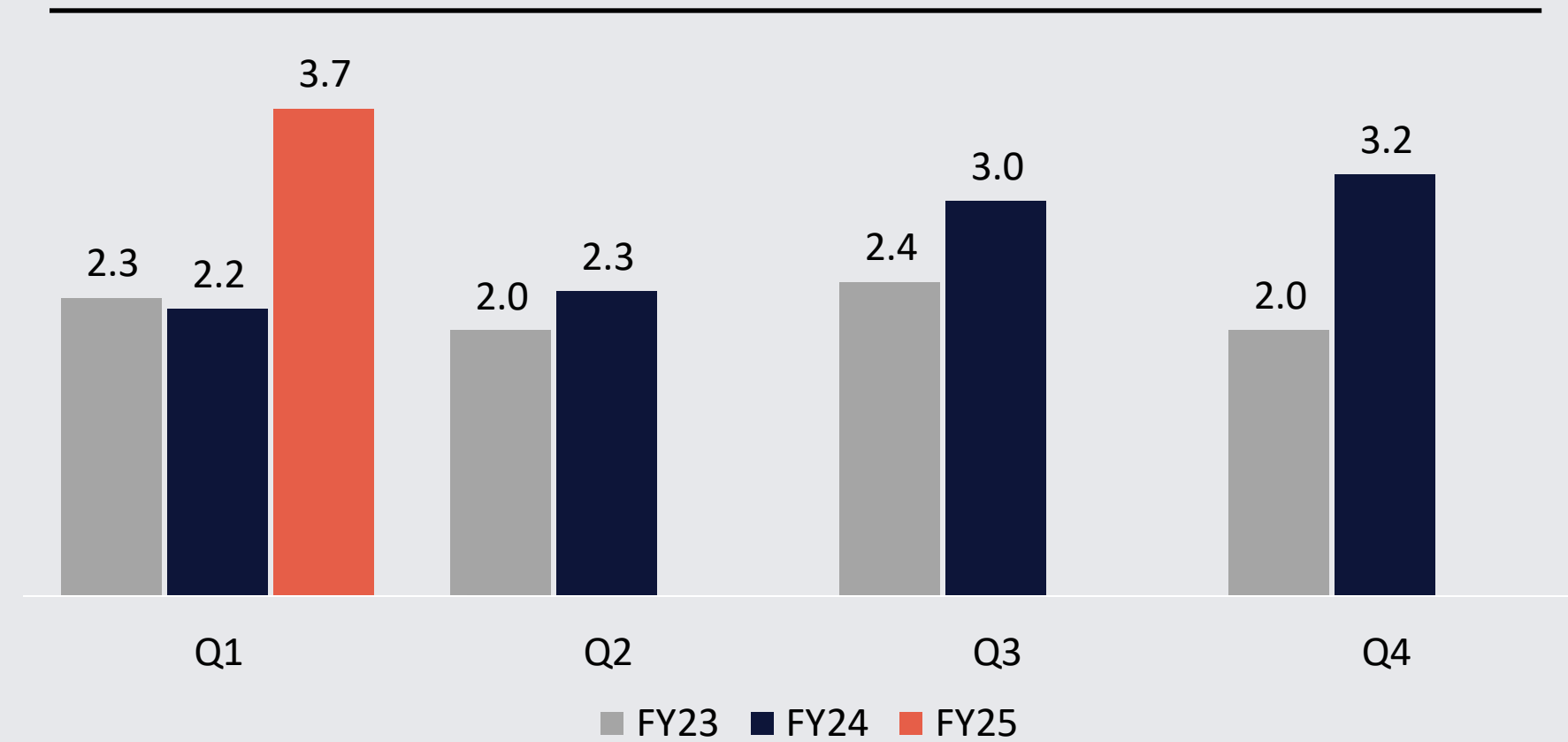
Significant PaaS revenue ramp up underway

- ▶ Q1 FY25 revenue of US\$3.7m (A\$5.5m¹), up 69% on pcp
 - ▶ **Record revenue quarter**
 - ▶ Growth driven by increasing PaaS revenue
 - ▶ Solid base of Support & Maintenance clients
 - ▶ Continuing to deliver one-off licence sales and professional service projects

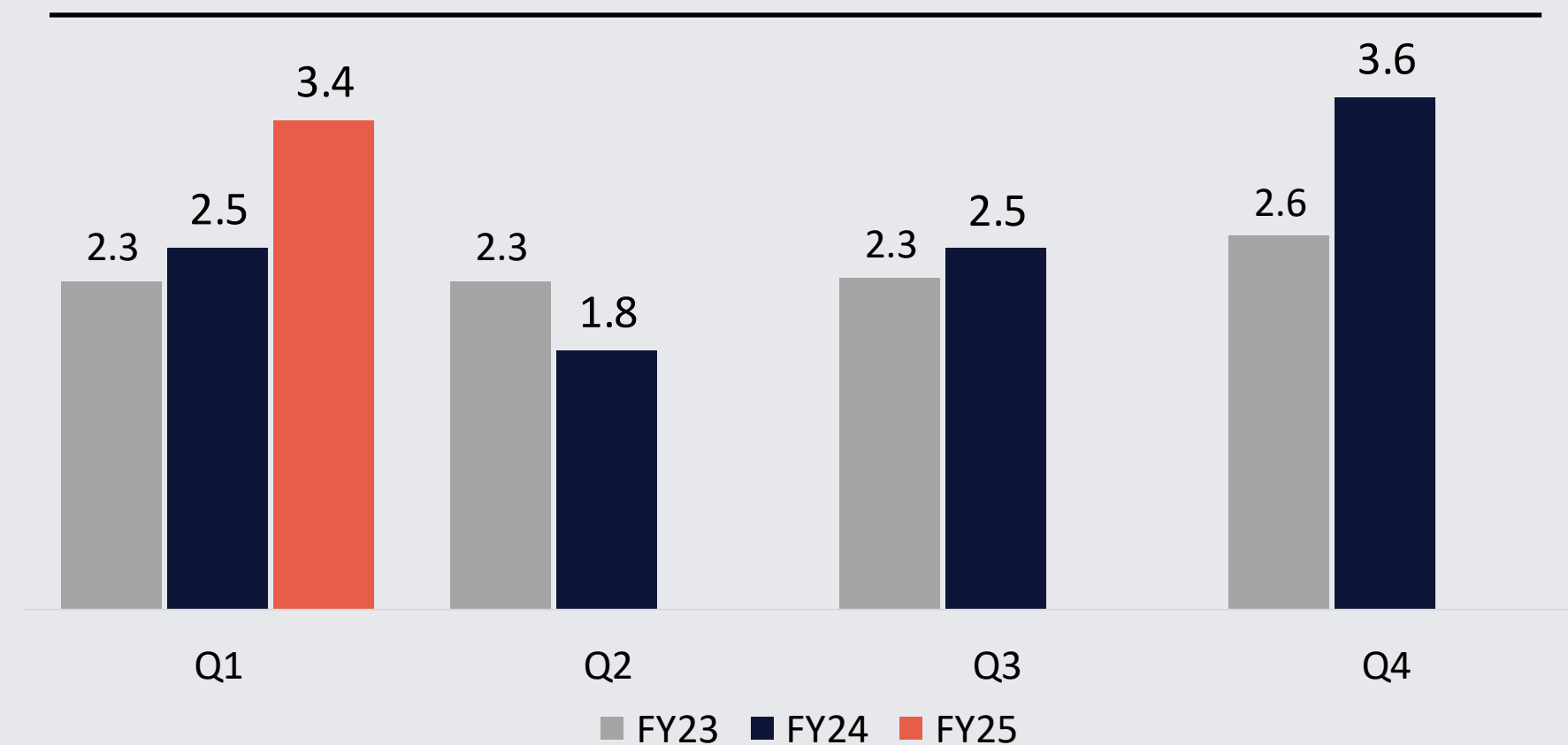
FY25 YTD Revenue Contribution	US\$m
PaaS	1.2
Support & Maintenance	1.3
Licence & Professional Services	1.1
Other	0.1

- ▶ Cash receipts of US\$3.4m (A\$5.1m), up 35% on pcp
- ▶ Cash payments for operating activities² of US\$3.6m (A\$5.4m), up 54% on pcp primarily driven by transaction costs for the NZ PaaS clients as volumes increased materially
- ▶ Working capital cycle exacerbated by significant growth – costs paid in late Q1 with associated cash collected in Q2
- ▶ Cash holdings of US\$4.6m (A\$6.9m)
 - ▶ Additional US\$1.0m (A\$1.5m) 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

Four strategic objectives to focus and drive our success in FY25

Key Pillars to Drive Success



Accelerate Growth & Scale

Engage collaboratively with our Clients and Partners to drive shared success and growth



Operational Excellence

Provide outstanding experiences for our Clients, Partners and Team



Market Leading Solutions

Deliver world class innovative payment solutions



Powering our People

Foster an environment of continual growth and development

Objectives	Description
Accelerate Growth & Scale	Engage collaboratively with our Clients and Partners to drive shared success and growth
Operational Excellence	Provide outstanding experiences for our Clients, Partners and Team
Market Leading Solutions	Deliver world class innovative payment solutions
Powering our People	Foster an environment of continual growth and development

Key Focus to Accelerate Growth & Scale

1

New Client Acquisition

- ▶ Vertexon – new PaaS clients in core target markets
 - ▶ Platform live in all target markets – building reference-ability
 - ▶ PaaS platform scaling – driving improved operating leverage
- ▶ PaySim – new licence sales
 - ▶ Market scoping study underway to define global opportunity
- ▶ Leverage extensive partner network and establish new strategic partnerships

2

Cross Sell & Upsell

- ▶ Strong relationships with existing Vertexon and PaySim clients – actively managing to drive project work
- ▶ Continue journey with existing Vertexon On-Premise clients to migrate to PaaS
- ▶ Adding new features and functionality – e.g. roll out of Apple Pay & Google Pay to PaaS clients
- ▶ PaySim modernisation program (UX/UI improvements) to improve sales prospects (e.g. fintechs)

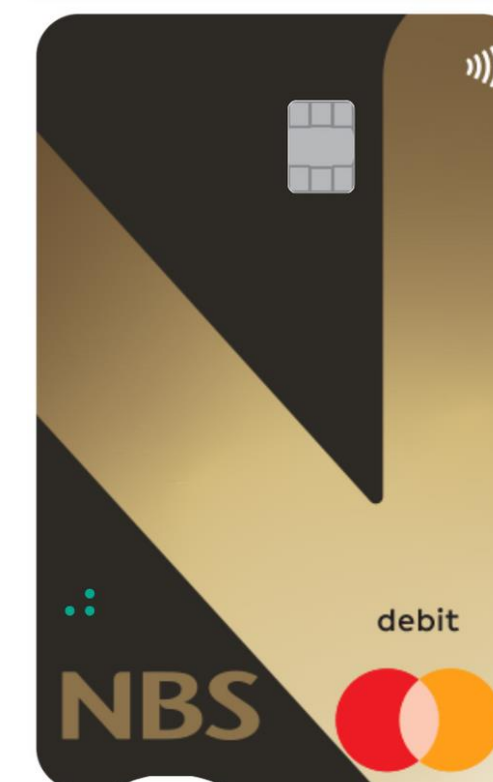
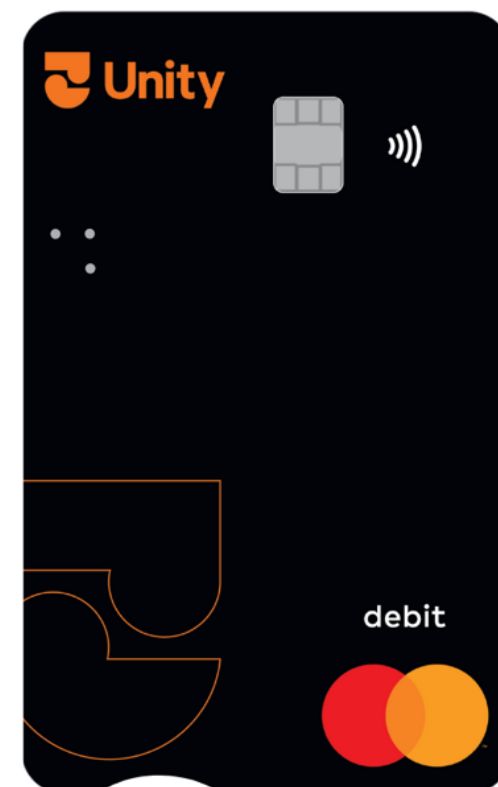
3

Inorganic Growth

- ▶ Explore inorganic opportunities that complement strategy and organic growth – drive increasing growth and profitability

Outlook

- ▶ Change is delivering on FY25 growth and financial targets
- ▶ Targeting FY25 revenue growth in excess of 30% - **ON TRACK**
 - ▶ Underpinned by significant portion of 'recurring' revenue – PaaS and Support & Maintenance
 - ▶ Strong focus on new client acquisition across both Vertexon and PaySim
- ▶ Increasing operating leverage – targeting maiden EBITDA positive result in FY25 - **ON TRACK**
 - ▶ Scale PaaS platform in core target markets to drive margin improvement
 - ▶ Realise cost savings and improved operational efficiency from dated platform rationalisation



Investment Highlights

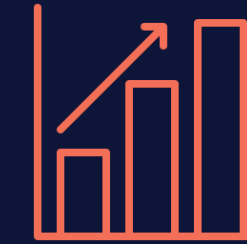
With strong foundations in place, Change is focussed on delivering profitable growth

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



- ▶ Targeting to deliver revenue growth in excess of 30% and maiden EBITDA positive result in FY25
- ▶ Q1 FY25 revenue of US\$3.7m (A\$5.5m)
- ▶ Contracted PaaS revenue to build over FY25
- ▶ Stable fixed cost base able to support material increase in new revenue

Marquee Customers



- ▶ Early validation of PaaS platform with several financial institution and fintech clients 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 testing¹

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

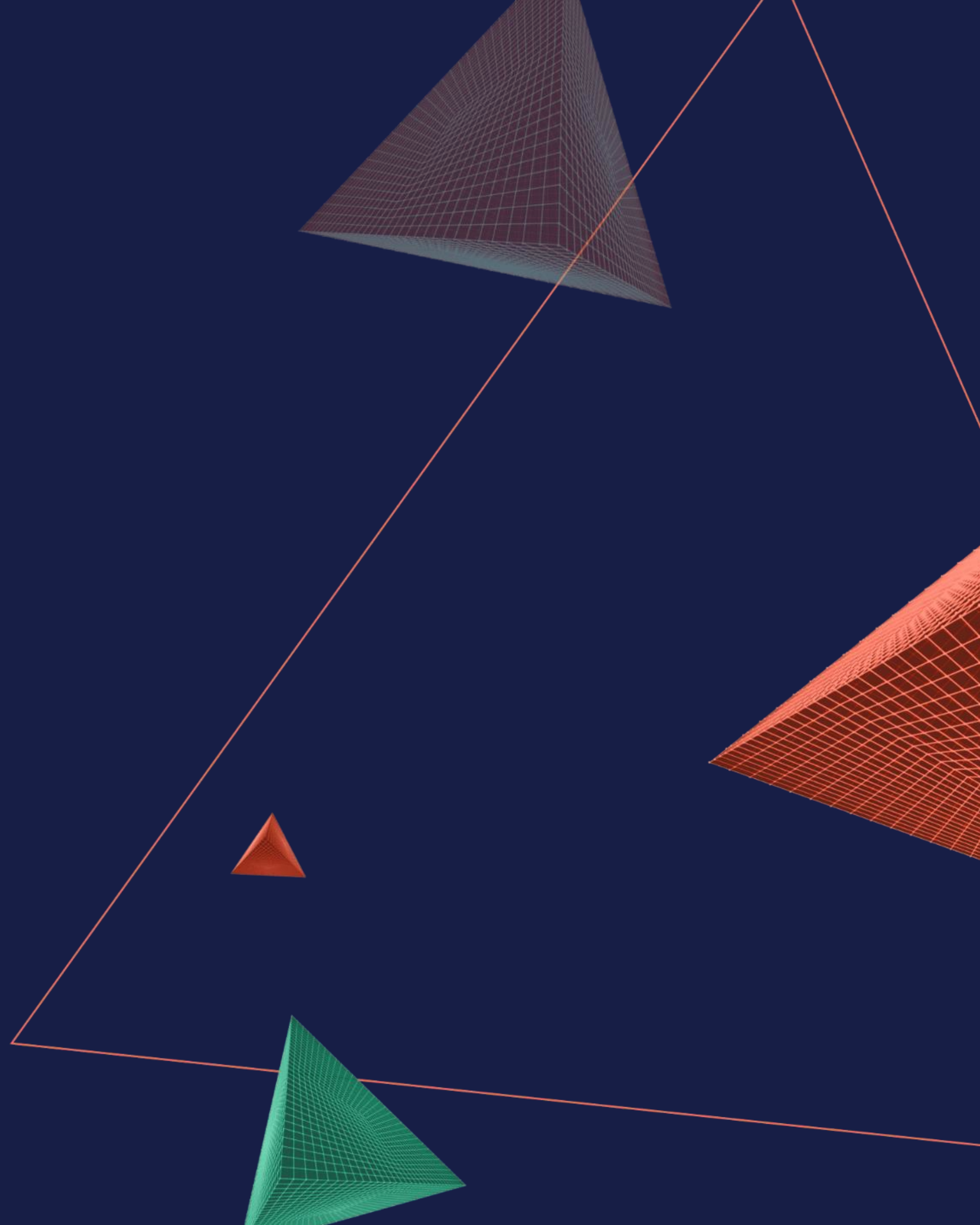
Market Tailwinds



- ▶ 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

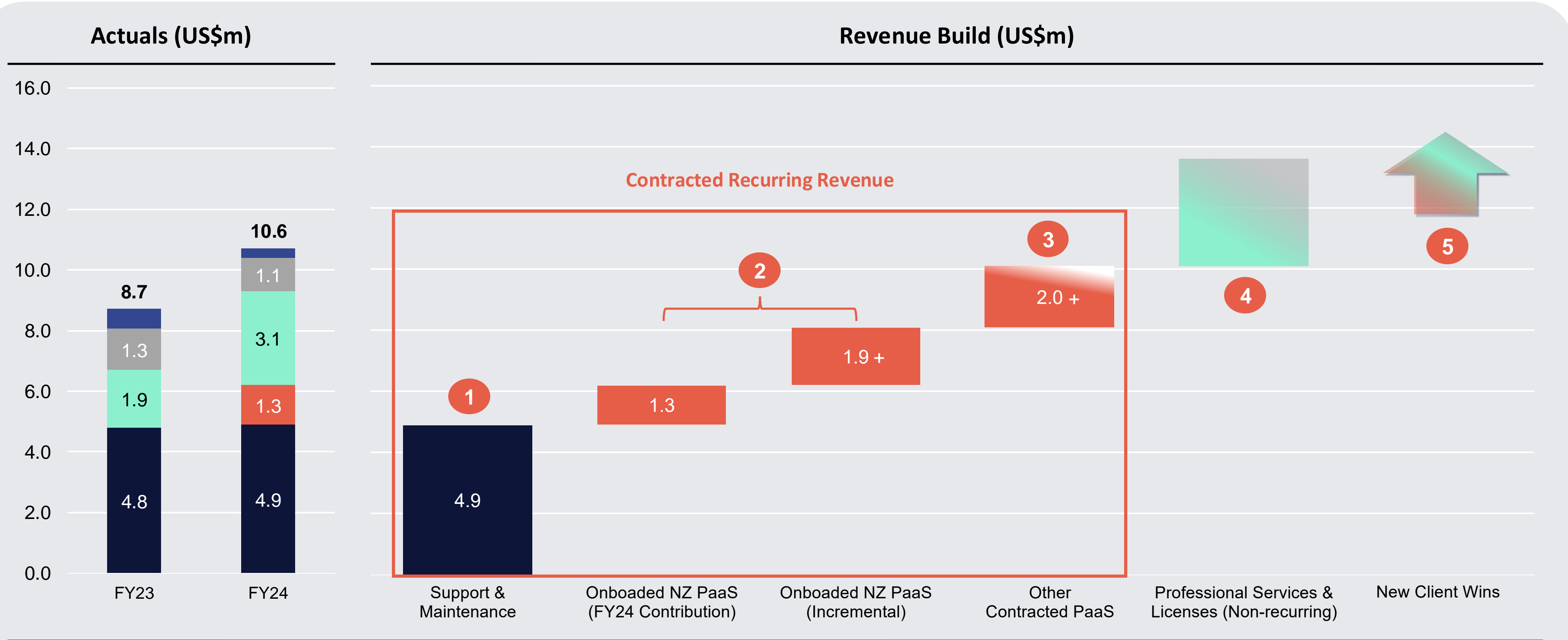
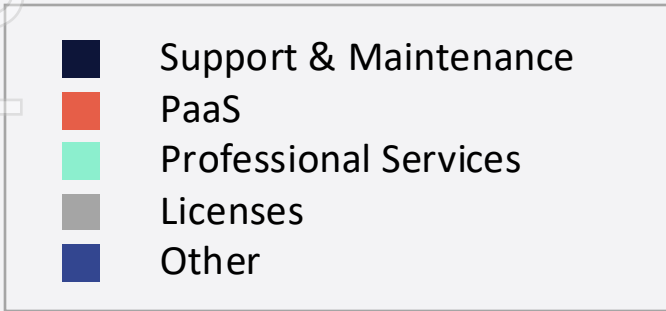
1. <https://www.emergenresearch.com/blog/top-10-leading-digital-payment-companies-in-the-world>

Appendix



Revenue Drivers Entering FY25

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

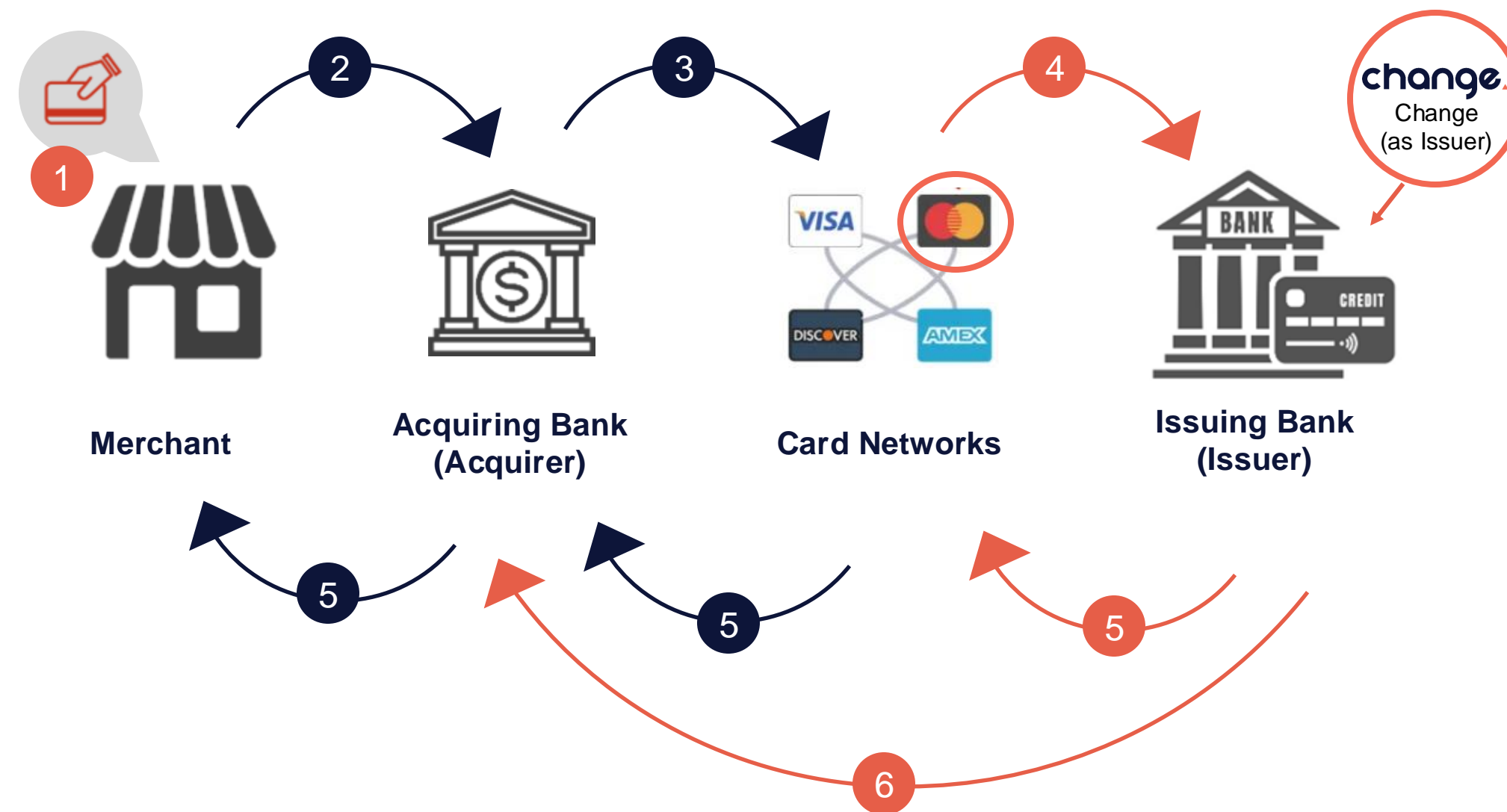


- 1** Support & Maintenance (S&M) revenue
 - ▶ Existing clients on 'licence model' (Vertexon & PaySim)
- 2** Already onboarded NZ clients, expected US\$3.2m+ revenue p.a. (fully onboarded exiting FY24)
- 3** Unity Credit Union (expected revenue US\$2.0m+ p.a.)
 - ▶ Go-live H1 FY25
 - ▶ Plus other PaaS clients in NZ, AU & US beginning rollouts
- 4** Professional Services & License revenue (non-recurring)
 - ▶ c.\$US3m-4m revenue each year for past 3 years
 - ▶ Team in place to continue to deliver work for established base of existing clients
- 5** Maturing sales pipeline
 - ▶ New PaaS opportunities in all key target markets
 - ▶ Ability to upsell existing clients
 - ▶ Sales team in place (recent appointment of CCO)

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

For personal use only

Vertexon product offering

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

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

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"> ▶ Reduced capex ▶ Access to new features & updates as they are released ▶ API & cloud focused solution (improves scalability)
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	

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.

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.

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

change.▲

Thank you.

Get in touch

investors@changefinancial.com

