

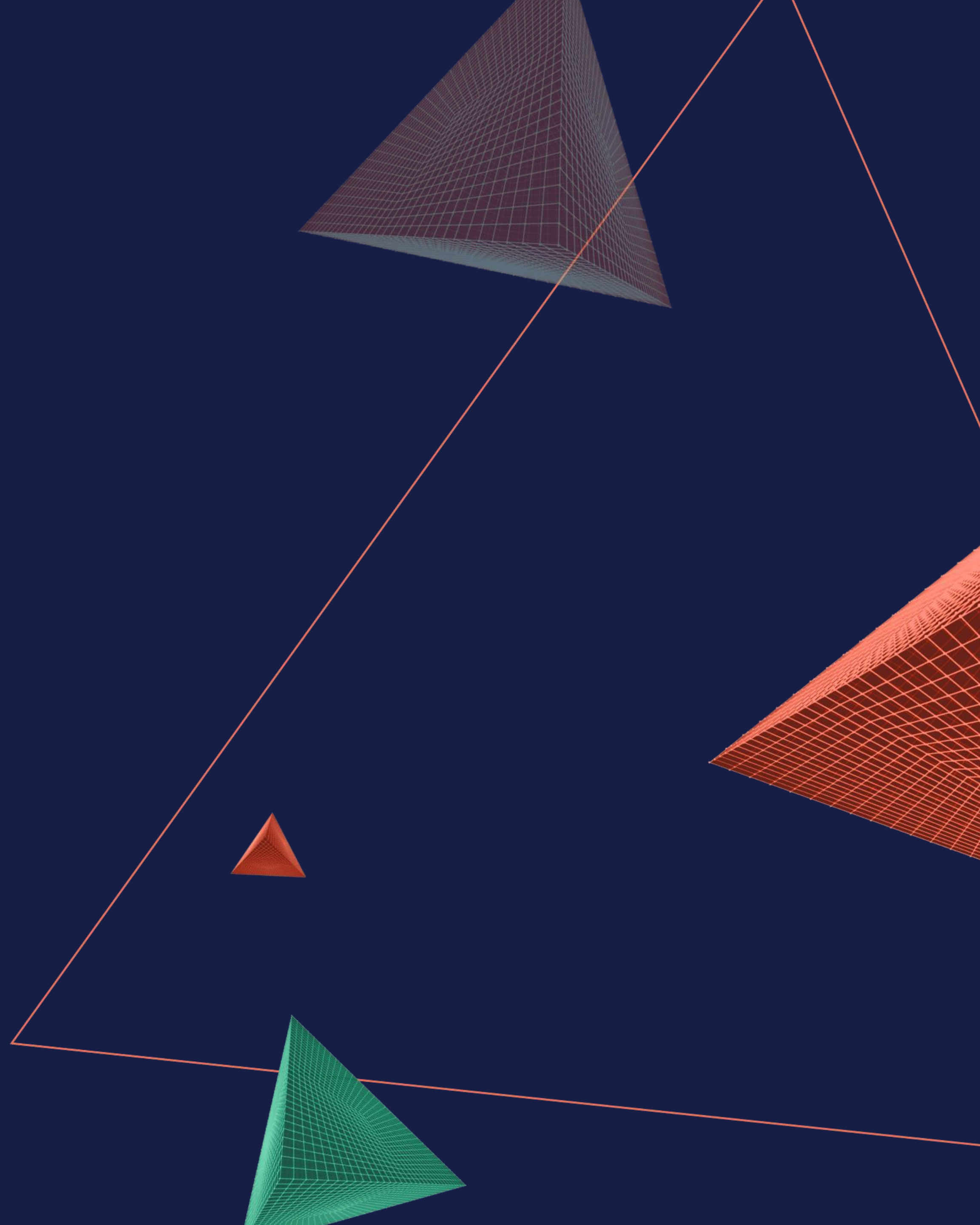
For personal use only

**change.**

---

## Q2 FY25 Investor Presentation

30 January 2025

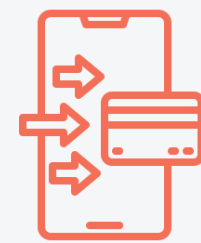


# Delivering innovative and scalable payments solutions

- ▶ 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

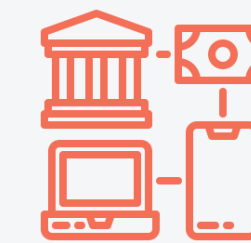


Digital payments (Apple, Google & Samsung Pay), BNPL

**80%**

of FY25 YTD Revenue

### Payment testing



Full payment simulation



ATM & POS emulation



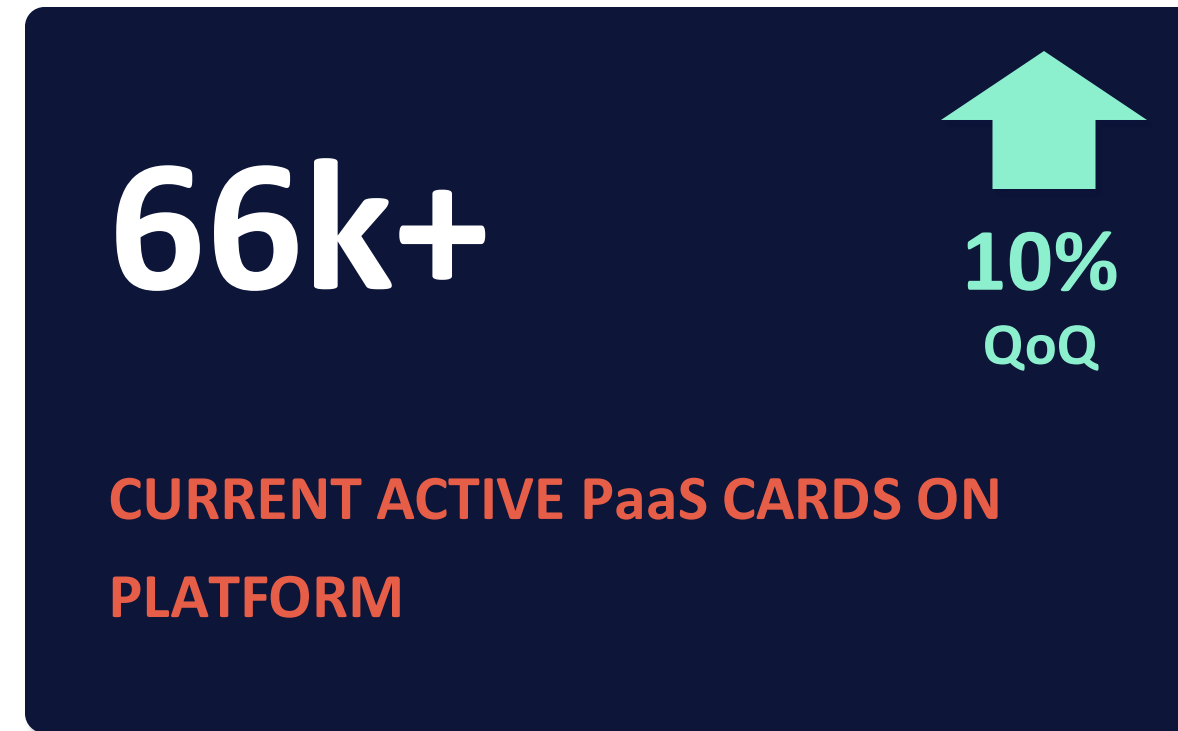
Visa, Mastercard, UnionPay, Amex, JCB validation

**20%**

of FY25 YTD Revenue

## Key Highlights

- ▶ New Vertexon PaaS client signed in NZ and a number of new projects and licences with existing Vertexon On-Premises and PaySim clients
- ▶ H1 FY25 revenue (unaudited) of US\$7.2m (A\$11.4m), up 61% on pcp



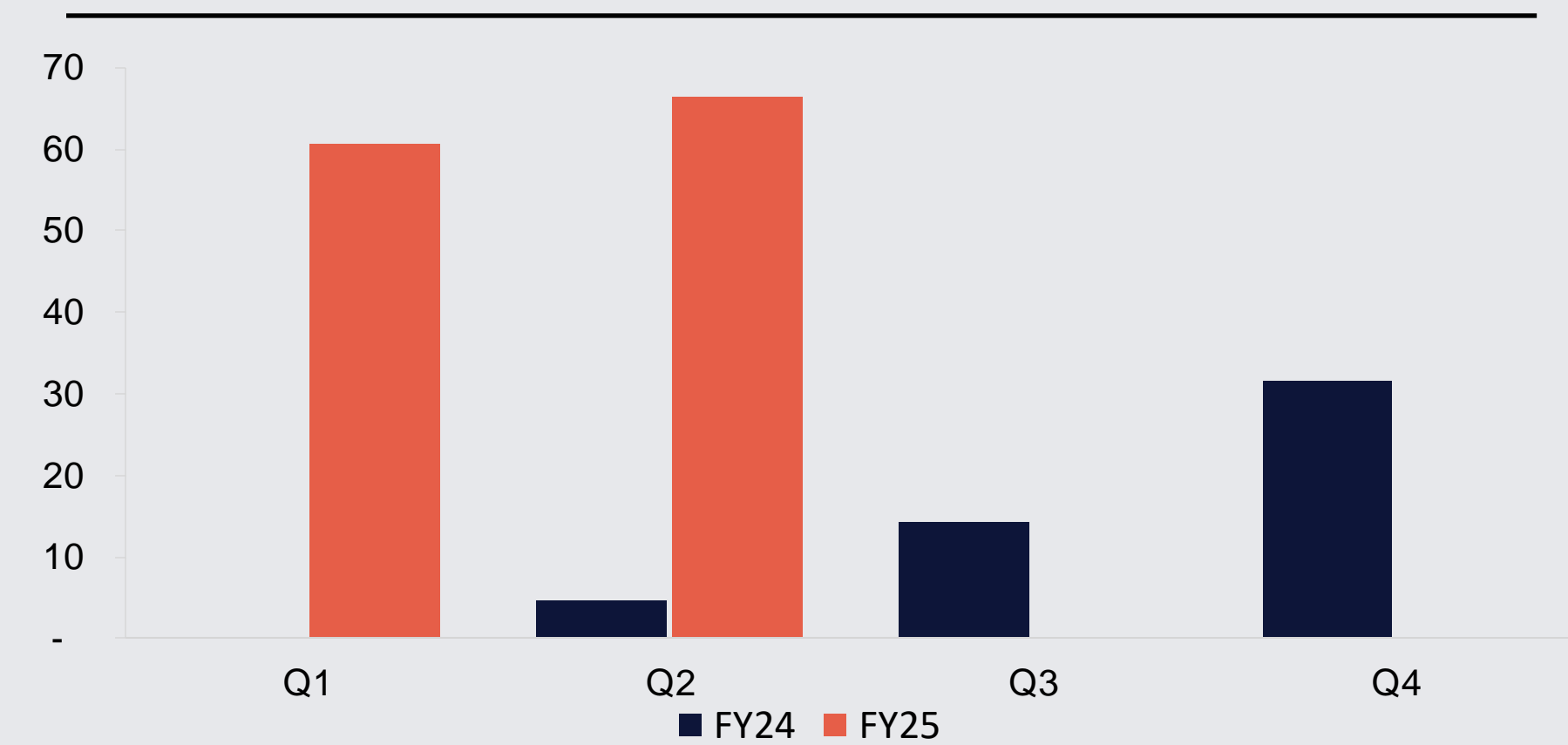
1. AUD/USD = 0.63, all AUD amounts are converted for representation purposes to assist the reader  
 2. Unaudited  
 3. Includes Support & Maintenance and PaaS transaction fee revenue  
 4. Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes

PaaS platform scaling  
with volumes increasing  
as cards migrate to  
Change

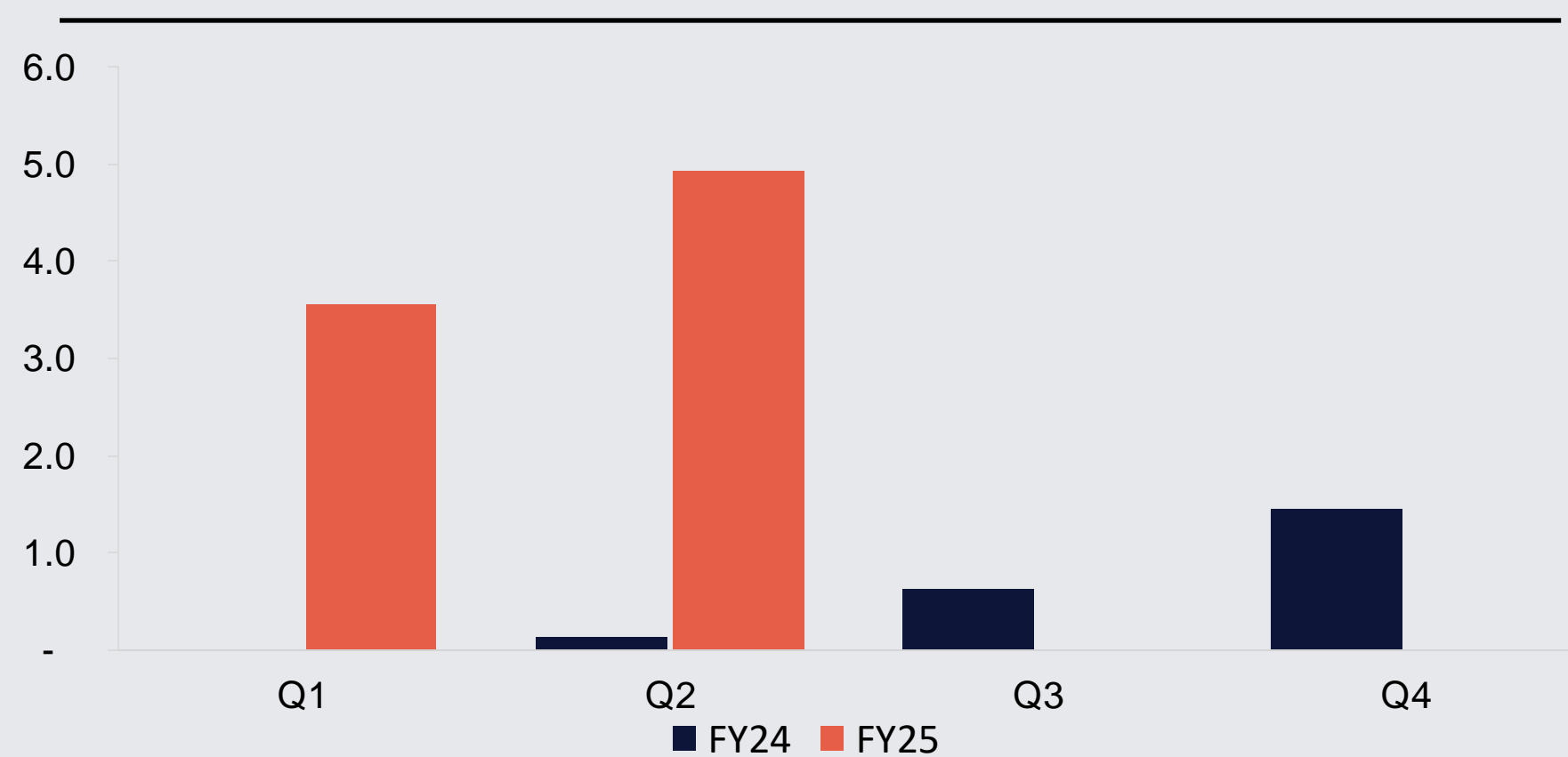
# Vertexon PaaS Metrics

- ▶ Vertexon PaaS platform fully live and operational in Australia & NZ
  - ▶ 66k+ cards active
- ▶ Significant increase in active cards & transaction volumes during H1 FY25
- ▶ Change is exiting the US market with last transactions by end of January 2025 – metrics reported exclude all US cards and transactions

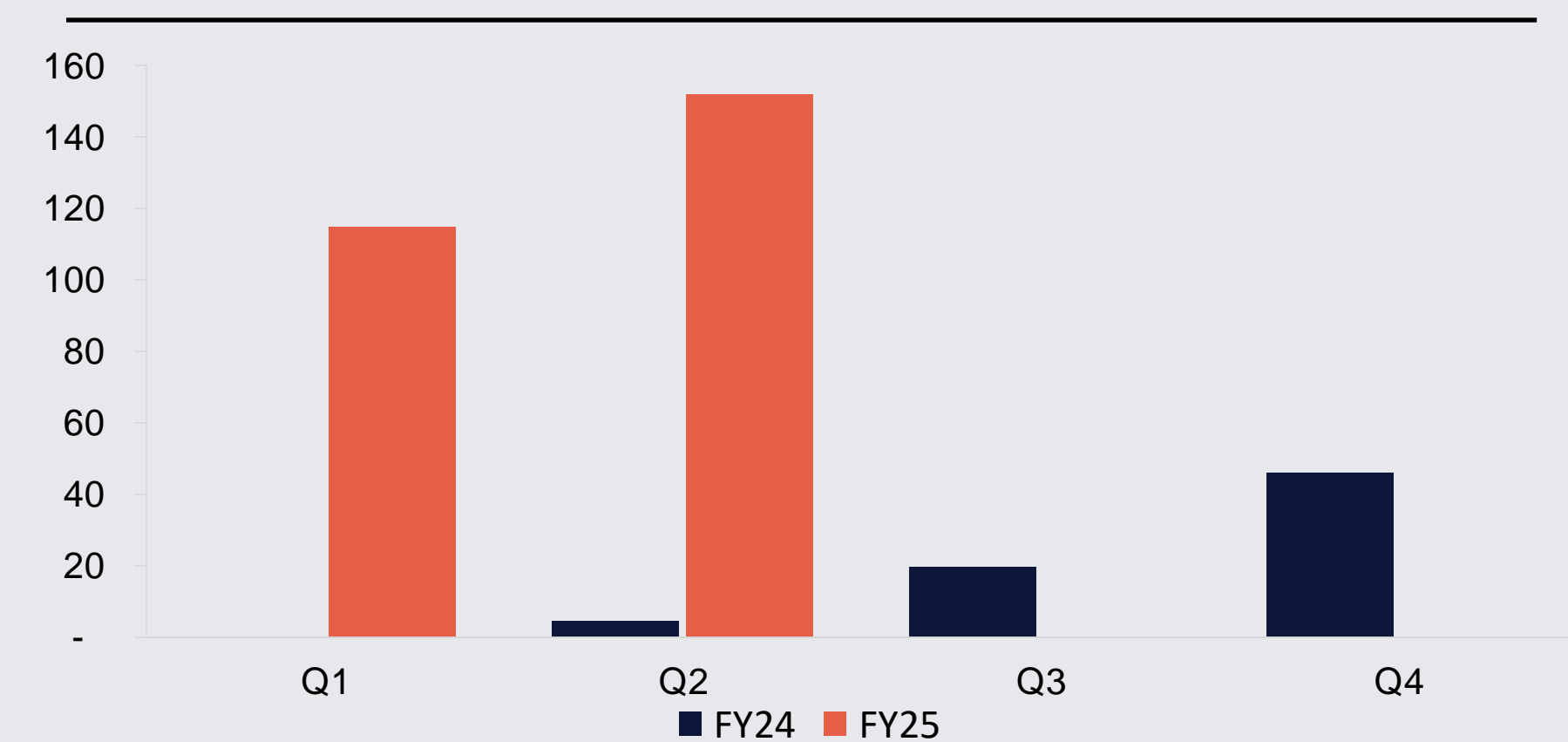
Active Cards (thousands)



Transactions Processed (millions)



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

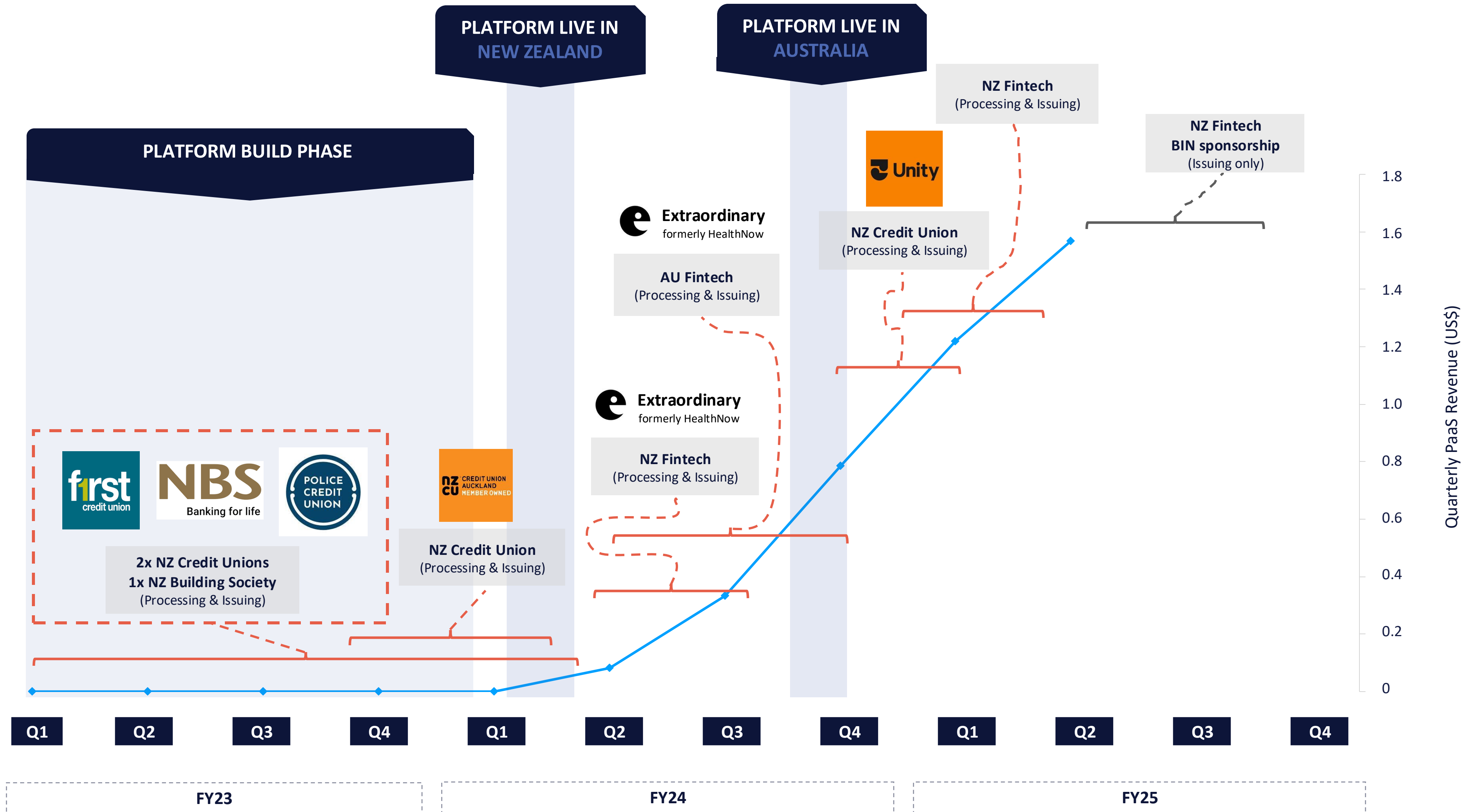


1. Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes



# Reducing launch timelines and accelerating PaaS Growth

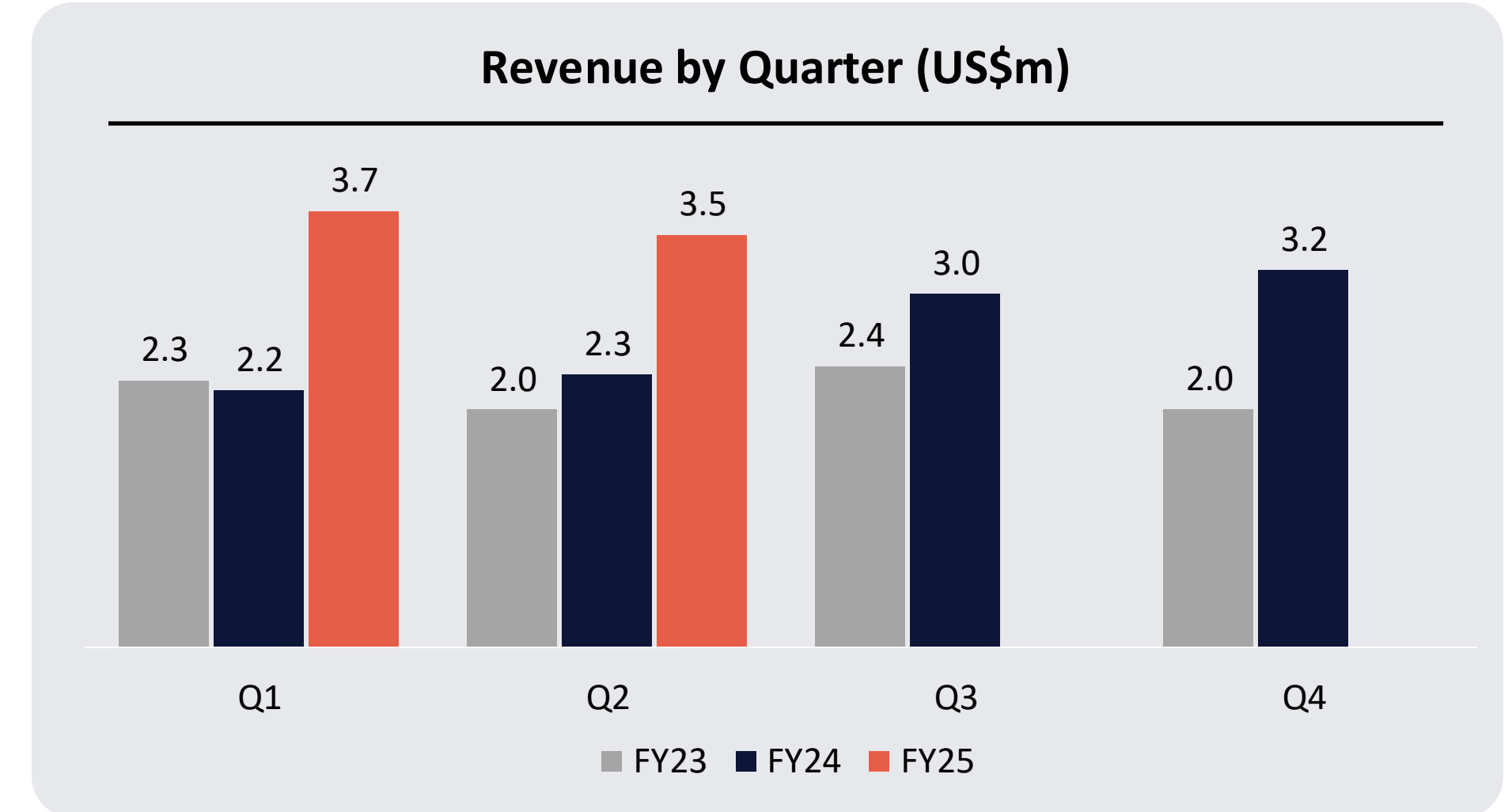
Program launch timelines reducing given PaaS platform fully live and operational



PaaS making a meaningful contribution to revenue

## Financial Update – Q2 FY25

- ▶ Q2 FY25 revenue of US\$3.5m (A\$5.6m<sup>1</sup>), up 53% on pcp
  - ▶ Growth driven by increasing PaaS revenue
  - ▶ Solid base of Support & Maintenance clients
  - ▶ Continuing to deliver one-off licence sales and professional service projects
    - ▶ H1 FY25 one-off revenue in line with expectations and previous years (c.\$US3.0m to US\$4.0m revenue annually for past 3 years)
- ▶ H1 FY25 revenue (unaudited) of US\$7.2m (A\$11.4m), up 61% on pcp



Revenue Contribution (US\$m)	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
PaaS (Recurring)	0.5	0.8	1.2	1.6
Support & Maintenance (Recurring)	1.2	1.2	1.3	1.3
Licence & Professional Services	1.3	1.1	1.1	0.5
Other	0.0	0.1	0.1	0.1
<b>Total</b>	<b>3.0</b>	<b>3.2</b>	<b>3.7</b>	<b>3.5</b>
<i>% Recurring Revenue</i>	<i>53%</i>	<i>64%</i>	<i>69%</i>	<i>83%</i>

- ▶ Q2 FY25 PaaS revenue up 29% on Q1 FY25
- ▶ 76% of FY25 YTD revenue from recurring revenue streams

# Financial Update – Q2 FY25 (cont.)

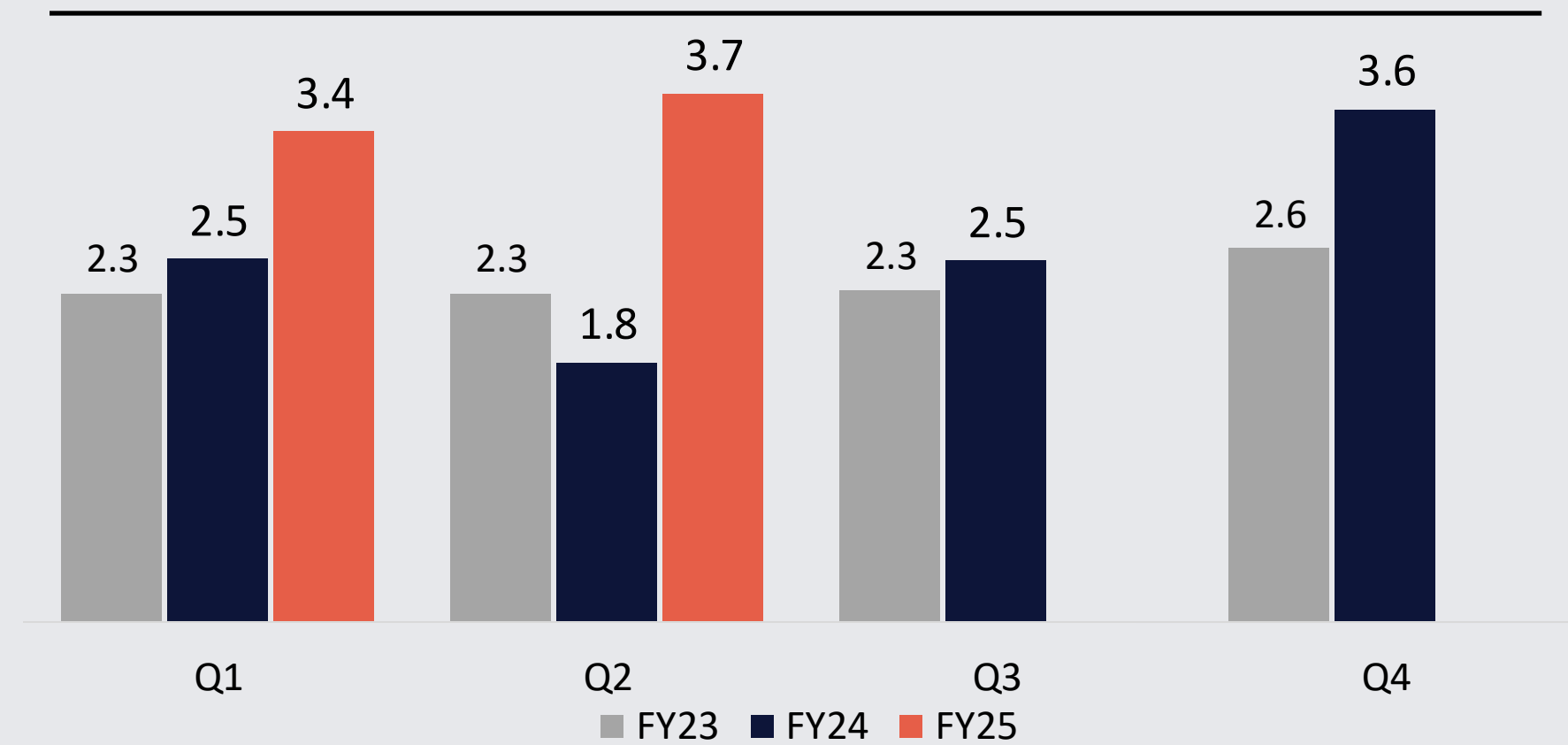
Exiting the US operations will realise significant cost savings and operational efficiencies

- ▶ Cash receipts of US\$3.7m (A\$5.9m<sup>1</sup>), up 103% on pcp
- ▶ Cash payments for operating activities<sup>2</sup> of US\$3.9m (A\$6.2m), up 25% on pcp primarily driven by transaction costs for the NZ PaaS clients as volumes increased materially
- ▶ Staff costs (approximately 46% of cash payments for operating activities) up 2% on pcp
- ▶ Cash holdings of US\$3.5m (A\$5.6m)
  - ▶ Additional US\$0.9m (A\$1.4m) held in cash-backed security guarantees relating to card issuing activities
  - ▶ Given FX rate movements, reported cash balance for the quarter reduced by US\$0.5m (A\$0.8m)

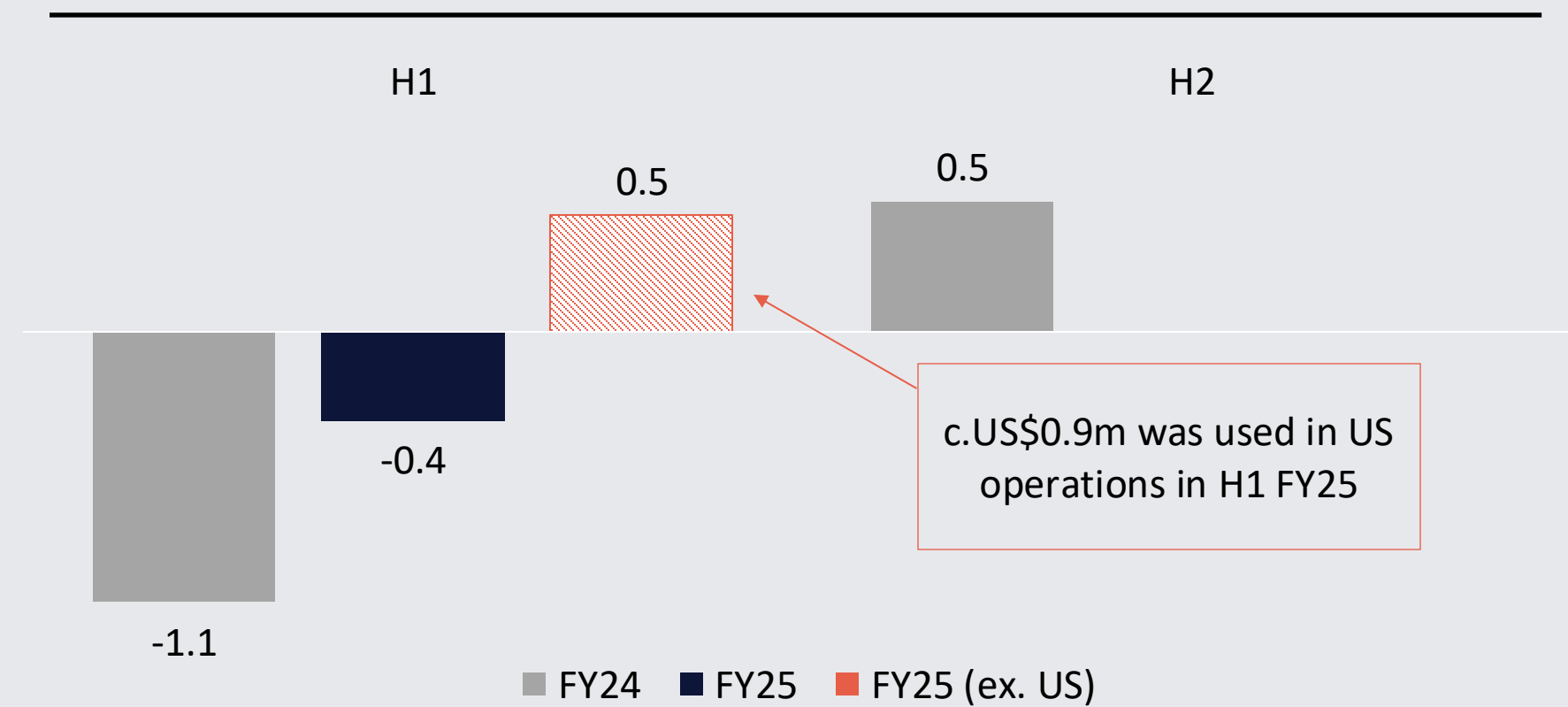
## US Withdrawal Update

- ▶ Substantial progress made on US wind down – last date for processing transactions 30 January 2025
- ▶ Whilst there will be some one-off exit costs realised in December 2024 and Q3 FY25, the Company expects there to be a material reduction in operating costs in H2 FY25
- ▶ Operating leverage will significantly increase driving material improvement in EBITDA and cashflow

Cash Receipts by Quarter (US\$m)



Net Cash from (used in) Operations (US\$m)



1. AUD/USD = 0.63

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
<b>Accelerate Growth &amp; Scale</b>	Engage collaboratively with our Clients and Partners to drive shared success and growth
<b>Operational Excellence</b>	Provide outstanding experiences for our Clients, Partners and Team
<b>Market Leading Solutions</b>	Deliver world class innovative payment solutions
<b>Powering our People</b>	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 Oceania – building reference-ability on the back of marquee NZ client wins
  - ▶ PaaS platform scaling which is driving improved operating leverage – processing >NZ\$1bn pa run rate in NZ
- ▶ PaySim – new licence sales
  - ▶ Completed external market scoping study – defines global opportunity, provides key product roadmap input, refines sales & marketing strategy to drive growth
- ▶ Leverage extensive partner network and establish new strategic partnerships (including BIN sponsorship)

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

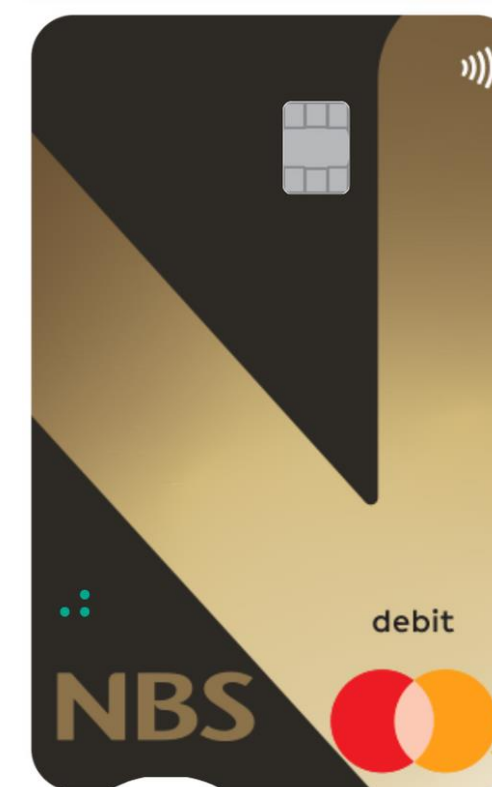
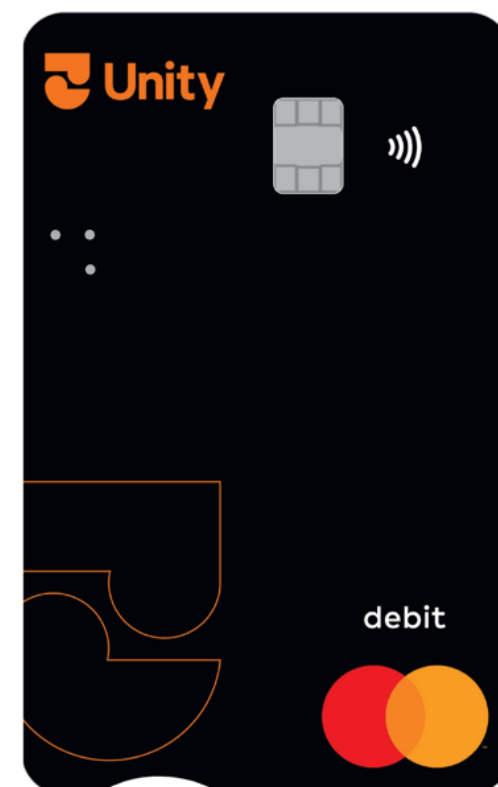
3

## 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 (76% of H1 FY25 revenue)
  - ▶ Focused on building the sales pipeline and winning new deals, particularly in Oceania and SE Asia, to deliver sustained revenue growth over the coming quarters
- ▶ Increasing operating leverage – targeting maiden EBITDA positive result in FY25 - **ON TRACK**
  - ▶ Scale PaaS platform in Oceania to drive margin improvement – replicate NZ success in Australia
  - ▶ Exit from loss-making US operations will drive material improvement in EBITDA and cashflow – will also enable Change to concentrate on the large PaaS market opportunity in Oceania



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

# Investment Highlights

## Building Blocks In Place



- ▶ All regulatory and licensing requirements for card issuing via Vertexon in NZ & AU in place
- ▶ Australian Financial Services Licence in AU & Financial Service Provider in NZ
- ▶ Strong relationship with Mastercard

## Growth & Scale Focus



- ▶ Targeting to deliver revenue growth in excess of 30% and maiden EBITDA positive result in FY25
- ▶ H1 FY25 revenue of US\$7.2m (A\$11.4m)
- ▶ Contracted PaaS revenue building
- ▶ Material cost base reduction in H2 FY25 as exit loss making US operations

## Marquee Customers



- ▶ Strong 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 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



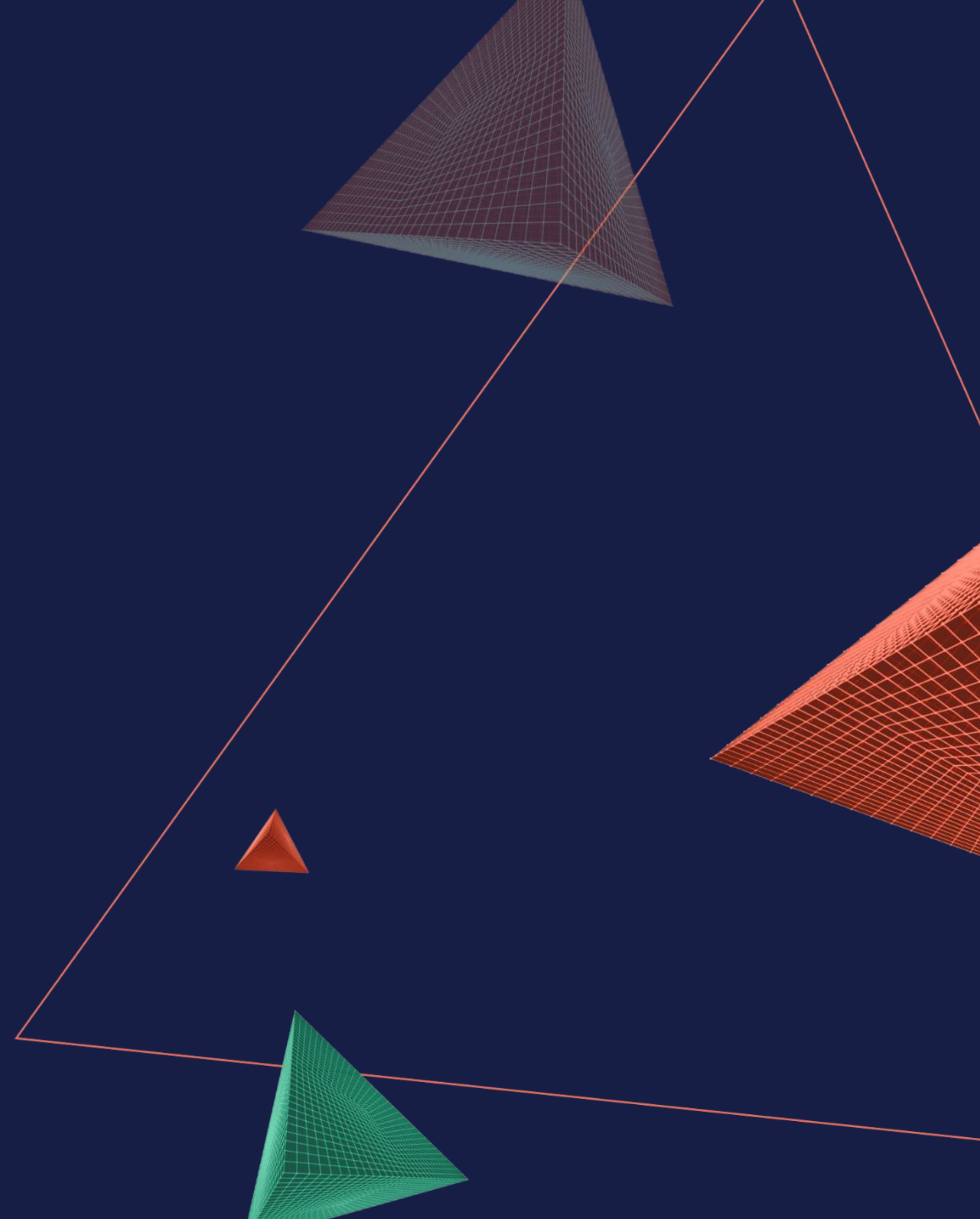
- ▶ Continued move towards digital payments as cash usage declines
- ▶ High barriers to entry to become card issuer with extensive regulatory and licensing requirements providing a strong moat for Change

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



# Appendix

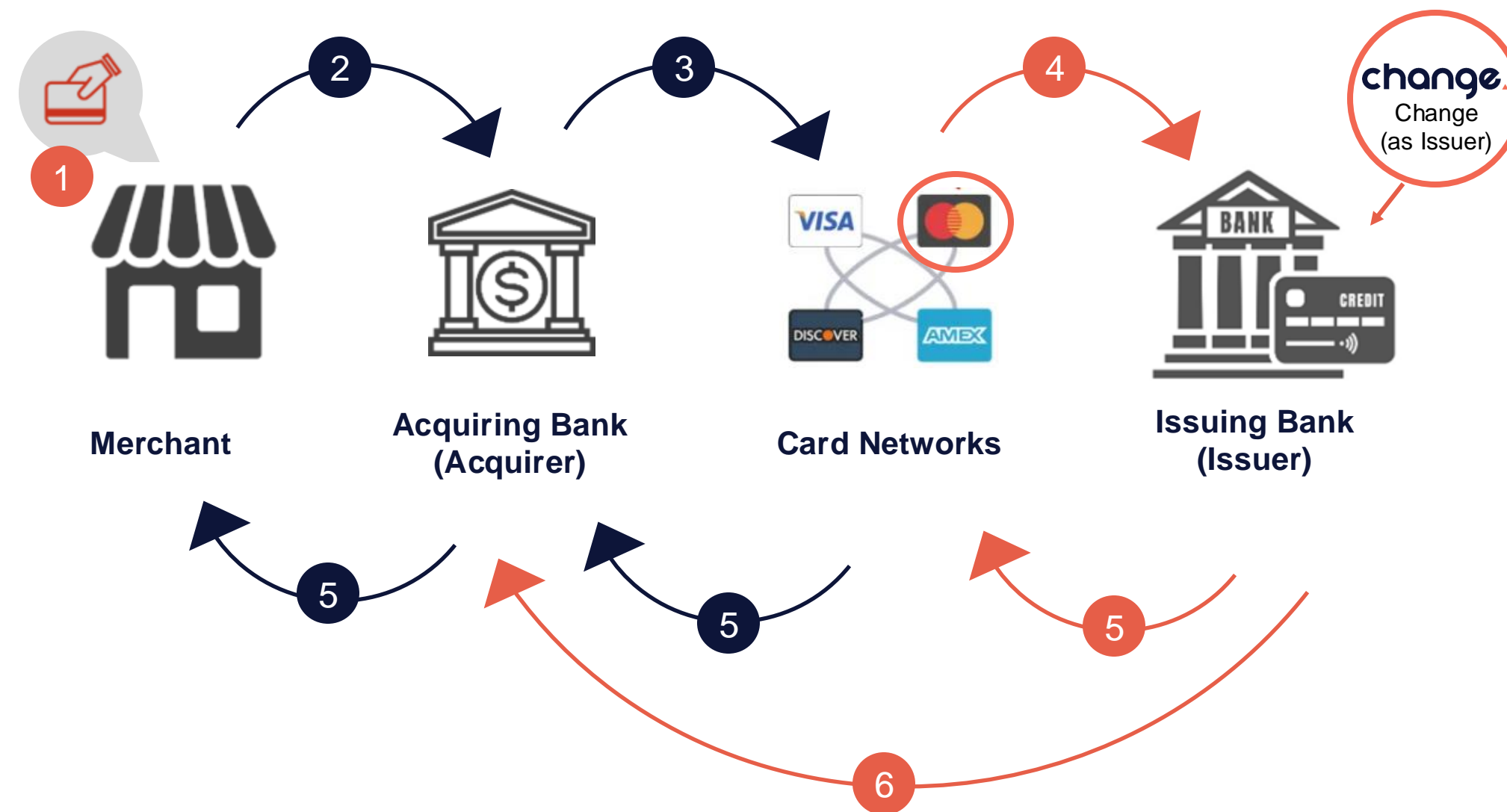
---



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*

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
<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 in Australia, FSP in NZ)</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-Premises 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</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 and New Zealand</li> </ul>
<b>Supported Schemes</b>		

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
<b>Description</b>	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>
<b>Revenue type</b>	One-off upfront	One-off upfront	Recurring	Recurring	
<b>Target clients</b>	New banks, financial institutions & fintechs	Existing clients	-	New banks, financial institutions & fintechs	
<b>Primary sales channels</b>	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](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

change.▲

Thank you.

Get in touch

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

