Q2 FY25 Investor Presentation

30 January 2025

Delivering innovative and scalable payments solutions

Payment solutions provider driving innovation in the banking ecosystem

- 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

vertexon



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

PAYSIM



Full payment simulation



ATM & POS emulation



Visa, Mastercard, UnionPay, Amex, JCB validation

20%

of FY25 YTD Revenue

Key Highlights

Record H1 revenue driven by increasing PaaS revenues

- 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

US$3.5m
(A$5.6m)[1]
53% PCP
REVENUE[2] Q2 FY25

66k+
10% QoQ
CURRENT ACTIVE PaaS CARDS ON PLATFORM

76%
OF REVENUE FROM RECURRING INCOME STREAMS[3] IN FY25 YTD

4.9m
39% QoQ
NO. OF PaaS TRANSACTIONS PROCESSED IN Q2 FY25

US$152m
32% QoQ
$ VALUE OF PaaS TRANSACTIONS PROCESSED[4] IN Q2 FY25

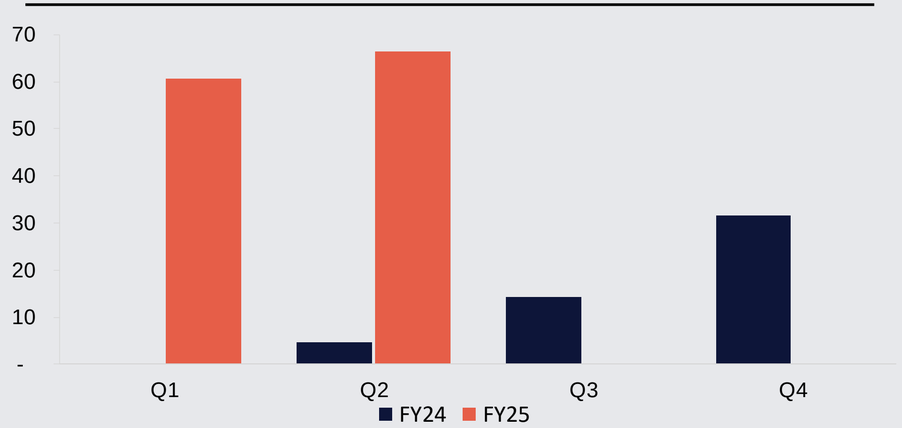
US$3.5m
CASH AS AT 31 DECEMBER 2024
+ US$0.9m ADDITIONAL CASH BACKED SECURITY GUARANTEES

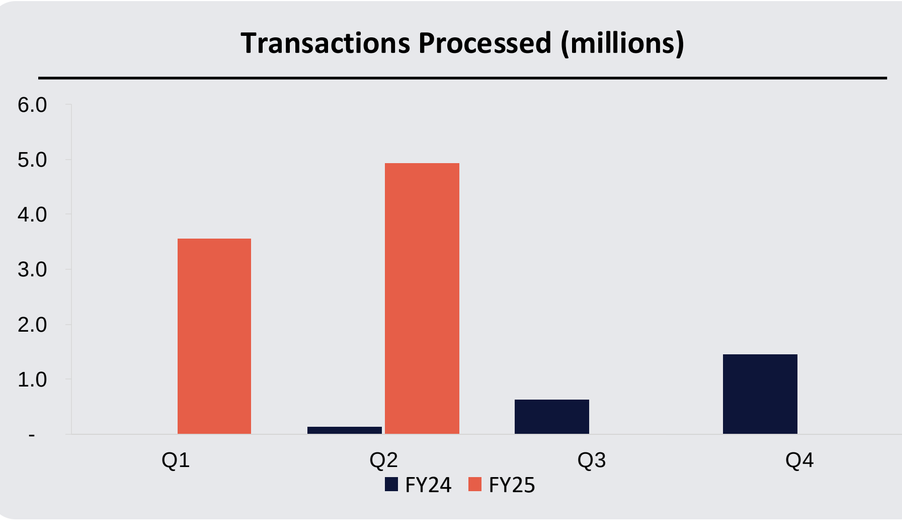
1. *AUD/USD = 0.63, all AUD amounts are converted for representation purposes to assist the reader*
2. *Unaudited*
3. *Includes Support & Maintenance and PaaS transaction fee revenue*
4. *Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for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

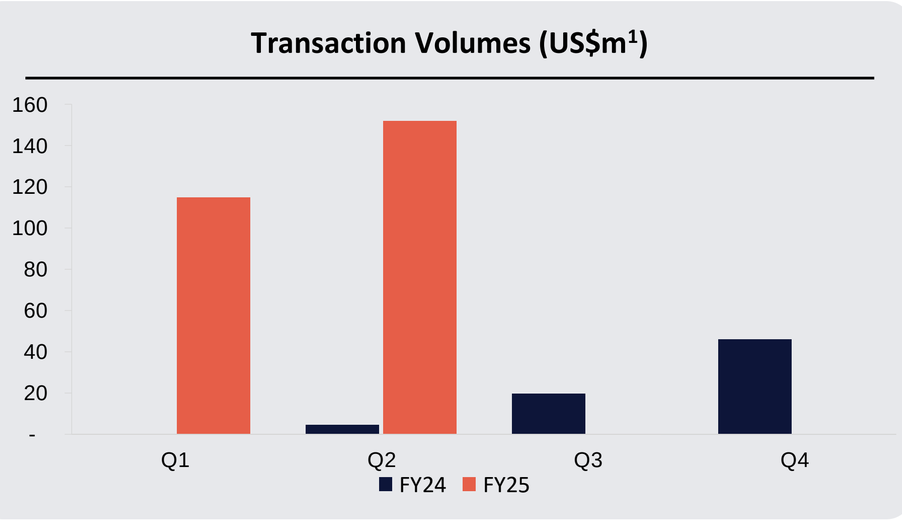
Vertexon PaaS Metrics

PaaS platform scaling with volumes increasing as cards migrate to Change

- 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



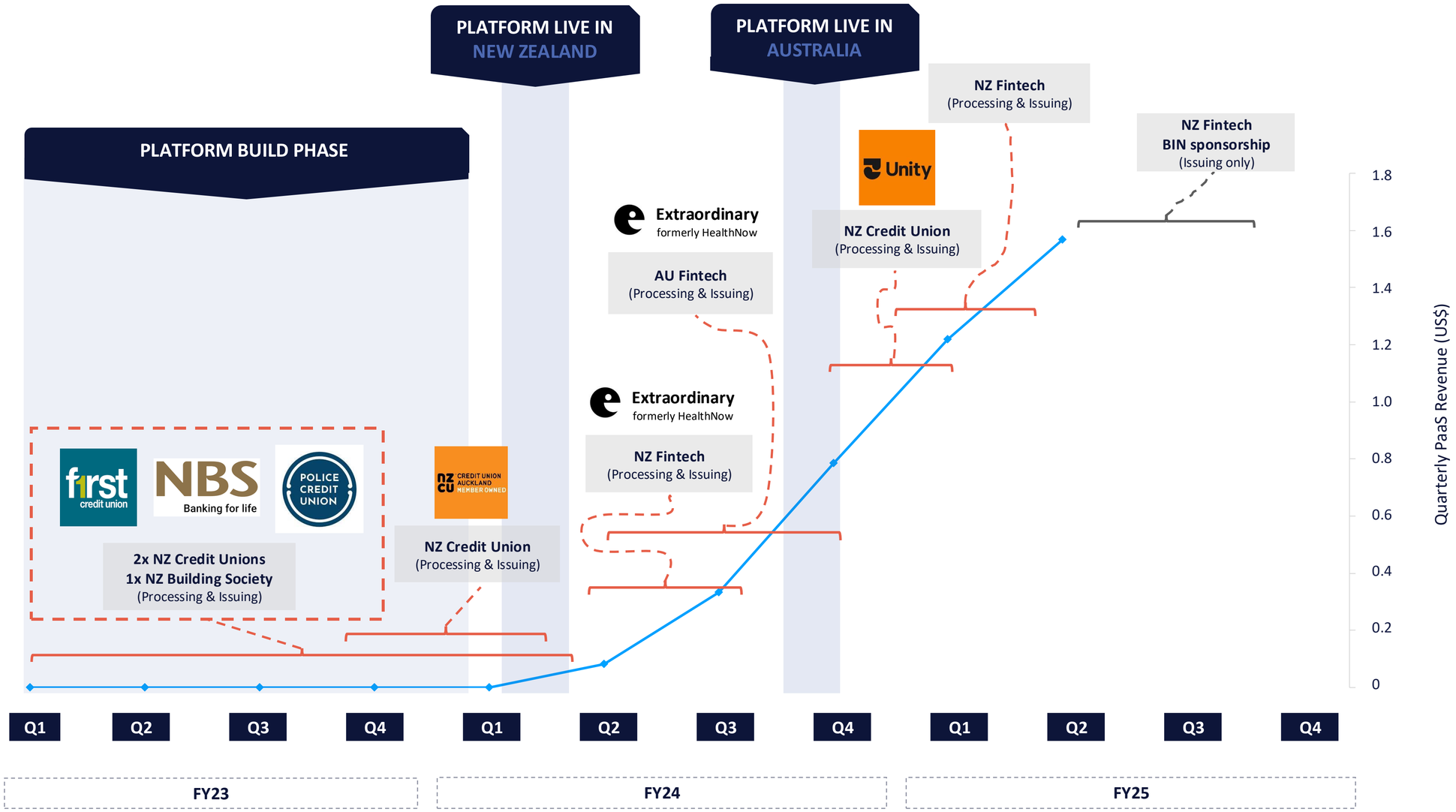




1. *Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes*

Reducing launch timelines and accelerating PaaS Growth

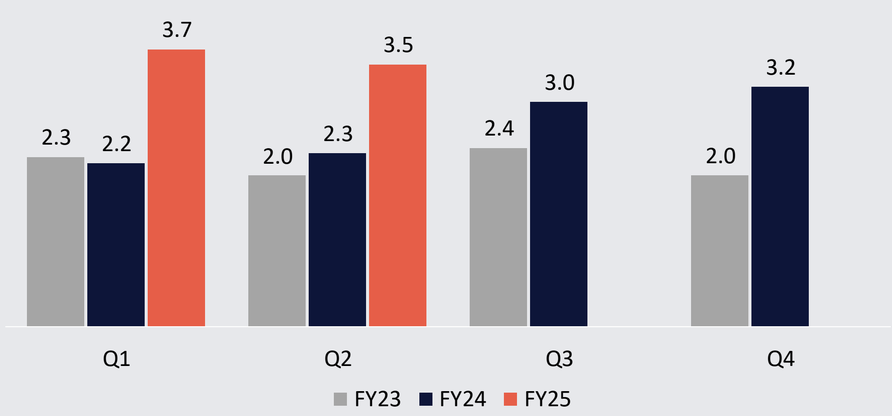
Program launch timelines reducing given PaaS platform fully live and operational



Financial Update – Q2 FY25

PaaS making a meaningful contribution to revenue

- Q2 FY25 revenue of US$3.5m (A$5.6m[1]), up 53% on pcp
  - Growth driven by increasing PaaS revenue
  - Solid base of Support & Maintenance clients
  - Continuing to deliver one-off licence sales and professional service projects
    - H1 FY25 one-off revenue in line with expectations and previous years (c.$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
Total	**3.0**	**3.2**	**3.7**	**3.5**
% Recurring Revenue	*53%*	*64%*	*69%*	*83%*

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

1. *AUD/USD = 0.63*

Financial Update – Q2 FY25 (cont.)

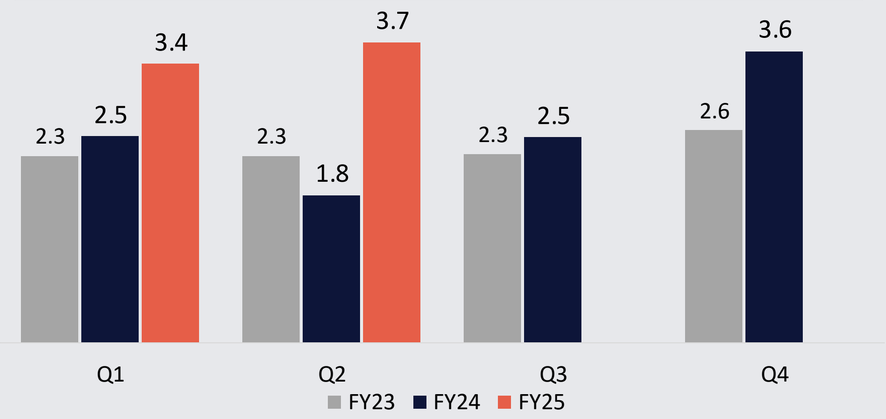
Exiting the US operations will realise significant cost savings and operational efficiencies

- Cash receipts of US$3.7m (A$5.9m[1]), up 103% on pcp
- Cash payments for operating activities[2] 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)

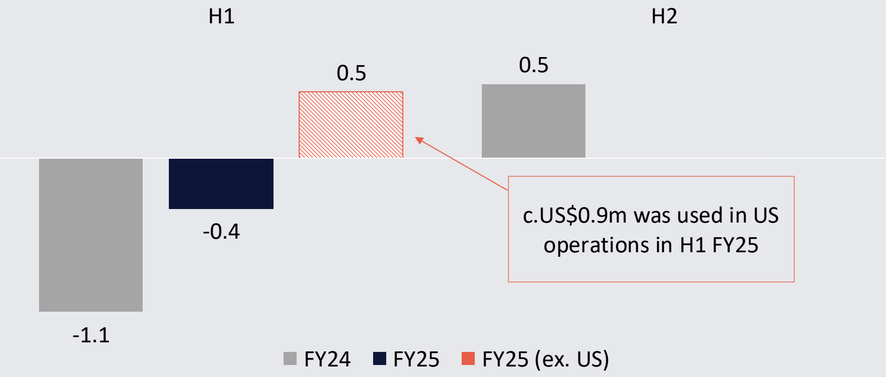
US Withdrawal Update

- 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*

Key Pillars to Drive Success

Four strategic objectives to focus and drive our success in FY25

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

Building momentum as the business starts to 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

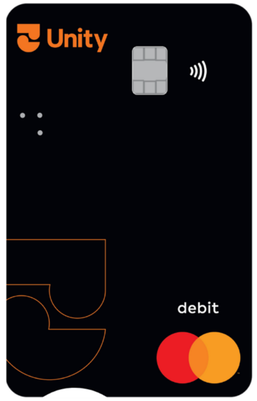
3 Inorganic Growth

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

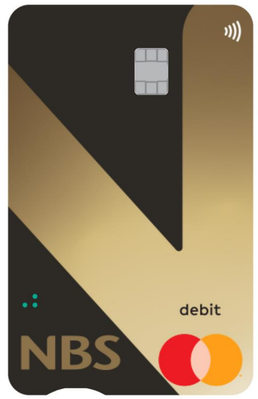
Outlook

Positive outlook as Change builds momentum and continues to scale

- **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









Investment Highlights

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

Building Blocks In Place



- All regulatory and licensing requirements for card issuing via Vertexon in NZ & AU in place
- Australian Financial Services Licence in 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[1]

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

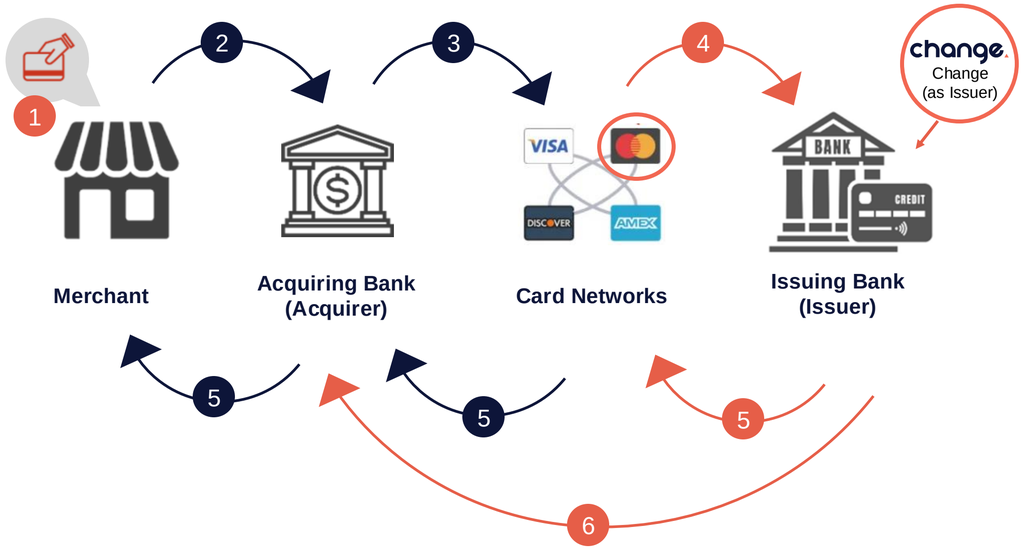
1. *https://www.emergenresearch.com/blog/top-10-leading-digital-payment-companies-in-the-world*

Appendix

Vertexon in the payments process

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

- **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

Overview	• Provide core technology to enable card issuing and management including:
	  ○ 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
		• Provide Processing capability **+** the following key card Issuing capabilities:
		  ○ 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 in Australia, FSP in NZ)

Cards Supported	• Prepaid, Debit and Credit	• Prepaid and Debit
Target Clients	• Banks & financial institutions • Large entities with direct issuing capability • Migration of key existing Vertexon On-Premises clients	• Mid / Small banks & financial institutions incl. credit unions • Fintechs and corporates • BIN sponsorship
Regions	• Global - processing does not require scheme or regulatory licences	• Australia and New Zealand
Supported Schemes	mastercard, VISA, UnionPay, JCB, American Express, Diners Club International	mastercard

PaySim: critical payments infrastructure testing tool

Software facilitates remote testing without the need for physical devices such as ATMs & POS terminals

- **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

	Licence Model			SaaS Model	
Growth Strategy	**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	▶ 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	

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