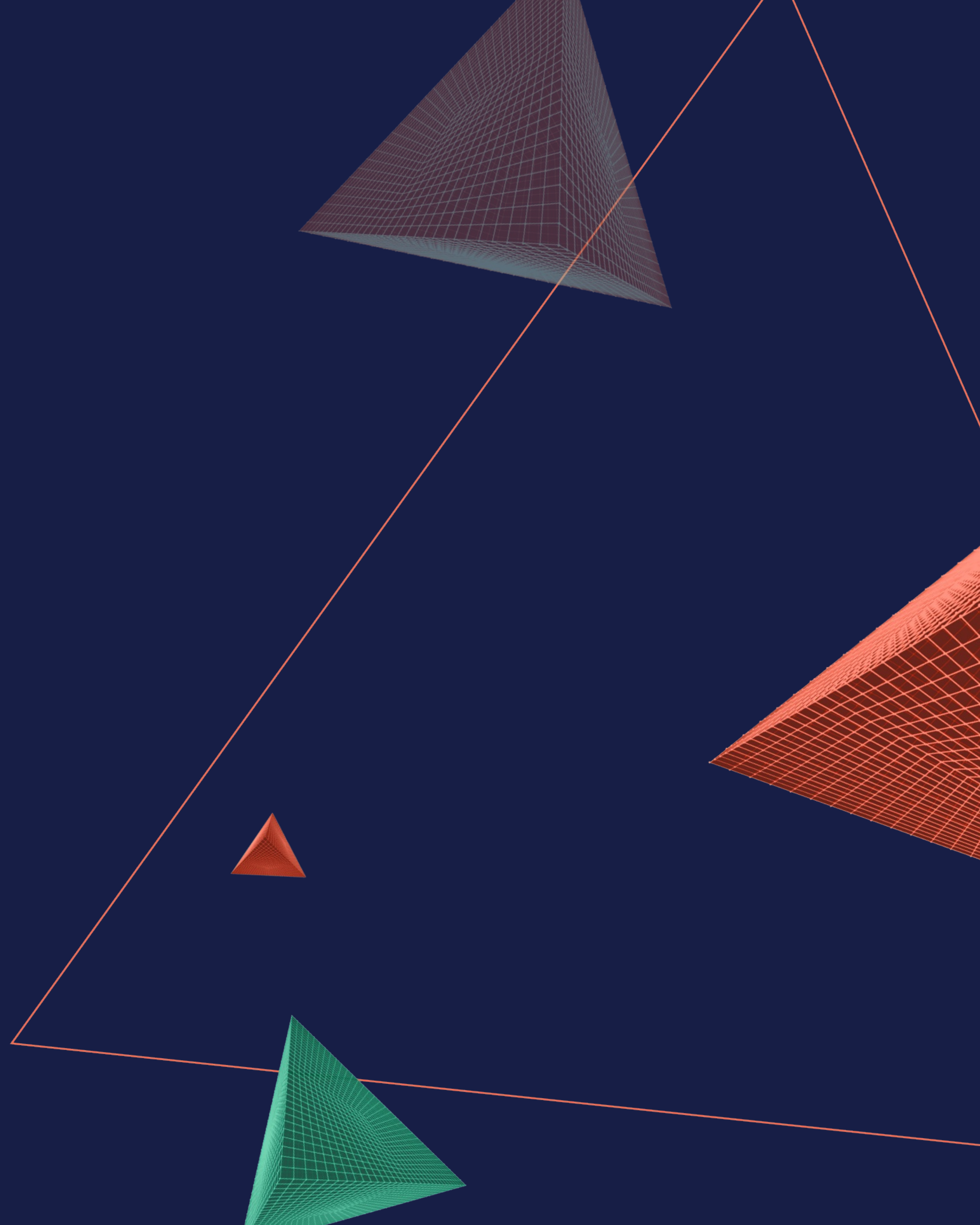


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# Q1 FY24 Investor Presentation

31 October 2023

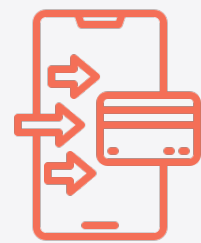


# Delivering innovative and scalable payments solutions

- ▶ 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

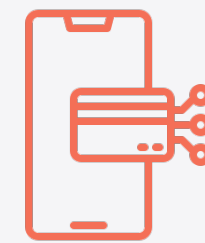
### Payments as a Service



Physical & virtual card issuing



Transaction processing for all major card schemes

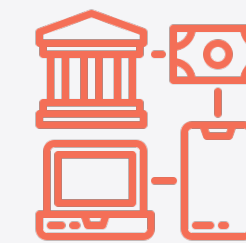


Digital payments (Apple, Google & Samsung Pay), BNPL

**63%**

of Q1 FY24 Revenue

### Payment testing



Full payment simulation



ATM & POS emulation



Visa, Mastercard, UnionPay, Amex, JCB validation


**37%**

of Q1 FY24 Revenue

# Vertexon issuing capabilities

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

- ▶ 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
- ▶ Australian Vertexon PaaS platform now certified by Mastercard
  - ▶ Australian Bank Identification Number (BIN) now live – ready to onboard Australian clients
- ▶ 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

   <b>change.</b>	Regulatory Licence	Mastercard Issuing Licence	Mastercard Certified Processor	Mastercard Prepaid Issuing	Mastercard Debit Issuing <sup>1</sup>
<b>New Zealand</b>	<b>Registered FSP</b>	<b>Licensed</b>	<b>Certified</b>	<b>Live</b>	<b>Live</b>
<b>Australia</b>	<b>AFSL</b>	<b>Licensed</b>	<b>Certified</b>	<b>Live</b>	<b>Live</b>
<b>United States</b>	<b>Issuing Bank Partner</b>	<b>Licensed</b>	<b>Certified</b>	<b>Live</b>	<b>Approved</b>

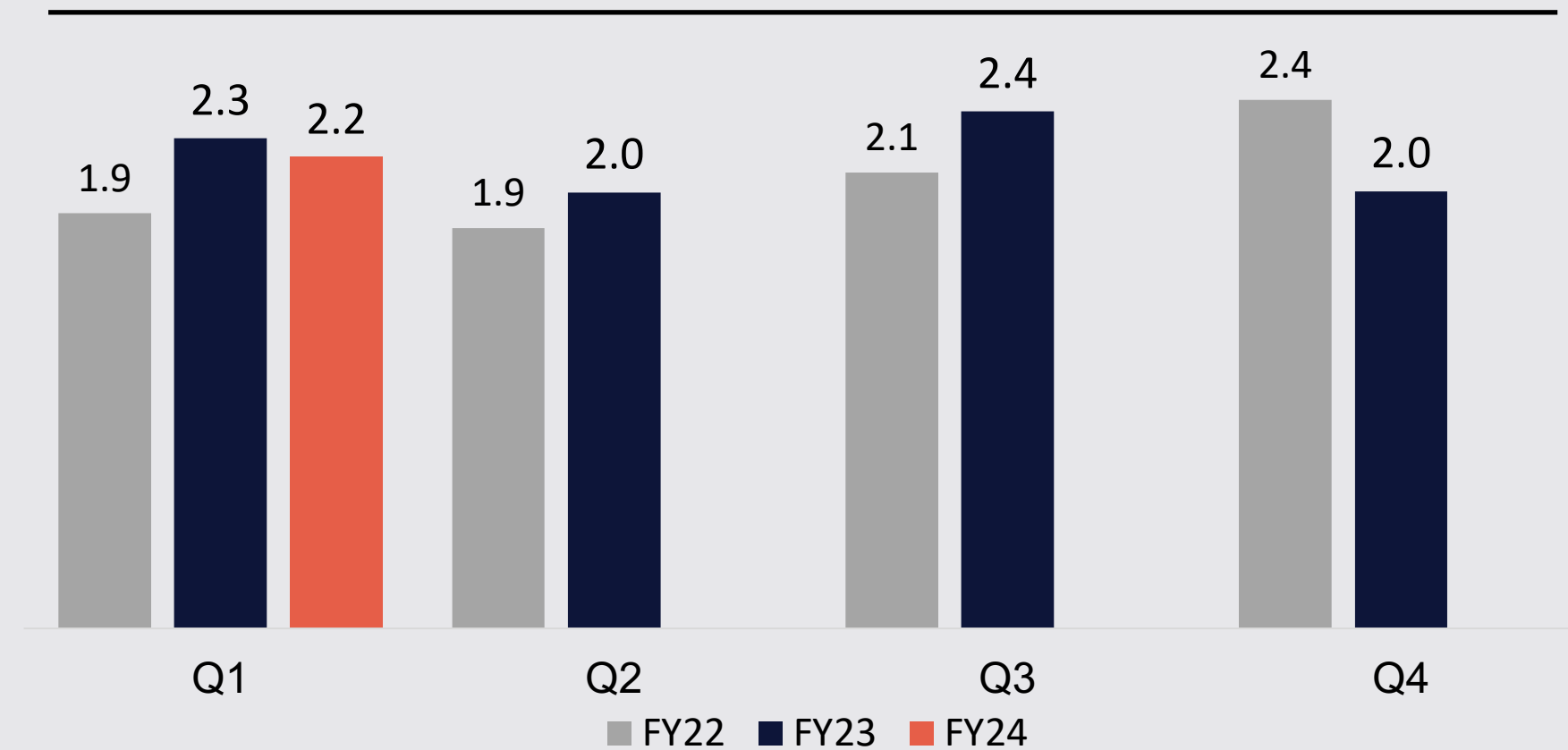
1. Debit issuing requires a partner bank (US) or customers to be a licensed deposit taking entity (NZ & AU)

# Financial Update – Q1 FY24

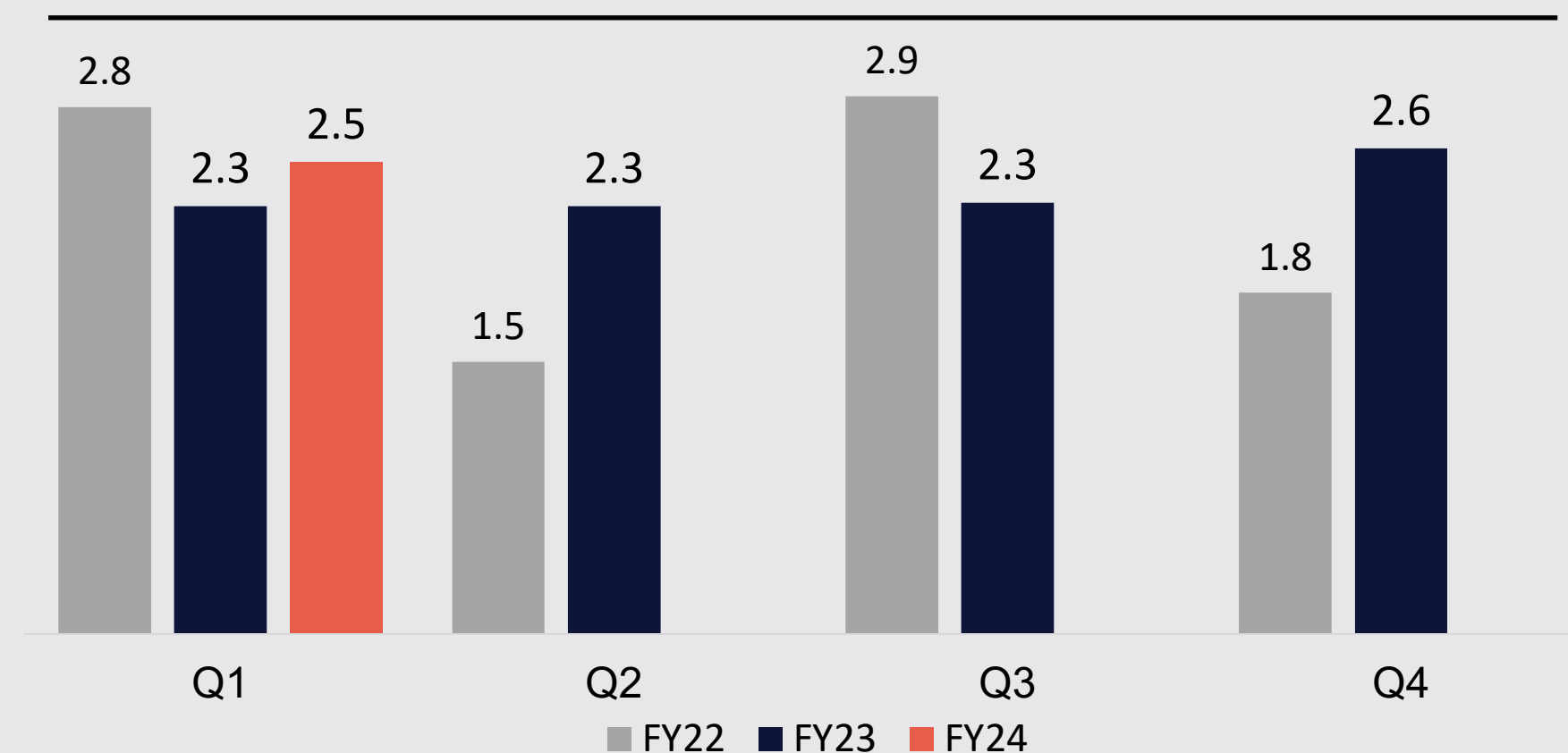
Change has now commenced migrating NZ cardholders to Vertexon and PaaS revenues will progressively ramp up until the full migration is complete

- ▶ Q1 FY24 revenue of US\$2.2m (A\$3.4m<sup>1</sup>)
  - ▶ Professional services revenue impacted by the Company’s increased activity on the Vertexon PaaS platform
  - ▶ Full NZ market coverage of Mastercard and EFTPOS now achieved – has enabled NZ card migrations to Vertexon to commence
  - ▶ PaaS revenues will progressively ramp up until the full migration is complete
- ▶ Cash receipts of US\$2.5m (A\$3.9m), up 10% on pcp
- ▶ Cash payments for operating activities (excluding income tax and interest) of US\$2.3m (A\$3.6m), down 13% on pcp
  - ▶ Decrease relative to the pcp primarily due to staff costs – Q1 FY23 had an additional fortnightly pay-run and employee costs associated with the cost base realignment
- ▶ Cash holdings of US\$4.7m (A\$7.3m)
  - ▶ 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 = 0.64

# Delivering on Key Milestones

## 1

### Shared Success & Growth

- ▶ Transition NZ card programs to Change which will drive transactional revenue growth – **IN PROGRESS**
  - ▶ All NZ financial institution clients issued ‘live’ cards and migration of cardholders to the Vertexon platform underway
- ▶ Onboard US clients once platform operational in market – **IN PROGRESS**
  - ▶ Rolling Thunder’s Latin Pay and PlutusM – planned ‘go-live’ in Q2 FY24
- ▶ Drive new client wins by leveraging Vertexon and PaySim technology and partner ecosystem – **ONGOING FY24 FOCUS**
  - ▶ **Q1 New Vetexon Client Wins:** HealthNow (NZ), Simply Zibra & Fintech Actuator (Australia) and Onni (US)
  - ▶ **Q1 New PaySim Client Wins:** three new licence sales to global financial institutions



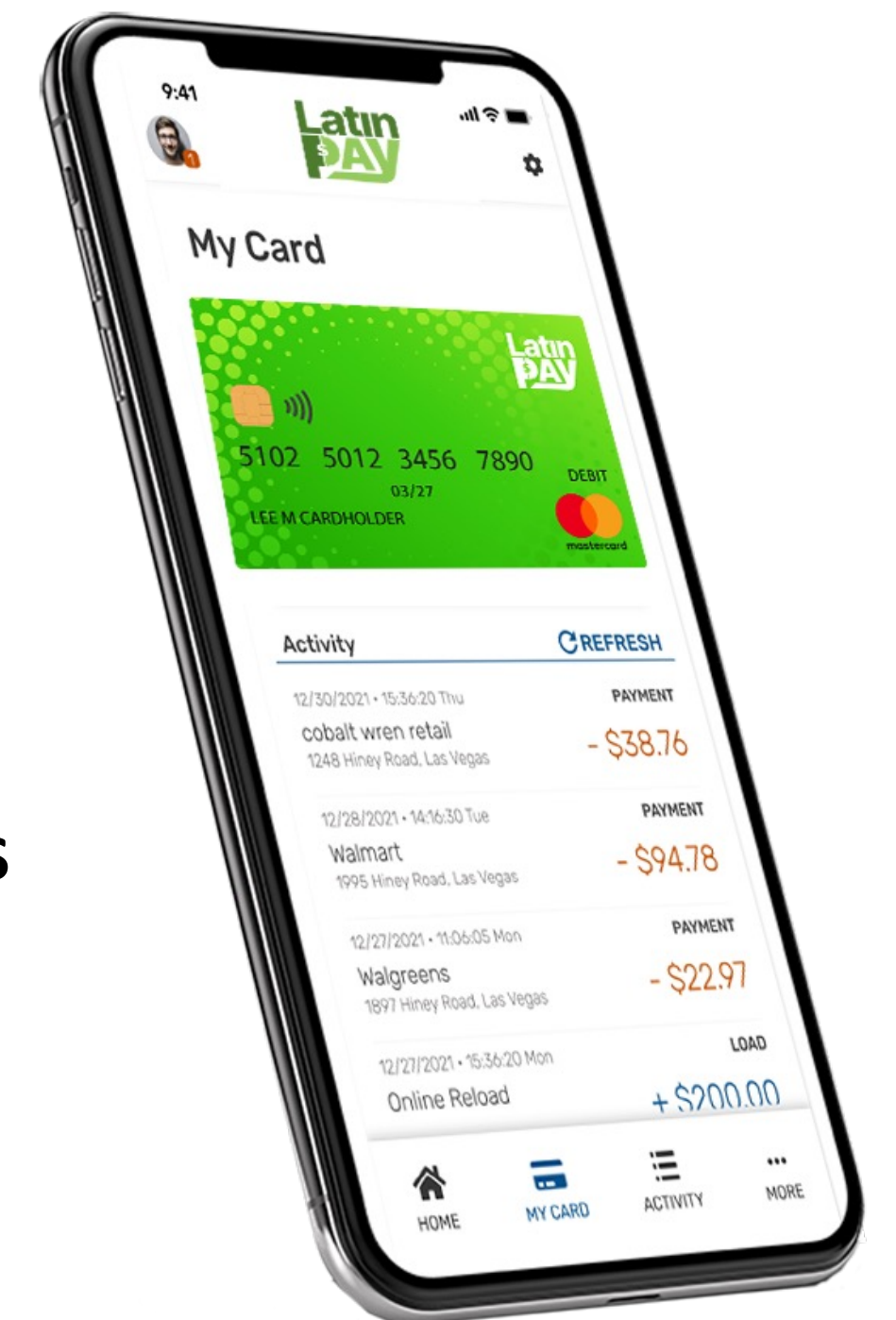
# Delivering on Key Milestones (cont.)

## 2 Operational Excellence

- ▶ Achieve go-live for NZ EFTPOS acceptance – **COMPLETE**
  - ▶ Full market acceptance in NZ for Mastercard and EFTPOS transactions
- ▶ Strengthen core operations and capabilities – compliance, security, fraud & transaction monitoring – **COMPLETE**
- ▶ Continue working with existing Vertexon on-premise clients to upgrade or migrate to PaaS – **ONGOING FY24 FOCUS**

## 3 Market Leading Solutions

- ▶ Mastercard technical certification in Australia – **COMPLETE**
  - ▶ Australian BIN now live – ready to onboard Australian clients
- ▶ Mastercard debit card issuing approval in the US – **COMPLETE**
- ▶ Launch latest version of Vertexon PaaS platform in US market – **COMPLETE**
- ▶ Undertake PaySim modernisation program (UX/UI improvements) – **ONGOING FY24 FOCUS**



# Outlook

## ▶ Profitable revenue growth

- ▶ Realigned cost base has positioned Change to deliver profitable revenue growth in FY24+
- ▶ Despite initial delays with NZ clients, first live cards have been issued and the migration of cardholders is underway

## ▶ Cashflow breakeven

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

### 4 Key Objectives to Drive Success



Shared  
Success &  
Growth



Operational  
Excellence



Market Leading  
Solutions



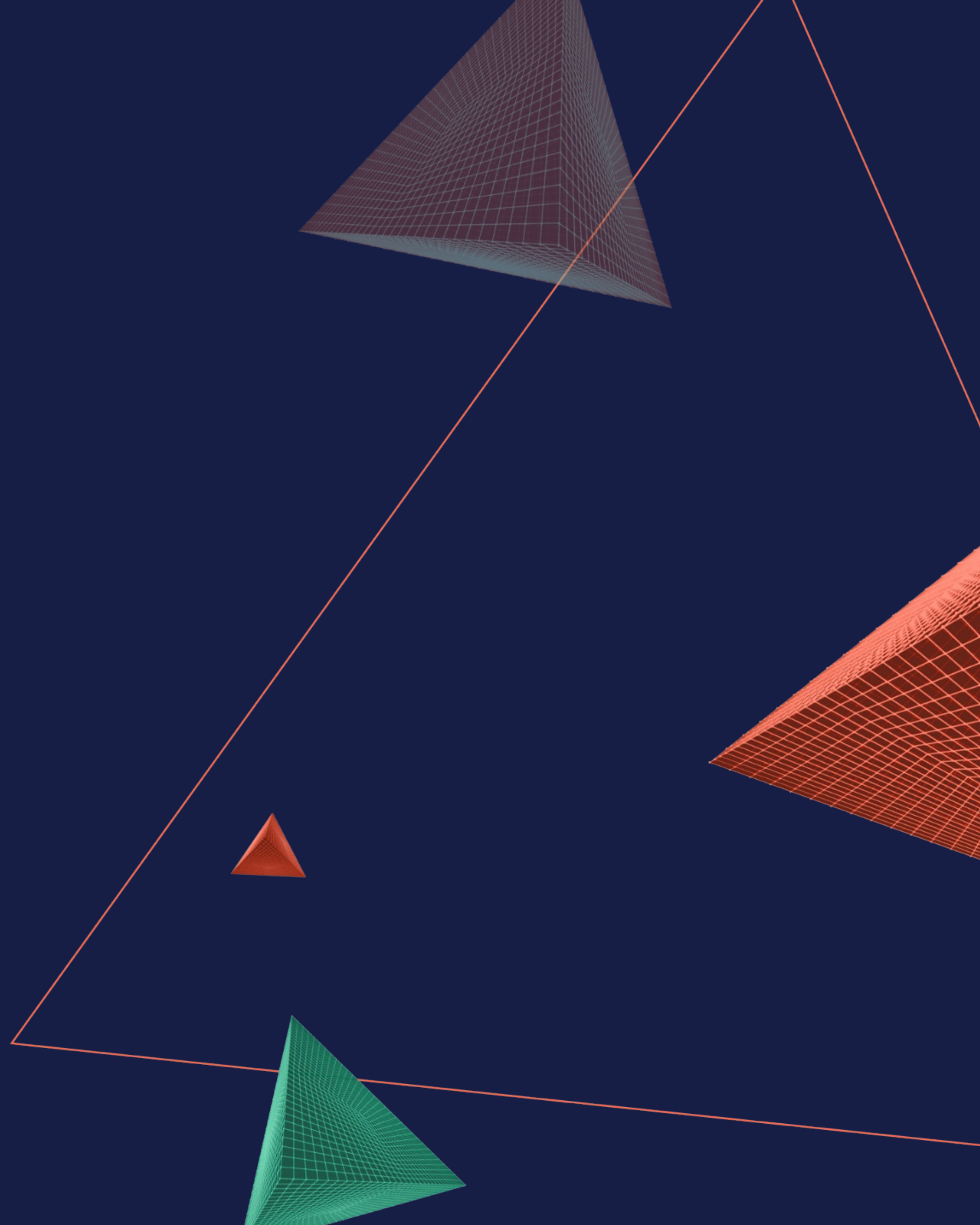
Powering our  
People

change.

# Appendix

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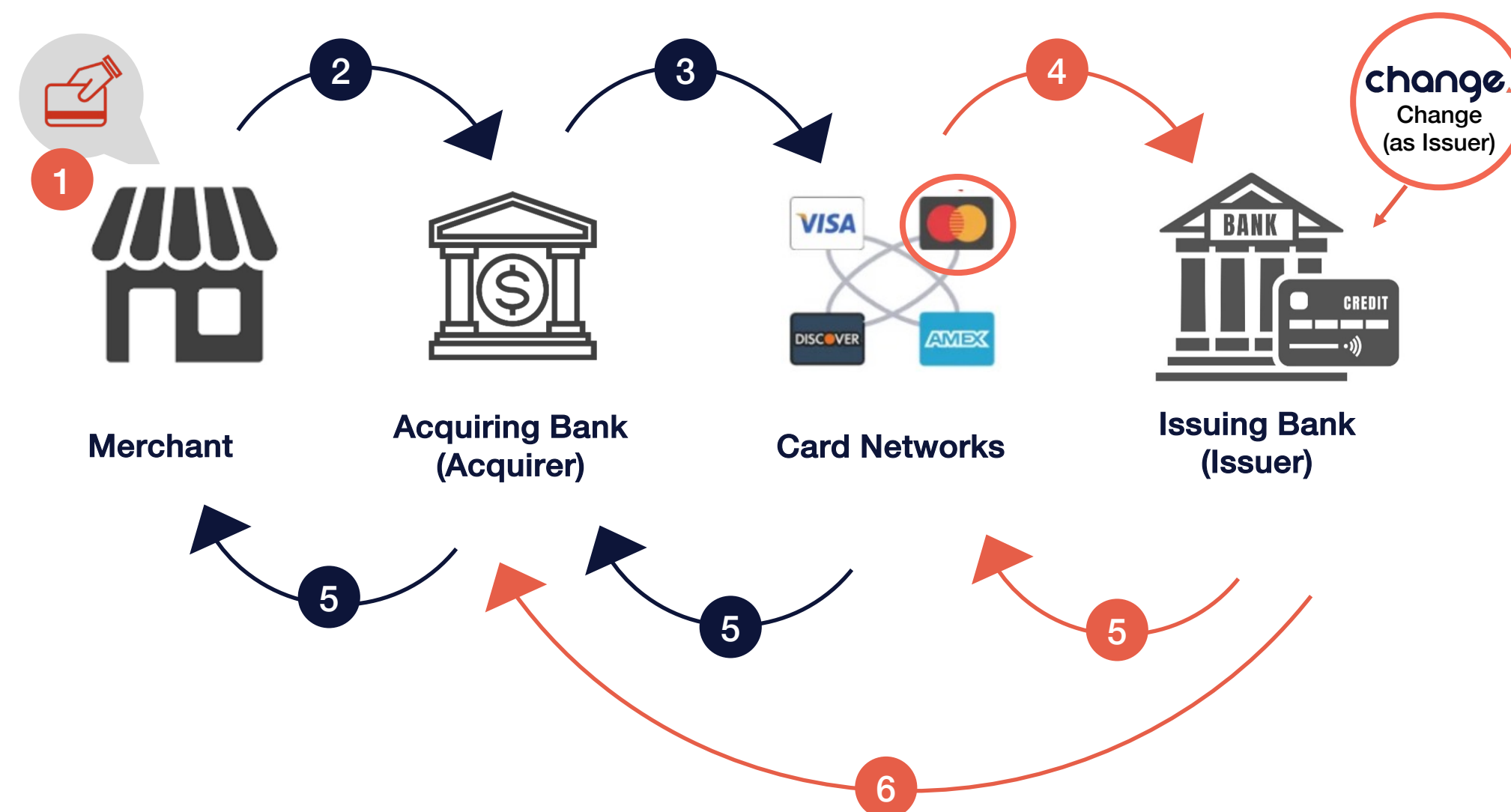




# Vertexon in the payments process

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*

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# 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>		

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# 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

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	

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