

## Chairman's Address

Good afternoon my name is Eddie Grobler and on behalf of the Board of Change Financial Limited (Change), I am pleased to welcome you to the 2023 Annual General Meeting (AGM).

The last 12 months has been a formative period for our Company as we continued to focus on bringing to life our vision of simplifying payment experiences globally and becoming a leading Payments as a Service (PaaS) provider via simple, flexible and fast to market technology.

In particular, I am extremely proud of the team for successfully launching our Vertexon PaaS platform which has been the focal point of our investment in recent years. With our maiden clients in New Zealand now live and underway with the migration of their cardholders to Change, the recent months have marked a key de-risking milestone in our Company's strategy, representing an inflection point where the focus shifts from product development and launch towards profitable revenue growth.

Additionally, Change has delivered on many of its other key strategic and operational milestones including:

- Completion of all necessary regulatory and licensing requirements to enable card issuing in Australia, New Zealand and the US;
- 'Go-live' of our first PaaS clients in New Zealand and the US, with the first Australian clients secured and currently onboarding;
- Launched our Bank Identification Number (BIN) sponsorship offering in Oceania (Vertexon);
- Upgraded PaySim certification solution for ISO20022 (Faster Payments); and
- Secured new clients in all core target regions and strengthened our relationships with key partners, including Mastercard.

The achievements of this past year provide Change with a solid foundation as we turn to the 2024 calendar year ready to capitalise on our many commercial growth opportunities that have been years in the making.

Finally, on behalf of the entire Change Board, I would like to take this opportunity to thank all our valued clients, partners, employees and shareholders and acknowledge how important you all have been and will continue to be in the future success of our Company.

I will now run through the formal proceedings of the meeting before handing over to our CEO, Tony Sheehan, who will give a short presentation.

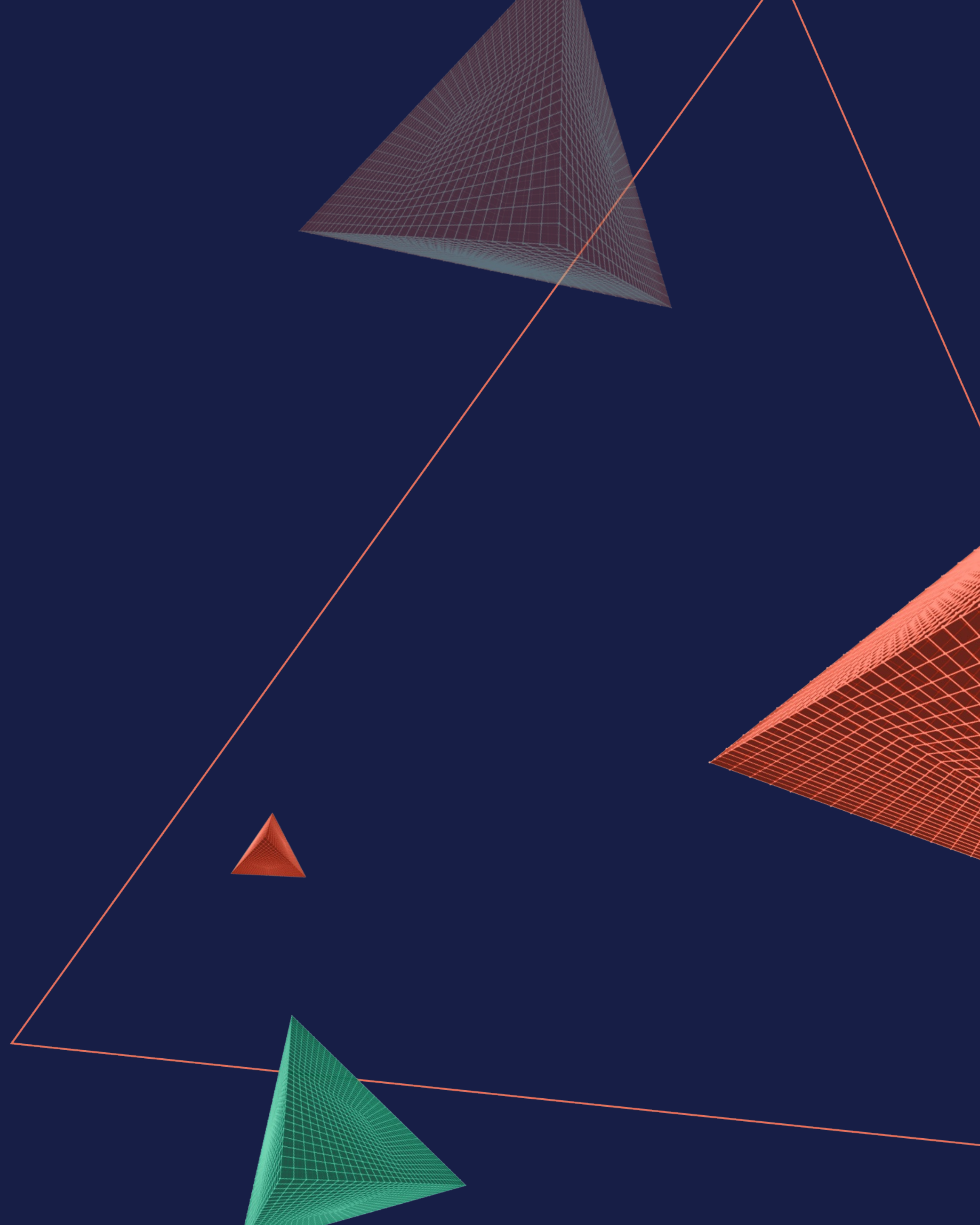
Thank you.

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# Investor Presentation Annual General Meeting (AGM)

22 November 2023

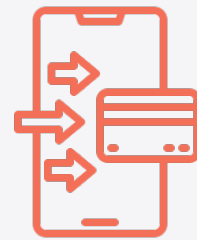


# Delivering innovative and scalable payments solutions

- ▶ 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

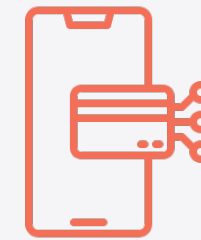
### Payments as a Service



Physical & virtual card issuing



Transaction processing for all major card schemes

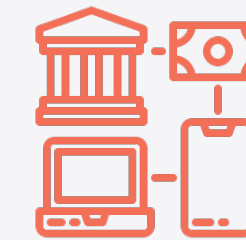


Digital payments (Apple, Google & Samsung Pay), BNPL

64%

of FY23 Revenue

### Payment testing



Full payment simulation



ATM & POS emulation



Visa, Mastercard, UnionPay, Amex, JCB validation

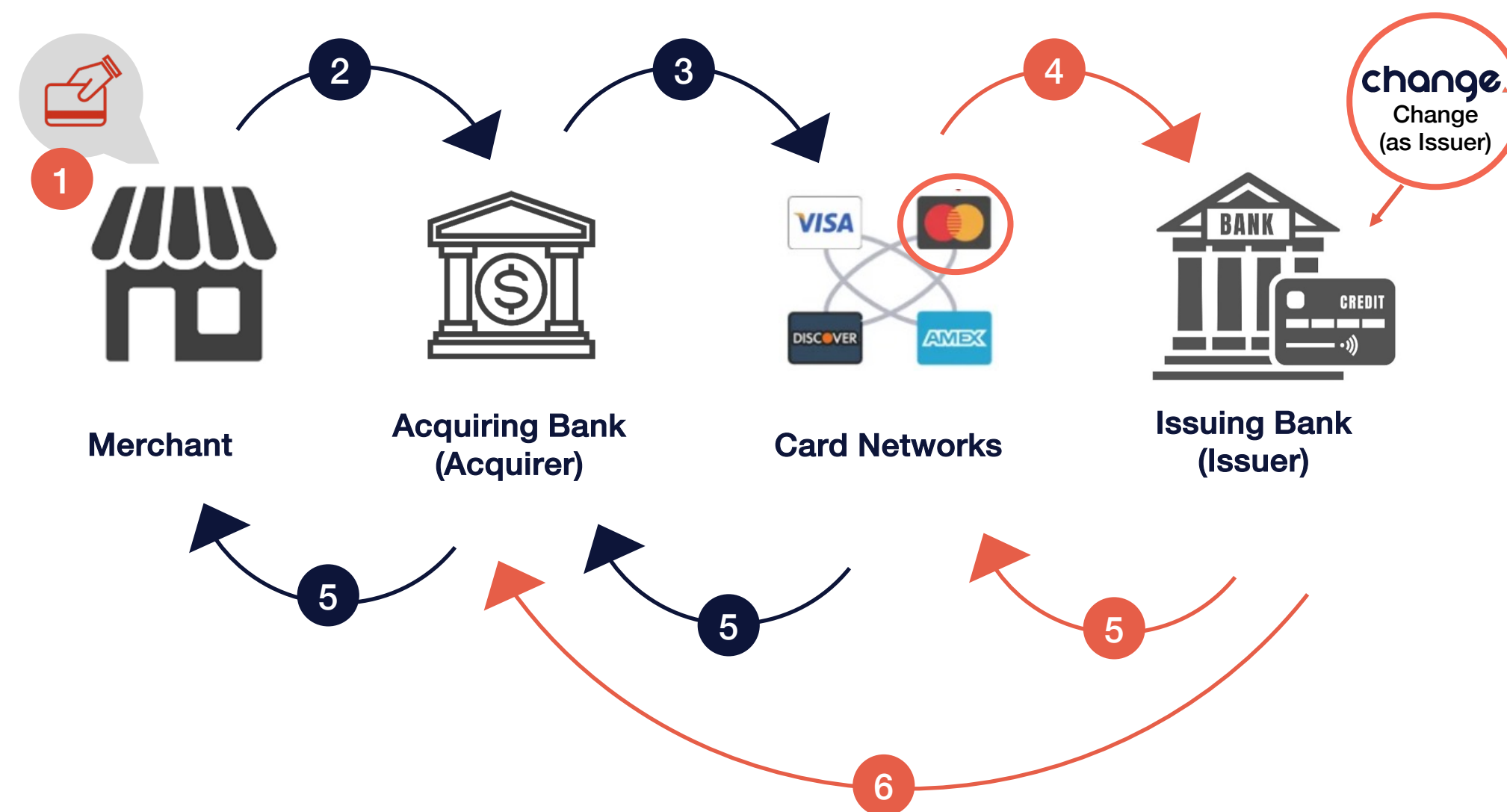
36%

of FY23 Revenue

# 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
<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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# 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)

# 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
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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# FY23 Financial Results

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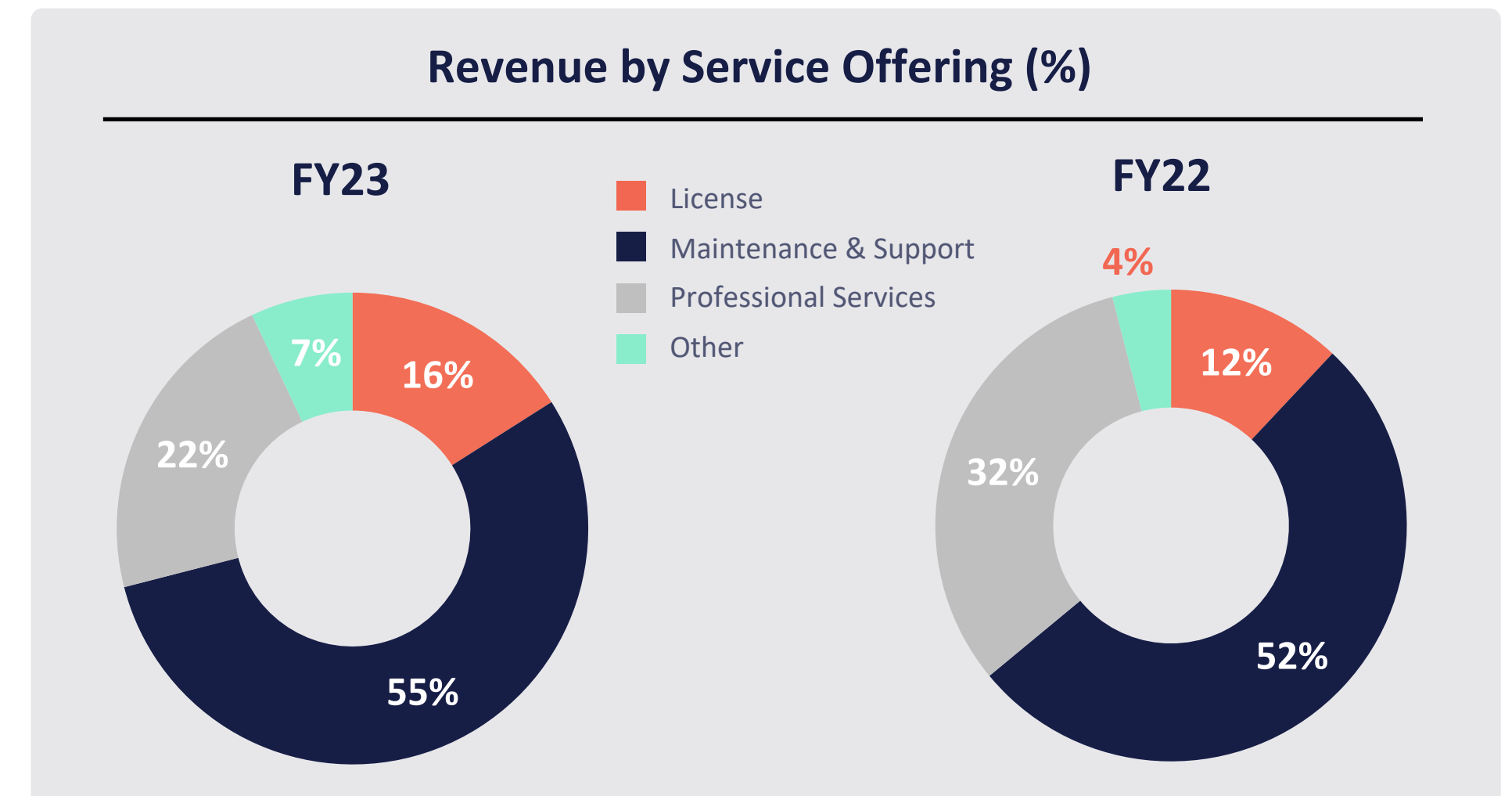
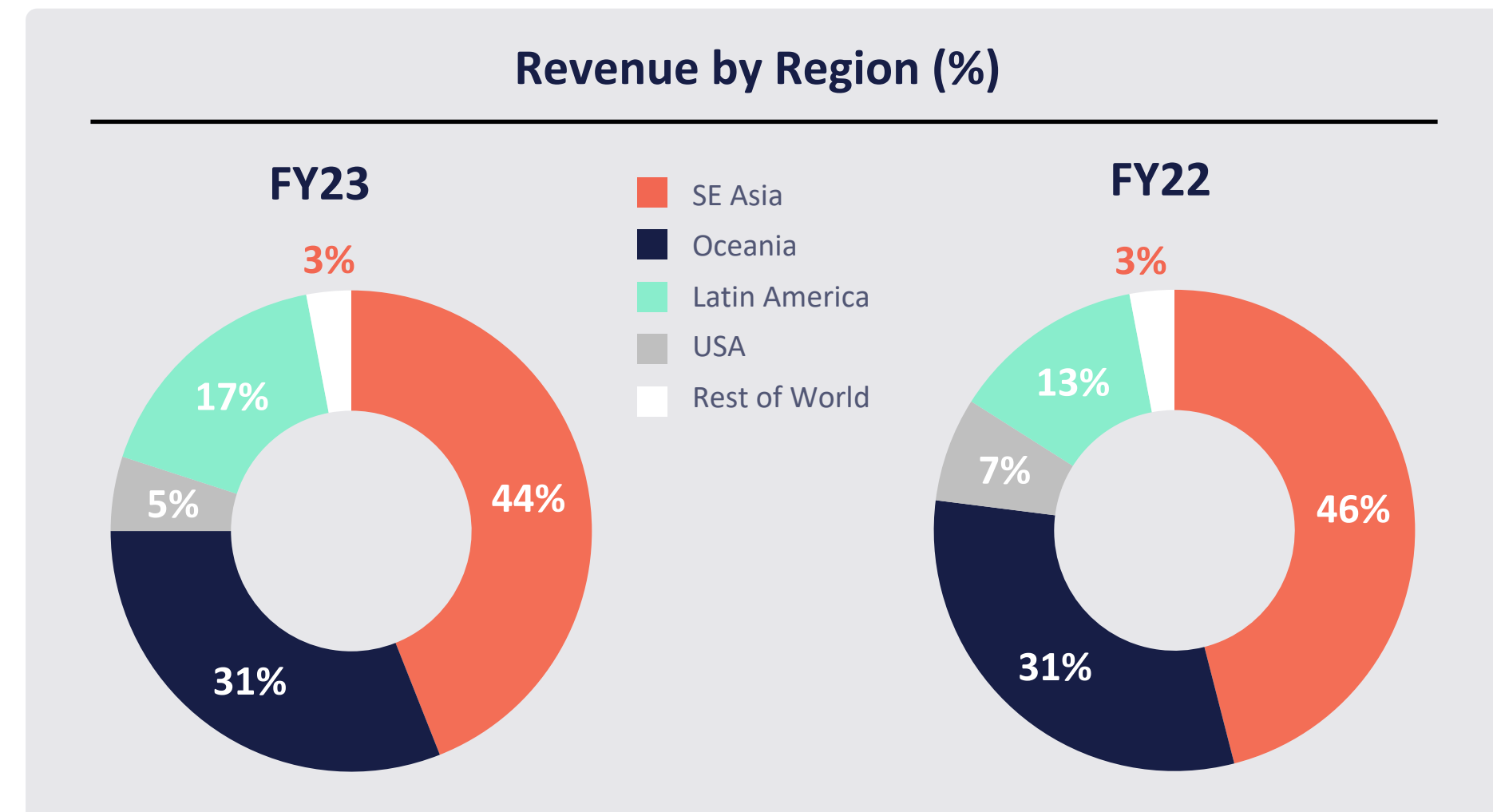
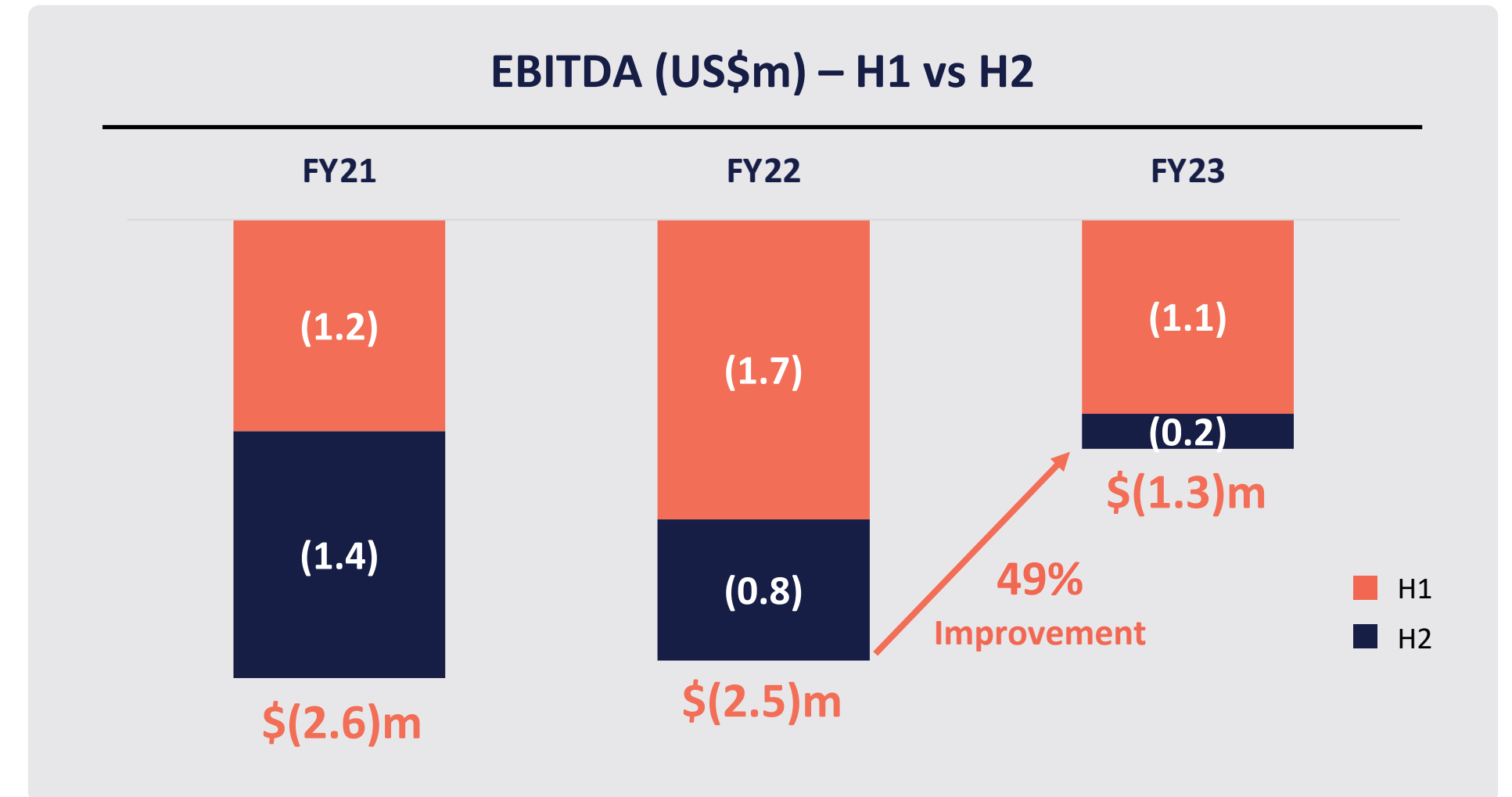
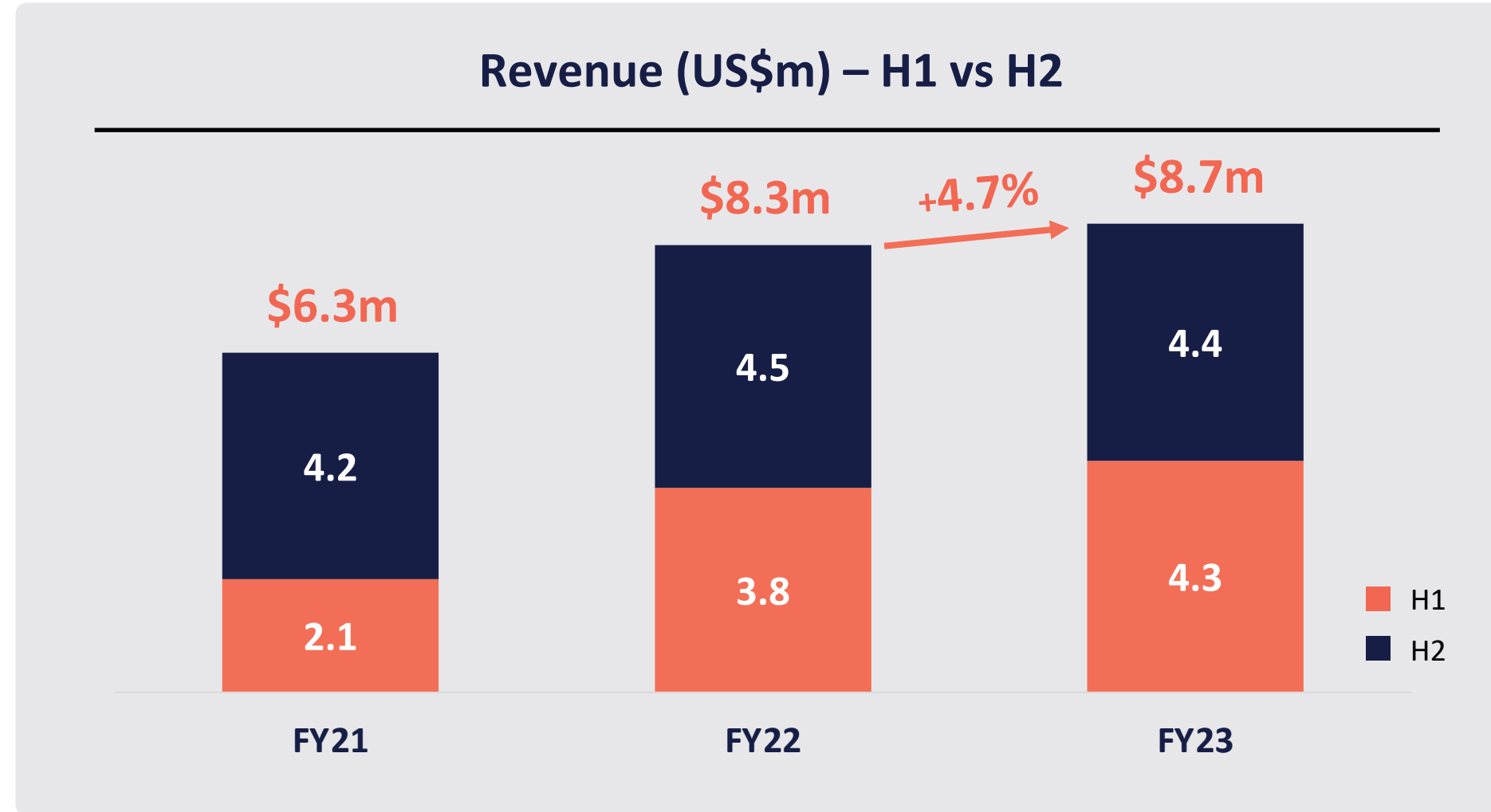




# Financial Dashboard

Geographically diverse client base providing a platform for future growth and expansion

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# Profit & Loss

Revenue growth and realigned cost base driving improved EBITDA

Profit & Loss Summary			
(US \$000's)	FY23	FY22	Var %
Revenue	8,709	8,316	4.7%
COGS	-	-	n/a
<b>Gross Profit</b>	<b>8,709</b>	<b>8,316</b>	<b>4.7%</b>
Employee expenses	(5,720)	(7,282)	(21.5%)
Professional services & insurance	(1,012)	(980)	3.3%
Technology & hosting	(1,612)	(1,108)	45.5%
Other expenses	(1,619)	(1,461)	10.8%
<b>Operating Expenses</b>	<b>(9,963)</b>	<b>(10,831)</b>	<b>(8.0%)</b>
<b>EBITDA</b>	<b>(1,274)</b>	<b>(2,515)</b>	<b>(49.3%)</b>

Note: FY23 EBITDA excludes \$20k of interest included as Revenue

Profit & Loss - H1 vs. H2				
(US \$000's)	H1 FY22	H2 FY22	H1 FY23	H2 FY23
Revenue	3,769	4,548	4,280	4,429
<b>EBITDA</b>	<b>(1,672)</b>	<b>(843)</b>	<b>(1,066)</b>	<b>(209)</b>

*Material improvement in H2 FY23 EBITDA following cost base alignment in H1 FY23*

## Key Comments

- ▶ FY23 revenue of US\$8.7m (A\$13.6m), up 4.7% on pcp
  - ▶ Modest growth driven by new licences and uplift in maintenance & support revenue from existing clients (e.g. module upsell & new licence tiers)
  - ▶ FY23 did not include any PaaS transactional revenue from NZ clients who have now gone 'live' and are expected to transition cardholders to Change in H1 FY24
- ▶ Processing & Issuing (P&I) by new clients on the Vertexon PaaS platform will add COGS moving forward as a result of scheme related fees
- ▶ Employee costs reduced by 21.5%, driven by realigned cost base in July 2022
  - ▶ Cost base realignment streamlined the business to enable future growth to be delivered profitably
- ▶ Technology and hosting cost increase reflecting integration and compliance work with Mastercard, NZ clients, and various testing protocols for ANZ Vertexon go-live
- ▶ 49% improvement in EBITDA loss to US\$1.3m (A\$2.0m)

# Revenue model transition

Transitioning from licence & project fee revenue model to a SaaS revenue model

## Vertexon – Old Revenue Model

### Licence

- ▶ On premise solution – **client** responsible for card issuing
- ▶ Upfront licence fee in perpetuity with ongoing S&M (20% of licence fee p.a.)
- ▶ Minimal volume related fees



## Vertexon – New Revenue Model

### Processing

- ▶ Cloud hosted – **client** responsible for card issuing
- ▶ Volume & transaction-based fee revenue

### Processing & Issuing (P&I)

- ▶ Cloud hosted – **Change** responsible for card issuing
- ▶ Incremental volume & transaction-based fee revenue + other revenue (e.g. interchange)

## Revenue Streams – Vertexon + PaySim

	Revenue Type	Model Type	Description	FY23 Rev %	FY24+ Trend (% Total Rev)
Recurring	Support & Maintenance (S&M)	Licence	<ul style="list-style-type: none"> <li>Existing clients on 'licence model' - equal to c.20% licence fee p.a.</li> <li>% of total revenue will fall over time as SaaS revenue grows</li> </ul>	55%	↓
	Minimum Fee Commitments (SaaS)	Processing or P&I	<ul style="list-style-type: none"> <li>Recurring monthly / annual charges</li> <li>Transitioning existing 'licence model' clients to SaaS will drive revenue uplift</li> </ul>	-	↑
	Volume & Transaction (SaaS)	Processing or P&I	<ul style="list-style-type: none"> <li>Potential for material revenue growth as processing, transaction volumes, cards on issue &amp; spend increases</li> </ul>	-	↑
One – Off	Licensing	Licence	<ul style="list-style-type: none"> <li>Upfront one-off licence fees</li> <li>Existing clients charged licence fee for additional features</li> </ul>	16%	↓
	Implementation & Projects	All models	<ul style="list-style-type: none"> <li>Implementation, new products, features, upgrades, client requests</li> <li>% revenue may fall slightly, albeit will form base reflecting consistent new wins</li> </ul>	29%	↔

# Balance Sheet

Recent capital raisings have strengthened the Company's financial position and enabled continued investment in the business

Balance Sheet		
(US \$'000's)	FY23	FY22
Cash & equivalents	5,351	1,501
Receivables	2,121	1,791
Other current assets	849	641
<b>Current Assets</b>	<b>8,321</b>	<b>3,933</b>
Intangibles	6,343	5,993
Deferred tax asset	103	102
Fixed assets	209	319
Other non-current assets	325	-
<b>Non-Current Assets</b>	<b>6,980</b>	<b>6,414</b>
<b>Total Assets</b>	<b>15,301</b>	<b>10,347</b>
Payables	(1,294)	(1,196)
Contract liabilities	(3,291)	(3,095)
Employee provisions	(1,060)	(1,289)
Other current liabilities	(121)	(206)
<b>Current Liabilities</b>	<b>(5,766)</b>	<b>(5,786)</b>
Non current borrowings	-	(1,058)
Other non-current liabilities	(1,098)	(159)
<b>Non-Current Liabilities</b>	<b>(1,098)</b>	<b>(1,217)</b>
<b>Total Liabilities</b>	<b>(6,864)</b>	<b>(7,003)</b>
<b>Net Assets</b>	<b>8,437</b>	<b>3,344</b>

## Key Comments

- ▶ Cash balance of US\$5.4m (A\$8.4m) boosted during the year by:
  - ▶ US\$3.9m capital raising in August / September 2022 (excl. offer costs); and
  - ▶ US\$4.6m strategic placement (excl. offer costs)
- ▶ Intangibles represent the carrying value of software including capitalised development costs
- ▶ Other non-current assets is the security guarantee requirement of Change's scheme and processing partners as Change now begins issuing and processing card transactions
- ▶ Deferred income of US\$3.3m (A\$5.2m) represent maintenance, service fees and project fees invoiced in advance of the service being provided
  - ▶ Will be recognised as revenue over next 12 months as work is delivered
- ▶ Change is now debt free
- ▶ Other non-current liabilities includes US\$1.0m incentive payment received in June 2023 from Mastercard
  - ▶ Will be progressively recognised as revenue as various transaction related milestones are achieved

# Cashflow

Cashflow		
(US \$000's)	FY23	FY22
Receipts from customers	9,548	9,047
Payments to suppliers / employees	(10,194)	(10,782)
Other	(414)	(90)
<b>Operating cash flow</b>	<b>(1,060)</b>	<b>(1,825)</b>
Payment for plant & equipment	(19)	(44)
Investment in software	(1,505)	(1,388)
Receipts from sub lease	45	160
Receipts (payments) for security deposits	(325)	12
<b>Investing cash flow</b>	<b>(1,804)</b>	<b>(1,260)</b>
Proceeds from share issue	8,482	-
Proceeds from (repayment of) borrowings	(991)	1,058
Cost of funding	(505)	(54)
Lease liabilities	(95)	(293)
<b>Financing cash flow</b>	<b>6,891</b>	<b>711</b>
Opening cash balance	1,501	4,019
FX adjustment	(177)	(144)
<b>Closing Cash Balance</b>	<b>5,351</b>	<b>1,501</b>

## Key Comments

- ▶ Cash receipts expected to smooth over time as PaaS clients go-live (expect to invoice monthly in arrears)
- ▶ Reduced operating payments reflect realigned cost base and careful cash management
- ▶ Software investment relates to capitalised software development primarily on the Vertexon platform
  - ▶ Vertexon (c.83%) – key focus on SaaS capability in US, New Zealand and Australia including enhanced cardholder and system-to-system APIs, 3D Secure and fraud prevention and monitoring, new card features and NZ EFTPOS integration
  - ▶ PaySim (c.17%) – key focus on certification and pre-certification services, extending testing and simulation API, Mastercard connectivity protocol and TLS enhancements
- ▶ Repayment of borrowing and equity inflows reflect capital raise undertaken in August / September 2022 and strategic placement in February 2023

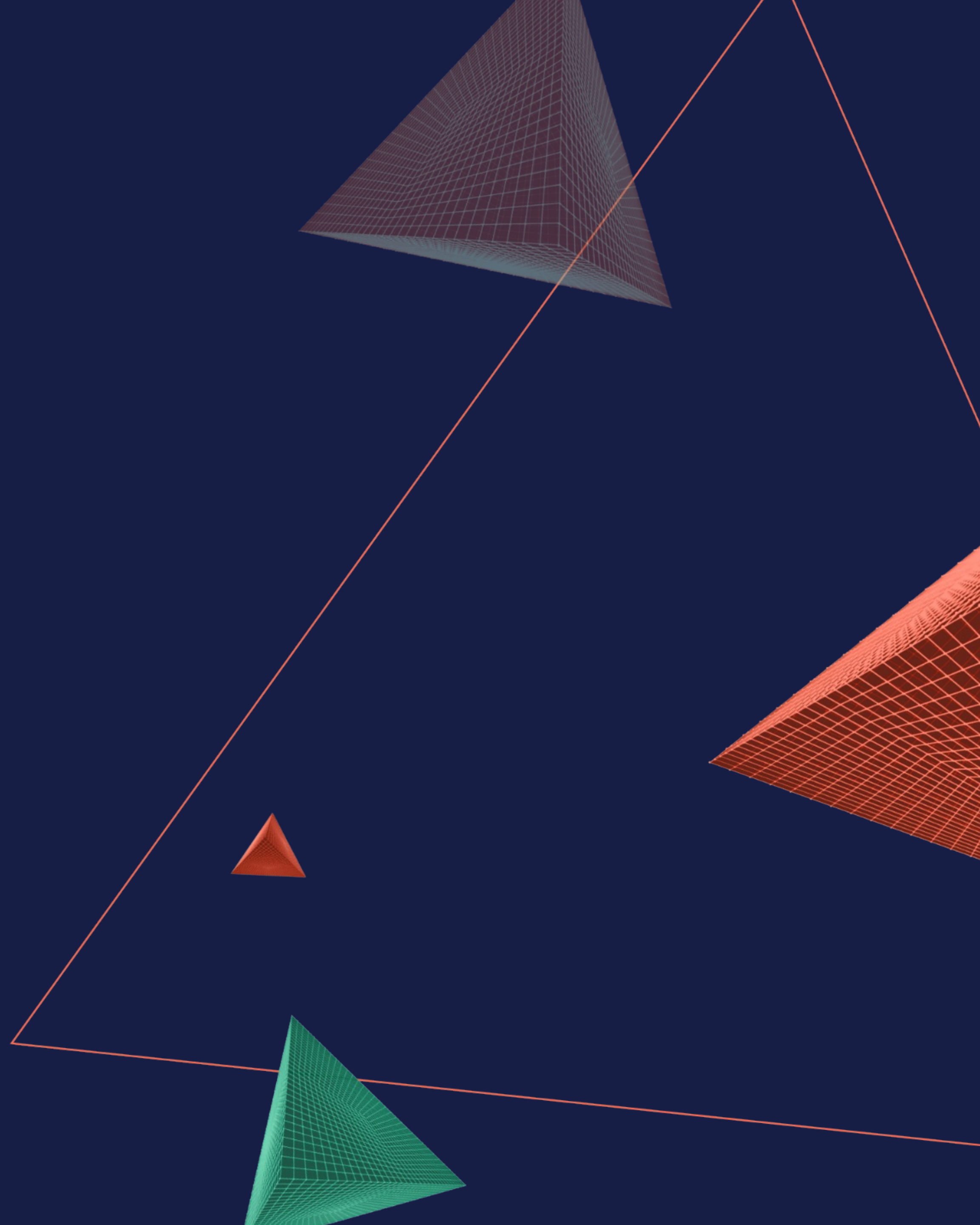
Continued investment in core products to deliver future revenue growth

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# Update & Outlook

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# 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**
  - ▶ **Recent Vetexon Client Wins:** HealthNow (NZ), Simply Zibra & Fintech Actuator (Australia) and Onni Gift (US)
  - ▶ **Recent PaySim Client Wins:** three new licence sales to global financial institutions



## Delivering on Key Milestones (cont.)

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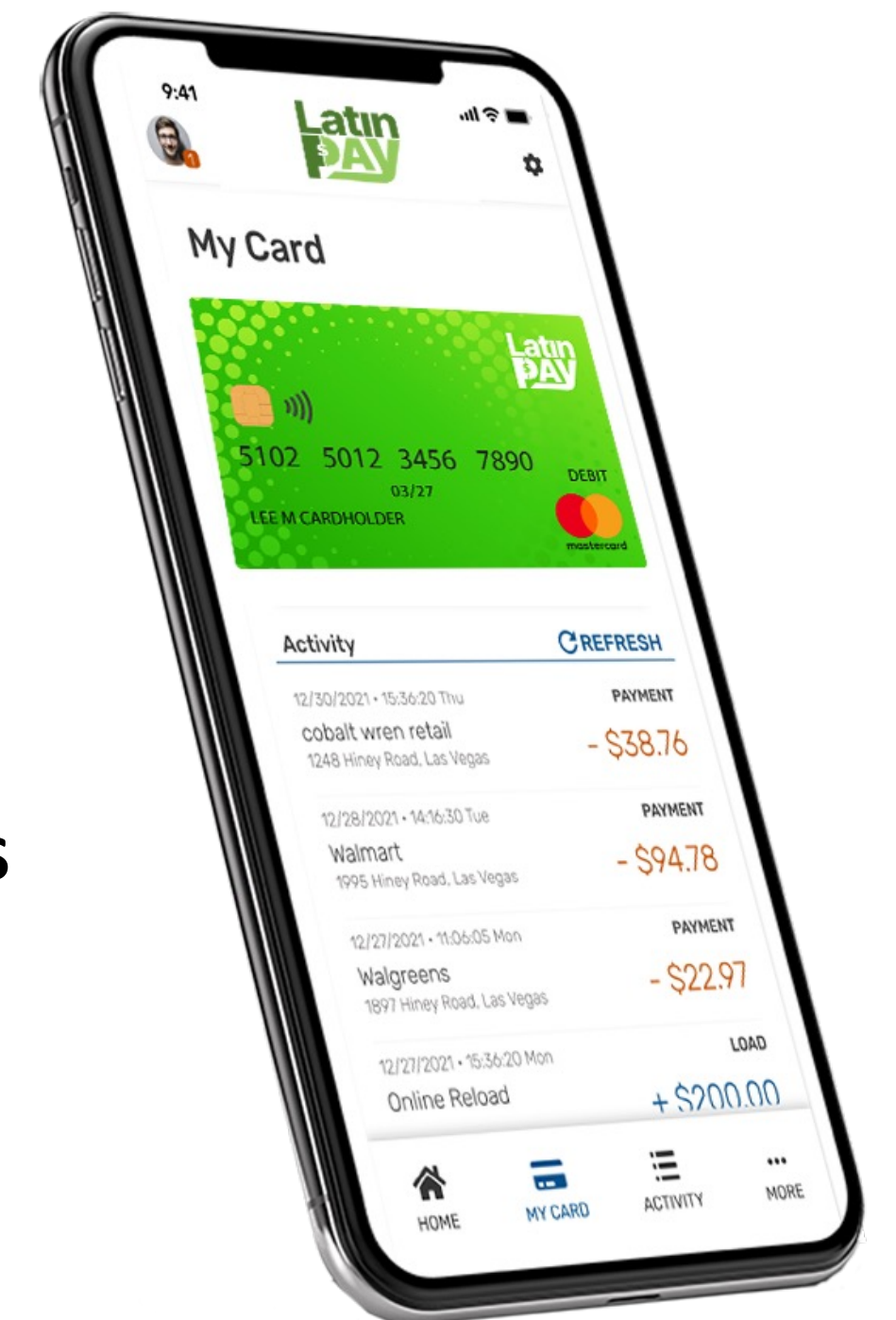
### Operational Excellence

- ▶ 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 & cashflow breakeven

- ▶ Realigned cost base has positioned Change to deliver profitable revenue growth in FY24+
- ▶ Migration of foundation NZ client cardholders underway – first 3,500+ cards issued via Vertexon PaaS Platform
  - ▶ PaaS revenues have begun and will progressively ramp up until the full migration is complete
- ▶ Revenue growth to be generated from
  - ▶ Existing client base + contracted PaaS clients + new client / partner wins
- ▶ Targeting to achieve a monthly cashflow breakeven run-rate exiting FY24

### 4 Key Objectives to Drive Success



Shared  
Success &  
Growth



Operational  
Excellence



Market Leading  
Solutions



Powering our  
People

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