

# Chairman's Address

Good morning my name is Benjamin Harrison and on behalf of the Board of Change Financial Limited (Change), I am pleased to welcome you to the 2022 Annual General Meeting (AGM).

In 2022, we outlined our go-to-market strategy for the next three years. The strategy is focussed on Change delivering on its vision of simplifying payment experiences globally and becoming a leading Payments as a Service (PaaS) provider via simple, flexible and fast to market technology.

Over the year Change successfully completed numerous strategic deliverables. These strategic deliverables provide Change with a solid foundation to enable the business to deliver future growth. Over this period, we have also expanded our client base from 136 clients across 36 countries to 156 across 41 countries.

During the year, we completed our integration with a new issuing bank in the US and signed three new PaaS clients in that region. These new clients are contracted to generate a minimum of US\$2.4 million (A\$3.6 million<sup>1</sup>) of revenue over the initial terms. Our first PaaS client in the US has now gone live and the team continues to work with our other new clients to go-live in financial year 2023.

In Australia and New Zealand (ANZ), the business has continued to make great progress. During the period, we signed an exclusive partnership with Mastercard for direct issuing in ANZ. We also received New Zealand (NZ) regulatory approval to enable direct issuing. On the back of these achievements, we signed milestone agreements with four NZ financial institutions, which is estimated to deliver US\$10.5 million (A\$15.9 million) of revenue over the initial five-year contract terms. Onboarding of these clients is proceeding to schedule and we anticipate going live in the coming months.

We anticipate receiving our Australian Financial Services Licence (AFSL) in the near term which will complement our New Zealand licence and enable Change to undertake direct issuing in both countries.

As we announced in October, I am retiring as Chairman and Non-Executive Director at the end of the AGM. I would like to take this opportunity to thank all our valued clients, employees and shareholders and acknowledge how important you all are in the successful future of our company.

The achievements of this past year provide Change with excellent building blocks as the business enters the 2023 financial year and beyond ready to capitalise on a strong growth outlook.

On the basis of my retirement at today's meeting, I will hand over to the incoming Chairman, Eddie Grobler, to run the formal proceedings of the meeting before handing over to the Managing Director and CEO, Alastair Wilkie, who will do a short presentation.

Thank you.

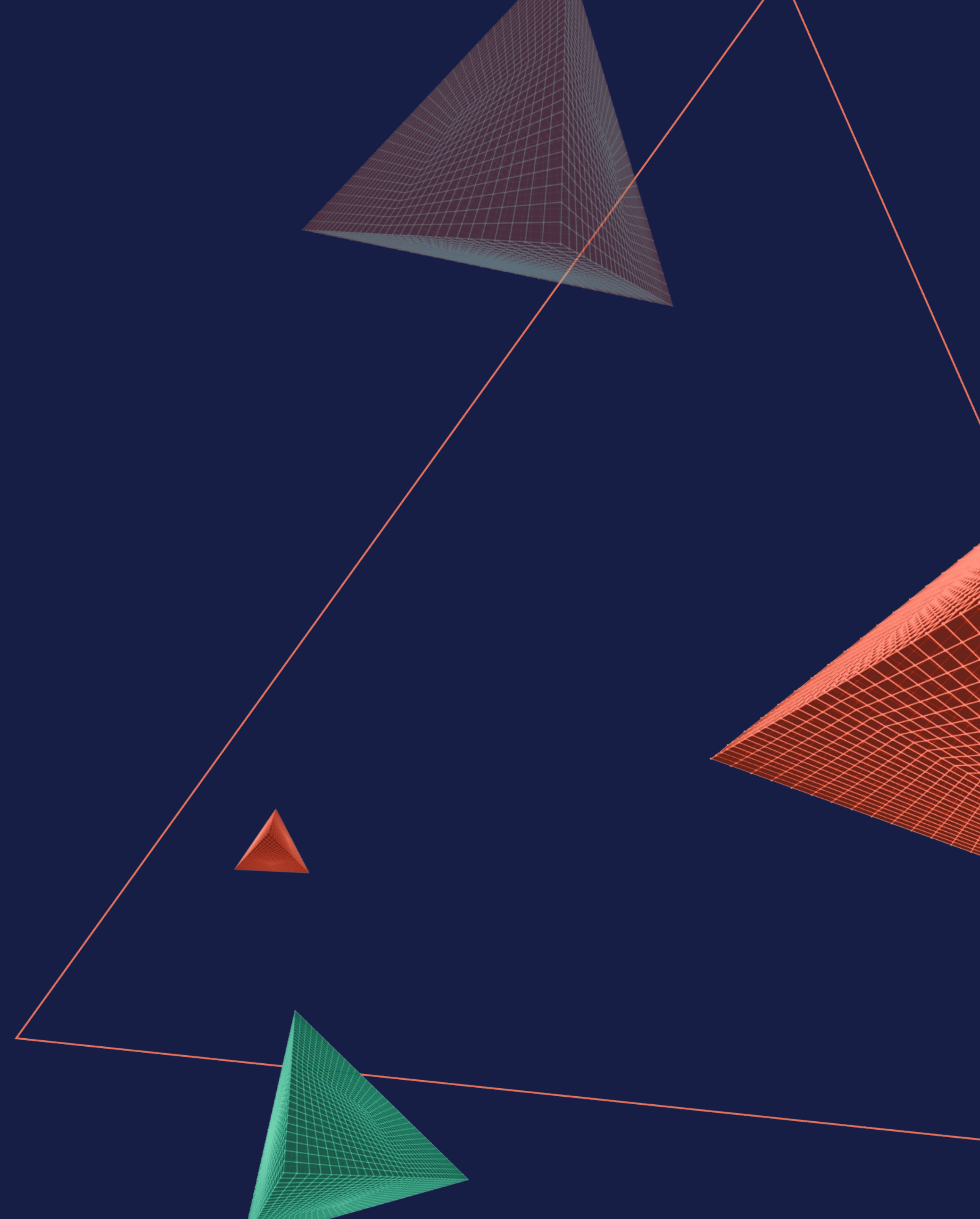
1. AUD/USD = 0.66 as at 21 November 2022

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# Investor Presentation Annual General Meeting (AGM)

24 November 2022



# Global fintech with local expertise

Global team with local knowledge to support our growing client base



**Critical payments infrastructure**  
Deep client integration



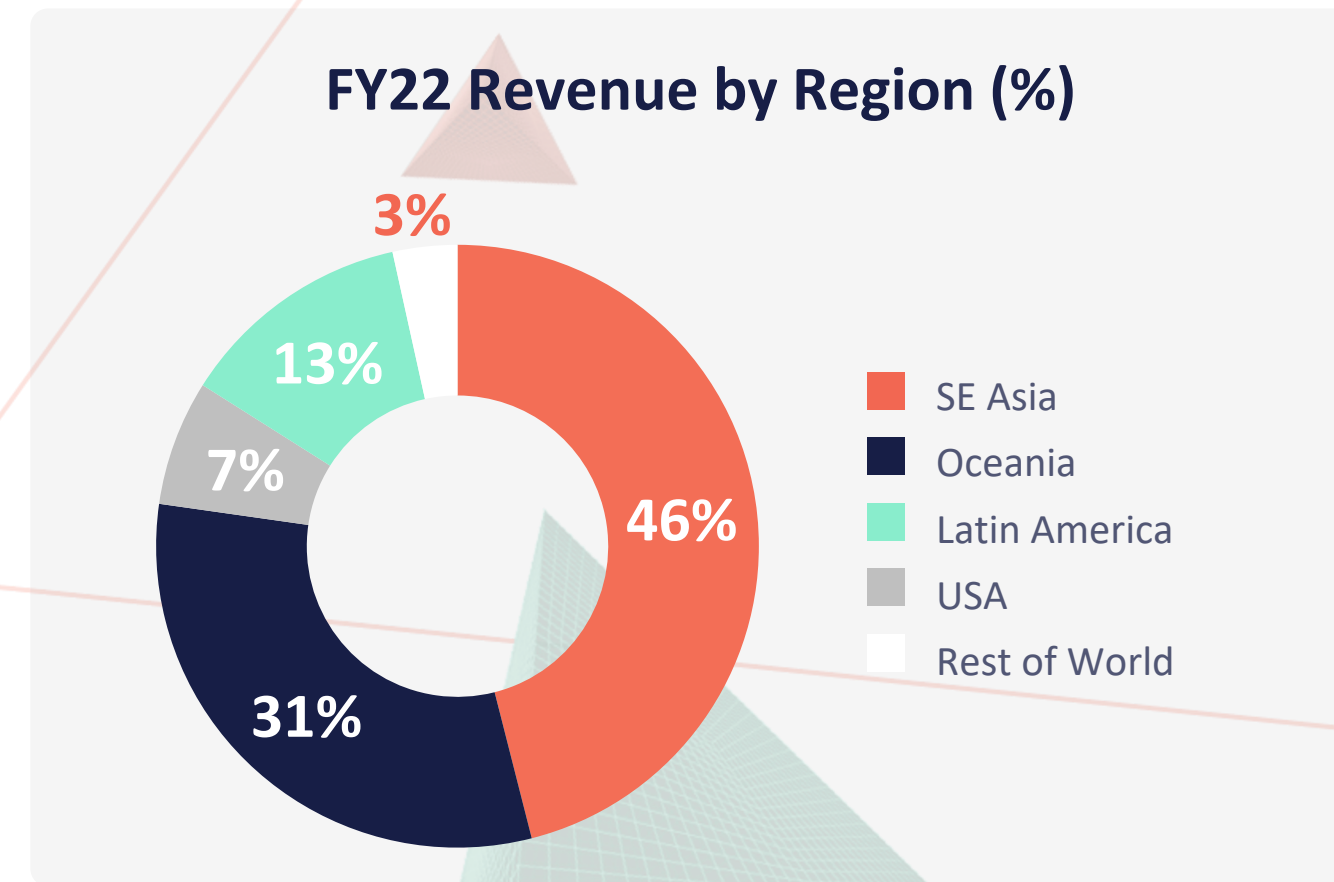
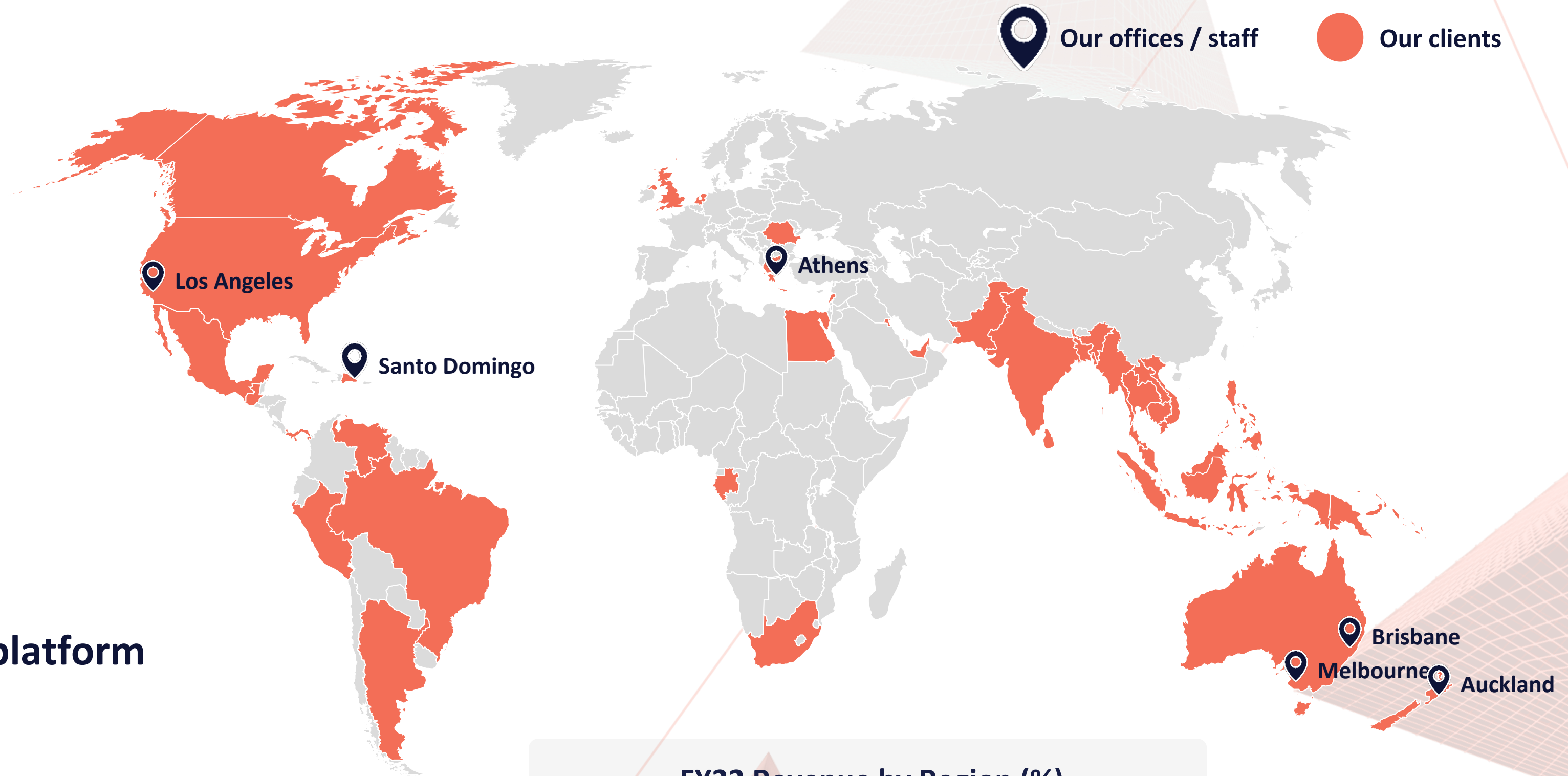
**Global footprint**  
156 Clients in 41 countries



**Scalable payments platform**  
25m+ cards



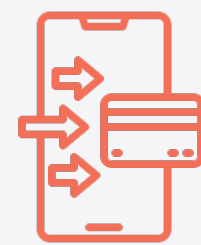
**Processing for all the major schemes**



# Change today: delivering scalable payments solutions

## Banking as a Service

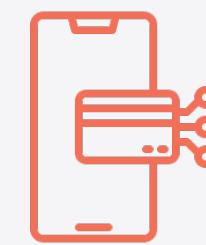
### Payments as a Service



Physical & virtual card issuing



Transaction processing for all major card schemes

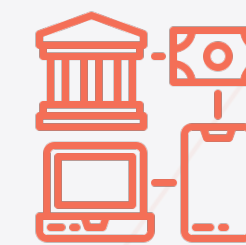


Digital payments (Apple, Google & Samsung Pay), BNPL

**61%**

% FY22 Revenue<sup>1</sup>

### Payment testing



Full payment simulation



ATM & POS emulation



Visa, Mastercard, UnionPay, Amex, JCB validation

**39%**

% FY22 Revenue

1. Includes c.1% of total revenue attributable to Other Products / Income

# Vertexon: Payments as a Service (PaaS)

- ▶ Lowers the barrier of entry for banks & fintechs to deliver innovative digital & physical card solutions to their customers

Key Product Offerings	Processing	Processing & Issuing (P&I)
	<ul style="list-style-type: none"> <li>▶ Cloud hosted; platform used to manage card &amp; payments infrastructure</li> <li>▶ <b>Client</b> responsible for card issuing</li> <li>▶ Global</li> </ul>	<ul style="list-style-type: none"> <li>▶ Cloud hosted; platform used to manage card &amp; payments infrastructure</li> <li>▶ <b>Change</b> responsible for card issuing</li> <li>▶ ANZ &amp; US</li> </ul>

Unique Selling Proposition	 <b>Cloud Based</b> <ul style="list-style-type: none"> <li>▶ Locally installed in client jurisdiction with upgrades automatically deployed</li> </ul>	 <b>API First</b> <ul style="list-style-type: none"> <li>▶ Single API &amp; sandbox for rapid global platform access</li> </ul>
	 <b>Speed to Market</b> <ul style="list-style-type: none"> <li>▶ Agile &amp; nimble partner which lowers the barriers of entry for issuing &amp; card products</li> </ul>	 <b>Innovation</b> <ul style="list-style-type: none"> <li>▶ Leverage modern digital solutions to respond to market trends &amp; client needs quickly</li> </ul>
	 <b>Capital Efficient</b> <ul style="list-style-type: none"> <li>▶ Capital light model through reduced compliance overhead (e.g. PCI DSS) &amp; infrastructure investment</li> </ul>	 <b>Scheme Agnostic</b> <ul style="list-style-type: none"> <li>▶ Transaction processing for all major schemes inc. Mastercard, Visa, Union Pay, JCB &amp; AMEX</li> </ul>

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

# PaySim: critical payments infrastructure testing tool

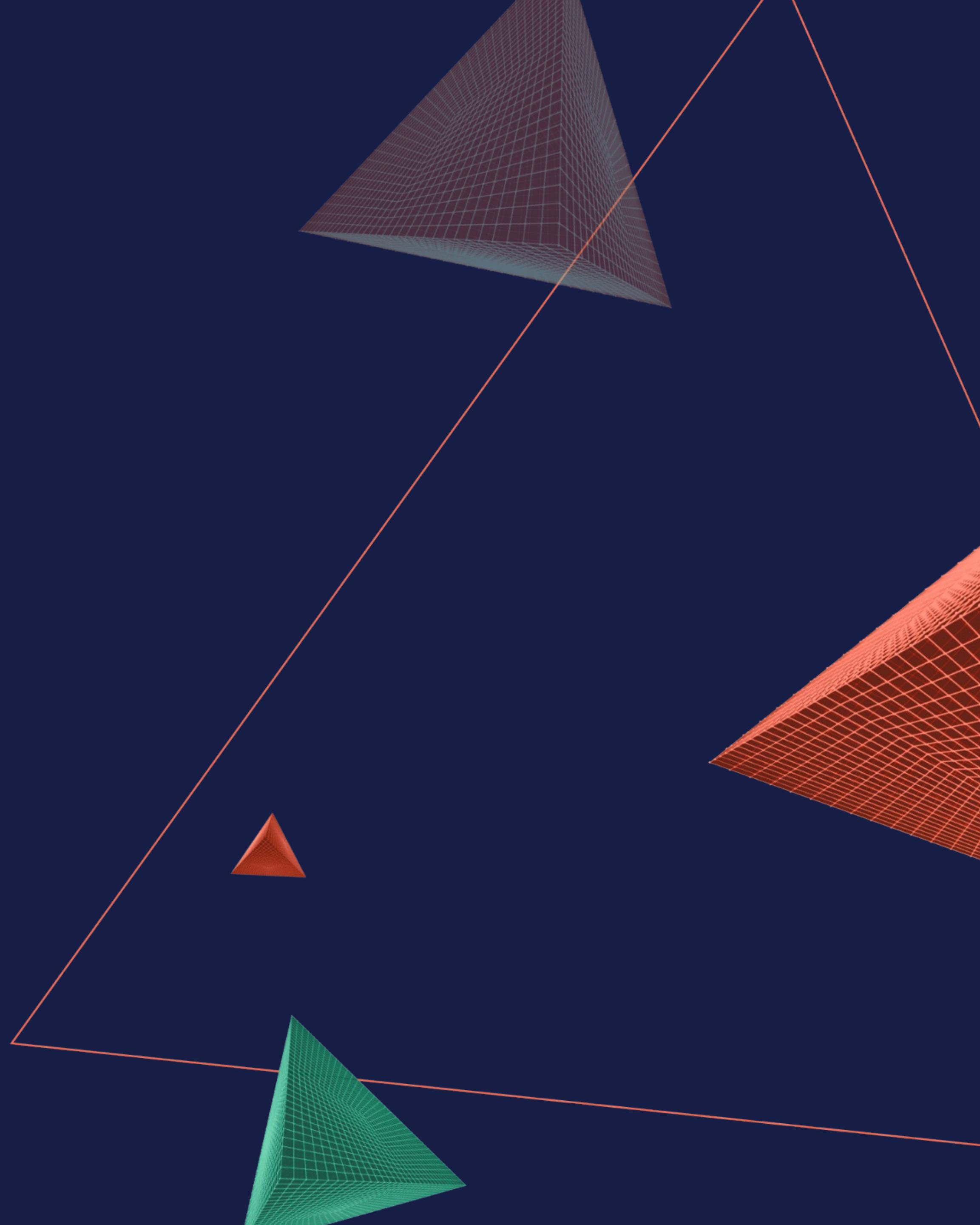
- ▶ **Simulates the full transaction lifecycle**, enabling banks & fintechs to complete reliable and cost effective end-to-end testing of their payment platforms & processes
- ▶ Enables financial institutions to **test their payment systems** to meet the reliability & performance expectations of their 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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# FY22 Review

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# Key 'building blocks' delivered in FY22

Milestones achieved in FY22 provide foundations for accelerated future growth

Milestone	Why it's important
<p>Launch of SaaS platforms</p>	<ul style="list-style-type: none"> <li>▶ Launched Vertexon PaaS platform in Oceania in late 2021</li> <li>▶ Major client wins – 4 NZ financial institutions &amp; 3 US fintechs – onboarding nearing completion</li> <li>▶ Launched PaySim APIs as part of PaySim SaaS offering</li> </ul>
<p>Direct issuing in Oceania</p>	<ul style="list-style-type: none"> <li>▶ Signed Mastercard partnership for direct issuing in ANZ</li> <li>▶ Granted regulatory approval as a Financial Service Provider (FSP) in NZ</li> <li>▶ Application submitted for Australian Financial Services Licence (AFSL) – draft AFSL granted</li> </ul>
<p>US issuing bank partnership</p>	<ul style="list-style-type: none"> <li>▶ Signed Axiom Bank issuing partnership in US</li> <li>▶ US requires bank intermediary (unlike ANZ) for issuing physical &amp; digital cards</li> </ul>
<p>Expanding global channel partners</p>	<ul style="list-style-type: none"> <li>▶ Mastercard – certified Mastercard processor in the US + direct card scheme partner in ANZ</li> <li>▶ Finzsoft – core banking platform &amp; technology provider</li> <li>▶ Mambu – API driven cloud banking platform in 65 countries</li> </ul>
<p>Strengthened team</p>	<ul style="list-style-type: none"> <li>▶ Executive &amp; Sales teams bolstered by key appointments with payments experience</li> <li>▶ Strengthened Board with experienced payments &amp; business executives</li> </ul>



# Key recent client wins

Recent wins anticipated to generate in excess of **US\$12.9m revenue over initial terms**

## 4 NZ Financial Institutions

- ▶ Milestone PaaS (P&I) contracts with 3 NZ credit unions & 1 NZ building society
- ▶ >35k debit cards anticipated to be transitioned to the Vertexon platform
- ▶ Commenced onboarding, launch anticipated in coming months

### Financial Impact

- ▶ Total contract value anticipated to be in excess of US\$10.5m (A\$15.9m<sup>1</sup>) over the initial 5-year terms
- ▶ Delivering **US\$2.1m (A\$3.2m) per year**, once all clients have been onboarded & customers re-carded
- ▶ Launch triggers US\$1.0m (A\$1.5m) incentive payment from Mastercard



## 3 US Fintechs

- ▶ Gaining traction in US with 3 fintechs secured as new PaaS (P&I) clients
- ▶ Programs include benefits disbursements, digital wallets & mobile payments
- ▶ First client live and transacting

### Financial Impact

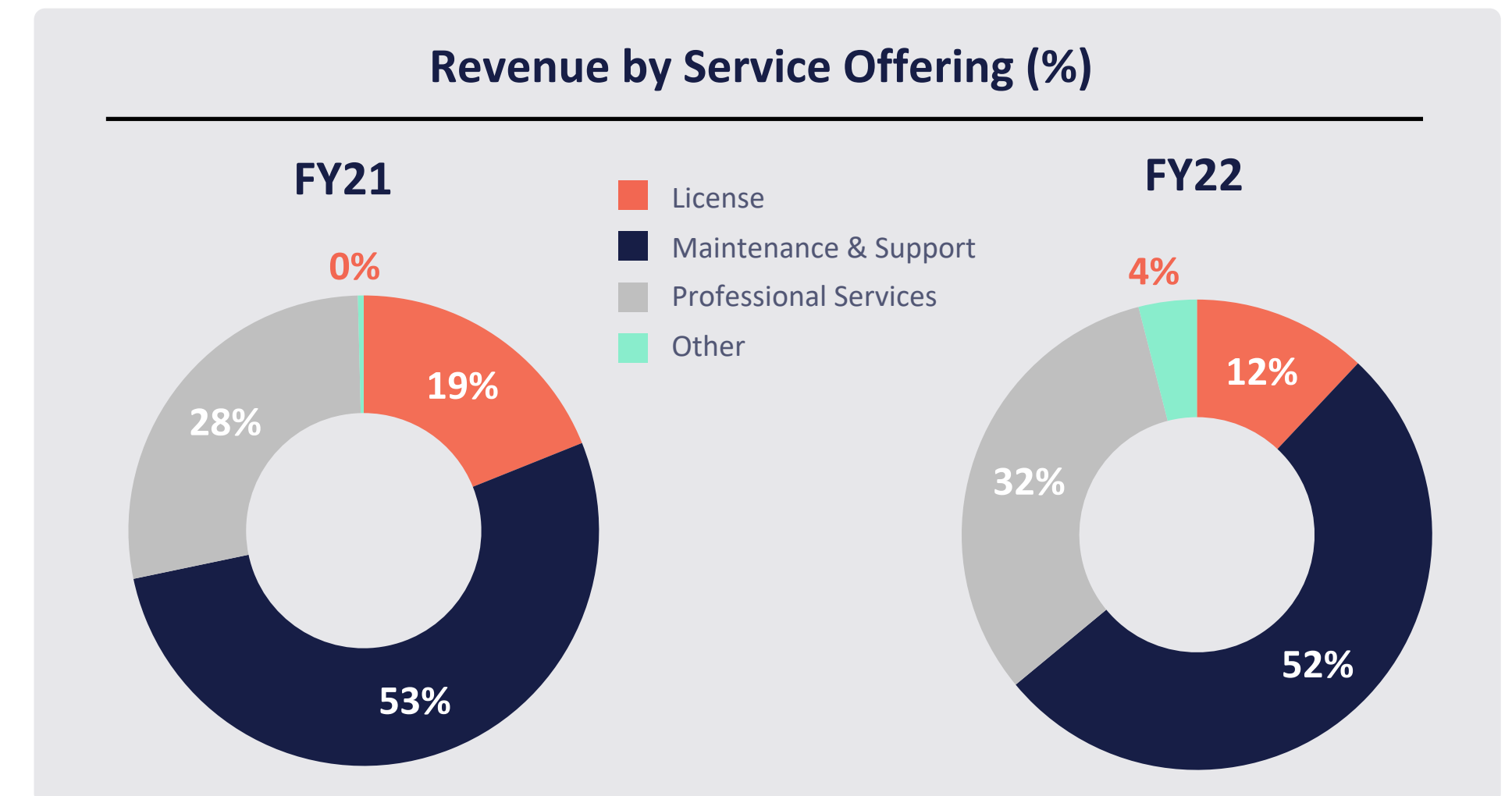
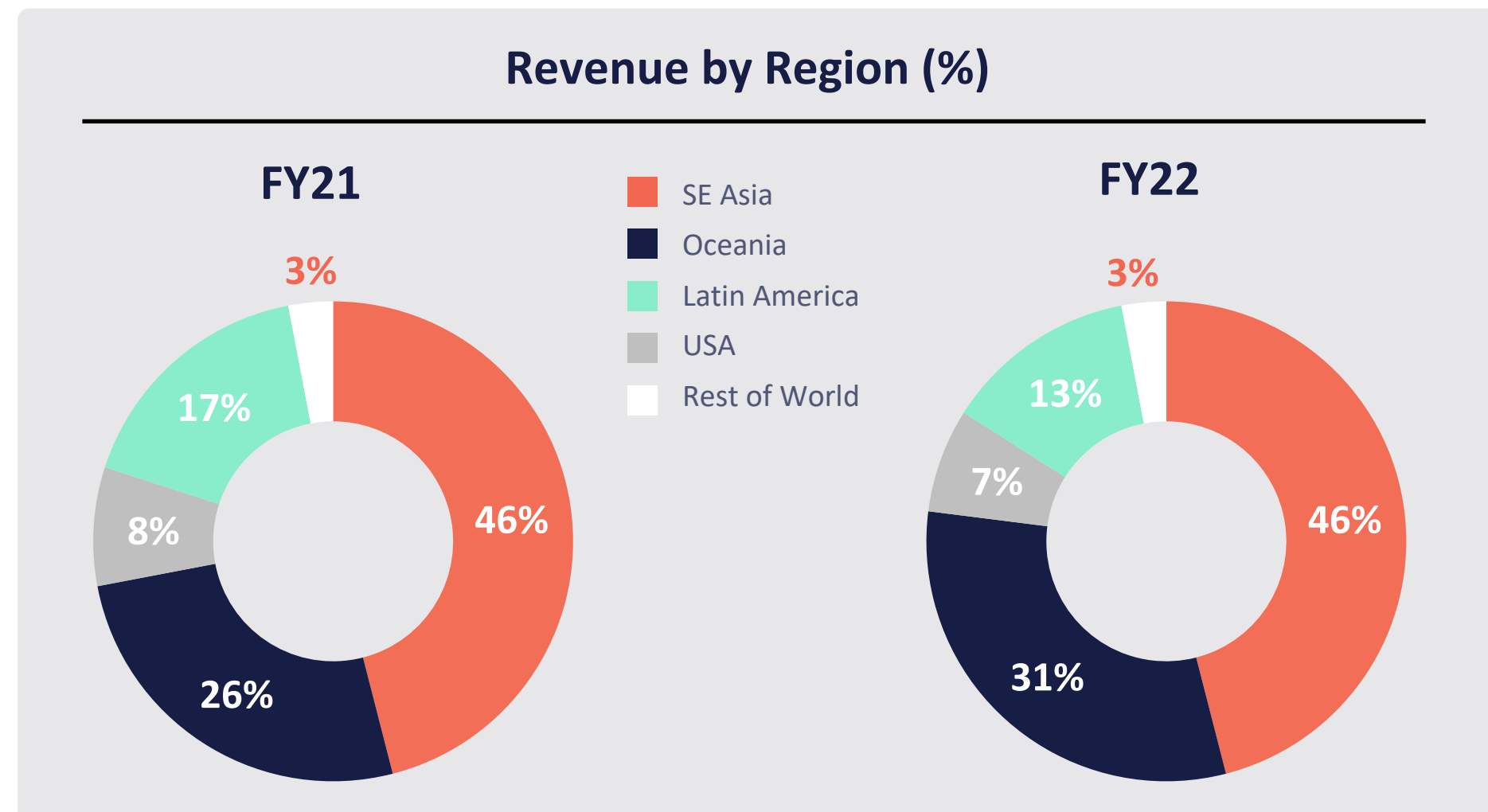
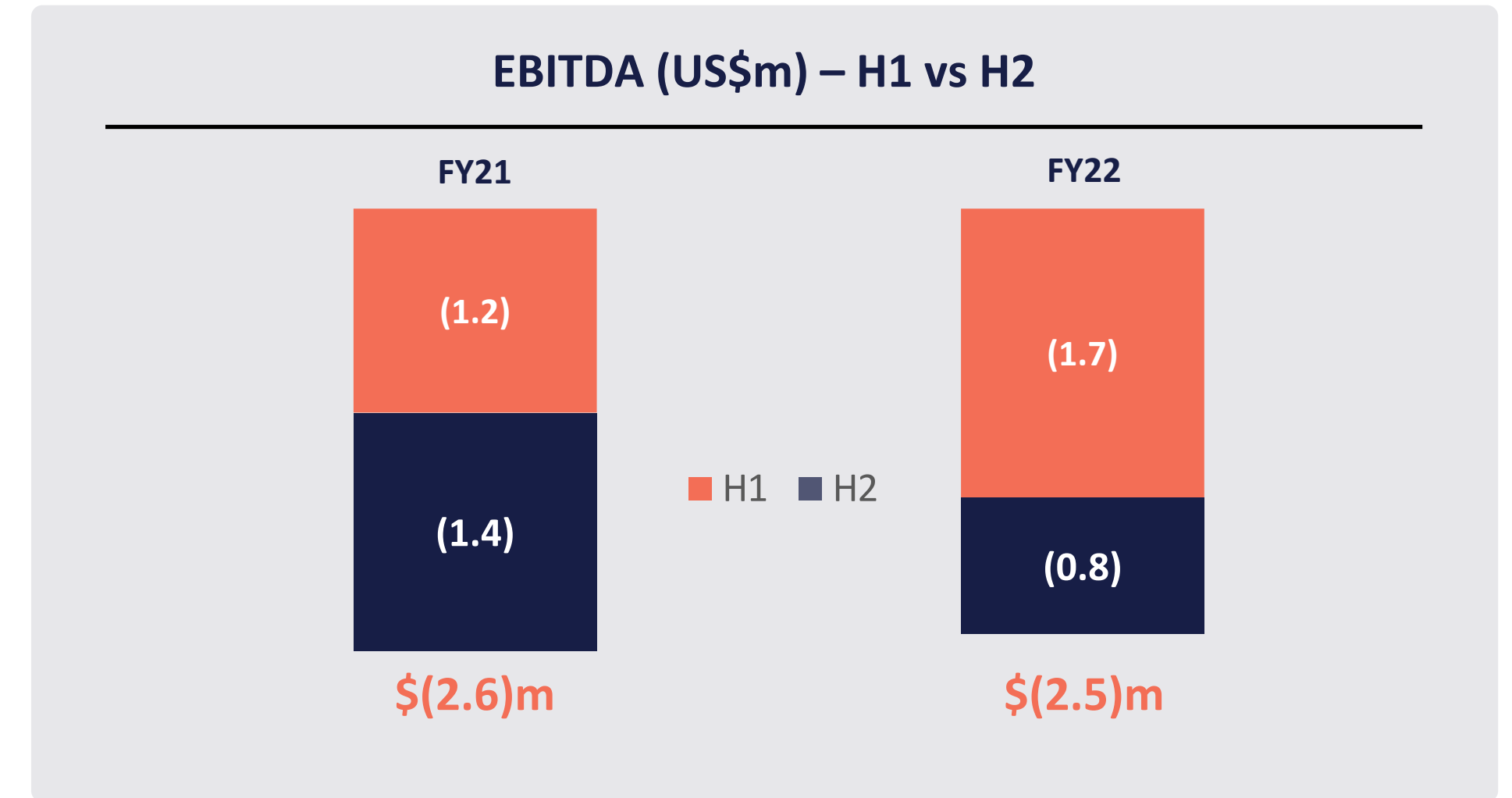
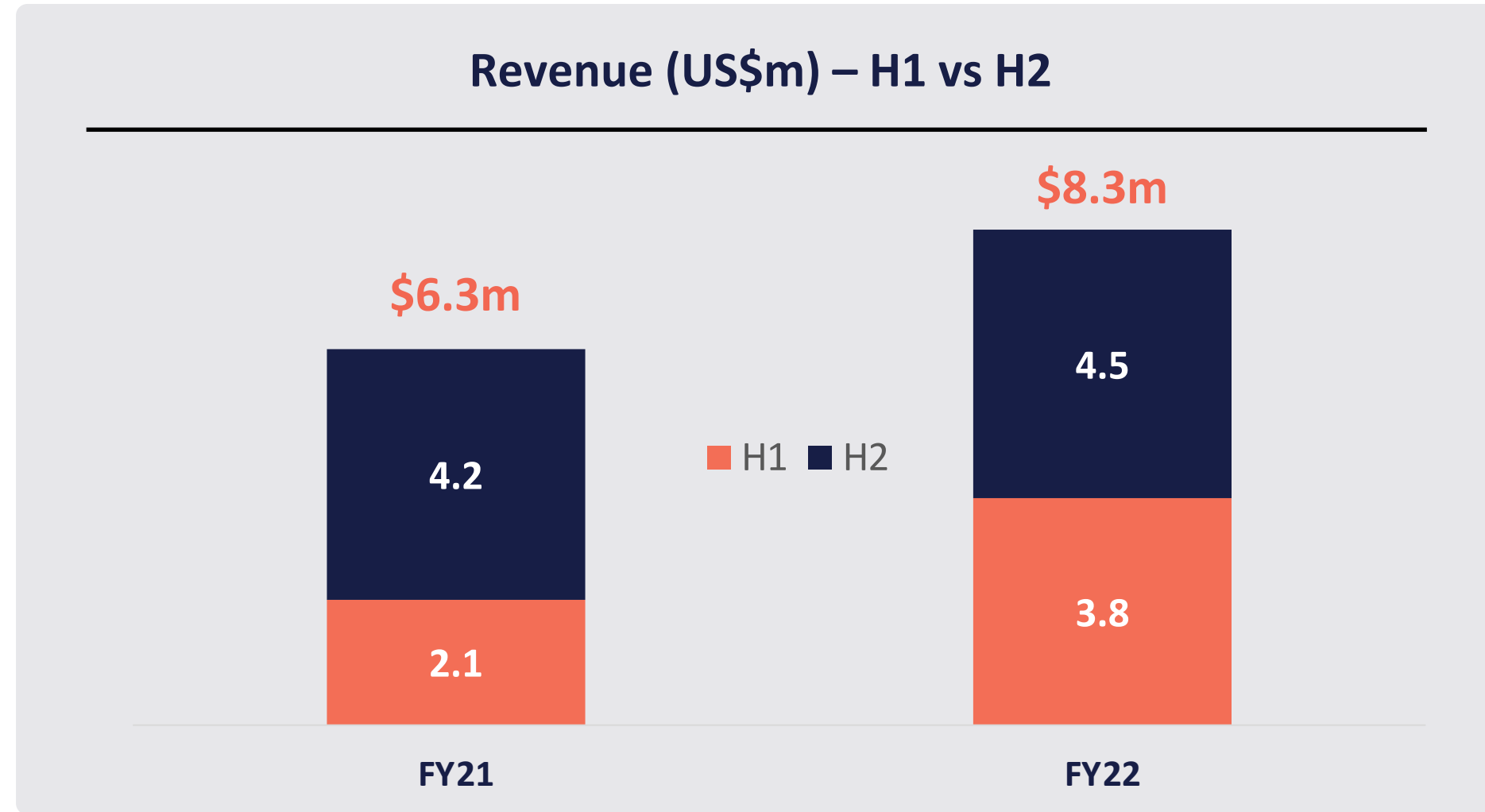
- ▶ Combined minimum fee commitment of US\$2.4m (A\$3.6m) over initial terms (3 & 5 years)
- ▶ Further potential revenue from interchange, transaction & other fees



1. AUD/USD = 0.66 as at 21 November 2022

# Financial Dashboard – FY22

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



# Profit & Loss – FY22

Recent Vertexon PaaS client wins will contribute to revenue growth in FY23 and beyond

Profit & Loss Summary			
(US \$000's)	FY22	FY21	Var %
Revenue	8,316	6,313	31.7%
COGS	-	-	n/a
<b>Gross Profit</b>	<b>8,316</b>	<b>6,313</b>	<b>31.7%</b>
Employee expenses	(7,282)	(5,451)	33.6%
Professional services & insurance	(980)	(556)	76.3%
Technology & hosting	(1,108)	(843)	31.4%
Other expenses	(1,461)	(2,116)	(31.0%)
<b>Operating Expenses</b>	<b>(10,831)</b>	<b>(8,966)</b>	<b>20.8%</b>
<b>EBITDA</b>	<b>(2,515)</b>	<b>(2,653)</b>	<b>(5.2%)</b>

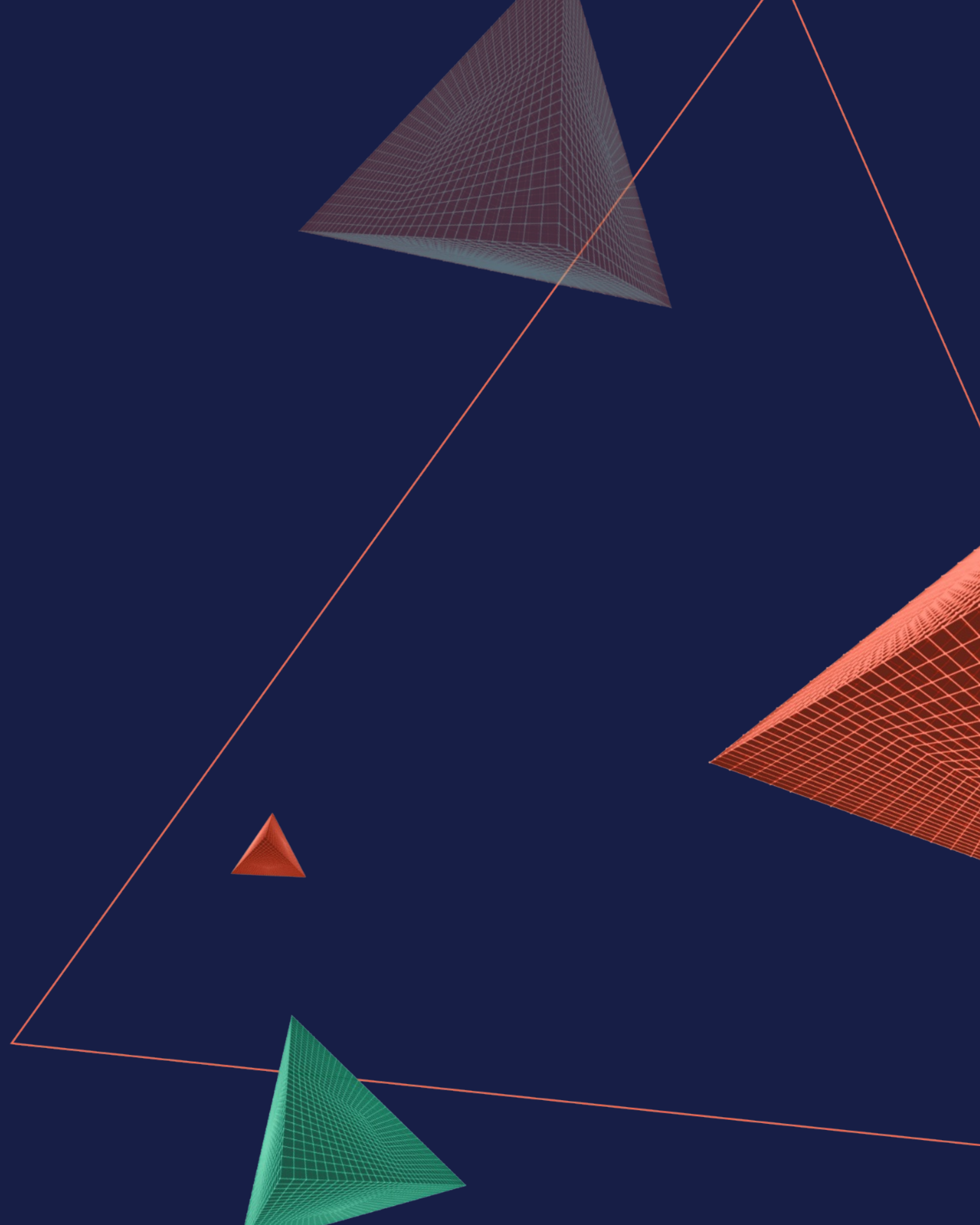
## Key Comments

- ▶ Record FY22 revenue of US\$8.3m (A\$12.6m<sup>1</sup>), up 31.7% pcp
  - ▶ FY21 revenue included 9 months of strategic acquisition
  - ▶ Launched Vertexon PaaS platform in Oceania in late 2021 – will generate revenue in FY23 and beyond
- ▶ Processing and 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 increased to support roll-out of Vertexon platform and onboarding of new clients
- ▶ Cost base now established with modest increase in employee costs over next 12 months driven by:
  - ▶ Full year impact of sales & senior executive hires made in FY22
  - ▶ Select hires for operations to appropriately service P&I offering and increased client base
- ▶ Significant improvement in H2 FY22 EBITDA compared to H1 – refer next slide

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# FY23 Update

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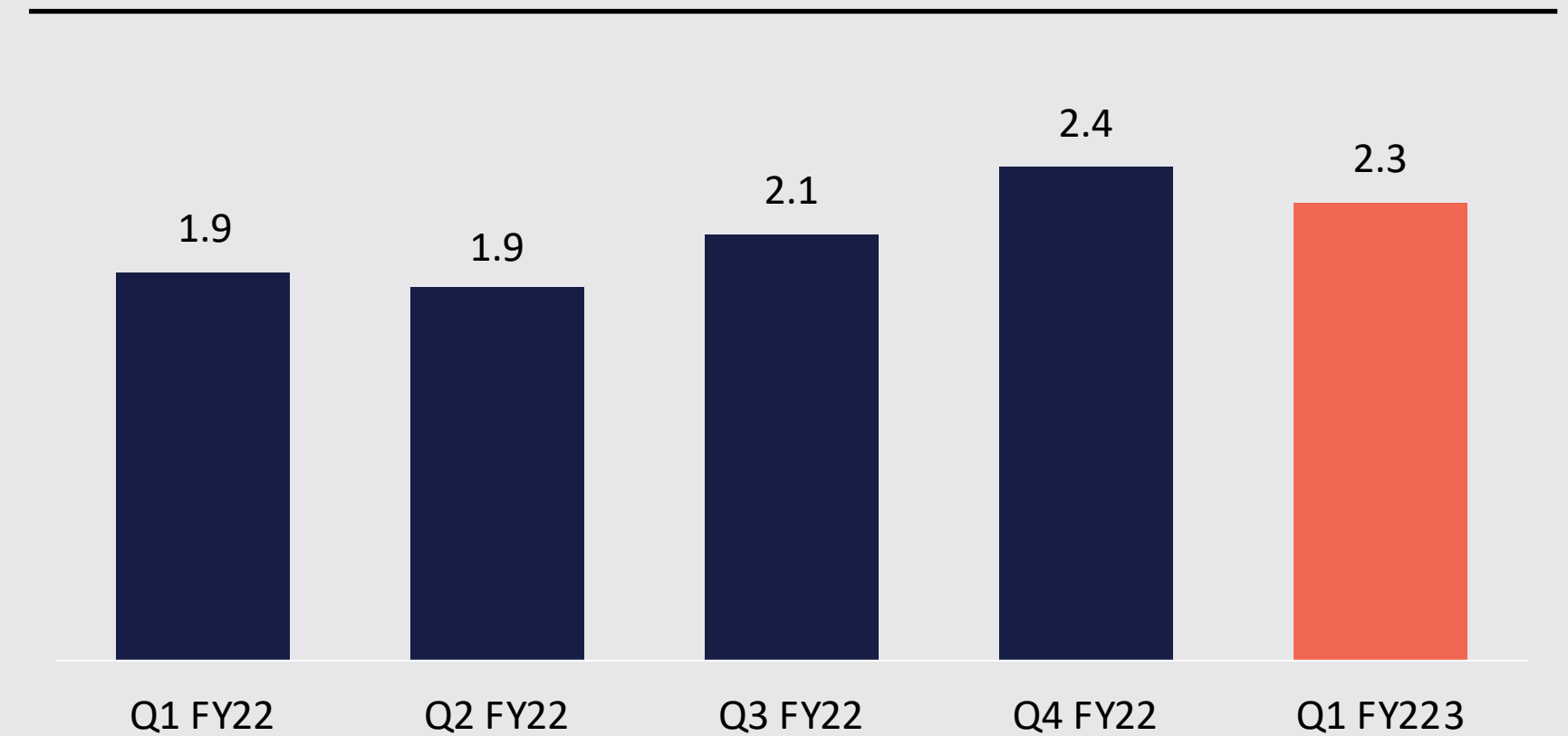


# Financial Update – Q1 FY23

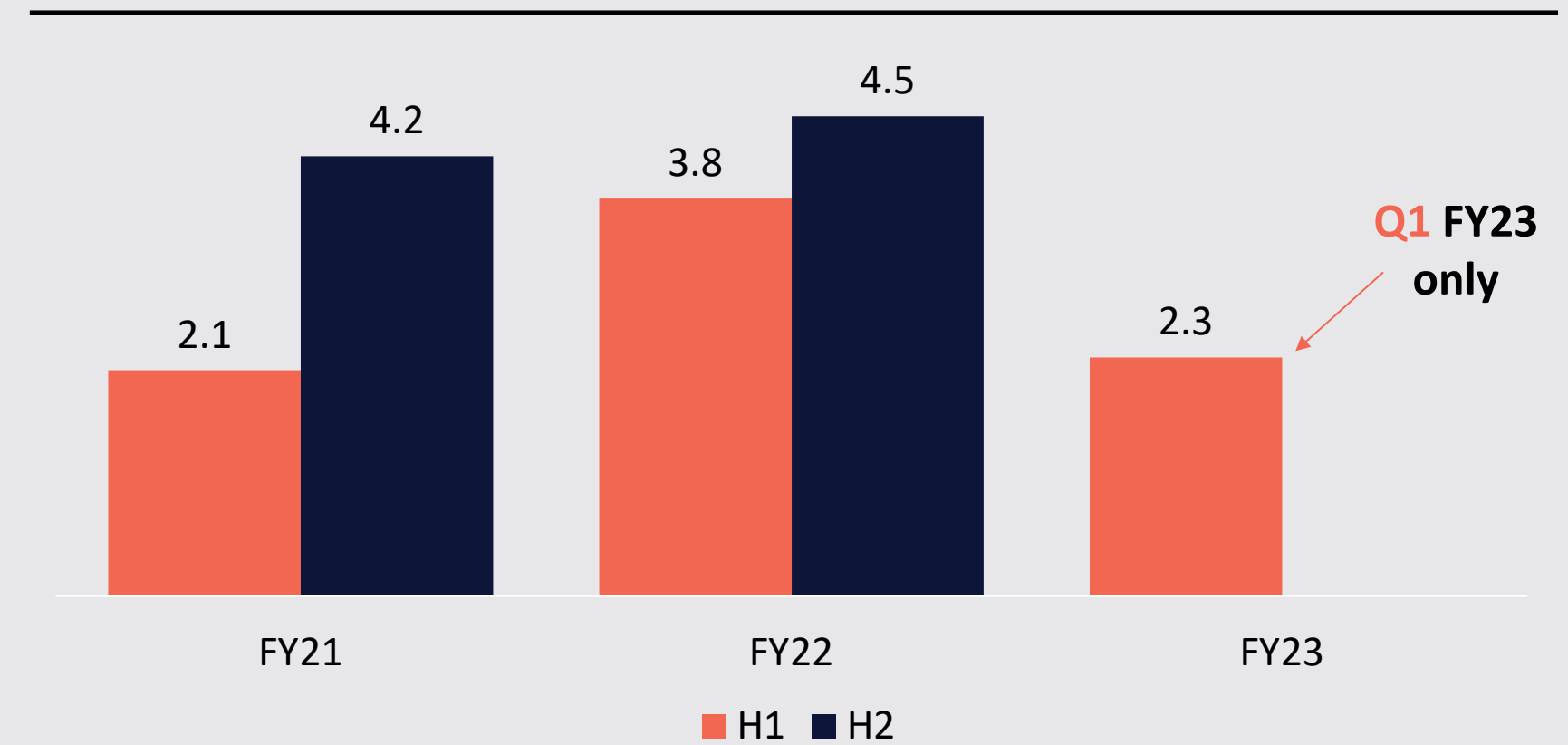
Strengthened the financial position of the Company through revenue growth, cost realignment and capital raise

- ▶ FY22 revenue of US\$8.3m (A\$12.6m<sup>1</sup>)
- ▶ FY22 EBITDA loss of US\$2.5m (A\$3.8m)
- ▶ Q1 FY23 revenue of US\$2.3m (A\$3.5m), up 18% on pcp
  - ▶ Growth primarily driven through support and maintenance and new licence sales
  - ▶ c.54% of revenue derived from recurring sources
- ▶ Cash receipts of US\$2.3m (A\$3.5m), down 19% on pcp
  - ▶ Stronger cash collections in prior period driven by collection of a significant one-off licence sale from non-core product and aged debtors from acquisition
- ▶ Completed a realignment of the cost base
  - ▶ Resulted in several one-off restructuring costs (primarily related to staff entitlements)
  - ▶ Expect operating expenses to reduce going forward
- ▶ Strengthened balance sheet; net cash of US\$3.1m (A\$4.7m)
  - ▶ Strong cash position assisted by A\$5.72m capital raise in August from supportive shareholders

Revenue by Quarter (US\$m)



Revenue by Half (US\$m)



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## FY23 Operational Milestones

1

### Business readiness for direct card issuing in Oceania

- ▶ Australian Financial Services Licence (AFSL) – approval expected in H1 FY23 (will enable direct issuing in Australia)
- ▶ Complete the establishment of Risk / Compliance / Treasury operations
- ▶ Achieve go-live for recently signed New Zealand clients and migrate card programs to Vertexon

2

### Deliver market leading products

- ▶ Vertexon – enhance digital wallet offering and expand API suite
- ▶ PaySim – deliver SaaS product offering with modern UX / UI enhancements and faster payments certification

3

### Grow through clients and partners

- ▶ Partners – build out partner ecosystem (sales partners, issuing sponsors, fintechs, schemes etc.) and leverage recently secured partnerships to drive growth at scale
- ▶ New clients – leverage momentum and capabilities to secure new direct issuing client wins in Oceania and US
- ▶ Existing clients – secure new project work and commitments to migrate from existing on-premise solution to cloud solution

# Financial Outlook

Proactive management actions to deliver strong and profitable revenue growth

## Revenue Growth

- ▶ Targeting to deliver strong (double digit) revenue growth in FY23
- ▶ FY22 revenue of US\$8.3m (A\$12.6m<sup>1</sup>)
- ▶ Q1 FY23 revenue of US\$2.3m (A\$3.5m), up 18% on pcp
- ▶ Key drivers of growth:
  - ▶ Long-standing client base with contracted revenue
  - ▶ Recently contracted PaaS clients who are anticipated to 'go-live' throughout remainder of FY23
  - ▶ Existing clients with identified projects / upgrades + new opportunities in advanced discussions

## Cost Base Realigned

- ▶ In July, realigned the cost base to streamline the business and enable future revenue growth to be delivered profitably
- ▶ Realised majority of one-off costs in Q1 FY23; expect operating expenses to reduce for the remainder of FY23, particularly in the second half

## EBITDA Positive

- ▶ Targeting monthly EBITDA positive during H2 FY23
- ▶ Sales pipeline continues to grow and mature, with the realigned cost base not affecting the upside potential of the business

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### ASX: CCA

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