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FY2022 Q1
QUARTERLY UPDATE
AND APPENDIX 4C

28 October 2021

September 2021 Quarterly Update and Appendix 4C

FY2022 Q1 Highlights

- Receipts from customers totalled US\$2.8 million (A\$3.7 million) for the quarter
- Revenue in September quarter totalled US\$1.9 million (A\$2.5 million)
- Cash position of US\$3.5 million (A\$4.7 million) at 30 September 2021
- Partnership signed with Axiom Bank, providing a key relationship for onboarding clients in the US
- New US Payments as a Service Client signed in the US, adding to ARR
- Contracted Annual Recurring Revenue (ARR) increased to US\$4.6 million (A\$6.1 million)
- Phase 2 (Customer Ready Platform) completed on schedule and within budget
- Additional payments, operational and strategic experience added to Board

28 October 2021 Change Financial Limited (ASX: CCA) ("Change" or "the Company"), an Australian based global fintech providing tailored payments solutions, card issuing and testing to banks and fintechs, is pleased to release an update on the Company's business activities along with the Appendix 4C for the quarter ended 30 September 2021 (Q1 FY22).

Change CEO Alastair Wilkie commented, "We are pleased to have started the year by delivering key strategic milestones on our roadmap, building on the strong foundations we laid in FY21. We have grown our global footprint with the signings of Axiom bank, and our first Payments as a Service client in the US. The partnership with Axiom is a key relationship to unlock Change's growth in the region and will accelerate the adoption of our products by US fintechs.

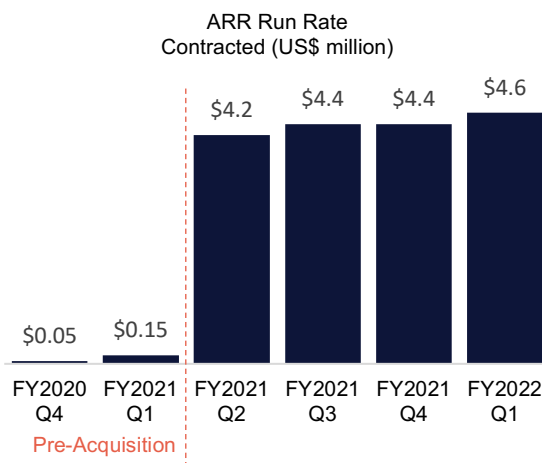
"With our Phase 2 (Customer Ready Platform) completed during the quarter we are ready to offer an integrated payment processing and card management solutions platform in our key target markets, and we continue to focus our efforts on building a strong sales pipeline to drive growth and add value for our shareholders."

Cash Flow and Financial Update

Revenue for the September quarter was US\$1.9 million (A\$2.5 million¹) while receipts from customers totalled US\$2.8 million (A\$3.7 million), compared to US\$2.1 million (A\$2.8 million) for the previous quarter. Strong cash receipts for the quarter are reflective of the collection of both current and prior period invoiced revenue.

Change's cash position at the end of the quarter was US\$3.5 million (A\$4.7 million), compared to US\$4.0 million (A\$5.3 million) from the previous quarter. Cash operating costs increased relative to the previous quarter as the Company continued to invest in building its team and executing the Go-to-Market strategy released in August to drive growth.

Change's ARR run rate remained steady at quarter end however following completion of the quarter, contracted ARR increased to US\$4.6 million (A\$6.1 million) with the signing of the new Payments as a Service client in the US. The Company maintains a healthy contracted pipeline of project work which it earns above ARR. Further details on Change's sales pipeline is provided below.



¹ AUD/USD = 0.75

FY2022 Q1 Contracted ARR Run Rate includes annual minimum fee commitments from new US client announced on 13 October 2021 with revenue expected to commence in Q3 FY22.

The Company also notes that it earns revenue in multiple currencies from its global customer base. As of today, the majority of revenue is invoiced in USD, AUD and NZD and therefore there will be currency exchange fluctuations in the Company's reporting of results.

Business Activities

Partnership with Axiom

During the quarter, Change announced a three-year partnership with Axiom, one of the fastest growing community banks in the US. Headquartered in Florida, the bank takes an innovative approach to banking, serving the financial needs of its customers through a wide range of financial products and services.

The partnership with Axiom accelerates Change's reach in the US and will be a key relationship when onboarding fintechs in the region. Change will onboard clients with Axiom as the issuing bank, leveraging Change's Mastercard registered processor and payments platform Vertexon.

Change's solutions will allow clients to provide their customers with feature rich products and functionality such as physical and virtual cards, access to ATM networks and Buy Now Pay Later (BNPL) payment options.

Change has a pipeline of potential clients it is working with in the US to onboard with Axiom Bank, with the first client already signed. Clients in the US will contribute to driving growth in Change's ARR.

New US Payments as a Service Client

The recent partnership with Axiom Bank has produced early results with Change securing an established card program as a new client. The client is a US based fintech focused on benefits disbursement with an existing customer base of cardholders which will be transitioned to Change's platform.

Change will begin onboarding the new client this quarter (Q2 FY22) with the program launch anticipated in Q3 FY22. The client will leverage Change's platform and program management service offering, which enables clients to focus on value-added activities within their areas of expertise. Along with processing, card and program management, Change will also be providing mobile apps, giving customers digital control of their cards.

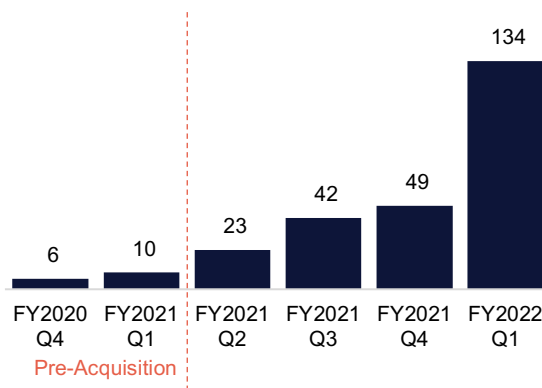
The total minimum contract value is US\$0.7 million (A\$1.0 million) over an initial three (3) year term. Minimum fee commitments in the contract will add to Annual Recurring Revenue for Change. Change will primarily generate revenue through interchange, transaction fees, cardholder fees, and program management services. Where interchange, transaction and other fees exceed minimums, Change will earn additional revenue.

Sales Pipeline

Change has now completed the roll out of its Phase 2 Customer Ready Platform, allowing the Company to offer a next generation integrated payment processing and card management solutions platform. Change also implemented a CRM system to track global business development activities and increase its lead conversion and customer retention rates. Change is well advanced on the development of its PaySim API which will provide banks and fintechs the ability to integrate and automate their stress and regression testing, with official launch scheduled in December 2021.

During the June quarter Change focused on hiring and building a strong sales team, and during the September quarter the Company has concentrated its efforts on increasing opportunities in the pipeline. The sales team has already delivered a significant increase in Q1 FY22 compared to Q4 FY21 with opportunities across both the Vertexon and PaySim products, ending the September quarter with a total of 134 opportunities. Leading into Q2 FY22, Change anticipates an increase in new client numbers as opportunities are converted to sales.

Qualified Leads
Number of Opportunities



Board Changes

Following the period, Change also announced it has strengthened its board with the addition of Eddie Grobler, a highly experienced cards and payments specialist and former Mastercard executive of 20 years, appointed as an independent non-executive director. In addition, current Change CEO, Alastair Wilkie will join the Board in the role of Managing Director and Tom Russell will join the board as an alternative director to Chairman, Ben Harrison.

Eddie and Alastair's appointments are subject to shareholder approval at the Company's AGM on 25 November 2021.

Payments to related parties of the entity and their associates detailed in Section 6 of the Appendix 4C relate to the directors' fees paid during the quarter.

All financial figures in the following Appendix 4C are denominated in US dollars unless stated otherwise.

Authorised for release by the board of Change Financial Limited.

About Change Financial

Change Financial Limited (ASX: CCA) is a global fintech, leveraging innovative and scalable technology to offer payment solutions to businesses and financial institutions.

- Next generation global payment processing and card management solutions platform
- Integrated financial transaction testing solution
- More than 136 customers in 36 countries
- Manages and processes over 16 million credit, debit and prepaid cards worldwide
- Annuity income from blue-chip client base including major banks, supermarkets and fintechs
- Highly experienced management and technical team

To learn more, please visit: www.changefinancial.com

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Change Financial Limited

ABN

34 150 762 351

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	2,840	2,840
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(1,611)	(1,611)
	(f) technology / hosting expense	(186)	(186)
	(g) professional fees	(382)	(382)
	(h) consulting / outsourced services	(64)	(64)
	(i) administration and corporate costs	(587)	(587)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(5)	(5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	5	5
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses **	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
	(c) property, plant and equipment	(15)	(15)
	(d) investments	-	-
	(e) software development	(390)	(390)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Sub lease payments received (excluding interest)	-	-
2.5	Dividends received (see note 3)	-	-
2.6	Other (provide details if material)	-	-
2.7	Net cash from / (used in) investing activities	(405)	(405)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Payment of lease liabilities (excluding interest paid)	(68)	(68)
3.10	US Government Loan (PPP Program)	-	-
3.11	Net cash from / (used in) financing activities	(68)	(68)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,018	4,018
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5	5
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(405)	(405)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(68)	(68)
4.5	Effect of movement in exchange rates on cash held	(64)	(64)
4.6	Cash and cash equivalents at end of period	3,486	3,486

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	3,486	4,018
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,486	4,018

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$US'000**

69

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Note: If any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amounts shown in 6.1 are amounts paid to directors or director related entities.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
-	-
-	-
-	-
-	-

7.5 Unused financing facilities available at quarter end

-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

n/a

8. Estimated cash available for future operating activities

\$US'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	5
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,486
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,486
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A (positive operating cashflow)

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2021

Authorised by: By the board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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