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change.

Q4 FY24
QUARTERLY UPDATE
AND APPENDIX 4C

25 July 2024

June 2024 Quarterly Update and Appendix 4C

Q4 FY24 Highlights

- Customer receipts of US\$3.6m (A\$5.4m), up 37% on prior corresponding period (pcp)
- Positive net operating cashflow of US\$0.2m (A\$0.3m)
- Q4 FY24 revenue of US\$3.2m (A\$4.8m), up 56% on pcp
 - Record revenue quarter – driven by an increasing contribution from PaaS clients and an increase in professional services revenue
- H2 FY24 revenue (unaudited) of US\$6.2m (A\$9.3m), up 39% on pcp
- FY24 revenue (unaudited) of US\$10.6m (A\$15.8m), up 22% on FY23
- PaaS revenue ramp up continuing – a key factor in driving future revenue and cashflow
 - 40k+ active cards on Vertexon PaaS platform (generating revenue)
- Secured new NZ PaaS client, Unity Credit Union, targeting launch during H1 FY25 with anticipated revenue in excess of US\$2.0m (A\$3.0m) per annum
- Cash holdings of US\$2.6m (A\$3.9m) with no debt as at 30 June 2024 – excludes additional cash backed security guarantees of US\$0.5m (A\$0.8m)
- Targeting revenue growth in excess of 30% in FY25 and maiden EBITDA positive year

Investor Webinar Registration

Thursday, 25 July 2024 at 10:30am Brisbane/Sydney time (AEST)

[Click here to register](#) (or see link on page 6)

25 July 2024 Change Financial Limited (ASX: CCA) (Change or the Company) is pleased to release an update on the Company's business activities along with the Appendix 4C for the quarter ended 30 June 2024 (**Q4 FY24**).

Change CEO Tony Sheehan commented, "We ended FY24 with significant momentum in the business as demonstrated by our back-to-back record Q3 and Q4 revenue coupled with the increasing transition of our revenue composition to recurring PaaS services. Having issued 60,000 cards across our three core regions with 40,000 being active and generating transactional revenues, we are increasingly able to demonstrate the tangible benefits of our Vertexon PaaS platform to a wide variety of new and existing clients. As we have found, reference-ability is a key factor in the selection process for potential clients with Change now well positioned to take advantage of that.

"During the quarter we signed a major new PaaS client, Unity Credit Union, which is expected to migrate a further 20,000 cards onto the Vertexon platform during H1 FY25. This demonstrates continued validation of our product and service offering and enables the business to scale with increased volume. Additionally, we have seen an uplift in our professional services revenue as resources were reallocated to focus on new projects after completing the PaaS platform development and onboarding of the initial NZ clients.

"Looking forward to FY25, we are targeting revenue growth in excess of 30% in FY25 and a maiden EBITDA positive year."

¹ AUD/USD = 0.67, all AUD amounts are converted for representation purposes to assist the reader

Business Activities

Growth in Processing and Issuing

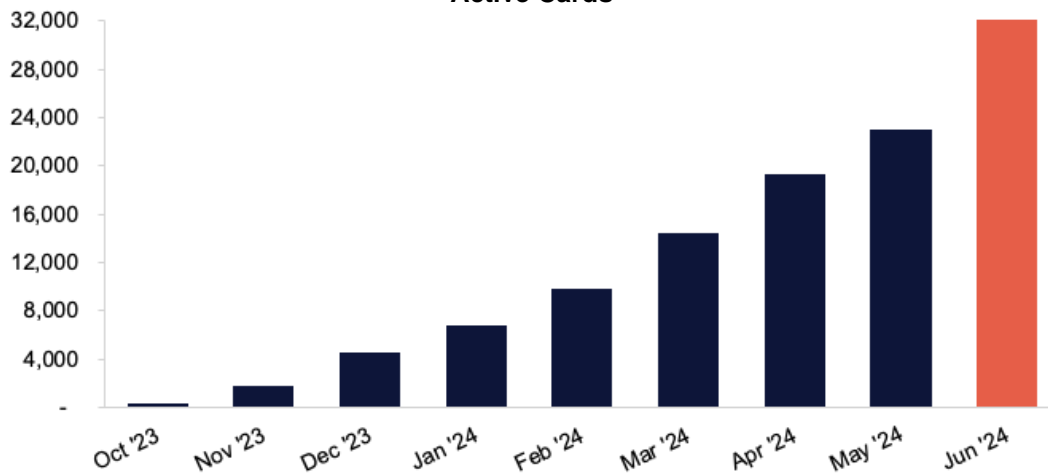
During the quarter, Change completed migrating all existing NZ client cardholders to the Vertexon PaaS platform. Change has now issued more than 60,000 cards in Australia, NZ and the US, with more than 40,000 cards activated.

Unity Credit Union (new PaaS client announced 30 May 2024), with over 20,000 debit cardholders, has issued pilot cards and is expected to begin migrating cards to Change's Vertexon platform in H1 FY25. The conditions precedent date under the contract has been extended to allow Unity and Change additional time to finalise security collateral arrangements which the Company expects to satisfy ahead of go-live. Cards for the first Australian clients have been issued with the first transactions processed in Australia during the quarter. Transactional revenues will continue to scale up with the onboarding of clients.

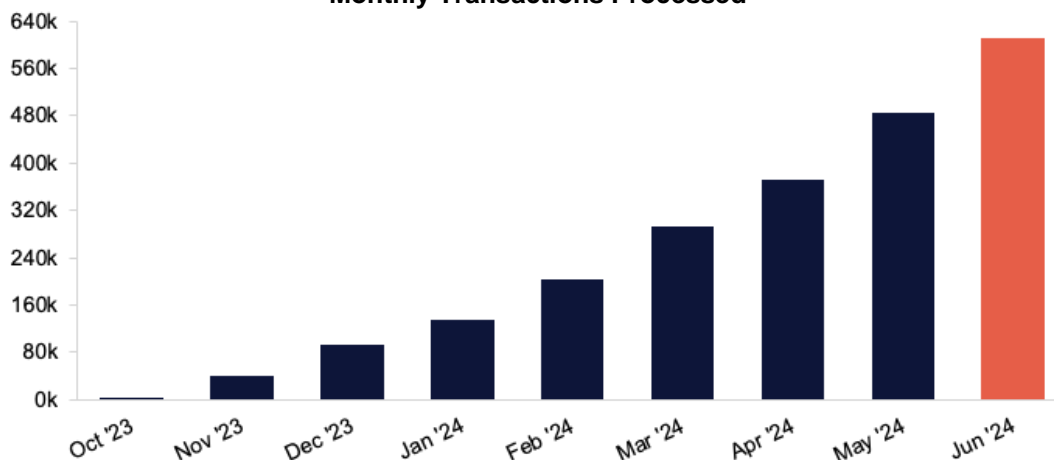
The metrics presented below are global (Australia, NZ and US) metrics for Change relating to its Vertexon PaaS offering. Vertexon on-premise client metrics are not reported given the limited correlation between card and transaction volumes and resulting revenue.

Vertexon PaaS Metrics

Active Cards

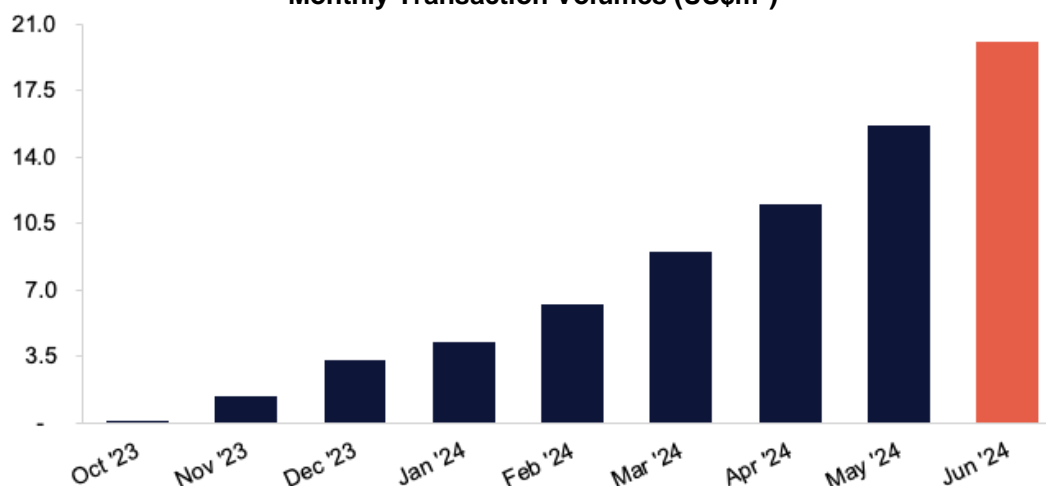


Monthly Transactions Processed



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Monthly Transaction Volumes (US\$m²)



Delivering Product Expansion with Major Vertexon Client

During the quarter, Change delivered key milestones on a major project for an on-premise SE Asian client to broaden their offering to include credit cards. The project milestones have been completed on schedule with soft go-live occurring during July in anticipation of the client's planned public launch later this quarter. The client has received an exceptionally high level of interest from their pre-launch marketing activities for take up of the new credit card offering. The expanded product partnership continues to strengthen Change's relationship with the client and provides the potential for future professional services and license sales opportunities.

Financial Update

Change delivered Q4 FY24 revenue of US\$3.2m (A\$4.8m³), up 56% on prior corresponding period (**pcp**). This growth was primarily driven by the increasing contribution from PaaS revenue and an increase in professional services revenue. PaaS clients started to make a meaningful contribution to the Company's revenue in H2 FY24 as cards continued to migrate across and new programs went live. Additionally, as outlined in previous updates and as expected, the focus on PaaS platform development moderated in H2 FY24, freeing up capacity that has enabled the delivery of additional professional services revenue for key on-premise clients.

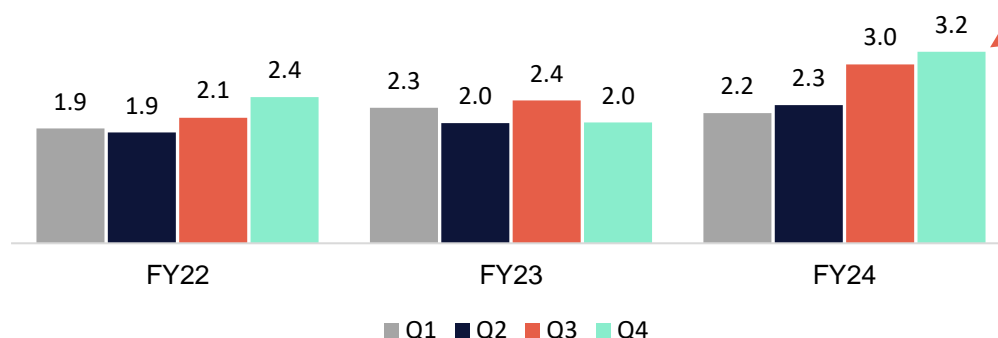
With PaaS revenues beginning to increase in H2 FY24, Change is building an increasing base of recurring revenue. H2 FY24 revenue (unaudited) of US\$6.2m (A\$9.3m) was up 39% on pcp, with FY24 revenue (unaudited) totalling US\$10.6m (A\$15.8m), up 22% on FY23. In FY24, approximately 59% of revenue was derived from recurring income streams (Support & Maintenance and PaaS transaction fees) with 41% from project and licence income (i.e. non-recurring income). The proportion of recurring income (as a % of total revenue) is expected to increase over time driven particularly by PaaS clients as they progressively ramp up.

² Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes

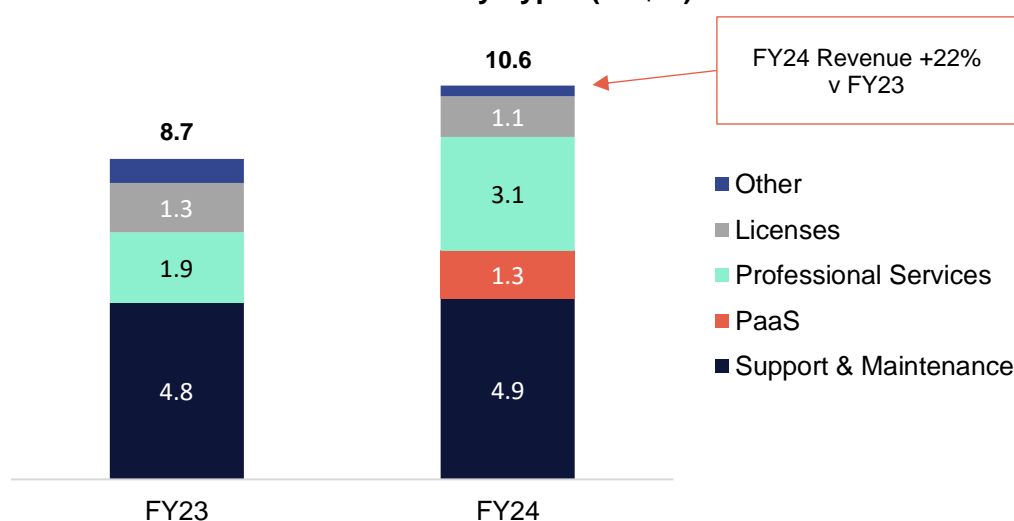
³ AUD/USD = 0.67

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Revenue by Quarter (US\$m)



Revenue by Type⁷ (US\$m)



Cash receipts from customers totalled US\$3.6m (A\$5.4m), up 37% on pcp. The increase is attributable to increasing revenues and receipts from debtors invoiced during the current and prior quarters and is reflective of timing differences in receipt of payments.

Cash payments for operating activities (excluding income tax and interest) totalled US\$3.4m (A\$5.1m), up approximately 39% on pcp. Staff costs, which comprised approximately 45% of cash payments for operating activities (excluding income tax and interest), were up 15% on pcp but up only 2% in FY24 vs FY23. Similar to the prior quarters in FY24, the increase in staff costs relative to pcp was due to additional costs associated with ensuring operational readiness for card issuing – these include key roles of fraud management, compliance and client onboarding. These key competencies are critical to protecting the business, ensuring compliance with scheme and regulatory requirements and servicing clients. The key hires will enable the Company to scale as volumes increase and new clients are onboarded.

The increase in administration and corporate costs (US\$1.0m in Q4 vs US\$1.0m in prior 3 quarters) primarily relate to:

- Scheme costs associated with PaaS platform connectivity in NZ, Australia and the US;
- Transaction costs for the NZ PaaS clients as volumes increased materially; and
- Intramonth movement of client funds related to transaction settlements for card issuing.

Moving forward, it is anticipated these costs will increase in line with PaaS volumes as the business scales.

⁴ FY24 revenue classifications may vary slightly following completion of audit

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Change's cash position at the end of the quarter was US\$2.6m (A\$3.9m), with an additional US\$0.5m (A\$0.8m) held in cash backed security guarantees which are required now that the Vertexon PaaS Platform is 'live' in Oceania. The Company has no debt facilities in place.

Outlook

Following a significant period of product investment and operational readiness, Change is well underway with the commercialisation phase of both Vertexon and PaySim with an increasing focus on growth and scale.

Already onboarded Vertexon PaaS clients are now making a material contribution to overall revenue. In addition, Change has a solid base of existing Vertexon on-premise and PaySim clients, contracted PaaS clients that are yet to go-live and a maturing pipeline that can deliver increased sales and revenue in FY25 and beyond.

Record revenue (unaudited) in FY24 of US\$10.6m (A\$15.8m) begins to demonstrate the growth that Change can now deliver with the PaaS platform live and driving an increase in Change's contracted recurring revenue base.

In FY25, Change is targeting to deliver revenue growth in excess of 30% with a significant portion already contracted – refer Slides 8 and 9 of the Q4 FY24 Investor Presentation lodged with the ASX today.

Given the improving operating leverage within the business, which is expected to further improve over time as card volumes continue to increase, Change is targeting a maiden EBITDA positive FY25 result.

Webinar Invitation - Investors and Analysts

Investors are invited to join a live webinar and Q&A hosted by Change CEO, Tony Sheehan on **Thursday, 25 July 2024 at 10:30am Brisbane/Sydney time (AEST)**.

Please register ahead of time via the following link:
https://us06web.zoom.us/webinar/register/WN_zscJKr2dSzaxXZ_0YMqyiw

Once the registration form is completed, investors will receive a confirmation email with details on how to access the webinar.

Investors can submit questions prior to the webinar to investors@changefinancial.com or do so via the Q&A function on Zoom.

Other Disclosures

The majority of Change's revenue is derived in USD whilst most operating costs are currently incurred in AUD and NZD. As such, the Company benefits from a strengthening USD relative to the AUD and NZD. Additionally, whilst the Company reports in USD, the majority of cash held by the business is in AUD to align with the denomination of the majority of the cost base. As a result of this dynamic, the USD reported figures will be subject to foreign exchange rate fluctuations during the reporting periods (refer accompanying Appendix 4C). All AUD amounts are converted for representation purposes to assist the reader.

Payments to related parties of the entity and their associates are detailed in Section 6 of the Appendix 4C relate to the directors' fees and other related party 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.

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About Change Financial

Change Financial Limited (ASX: CCA) (Change) is a global fintech, leveraging innovative and scalable technology to provide tailored payment solutions, card issuing and testing to banks and fintechs. Change's technology is used by 150+ clients across 40+ countries to deliver simple, flexible, and fast-to-market payment services, including card issuing and testing.

Change's payments as a service (PaaS) platform Vertexon, seamlessly integrates with banks and fintechs' core systems enabling delivery of digital and virtual card solutions to their customers. It includes integrated features such as Apple Pay, Google Pay, Samsung Pay and Buy Now Pay Later (BNPL) services. Change currently manages and processes over 27 million credit, debit, and prepaid cards worldwide.

Using PaySim, Change tests payment systems to help clients meet the reliability and performance expectations of end customers. Simulating the full transaction lifecycle across multiple systems, PaySim enables banks and fintechs to complete end-to-end testing of their payment platforms and processes from a desktop. Change also provides the default standard for payments testing for many Australian companies, including Australia's domestic card payment service eftpos.

Learn more about Change at www.changefinancial.com

For more information, please contact:

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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 June 2024

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,593	10,485
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(754)	(2,929)
(c) advertising and marketing	(46)	(226)
(d) leased assets	(28)	(103)
(e) staff costs	(1,539)	(5,894)
(f) administration and corporate costs	(1,026)	(2,056)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	30	117
1.5 Interest and other costs of finance paid	(4)	(15)
1.6 Income taxes paid	(8)	54
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	218	(567)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(6)	(41)
(j) investments	-	-
(k) intellectual property	(455)	(1,880)
(l) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
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	Dividends received (see note 3)	-	-
2.5	Other:		
	(a) funding collateral for transactional business	(20)	(174)
2.6	Net cash from / (used in) investing activities	(481)	(2,095)

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 or convertible debt 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	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,825	5,351
4.2	Net cash from / (used in) operating activities (item 1.9 above)	218	(567)

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

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(481)	(2,095)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	29	(98)
4.6	Cash and cash equivalents at end of period	2,591	2,591

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	2,591	2,825
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)	2,591	2,825

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	44
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7. Financing facilities <i>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.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
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.		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	218
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,591
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,591
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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?	
Answer:	
8.6.2 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?	
Answer:	

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

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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: 25 July 2024

Authorised 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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