

The background is a dark blue gradient. It features several abstract geometric elements: a large orange wireframe pyramid on the left, a smaller orange wireframe pyramid at the top right, a small orange wireframe pyramid on the right edge, and a green wireframe pyramid at the bottom right. Thin orange lines connect the vertices of these pyramids, creating a network of lines across the page.

change.

Q3 FY24
QUARTERLY UPDATE
AND APPENDIX 4C

29 April 2024

March 2024 Quarterly Update and Appendix 4C

Q3 FY24 Highlights

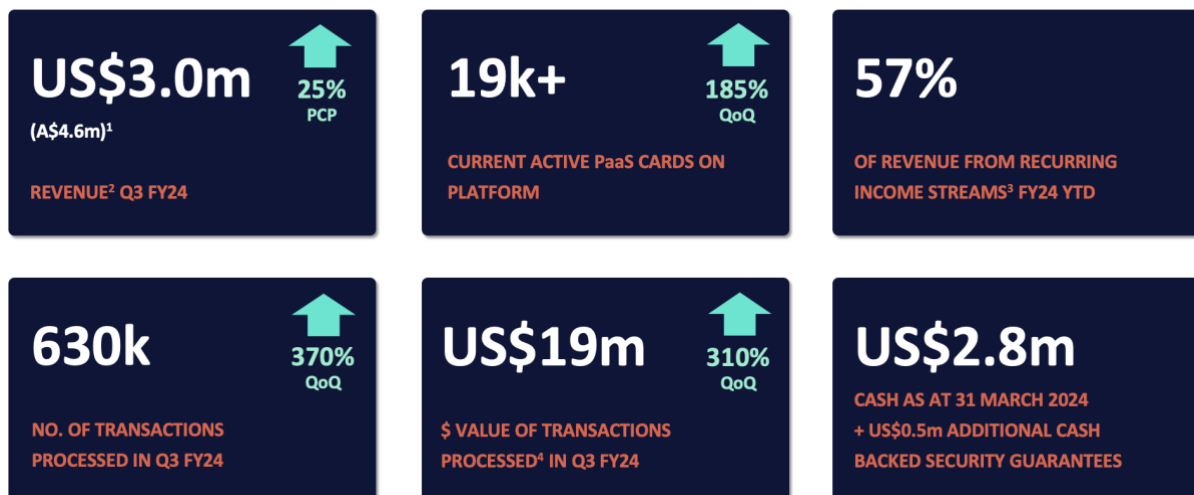
- Customer receipts of US\$2.5m (A\$3.9m), up 9% on prior corresponding period (pcp)
- Positive net operating cashflow of US\$0.3m (A\$0.5m)
- Q3 FY24 revenue of US\$3.0m (A\$4.6m), up 25% on pcp
 - Record revenue quarter – driven by an increase in professional services revenue and an increasing contribution from PaaS clients as they continue to migrate to Change
- Significant PaaS revenue ramp up underway which will be a key factor in driving future revenue and cashflow
 - 30,000+ cards issued in NZ & US, with 19,000+ cards activated (generating revenue)
 - c.40% of contracted NZ financial institution client cardholders still to be migrated to Change, expected to be completed by June 2024
- Secured a major product expansion with an existing key client in SE Asia – deploying the latest version of Vertexon to enable the client to offer credit cards
- Targeting monthly EBITDA positive and cashflow breakeven run rate by June 2024
- Cash holdings of US\$2.8m (A\$4.3m) with no debt as at 31 March 2024 – excludes additional cash backed security guarantees of US\$0.5m (A\$0.8m)

Investor Webinar Registration

Monday, 29 April 2024 at 10:30am Brisbane/Sydney time (AEST)

[Click here to register](#) (or see link on page 7)

29 April 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 31 March 2024 (Q3 FY24).



¹ Unaudited and based on management accounts

² AUD/USD = 0.65, all AUD amounts are converted for representation purposes to assist the reader

³ Includes Support & Maintenance and PaaS transaction fee revenue

⁴ Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes

Change CEO Tony Sheehan commented, “As we continued to progress the onboarding and migration of our contracted clients to the Vertexon PaaS platform, Change delivered a record quarterly revenue result of US\$3.0m (A\$4.6m), up 25% versus the prior year. With over 19,000 active cards now on the platform, the anticipated revenue contribution from PaaS clients is materialising in our financial results and will increase as we continue migrating cards to Change over the remainder of FY24.

“During the quarter we secured a major product expansion with one of our existing SE Asian clients to broaden their use of the Vertexon platform to offer credit cards. The client will be utilising the latest version of Vertexon for processing and Change will generate long-term revenue through implementation, licence and ongoing support and maintenance fees. This highlights the upside potential from our client base expanding their offering as the capability of Vertexon continues to improve.

“We are also excited to welcome Jennifer Mateer to the team as Chief Commercial Officer. This is a strategic appointment made to increase the focus on enhancing and executing our sales and marketing plans. As stated previously, Change has been through a significant period of investment, particularly in the development and launch of our Vertexon PaaS platform, and we are now increasingly shifting our focus towards growth through new sales and product delivery.

“Consistent with previous updates, we remain focused on building a strong and sustainable business which delivers profitable growth and continue to target a monthly cashflow breakeven run-rate exiting FY24. Scaling our PaaS platform, which is now underway, will be a key driver in achieving our financial targets for FY24 and beyond.”

Business Activities

Growth in Processing and Issuing

During the quarter, Change made significant progress migrating client cardholders to the Vertexon PaaS platform. Change has now issued more than 30,000 cards in NZ and the US, with more than 19,000 cards activated. Cards have now been ordered for the first Australian clients, which are expected to start transacting in Q4 FY24. Transactional revenues will continue to scale up with the onboarding of clients and associated migration of cards.

Change's NZ financial institution clients have now completed the migration of approximately 60% of their cardholders to Change. This migration is a key driver of the early growth in PaaS metrics with the remaining cards expected to be migrated by June 2024.

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.

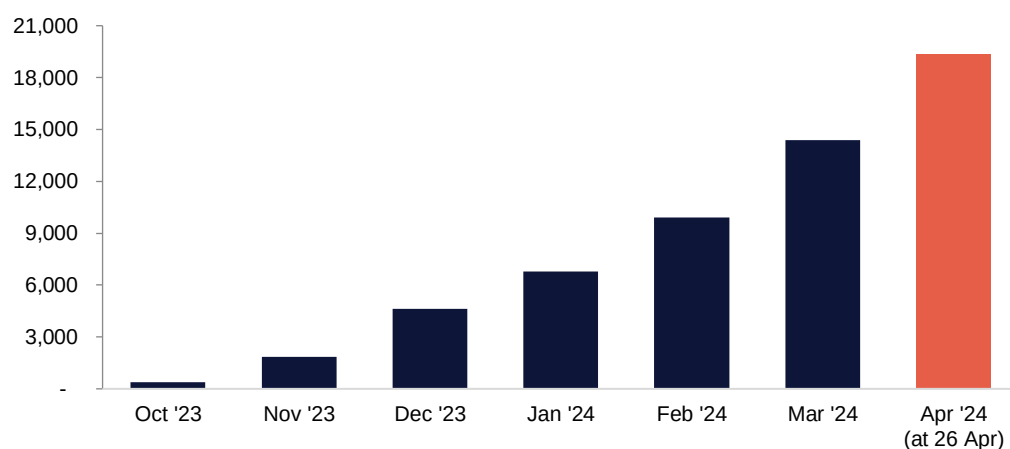
In the initial ramp-up phase the Company will report specific data over a monthly timeframe, before transitioning to quarterly timeframes to align with quarterly and 4C reporting.

As flagged in previous releases, as the rollout of PaaS cards, and hence resulting transactional revenues, is still in the early stages, the Company requires further data (generated as more cards are issued and activated) to provide investors with meaningful commentary to interpret the metrics for the purposes of revenue growth assumptions. Henceforth the Company will report active cards on the Vertexon PaaS Platform rather than total cards issued given the greater correlation between active cards and transactional revenues.

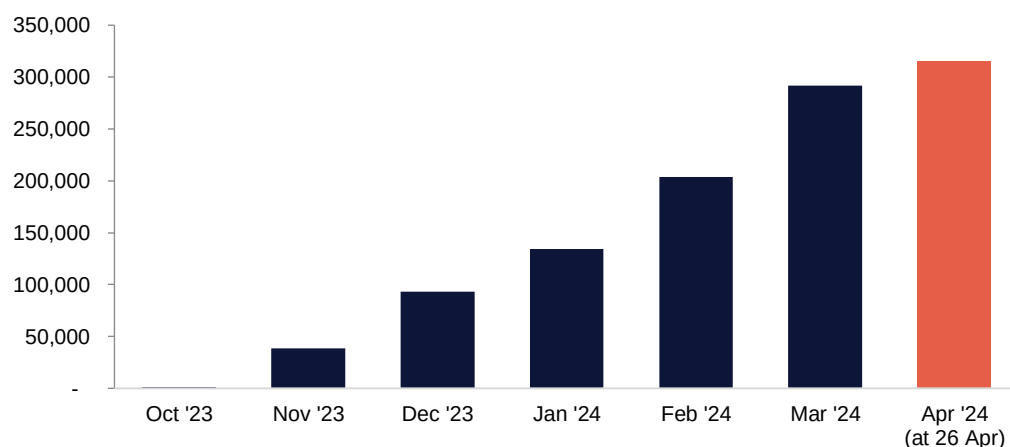
Based on the card rollout and associated transactions to date, Change continues to expect the NZ financial institution clients to deliver revenue in excess of US\$2.1m (A\$3.2m) per annum once the migration is complete.

Vertexon PaaS Metrics

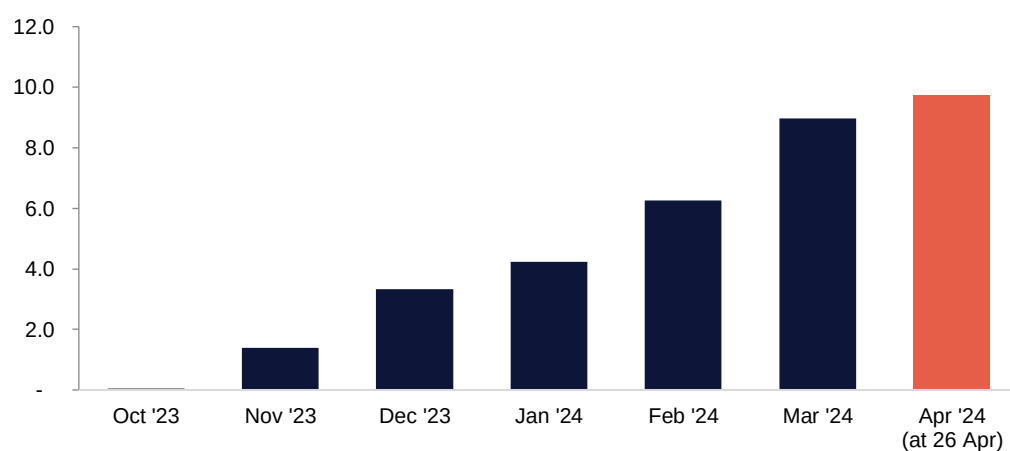
Active Cards



Monthly Transactions Processed



Monthly Transaction Volumes (US\$m⁵)



⁵ Transactions are denominated in local currencies and have been converted to USD, Change's reporting currency, for reporting purposes

Product Partnership Expansion with Major Vertexon Client

During the quarter, the Company secured a major product expansion with an existing SE Asian on-premise client to broaden their offering to include credit cards.

Change's Vertexon on-premise solution already provides processing services for the client's existing card offering and the expanded agreement will leverage the latest version of Vertexon to process credit cards. The client will remain the issuer. Technology integration and development work has commenced with the first invoice issued during Q3. The agreement contains implementation, licence and ongoing support and maintenance fees.

Vertexon – other key client updates

- New licence sale to an existing LATAM on-premise client that has increased the number of cards managed through Vertexon
- Working with existing clients to expand product adoption for digital pays (Apple Pay and Google Pay) – this will be the first time digital pays are available to the NZ clients and their cardholders

PaySim

- 14 new licence and additional module sales as well as projects sold to existing clients in Asia and Australia

Increased Growth Focus

Change has been through a significant period of technology and product development with a focus on delivering technical and operational milestones to launch the Vertexon PaaS platform. This key milestone has been critical to enable the onboarding of contracted clients and deliver first transactional revenues from the Vertexon PaaS platform.

The first clients onboarded to the Vertexon PaaS platform are significant NZ financial institutions that provide reference-ability to potential clients in Change's sales pipeline. With the platform now live and operational, the Company is increasingly shifting its focus to sales and marketing to drive growth.

Following launch of the Vertexon PaaS Platform, investment will begin to moderate with the focus on product and feature enhancements to drive growth from both new and existing clients.

Jennifer Mateer recently joined Change as Chief Commercial Officer (CCO), a strategic appointment to the executive team. Jennifer's role will focus on all commercial aspects across the business, ensuring Change is well positioned to enhance its client acquisition capabilities, expand existing customer engagements, and strengthen client facing operations.

Jennifer has spent over 15 years developing and leading high performing teams across the Oceania region for international payments technology and software provider, Global Payments. In this position, she played a pivotal role in new client acquisition, as well as managing existing client and partner relationships.

With the appointment of Jennifer as CCO, the Company has created a dedicated commercial function and promoted long-term employee, Richard Scown, to the role of Chief Architect and Head of Product.

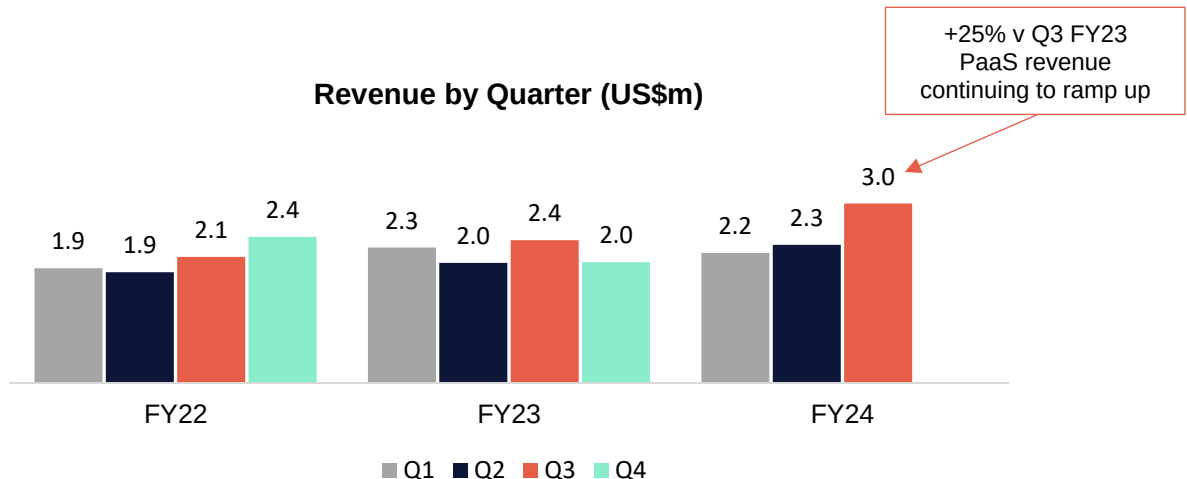
Financial Update

Change delivered Q3 FY24 revenue of US\$3.0m (A\$4.6m⁶), up 25% on prior corresponding period (**pcp**). This growth was primarily driven by increased professional services revenue and initial PaaS revenues. PaaS clients are expected to make a meaningful contribution to the Company's revenue in H2 FY24 as cards continue to migrate across and new programs go-live. Additionally, as outlined in previous updates and as expected, the focus on PaaS platform development has started to moderate

⁶ AUD/USD = 0.65

in Q3 FY24, freeing up capacity that has enabled the delivery of additional professional services revenue for key on-premise clients.

YTD FY24 (Q1 to Q3) revenue (unaudited) totalled US\$7.5m (A\$11.5m), up 12% on pcp. YTD FY24, approximately 57% of revenue was derived from recurring income streams (Support & Maintenance and PaaS transaction fees) with 43% 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.



Cash receipts from customers totalled US\$2.5m (A\$3.9m), up 9% on pcp. The increase is primarily attributable to 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\$2.3m (A\$3.5m), down approximately 3% on pcp. Staff costs, which comprised approximately 57% of cash payments for operating activities (excluding income tax and interest), were up 18% on pcp and down 25% on Q2 FY24. Similar to the prior period, 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 material decrease in staff costs on Q2 FY24 was as expected and is primarily due to payment timings. In Q2 FY24, there was an additional payroll plus payment of FY23 sales incentives.

The increase in product and operating costs is primarily due to additional consulting fees associated with the establishment of PaaS operations in Australia and NZ and technology expenses (including hosting costs) associated with the PaaS platform.

The material reduction in administration and corporate costs primarily relate to US network connectivity fees paid in the prior year and intramonth movement of client funds related to transaction settlements for card issuing.

Offsetting these reductions in administration and corporate costs, Change incurred scheme costs associated with PaaS platform connectivity in NZ, Australia and the US as well as transaction costs for the NZ PaaS clients.

Change's cash position at the end of the quarter was US\$2.8m (A\$4.3m), 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.

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.

Outlook

Change remains focussed on delivering profitable revenue growth in FY24 and beyond. The migration of NZ cards to Vertexon is well underway and Change has commenced generating PaaS revenue. PaaS revenue is expected to continue to increase as the NZ migrations are completed and new clients onboard in all regions. The migration of all existing NZ financial clients to Change is expected to be completed by June 2024, making a meaningful contribution to revenue going forward.

The most recent record revenue quarter illustrates the growth that Change can begin to deliver now the PaaS platform is live and clients are onboarding and transacting. Change has a stable base to grow from with approximately 57% of revenue derived from recurring income streams YTD FY24 (Support & Maintenance and PaaS transaction fees). The proportion of recurring income (as a % of total revenue) is expected to increase over time driven particularly by PaaS clients as they continue to ramp up.

Change is targeting to achieve monthly EBITDA positive and cashflow breakeven run rate by June 2024 driven by a stable existing client base, increasing transactional revenue from PaaS clients and new Vertexon and PaySim client wins.

Webinar Invitation - Investors and Analysts

Investors are invited to join a live webinar and Q&A hosted by Change CEO, Tony Sheehan on **Monday, 29 April 2024 at 10:30am Brisbane/Sydney time (AEST)**.

Please register ahead of time via the following link:

https://us06web.zoom.us/webinar/register/WN_v8rRWAHeQYuYM4Ai31WbSw

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

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.

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")

31 March 2024

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,530	6,892
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(727)	(2,175)
(c) advertising and marketing	(61)	(180)
(d) leased assets	(27)	(75)
(e) staff costs	(1,334)	(4,355)
(f) administration and corporate costs	(196)	(1,030)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	87
1.5 Interest and other costs of finance paid	(6)	(11)
1.6 Income taxes paid	118	62
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	315	(785)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(15)	(35)
(j) investments	-	-
(k) intellectual property	(431)	(1,424)
(l) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 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	9	(154)
2.6	Net cash from / (used in) investing activities	(437)	(1,613)

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	3,152	5,351
4.2	Net cash from / (used in) operating activities (item 1.9 above)	315	(785)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(437)	(1,613)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(205)	(128)
4.6	Cash and cash equivalents at end of period	2,825	2,825

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	2,825	3,152
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)	2,825	3,152

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	61
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.</i> <i>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)	315
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,825
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,825
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: 29 April 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.

