



change.

Q2 FY25
QUARTERLY UPDATE
AND APPENDIX 4C

30 January 2025

December 2024 Quarterly Update and Appendix 4C

Q2 FY25 Highlights

- Customer receipts of US\$3.7m (A\$5.9m¹), up 103% on prior corresponding period (pcp)
- Q2 FY25 revenue of US\$3.5m (A\$5.6m), up 53% on pcp
 - Q2 FY25 PaaS revenue of US\$1.6m (A\$2.5m), up 29% on Q1 FY25
 - 76% of FY25 YTD revenue from recurring revenue streams²
- H1 FY25 revenue (unaudited) of US\$7.2m (A\$11.4m), up 61% on pcp
 - Record half year revenue – driven by an increasing contribution from PaaS clients
- PaaS revenue continuing to scale – a key factor in driving future revenue and cashflow
 - 66k+ active cards on Vertexon PaaS platform (generating revenue)
- New Vertexon PaaS client signed in Oceania and new projects secured with existing Vertexon On-Premises and PaySim clients
- Exit of loss-making US operations well progressed – will drive a substantial improvement in financial performance from H2 FY25
- Cash holdings of US\$3.5m (A\$5.6m) with no debt as at 31 December 2024 – excludes additional cash backed security guarantees of US\$0.9m (A\$1.4m)

Investor Webinar Registration

Thursday, 30 January 2025 at 10:30am Brisbane (AEST) / 11:30am Sydney time (AEDT)

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

30 January 2025 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 December 2024 (**Q2 FY25, Q2 or the Quarter**).

Change CEO Tony Sheehan commented, "We have continued our positive start to FY25 as we grow revenue and scale our operations, delivering improved top and bottom-line performance. We are excited to have signed our first BIN sponsorship client in NZ – a leading personal wealth management platform with more than 500,000 customers across NZ and Australia. Change will be supporting the client's launch of a debit card initially into the New Zealand market.

"During the Quarter we made the pragmatic decision to withdraw from the US market. The challenging US regulatory environment would have continued to drag on Change's overall business for the foreseeable future. With our continued focus on delivering profitable growth, exiting the US enables Change to prioritise Australia and NZ PaaS operations, as well as PaySim, while also reducing overheads from H2 FY25 onwards.

"We look forward to the continued execution of our strategy and business plan in H2, with a clear focus on sales and operational efficiency. As such, we remain on track to deliver our FY25 targets of revenue growth in excess of 30% and a maiden EBITDA positive year."

¹ AUD/USD = 0.63, all AUD amounts are converted for representation purposes to assist the reader

² Includes Support & Maintenance and PaaS transaction fee revenue

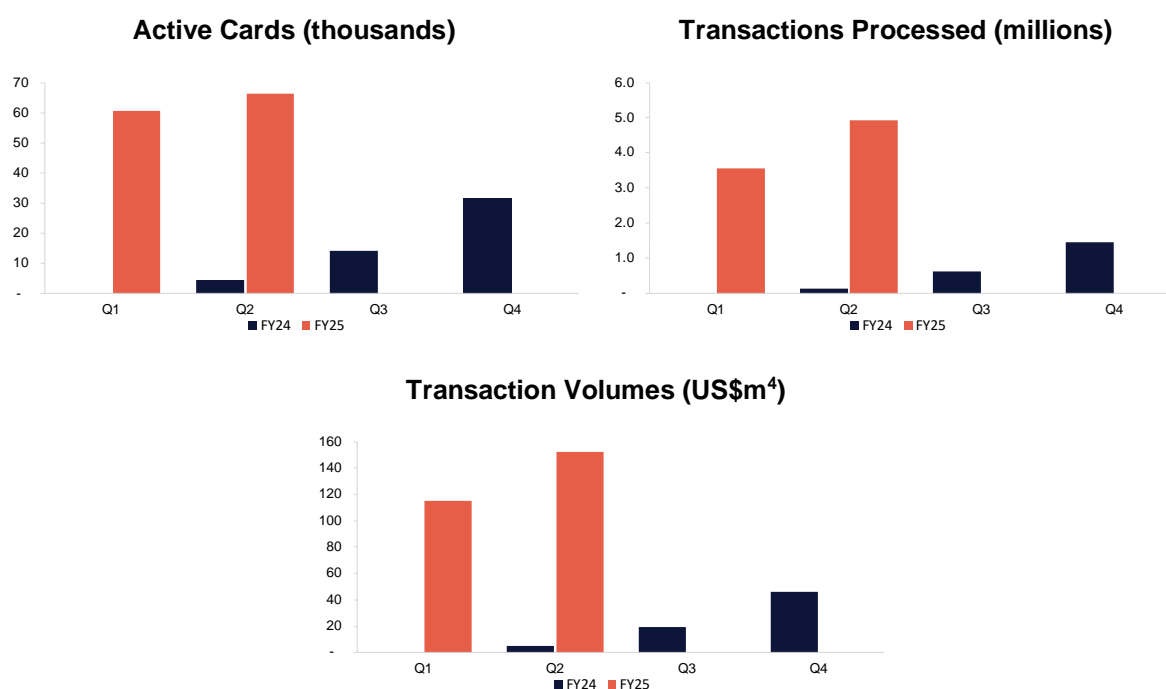
Business Activities

Growth in Processing and Issuing

The number of active cards on Change's Vertexon PaaS platform increased to 66,000 during the Quarter, up 9.5% quarter on quarter. The NZ fintech client Change secured in Q1 also went live with first cards issued in Q2. Over the past year, Change has progressed from test volumes to processing and issuing at a run-rate volume of NZ\$1 billion per annum in NZ.

The metrics presented below are for Australia and NZ relating to Change's Vertexon PaaS offering³. Transactional revenues will continue to scale up with further growth from existing clients and the onboarding of new clients.

Vertexon PaaS Metrics



PaaS Sales

During Q2, Change secured a new fintech PaaS client, a personal wealth management platform with more than 500,000 customers across NZ and Australia. Change will provide BIN sponsorship for the client – a key function which includes scheme access, licensing, legal, compliance and treasury operations to enable card issuing. Change has also signed a partnership agreement with a global processor to support the client's launch of a debit card initially into the New Zealand market.

Debit cards are a new product offering to the client's customers, and having already received considerable waitlist interest, the client is targeting to have the first cards issued in H2 FY25. Change will receive one-off fees for implementation with transactional and volume related revenues beginning following the issue of first cards.

Professional Services and Licence Sales

During the Quarter, Change sold several new Vertexon and PaySim licences whilst continuing to deliver on existing professional services contracts. The new licence sales delivered one-off revenue during the Quarter (see financial update below) with related maintenance revenue to be earned over future

³ Vertexon On-Premises client metrics are not reported given the limited correlation between card and transaction volumes and resulting revenue. All US metrics have been excluded.

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

periods. In addition, new projects and professional services work secured will generate additional revenue as the clients continue to expand their product offering in future quarters.

Following the recent implementation and launch of a credit card product for a strategic client in SE Asia, there has been strong market adoption with the onboarding of over 50,000 new cardholders in Q2. This brings the total number of cardholders to over 100,000. Change is now partnering with the client on the launch of an additional product targeting a broader customer segment, with expectations for similar adoption rates upon launch in Q4 FY25. The agreement with the client contains tiered pricing whereby Change earns incremental licence as well as associated support and maintenance fees based on cardholder numbers.

The client's success demonstrates the power of the Vertexon platform with the expanded product partnership continuing to strengthen Change's relationship with the client and provides the potential for further revenue generating opportunities.

US Operations Update

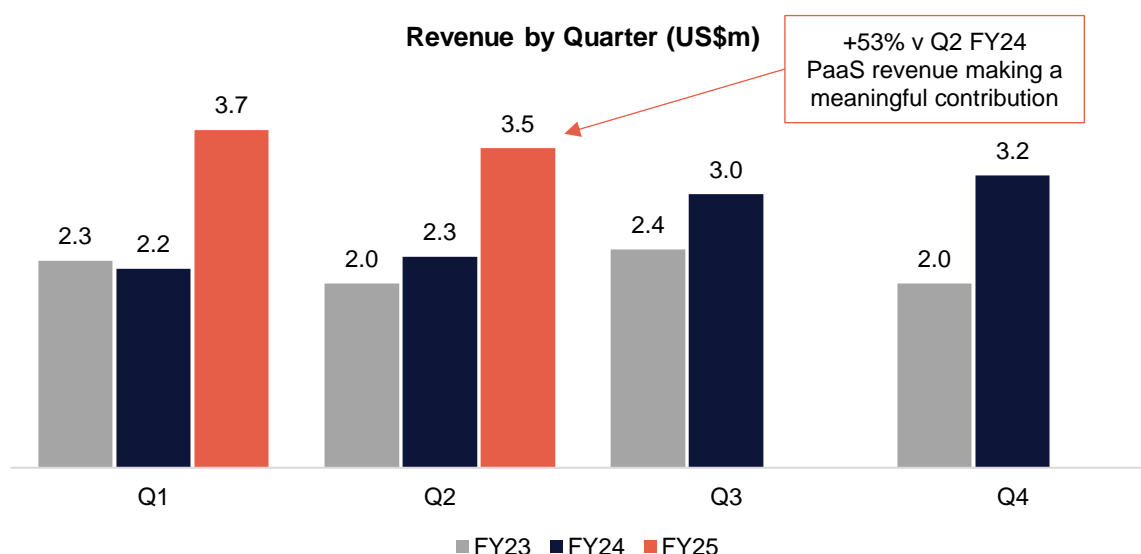
As announced on 26 November 2024, Change made the strategic decision to withdraw from the US market given the broader regulatory challenges in the region which had negatively impacted the Company's US operations. Substantial progress has been made on the wind down of US operations, with the last date for processing transactions being end of January 2025.

Whilst there will be some one-off exit costs realised in December 2024 and Q3 FY25, the Company expects there to be a material reduction in operating costs in H2 FY25. Completing the exit from the US will have an immaterial impact on overall revenue (FY24 US revenue: US\$70k) but will significantly reduce operating costs (FY24: US\$1.6m). As such, Change's operating leverage will significantly increase, driving material improvement in EBITDA and cashflow.

Financial Update

Change delivered Q2 FY25 revenue of US\$3.5m (A\$5.6m⁵), up 53% on prior corresponding period (**pcp**). This growth was primarily driven by increasing PaaS revenue as card numbers and transaction volumes continued to increase. Additionally, the Company continued to deliver one-off licence sales and professional services revenue in line with previous years, albeit due to the nature of licence sales and project work this revenue can be cyclical in nature and will fluctuate quarter to quarter.

H1 FY25 revenue (unaudited) totalled US\$7.2m (A\$11.4m), up 61% on pcp.



⁵ AUD/USD = 0.63

With PaaS revenues continuing to increase, Change is building a strong foundation of recurring revenue. For FY25 YTD, approximately 76% of revenue was derived from recurring income streams (Support & Maintenance and PaaS transaction fees) with 24% from project and licence income (i.e. non-recurring income). The proportion of recurring income (as a % of total revenue) is expected to continue to increase over time driven particularly by growth in the Company's PaaS offering.

Revenue Contribution (US\$m)	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
PaaS (Recurring)	0.5	0.8	1.2	1.6
Support & Maintenance (Recurring)	1.2	1.2	1.3	1.3
Licence & Professional Services	1.3	1.1	1.1	0.5
Other	0.0	0.1	0.1	0.1
Total	3.0	3.2	3.7	3.5
% Recurring Revenue	53%	64%	69%	83%

Cash receipts from customers totalled US\$3.7m (A\$5.9m), up 103% on pcp. This increase relative to pcp is primarily driven from PaaS revenue.

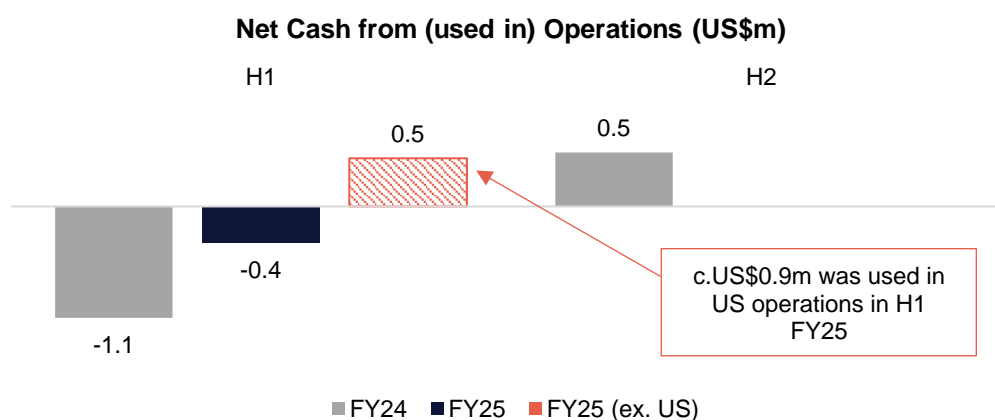
Cash payments for operating activities (excluding income tax and interest) totalled US\$3.9m (A\$6.2m), up approximately 25% on pcp. Staff costs, which comprised approximately 46% of cash payments for operating activities (excluding income tax and interest), were up 2% on pcp. Given Change has the team in place to enable significant further scale in PaaS volumes and to onboard new clients, staff costs are expected to grow only modestly relative to new revenue growth into the future.

The increase in administration and corporate costs (US\$1.4m in Q2 FY25 vs US\$0.6m Q2 FY24) primarily relate to transaction costs for NZ PaaS clients as volumes increased materially. It is anticipated these costs will continue to increase in line with PaaS volumes.

Whilst Change's cash flows from operating activities fluctuate materially on a quarter-to-quarter basis, the net cash used in H1 FY25 is materially lower than the prior year as receipts from customers were significantly higher as PaaS revenue continued to scale.

The Company's withdrawal from the US will have a positive impact on future cash flows following completion of the wind down of operations. Costs are anticipated to start reducing in Q3 and more notably in Q4.

Given the strategic decision to withdraw from the US, outlined below is the illustrative impact on the Company's operating cash flows for H1 FY25 excluding the US operations for the entire period.



Change's cash position at the end of the Quarter was US\$3.5m (A\$5.6m), with an additional US\$0.9m (A\$1.4m) held in cash backed security guarantees which are required to support the Vertexon PaaS Platform. The Company has no debt facilities in place.

Whilst the Company reports in USD, the majority of cash held by the business is in AUD and NZD to align with the denomination of the majority of the cost base. During Q2 FY25, the AUD and NZD weakened substantially against the USD. As such, the reported cash balance in USD reduced by US\$0.5m (A\$0.8m) as detailed in Section 4.5 of the Appendix 4C.

Outlook

Following completion of H1 and the delivery of a record half year revenue result, underpinned by 76% of revenue from recurring income streams, the Company remains on track to deliver the previously advised target of revenue growth 'in excess of 30%', and a maiden EBITDA positive result in FY25.

Change is focussed on building the sales pipeline, winning new deals, particularly in Oceania and SE Asia, and driving operational efficiencies to deliver top and bottom line growth over the coming quarters.

The Board and management team will continue to employ prudent capital management measures, and with exiting the US operations is expected to significantly increase Change's operating leverage driving further EBITDA margin expansion and overall profitability in H2 FY25 and beyond.

Webinar Invitation - Investors and Analysts

Investors are invited to join a live webinar and Q&A hosted by Change CEO, Tony Sheehan and Executive Director, Tom Russell on **Thursday, 30 January 2025 at 10:30am Brisbane (AEST) / 11:30am Sydney time (AEDT)**.

Please register ahead of time via the following link:

https://us06web.zoom.us/webinar/register/WN_B3W0byKPTq-b81z8r8HyAw

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 and NZD 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.

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:

Tony Sheehan
CEO
Change Financial Limited
investors@changefinancial.com

Tom Russell
Executive Director
Change Financial Limited
investors@changefinancial.com

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 December 2024

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,700	7,133
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(617)	(1,307)
(c) advertising and marketing	(74)	(120)
(d) leased assets	(41)	(70)
(e) staff costs	(1,812)	(3,148)
(f) administration and corporate costs	(1,372)	(2,874)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	34	49
1.5 Interest and other costs of finance paid	(8)	(14)
1.6 Income taxes paid	(9)	(12)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(199)	(363)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(3)	(28)
(j) investments	-	-
(k) intellectual property	(358)	(786)
(l) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 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	2	(416)
2.6	Net cash from / (used in) investing activities	(359)	(1,230)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,076
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	(27)	(174)
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	(27)	2,902

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,555	2,591
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(199)	(363)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(359)	(1,230)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(27)	2,902
4.5	Effect of movement in exchange rates on cash held	(483)	(413)
4.6	Cash and cash equivalents at end of period	3,487	3,487

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	3,487	4,555
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)	3,487	4,555

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	68
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)	(199)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,487
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,487
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	17.5
<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: 30 January 2025.....

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.

