EVOLUTION CAPITAL

CCA | UPDATE REPORT | FINANCIALS

Published on 28 July 2026

A Quarter That Confirms the Pivot

Change Financial Limited

Recommendation	**SPEC BUY**
Price Target	**$0.10**
Share Price	**$0.058**
TSR	**+72%**

We update our coverage of Change Financial following its fourth-quarter and full-year FY26 results, which capped a strong year. Change delivered FY26 revenue of **US$18.2m, up 21% on FY25**, and underlying **EBITDA of US$3.3m**, a seventeen-fold increase, meeting the upgraded guidance set to market. The fourth quarter contributed revenue of US$4.6m and underlying EBITDA of US$0.8m, up 164% on the prior corresponding period, while full-year operating cash flow turned positive at US$1.4m.

The operational evidence points in a single direction. Active cards on the Vertexon platform exceeded **150,000, up 104% year-on-year**, recurring revenue reached 73% of the total, and the PaaS gross margin expanded 600 basis points to 32%, with revenue compounding at 28% annually over three years. With four contracted clients onboarding and four more in final contracting, the operating leverage we identified at initiation is now visible in the reported numbers. Alongside Vertexon, PaySim addresses a global payment testing market of more than 32,000 institutions, of which its installed base represents less than 0.5%.

The defining shift is the emergence of PaaS as the core revenue engine. PaaS revenue has grown from US$1.3m in FY24 to US$7.5m in FY26, a nearly six-fold increase driven by active cards expanding from over 40,000 to more than 150,000. This recurring, transaction-linked revenue compounds with card volumes against a largely fixed cost base, and is displacing the lower-margin, non-scaling legacy on-premises book that the company is now winding down, moving the revenue mix structurally towards its most scalable source.

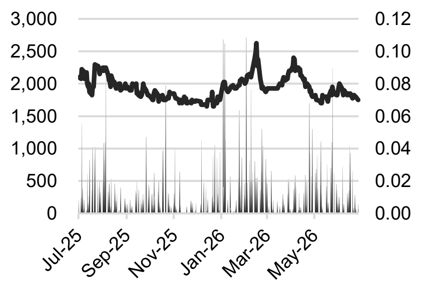
In our view, the current share price does not reflect this progress. Revenue, EBITDA and card growth all landed at or above our expectations, and the platform's economics strengthened over the year. The momentum carried into the fourth quarter, where transactions and gross transaction volume grew 23% and 19% on the prior year, both outpacing revenue, and June set records across cards, transactions, volume and PaaS revenue.

We nonetheless lower our price target to $0.10 per share from $0.12, reflecting a more conservative view of near-term revenue rather than any weakening of the franchise. We take a more measured stance on the pace at which revenue builds across the active card base, and fold in the newly disclosed attrition of several legacy on-premises clients, some US$2m of annualised revenue that will not migrate to the platform. This reduces support and maintenance and professional services revenue but is more than absorbed by PaaS growth, with group revenue still rising in FY27. At the current price of $0.058 our target represents 72% upside, and we reiterate our Speculative Buy recommendation.

Company Profile

Market Cap	$40m
Enterprise Value	$36m
SOI (diluted)	690m
Cash	US$3.1m
EV/Sales	1.35x
EV/EBITDA	7.4x
52-Week Range	$0.048 - $0.105

Price Performance



Company Overview

Change Financial Limited (ASX: CCA) is an Australian fintech operating a licensed card issuing and payments infrastructure platform through its proprietary Vertexon® platform-as-a-service and PaySim® testing solution. The company is expanding across Australia and New Zealand through deployments with banks, credit unions and fintechs, including the embedded finance client Hnry and a BIN sponsorship partnership with Paymentology.

Analyst

Johanna Burkhardt jb@eveq.com
Analyst 0493 889 003

Table 1: Key upcoming catalysts. Source: Company guidance, ASX announcements. Timing based on company disclosures and analyst estimates.

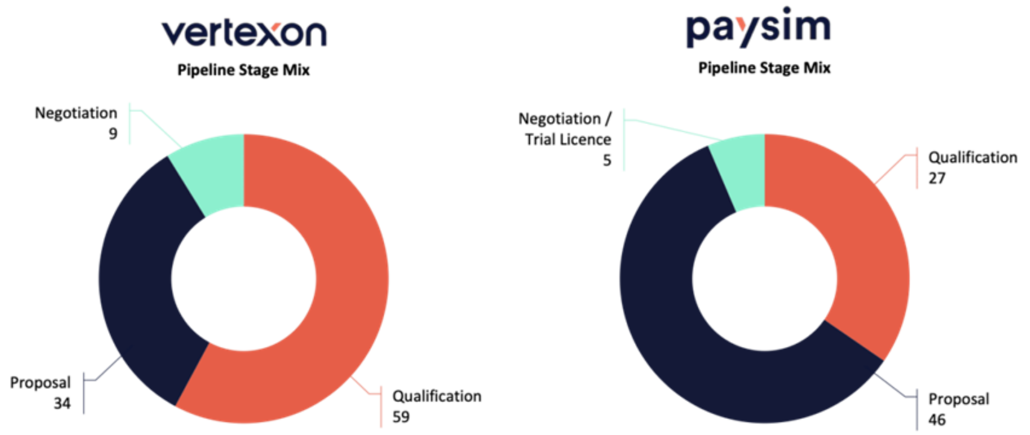
Catalyst	Est. Timing
Onboarding and launch of the four contracted Vertexon PaaS clients	H1 FY27
Formal FY27 guidance	2H CY26
RBA surcharging removal on debit, prepaid and credit cards (potential volume tailwind)	October 2026

Investment Thesis

Change Financial's fourth quarter demonstrated that the operating momentum built through FY26 accelerated into the close of the year, and on the transaction metrics that matter most for a scaling payments platform. Transactions processed rose 23% and gross transaction volume rose 19% on the prior corresponding period, both outpacing quarterly revenue growth and confirming that the platform is increasingly driven by usage rather than by implementation work. June was a record month across active cards, transactions, gross transaction volume and PaaS revenue, the last reaching a monthly run-rate of US$0.7m, while active cards closed the year above 150,000, up 11% quarter-on-quarter and 104% year-on-year. As this transaction base compounds against a largely fixed cost base, each incremental card carries progressively higher margin.

The forward pipeline supports continued momentum. Four contracted clients are in onboarding for launch through FY27, a further four are in advanced negotiations, and fifteen additional opportunities sit in earlier-stage discussions. During the quarter Change sold two new Vertexon licences, delivered five professional services engagements and secured a tier-one PaySim licence, while the migration of Hnry's more than 30,000 debit cards, approximately 70% complete at 30 June, continues to build the recurring base. The new BIN sponsorship arrangement with Paymentology opens a further distribution channel into that partner's fintech and digital-bank network.

Figure 1: Vertexon and Paysim Pipeline



Source 1: Q4 FY26, 24.07.2026

The one area of contraction, the legacy on-premises book, reflects a deliberate strategic repositioning rather than any loss of competitive ground. Several older on-premises clients representing around US$2m of annualised revenue will not migrate, and by the end of FY27 only three on-premises clients are expected to remain. This is the visible cost of a managed shift away from lower-margin, non-recurring licence and maintenance work towards the higher-margin, recurring Vertexon cloud platform and the PaySim franchise, with the strategic South East Asian clients themselves moving to cloud. The transition strengthens the revenue mix even as it lowers the headline legacy contribution.

PaySim adds a second, capital-light growth vector. With more than 140 clients globally and an addressable market of over 32,000 institutions, its penetration remains below 0.5%. The first phase of the product modernisation programme has entered pilot, and management notes that the adoption of agentic AI has materially compressed the development roadmap, positioning the product to convert a larger share of its pipeline. The balance sheet funds this growth, with US$3.1m of cash, no debt and a further US$1.4m held in cash-backed security guarantees relating to card issuing activities.

Management expects to be net cash flow positive in FY27 and will transition to AUD reporting from 1 July 2026 following the wind-down of its US operations. It intends to provide formal FY27 guidance at or before its annual general meeting, once the ramp of newly contracted clients affords sufficient visibility, and is separately evaluating M&A opportunities that could complement the platform. With a scaling, cash-generative core, a deepening client pipeline and an under-penetrated global testing franchise, the foundations for continued compounding are firmly in place.

Valuation

We update our valuation model for Change Financial following the fourth-quarter. We set a price target of $0.10 per share, revised from $0.12, and reiterate our Speculative Buy recommendation. Against the current share price of $0.058, this implies 72% upside.

The completed financial year provides five consecutive quarters of full revenue disaggregation together with a complete cash flow year. Value drivers that we were required to infer from part-period data at initiation can now be derived directly from reported figures, and we have moved our model from carried-forward assumptions to observed actuals in several places.

The most consequential change concerns revenue per active card. We set this metric at US$64.10, the level realised in FY26 on PaaS revenue of US$7.5m across an average of 117,000 active cards, and carry it unchanged into FY27. It sits below the prior year, reflecting a shift in card mix rather than pricing: prepaid programmes grew as a share of the active base over the year, and prepaid carries materially lower transaction frequency than everyday debit. We now carry the take rate on transaction volume as a control metric within the model. On our estimates, derived from the quarterly transaction and volume disclosures, it softened only from approximately 1.29% to 1.14%, while PaaS gross margin expanded from 26% to 32% over the same period. A decline in revenue per card alongside a broadly stable take rate and a rising margin is not consistent with pricing pressure, but is consistent with a mix shift, and the control metric allows us to distinguish the two in future periods.

For the card base, we use the improved visibility to build the FY27 forecast from the bottom up. The starting point is the disclosed year-end count of 150,000 active cards at 30 June 2026. To this we add approximately 9,000 cards from the residual migration of the Hnry mandate, whose base of more than 30,000 debit cards was around 70% transferred at the year-end, the staggered contribution of the four contracted clients at a scale consistent with the existing book, and organic growth of around 10%. This produces a year-end count of approximately 210,000 cards and a full-year average of 186,000. The implied 40% increase in the year-end count sits well below the 105% growth of the prior year and reflects that the new mandates build their volumes only over the course of the year.

We have raised our assumptions for licence and project revenue. The two streams are reported by the company on a combined basis and together reached US$5.0m in FY26, against the US$2.4m in our initiation model. For licence revenue we anchor on the continuing business: only a small portion of the roughly US$1.5m recorded in FY26 relates to the departing legacy clients, leaving a continuing stream from PaySim and cloud Vertexon of around US$1.4m; we set FY27 at US$1.05m and deliberately hold below this level. For professional services we retain the methodology and the US$2,500 day rate from our initiation and adjust only the billable days. Our initiation assumed 600 days; the actual FY26 project volume, however, corresponds to roughly 1,380 billable days at that rate. We set FY27 at 1,150 days, equivalent to US$2.56m, derived from the actual FY26 volume less the project days attributable to the departing mandates and supported by the South East Asian order backlog extending into FY27.

A separate change captures the attrition of several older on-premises clients, which was not reflected in our initiation. These clients will not migrate to the cloud platform and represent approximately US$2m of annualised revenue, predominantly a single Latin American client expected to depart during FY27. The attrition falls on maintenance and project revenue and leaves PaaS unaffected. We phase it conservatively at 80% in FY27 and in full from FY28, removing the associated cost base in parallel, which leaves a residual net EBITDA impact of approximately US$0.75m. Because PaaS growth exceeds the attrition several times over, group revenue still rises from US$18.2m to US$20.2m in FY27 despite the departures.

Two further changes complete the update. We have raised the PaaS gross margin path, taking it from 38% in FY27 to 50% from FY32. The starting point follows the observed trend, with the margin rising from 26% to 32% in FY26 and reaching 35% in the second half; the further increase of two to three percentage points per year sits well below the 600 basis points delivered in FY26 and reflects the spreading of a largely fixed cost base over a growing transaction volume. We have also advanced the valuation date to 30 June 2026, such that FY26 is treated as a completed actual year and no longer forms part of the discounted forecast period.

The discount rate of 14.5% and the long-term growth rate of 3.0% are unchanged from initiation. These inputs produce an enterprise value of US$44.0m (DCF-EV) and a fair value of $0.10 per share.

Financial Summary

VALUATION DETAILS	A$	US$
Share Price (A$)	$0.058	$0.04
Market Cap (A$m)	40.05	27.20
Enterprise Value (A$m)	35.83	24.33
Fair Value/Share (A$)	$0.10	$0.07

FINANCIAL STATEMENTS (US$m)	FY25	FY26A	FY27E	FY28E
Income Statement				
Revenue	14.92	18.20	20.16	23.13
EBITDA	1.05	3.30	3.50	4.83
EBIT	-0.95	1.42	1.62	3.03
Net Income	-0.85	1.50	1.21	2.20
Balance Sheet				
Cash & Cash Equivalents	3.91	3.11	3.00	4.99
Client settlement funds	2.75	2.24	2.49	2.85
Receivables	2.91	2.74	3.04	3.48
Other Assets	8.46	11.36	11.48	11.33
Total Assets	18.03	19.45	20.00	22.65
Total Debt	0.42	0.25	0.20	0.20
Other Liabilities	10.62	10.72	10.10	10.55
Total Liabilities	11.04	10.97	10.30	10.75
Shareholders' Equity	6.99	8.48	9.70	11.90
Cash Flow Statement				
Net Income	-1.94	1.50	1.21	2.20
Add: Depreciation & Amortisation	2.00	1.88	1.88	1.80
Less: Change in Net Working Capital/Other	0.74	-1.77	-1.16	-0.36
Cash Flow from Operations	0.80	1.60	1.94	3.64
Cash Flow from Investing	-2.05	-2.16	-1.85	-1.45
Equity Raised (net)	2.90	0.00	0.00	0.00
LL payments/Other	-0.14	-0.20	-0.20	-0.20
Cash Flow from Financing	2.76	-0.20	-0.20	-0.20
Unlevered Free Cash Flow	-0.55	-0.65	-0.02	2.07

PER SHARE DATA	FY25	FY26A	FY27E	FY28E
Shares Outstanding (m)	690.5	690.5	690.5	690.5
Normalised EPS (A$)	0.00	0.00	0.00	0.00
Dividends per Share (A$)	0.00	0.00	0.00	0.00
Payout	0%	0%	0%	0%
Franking	0%	0%	0%	0%

RATIOS	FY25	FY26A	FY27E	FY28E
Liquidity				
Current Ratio	1.04	0.89	0.97	1.21
Cash Ratio	0.40	0.32	0.32	0.51
Solvency				
Debt to Equity	0.06	0.03	0.02	0.02
Equity to Assets	0.39	0.44	0.48	0.53
Profitability				
ROA (Return on Assets)	-4.7%	7.7%	6.1%	9.7%
ROE (Return on Equity)	-12.2%	17.7%	12.5%	18.5%
EBITDA Margin	7%	18%	17%	21%
NPAT Margin	-5.7%	8.2%	6.0%	9.5%
Growth				
Blended Fee p. card (US$)	93.3	64.1	64.1	65.4
PaaS % of Total	41.9%	41.2%	59.1%	65.2%
Revenue	42.9%	22.0%	10.8%	14.7%
EBITDA improvement	+0.3m	+2.2m	+0.2m	+1.3m
NPAT improvement	+0.2m	+2.3m	-0.3m	+1.0m
Valuation				
P/E	n/a	18.1	22.4	12.3
EV/Sales	1.6	1.3	1.2	1.1
EV/EBITDA	23.1	7.4	6.9	5.0
Dividend Yield	0.0%	0.0%	0.0%	0.0%

USD-denominated financials have been translated into AUD using a 12-month average monthly AUD/USD exchange rate of 0.68 (US$1.00 = A$1.47). FY25 financial statements are presented on a continuing operations basis. Net loss of US$(0.85)m excludes a US$(1.09)m loss attributable to the US issuing business, which was exited during FY25 and classified as a discontinued operation under AASB 5. Total loss attributable to members of Change Financial Limited was US$(1.94)m. Revenue of US$14.92m represents revenue from contracts with customers and excludes US$0.10m of interest income, which is presented separately within the Other/Interest revenue line.

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative ('Spec'):** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings:	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

Disclaimer & Disclosures

Evolution Capital Pty Ltd (ACN 652 397 263) is a corporate Authorised Representative (number 1293314) of Evolution Capital Securities Pty Ltd (ACN 669 773 979), the holder of Australian Financial Services Licence number 551094. The information contained in this report is only intended for the use of those persons who satisfy the Wholesale definition, pursuant to Section 761G and Section 761GA of the Corporations Act 2001 (Cth) ("the Act"). Persons accessing this information should consider whether they are wholesale clients in accordance with the Act before relying on any information contained. Any financial product advice provided in this report is general in nature. Any content in this report does not take into account the objectives, financial situation or needs of any person, or purport to be comprehensive or constitute investment advice and should not be relied upon as such. You should consult a professional adviser to help you form your own opinion of the information and on whether the information is suitable for your individual objectives and needs as an investor. It is important to note that Evolution Capital, or its agents or representatives, engaged and received a financial benefit by the company that is the subject of the research report. The financial benefit may have included a monetary payment or certain services including (but not limited to) corporate advisory, capital raising and underwriting. In addition, the agent or representative drafting the advice may have received certain assistance from the company in preparing the research report. Notwithstanding this arrangement, Evolution Capital confirms that the views, opinions and analysis are an accurate and truthful representation of its views on the subject matter covered. Evolution Capital has used its best endeavours to ensure that any remuneration received by it, or by an agent or representative, has not impacted the views, opinions or recommendations set out in this research report. The content of this report does not constitute an offer by any representative of Evolution Capital to buy or sell any financial products or services. Accordingly, reliance should not be placed solely on the content of this report as the basis for making an investment, financial or other decision.

Recipients should not act on any report or recommendation issued by Evolution Capital without first consulting a professional advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to their investment objectives, financial situation and particular needs. Any opinions expressed are subject to change without notice and may not be updated by Evolution Capital. Evolution Capital believes the information contained in this report is correct. All information, opinions, conclusions and estimates that are provided are included with due care to their accuracy; however, no representation or warranty is made as to their accuracy, completeness, or reliability. Evolution Capital disclaims all liability and responsibility for any direct or indirect loss, or damage, which may be incurred by any recipient through any information, omission, error, or inaccuracy contained within this report. The views expressed in this report are those of the representative who wrote or authorised the report and no part of the compensation received by the representative is directly related to the inclusion of specific recommendations or opinions. Evolution Capital and / or its associates may hold interests in the entities mentioned in any posted report or recommendation. Evolution Capital, or its representatives, may have relationships with the companies mentioned in this report – for example, acting as corporate advisor, dealer, broker, or holder of principal positions. Evolution Capital and / or its representatives may also transact in those securities mentioned in the report, in a manner not consistent with recommendations made in the report. Any recommendations or opinions stated in this report are done so based on assumptions made by Evolution Capital. The information provided in this report and on which it is based may include projections and / or estimates which constitute forward-looking statements. These expressed beliefs of future performance, events, results, or returns may not eventuate and as such no guarantee of these future scenarios is given or implied by Evolution Capital. Any forward-looking statements are subject to uncertainties and risks that may mean those forecasts made by Evolution Capital are materially different to actual events. As such, past performance is not an indicator of future performance.

Evolution Capital Pty Ltd
Level 8, 143 Macquarie Street Sydney, NSW 2000
Tel: +61 (2) 8379 2960
www.eveq.com