

For personal use only

change.

Appendix 4D Half Year Report

For the half year ended 31 December 2022

Results for Announcement to the Market

Results

Half Year to 31 December	2022 US\$	2021 US\$	\$ Change	% Change
Revenue from ordinary activities	4,280,378	3,768,536	511,842	increased 14%
Loss from ordinary activities	(1,964,161)	(2,220,270)	256,109	decreased 12%
Loss for the period attributable to members	(1,964,161)	(2,220,270)	256,109	decreased 12%
Basic EPS – cents per share (loss)	(0.41)	(0.56)	0.15	decreased 26%
Diluted EPS – cents per share (loss)	(0.41)	(0.56)	0.15	decreased 26%

Dividends

No dividend is proposed for the half year ending 31 December 2022 (2021: nil).

Commentary

The commentary on the results of the period is contained in the Background on Company and Review of Operations in the Directors' Report in this half year report.

This half year report is presented in the United States currency.

This half year report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Change Financial Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This financial report covers the consolidated financial statements for the consolidated entity consisting of Change Financial Limited and its subsidiaries.

Corporate Directory

Directors

Edward Grobler (Chairman)
Ian Leijer (Director)
Thomas Russell (Director)
Alastair Wilkie (Chief Executive Officer & Managing Director)

Company Secretary

Adam Gallagher

Registered Office

Change Financial Limited
Level 11, 82 Eagle Street
Brisbane QLD 4000
Email: investors@changefinancial.com

Postal Address

Change Financial Limited
GPO Box 5011
Brisbane QLD 4001

Australian Company Number

150 762 351

Australian Business Number

34 150 762 351

Auditors

Pitcher Partners
Level 38
345 Queen Street
BRISBANE QLD 4000
Telephone: +61 7 3222 8444
Fax: +61 7 3221 7779
www.pitcher.com.au

Share Registry

Link Market Services Limited
Telephone: 1300 554 474
www.linkmarketservices.com.au

Website

www.changefinancial.com

ASX Code

CCA

Change Financial Limited

Website www.changefinancial.com
ACN 150 762 351

Registered Address Level 11, 82 Eagle Street, Brisbane QLD 4000
Postal Address c/o Change Financial Limited, GPO Box 5011, Brisbane QLD 4001

Table of Contents

Results for Announcement to the Market	2
Corporate Directory	3
Directors' Report	5
Auditor's Independence Declaration	10
Condensed Consolidated Statement of Profit or Loss	11
Condensed Consolidated Statement of Comprehensive Income	11
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidated Statement of Changes in Equity	13
Condensed Consolidated Statement of Cash Flows	14
Notes to the Condensed Consolidated Financial Statements	15
Directors' Declaration	21
Independent Auditor's Review Report	22

Directors' Report

The Directors present their report together with the financial statements of Change Financial Limited (**Change Financial** or the **Company**) consisting of Change Financial Limited and the entities it controlled (**Group**) at the end of or during the half year ended 31 December 2022.

Directors

The following persons were Directors of Change Financial Limited during the whole of the period to 31 December 2022 and up to the date of this report unless otherwise stated:

- Benjamin Harrison (Chairman) (retired as Director 24 November 2022)
- Edward Grobler (Chairman effective 24 November 2022)
- Ian Leijer
- Thomas Russell
- Alastair Wilkie

Principal Activities

The Group's principal activity during the period continued to be the commercialisation and ongoing development of its payments management platform and payment testing solution. Change is a global fintech developing innovative and scalable payments technology through two core products:

- Vertexon Payments as a Service (PaaS): physical and virtual card issuing and transaction processing; and
- PaySim: payment testing solution.

Background on Company and Review of Operations

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 over 156 clients across 41 countries to deliver simple, flexible, and fast-to-market payment services, including card issuing and testing.

Change's PaaS platform, Vertexon, seamlessly integrates with the core systems of banks and fintechs enabling the 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.

Change's PaySim product 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.

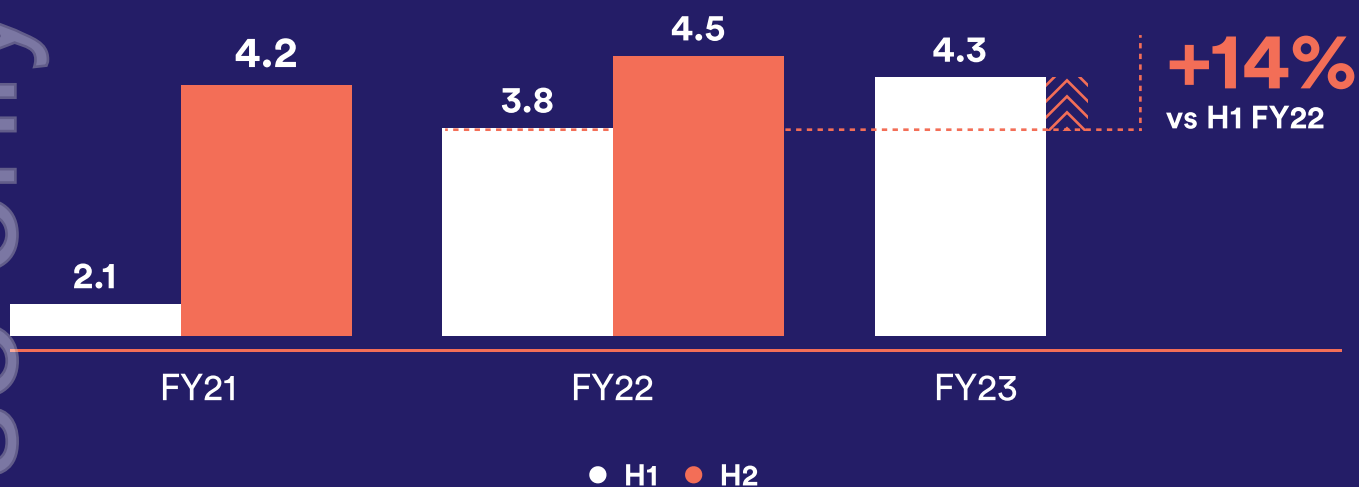
Directors' Report

Change achieved US\$4.3 million of revenue for the half year ended 31 December 2022, an increase of 14% over the prior corresponding period. The operating (loss) after tax for the half year ended 31 December 2022 was US\$2.0 million, a decrease of 12% over the prior corresponding period.

As outlined in the financial year 2022 results presentation, the Company is targeting to deliver double-digit revenue growth in financial year 2023 (FY23). Additionally, the Company is targeting to achieve monthly positive Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) in the second half of FY23, driven by revenue growth and a reduced cost base.

Key Highlights

Revenue (US\$ million)

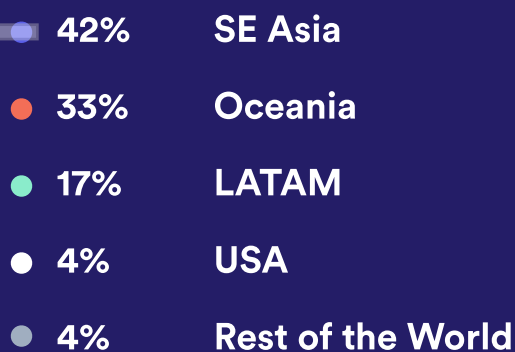


- ▶ Revenue growth primarily driven through support and maintenance and new licence sales
- ▶ Growth delivered with a reduced cost base
- ▶ Recently contracted PaaS clients anticipated to drive growth as they 'go-live'

Revenue by Product



Revenue by Region



Continued execution of strategy

Business readiness for card issuing in Oceania

- ▶ Mastercard Principal Issuer licence granted in New Zealand
- ▶ Successfully completed Mastercard technical certification – Vertexon platform now live for New Zealand issuing
- ▶ Software as a Service (SaaS) production environment established
- ▶ Granted an AFSL (January 2023) – will enable prepaid card issuing in Australia
- ▶ Final phase of Vertexon integration and testing ahead of anticipated ‘go-live’ of first New Zealand clients

Deliver market leading products

- ▶ Released latest version of the Vertexon PaaS platform for Oceania clients



**AWS hosted
architecture**



New API features



**New rules engine
features**



**PCI-DSS &
3D Secure
enhancements**

- ▶ Completed PaySim certification solution for ISO20022 (Faster Payments) development – focused on enabling scalable multi-region implementations
- ▶ PaySim certification solution client portal UX/UI design completed

Growth through clients and partners

- ▶ Expanded partnership with Mastercard in the US to add debit card issuing to existing prepaid capabilities
- ▶ First US card program live
- ▶ Existing Vertexon on-premise clients actively exploring SaaS migration
- ▶ Sales pipeline continues to mature with higher value Vertexon PaaS opportunities and PaySim subscription and certification offerings

Matters subsequent to the end of the financial period

Strategic Placement

The Company successfully completed a A\$6.86 million capital raise in February 2023. The capital raise was undertaken via a placement to a single investor utilising the Company's available capacity under ASX Listing Rules 7.1 and 7.1A. The investor has agreed to voluntary escrow the shares acquired through the placement for a period of 12 months.

The investor has also signed a collaboration agreement in the form of a Memorandum of Understanding with Change to accelerate growth in the US market and complement the increasing opportunities Change has in the Oceania market.

Australian Financial Services Licence (AFSL)

The Company, through a wholly-owned subsidiary, was granted an AFSL which will enable the Company to issue digital and physical prepaid cards in Australia through the partnership with Mastercard.

CEO Retirement

Mr. Alastair Wilkie, having served the Company for four years, has advised his intention to retire as Chief Executive Officer by 30 June 2023. The Board has commenced a search for Mr. Wilkie's replacement and is currently reviewing a high calibre of internal and external candidates and will update the market when a decision has been made. Mr. Wilkie has offered to remain as a Director of the Company following his retirement as Chief Executive Officer to facilitate an orderly executive transition. Mr. Wilkie's retirement is not related to the Strategic Placement.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected the Group's operations, results or state of affairs, or may do so in subsequent financial periods except as set out in the Review of Operations above.

Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and the financial report have been rounded to the nearest dollar.

Dividends - Change Financial Limited

The Directors of Change Financial Limited did not recommend the payment of a dividend for the 6 months ending 31 December 2022 (2021: nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2) of the Corporations Act 2001.

Dated 28 February 2023



Edward Grobler

Chairman

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors
Change Financial Limited
Level 11, 82 Eagle Street
Brisbane QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2022, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Change Financial Limited and the entities it controlled during the period.

Pitcher Partners

PITCHER PARTNERS



DAN COLWELL
Partner

Brisbane, Queensland
28 February 2023

Brisbane Sydney Newcastle Melbourne Adelaide Perth

Pitcher Partners is an association of independent firms.

An Independent Queensland Partnership ABN 84 797 724 539. Liability limited by a scheme approved under Professional Standards Legislation.

Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

 **bakertilly**
NETWORK MEMBER

pitcher.com.au

NIGEL FISCHER
MARK NICHOLSON
PETER CAMENZULI

JASON EVANS
KYLIE LAMPRECHT
NORMAN THURECHT

BRETT HEADRICK
WARWICK FACE
COLE WILKINSON

SIMON CHUN
JEREMY JONES
TOM SPLATT

JAMES FIELD
DANIEL COLWELL
ROBYN COOPER

FELICITY CRIMSTON
CHERYL MASON
KIERAN WALLIS

MURRAY GRAHAM
ANDREW ROBIN
KAREN LEVINE

Condensed Consolidated Statement of Profit or Loss

Half Year to 31 December	Note	2022 US\$	2021 US\$
Revenue and other income	2	4,280,378	3,768,536
Employee benefits expense		(3,139,585)	(3,753,504)
Advertising & marketing expense		(67,740)	(222,933)
Program expenses		(314,692)	(174,643)
Professional services & insurance		(546,520)	(514,373)
Consulting fees		(179,851)	(253,574)
Technology & hosting		(921,861)	(411,550)
Depreciation & amortisation expense		(622,837)	(528,271)
Finance expense		(59,795)	(13,488)
Other expenses		(175,748)	(116,470)
Profit (loss) before tax		(1,748,251)	(2,220,270)
Income tax (expense) benefit	3	(215,910)	-
Profit (loss) from continuing operations		(1,964,161)	(2,220,270)
Basic loss per share (US cents per share)		(0.41)	(0.56)
Diluted loss per share (US cents per share)		(0.41)	(0.56)

Condensed Consolidated Statement of Comprehensive Income

Half Year to 31 December	Note	2022 US\$	2021 US\$
Loss for the period		(1,964,161)	(2,220,270)
Other comprehensive income (loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		27,638	(30,193)
Total comprehensive loss for the period		(1,936,523)	(2,250,463)

The consolidated statements above should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

Balance at	Notes	31 Dec 2022 US\$	30 Jun 2022 US\$
Current assets			
Cash and cash equivalents		2,800,487	1,501,427
Trade and other receivables	4	1,394,370	1,790,585
Other current assets	5	661,034	640,957
Total current assets		4,855,891	3,932,969
Non-current assets			
Property, plant & equipment		241,008	318,807
Deferred tax asset		107,393	101,819
Intangible assets	6	6,139,094	5,992,925
Total non-current assets		6,487,495	6,413,551
TOTAL ASSETS		11,343,386	10,346,520
Current liabilities			
Trade and other payables		1,367,377	1,196,360
Provisions		1,066,176	1,289,088
Lease liabilities – current		72,804	95,535
Contract liabilities		3,059,445	3,094,507
Income tax liabilities		86,013	98,152
Other current liabilities		-	12,000
Total current liabilities		5,651,815	5,785,642
Non-current liabilities			
Provisions		22,754	18,896
Lease liabilities – non-current		105,680	140,048
Borrowings		581,196	1,058,230
Total non-current liabilities		709,630	1,217,174
TOTAL LIABILITIES		6,361,445	7,002,816
NET ASSETS		4,981,941	3,343,704
Equity			
Contributed equity	7	46,062,369	42,519,906
Reserves	8	4,838,628	4,778,693
Accumulated losses		(45,919,056)	(43,954,895)
TOTAL EQUITY		4,981,941	3,343,704

The consolidated statements above should be read in conjunction with the accompanying notes.

Change Financial Limited

Website www.changefinancial.com
ACN 150 762 351

Registered Address Level 11, 82 Eagle Street, Brisbane QLD 4000
Postal Address c/o Change Financial Limited, GPO Box 5011, Brisbane QLD 4001

Condensed Consolidated Statement of Changes in Equity

	Contributed Equity	Reserves	Accumulated Losses	Total Equity
	US\$	US\$	US\$	US\$
Balance at 1 July 2021	42,519,906	4,687,166	(40,186,402)	7,020,670
Profit (loss) for the period	-	-	(2,220,270)	(2,220,270)
<i>Other comprehensive income (loss)</i>				
Exchange differences on translation of the foreign operations	-	(30,193)	-	(30,193)
Total comprehensive income for the year	-	(30,193)	(2,220,270)	(2,250,463)
Transactions with owners in their capacity as owner				
Options issued	-	27,507	-	27,507
Contributions (net of costs)	-	-	-	-
Total	-	27,507	-	27,507
Balance at 31 December 2021	42,519,906	4,684,480	(42,406,672)	4,797,714
Balance at 1 July 2022	42,519,906	4,778,693	(43,954,895)	3,343,704
Profit (loss) for the period	-	-	(1,964,161)	(1,964,161)
<i>Other comprehensive income (loss)</i>				
Exchange differences on translation of the foreign operations	-	27,638	-	27,638
Total comprehensive income for the year	-	27,638	(1,964,161)	(1,936,523)
Transactions with owners in their capacity as owner				
Options issued	-	32,297	-	32,297
Contributions (net of costs)	3,542,463	-	-	3,542,463
Total	3,542,463	32,297	-	3,574,760
Balance at 31 December 2022	46,062,369	4,838,628	(45,919,056)	4,981,941

The consolidated statements above should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

Half Year to 31 December	Notes	2022 US\$	2021 US\$
Cash flow from operating activities			
Receipts from customers		4,607,164	4,307,774
Payments to suppliers and employees		(5,377,680)	(5,761,800)
Interest received		347	-
Interest paid		(9,695)	(13,488)
Income tax		(214,091)	-
Net cash used in operating activities		(993,955)	(1,467,514)
Cash flow from investing activities			
Payments for plant & equipment		(669)	(34,158)
Payments for software development		(690,579)	(745,861)
Receipts from sublease (excluding interest received)		45,000	-
Net cash used in investing activities		(646,248)	(780,019)
Proceeds from financing activities			
Proceeds from share issue		3,866,988	-
Repayment of borrowings		(487,650)	-
Cost of funding		(324,525)	-
Payments of lease liabilities (excluding interest paid)		(58,952)	(140,682)
Net cash (used in) / provided by financing activities		2,995,861	(140,682)
Net increase (decrease) in cash held		1,355,658	(2,388,215)
Reconciliation of cash			
Cash at the beginning of the financial period		1,501,427	4,019,001
Net increase (decrease) in cash held		1,355,658	(2,388,215)
Foreign exchange difference on cash holding		(56,598)	(66,688)
Cash and cash equivalents at end of the financial period		2,800,487	1,564,098

The consolidated statements above should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements

1) Summary of Significant Accounting Policies

The half year financial report is a condensed general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The condensed half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by the Company during the half year.

Certain comparative figures have been reclassified to conform with the current half year reporting presentation.

a) Basis of Preparation

The Consolidated Financial Report of Change Financial Limited has been prepared on the basis of historical cost, except for revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars, unless otherwise noted.

b) Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of accounting policies, standards and interpretations as noted below.

c) Application of New and Revised Accounting Standards

The Group has adopted all new and amended Australian Accounting Standards and Australian Accounting Standards Review Board (AASB) interpretations that are mandatory for the current reporting period and relevant to the Group.

d) Rounding

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Legislative Instrument to the nearest dollar, unless otherwise indicated.

e) Segment Accounts

The Group's chief operating decision maker, being the Chief Executive Officer and Managing Director, makes financial decisions and allocates resources based on the information received from the Group's internal management system. Currently the Group has one reportable segment, being the development and provision of card payments software and services. The Group's core products are card management systems, transaction processing and payment simulators.

f) Ongoing Operations

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At the date of this report, the Group remains in a development and growth phase of operations. The Directors are of the view that the Group's payments and card issuing platform (Platform) is commercially viable and are confident that the business will become sustainable in future years through forecast revenue growth. Subsequent to the half year ending 31 December 2022, the Company successfully completed a A\$6.86 million capital raising. The capital raising was undertaken through a placement to a single investor utilising the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Until such time as the Group's revenues grow to a level that is sufficient to enable the Group to meet its financial commitments as and when they fall due, the Group is expected to be dependent on raising further capital in future years.

g) Significant Accounting Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the annual financial report for the year ended 30 June 2022.

2) Revenue and Other Income

Half Year to 31 December	2022 US\$	2021 US\$
Revenue from contracts with customers		
Maintenance and support	2,724,532	2,097,250
Professional services	1,014,554	1,097,038
License fees	464,156	499,064
Other sales revenue	31,789	75,184
Subtotal	4,235,031	3,768,536
Other revenue and income		
Other income	45,347	-
Total revenue and other income	4,280,378	3,768,536
Revenue from contracts with customers		
Revenue from services – over time	3,770,875	3,269,472
Revenue from sale of licenses – at a point in time	464,156	499,064
Total revenue from contracts with customers	4,235,031	3,768,536

Revenue by geographic region is as follows:

Half Year to 31 December	2022	2021
	US\$	US\$
South East Asia	1,762,272	1,837,226
Oceania	1,416,494	1,096,601
Latin America	713,785	346,282
United States of America	169,825	363,921
Rest of World	172,655	124,506
Total revenue from contracts with customers	4,235,031	3,768,536

Revenue by product is as follows:

Half Year to 31 December	2022	2021
	US\$	US\$
Vertexon	2,693,019	2,095,636
PaySim	1,542,012	1,627,070
Other	-	45,830
Total revenue from contracts	4,235,031	3,768,536

3) Income Tax Expense

Half Year to 31 December	2022	2021
	US\$	US\$

Reconciliation of income tax expense and tax at the statutory rate

Loss before income tax expense	(1,748,251)	(2,220,270)
Tax expense (credit) at the Australian tax rate of 25% (2021: 25%)	(437,063)	(555,068)
Differences in overseas tax rates	9,565	-

Tax effect of amounts which are not deductible / (taxable) in calculating taxable income

Share based payments expense	8,074	7,702
Under provision for income tax in prior periods	133,631	-
Prior period deferred tax asset not recognised during current period	501,703	547,366
Income tax expense	215,910	-

4) Trade & Other Receivables

Balance at	31 Dec 2022	30 Jun 2022
	US\$	US\$
Trade receivables	1,403,287	1,808,899
Allowance for expected credit loss	(141,196)	(166,576)
Other current receivables	132,279	148,262
Total trade & other receivables	1,394,370	1,790,585

5) Other Current Assets

Balance at	31 Dec 2022	30 Jun 2022
	US\$	US\$
Contract assets	159,348	227,197
Prepayments	318,386	267,691
Other current assets	183,300	146,069
Total other current assets	661,034	640,957

Contract assets arise where on a particular project the proportion of work performed on that project exceeds the amounts invoiced on that project to date. It is expected that 100% of contract assets will be invoiced in the next twelve months.

6) Intangible Assets

Half Year to 31 December	Software Acquired	Customer Contracts	Software Development	Total
	US\$	US\$	US\$	US\$
Cost				
At 30 June 2022	5,288,618	96,319	2,052,999	7,437,936
Acquisition of business	-	-	-	-
Additions internally generated	-	-	690,579	690,579
Closing balance	5,288,618	96,319	2,743,578	8,128,515
Accumulated Amortisation				
At 30 June 2022	1,156,885	24,080	264,046	1,445,011
Amortisation charge	330,539	6,880	206,991	544,410
Closing balance	1,487,424	30,960	471,037	1,989,421
Net Book Value				
At 30 June 2022	4,131,733	72,239	1,788,953	5,992,925
At 31 December 2022	3,801,194	65,359	2,272,541	6,139,094

7) Contributed Equity

Balance at	31 Dec 2022 US\$	30 Jun 2022 US\$
512,190,879 fully paid ordinary shares ¹ (30 June 2022: 396,718,162)	46,062,369	42,519,906

¹ This amount excludes 1,170,506 (June 2022: 1,170,506) shares issued under the Loan Funded Share Plan (LFSP). These shares will be recognised in Share Capital when the loan advanced under the LFSP to acquire those shares is repaid. Total fully paid shares on issue at 31 December 2022 is 513,361,385.

Details of the movement in share capital is set out follows:

	Number of Shares #	Value US\$
Opening balance at 1 July 2022	396,718,162	42,519,906
August 2022 placement at A\$0.05 per share	15,000,000	517,650
August / September 2022 entitlement offer at A\$0.05 per share	99,472,717	3,348,688
Cost associated with the placement and entitlement offer	-	(324,525)
Options exercised	1,000,000	650
Balance at 31 December 2022	512,190,879	46,062,369

There were no share movements in the half year to 31 December 2021.

8) Reserves

Balance at	31 Dec 2022 US\$	30 Jun 2022 US\$
Share based payment reserve	4,354,259	4,321,962
Foreign currency translation reserve	484,369	456,731
Total reserves	4,838,628	4,778,693

9) Share Based Payments

Share options of the parent were granted to senior executives of the Group as part their remuneration package. Their options were granted under their employment contracts for no consideration.

Set out below is a summary of movement in options during the period:

	2022		2021	
	Average exercise price per share Option	Number of options	Average exercise price per share Option	Number of options
As at 1 July	A\$0.21	11,550,000	A\$0.21	6,050,000
Granted during the period ¹	A\$0.20	750,000	Nil	Nil
Exercised ²	A\$0.001	(1,000,000)	Nil	Nil
Expired / forfeited ³	A\$0.23	(5,250,000)	Nil	Nil
As at 31 December	A\$0.23	6,050,000	A\$0.21	6,050,000

¹ Options issued to Mr Fossett which vested upon granting with an exercise price of A\$0.20 and an expiry date of 5 December 2024

² Includes 500,000 options exercised each by Mr Wilkie and Mr Sheehan

³ Includes 3,000,000 options previously granted to Mr Wilkie and 2,250,000 options previously granted to Mr Fossett which expired / forfeited during the period

10) Events Occuring After the Reporting Period

The Company successfully completed a A\$6.86 million capital raise in February 2023. The capital raise was undertaken through a placement to a single investor utilising the Company's available capacity under ASX Listing Rules 7.1 and 7.1A. The funds raised will be used to strengthen the Company's financial position, including repayment of all debt, and execute on a number of near-term sales opportunities. The strengthened financial position will also enable the Company to explore other potential partnerships and acquisition initiatives that are aligned to the future growth strategy.

Additionally, the Company, through a wholly-owned subsidiary (Change Financial Payment Services Pty Ltd), was granted an AFSL which will enable the Company to issue digital and physical prepaid cards in Australia through the partnership with Mastercard.

Finally, Mr. Alastair Wilkie, having served the Company for four years, has advised his intention to retire as Chief Executive Officer by 30 June 2023. The Board has commenced a search for Mr. Wilkie's replacement and will update the market when a decision has been made. Mr. Wilkie has offered to remain as a Director of the Company following his retirement as Chief Executive Officer to facilitate a smooth and coordinated executive transition.

Other than disclosed above, there are no significant events occurring after the reporting period.

Directors' Declaration

In the opinion of the Directors:

- a. the financial statements and notes set out on pages 11 to 20 are in accordance with the Corporations Act 2001, including:
 - i. complying with Australian Accounting Standards AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - ii. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Edward Grobler

Chairman

28 February 2023

Independent Auditor's Review Report to the Members of Change Financial Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Change Financial Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Change Financial Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PITCHER PARTNERS



DAN COLWELL
Partner

Brisbane, Queensland
28 February 2023