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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, 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.

FY23

Full Year Results and
APPENDIX 4E

31 August 2023

CHANGE FINANCIAL LIMITED APPENDIX 4E FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Entity Details

Name of Entity Change Financial Limited
ABN 34 150 762 351

Details on Reporting Period

Current period Year ended 30 June 2023
Previous corresponding period Year ended 30 June 2022

Reporting Currency

Unless otherwise stated all amounts in this report are stated in United States dollars.

Results for Announcement to the Market

	2023 US\$	2022 US\$	US\$ Change	% Change
Revenue from ordinary activities	8,709,090	8,316,419	392,671	increased 4.7%
Loss from ordinary activities	(2,918,427)	(3,768,493)	850,066	decreased 22.6%
Loss for the period attributable to members	(2,918,427)	(3,768,493)	850,066	decreased 22.6%
Basic EPS – cents per share (loss)	(0.54)	(0.95)	0.41	decreased 43.2%
Diluted EPS – cents per share (loss)	(0.54)	(0.95)	0.41	decreased 43.2%

Dividends

No dividend is proposed for the year ended 30 June 2023 (2022: nil).

Additional Disclosures

Additional Appendix 4E disclosure requirements and commentary on significant aspects of the operating performance, trends in performance and other factors affecting the results for the period are contained in the 2023 Annual Report, including the Chair's Letter and CEO's Report.

This document should be read in conjunction with the 2023 Annual Report, including the Chair's Letter and CEO's Report, and any public announcements made in the period by Change Financial Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth) and the ASX Listing Rules.

FY23 Full Year Results

FY23 Highlights

- FY23 revenue of US\$8.7m (A\$13.6m), up 4.7% on the prior corresponding period (pcp)
- FY23 EBITDA loss of US\$1.3m (A\$2.0m), 49% improvement on pcp driven primarily by realigned cost base coupled with modest revenue growth
- Granted Australian Financial Services Licence (AFSL); complements the Financial Service Provider registration in NZ and issuing bank sponsorship in the US
- Granted Mastercard Principal Issuer licence in Australia & NZ for prepaid and debit cards
- Completed Mastercard technical certification in NZ
- First cards issued for 3 of 4 NZ clients with transactional revenues expected in H1 FY24
- Targeting monthly cashflow breakeven run-rate exiting FY24

Investor Webinar Registration

Thursday, 31 August 2023 at 11:00am Brisbane/Sydney time (AEST)

[Click here to register](#) (or see link below)

31 August 2023 Change Financial Limited (ASX: CCA) (Change or the Company) is pleased to release the Company's full year results and Appendix 4E for the period ended 30 June 2023 (FY23).

Change CEO, Tony Sheehan commented, "This year has been another transformational one for Change, as we have now delivered all the key building blocks to enable us to focus on the commercialisation of our products across our core markets.

"Whilst we commenced processing live Mastercard transactions for our New Zealand PaaS clients, additional requirements for the completion of EFTPOS connectivity resulted in delays to the transition of cardholders to the Vertexon platform. We now anticipate completing the EFTPOS integration in Q1 FY24 and transitioning existing cards to the Vertexon platform in H1 FY24.

"Underpinning our increased focus on converting our sales pipeline, is a robust financial profile aligned with the current position of the business. As such, we are targeting to achieve a monthly cashflow breakeven run-rate exiting FY24.

"In reviewing the progression and importance of payment processing infrastructure across the global landscape, we feel we are perfectly positioned to capitalise on the opportunity ahead, particularly given our product suite, experienced team and growing client base."

Operational Update

Key Achievements

Throughout FY23, Change continued to focus on delivering the necessary 'building blocks' to become a leading Payments as a Service (**PaaS**) provider in our core target markets. With the significant progress made in our three key focus markets – Australia, NZ, and US – Change is now transitioning focus towards commercialisation in FY24 and beyond.

In Oceania, Change was granted an Australian Financial Services Licence (**AFSL**) which will enable the Company to issue debit and prepaid cards in Australia, complementing the offering in NZ and the US. Change was also granted Mastercard Principal Membership in Australia and NZ with the platform

also certified by Mastercard in NZ. In finalising Change's 'go-to-market' requirements, the Company is expecting Mastercard certification of the Australian platform in the coming months.

In the US, the Company signed an expanded 5-year agreement with Mastercard, significantly strengthening the partnership both regionally and globally. The expanded partnership will enable Change to offer debit cards, complementing its existing prepaid card offering in the US. The debit card offering will be available following the completion of the Mastercard licence application and technical certification, both of which are expected to be completed in Q1 FY24.

Change now has a strong, long-term partnership with Mastercard for card issuing in the key target markets of Australia, NZ and the US.

Client Progress

In H2 FY23, Change achieved a major milestone with the first PaaS clients in NZ processing Mastercard transactions on the Vertexon platform. The Company is focussed on finalising ETFPOS connectivity, an initial delay in the roll-out process, which will enable Change issued cards to be accepted at all merchants in NZ. Finalisation of EFTPOS connectivity will enable the NZ clients to commence migrating cardholders on to the Vertexon platform and will assist with Change's future growth ambitions in the market.

In achieving 'go-live' of the first NZ clients, Change received a cash incentive payment of US\$1m (A\$1.6m¹) in June 2023 from Mastercard (as previously announced).

Sales Update

During FY23, Change signed contracts worth approximately US\$5.9m (A\$9.2m) from both new and existing Vertexon and PaySim clients, with part of this to be earned and recognised as revenue over the next 12 months.

The sales pipeline continues to mature with higher value opportunities across both Vertexon PaaS and PaySim progressing through the sales funnel. The Company has seen a significant uplift in Vertexon interest in the Oceania market following the milestone NZ client contract announcement and securing the AFSL in Australia. Growth in the PaySim pipeline has been driven by increased interest in certification services and subscriptions, in addition to traditional licence and module opportunities.

In August 2023, Change secured two new fintech Vertexon PaaS clients, Simply Zibra in Australia and HealthNow in NZ. These client wins provide further evidence of the increased demand the Company is seeing for its processing and issuing offering on the back of obtaining the necessary regulatory and licencing approvals and foundation clients beginning to transact.

Strategic Investment

In February 2023, Change announced it had secured a strategic investment from US-based fintech entrepreneur Michael H. Giles, via his investment entity FinTech HQ Pty Ltd (**FinTech HQ**) (refer ASX Announcement on 16 February 2023). FinTech HQ committed A\$6.9m via a placement and 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.

Financial Update

Change delivered FY23 revenue of US\$8.7m (A\$13.6m), up 4.7% on pcp. The modest growth was driven by new licences (e.g. module upsell & new licence tiers) and continued maintenance & support revenue from existing clients. Change did not recognise any PaaS transactional revenue from the signed NZ clients which is expected to contribute meaningfully in FY24.

The majority of revenue was generated from maintenance & support (55%) and professional services (22%) with the balance being licence fees (16%) and other ancillary services (7%). Geographically,

¹ AUD/USD = 0.64 (A\$ amounts are converted for representation purposes to assist the reader)

Change is well diversified with 44% of revenue from SE Asia, 31% from Oceania, 17% from Latin America and 5% from the US. Given the differing partnerships, maturity of the platform and sales pipeline in the different regions, these percentages are expected to vary over time.

The Company does not have any direct cost of goods (COGS), however for transparency a COGS line has been included as the Company will report this going forward as a result of scheme related fees directly arising from processing and issuing via the Vertexon platform.

Change delivered an EBITDA loss of US\$1.3m (A\$2.0m) for FY23, a 49% improvement on pcp, primarily resulting from the re-aligned cost base that occurred in Q1 FY23 and modest revenue growth. By way of half on half comparison, Change delivered a H2 FY23 EBITDA loss of US\$0.2m (A\$0.3m), compared to a H1 FY23 loss of US\$1.1m (A\$1.7m).

Profit & Loss Summary			
(US \$000's)	FY23	FY22	Var %
Revenue	8,709	8,316	4.7%
COGS	-	-	n/a
Gross Profit	8,709	8,316	4.7%
Employee expenses	(5,720)	(7,282)	(21.5%)
Professional services & insurance	(1,012)	(980)	3.3%
Technology & hosting	(1,612)	(1,108)	45.5%
Other expenses	(1,619)	(1,461)	10.8%
Operating Expenses	(9,963)	(10,831)	(8.0%)
EBITDA	(1,274)	(2,515)	(49.3%)

Note: FY23 EBITDA excludes \$21k of interest included as Revenue

Profit & Loss - H1 vs. H2				
(US \$000's)	H1 FY22	H2 FY22	H1 FY23	H2 FY23
Revenue	3,769	4,548	4,280	4,429
EBITDA	(1,672)	(843)	(1,066)	(209)

The cash position at 30 June 2023 was US\$5.4m (A\$8.4m), excluding cash backed security guarantees of US\$0.3m (A\$0.5m), with no debt.

Outlook

Having realigned the Company's cost base in H1 FY23, Change has positioned itself to deliver profitable revenue growth in FY24 and beyond. Despite delays with the transition of new PaaS clients in NZ, these clients are now onboard with the first live cards issued by Change, and the transition of cardholders is now planned to occur over H1 FY24.

Operationally, Change is targeting several key milestones in FY24 including:

- Complete EFTPOS acceptance in NZ and transition NZ card programs to Change, which will begin generating transactional revenues
- Mastercard technical certification in Australia
- Onboard all yet to go live but already signed PaaS clients - 2 in the US, 2 in Australia, 2 in NZ
- Drive new client wins by leveraging Vertexon and PaySim technology and partner ecosystem

- Mastercard Issuing licence for debit cards in US
- Launch latest version of Vertexon PaaS platform in the US
- Undertake PaySim modernisation program (UX/UI improvements)

Financially, Change is targeting to achieve a monthly cashflow breakeven run-rate exiting FY24 driven by a stable existing customer base and increasing transactional revenue from already secured clients transitioning cardholders to Change as well as 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 and CPO, Vinnie D'Alessandro on **Thursday, 31 August 2023 at 11:00am Brisbane/Sydney time (AEST)**.

Please register ahead of time via the following link:

https://us06web.zoom.us/webinar/register/WN_0Qd9TinnRoCaiv-gXTpvKQ

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

All financial figures in the following Appendix 4E 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

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