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The background features a dark blue gradient with several 3D wireframe pyramids in orange and green, connected by thin orange lines, creating a sense of depth and movement.

change.

H1 FY24
Results Summary
28 February 2024

H1 FY24 Results Summary

H1 FY24 Highlights

- H1 FY24 revenue of US\$4.5m (A\$6.9m¹), up 5% on prior corresponding period (pcp), with minimal PaaS revenue contribution during the period
 - PaaS revenue expected to meaningfully contribute to revenue in H2 FY24
- Operating expenses down 4% on pcp – relatively stable fixed cost base able to support material increase in new PaaS revenue
- H1 FY24 EBITDA loss of US\$(0.7)m (A\$(1.1)m), a 31% improvement on pcp
- Completed all necessary regulatory and licensing requirements to enable Vertexon PaaS platform to provide processing and card issuing in Australia, NZ and US
- NZ clients commenced migrating cards to Vertexon representing a material de-risking event
 - c.60% of contracted NZ financial institution client cardholders still to be migrated to Change, expected to be completed in H2 FY24
- 19,000+ cards (includes all NZ & US cards) now live on the PaaS platform
- With the PaaS platform now live, Change's focus is on converting a significant pipeline of opportunities into new clients
- Targeting monthly EBITDA positive and cashflow breakeven run rate by June 2024
- Cash holdings of US\$3.2m (A\$4.9m) with no debt as at 31 December 2023 – excludes additional cash backed security guarantees of US\$0.5m (A\$0.8m)

Investor Webinar Registration

Wednesday, 28 February 2024 at 10:00am Brisbane time (AEST) / 11:00am Sydney time (AEDT)

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

28 February 2024 Change Financial Limited (ASX: CCA) (Change or the Company) is pleased to release the Company's half year results and Appendix 4D for the period ended 31 December 2023 (**H1 FY24**).

Change CEO Tony Sheehan commented, "This half marked a clear inflection point for Change and the culmination of many years of investment and operational work to deliver the 'building blocks' required to launch our Vertexon PaaS platform. Excitingly, this process is complete with the Vertexon platform now live and providing processing and card issuing to our clients."

"We have gained early market validation via several key customer wins, particularly across the Oceania region, which is enabling us to clearly demonstrate our value proposition through marquee reference clients. As a result, we are now turning our core internal focus to ensuring we can convert our growing pipeline at an accelerating rate. Aligned to this we are also confident of being able to streamline and compress the onboarding process given the learnings we have taken from our initial clients and given we will not have delays from getting the platform live."

"Whilst H1 FY24 revenue of US\$4.5m (A\$6.9m¹) showed only modest growth on the prior period, we have a significant amount of latent revenue, via already contracted clients, that will be recognised over the next 6 to 12 months. For example, our NZ financial institutions clients contributed minimal PaaS revenue in H1, but once all cards are rolled out this is expected to deliver revenue in excess of US\$2.1m (A\$3.2m) per annum. Additionally, we have only just gone live with our US clients, which while not

¹ AUD/USD = 0.65

significant from a revenue perspective today, nevertheless is contracted incremental revenue that will be delivered into the future.”

“We have entered an exciting period for the business which has been positioned to deliver sustainable and profitable growth. We expect to see this occur in the near term with our target to be at a monthly EBITDA positive and cashflow breakeven run rate by June 2024.”

Operational Update

Growth in Processing and Issuing

During H1 FY24, Change made significant progress on launching and migrating clients to the Vertexon PaaS platform. Change has now issued cards to clients in NZ and the US, and BINs are live for Australian clients ahead of live cards being issued imminently. Transactional revenues are increasing with the onboarding of clients and associated migration of cards.

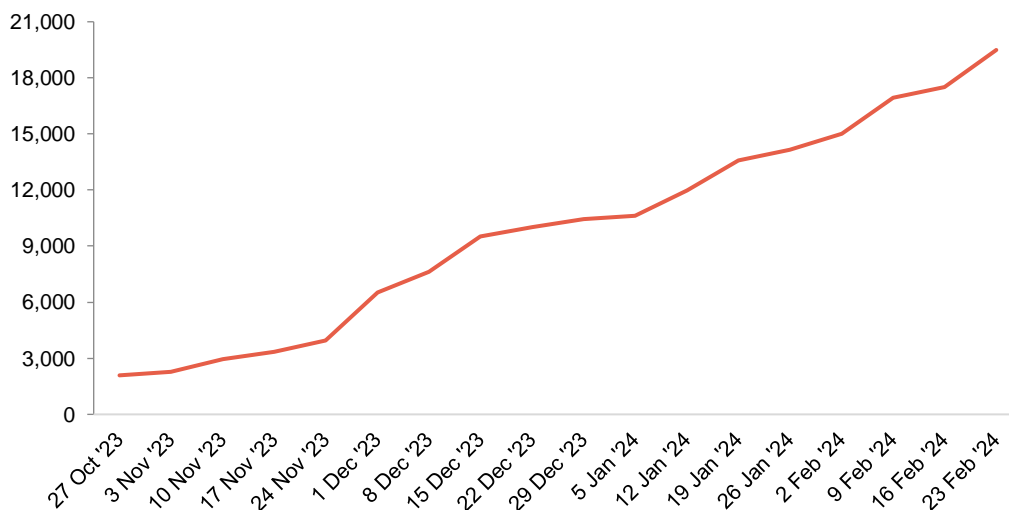
Significant progress has been made migrating the NZ financial institution clients from their previous providers to Change, with approximately 40% of total anticipated cards issued to date. This marks a key milestone for the Company and is a key driver of the early growth in PaaS metrics. Auckland Credit Union and Police Credit Union have completed the migration of all cards to Change, with the remaining clients expected to continue migrating cards throughout FY24.

The metrics presented below relate to the Vertexon PaaS offering only. Vertexon on-premise client metrics are not reported given the limited correlation between card and transaction volumes and resulting revenue.

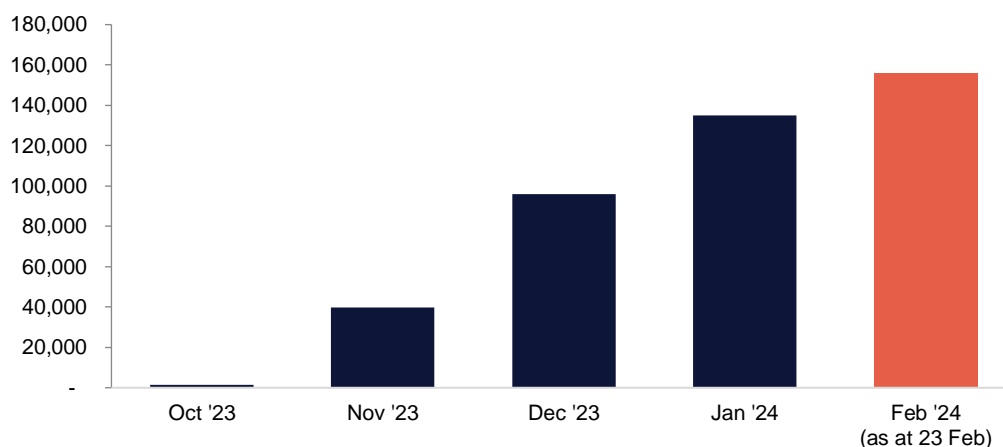
As the rollout of PaaS cards, and hence resulting transactional revenues, is still in the early stages, the Company requires further data (which will come as more cards are issued and activated) in order to provide investors with meaningful commentary as to how to interpret the metrics for the purposes of revenue growth assumptions.

Vertexon PaaS Metrics (includes all PaaS clients)

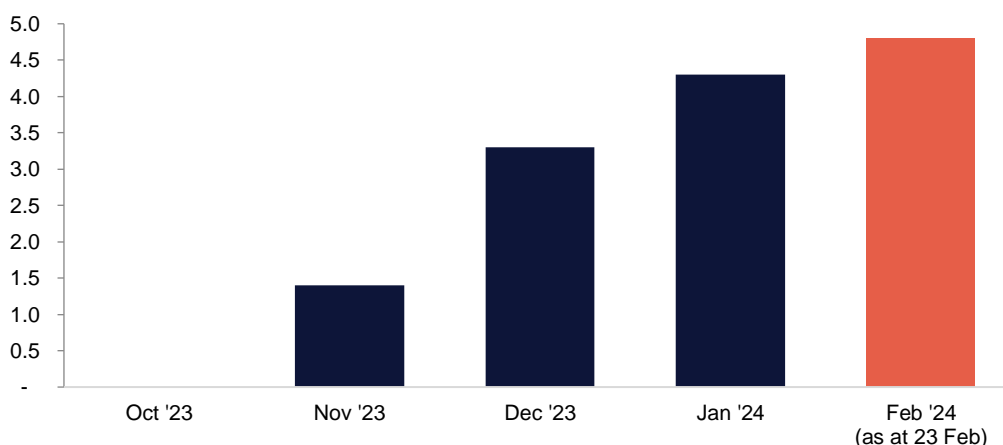
Total Cards on Issue



Monthly Transactions Processed



Monthly Transaction Volumes (US\$m¹)



H1 FY24 Sales Update

Vertexon - PaaS Clients

- During H1 FY24, Change signed HealthNow (NZ & AU), Simply Zibra & Fintech Actuator (AU), and Onni (US)
- Continuing to progress PaaS opportunities in core target markets, with particular traction in New Zealand given clients are now live and processing on the platform. As expected, client reference-ability is assisting in market as opportunities mature through the sales pipeline

Vertexon – Existing Clients

- Nine new projects across clients in SE Asia, LATAM and Oceania
- Change is in advanced stages of scoping and negotiating a significant project with an existing on-premise client in SE Asia to expand the product partnership with Change

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PaySim

- Four new licence sales to global financial institutions and a LATAM Point of Sale provider
- Four additional module sales to existing clients in Asia and LATAM
- Planning is well progressed on the PaySim modernisation program (UX/UI improvements) which is expected to increase lead generation and improve sales conversions, particularly in FY25

Financial Update

Profit & Loss Summary			
(US \$000's)	H1 FY24	H1 FY23	Var %
Revenue	4,472	4,280	4.5%
COGS	-	-	n/a
Gross Profit	4,472	4,280	4.5%
Employee expenses	(3,175)	(3,140)	1.1%
Program expenses	(207)	(315)	(34.3%)
Professional services & insurance	(552)	(547)	1.0%
Technology & hosting	(696)	(922)	(24.5%)
Other expenses	(507)	(423)	19.9%
Operating Expenses	(5,137)	(5,346)	(3.9%)
EBITDA	(734)	(1,066)	(31.1%)

Change delivered H1 FY24 revenue of US\$4.5m (A\$6.9m), up 5% on the prior corresponding period (**pcp**). The majority of revenue was generated from maintenance & support (56%) and professional services (29%) with the balance being licence fees (10%) and other ancillary services (5%). Approximately 56% of revenue was derived from recurring income streams with the remainder from project and licence income (i.e. non-recurring income). The proportion of recurring income (as a % of total revenue) is expected to increase over time driven particularly by PaaS clients as they progressively ramp up.

Geographically, Change is well diversified with 47% of revenue from SE Asia, 26% from Oceania, 21% from Latin America and 3% from the US.

The modest growth in revenue was primarily driven by professional services income from existing clients. Minimal PaaS revenue was generated in H1 FY24 however PaaS revenue, particularly from NZ clients, are expected to meaningfully contribute to revenue in H2 FY24. Furthermore, it is expected that the focus on PaaS platform development will moderate in H2 FY24, freeing up capacity to deliver additional professional services revenue for key on-premise clients.

Operating expenses were down 4% on pcp. The Company has the ability to add material revenue whilst keeping the fixed cost base relatively steady (albeit COGS will increase as PaaS volumes increase).

The EBITDA loss for H1 FY24 was US\$(0.7)m (A\$(1.1)m), a 31% improvement on pcp. This material narrowing of the EBITDA loss was attributable to modest revenue growth combined with a lower cost base.

Platform launch costs were incurred in H1 FY24 as well as key resources hired prior to significant PaaS revenue starting to ensure business readiness for clients to go-live. The Company is well positioned to scale the platform, incurring only minimal incremental costs for key areas such as client onboarding, fraud management, risk, compliance and treasury as the client base and hence volumes grow. With an established fixed cost base and PaaS revenue increasing in H2 FY24, the Company expects the net EBITDA position to improve significantly.

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Change's cash position at 31 December 2023 was US\$3.2m (A\$4.9m), with an additional US\$0.5m (A\$0.8m) held in cash backed security guarantees which are required now the Vertexon PaaS Platform is 'live' in Oceania.

The majority of Change's revenue is derived in USD whilst most operating costs are currently incurred in AUD and NZD. As such, the Company benefits from a strengthening USD relative to the AUD and NZD. Additionally, whilst the Company reports in USD, the majority of cash held by the business is in AUD to align with the denomination of the majority of the cost base. As a result of this dynamic, the USD reported figures will be subject to foreign exchange rate fluctuations during the reporting periods (refer accompanying Appendix 4D). All AUD amounts are converted for representation purposes to assist the reader.

Outlook

Change is targeting to achieve monthly EBITDA positive and cashflow breakeven run rate by June 2024, driven by the following:

- Stable portfolio of long-term existing clients who continue to generate recurring maintenance and support revenue along with additional licence revenue
- PaaS clients migrating and issuing cards in NZ, Australia & the US which is expected to accelerate in H2 FY24, leading to a progressive increase in PaaS revenue as transaction volumes increase
- Stable fixed cost base able to support material increase in new PaaS revenue, highlighting operating leverage within the business
- Heightened focus on converting significant pipeline of opportunities into new clients

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 **Wednesday, 28 February 2024 at 10:00am Brisbane time (AEST) / 11:00am Sydney time (AEDT)**.

Please register ahead of time via the following link:

https://us06web.zoom.us/webinar/register/WN_m7hi0PKISP6XQrBtinSnLq

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 4D 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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