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H1 FY25
Results Summary

27 February 2025

H1 FY25 Results Summary

H1 FY25 Highlights

- H1 FY25 revenue of US\$7.2m (A\$11.4m¹), up 61% on prior corresponding period (pcp)
 - Driven by an increasing contribution from PaaS clients
 - 78% of revenue from recurring income streams (up from 56% pcp)
- H1 FY25 Underlying EBITDA² (excluding US operations) of US\$0.4m (A\$0.6m)
- H1 FY25 Underlying EBITDA² of US\$(0.5)m (A\$(0.8)m), a 36% improvement on pcp
- 66k+ active cards on Vertexon PaaS platform
 - Largest non-bank issuer of debit cards in NZ processing at a run-rate of NZ\$1bn+ p.a.
- Exit of loss-making US operations well progressed – last transactions processed end of January 2025
 - Will drive a substantial improvement in financial performance from H2 FY25
- Confident in achieving FY25 financial targets
 - Revenue growth of more than 30%
 - Maiden EBITDA positive result (excluding one-off US exit costs)
- Strengthening commercial and business development team in H2 to drive organic growth and strategic opportunities
- 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, 27 February 2025 at 10:30am Brisbane (AEST) / 11:30am Sydney time (AEDT)

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

27 February 2025 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 2024 (**H1 FY25**).

Change CEO Tony Sheehan commented, "It has been a positive start to FY25 as we continued to scale our operations, delivering a record half year revenue result. Pleasingly, 78% of revenue was derived from recurring income streams, providing a solid base to continue our growth trajectory. We continue to build momentum in NZ with new client wins, and we will be increasing our focus on the sizeable opportunity in Australia moving forward. Given the opportunity ahead, we are confident in being able to replicate the success we've had to date in NZ in the larger Australian market."

"During the period we made the pragmatic decision to withdraw from the US market. We have substantially progressed winding down operations with the last transactions processed in late January. With the US exit substantially complete, there will be a significant positive impact on future earnings and cashflow."

"As the reference-ability of our PaaS platform has grown in NZ and Australia, we are increasing our focus on sales. We have recently completed market assessments for both Vertexon and PaySim and, given the significant opportunity for both products, have appointed new strategic sales executives based in Sydney, Australia to pursue already identified opportunities. The market assessments have also assisted in the refinement of our future strategy and product roadmaps."

¹ AUD/USD = 0.63

² Underlying EBITDA excludes US\$49k of interest included as revenue and US\$73k of share-based payments included as an expense in the Appendix 4D statutory accounts

"We are in an exciting period for the business as we look to deliver sustainable and profitable growth. Supported by an increasing recurring revenue base, we are confident in our ability to deliver in excess of 30% revenue growth in FY25. Furthermore, excluding the impact of one-off costs upon exiting the US operations, we remain on track to deliver a maiden EBITDA positive year."

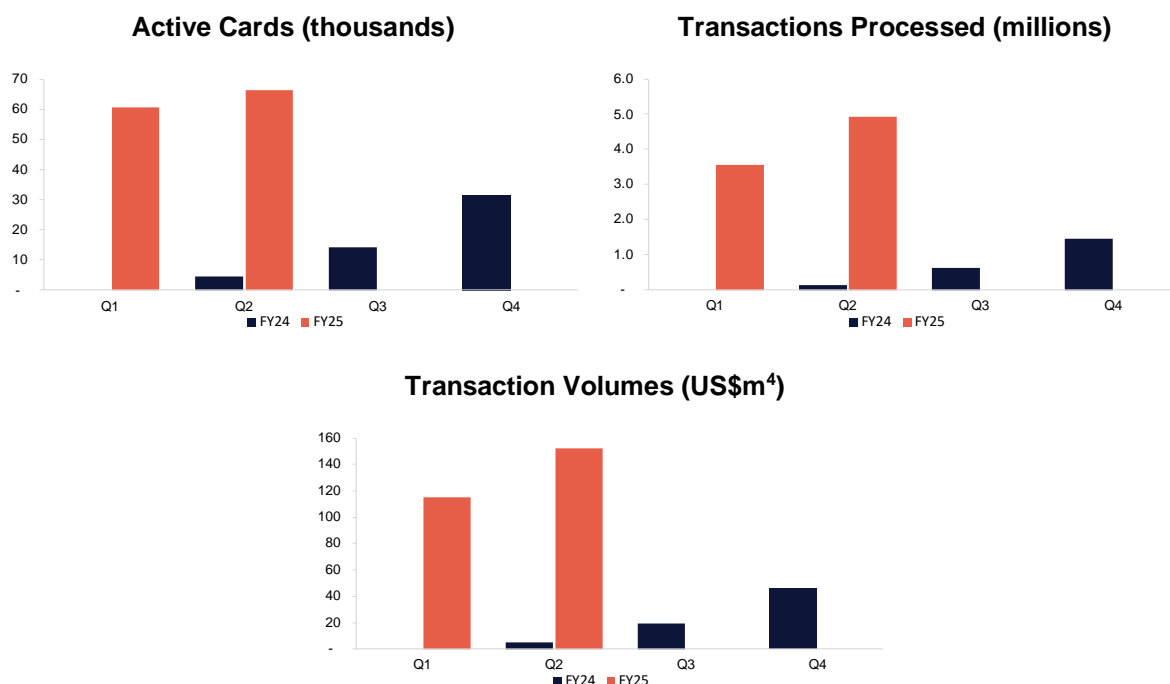
Business Activities

Growth in Processing and Issuing

During H1 FY25, Change continued to launch and migrate clients to the Vertexon PaaS platform. Of particular note, Change completed the successful migration of Unity Credit Union's approximately 20,000 debit cards and related transaction volume to the Vertexon PaaS platform. Change now has more than 66,000 active cards on the PaaS platform in Australia and NZ. Over the past year, Change has progressed from test volumes to processing and issuing at a run-rate of NZ\$1bn+ p.a. in NZ.

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

Vertexon PaaS Metrics



US Exit

As announced on 26 November 2024, Change made the strategic decision to withdraw from the US market. The challenging US regulatory environment was likely to continue to drag on the broader Change business with the Company estimating that it would take a number of years to achieve profitability in the region. Substantial progress has been made on the wind down of US operations, with last transactions processed in late January.

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

A portion of one-off exit costs have been recognised in December 2024 with the remainder to be recognised in Q3 FY25. Completing the exit from the US will have an immaterial impact on overall revenue but will significantly reduce operating costs. As such, Change's operating leverage will significantly increase, driving material improvement in EBITDA and cashflow. The financial impact of the US operations for H1 FY25 are outlined in further detail below in the Financial Update section.

H1 FY24 Sales Update

Vertexon - PaaS Clients

During the period, Change signed two new PaaS clients in NZ. Notably, this included a personal wealth management platform with more than 500,000 customers across NZ and Australia under the BIN sponsorship model. 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 also onboarded the first three participants of the Australian Fintech Incubator (**Incubator**) – Vivi Money, Accountedfor and Doing Good Rewards. The Incubator enables fintechs to launch small quantities of prepaid cards to test their payment products and associated commercial models.

Professional Services and Licence Sales

During the period, Change sold several new Vertexon and PaySim licences whilst continuing to deliver on professional services contracts. The new licence sales delivered one-off revenue during the period with related maintenance revenue to be earned over future 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 100,000 new cardholders. 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 fees as well as associated support and maintenance fees based on cardholder numbers.

Market Opportunity Assessment and Sales Focus

During the period, Change engaged a leading external payments consultant to undertake market assessments for both PaySim and Vertexon. Change is using these assessments to build on the Company's existing strategy and specifically to:

- Improve Change's understanding of the competitive landscape;
- Provide market analysis and segmentation to identify and focus on the most attractive customer segments for Change to target; and
- Assist with prioritising product strategy to deliver long-term growth.

The significant market opportunity for PaySim and Vertexon is outlined in the accompanying H1 FY25 Results Presentation.

Change has a clear product and sales strategy to drive future growth across both Vertexon and PaySim. To continue to build on the Company's increasing sales momentum, Change has appointed two new Strategic Business Development Managers (**BDMs**) who will join the Company in late Q3 FY25. The new Strategic BDMs will be focussed on outbound sales 'hunting' for Vertexon (Australia) and PaySim (Global).

Financial Update

Profit & Loss Summary			
(US \$000's)	H1 FY24	H1 FY25	H1 FY25 (ex. US)
Revenue	4,472	7,193	7,162
COGS	(207)	(2,383)	(2,123)
Gross Profit	4,265	4,810	5,039
Employee expenses	(3,175)	(3,500)	(3,240)
Professional services & insurance	(552)	(515)	(479)
Technology & hosting	(696)	(559)	(470)
Other expenses	(507)	(729)	(513)
Operating Expenses	(4,930)	(5,303)	(4,702)
Underlying EBITDA	(732)	(469)	361
Share-based payments	(2)	(73)	(73)
EBITDA	(734)	(542)	288

Change delivered H1 FY25 revenue of US\$7.2m (A\$11.4m), up 61% on the prior corresponding period (**pcp**). This growth was primarily driven by increasing PaaS revenue which ramped up significantly in the period as card and transaction volumes continued to migrate across to Change and new clients went live. Additionally, the Company continued to deliver one-off licence sales and professional services revenue in line with expectations and previous years.

With PaaS revenues continuing to increase, Change is building an increasing base of recurring revenue. For H1 FY25, approximately 78% of revenue was derived from recurring income streams (Support & Maintenance and PaaS transaction fees) with 22% from project and licence income streams (i.e. non-recurring income). This increased level of recurring revenue provides a solid revenue base to continue to grow.

Revenue Contribution (US\$m)	H1 FY24	H2 FY24	H1 FY25
PaaS (Recurring)	-	1.3	2.9
Support & Maintenance (Recurring)	2.5	2.5	2.7
Licence & Professional Services	1.7	2.4	1.5
Other	0.2	0.0	0.1
Total	4.4	6.2	7.2
<i>% Recurring Revenue</i>	<i>56%</i>	<i>61%</i>	<i>78%</i>

Volume related expenses, which comprise a substantial portion of COGS, increased materially during the period as PaaS volumes increased. The H1 FY25 PaaS margin of 27% (ex. US operations) was impacted by a period of heavy upfront client onboarding activities including scheme project and certification costs relating to digital pay enablement as well as fixed COGS (i.e. threshold minimums / connectivity fees). The Company expects to see significant margin expansion in H2 FY25 and beyond as scale benefits are realised.

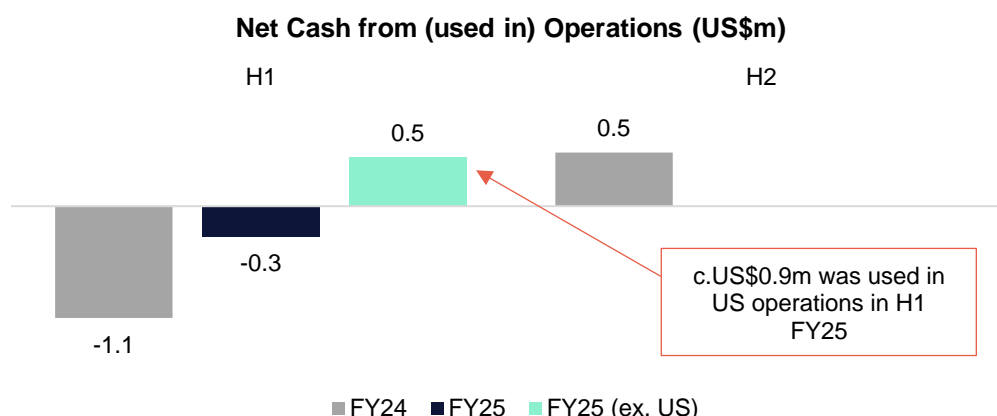
Operating Expenses (excluding share-based payments expense) increased 6% on pcp, demonstrating Change's strong cost controls and fixed cost base which is able to support a material increase in PaaS revenue. As outlined in the Summary Profit & Loss above, COGS and Operating Expenses will reduce materially upon exit of the US operations.

The Underlying EBITDA⁵ for H1 FY25 was US\$(0.5)m (A\$(0.8)m), a 36% improvement on pcp. Excluding the US operations for the full period, H1 FY25 Underlying EBITDA was US\$0.4m (A\$0.6m).

Whilst Change's cash flows from operating activities fluctuates on a quarter-to-quarter basis, the net cash used in H1 FY25 is significantly lower than the prior year as receipts from customers increased 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 have started reducing in Q3 FY25 and will continue to decrease in Q4 FY25.

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 period 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.

Outlook

Following delivery of a record half year revenue result, underpinned by 78% of revenue from recurring income streams, the Company is confident of delivering revenue growth 'in excess of 30%', and a maiden EBITDA positive result in FY25 (excluding one-off US exit costs).

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.

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, 27 February 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_Kf8ABh9VRXCatPrxkt0ZQ

⁵ Underlying EBITDA excludes US\$49k of interest included as revenue and US\$73k of share-based payments included as an expense in the Appendix 4D statutory accounts

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 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.

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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