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APPENDIX 4D HALF YEAR REPORT

For the half year ended
31 December 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results

Half Year to 31 December	2020 US\$	2019 US\$	\$ Change	% Change
Revenue from ordinary activities	2,139,794	114,663	2,025,131	increased 1,766%
Loss from ordinary activities	(1,598,513)	(1,730,731)	132,218	reduced 8%
Loss for the period attributable to members	(1,598,513)	(1,730,731)	132,218	reduced 8%
Basic EPS – cents per share (loss)	(0.5)	(1.8)	(1.3)	reduced 72%
Diluted EPS – cents per share (loss)	(0.5)	(1.8)	(1.3)	reduced 72%

Dividends

No dividend is proposed for the half year ending 31 December 2020 (2019: 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 2020 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.

Change (ASX: CCA) is a global FinTech developing innovative and scalable payments technology offering Banking as a Service (BaaS) solutions to businesses and financial institutions

- Change Financial has built a global enterprise payments and card issuing platform and financial transaction testing solution
- Leading Global BaaS Platform
- More than 120 customers in 36 countries
- Annuity income from Blue-Chip Client Base including the Big 4 Australian banks, major Australian supermarkets, Asian and South American banks and FinTechs
- World class management and technical team

Platform Functionality



Features

BaaS • APIs • Mobile Solution
Data Insights • Dynamic Controls • Multi-Currency
Prepaid Cards • Debit Cards • Credit Cards
EMV • Virtual Cards



Currencies



+ 95 other currencies



Card Networks



Platform Benefits

Designed For The Future

A modern payments and card issuing platform allowing delivery of innovative new financial products and services.

Speed To Market

Fully integrated infrastructure and partnerships improving time to market.

Flexibility and Control

Providing the management and control to implement and modify your payment and card products.

Our Global Presence



Corporate Directory

Directors	Benjamin Harrison (Chairman) Ian Leijer (Executive Director) Harley Dalton (Non-Executive Director)
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Company Secretary	Adam Gallagher
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Registered Office	Change Financial Limited Level 11, 82 Eagle Street Brisbane QLD 4000 Email: investors@changefinancial.com
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Postal Address	Change Financial Limited GPO Box 5011 Brisbane QLD 4001
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Australian Company Number	150 762 351
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Australian Business Number	34 150 762 351
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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
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Share Registry	Link Market Services Limited Telephone: 1300 554 474 www.linkmarketservices.com.au
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Website	www.changefinancial.com
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ASX Code	CCA
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Table of Contents

RESULTS FOR ANNOUNCEMENT TO THE MARKET	2
CORPORATE DIRECTORY	4
TABLE OF CONTENTS	5
DIRECTORS' REPORT	6
AUDITORS INDEPENDENCE DECLARATION	9
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	10
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	11
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	12
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	13
CONSOLIDATED STATEMENT OF CASH FLOWS	14
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	15
DIRECTORS DECLARATION	22
INDEPENDENT AUDITORS REVIEW REPORT	23

Directors' Report

The Directors present their report together with the financial statements of Change Financial Limited (**Change Financial** or **Company**) consisting of Change Financial Limited and the entities it controlled at the end of or during the year ended Half Year to 31 December 2020 (**Group**).

Directors

The following persons were Directors of Change Financial Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Benjamin Harrison (Chairman)
Ian Leijer
Harley Dalton

Principal activities

The Group's principal activity during the year continued to be the commercialising, and the ongoing development, of its core Mastercard certified processing platform as well as the acquired payments management platform. Change is a global FinTech developing innovative and scalable payments technology offering Banking as a Service (**BaaS**) solutions to businesses and financial institutions.

Background on Company and Review of Operations

The half year ended 31 December 2020 represented the first half with a contribution from the acquisition of the assets of Wirecard NZ & Australia (**Acquisition**). The efforts of the entire Change Team, both new and existing, during the half year focused on due diligence of the Acquisition and post completion on 1 October 2020, integrating the two businesses. Key areas of focus included securing the transfer of the customer base, building the sales pipeline, bedding down the technology integration plans, combining the teams and setting the strategic and operational direction for the Company as a new combined business.

Change recruited key staff, signed contracts for new office premises, replaced and updated core internal business systems and solutions, sold multiple new licenses across four countries and commenced key investment projects to integrate its core Mastercard certified processing platform with the acquired payments management platform enhancing both technologies.

Acquisition Summary

As announced on 11 September 2020, Change entered into an agreement to acquire the assets of Wirecard NZ & Australia effective 1 October 2020. Following the final consideration adjustments, the effective consideration was reduced to US\$4.49 million. The acquisition was limited to the assets of the Wirecard business, including customers, staff, technology and outstanding invoices owed by customers. As such, other than staff leave balances, no liabilities were inherited by Change. All other potential liabilities were ring fenced in the entities currently in liquidation.

Business Development Update

During the half year, Change signed four new customers to its platform and services with total contracts representing US\$0.83 million (A\$1.08 million¹) revenue. These new customers are based in Australia, the United Kingdom, the Philippines and the South Pacific. Change has also established a pipeline of new customers across more than 12 countries.

Change has now novated more than 80% of the contracts over from the acquired business and continues to work with the remaining acquired customers and their legal advisors to novate outstanding contracts, or where required put in place new contracts. Although this administration process has been disruptive for existing customers, Change has worked tirelessly to restore normal business operations and anticipates the remaining customers will novate or sign new contracts. Based on its success to date, Change expects that ultimately all customers will be retained following the acquisition.

New signed contracts for project work from existing customers for the back half of the period totalled US\$0.60 million (A\$0.78 million), an average of US\$0.20 million (A\$0.26 million) per month for the period. Change expects this project revenue to remain consistent over the short term.

¹ AUD/USD = 0.77

The Company has recently appointed a business development manager to lead its sales efforts in South America and is in the process of recruiting key sales positions covering North America, Asia and Australia. With an ongoing focus on global business development and sales the Company expects its sales pipeline to continue to grow and anticipates further customer wins as the business growth initiatives take effect.

Financial Update

Revenue for the half was US\$2.14 million (previous half: US\$0.11 million). The increase in revenue is largely attributed to the acquisition which only contributed for 3 months of the half year following completion of the Acquisition on 1 October 2020.

Since the acquisition, the Company has worked diligently with its customers to secure existing business and lay the foundation for new business. Overall the new ownership has been well received by customers. While there will always be a difference in timing between invoicing, receipts and earned revenue, based on the level of invoicing and forward work, the Company expects cash receipts to more closely align with earned revenue in coming periods.

Technology Update

Following the extensive due diligence and the first period operating the new business the Board sees deep commercial and technical value in the customer base, technologies and people that it has acquired. The Company now plans to accelerate development of its payment processing technologies.

The management team has worked diligently over the period reviewing the functional capabilities of the technology platforms acquired. The payments management platform was built as a comprehensive onsite product with the capability to service large banks and digital brands that are launching or managing payments solutions for their end customers.

During the period the Board committed to a new project to combine the two platforms (Mastercard certified processing platform and payments management platform) together leveraging both the Company's existing technology and the recently acquired features and functionality including debit and credit capabilities, EMV, virtual cards as well as Apple Pay and Google Pay. The new project is split into three phases. Phase 1 – Proof of Concept, Phase 2 – Customer Ready Platform and Phase 3 – Advanced Platform Features. The Company anticipates Phase 1 will be complete by FY21 Q4 and will allow the first capabilities to be delivered in a non-production environment, accelerating timeframes without being reliant on potential or existing customers. The deliverables from Phase 1 will give Change a platform to demonstrate its new capability to customers and accelerate the sales and business development cycle.

The Company is still reviewing a range of technologies it has acquired and looks forwards to updating shareholders with the outcome upon completion. Technologies include a number of flexible payment solutions that enhance Change's existing global BaaS Platform.

A key focus moving forward is to bring the technologies and platforms to market to take advantage of multiple commercialisation opportunities from its pipeline of new and existing customers. These strategies include partnering with customers, banks and other FinTech and payment companies to accelerate new offerings in key markets such as Australia, Asia and the US.

To continue delivering on its growth plans Change has recruited 10 new staff across four countries. The new hires include software engineers, project managers and business development personnel. Change has employees operating out of five countries and is focussed on supporting its existing clients and growing its sales and business development capabilities.

Successful Capital Raising

During the half, the Company also completed a placement and entitlement offer totalling A\$11.3 million (before costs) during the half that was used to fund the acquisition, growth initiatives and working capital.

Options

There were no options issued during the 6 months to 31 December 2020.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2020 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.

Likely developments and expected results of operations

Refer to the Review of Operations for further details.

Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2018/191, 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 do not recommend the payment of a dividend for the 6 months ending 31 December 2020 (2019: 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 9.

Auditor

Pitcher Partners continues in office in accordance with section 327 of the Corporations Act 2001.

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

Dated 26 February 2021



Benjamin Harrison
Chairman

Auditor's Independence Declaration



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Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2020, 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
26 February 2021

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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NIGEL FISCHER	PETER CAMENZULI	KYLIE LAMPRECHT	BRETT HEADRICK	COLE WILKINSON	JEREMY JONES	JAMES FIELD	ROBYN COOPER	CHERYL MASON	MURRAY GRAHAM
MARK NICHOLSON	JASON EVANS	NORMAN THURECHT	WARWICK FACE	SIMON CHUN	TOM SPLATT	DANIEL COLWELL	FELICITY CRIMSTON	KIERAN WALLIS	

Consolidated Statement of Profit or Loss

Half Year ended 31 December	Note	2020 US\$	2019 US\$
Revenue and other income	2	2,139,794	114,663
Employee benefits expense		(2,032,052)	(796,874)
Advertising & marketing expense		(16,207)	(13,485)
Program expenses		(19,910)	(39,487)
Professional services & insurance		(244,929)	(230,845)
Consulting fees		(358,587)	(257,186)
Technology & Hosting		(342,515)	(219,935)
Depreciation & amortisation expense		(184,487)	(10,043)
Business acquisition expenses		(171,903)	-
Finance expense		(6,996)	(130,524)
Other expenses		(171,746)	(147,015)
Profit (loss) before tax		(1,409,538)	(1,730,731)
Income tax (expense) benefit		(188,975)	-
Profit (loss) from continuing operations		(1,598,513)	(1,730,731)
Basic loss per share (US cents per share)		(0.5)	(1.8)
Diluted loss per share (US cents per share)		(0.5)	(1.8)

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

Consolidated Statement of Comprehensive Income

Half Year to 31 December	Note	2020 US\$	2019 US\$
Loss of the period		(1,598,513)	(1,730,731)
Other comprehensive income (loss)			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		279,194	17,374
Total comprehensive income/(loss) for the period		(1,319,319)	(1,713,357)

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

Consolidated Statement of Financial Position

As at	Notes	31 Dec 2020 US\$	30 Jun 2020 US\$
Current assets			
Cash		4,192,165	2,966,200
Trade and other receivables	3	3,432,687	231,875
Lease receivable – current		216,295	161,980
Contract assets	4	117,018	-
Other current assets		74,635	5,563
Total current assets		8,032,800	3,365,618
Non-current assets			
Lease receivable – non-current		95,912	189,472
Property, plant & equipment		131,029	-
Intangible assets	5	5,376,007	1
Total non-current assets		5,602,948	189,473
TOTAL ASSETS		13,635,748	3,555,091
Current liabilities			
Trade and other payables		486,544	631,393
Provisions		955,615	154,285
Lease liability - current		159,813	153,287
Contract liabilities	4	3,023,715	-
Other current liabilities		29,575	111,165
Total current liabilities		4,655,262	1,050,130
Non-current liabilities			
Provisions		40,756	-
Lease liabilities – non-current		90,807	179,388
Total non-current liabilities		131,563	179,388
TOTAL LIABILITIES		4,786,825	1,229,518
NET ASSETS		8,848,923	2,325,573
Equity			
Contributed equity	7	42,519,906	34,767,894
Reserves	8	4,636,550	4,266,699
Accumulated losses		(38,307,533)	(36,709,020)
TOTAL EQUITY		8,848,923	2,325,573

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

Consolidated Statement of Changes in Equity

	Contributed Equity US\$	Reserves US\$	Accumulated Losses US\$	Total Equity US\$
Balance at 1 July 2019	29,582,499	3,942,740	(33,222,910)	302,329
Change of accounting policy (AASB16)	-	-	26,530	26,530
Adjusted balance at 1 July 2019	29,582,499	3,942,740	(33,196,380)	328,859
Profit (loss) for the year	-	-	(1,730,731)	(1,730,731)
Exchange differences on translation of the parent operation	-	17,374	-	17,374
Total comprehensive loss for the period	-	17,374	(1,730,731)	(1,713,357)
Transactions with owners in their capacity as owner				
Options issued	-	49,828	-	49,828
Contributions (net of costs)	27,656	-	-	27,656
Total	27,656	49,828	-	77,484
Balance at 31 December 2019	29,610,155	4,008,942	(34,927,111)	(1,307,014)
Balance at 1 July 2020	34,767,894	4,266,699	(36,709,020)	2,325,573
Profit (loss) for the period	-	-	(1,598,513)	(1,598,513)
Exchange differences on translation of the foreign operations	-	279,194	-	279,194
Total comprehensive income for the year	-	279,194	(1,598,513)	(1,319,319)
Transactions with owners in their capacity as owner				
Options issued	-	90,657	-	90,657
Contributions (net of costs)	7,752,012	-	-	7,752,012
Total	7,752,012	90,657	-	7,842,669
Balance at 31 December 2020	42,519,906	4,636,550	(38,307,533)	8,848,923

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

Consolidated Statement of Cash Flows

Half Year to 31 December	Notes	2020 US\$	2019 US\$
Cash flow from operating activities			
Receipts from customers		1,082,858	2,864
Payments to suppliers and employees		(3,377,325)	(1,696,068)
Interest received		5,439	11,798
Interest paid		(6,996)	(12,917)
Government grant programs		60,547	-
Net cash used in operating activities		(2,235,477)	(1,646,441)
Cash flow from investing activities			
Receipts from sublease (excluding interest received)		41,589	47,882
Proceeds from sale of property, plant & equipment		-	500
Payment for plant & equipment		(35,111)	-
Payment for software development		(160,119)	-
Proceeds from sale of investment		-	200,000
Business acquired	6	(4,492,416)	-
Net cash provided by/(used in) investing activities		(4,646,057)	248,382
Proceeds from financing activities			
Proceeds from share issue		8,358,600	27,656
Proceeds from convertible note funding		-	951,391
Cost of funding		(606,588)	-
Proceeds from borrowings		-	-
Costs of establishing borrowing facilities		-	-
Payments of lease liabilities (excluding interest paid)		(86,542)	(78,118)
Net cash provided by financing activities		7,665,470	900,929
Net increase (decrease) in cash held		783,936	(545,012)
Reconciliation of cash			
Cash at the beginning of the financial year		2,966,200	1,464,976
Net increase (decrease) in cash held		783,936	(545,012)
Foreign exchange difference on cash holding		442,029	3,621
Cash and cash equivalents at end of the year		4,192,165	923,585

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

Notes to the Consolidated Financial Statements

1) Summary of Significant Accounting Policies

The half-year financial report is a 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 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.

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 & 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) Comparatives

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

e) Revenue

(i) Revenue from contracts with customers

The Consolidated Entity derives its revenues from the maintenance, support, professional services and licence fees.

A single, principles-based five-step model to revenue recognition is applied to all contracts with customers: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognise revenue when (or as) the entity satisfies a performance obligation.

Maintenance and support

Maintenance provides customers with rights to unspecified software product upgrades and maintenance enhancements. Support provides customers with rights to access the help desk during the term of the support period. Maintenance and support is recognised on a straight-line basis over the term of the arrangement.

Professional services

Software implementation and development services represents revenue from consulting, training and implementation services sold separately under professional services contracts. Fixed price arrangements are accounted for over time on a percentage-of-completion basis.

Software licence

Software licence revenues result from granting customers licences to use the Group's software, either through an initial licence or through the purchase of additional modules or user rights, but excludes any amounts that are related to maintenance. Revenue is recognised at the point the software is delivered and control has been passed to the customer. The Group's software is sold on a term basis or perpetual basis but excludes software licences that are sold on a subscription payment basis. The Group consider that licence fees may be recognised upfront if:

- the arrangement with the customer does not require significant development, modification or

- customisation of the software solution;
- there are no contingencies on the licences that could cause deferral of revenue (e.g. refund clauses attached to the licence) i.e. no amounts are refundable;
- the contract is non-cancellable and there are no break clauses considered substantive; and
- there is no remaining obligation for the Group attached to the licence.

Contract assets

The cost of services provided to customer under service contracts for which fees have yet to be invoiced are recorded as a contract asset and amortised to profit and loss when those services are invoiced.

Contract liabilities

Fees for services received in advance are recorded as a liability within contract liabilities on the Consolidated Statement of Financial Position and these amounts are amortised to profit or loss over the relevant period of the contract which is in line with the provision of the services.

(ii) Grant income

Grant income is recognised when the right to receive a grant is probable. Where grant income is directly related to expenditure of the Company the grant income is recognised in the period in which the applicable expenditure is spent. To the extent the grant income is received in advance of applicable expenditure being spent then grant income is recognised as deferred income.

f) Segment Accounts

The Group's chief operating decision maker, being the Chief Executive Officer, 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.

g) Intangibles

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

(ii) Business contracts and relationships

Business contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between two and ten years.

(iii) Intellectual property and software development

Intellectual property and software development are capitalised as an asset and are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five to eight years. Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the Consolidated Entity can demonstrate the following: technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete and the ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project date. Technological feasibility for software products is reached shortly before the products are released for commercial sale to customers. Development costs incurred after technological feasibility are established are not capitalised.

Intangible assets acquired separately are capitalised at cost, and if acquired as a result of a business combination, capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to all classes of intangible assets. The useful lives of the intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on intangible assets with finite lives, this expense is taken to the Profit and Loss through the 'depreciation and amortisation expense' line item. Intangible assets with finite lives are tested for impairment where an indicator of impairment exists. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Software acquired separately is amortised on a straight line basis over 8 years.

2) Revenue and Other Income

6 months to 31 December	2020 US\$	2019 US\$
<i>Revenue from contracts with customers</i>		
Maintenance and support	1,029,238	-
Professional services	702,128	-
License fees	228,729	-
Other sales revenue	205	2,864
Subtotal	1,960,300	2,864
<i>Other revenue and income</i>		
Interest income - lease	7,781	11,378
Interest income - other	-	420
Other income ⁽¹⁾	171,713	-
Gain on sale of investment in associate ⁽²⁾	-	100,001
Total revenue and other income	2,139,794	114,663
<i>Revenue from contracts with customers</i>		
Revenue from services – over time	1,731,571	2,864
Revenue from sale of licenses – at a point in time	228,729	-
Total revenue from contracts with customers	1,960,300	2,864

⁽¹⁾ Other income consists of US\$60,547 cashflow boost payments from the Australian Government and US\$111,166 Paycheck Protection Program payment from the US Government.

⁽²⁾ The Group received US\$200,000 proceeds from the disposal of its investment in IvyKoin LLC and Ivy Blockchain Pty Ltd. The investments carrying value was US\$99,999.

3) Trade & Other Receivables

Balance as at	31 Dec 2020 US\$	30 Jun 2020 US\$
Trade receivables	3,314,789	124,614
Other current receivables	117,898	107,261
Total trade & other receivables	3,432,687	231,875

4) Contract Balances

As at	31 Dec 2020	30 Jun 2020
	US\$	US\$
Contract assets	117,018	-
Contract liabilities	3,023,715	-

Contract assets of US\$186,663 and contract liabilities of US\$2,122,740, were acquired on 1 October 2020 as part of the acquisition of the business from Wirecard NZ Limited (Administrator appointed) and Wirecard Australia Pty Limited. Refer note 6 for further details.

5) Intangible Assets

Half year to 31 December	Acquired Software US\$	Internally Generated Software US\$	Customer Contracts US\$	Tokens US\$	Total US\$
Cost					
At 30 June 2020	-	-	-	1	1
Acquisition of business ⁽¹⁾	5,288,618	-	96,319	-	5,384,937
Additions internally generated	-	160,119	-	-	160,119
Closing Balance	5,288,618	160,119	96,319	1	5,545,057
Accumulated Amortisation					
At 30 June 2020	-	-	-	-	-
Amortisation charge	169,050	-	-	-	169,050
Closing Balance	169,050	-	-	-	169,050
Net Book Value					
At 30 June 2020	-	-	-	1	1
At 31 December 2020	5,119,568	160,119	96,319	1	5,376,007

⁽¹⁾ Refer note 6 for further details.

6) Business combinations

On 1 October 2020 Change Labs NZ Pty Limited, a wholly owned subsidiary of Change Financial Limited, acquired the Wirecard business in Australian and New Zealand from Wirecard NZ Limited (Administrator appointed) and Wirecard Australia Pty Limited (Administrartor Appointed) (together **Wirecard**).

<i>Consideration transferred</i>	US\$
Cash	4,492,416

Acquisition related expenses of US\$171,903 have been excluded from the consideration transferred and have been recognised as an expense in profit and loss in the half year.

<i>Assets acquired and liabilities assumed at the date of acquisition</i>	
Trade receivables (i)	1,501,718
Contract assets	186,663
Other current assets	11,631
Plant & equipment	100,592
Software	5,288,618
Customer contracts	96,319
Deferred tax asset	188,975
Employee leave provisions	(759,360)
Contract liabilities	(2,122,740)
Total assets acquired & liabilities assumed	4,492,416

- (i) Trade receivables acquired with fair value of US\$1,501,718 had a gross contractual value of US\$1,888,240. The best estimate at acquisition date of the contractual cash flow not expected to be collected is US\$386,522.

The initial accounting for the acquisition of the business from Wirecard has only been provisionally determined at the end of the half-year. At the end of the half-year, the final valuation report in respect of the intangible assets acquired had not yet been finalised. The fair value of the intangible assets, associated deferred tax liabilities and goodwill noted above have therefore only been provisionally determined.

Included in the half year results is revenue of US\$1,960,096 and profit before tax of US\$561,329 attributable to the business acquired from Wirecard.

7) Issued capital

	As at 31 Dec 2020 US\$	As at 30 Jun 2020 US\$
396,718,162 fully paid ordinary shares ¹ (30 June 2020: 268,097,714)	42,519,906	34,767,894

¹ This amount excludes 1,170,506 (June 2020: 6,036,457) 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 is 397,888,668.

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

	Number of Shares #	Value US\$
Opening balance as at 1 July 2020	268,097,714	34,767,894
April 2020 Entitlement offer – shortfall placement	9,600,000	352,992
Cost associated with the shortfall placement		(12,512)
September 2020 Share Placement at 9.5c per share	67,443,542	4,553,517
Cost associated with the placement		(318,962)
October 2020 Entitlement Offer at 9.5c per share	51,586,906	3,452,091
Costs associated with the entitlement offer		(275,114)
Balance as at 31 December 2020	396,728,162	42,519,906

During the period 4,865,951 shares issued under the Loan Funded Share Plan (LFSP) were bought back and cancelled and the associated loan extinguished.

Details of the movement in share capital in the prior comparable period is set out below:

	Number of Shares	Value US\$
Opening balance as at 30 June 2019	92,807,174	29,582,499
Options exercised	4,000,000	27,656
Balance as at 31 December 2019	96,807,174	29,610,155

8) Reserves

	As at 31 Dec 2020 US\$	As at 30 Jun 2020 US\$
Share based payment reserve	4,205,134	4,114,477
Foreign currency translation reserve	431,416	152,222
Total reserves	4,636,550	4,266,699

9) Subsidiaries

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries:

Name of Entity	Country of Incorporation	Equity Type	Holding 2020 %	Holding 2019 %
Change Financial LLC	US	Membership units	100	100
Change Labs NZ Pty Ltd	Australia	Ordinary Shares	100	100
Change Financial Services Pty Ltd (1)	Australia	Ordinary shares	100	-
Change Financial IP Pty Ltd (1)	Australia	Ordinary shares	100	-
Change Financial Trading Pty Ltd (1)	Australia	Ordinary shares	100	-

(1) Incorporated on 7 September 2020

10) Earnings per share

6 months to 31 December	2020 US\$	2019 US\$
Loss attributable to ordinary equity holders of Change Financial Limited	(1,598,513)	(1,730,731)
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted earnings per share	337,660,624	94,243,587

11) Events occurring after the reporting period

There were no events occurring after balance other than those set out in this financial report.

Directors Declaration

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 8 to 19 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 2020 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; and

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



Benjamin Harrison
Chairman
26 February 2021

Independent Auditor's Review Report



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

Conclusion

We have reviewed the half-year financial report of Change Financial Limited (the "Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 2020 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.

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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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 2020 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

PITCHER PARTNERS

A handwritten signature in black ink, appearing to read 'D. Colwell'.

DAN COLWELL
Partner

Brisbane, Queensland
26 February 2021

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2