

Direct Issuing Strategy for Australia and New Zealand and Regulatory Approval

Highlights

- Change to launch direct issuing services for card programs in Australia and New Zealand
- Regulatory approval as a Financial Service Provider received in New Zealand
- Australian Financial Services Licence application has been submitted
- Currently in the final stages of discussions with the card schemes to deliver direct issuing in Australia and New Zealand
- Direct issuing services will leverage Change's Vertexon platform and will significantly expand opportunities to deliver payments as a service solutions to banks and fintechs in Oceania

7 March 2022 – Australian based global fintech and payments as a service provider, Change Financial Limited (“Change”), is pleased to announce its plans to establish direct issuing services for card programs in Australia and New Zealand.

“We are excited to be developing our direct issuing capability for the Australian and New Zealand markets which will support banks and fintechs to deliver prepaid and debit cards to their customers” said **Change CEO and Managing Director, Alastair Wilkie**.

The direct issuing capability will enable Change to accelerate the establishment of programs with physical and digital card payments. The model in Australia and New Zealand allows Change to issue cards directly through a partnership with a card scheme and will be provided through the Vertexon software as a service platform which was launched in October 2021.

Change explored direct issuing as part of its go-to-market strategy and has already made significant progress to deliver this capability to market.

Regulatory approval

A key component of enabling direct issuing in Australia and New Zealand is receiving the necessary regulatory approvals. Change, through its wholly owned subsidiary Change Labs NZ Pty Ltd, is pleased to announce that it has received regulatory approval in New Zealand and is now a registered Financial Service Provider (FSP). This approval enables Change to provide the following services in New Zealand:

- issuing or managing the means of payment;
- keeping, investing, administering, or managing money, securities, or investment portfolios on behalf of other persons; and
- operating a money or value transfer service.

Registration as an FSP will enable Change to issue debit and prepaid cards in New Zealand.

Change has also applied for an Australian Financial Services Licence (AFSL) which would enable the issuance of prepaid cards in Australia. The application is currently under consideration by the Australian Securities and Investments Commission. Change will update the market as to progress with its AFSL application in due course.

Finally, Change is in discussions with the payment schemes regarding a partnership for issuing cards in Australia and New Zealand. These discussions are well advanced and Change is evaluating the most attractive partnership offering to drive future growth. Change will update the market in due course once a partnership is finalised.

Driver of Annual Recurring Revenue growth

As at 31 December 2021 Change's contracted Annual Recurring Revenue (ARR) was US\$4.7 million (A\$6.5 million). The addition of direct issuing in Australia and New Zealand will drive transactional and processing revenue and will contribute to contracted ARR.

“We have analysed the Australia and New Zealand markets for some time and have validated strong demand for card issuing supported by a modern, digital payments platform like Vertexon. Direct issuing will expand our

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payments as a service offering and accelerate the current trends of migrating cards into the phones and wallets of our client's customers," Mr Wilkie explained.

"Oceania already provides 29% of our revenue and 33% of our client base. Leveraging the vast local knowledge of our teams in Brisbane, Melbourne and Auckland, we see the Australian and New Zealand markets as key drivers for our growth."

"Direct issuing will also be important to our recently announced partnership with Mambu and complements our existing US card program capabilities with our partner banks," Mr Wilkie concluded.

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 over 147 clients across 41 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 16 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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