

Change Signs Exclusive Agreement with Mastercard

Highlights

- Change signs exclusive 6-year agreement with Mastercard for direct issuing in Australia and New Zealand
- The partnership is expected to deliver transactional and recurring revenues, while providing incentive discounts which reduce Change's network costs
- The partnership enables Mastercard and Change to accelerate prepaid and debit card programs for banks and fintechs
- Change will receive an upfront cash incentive of US\$1 million (A\$1.4 million¹) from Mastercard, in addition to expected transactional revenues
- Strengthens the long-standing relationship with Mastercard beyond the US market and opens up further opportunities to drive growth in Oceania

31 March 2022 – Australian based global fintech and payments as a service (**PaaS**) provider, Change Financial Limited (ASX: CCA) (**Change**), is pleased to announce an exclusive 6-year direct issuing partnership agreement with Mastercard in Australia and New Zealand (**Agreement**). Under the Agreement, Change will be able to issue prepaid and debit cards from Q4 FY22.

Strategic partnership to drive growth

Change CEO and Managing Director, Alastair Wilkie said, "This Agreement strengthens both our long-standing relationship with Mastercard in the US, as well as our transaction processing capabilities for existing clients. Our partnership with Mastercard will deliver direct issuing capabilities for our Australian and New Zealand clients, giving them a faster path to market for innovative prepaid and debit card products."

Dan Martin, Vice President, Digital Partnerships, Australasia, Mastercard said, "There's a significant opportunity to provide Australian and New Zealand mid-sized banks and fintechs with the tools and services to best meet the changing expectations of a more digital world. This partnership brings the best of our respective strengths, including Mastercard's global payment network and technology, to enable Change's customers to create and launch prepaid and debit card programs seamlessly, safely and securely."

This Agreement follows Change's recent launch of Vertexon, its PaaS offering for Australian and New Zealand clients. Vertexon seamlessly integrates with a businesses' core systems enabling them to easily deliver physical and digital card solutions to their customers as well as offering other features such as transaction processing and integrated loyalty programmes.

Change is currently being onboarded to the Mastercard network with Change able to onboard clients to its PaaS platform from Q4 FY22.

The Agreement will see Mastercard provide Change with a cash incentive of US\$1 million (A\$1.4 million¹) upon launch of the first direct issuing program which is expected in H1 FY23, along with other incentives throughout the term. The increased collaboration with Mastercard will also provide opportunities to enhance Change's PaaS offering through data, technology and relationships.

Change recently announced that it will provide direct issuing services in Australia and New Zealand. Regulatory approval for New Zealand has been granted and the approval process for an Australian Financial Services Licence is underway.

Oceania is a key growth market for Change that already generates 29% of Change's revenue and accounts for 33% of its client base. Change will focus on securing new fintech clients as well as migrating small to medium size banks and credit unions from legacy card platforms. The addition of direct issuing in Australia and New Zealand is expected to drive transactional and processing revenue which will contribute to Change's annual recurring revenue (ARR).

Direct issuing enables Change to have a closer relationship with Mastercard and removes the requirement of an issuing bank partnership (as is required in the US).

¹ AUD/USD = 0.74

Key terms of Agreement

- Exclusive agreement to enable direct issuing in Australia and New Zealand only.
- Cash incentive payment of US\$1 million (A\$1.4 million¹) to be paid by Mastercard to Change on launch of the first direct issuing program in Australia or New Zealand. There are no other pre-conditions to receiving the incentive payment in the Agreement.
- Volume tiered incentive discounts along with other incentives throughout the term.
- The term of the agreement is 6 years and there are standard termination rights for both Change and Mastercard for non-performance by the other party. Change may terminate the agreement early by paying a termination fee calculated as a pro-rata amount of the cash incentive payment.

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 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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