

Change wins milestone US\$10.5m deal with four New Zealand financial institutions

Highlights

- Four New Zealand financial mutuals secured as clients on Vertexon platform
- Total contract value anticipated to be in excess of US\$10.5m (A\$14.6m) over the initial 5-year terms, delivering revenue of US\$2.1m (A\$2.9m) per year
- Over 35,000 debit cards are anticipated to be transitioned to the Vertexon platform
- First clients signed for direct issuing in Oceania, triggering incentive payment from Mastercard following expected launch of first client in H1 FY23
- Strong market validation of direct issuing strategy and Vertexon platform

8 June 2022 – **Change Financial Limited (ASX: CCA) (Change or the Company)** is pleased to announce it has signed Payments as a Service (**PaaS**) contracts with three credit unions and New Zealand's largest building society to offer direct issuing, processing and card management solutions via its Vertexon platform.

Change CEO and Managing Director, Alastair Wilkie commented, "We are excited to have secured four clients who will leverage our Vertexon platform and Mastercard direct issuing in Oceania. The deal will see us establish new debit card programs with First Credit Union, Nelson Building Society, Westforce Credit Union and Police Credit Union."

"With the clients onboarding to Change's Vertexon platform, we will deliver critical payments technology allowing the financial mutuals to offer innovative card and payment products, a modern and seamless digital experience and digital cards to their customers throughout New Zealand."

"Change is expanding its global capability, and these are the first PaaS clients to leverage our Mastercard direct issuing and Vertexon platform in the Oceania region. Change has a strong heritage in Australia and New Zealand (ANZ), and we are proud to be partnering with community focused financial organisations. There are many credit unions and financial mutuals across ANZ that could benefit from the Vertexon platform. We are working hard to capitalise on this opportunity in the near term."

New Client Wins Add Significant Revenue

The contracts contain upfront implementation fees as well as volume and transaction based fees. Based on approximately 35,000 existing cards being transitioned across to the Vertexon platform, the combined estimated total contract value is expected to be in excess of US\$10.5m (A\$14.6m¹) over the initial 5-year terms. This equates to anticipated revenues in excess of US\$2.1m (A\$2.9m) per year once all four clients complete onboarding and customers are re-carded.

Change will begin onboarding the clients this quarter (Q4 FY22) with launch anticipated in late H1 FY23. Completion of onboarding and card program transitions are expected in H2 FY23.

Launch of the first card program will trigger the incentive payment from Mastercard (as announced on 31 March 2022) as it represents Change's first direct issuing client in Oceania.

¹ AUD/USD = 0.72

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New Zealand Financial Mutuals

The four financial mutuals in New Zealand all utilise Finzsoft Solutions Limited (**Finzsoft**) as their banking platform provider. Change's existing relationship with Finzsoft has led to the opportunity to transition all four clients from their existing direct issuing and processing provider to Change. The four financial mutuals have over 200 years of operations between them and more than 35,000 cards currently in market, which will be migrated onto the Vertexon platform.

Finzsoft Chief Executive, Helen Hatchard noted, "The partnership with Change will allow these financial mutuals to offer a modern digital payment experience to their members and allow them to better compete with major banks and fintechs. Change's payments experience, product roadmap and strong New Zealand presence will create a truly modern and innovative digital experience for our clients."

First Credit Union General Manager, Simon Scott said, "By accessing Change's Vertexon PaaS, Mastercard issuing and card holder API systems, we can provide modern card features that rival the major banks and fintechs."

Nelson Building Society CEO, Tony Cadigan said, "Change's digital payment features and services will enable us to develop new payment products to retain and attract new clients."

Westforce Credit Union General Manager, Victor Martick said, "This partnership will benefit our members by providing modern card features."

Police Credit Union CEO, Craig Pomare said, "Digital payments are now an essential part of the global economy, so we are excited to work with Change and Finzsoft to co-develop innovative card products for our members."

The instant issuance of digital cards will be available for consumers at launch and Change is working towards adding Apple Pay, Google Pay and ethical Buy Now Pay Later (BNPL) capabilities in New Zealand.

Key Contract Terms

The terms of each contract are the same for all four clients. Key contract terms are summarised below:

- Contracts to provide direct issuing, processing and card management services in New Zealand to each financial mutual.
- Upfront implementation fees to be paid during onboarding with monthly revenue to commence on first program launch which is expected in late H1 FY23.
- Aggregate minimum fee commitments total US\$2.4m (A\$3.3m) over initial five-year terms
- Following the initial term, the contracts automatically renew for periods of one year unless notice of non-renewal is provided. There is no termination for convenience in the contracts.
- The contracts contain a condition precedent that the parties must agree to additional service and pricing schedules for access and use of the New Zealand domestic EFTPOS system by 31 July 2022. The Company does not foresee any issues in meeting the requirement and all other services and pricing have been agreed between the parties.

The Company notes that the board of Westforce Credit Union has recommended to its members to transfer to First Credit Union, which if approved, will take place on or around 1 August 2022. This potential transaction will not impact the agreements that Change has with these two financial mutuals.

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 154 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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