

Change Secures Strategic Investor

Highlights

- Successful fintech entrepreneur and investor Michael Giles, via his investment entity FinTech HQ Pty Ltd (**FinTech HQ**), has agreed to acquire a 19.99% interest in Change and assist the Company's US activities
- Change intends to leverage FinTech HQ's established relationships in the financial services and fintech industries to enhance the rollout of the Vertexon PaaS platform in the US
- Strategic shareholding acquired via a combination of on-market purchases and a A\$6.86m (US\$4.80m) single-tranche placement at \$0.06 per share, a 17.6% premium to the last closing share price (**Placement**)
- Capital raised will strengthen the Company's financial position, including repayment of all debt, and provide additional funding to support growth opportunities
- As a commitment to building sustainable shareholder value, FinTech HQ has agreed to voluntary escrow the shares acquired through the Placement for a period of 12 months

16 February 2023 – **Change Financial Limited (ASX: CCA) (Change or the Company)** is pleased to announce that it has secured a strategic investment from Michael Giles, via his investment entity FinTech HQ Pty Ltd (**FinTech HQ**), a successful US-based fintech entrepreneur.

FinTech HQ, via the Placement, has committed material funding and intends to use its network reach in the US market to support the growth of the Company.

Strategic Investment

Michael Giles is a highly successful Australian-born, US-based based fintech entrepreneur who over the past six months has taken strategic investments in several financial institutions via FinTech HQ Inc., the US parent company to FinTech HQ, including a number of regulated US banks. For the avoidance of confusion with similarly named groups, Change notes that FinTech HQ is a personal investment company and it does not have a website.

Mr. Giles' recent investments follow the successful sale of Embed Financial Technologies Inc. to FTX US in September 2022, a US equity clearing and custody API platform business that he founded in May 2020. Prior to Embed, Mr. Giles sold another fintech he founded, Third Party Technologies Inc., a leading API-driven investing and trading platform for US financial markets, to Block, Inc. (NYSE: SQ, formerly Square, Inc.) in February 2019.

Mr Giles has invested early-stage funding and assisted many fast-growing fintech companies since 2019 including, Moov Financial, which in January raised \$US45 million in Series B funding from major investors including Commerce Ventures, Andreessen Horowitz, Bain Capital Ventures and Visa; and Power Finance, which was recently acquired by US-listed Marqeta (NASDAQ: MQ) for \$US275 million.

In addition to acquiring a 19.99% shareholding position (refer to Capital Raising section below), FinTech HQ has signed a collaboration agreement in the form of a Memorandum of Understanding with Change (**Partnership**) to accelerate growth in the US market and complement the increasing opportunities Change has in the Oceania market.

Through the Partnership, Change intends to leverage FinTech HQ and Mr Giles' extensive relationships with banking institutions, complementary fintech companies and other strategic partners to accelerate potential customer identification and procurement without the need to materially increase Change's sales and marketing expenditure in the region.

Change is targeting to deploy the latest version of the Vertexon PaaS platform in the US during H2 FY23 and as such, the Partnership will initially focus on supporting the sales efforts.

Change CEO and Managing Director, Alastair Wilkie commented, “We are delighted to announce the strategic investment in Change by FinTech HQ. We’re excited to be working with Michael to drive growth in the business, particularly in the US with the imminent release of our latest version of the Vertexon PaaS platform.

“The strategic investment significantly strengthens the Company’s financial position and enables us to more aggressively pursue both organic and inorganic growth opportunities that are aligned with our strategy in our target markets.”

Mr. Giles said, “I have been a small investor in Change since 2020 and I believe that now is the right time for the business and myself personally to make a meaningful investment and time contribution to the Company.

“Change has developed its proprietary technology in-house and is now at an exciting inflection point with the development of its software and customer traction. As a founder of several API-based fintech companies, I know all too well the time and effort it takes to develop and commercialise new financial technologies, typically several years and many millions of dollars.

“I will be contributing my efforts to accelerate the adoption of Change’s payments as a service platform, especially in the US market.”

Capital Raising

FinTech HQ has agreed to make a strategic investment in Change by way of a single-tranche placement (**Placement**) of A\$6.86m (US\$4.80m¹) at A\$0.06 per share resulting in the issue of 114.3m fully paid ordinary shares (**New Shares**). Refer to the terms of the Subscription Agreement for the Placement as set out in Appendix A. Henslow Pty Ltd acted as an advisor to Change on the Placement.

FinTech HQ (and its associates) will collectively hold 19.99% of the issued capital or approximately 125.5m shares on settlement of the Placement.

The Placement price represents a:

- 17.6% premium to the last traded price of A\$0.051;
- 17.8% premium to the 10-day VWAP of A\$0.051;
- 20.2% premium to the 60-day VWAP of A\$0.050; and
- 20.0% premium to the last capital raising price in August 2022 of A\$0.050.

The New Shares subscribed for under the Placement are expected to settle on or before 22 February 2023. New Shares issued under the Placement will rank equally with existing shares on issue. The Placement was undertaken within the Company’s existing placement capacity under ASX Listing Rules 7.1 and 7.1A.

Reflecting the long-term commitment to building sustainable shareholder value, FinTech HQ has confirmed it has no intention to dispose of the New Shares and agreed to voluntary escrow of 114.3m shares for a period of 12 months.

The capital raised will be used to strengthen the Company’s financial position, including repaying all outstanding debt of approximately US\$0.61m (A\$0.87m), and execute on several near-term sales opportunities. The strengthened financial position will also enable the Company to explore potential partnerships and acquisitions that are aligned with the Company’s growth strategy.

Change remains focussed on its goal of delivering double-digit revenue growth in FY23 and achieving monthly EBITDA positive during H2 FY23.

¹ As at 15 February 2023, AUD/USD = 0.70

Further to the information above the Company confirms that:

- There are no set financial or performance metrics or obligations nor is there any term or termination provisions in the Partnership which effectively constitutes a non-binding statement of intent; and
- There are no other material conditions or Placement information relevant to assessing the impact of the Partnership on the price or value of the Company's securities.

Appendix A:

Investor	FinTech HQ Pty Ltd (ACN 664 484 306)
Subscription Amount	A\$6.86m
Subscription Shares	114,300,000 fully paid ordinary shares (Shares) in the capital of Change Financial Limited (Company).
Subscription Price	A\$0.060 per Share
Placement Capacity	The issue of the Subscription Shares will be made under the Company's existing placement capacity under ASX Listing Rule 7.1 and 7.1A: <ul style="list-style-type: none"> • 51,336,139 under ASX Listing Rule 7.1A; and • 62,963,861 under ASX Listing Rule 7.1.
Placement Completion	The Investor must pay the Subscription Amount within 5 Business Days of execution of the Subscription Agreement and the Company must issue the Subscription Shares by the Business Day following receipt of the Subscription Amount. Placement Completion is expected to be on or before 22 February 2023.
No intention to dispose	The Investor has warranted to the Company that it has no present intention of dealing with any of the Subscription Shares.
Escrow Period	12 months and 1 day from the date the Subscription Shares are issued.
Escrow Terms	The Investor has agreed not to deal (including not to sell, assign, transfer, grant any interest over) in the Subscription Shares for the Escrow Period other than in the following circumstances: <ul style="list-style-type: none"> • in relation to a takeover bid or scheme of arrangement under the <i>Corporations Act 2001</i> (Cth) (Corporations Act); • a transfer to a related entity of the Investor provided that the same escrow restrictions apply to the transferee; • a dealing relating to an equal access share buyback, equal capital return or equal capital reduction made in accordance with the <i>Corporations Act</i>; • the grant of a security interest over the Subscription Shares provided that the same escrow restrictions continue to apply; • a dealing which the Company consents to (where such consent shall not be withheld unreasonably if such dealing is in the best interests of the Company and the Investor); • if, during the 12 months after the Placement Completion the Company issues shares at a price per share less than the Subscription Price, at any time after such date; or

	<ul style="list-style-type: none">• a dealing which arises as a requirement of an applicable law. The Company will apply for quotation of the Subscription Shares and may apply a holding lock to the Shares for the Escrow Period.
Warranties	Customary representations and warranties have been provided by the Company and the Investor.
Termination	The Subscription Agreement may be terminated by either party only if there is a material breach of the agreement by the other party or if there is an insolvency event related to the other party. In the case of the Investor, this right only applies before the Subscription Shares are issued.

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 156 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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