

Openpay to acquire Payment Assist.

**Transformational acquisition to
catapult Openpay into the UK
Automotive vertical and beyond.**

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Transformational acquisition.

Openpay to acquire Payment Assist, the leading BNPL provider in the UK Automotive sector.



The transaction catapults Openpay **into the Automotive vertical in the UK** and builds on our global vertical-based strategy



The transaction establishes Openpay as a major player in the UK BNPL market, nearly **tripling UK TTV and growing by about two-thirds UK Active Customers**



Significant **opportunities to leverage each other's strengths** to unlock synergies and growth outside of the automotive sector and into the healthcare, home improvement and retail verticals



Will provide Openpay with FCA credit authorisation contingent on FCA approval of Change of Control application, responding to the **company's strategy to enter regulated credit**¹

1. Anticipated time of Change of Control approval and closing is H1 FY22 (FY basis of July-June).

We're on a mission:
To change the way people pay,
for the better.



Openpay is different.

Openpay's longer, larger plans across core verticals make a meaningful difference to merchants and customers.

The Openpay difference: We're in Retail, Auto, Health, Home Improvement, Memberships and Education. Our higher value, longer length plans are delivered across core verticals in a single, consistent customer journey.

Lower values

Standard "pay in 4"
BNPL – shorter term plans,
typically lower in value.



pay-in-4

Shorter terms

Up to \$20k



Up to 24 months

Acquisition supports our differentiation.

Openpay is focused on fair, flexible and transparent budgeting tools for high-value purchases, beyond retail.

Openpay offers a unique value proposition with four major differentiators...



1. Greater flexibility

Flexible plan value structures and instalment schedules to meet merchant needs



2. Greater fairness and transparency

No interest payment, no hidden cost or catches, no deferred payment traps, ever



3. Superior coverage, larger plans

To repair the \$20,000 roof, as well as the smaller items like the rugs and lamps under the roof



4. Specialty and verticalized value

Integrated and tuned for the most meaningful spending categories

...and by bringing Payment Assist into the Openpay family, we are further strengthening Openpay's verticalized value

Partnerships are key for building our verticalized value.

Acquiring Payment Assist, the UK BNPL auto market leader, is consistent with Openpay's strategy.

Openpay's target verticals



Big-ticket Retail¹



Healthcare



Home Improvement



Education Services



Auto Repair and Maintenance



Other adjacent markets catering to OPY's target customer

The new addition to the Openpay family that will accelerate our growth in the automotive repair and maintenance vertical



1. Retail to date has been Openpay's main Vertical in the UK.

Payment Assist is a natural partner for Openpay.

Bringing experience, scale, and an established customer base while sharing vision and product approach.



Geographic profile

- Australian-based with operations in USA, UK and NZ

- UK-based with UK focused operations

Presence in UK market

- Entered the UK in mid-2019 as first international expansion
- Challenger BNPL provider with continued strong growth rates

- Founded in 2013
- BNPL market leader in automotive sector
- Under-penetrated sector with huge growth potential

Target verticals

- In its AUS home market focused on Auto, other Verticals like Health and Home, and bigger-ticket Retail
- In the UK, to get traction quickly, initial focus on Retail online
- Now looking to focus on its core Verticals in the UK

- Focused on the Automotive vertical with additional deferred payments offerings in professional services finance products
- Leveraging on its FCA credit authorisation to also provide long-term plans in professional services finance products

Financial performance in UK

- Strong growth rates of Retail Active Customers and TTV
- Not yet profitable in the UK, with continued significant investment in marketing and merchant acquisition

- Deep penetration into its target Auto vertical
- Profitable

Market/product differentiation

- Longer term, higher value plans, customized to the needs of merchants in Verticals, relative to traditional BNPL

Values/vision

- Focus on strong customer cash flow management value (budgeting tool)
- Transparent, customer oriented (no interest, no hidden catches)
- Attractive partner to merchants and aggregators due to flexibility of plans and ease of technical integration

Payment Assist has a strong foothold in UK automotive.

Complementary payment solutions and merchant network to Openpay UK;
comparable customer demographics.



A broad and flexible set of
payment solutions



An impressive
merchant network



A large customer base



Auto Repair finance

(~95% of transaction volume)

- Products over **3, 6, 9, and 10 month terms interest-free**

Professional services finance

(~5% of transaction volume)

- Longer **consumer fee bearing products** that finance consumers' professional services purchase transactions – 12-to-48 mo. duration
- All plans over 12 months are 'regulated credit' products

Auto Repair providers

- **7,180** merchant partners/garages consisting of large OEM dealers (**1,831**) and Fast Fit / independent garages (**5,349**)

- **4,500** active merchant partners¹

Professional services finance companies

- 1 major and 3 smaller clients

- **500,000** total customers; **177,000** currently active²

- At present, over **77%** of active customers are in the Gen X and Millennials categories



2-6 month plans in the UK

Retail only in the UK to date

- **97** active merchants¹

- **275,000** active UK customers²

- Finance-savvy, older than the typical BNPL user (Gen X rather than Gen Z)

1. An active merchant partner has at least 1 plan live within last 12 months.

2. An active customer has a live plan OR has had a live plan within last 12 months.

Payment Assist is growing and is already profitable.

The company has demonstrated the ability to grow at pace without sacrificing margins.



- While the company has shown strong growth, with aftermarket turnover at UK garages of £26.7 billion per annum¹, there is a **clear opportunity to further expand TTV and revenues**
- Superior yields in the Auto vertical (relative to other verticals such as Retail) have allowed the company to **sustain strong NTM levels** despite its high growth

Note: The numbers displayed are as reported by Payment Assist; please note that Payment Assist does not defer revenues over the effective life of a plan as Openpay does, and respective harmonisation with Openpay's accounting standards will be implemented upon completion.

1. Source: October 2020 UK INDUSTRY (UK SIC) REPORT G45.200 by IBIS World.
Note: Payment Assist's FY is January through December (T = target).

Together we make a powerful combination.

We complement each other well in key metrics, setting the stage for compelling synergies.



- The Payment Assist partnership **accelerates Openpay's entry into the UK Automotive vertical** by leveraging Payment Assist's experience and merchant network
- Openpay will contribute its **greater marketing expertise** towards accelerating the growth of Payment Assist's merchant network (there are est. **42K garages in the UK¹**)
- The combined customer base will **benefit our merchant acquisition** efforts- in currently served verticals **as well as in new verticals and adjacencies**
- The respective customer bases of comparable demographics will engender valuable **cross-sell opportunities**
- The two companies' **complementary plan structures** will offer **greater choice to consumers**

1. Source: A Frost & Sullivan report for The Society of Motor Manufacturers and Traders (SMMT) – "The Importance of the UK Aftermarket to the UK Economy".

Note: Figures as of June 9, 2021.

Together we make a powerful combination. (cont.)

Openpay's UK business will also benefit from Payment Assist's more profitable Auto volume.

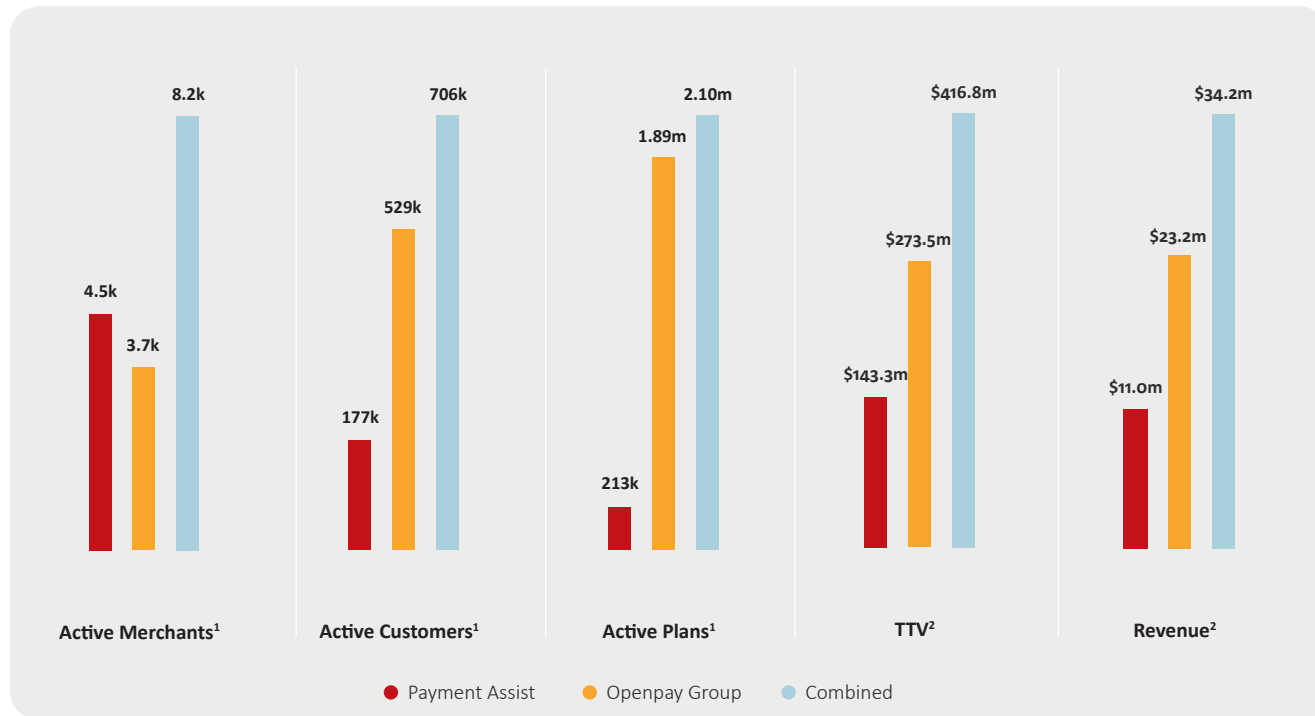


- Payment Assist's profitability and penetration in the Auto vertical will be the basis for **more profitable TTV and Revenue growth** for Openpay UK
- Payment Assist brings **strong funding from its own funders** and Openpay will not need to secure additional funding

1. An uncommitted funding facility of £35 million from Openpay's funders could become available if necessary to support growth.
 2. Funding Capacity as of June 9, 2021.

Together we make a powerful combination. (cont.)

The acquisition of Payment Assist also strongly impacts the Group's commercial profile - towards accelerated growth in our Verticals and profitability.



- The **Payment Assist acquisition is very significant** even when considered from overall Openpay Group perspective
- The transaction **more than doubles the Group's active merchants globally**, increases by a third our active customer base, and increases roughly by half our TTV and revenues

1. Figures as of June 9, 2021.

2. TTV and Revenue numbers calculated on the basis of an average exchange rate of \$0.5422 across the period from January 1 to December 31, 2020.

Transaction details.

A highly value-accretive acquisition on fair, performance-driven terms.

Overview

- A binding agreement (subject to certain conditions precedent) for Openpay to acquire 100% of Payment Assist Ltd
 - **upfront consideration** of £11.5 million, comprising £8.2m cash and £3.3m in Openpay scrip, payable at completion
 - **earn-out consideration** of up to £17 million spanning three years (refer to ASX announcement dated 22 June 2021 for tranche / timing detail)
- Upon closing, Payment Assist will become a wholly owned subsidiary of Openpay Group Limited

Future Management

- Payment Assist founders Neil Jeffery and Colin Ellard will enter into new service agreements with Openpay's UK subsidiary with effect from completion, and all current Payment Assist owners have agreed to provide restrictive covenants for a three-year period following completion

Key Closing Conditions

- UK Financial Conduct Authority (FCA) approving the Acquisition

Anticipated Timing

- H1 FY22

Joined post-completion priorities.

Comprehensive program in place to achieve targeted synergies and sustain/exceed Payment Assist's growth trajectory.



Proactive stakeholder communications

- **Dedicated communication to both companies' key stakeholders** – employees, funders, merchants, and customers
- A series of investor presentations and industry/media events to articulate the value of this deal and why it is pivotal for our long-term growth



Continue to build a top notch culture, together

- Continue to foster a culture of openness, respect, and customer focus
- **Payment Assist's founders and broader team already share our values and philosophy** about making a positive difference in people's lives through products offering strong cash flow management value – **this should make integration easier**



Retain Payment Assist's brand and operational autonomy

- **Maintain Payment Assist largely as-is over the foreseeable future**, including its brand, products/plans, funder network and merchant relationship management model
- **Payment Assist founders Neil Jeffery and Colin Ellard will be retained** in the management of the business



Unlock additional growth by leveraging each other's strengths

- **Identify and monetize opportunities in adjacent areas** and through broadening product options including longer duration, consumer fee bearing products via the FCA authorisations
- **Undertake joined efforts** in marketing, end-customer engagement and data analytics to deepen customer relationships and expand the merchant network

In summary.

We are confident that the combination of Openpay and Payment Assist is based on a strong rationale and will spur significant synergies and further growth.

- ✓ Transaction **accelerates Openpay's entry into the UK automotive vertical** and strengthens Openpay as a major player in the UK BNPL market
- ✓ Secures a **position of strength in the automotive sector**, consistent with Openpay's global, differentiated vertical strategy
- ✓ **Nearly triples Openpay UK's TTV, grows the customer base by about two-thirds**, and provides leverage opportunities for further growth
- ✓ Supports the **path to profitability** due to **superior yields in the Auto vertical**
- ✓ Provides Openpay with FCA authorisation, which is consistent with Openpay's responsible approach and **strategy to enter the regulated credit market¹**
- ✓ Enables Openpay to offer longer and higher value plans to UK consumers as an **alternative to traditional high cost forms of credit**
- ✓ Provides the market and investors with a **clearer view on our strategic focus and core differentiation from "pay-in-4"** with our longer, larger, verticalized plans and their **strong global growth and profitability potential**

1. Contingent upon change of control approval by the FCA.

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