

## ASX Announcement 31 March 2021

Openpay announces ~\$67.5m funding package, including a \$37.5m Placement, \$25m Corporate Debt Facility and \$5m share purchase plan to accelerate international expansion

- Openpay announces a ~\$67.5 million funding package to support Openpay's growth strategies, comprising:
  - a new \$25 million Corporate Debt Facility;
  - firm commitments secured to raise approximately \$37.5 million by way of an institutional Placement from new and existing, institutional and high net worth investors; and
  - a non-underwritten share purchase plan to existing eligible shareholders of the Company to raise approximately \$5 million
- The funding package follows a major partnership announcement – released this week, outlining the collaboration agreement for the platform integration and merchant acquisition with global payments provider, Worldpay from FIS, with immediate focus on the USA
- The funding package underpins the Company's US, UK, and Australian expansion plans, and enables the Company to focus on the rapid growth of market share and build on recent strategic partnership wins with aggregators, enabling scale in the Company's specialised verticals within target markets

MELBOURNE Australia, 31 March 2021: 'Buy now. Pay smarter.' company, Openpay Group Ltd (ASX: OPY) (**Openpay** or the **Company**) is pleased to announce a ~\$67.5 million (before costs) debt and equity funding package comprised of:

- a new \$25 million corporate debt facility with an existing shareholder (**Corporate Debt Facility**);
- binding commitments received to raise approximately \$37.5 million (before costs) by way of an institutional share placement (**Placement**); and
- a non-underwritten share purchase plan to existing eligible shareholders of the Company to raise approximately \$5 million (**SPP**).

Commenting on the funding package, Managing Director and CEO of Openpay, Michael Eidel said, "Earlier this week Openpay achieved a major milestone, securing an agreement with world-leading payments provider, Worldpay from FIS. Through this relationship, we will endeavour to offer Openpay's 'Buy now. Pay smarter.' payment products to FIS merchants, initially focused on targeted verticals in the US and using FIS as a merchant acquirer, based on the integration into their payment gateway. This marks a core achievement in Opy USA's six-pillar US entry strategy.

"The funding package announced today will provide valuable funding for the integration and launch of the agreement with Worldpay from FIS, as well as other recent wins, and support the close of other agreements in our deal funnel across Australian, UK, and US markets.

"The window of opportunity for our differentiated 'Buy now. Pay smarter.' approach is open right now. We are moving with urgency through this inflection point, and expect deployment of this funding to lead to a step-change in business performance.

*“We are grateful of the strong support shown by domestic and international institutional investors for the Placement and are pleased to invite existing eligible shareholders to participate in the SPP on the same terms as the Placement with the objective of supporting our future growth.”*

Proceeds from the funding package will be used to support Openpay’s growth strategies, including:

- **US market development:** integrating the Openpay technology platform into Worldpay from FIS’ payment processing systems (for seamless access to Openpay’s specialised verticals); tailoring Openpay’s product with input from the Opy Merchant Advisory Council (OMAC) of leading US merchants; closing late-stage discussions with large-scale aggregators (initially in the healthcare vertical), and preparing for US market launch.
- **UK business development:** supporting ongoing retail vertical growth; executing tech integration into ezyVet’s cloud based veterinary practice software to deliver UK healthcare vertical market entry, before progressing into the broader healthcare, automotive, and home improvement verticals (where longer plan lengths / higher values drive stickiness and higher average transactions).
- **Scaling / launching new products in Australia:** through partnerships with one-to-many aggregator partners; entry into new verticals and additional OpyPro business-to-business (B2B) development opportunities.
- **Working capital and other development:** funding the Company’s growing receivables book, build out of platform capabilities, and hiring talent to execute on strategic priorities.

Canaccord Genuity (Australia) Pty Ltd acted as Lead Manager to the Placement and is acting as Lead Manager to the SPP, Shaw and Partners Limited acted as Co-Manager to the Placement, Clayton Utz acted as legal advisor and IR Department provided investor relations support.

#### **Corporate Debt Facility details**

Openpay’s wholly owned subsidiary, Openpay Pty Ltd, has entered into a new \$25 million Corporate Debt Facility with Riviera Capital Pty Ltd, an entity associated with an existing shareholder in the Company, Alteris Financial Group. The Corporate Debt Facility will provide a flexible source of liquidity and further support for the growth of Openpay’s receivables book.

The Corporate Debt Facility has an 18-month term and complements the Company’s existing debt portfolio, which includes Australian facilities in place totalling \$75 million (of which \$45 million remains undrawn) and a UK debt facility of up to £60 million in value (of which £50 million remains undrawn).

The Corporate Debt Facility is also subject to certain covenants, including an agreed minimum amount of unrestricted cash and certain conditions precedent to funding, that the Company currently reasonably expects to be satisfied in the ordinary course of business. Openpay Pty Ltd, as borrower, has granted security over all of its assets in favour of the lender, as is customary of arrangements of this type.

#### **Placement details**

The Company has received firm commitments from new and existing sophisticated, experienced, and professional investors, to raise approximately \$37.5 million (before costs). The Placement received strong support from institutional investors and will see several new institutional investors enter the Company’s shareholder register.

Approximately 18.5 million new fully paid ordinary shares in the Company (**New Shares**) will be issued under the Placement at an issue price of \$2.03 per New Share (**Issue Price**). The Issue Price represents a 15.8% discount to the last close price of \$2.41 (on 26 March 2021), a 19.9% discount to the 5-day Volume Weighted Average Price (VWAP) of \$2.533 (up to and including 26 March 2021), and a 21.2% discount to the 10-day VWAP of \$2.577 (up to and including 26 March 2021).

The Placement will occur in two tranches as follows:

- 15.9 million New Shares to be issued under the Company's available ASX listing rule 7.1 placement capacity, with settlement expected to occur on or about 8 April 2021 (**Tranche 1**); and
- Approximately 2.6 million New Shares to be issued to offshore investors and Directors of the Company Mr Patrick Tuttle, Mr Yaniv Meydan, and Mr Michael Eidel (or their associated entities), subject to receipt of shareholder approval (**Tranche 2**).

Under ASX listing rules, the participation of Directors in the Placement is subject to shareholder approval which is proposed to be sought at a general meeting to be held on or about 10 May 2021. New Shares to be issued under the Placement will rank pari passu with existing shares in the Company.

#### Share Purchase Plan details

Openpay intends to offer a non-underwritten SPP to existing eligible shareholders to raise approximately \$5 million. The SPP allows eligible shareholders, being those shareholders that are residents of Australia or New Zealand that held Openpay shares at 7:00pm on 30 March 2021 (**Record Date**), to subscribe for up to \$30,000 worth of New Shares without incurring any brokerage or transaction costs.

New Shares will be offered under the SPP at \$2.03 per share, being the same issue price as the Placement.

As the SPP is not underwritten, the SPP may raise more or less than this amount. In the event that the subscriptions for more than \$5 million are received for the SPP, the Company may decide in its absolute discretion to conduct a scale back of applications. The scale back may be applied to the extent and in the manner Openpay sees fit, which may include taking into account a number of factors, such as the size of an applicant's shareholding at the Record Date, the extent to which the applicant has sold or purchased shares since the Record Date, whether the applicant has multiple registered holdings, the date on which the application was made and the total applications received from eligible shareholders.

The terms and conditions of the SPP will be contained in an offer booklet, which is expected to be lodged on the ASX on or about 8 April 2021, and sent to eligible shareholders shortly thereafter.

Under ASX listing rules, Directors may participate in the SPP if they are eligible shareholders. New Shares to be issued under the SPP will rank pari passu with existing shares in the Company.

#### Indicative Timetable

Below is an indicative timetable of key dates for the Placement and the SPP:

Event	Time / Date
<b>SPP Record Date (7:00pm)</b>	30 March 2021
<b>ASX Announcement of Placement and SPP / Trading Resumes on ASX</b>	31 March 2021
<b>Expected Date of Issue and Quotation of New Shares to be issued under Tranche 1 of the Placement</b>	9 April 2021

<b>SPP Offer Booklet Despatched and SPP Offer Period Opens</b>	9 April 2021
<b>SPP Offer Period Closes</b>	4 May 2021
<b>General Meeting to approve Director participation in Tranche 2</b>	10 May 2021
<b>Expected Date of ASX Quotation of New Shares to be issued under the SPP and Tranche 2 of the Placement</b>	14 May 2021

The timetable above is indicative only and remains subject to change at Openpay's discretion, subject to compliance with applicable laws and the ASX Listing Rules. Openpay reserves the right to change the timetable or cancel or withdraw the Placement or the SPP at any time before relevant New Shares are issued, subject to regulatory requirements. Openpay reserves the right to close the SPP early or to accept late applications, in its sole and absolute discretion, should it be considered necessary to do so, by making an announcement to ASX. The commencement and quotation of shares offered under the Placement or the SPP is subject to confirmation from ASX.

Authorised by  
**The Board of Directors**  
**Openpay Group Ltd**

For further information, please contact:

<p><b>Investors</b></p> <p>Jane Lowe IR Department Mobile: +61 411 117 774 <a href="mailto:jane.lowe@irdepartment.com.au">jane.lowe@irdepartment.com.au</a></p> <p>Ed Bunting Company Secretary Mobile: +61 401 555 333 <a href="mailto:investors@openpay.com.au">investors@openpay.com.au</a></p>	<p><b>Media</b></p> <p>Australia: Keep Left <a href="mailto:openpay@keepleft.com.au">openpay@keepleft.com.au</a></p> <p>USA: Stefan Pollack The Pollack Group Mobile: 310-7802364 <a href="mailto:Stefan@pollackgroup.com">Stefan@pollackgroup.com</a></p> <p>UK: Brands 2 Life <a href="mailto:Openpay@brands2life.com">Openpay@brands2life.com</a></p>
--	--

## **About Openpay**

Openpay Group Ltd (ASX: OPY) is a fast-growing and highly differentiated player in the global 'Buy now pay later' (BNPL) payment solutions market. The Company's strong platform enables it to deliver the most flexible plans in the market with durations of 2–24 months and values of up to \$20,000.

Openpay focuses on industries where it can make a true difference: Automotive, Healthcare, Home Improvement, Memberships and Education; and its target customers are finance-savvy and of an older demographic who use Openpay plans as a cashflow management tool.

Openpay also has a unique B2B offering, OpyPro (formerly Openpay for Business), a SaaS-based platform that allows companies to manage trade accounts end-to-end, including applications, credit checks, approvals and account management in the one system.

Openpay provides services to Customers and Merchants in Australia, New Zealand, the UK and entered the US market, under the brand name Opy, in December 2020.

See more at [www.openpay.com.au](http://www.openpay.com.au).