

## ASX Announcement 28 January 2021

Openpay reports TTV inflection point; well positioned for further international growth

### Q2 FY21 Key highlights:

- **Continued strong uplift in all leading indicators in Q2 FY21:**
  - Active Plans of 1,447k up 213% relative to pcp<sup>1</sup> and 37% QoQ
  - Active Customers of 461k up 123% relative to pcp, with 77% of new plans generated from Repeat Customers and 49% of Active Customers with more than one plan
  - Active Merchants of 2,766 up 46% relative to pcp. Highest QoQ growth rate on record, up 21% versus Q1
- New inflection point reached in Total Transaction Value (TTV): strongest quarter on record, up 96% in Q2 FY21 vs pcp, to \$97.1m. Highest QoQ growth rate on record, up 43% versus Q1
- Revenue of \$7.2m, up 58% relative to pcp
- Openpay UK business gathers pace: UK Active Plans up 70% to 506k and UK Active Customers up 45% to 216k over prior quarter
- *Openpay for Business* records initial revenue growth, with step-change growth expected in CY21; maturing merchant pipeline
- Openpay remains well funded with a strong mix of available cash and debt for a total funding runway of \$173m to support expected portfolio growth
- Well positioned for further international growth:
  - Openpay' US business registered under the name Opy; US office established and US CFO, Efrat Yellin joins the team; upcoming US BNPL product launch
  - UK prepares for next phase of growth via rollout in Automotive and Healthcare specialist verticals
- Investors are invited to attend today's briefing at 11:00am AEDT – registration info provided below

MELBOURNE Australia, 28 January 2021: 'Buy now. Pay smarter.' company, Openpay Group Ltd (ASX: OPY) (**Openpay** or the **Company**) is pleased to release its quarterly business update for the period ended 31 December 2020 (Q2 FY21) which saw the Company grow at a continued, impressive rate. With strong foundations, Openpay enters CY 2021 positioned for significant growth in its existing markets and is anticipating significant demand from its recently launched US business, Opy.

Openpay CEO, Michael Eidel commented: "Openpay finished the December quarter ready to drive the next phase of international expansion in the US and UK – both sizeable addressable markets. The US especially, represents an incredibly exciting opportunity for our Opy business, as the BNPL and B2B payments market is substantially less developed than in other geographies. We are negotiating several near-term opportunities which would deliver growth well over and above our current volumes.

In our existing markets, we continue to be the only, or one of two providers in niche verticals. We are seeing continued repeat use of our longer-term and higher-value plans – also filling a gap in the retail market through this

---

<sup>1</sup> Prior comparative period December 2019

*flexible approach. Supported by our solid pipeline and growth plans, we are well positioned to become profitable over time as we create operating leverage through scale."*

**Longer-term, higher-value plans drive growth in Active Plans across differentiated verticals**

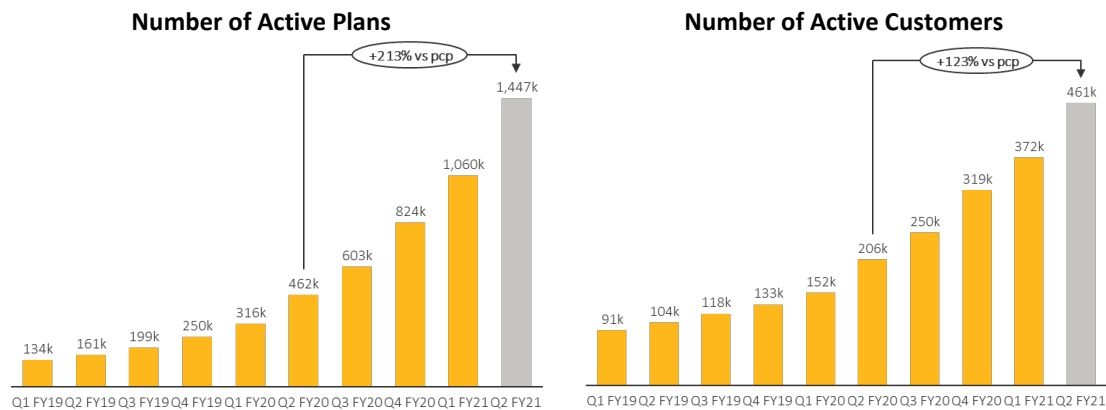
Active Plans increased 213% vs pcp and 37% QoQ to 1,447k. Main growth drivers were the peak Retail season, with the largest trading day/week around the Black Friday shopping event, and the recovery of bricks and mortar growth rates in Openpay’s specialised verticals (particularly Healthcare and Automotive), after sustained lockdowns across Australia ended.

Openpay’s plan mix continues to be strongly skewed to comparatively longer-term and higher-value plans with three to five-month plans accounting for 74% of TTV as at end Q2 FY21. Plans of three months and longer were the most prevalent, where competition is less pronounced than in the heavily contested short-term “pay-in-4” plan range<sup>2</sup>.

While Retail still accounts for the majority of Active Plans, with 142% plan growth in Australia and 1059% in the UK (overall 244%) in Q2 FY21 versus pcp, Openpay is experiencing strong growth in its core verticals, with a 41% uplift in Automotive versus pcp and a 66% increase in the Healthcare vertical.

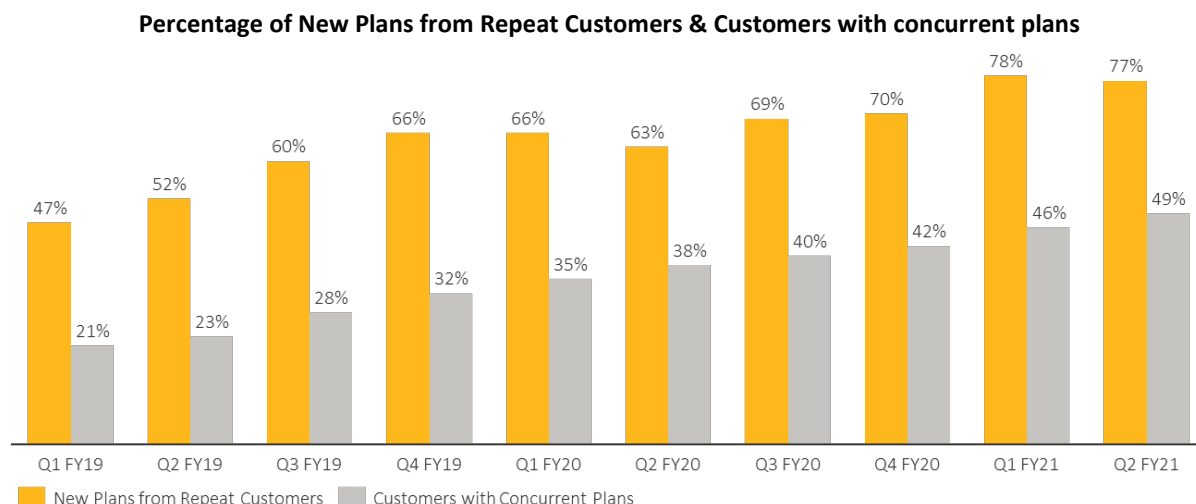
**Active customer engagement across key verticals**

An Active Customer growth rate of 123% vs pcp was achieved at an aggregate level across all merchant verticals, and Openpay finished the quarter with 461k Active Customers.



Strong customer engagement and awareness led to 77% of plans being held by repeat customers, with close to every second customer holding multiple concurrent plans at the end of the quarter.

<sup>2</sup> Pay in four is a term used to describe where customers break down their BNPL purchase into four equal payments across (usually) two months or less.



In Australia, 32% of Active Customers finished the quarter with an Active Plan at more than one Merchant, up 83% on the pcp level, while there was a total of 3.1 Active Plans per Active Customer, up 94% on pcp.

**New self-service program contributes to record QoQ growth in Active Merchants**

Overall, Active Merchants grew 46% versus pcp to 2,766 as at end Q2 FY21. This strongest QoQ increase on record in Active Merchants of 21% versus Q1 stems from the successful launch of Openpay’s automated self-service program which significantly shortens and simplifies onboarding, particularly of small- and mid-sized merchants.

November was also a record month for new Merchant agreements such as Kogan and its brands Dick Smith and Matt Blatt, as well as Intersport, Tarocash, Rockwear, Y.D, St Ali and Barbeques Galore. Other notable Retail launches in Australia during Q2 included Kookai, Glue Store, Sportsmans Warehouse, Lego, Ginger and Smart, Hipkids and Sleeping Duck.

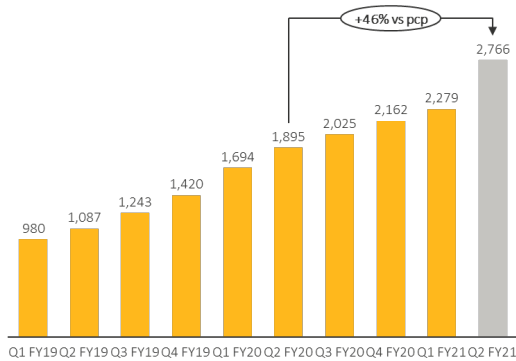
In Automotive, Openpay launched with Northstar Autogroup and integrated with Co Star Automotive & Tyre Software, the leading POS provider in the tyre market.

In Healthcare, Petstock Vet became a Merchant partner and referral partnerships were signed with The Invisible Orthodontist (100 orthodontic locations), and United Health Services (150 allied health businesses), both of whom have been promoting Openpay to members from January.

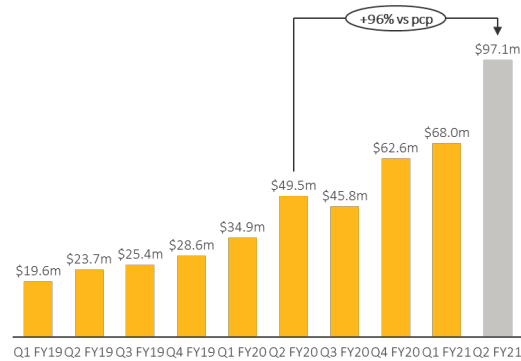
In Home improvement, the most significant new merchant agreement signed was with Bureau Booths.

In the Memberships vertical, a contract was signed with Capital Football, who will use Openpay for all their representative teams in the ACT. In Education, deals were closed with Logitrain, Advanced Training and Stay Tooned.

**Number of Active Merchants**



**Total Transaction Value as at end Q2 FY21**



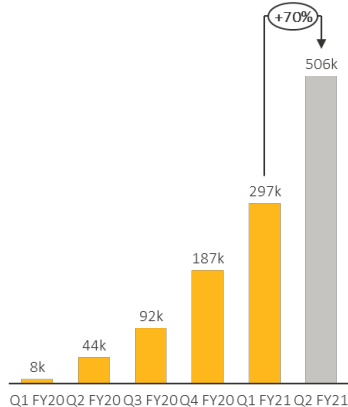
**Quarterly TTV growth reaches new inflection point in Q2 FY21**

In Q2 FY21, Openpay recorded a new TTV inflection point, up 96% vs pcp and up 43% QoQ to \$97.1m. A daily TTV record of >\$1m was achieved following on from Black Friday trading, and more than \$5 million TTV was achieved during that trading week. Openpay continued to record additional >\$1 million TTV days during the remainder of Q2 FY21, as a result of increased awareness and availability of Openpay and a growing merchant base.

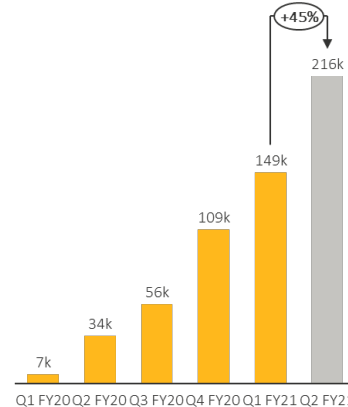
**Growth accelerates in the UK**

Strong momentum continued in Openpay’s UK business during Q2 FY21, with Active Plans increased 70% QoQ to 506k and Active Customers were up 45% to 216k QoQ, contributing 54% and 75% of overall growth in Active Plans and Active Customers respectively for the quarter.

**Growth in Active Plans - UK**



**Growth in Active Customers - UK**



Significant post Q2 agreements signed included established fashion and accessories brand Monsoon & Accessorize, which is well aligned to the Openpay target demographic. An agreement was also signed with consumer electronics brand Maplin.

The Hut Group (THG) launched with nine brands during the quarter including lookfantastic.com, myprotein.com, Zavvi.com and Probikekit.com. Openpay’s beauty offering expanded with the addition of fragrance brands Fragrance House, Scent Store and Perfume Direct. Luxury brand, The Rug Company and children’s educational toys brand Nexus, further diversified the UK retail offering. JD Sports continued to deliver high numbers of plans and

volume. Rapid adoption of Openpay in sports retail continued, with Hull Kingston Rovers and Elite Pro Sports launching in Q2 and the signing of Brentford FC.

### ***Openpay for Business* revenue and sales pipeline building**

*Openpay for Business*, the capital light, SaaS-based B2B product, recorded continued revenue growth through Q2 FY21. The main contributor to this growth was Woolworths Group, which is transitioning business customers onto the Openpay platform, exclusively. During H2 FY21, Openpay expects the roll-out across all stores to be complete, enabling all trade customers the ability to transact at Woolworths Group banners, including Woolworths Supermarkets and Big W, instore and online.

Openpay is working closely with Austrade to explore global opportunities in parallel to the maturing Australian pipeline build.

### **Continued strong financial performance throughout peak retail season**

#### *Healthy margins*

In Q2 FY21, revenue increased to \$7.2m, up 58% relative to pcp.

Gross revenue yield as a percentage of TTV was 7.5% for Q2 FY21, down from 9.1% in Q1 FY21 and down 180bps relative to pcp. Revenue yield for the first half of FY21 remains strong at 8.1%, despite a significant seasonal volume shift toward the relatively lower-margin mass Retail vertical.

The net transaction margin for the quarter followed a similar pattern to the gross revenue margin, recording 1.1% for the quarter and 1.6% for the current half. Pleasingly, Openpay reduced its funding cost rate by 60 bps in Q2 FY21, driven by the implementation of the 255 funding facility at more favourable rates.

The rolling three month Net Bad Debt ratio as a percentage of TTV as at Q2 FY21 remains stable and within expected healthy levels, at 2.3% compared to the prior comparative period (2.2%), with performance for the half maintained at a level of 2.0%.

#### *Strong funding*

Openpay's funding position comfortably supported its strongest TTV growth performance yet, throughout the traditional peak retail trading season, and the foundation is set for expected ongoing accelerated volume growth. Cash as at 31 December 2020 totalled \$39.3m (30 September 2020: \$64.7m), reflecting anticipated, seasonally high disbursements made to merchants, relating to seasonally heightened trade. As repayments related to peak season trade are made by customers during the current quarter (Q3 FY21: Jan – Mar 21), a reversion to more normalised levels is expected during Q3 FY21.

In addition to its cash position, as at H1 FY21, Openpay has \$45m available in undrawn Australian debt facilities and £50m in UK undrawn facilities (\$88m<sup>3</sup>), translating into a total funding runway of \$173m to support further expected portfolio growth.

---

<sup>3</sup>Exchange rate of 1 AUD = 0.5657 GBP. \$10mil of the available Australian facilities is uncommitted and £35m of the available UK facilities is uncommitted.

### **Upcoming rollout in the US with key strategic partners**

Openpay's San Diego, California-based US company, Opy (our new US name inspired by our ASX ticker) is in advanced discussions with strategic partners regarding the initial inaugural launch of its BNPL product (OpyPay) into the US. Prioritised negotiations are in progress with potential funding partners, payments processors and foundational merchants in core verticals. A lack of penetration in the Company's key verticals of Automotive (service and repair), Healthcare, Home Improvement and Education enables Opy to step in to fill an unmet market need.

In the US, Opy envisions a true partnership with merchants and retailers to allow them to reclaim the payments component of their relationship with their customers in order to achieve four objectives for merchants/retailers which are to: 1) drive top-line sales, 2) enhance customer lifetime value, 3) optimise the cost/value of using BNPL as a 'better than card' payment acceptance method, and 4) significantly enhance consumer loyalty by directing rewards to the merchant/retailer.

Brian Shniderman, Openpay US CEO and Global Chief Strategy Officer said: *"The \$5t US payments market is the key market for Opy, with growth potential and relevance for our Company significantly greater than even that seen in Australasia and Europe to-date. Merchants and retailers currently lack control or significant influence on pricing, operational requirements, rule setting, payment solution design and liability. For consumers in the US, our flagship BNPL product has flexible payment terms matching the unique time periods specific to their lifestyle needs. For example, a patient faced with paying for an orthodontic procedure that needs to spread out a \$5,000 cost, requiring 12 visits across 18 months, can be easily supported by OpyPay, where most others offer only inflexible "pay-in-4" instalments and/or only a 6-month maximum duration. There is a significant demand by both consumers and merchants for Opy's smarter way to pay, given the need for more transparent, fair, flexible and valuable payment alternatives to traditional credit cards and BNPL options that lack transparency and charge high fees."*

### **Appointment of US Chief Financial Officer and establishment of US office**

Opy has further strengthened its US management team with the appointment of Efrat Yellin as US CFO. Mrs Yellin has over 20 years of corporate finance experience. She joins Opy from AppCard, a loyalty rewards start-up, where she was the financial officer for the last 5 years. Prior to AppCard, she was an investment banker at both Deloitte Corporate Finance LLC and Merrill Lynch & Co, serving a wide range of clients in the fintech, banking and private equity industries. In addition, she has assigned ratings of over \$7b asset-backed securities while at Moody's Investor Services.

### **Outlook – a new period of growth**

Openpay is now well positioned to scale its differentiated business model in its established, multi-vertical markets of Australia and New Zealand and via further international expansion.

In our home market, we believe Openpay is in a strong position to continue to grow at scale, based on a wide range of merchant partnerships, including enterprise and large-scale eCommerce pure-plays, and with strategic platform partnerships. While Openpay remains a provider of choice in verticals including Automotive, Health and Home Improvement often the sole, or one of two providers, it has been able to significantly solidify its position as a complementary provider of plan structures in Retail, for merchants' higher-value products, providing finance-savvy customers with a smart budgeting tool.

Openpay UK is preparing to move into other highly attractive verticals – Automotive and Healthcare. This expansion follows the strategy of first developing a strong Retail customer base, then cross pollinating into the specialist verticals where Openpay has found success in Australia. Openpay’s US BNPL offering, OpyPay, will differentiate from that of its competitor offerings by providing a regulated product and putting emphasis on larger transaction values in markets ripe for disruption, with transparent payment options that help consumers have control over their spending and budget for life’s purchases.

Openpay looks forward to making regular market updates regarding its substantial growth plans. For a full strategic update, please view Openpay’s updated investor presentation provided to the ASX in conjunction with this announcement.

**Investor briefing: today at 11:00am AEDT**

Investors are invited to join today’s investor briefing, during which Group CEO and Managing Director, Michael Eidel; CFO, Jussi Nunes; and US CEO and Global Chief Strategy Officer, Brian Shniderman will discuss highlights from Openpay’s quarterly earnings release. This will be followed by a Q+A session.

The online briefing will be held today, **Thursday 28 January at 11:00am, Melbourne time (AEDT)**.

To access the briefing, please register via the following link:

[https://us02web.zoom.us/webinar/register/WN\\_GK\\_xAnFERDG91DAZM\\_s87Q](https://us02web.zoom.us/webinar/register/WN_GK_xAnFERDG91DAZM_s87Q)

Authorised by

**Michael Eidel**

**CEO and Managing Director**

**Openpay Group Ltd**

For further information, please contact:

<b>Investors</b>	<b>Media</b>
Ed Bunting Company Secretary Mobile: +61 401 555 333 <a href="mailto:investors@openpay.com.au">investors@openpay.com.au</a>	Jane Lowe IR Department Mobile: +61 411 117 774 <a href="mailto:jane.lowe@irdepartment.com.au">jane.lowe@irdepartment.com.au</a>

**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, 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).



## Annexure

In accordance with ASX Listing Rule 4.7C Openpay provides the following information:

The quarter ended 31 December 2020 is covered by the “Use of Funds Statement” as in the Openpay Prospectus dated 22 November 2019. As Openpay listed on the ASX as of 16 December 2019 with an existing cash balance the company has reflected the cashflows since 1 January 2020 to satisfy the ASX Listing Rule 4.7C except for the costs of the initial public offering transactions, which have been captured from the date of listing.

A summary of the expenditure from 1 January 2020 to 31 December 2020 is outlined below:

<b>Uses of Offer Proceeds</b>	<b>Per Prospectus AUD\$M</b>	<b>Period ended 31 December 2020 AUD\$M</b>
UK staffing investment <sup>1</sup>	8.0	4.4
UK marketing and customer acquisition <sup>2</sup>	2.3	4.2
Development and engineering <sup>3</sup>	13.9	7.1
Funding Australian receivables growth <sup>4</sup>	6.4	0.0
Funding UK receivables growth <sup>5</sup>	10.0	0.7
Working capital and other <sup>6</sup>	3.6	0.6
Costs of the offer from 16 December 2019	5.8	5.1
<b>Total uses</b>	<b>50.0</b>	<b>22.1</b>

1. UK staffing investment includes the increase in headcount across all functions to support the future growth in this jurisdiction.
2. UK marketing and customer acquisition include costs incurred to build up the brand presence in the UK with digital advertising, sponsorship and other associated marketing costs.
3. Development and engineering costs include investments in integrations, development and enhancement of the Openpay platform and system integrations, implementation and upgrade of fraud checking tools, and maintenance of the platform.
4. Funding Australian receivables growth relates to the equity funded portion of the Australian receivables.
5. Funding UK receivables growth represents funding of the entire UK receivables book until June 2020 and the equity funded portion thereafter.
6. Working capital and other mainly relates to funding of the day to day operations of the Group.

Payments to Directors and related parties during Q2 FY21 totaled \$258,000.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Openpay Group Limited

**ABN**

97 637 148 200

**Quarter ended ("current quarter")**

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	91,585	165,792
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,653)	(4,847)
(c) advertising and marketing	(2,996)	(4,261)
(d) leased assets	76	4
(e) staff costs	(6,155)	(12,709)
(f) administration and corporate costs	(4,316)	(5,287)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	31	106
1.5 Interest and other costs of finance paid	(1,398)	(2,909)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (payments to merchants)	(102,511)	(172,880)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(28,337)</b>	<b>(36,991)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(124)	(142)
(d) investments	-	-
(e) intellectual property	(1,790)	(1,935)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,914)</b>	<b>(2,077)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	229
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	5,423	8,927
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (principal elements of lease payments)	(336)	(649)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>5,087</b>	<b>8,507</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	64,749	70,059
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(28,337)	(36,991)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,914)	(2,077)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,087	8,507
4.5	Effect of movement in exchange rates on cash held	(304)	(217)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>39,281</b>	<b>39,281</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	35,363	62,119
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Cash Suspense)	3,918	2,630
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>39,281</b>	<b>64,749</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(258)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	181,063	47,677
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>181,063</b>	<b>47,677</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>133,386</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Loan facilities consist of a working capital facility with A H Meydan Pty Ltd, a commercial bill with GCI Consumer Credit Finance Trust 1 and a revolving credit facility with the Specialised Finance Warehouse Trust 1. Borrowings carry a fixed interest rate (working capital facility), an interest rate based on the Bank Bill Swap Rate (GCI) and RBA Cash Rate (Specialised Finance Warehouse Trust 1) plus a margin. The working capital facility offers a committed borrowing base of \$10 million. The commercial bill offers an available borrowing base of \$40 million of which \$30 million is committed and \$10 million is uncommitted. Of the \$30 million committed, \$30 million is drawn as of 31 December 2020. The revolving credit facility offers a committed borrowing base of \$25 million, with an option to extend to \$100 million.</p> <p>In June 2020, Openpay established a UK funding agreement with Global Growth Capital (GGC) of £60 million of which £25 million is committed and £35 million is uncommitted. The GGC facility is for 2 years with a fixed interest rate. Of the £25 million committed, £10 million is drawn as of 31 December 2020.</p> <p>There were no borrowings outstanding on the working capital facility nor the revolving credit facility as of 31 December 2020.</p> <p><i>Please note that the cash flows used for operating activities, during Q2 FY21, represent peak seasonal trading. During Q3 FY21 (Jan21 – Mar21) due to the ~3-4 month tenor of the portfolio, funds will be returned to the company in the form of customer repayments, which will outweigh payments made to Merchants (representing the current quarter's trading outflows) and thus increase the reported cash and cash equivalents position. In other words, the cash position represents a seasonally reduced, and fully expected, balance, which is expected to return to prior healthy volumes during the current quarter.</i></p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(28,337)
8.2 Cash and cash equivalents at quarter end (item 4.6)	39,281
8.3 Unused finance facilities available at quarter end (item 7.5)	133,386
<b>8.4 Total available funding (item 8.2 + item 8.3)</b>	<b>144,330</b>

8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)**

5

*Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.*

## 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 JANUARY 2021

Authorised by: MICHAEL EIDEL - MANAGING DIRECTOR  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial

**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

---

records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.