

ASX Announcement

16 March 2020

Openpay well-funded to respond to COVID-19

Highlights

- **Openpay is in a strong financial position with cash balance of \$45.7m and a further \$45m of undrawn funding capacity as of 16 March 2020**
- **Further continued growth shown in leading indicators of Active Plans (up to from ~513k in January to ~561k in February), Active Customers, (up from ~224k in January to ~239k in February) and Active Merchants, up from 1,897 in January to 1,959 in February)**
- **Openpay's diversified position in Automotive, Healthcare and Home Improvement verticals, provides a potential buffer to any downturn in fast-moving retail market conditions. Well established online presence can underpin increased demand in online trading**
- **Longer plan length and positioning as budgeting tool, useful in conditions where customers may need to stretch payments across longer periods**
- **Openpay for Business SaaS product provides further differentiated, high margin and capital light revenues – expected to commence in 2H FY20**
- **Company focus remains on growing business while protecting the wellbeing of employees, customers and merchants. Strong technology backbone enables Openpay team to work remotely with minimal disruption to business**

MELBOURNE Australia, 16 March, 2020: Openpay Group Limited (ASX: OPY) (Openpay or the Company) provides a short update on the Company's financial strength and operating conditions in light of the COVID-19 situation in Australia and globally.

Openpay continues to be strongly capitalised and is well placed to trade through the current challenging situation being faced by our merchants and customers. The Company's cash balance as at the date of this release is \$45.7m. A further \$45m of undrawn funding capacity is available under existing facilities. The Company continues to look to put in place additional financial capacity with several financiers to support the expectation of continued long-term growth of its Buy Now-Pay Smarter business in both Australia and the UK.

As highlighted in Openpay's 1H FY20 update on 28 February 2020, the Company continues to see solid growth across its three leading indicators of Active Plans, Active Customers and Active Merchants. In the period between January and February, Active Plans grew from ~513k to ~561k, Active Customers grew from ~224k to ~239k and Active Merchants grew from 1,897 to 1,959.

As with other BNPL providers, because BNPL is an electronically managed point of sale financing tool, the Company has the advantage of being able to quickly respond to the current retail and financial environment through its technology and is actively taking steps to ensure that it continues to responsibly support both merchants and customers through what is likely to be a challenging retail environment for an as yet unknown period. Openpay's well established online presence and strong technology stack can support any

increased demands in online trading that may occur as a result of a reduction in retail store visits from customers.

As also highlighted in the Company's ASX release of 4 February 2020, Openpay has launched its business to business (B2B) product, *Openpay for Business* which is expected to commence in 2H FY20 with the Woolworths Group Limited (ASX: WOW). *Openpay for Business* is a high margin, capital light, SaaS based B2B payments platform, which will provide Woolworths with the technology to manage its trade accounts end-to-end, including applications, credit checks, approvals and account management seamlessly across Openpay's payment and digital platform. This is a payment and account management system provided by Openpay rather than a BNPL product. It will therefore provide the Company with diversified revenue and does not require any material funding or balance sheet support from Openpay. As previously indicated, Openpay is also looking to expand the Openpay for Business product to other large merchants in both Australia and the UK.

Openpay CEO and Managing Director, Michael Eidel, said: *"I am pleased that in the current environment, we have deliberately positioned Openpay to be in a very strong position of liquidity with over \$45.7m of cash at bank as well as undrawn capacity of \$45m. At the same time, we continue to look to put in place additional financial capacity with several financiers to support our expectation of continued long-term growth of our Buy-now-Pay-smarter product in both Australia and the UK. We look forward to providing an update on this shortly.*

Our strong positions in Automotive, Healthcare and Home Improvement verticals provide further differentiation to other BNPL providers. We remain available to our customers who can use the Openpay platform as a smart tool to help them budget through these market conditions and also note that help is available, should customers need to modify their plan formats.

Finally, our board and senior management is ready to adapt and adjust as required to the current environment, with a focus on the wellbeing of our employees, merchants and customers, to ensure we remain well placed to continue to operate successfully through this period and be strongly positioned to support expected future growth."

More information

Investors are invited to visit our website at openpay.com.au for more information on Openpay.

Authorised and approved for release by

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About Openpay – see more at openpay.com.au

Openpay Group Ltd (ASX: OPY) is a well-established player in the fast-growing global market for ‘Buy now pay later’ (BNPL) payment solutions. Openpay partners with merchants to provide BNPL repayment plans to customers in-store, in-app and online. Openpay’s BNPL offering allows customers to purchase what they want and need while spreading repayments over time with no interest costs.

By providing flexible payment solutions to customers, Openpay’s BNPL offering also facilitates increased transaction values and conversion rates for merchants at checkout.

With its ‘buy now pay smarter’ approach, Openpay is currently differentiated from its main BNPL competitors in the following ways:

- **Product:** Openpay focuses on a ‘responsible’ approach to BNPL. It has larger payment plan sizes with a greater mix of plan terms: they are offered on purchases up to \$20,000 and range from 2 to 24 months, with no interest. There is flexibility around timing of commencement of first repayments and scope to defer payments to better align to customers’ cash flows.
- **Industry approach:** Complementing its retail offering, Openpay focuses on specialised industries like Automotive, Healthcare and Home Improvement, where it is often the sole BNPL provider or one of only two. Average Transaction Values in these three segments also tend to be higher than Retail.
- **Customer approach:** Openpay targets finance-savvy, responsible purchasers who use its product as a smart budgeting tool for a broad range of life’s needs.
- **B2B offering:** Openpay recently announced its launch into the B2B sector with its “*Openpay for Business*” Software-as-a-Service (SaaS) portal.

Openpay provides services to Customers and Merchants in Australia, New Zealand and the United Kingdom.