

ASX Announcement

16 December 2020

Openpay marks first full year of trading on the ASX by commencing its US market launch and reporting record trading results

Key highlights

- **Openpay commences its launch into the United States, the world's largest consumer finance market**
- **Highly respected US industry leaders appointed, now setting up the US business and team to offer Openpay's differentiated 'Buy now. Pay smarter.' and B2B SaaS products. Strong pipeline built, including advanced discussions with foundational partners**
- **US focus: similar industries to Australia and the UK, including Retail to scale quickly, and verticals such as Automotive and Healthcare, where Openpay is a leading BNPL provider in Australia with its flexible longer-term and higher-value plans**
- **Openpay reports November as new record month with a Total Transaction Value (TTV) of \$35.7m, up 121% on pcp, which included the best week of TTV ever at \$10.9m, driven by internal initiatives and seasonal trading**
- **Major merchant wins and launches recorded during November for Openpay Australia included the go-live of an agreement with Hearing Australia**
- **Openpay UK saw significant growth in Active Plans (up 1,919% vs pcp) and Active Customers (up 961% vs pcp) during November. Agreements now in place with 53 Merchants.**

MELBOURNE Australia, 16 December 2020: 'Buy now. Pay smarter.' company, Openpay Group Ltd (ASX: OPY) (**Openpay** or the **Company**) is delighted to celebrate its first full year as an ASX listed company by reporting its best ever month of trading and the commencement of its US market launch.

CEO and Managing Director of Openpay, Michael Eidel commented, *"This is possibly the most significant announcement for Openpay since we listed on the ASX on this day, last year. As we signposted in our recent strategic update, the Openpay team has been evaluating markets outside of Australia and the UK. We are very excited to have commenced the launch of our consumer BNPL and B2B offerings into the US, building on our proven responsible approach, flexible products and focus on industries where we have strong confidence in our ability to deliver a differentiated value proposition. We're entering the market with a team of highly respected US industry leaders who see great potential to bring our unique approach in BNPL and B2B to the US market."*

"This news follows a very successful trading period in our existing markets through November. We are celebrating new highs – a record trading day, week and month, thanks to a combination of key internal initiatives, Black Friday, Click Frenzy and Cyber Monday. I am immensely proud of what our team has managed to achieve in our 12 months of trading on the ASX and thank all those investors who have supported us along the way."

Openpay prepares for launch into the US

Following months of market appraisal, Openpay is commencing its launch in the United States, with its consumer and business-to-business (B2B) platforms. The launch is timed to coincide with a strong deal pipeline, with

partnership discussions with foundational partners in banking, merchant and large payment processor sectors at advanced stages.

To support the impending launch, Openpay is pleased to announce the appointment of its US executive team, led by Brian Shniderman, a 32-year veteran in the payments and fintech advisory industry. Mr Shniderman will become Openpay US' CEO and Openpay's Global Chief Strategy Officer. He joins from Deloitte, where he founded and grew the firm's globally top-ranked Payments practice. He successfully helped the C-suite of large global companies implement high-visibility, complex payments, fintech and banking strategies, mergers and acquisitions, operations, and technology initiatives. These include large credit card issuers, merchant acquirers, networks, payments processors, corporates, governments, and merchants. Prior to Deloitte, Mr. Shniderman was an executive at several advisory firms, focusing on fintech and payments. In 2001, he was recognised as an innovator of the year by Fortune for introducing approaches for B2B equity-based payments, continuing to innovate and launch new fintech products since then.

Brian Shniderman commented, *"It's clear that consumers and merchants want and need much more transparent, fair and flexible payment alternatives to traditional credit cards and BNPL options that lack transparency and charge unreasonable rates. I joined Openpay US because this is an amazing company leading the shift towards a much more consumer friendly and merchant-centric payments future. Merchants I've advised were contacting me to help them find a better option. Openpay is the clear solution, and they've agreed."*

Also joining the US executive leadership team is Gary Stein, who will become Openpay US' Chief Product and Compliance Officer, and Troy Carrothers, who will serve as a Corporate Advisor.

Gary Stein brings nearly 30 years of financial services experience to Openpay US, including the last 9 as the Consumer Financial Protection Bureau's (CFPB's) Deputy Assistant Director for Consumer Credit, Payments, and Deposits. At the CFPB, Mr Stein developed the Bureau's markets-shaping vision for both faster payments and consumer data sharing. He also oversaw the Bureau's Small Dollar & Instalment Lending Markets team. Earlier in his career, Mr Stein served as a senior banker and financial services consultant.

Commenting on his appointment, Mr Stein said, *"I'm excited to bring Openpay's commitment to responsible lending into the US through its coming launch, and to help develop safe, affordable and transparent lending and payment solutions."*

Mr Carrothers is a financial services and retail leader with more than 25 years of experience across credit cards, payment acceptance, and customer services. He led one of the largest retail credit card portfolios in the US as the Senior Vice President and General Manager of Credit, Payments and Customer Service at Kohls. Prior to Kohl's, Mr Carrothers held management and senior leadership roles in the US and Latin America with Citigroup and Fidelity Investments. He also was the Chairman of the Board for the Merchant Advisory Group from 2018 to 2019, representing approximately 160 merchants domestically and internationally.

"It's time for a more equitable payments ecosystem that serves the dynamic needs of consumers and merchants across the traditional and digital retail environments," commented Mr Carrothers.

It is expected that the team will also be joined by a US CFO with prior fintech and big 4 experience across the banking and payments industries.

Openpay looks forward to updating the market in 2021 on coming milestones and achievements for the US business.

Openpay sets new records, with November TTV finishing at \$35.7m, up from previous record of \$25.8m

A combination of Merchant activation activities and a significant program of events around Black Friday, Cyber Monday and Click Frenzy trading periods led to a new record month in November, which concluded with a Total

Transaction Value of \$35.7m, up from the previous monthly record of \$25.8m. The month also included the best week of TTV ever, finishing at \$10.9m; Black Friday was the best day of trading in history with TTV finishing at \$2.3m, up 97% on Black Friday 2019.

As at end November, Openpay had 1.3m Active Plans, up 232% vs pcp, while Active Customers totalled 427k, up 139% on pcp. Active Merchants grew 35% on pcp to 2,476.

National agreement extends with Hearing Australia and major merchant wins recorded during November

Openpay experienced continued growth in Merchants during November, with new agreements and launches across all key verticals.

In Retail, new agreements were signed with Centre Com, Dickies, Sleeping Duck, Klika and Rendr, while brand launches took place with BBQs Galore, Lego, Kookai and Glue STORE. In Home improvement, the most significant new merchant agreement was signed with Bureau Booths.

In Healthcare, referral partnerships were signed with The Invisible Orthodontist (TIO) with 100 orthodontic locations, and United Health Services (UHS) with 150 allied health businesses, each of which will promote Openpay to members from January.

Following an initial 9-month pilot period, Openpay and Hearing Australia executed a national contract which will see Openpay's BNPL product available at all of Hearing Australia's permanent locations from December 2020.

In Auto, agreements were signed with Northstar Automotive Group and Bunbury Motor Group dealerships. A move to online merchants has also expanded during November, with several significant online parts retailers signed, including Superior Engineering, Goroo Car Mats, Canyon Off-road, Wolf 4x4 and Express Tools Direct.

In the Memberships vertical, a contract was signed with Capital Football, who will use Openpay for all their representative teams in the ACT. The Sports Stack integration is well progressed and on track to go live in early 2021. In Education, deals were closed with Logitrain, Advanced Training and Stay Tooned.

The roll-out of *Openpay for Business* into Woolworths' B2B customer base as previously announced is proceeding as planned, with Openpay seeing increasing chargeable transaction values. Additionally, the build out of Openpay's B2B customer pipeline has progressed and discussions with several potential partners are at the contract negotiation stage for the SaaS solution.

UK consumers embrace the smarter way to pay for the festive season

Fuelled by increased customer demand, Openpay UK saw significant growth in Active Plans (up 1,919% vs pcp) and Active Customers (up 961% vs pcp) during November. This was a record-breaking month for the UK with TTV up from the previous record by 112%. November for Openpay UK also included the best week of TTV ever and Black Friday was the best day of trading in UK history with TTV finishing at 268% up on Black Friday 2019.

Openpay UK Merchants have grown to 53 with brands including The Hut Group, Lookfantastic, Myprotein, Zavvi, Probikekit, Elite Pro Sports, Fragrance House, Scent Store and Nexus Home Learning among key new offerings launched in time for the peak trade season. These new brands complement existing partners like JD Sports, Ideal World, Watchshop, The Rug Company and Wolves FC, expanding the reach of Openpay across multiple retail categories from fashion and lifestyle to home, health, beauty and fragrance, sports and fitness, gifting and educational toys.

New Retail agreements were signed with six merchants during November including luxury brand Kaelo, fashion retailer Little Black Dress and, continuing the success of recent sporting club signings, Hull Kingston Rovers is the latest addition.

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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 in December 2020. See more at www.openpay.com.au.