

ASX Announcement

5 April 2022

Openpay – Preliminary Q3 Update

- ✓ **Successfully executing on the focused Australia and New Zealand (ANZ) strategy, Openpay records continued growth in the Australian market in Q3 FY22 across all key performance indicators, following a record Q2 FY22 operating performance**
 - ANZ TTV of \$86m up 53% compared to pcp
 - ANZ Revenue of \$7.5m, up 62% vs pcp
 - ANZ Active Merchants up 27% to 4.3k vs pcp
 - ANZ Active Customers up 23% to over 313k vs pcp
 - ANZ Active Plans up 57% to over 1.6m vs pcp
- ✓ **Industry-leading unit economics**
 - ANZ Revenue margin 8.6%, up 60bps vs pcp
 - ANZ Net Transaction Margin 3.0%, up 80bps vs pcp
 - ANZ Net Transaction Loss remains low at -1.2%
- ✓ **Simplified operations support Openpay's ANZ business being on track for profitability within 15 months, underpinned by strong unit economics**
- ✓ **OpyPro, Openpay's B2B trade finance SaaS solution is delivering record transaction volume and performance, with March volumes of \$4.4m for the month, up 544% vs pcp**
- ✓ **Ongoing advancement of US operations and progress of capital strategy to support US growth**

MELBOURNE Australia, 5 April 2022: Openpay Group Ltd (ASX: OPY) (**Openpay**) is pleased to update the market on its preliminary Q3 FY22 performance in Australia.

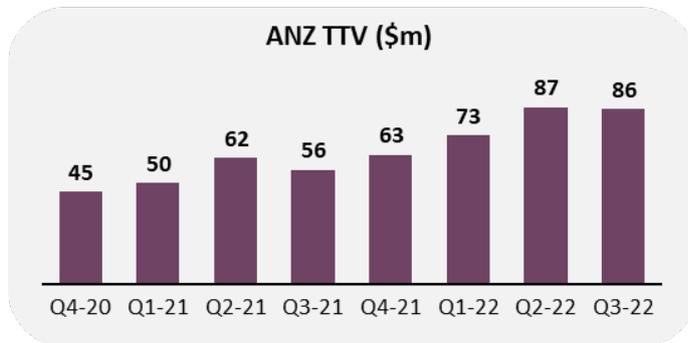
Following the renewed strategic direction announced in January 2022, Openpay has simplified its operations, putting Australia on an accelerated pathway to profitability in conjunction with continued TTV, Revenue, Active Merchant and Active Customer growth, combined with strong unit economics.

Openpay remains focused on the execution of its strategy and is pleased to confirm that with its current growth trajectory and unit economics, the Company remains focused on targeting profitability in ANZ within 15 months.

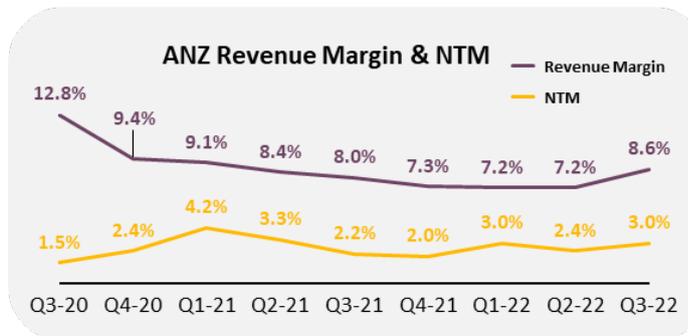
Dion Appel, ANZ CEO, said: *"We have outlined a focused strategy for Australia, we are excited that the plan is delivering strong results across all of our lead indicators and solid growth in our unit economics. Q3 demonstrates a step up on the first half, which is testament to our strategy working as we approach profitability."*

Q3 FY22 ANZ preliminary trading update

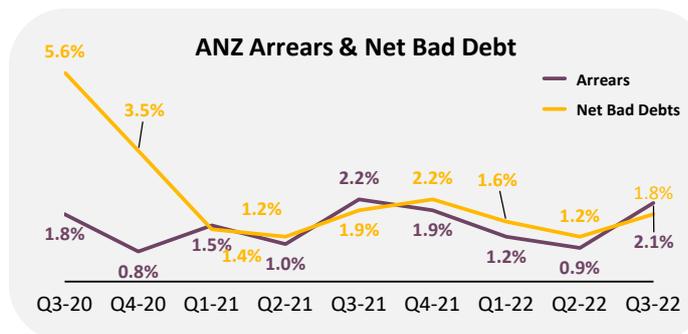
Openpay ANZ continues to deliver strong operating performance and remains focused on targeting profitability within 15 months. Historically, Q3 has been seasonally lower than Q2 given that includes the Christmas peak period. This year, the Company's Q3 FY22 results continue to validate our ANZ business model with continued momentum and improvement across our lead indicators following a record Q2 FY22.



In Q3 FY22, Openpay ANZ achieved a strong quarterly TTV of \$86 million, an increase of 53% vs pcp. In March alone, daily TTV reached \$1 million, up 50% vs pcp.



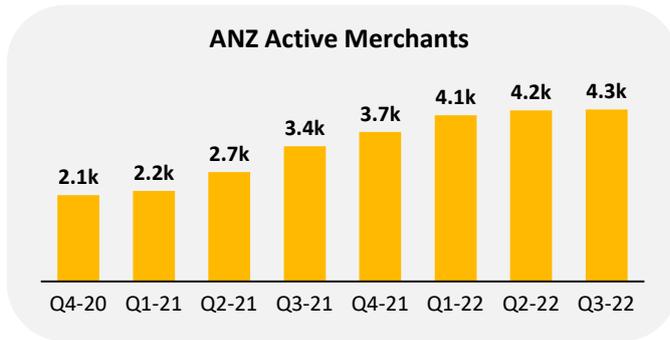
The strong ANZ TTV growth continues to deliver a market-leading revenue margin¹ of 8.6% and Net Transaction Margin² (NTM) of 3.0% in Q3 FY22. ANZ's Net Transaction Loss³ (NTL) rate continues to successfully be managed and remains firmly within risk appetite at -1.2% in Q3 FY22.



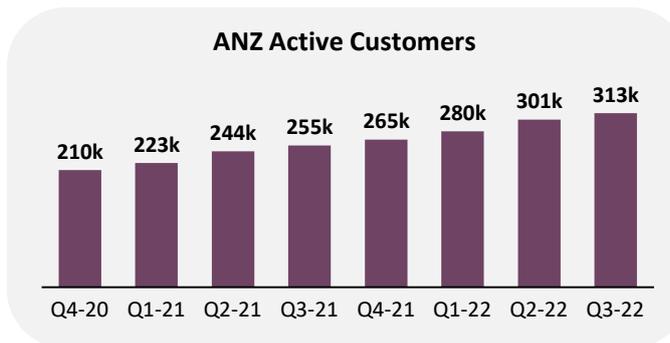
Arrears⁴ levels remained low at 2.1% and Net Bad Debts⁵ are well within our risk appetite, at 1.8%, despite expected seasonally higher flow-on impacts from Q2 peak volumes. Both metrics are lower than the pcp. Openpay continues to manage book quality to ensure that the quality of sustainable earnings is strong.

1. Revenue Margin: Total Revenue (excluding OpyPro) as a percentage of TTV
2. Net Transaction Margin: Total Revenue (excluding OpyPro) less Variable Costs (including funding costs, transaction processing costs and credit losses) as a percentage of TTV
3. Net Transaction Loss: Credit Losses net of Late Fees as a percentage of TTV
4. Arrears: All balances past due 60+ days as a percentage of Receivables
5. Net Bad Debts: Write-offs net of Recoveries as a percentage of TTV

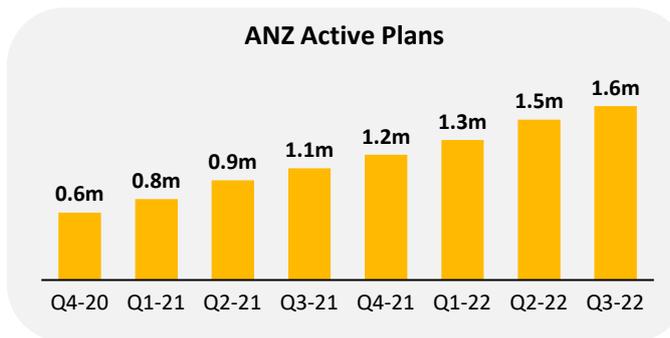
In March, our integration with e-commerce platform BigCommerce went live and is available in all Openpay's markets. In Australia this has now facilitated well-known merchants such as Superdry (the first brand to launch under a broader deal with Brand Collective), Milano Republic and Tool Kit Depot. In addition, there are many other signed deals which will be announced as they go live.



In Q3 FY22, ANZ Active Merchants reached 4.3k, an increase of 27% vs pcp. This has been driven by strong growth across key consumer segments, including Automotive, Healthcare, Home Improvement, Memberships, Retail, and Education.



ANZ Active Customers grew 23% vs pcp and reached over 313k in Q3 FY22, with growth across most key verticals. Strong customer engagement and awareness led to 91% of the ANZ's plans being held by repeat customers.



In Q3 FY22, ANZ Active Plans reached 1.6m, an increase of 57% vs pcp, driven by strong contribution across key consumer segments, in particular Retail, Healthcare, and the emerging new market in Education.

OpyPro update

Openpay's B2B trade finance SaaS platform, OpyPro, continues to deliver new milestones including:

- The number of trade accounts in the platform increased 157% vs pcp
- Delivering record performance for March of \$4.4 million in TTV, up 544% vs pcp
- Q3 FY22 TTV of \$10.4 million; a seven-fold increase vs pcp

In addition to major merchant partnerships already in place, the pipeline continues to mature.

UK update

Following the Company's January announcement, Openpay's UK operations and associated cost base have been significantly reduced, resulting in a release of capital back to Australia. Openpay will continue to explore opportunities to monetise the UK platform in a capital light manner going forward.

US update

Openpay provides the following update regarding its US operations:

- Ready to operate in 45 states, with requisite licenses and bank relationships, remaining states expected over the next few weeks;
- Onboarded first 100 planned test merchants' locations in preparation for imminent go live with signed large aggregator partners;
- Tailoring its unique flagship flat fee, single-digit Annual Percentage Rate (APR) offering across veterinary, dental, and some of the largest auto dealerships in their states;
- Imminently commencing pilot with confidential large US healthcare insurance provider (previously announced in January);
- Completed native integration with e-commerce platform, BigCommerce, allowing its merchants to seamlessly add Opy as a payment method for its customers;
- Completed training the American Express sales force for immediate engagement with merchants; and
- TTV ramp-up expected from mid-CY22.

As previously announced, Openpay has been working with investment bank Keefe, Bruyette & Woods (KBW) on capital strategies to support the US growth, which may include direct equity or debt investment in Opy USA or its subsidiaries (which could result in one or more external parties acquiring an equity stake in Opy USA). Securing a suitable capital funding partner is a critical milestone to enable Opy USA to proceed to full commercial launch and scale in the US.

While there is currently no certainty that a direct investment may eventuate, Openpay will continue to keep the market updated with further developments regarding our US business.

Openpay Group will release its full Q3 FY22 Results on 28 April.

Authorised by:

**The Board of Directors
Openpay Group Ltd**

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About Openpay

Openpay Group Ltd (ASX: OPY) is a leading payments fintech, delivering smart and friendly solutions to pay and get paid. Openpay delivers an omnichannel financing solution that extends beyond traditional Buy Now, Pay Later in the form of their next-generation “BNPL 2.0” product. BNPL 2.0 provides the gateway to complete transactions, up to \$20,000 with payback terms of up to 24-months, across underserved BNPL verticals, including Automotive, Healthcare, Home Improvement, Membership, Education, and Retail. Openpay has fine-tuned its innovative products for both consumers and merchants, providing transparent terms with quick credit decisions and customizable payment plans for consumers, along with a B2B payment offering that facilitates end-to-end trade account management. Openpay operates in Australia and the United States (operating as Opy) and serves New Zealand and the United Kingdom. For more information, please visit www.opy.com.