

Quarterly Update and Appendix 4C

28 April 2022

Openpay continues to deliver robust growth and strong margins in ANZ with solid progress in the US

Key Highlights – Q3 FY22

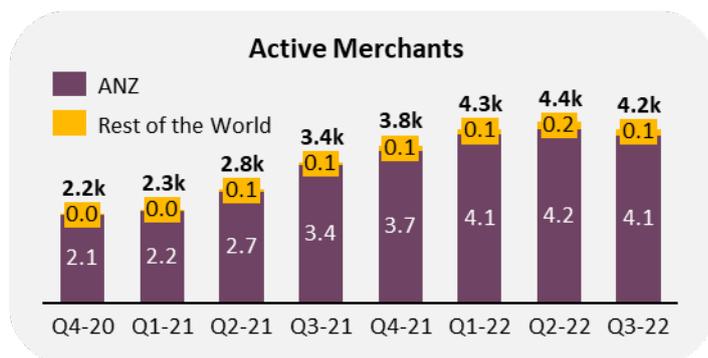
- ✓ **Solid growth across leading indicators, notwithstanding reduced UK operations:**
 - Total Active Merchants of 4.2k up 24% compared to pcp (Q3 FY21)
 - ANZ Active Merchants up 22% to 4.1k vs pcp
 - Total Active Customers of 589k up 17% compared to pcp
 - ANZ Active Customers up 23% to 312k vs pcp
 - Total Active Plans of 2.4m up 41% compared to pcp
 - ANZ Active Plans up 54% to over 1.6m vs pcp
 - Total Group TTV of \$94m up 14% compared to pcp
 - ANZ TTV of \$86m up 54% compared to pcp
 - Total Group Revenue (including OpyPro) reached \$8.7m, up 32% compared to pcp
 - ANZ Revenue (including OpyPro) of \$7.5m, up significantly by 62% compared to pcp
- ✓ **Market-leading margins in ANZ**
 - Global Revenue Margin has improved from 7.8% in Q3 FY21 to 9.1% in Q3 FY22
 - ANZ Revenue Margin was 8.6% (vs 8.0% in Q3 FY21)
 - Global NTM has improved from 0.1% in Q3 FY21 to 2.3% in Q3 FY22
 - ANZ NTM was 3.3% (vs 2.2% in Q3 FY21)
 - Global NTL has improved from -2.3% in Q3 FY21 to -0.9% in Q3 FY22
 - ANZ NTL was -0.9% (vs -1.3% in Q3 FY21)
- ✓ **Strong trends in arrears and bad debts**
 - Total Arrears down from 4.2% in Q3 FY21 to 2.4% in Q3 FY22, ANZ Arrears only 1.8%
 - Total Net Bad Debts down from 3.3% in Q3 FY21 to 2.7% in Q3 FY22, ANZ Net Bad Debts only 1.8%
- ✓ **In Australia, Openpay was ranked 3rd in the Australian Financial Review Best Place to Work awards (Banking, Superannuation and Financial Services category)**
- ✓ **In the UK, Openpay continues to explore opportunities to monetise its platform in a capital-light manner**
- ✓ **Opy US progressing well with ongoing work on capital strategies to support and accelerate growth in ANZ and US**
- ✓ **OpyPro, Openpay's B2B SaaS platform, continues to perform strongly delivering record growth across key metrics**

MELBOURNE Australia, 28 April 2022: leading payments fintech, Openpay Group Ltd (ASX: OPY) (**Openpay or the Company**) is pleased to release its quarterly business update for the period ended 31 March 2022 (Q3 FY22).

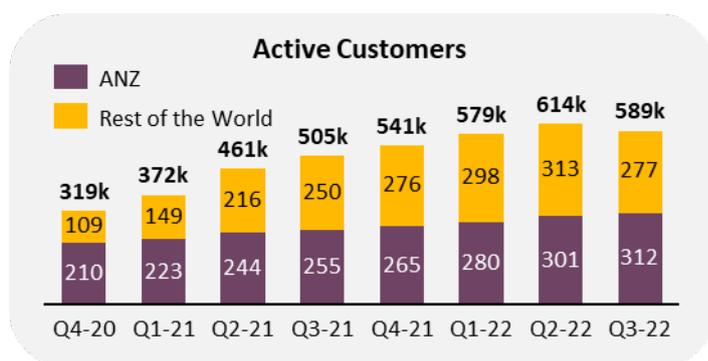
Ed Bunting, Interim Group CEO, highlighted: *"The Group made some tough decisions earlier this year to reduce its UK operations while focusing on ANZ accelerated pathway to profitability and the US as our key growth engine. The renewed strategic direction is delivering strong financial performance and will create long-term value for shareholders. We are pleased to restate that our ANZ business is on track for profitability within 15 months, while we continue to progress our capital strategy to support US growth."*

Dion Appel, ANZ CEO, said: *"Our focused strategy is working and we are thrilled to be delivering our strongest Q3 results on record across all key indicators, including market-leading unit economics as we manage our business to profitability."*

Group Update

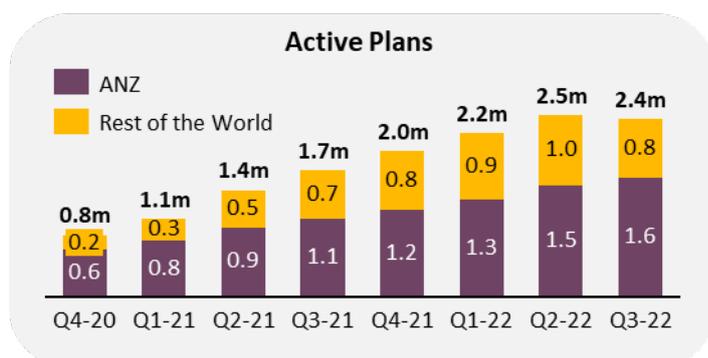


Openpay continues to partner with aggregators and distributors to grow at scale both in ANZ and in the US. **Active Merchants increased 24% vs pcp** to 4.2k as at Q3 FY22. Strong growth is expected in upcoming quarters from signed deals in ANZ and ramp-up in the US.



Active Customers grew 17% vs pcp to reach 589k at the end of Q3 FY22, impacted by reduced operations in the UK. ANZ continues to grow strongly, up 23% vs pcp.

In the quarter, Openpay's improved customer experience and strong value proposition led to a record 57% of Openpay's customers holding multiple active plans (ANZ: 63%), and 90% of active plans are held by repeat customers (ANZ: 91%).



Active Plans increased 41% vs pcp, reaching 2.4m at the end of the quarter, despite UK operations being significantly reduced. ANZ grew a solid 54% vs pcp.

During Q3 FY22, 84% of TTV was from plans three months or longer as the Company continues to gain traction across target verticals in ANZ and the US.

ANZ Update – targeting to deliver profitability within 15 months, underpinned by strong unit economics

Openpay's Q3 FY22 results continue to reinforce the ANZ business model with further momentum and improvement across lead indicators following a record Q2 FY22 that included the Christmas peak period.

Openpay ANZ achieved quarterly TTV of \$86m, an increase of 54% vs pcp. In March alone, daily ANZ TTV averaged \$1m, up 50% vs pcp. ANZ BNPL Revenue increased a substantial 65% pcp to reach \$7.4m at the end of the quarter. This strong performance was coupled with our market-leading revenue margin of 8.6% (up 60bps vs pcp) and NTM of 3.3% (up 110bps vs pcp) in Q3 FY22.

Continued growth across key leading indicators, with Active Merchants reaching 4.1k, an increase of 22% vs pcp, driven by strong growth across key consumer segments. Active Customers grew at 23% vs pcp to reach over 312k in Q3 FY22 and Active Plans grew a strong 54% vs pcp to over 1.6m, highlighting increased demand for Openpay's payment plans and value proposition.

In March, Openpay's 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. Important to note that Brand Collective is also on the Apparel 21 POS platform with which we have a native integration. This aggregator partnership made the integration in-store with Superdry smooth and seamless. This is very much part of our channel partner aggregator

strategy to scale merchants smartly across all our verticals. Other notable merchants signed in Q3 include Tyrepower, Clear Aligners Excellence, Howard Storage World, AFL Stores, and more. In Education, Openpay signed RMIT, with Openpay providing payment plans for students enrolling in online courses that don't receive Government Support (HECS).

Our targeted approach continues to deliver market-leading margins and together with business simplification and efficiencies, support Openpay's ambition to deliver profitability in ANZ within 15 months.

US Update – Continued progress

Openpay continues to progress its US operations, with the following key highlights during the quarter:

- Opy advanced into other US jurisdictions, including the US states of Georgia and Wyoming, allowing Opy the ability to operate in 47 US States, with final states to be in place in the coming weeks.
- Completed testing and tuning on the products in order to validate the larger ticket transactions Opy is targeting across chosen verticals.
- Large (confidential) insurance partner successfully launched, with salesforce training and marketing initiatives underway.
- Imminent launch of BNPL 2.0 pay by text innovative offering with partner Everyware, an exciting capability with strong applicability in Automotive and Healthcare where text scheduling and payments communications are very common.
- Opy continues to attract very large ecosystems partners (like FIS and Amex) and large vertical-specific aggregators across target verticals. This is a central part of Opy's go-to-market strategy through revenue share deals with partners. Several new deals are in late stages of negotiation, including cross-vertical payments processing partners and vertical-specific partners offering Opy access to thousands of merchants and millions of consumers.

Openpay continues to work 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. Securing suitable capital funding 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 an investment may eventuate, Openpay will continue to keep the market updated as appropriate.

UK Update – Exploring opportunities

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.

OpyPro Update – Strong performance with record growth

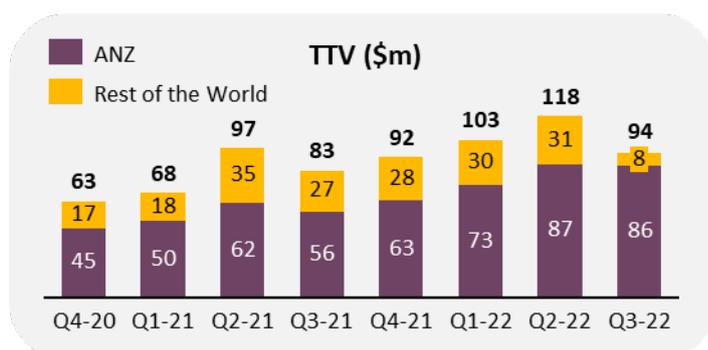
OpyPro, Openpay's B2B SaaS platform continued to grow strongly with Q3 FY22 TTV on the platform reaching \$10.4m, up 602% vs pcp.

Total active accounts grew 157% vs pcp with over 8,000 active accounts and more than 9,100 accounts now onboarded to platform. Revenue from transaction fees increased 585% vs pcp, driven by volume and accounts growth.

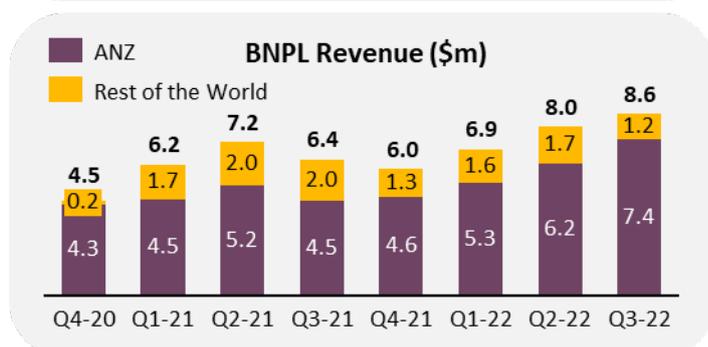
Volumes from existing OpyPro enterprise clients live on the platform in Australia continues to grow as funding from partner Lumi delivers a positive impact to utilisation, where funding is required. Delivering on OpyPro's promise to be a SaaS platform business that is capital light and very low risk.

New contracts have been signed with Home Improvements company Sunstar Flooring with the pipeline for new enterprise customers continuing to grow and mature.

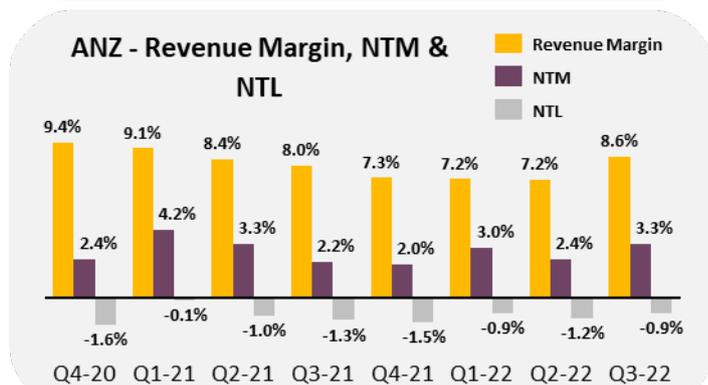
Financial Performance



ANZ TTV continues to grow at a strong pace, reaching \$86m at the end of Q3 FY22 (up 54% vs pcp). In March alone, daily ANZ TTV averaged \$1m, up 50% vs pcp. Q3 FY22 Group TTV continued to grow to reach \$94m, despite the Group's decision to significantly reduce its UK operations.



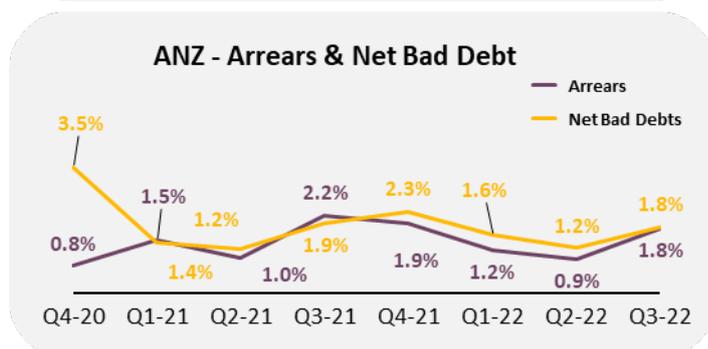
ANZ BNPL revenue grew 65% to reach \$7.4m in Q3 FY22. Group BNPL Revenue increased 33% to \$8.6m, impacted by the reduction in revenue from its moderated UK operations which will continue to decline as the UK operations run off.



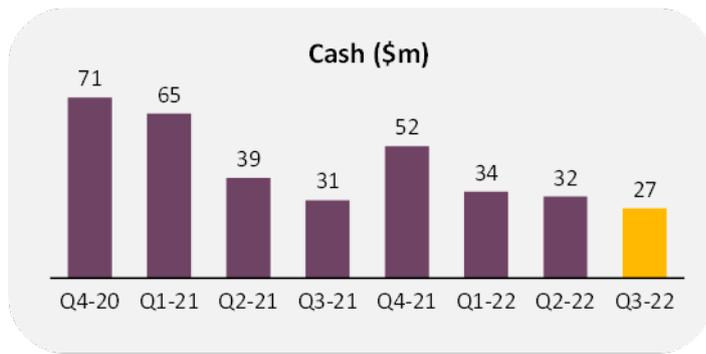
Openpay continues to deliver market-leading margins, with ANZ's revenue margin of 8.6% in Q3 FY22, while Group's revenue margin was 9.1% for the quarter

NTM for ANZ was 3.3%, while Group NTM was 2.3% in the quarter.

NTL for ANZ was -0.9%, while Group NTL was also -0.9% in Q3 FY22.



Portfolio performance improved vs pcp. ANZ Q3 FY22 stand-alone Arrears are only 1.8% (vs 2.2% in Q3 FY21) and Net Bad Debts only 1.8% (vs 1.9% in Q3 FY21). Group Arrears levels have dropped to 2.4% (vs 4.2% in Q3 FY21) and Net Bad Debts decreased to 2.7% (vs 3.3% in Q3 FY21). Openpay continues to actively manage the portfolio to ensure asset quality and earnings are sustainable and strong.



Q3 FY22 cash balance is \$27m. Openpay also has \$11m (\$6m committed) of undrawn working capital facilities. The Group continues to actively manage its funding requirements.

Authorised by:
The Board of Directors
Openpay Group Ltd

For further information, please contact:

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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.

Appendix 4C

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

Name of entity

Openpay Group Ltd

ABN

97 637 148 200

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	108,685	329,256
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,513)	(7,172)
(c) advertising and marketing	(1,839)	(5,555)
(d) leased assets	(106)	238
(e) staff costs	(12,232)	(37,497)
(f) administration and corporate costs	(2,022)	(12,521)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	26
1.5 Interest and other costs of finance paid	(6,009)	(13,502)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (payments to merchants)	(90,729)	(320,100)
1.9 Net cash from / (used in) operating activities	(6,764)	(66,827)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(171)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	46	-
(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)	-	-
2.6 Net cash from / (used in) investing activities	46	(171)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	2,741	44,191
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)	(159)	(869)
3.10 Net cash from / (used in) financing activities	2,582	43,322

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	32,124	52,078
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(6,764)	(66,827)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	46	(171)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,582	43,322
4.5	Effect of movement in exchange rates on cash held	(499)	(914)
4.6	Cash and cash equivalents at end of period	27,489	27,489

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	24,425	27,927
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Cash Suspense)	3,074	4,197
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	27,489	32,124

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(265)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	572,927	95,335
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	572,927	95,335
7.5 Unused financing facilities available at quarter end		477,592
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 in Australia consist of working capital facilities with A H Meydan Pty Ltd and Riviera Capital Pty Ltd, and a commercial bill with GCI Commercial Finance Fund. Borrowings carry a fixed interest rate (working capital facilities), an interest rate based on the Bank Bill Swap Rate (GCI) plus a margin. The working capital facilities offer an available borrowing base of \$40 million, \$5 million of which is uncommitted. There was \$29 million outstanding on the working capital facilities as of 31 March 2022. The commercial bill offers an available borrowing base of \$65 million of which \$55 million is committed and \$10 million is uncommitted. Of the \$55 million committed, \$47 million is drawn as of 31 March 2022.</p> <p>The Loan Facility in the UK consists of a funding agreement with Global Growth Capital (GGC) of £60 million of which £25 million is committed and £35 million is uncommitted. Borrowings carry a fixed interest rate. Of the £25 million committed, £9 million is drawn as of 31 March 2022.</p> <p>The Loan Facility in the US consists of a warehouse funding agreement with Goldman Sachs and Atalaya of US\$271.4 million of which US\$135.7 million is committed and US\$135.7 million is uncommitted. Borrowings carry a floating interest rate based on Libor plus a margin. As at 31 March 2022 no funds have been drawn under this facility.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(6,764)
8.2 Cash and cash equivalents at quarter end (item 4.6)	27,489
8.3 Unused finance facilities available at quarter end (item 7.5)	477,592
8.4 Total available funding (item 8.2 + item 8.3)	505,081
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	74.7
<i>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.</i>	

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 April 2022

Authorised by: Board of Directors
(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 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.