

ASX Announcement

17 May 2022

Openpay – April Update

- ✓ **Strong ANZ performance in April confirms pathway to core profitability expected by June 2023**
- ✓ **On-going work with Investment Bank KBW in the US to scale opportunity**
- ✓ **Looking for opportunities to monetise platform across other jurisdictions**

MELBOURNE Australia, 17 May 2022: Openpay Group Ltd (ASX: OPY) (**Openpay** or **Company**) is pleased to update the market on its April performance in Australia.

ANZ April 2022 Trading Update

Openpay ANZ continued to perform strongly in April and remains focused on its target to deliver core profitability by June 2023. Key highlights for April include:

- **4,042k** Active Merchants, an increase of 14% vs pcp (April 2021)
- **314k** Active Customers, up 22% vs pcp, delivering **1.7m** Active Plans (52% higher than pcp)
- Strong TTV of **\$30 million**, an increase of 44% vs pcp
- Revenue of **\$2.5m**, up 69% vs pcp
- Robust growth continued to deliver market-leading margins:
 - Revenue Margin of **8.3%** (vs 7.1% in pcp)
 - Net Transaction Margin of **2.9%** (vs 1.4% in pcp)
 - Net Transaction Loss of **-0.9%** (vs -1.6% in pcp)
- Well managed book quality resulted in:
 - Arrears at **1.7%** (vs 1.9% in pcp)
 - Net Bad Debts at **2.1%** (vs 2.4% in pcp)

Openpay's B2B trade finance SaaS platform, OpyPro, continues to grow and delivered the following highlights in the month:

- **8.8k** trade accounts (up 131% vs pcp)
- Monthly TTV of **\$4.2m**, an increase of 533% vs pcp

US Update

As updated to the market in previous announcements, Openpay has appointed US-based investment bank Keefe, Bruyette & Woods (KBW) to work with the Company on capital strategies to support the US growth. This process may result in direct investment in OPY USA, including through Openpay subsidiaries. This is a critical milestone for the full commercial launch of OPY in the US, alongside our key distribution partners with which OPY has tested and is now live with customers and merchants.

- Partner-required testing has now taken place across 21 states, three verticals, and 100+ merchant locations, with zero delinquencies and zero charge-offs.
- Over 5,000 customers have downloaded the Opy App in the US.
- The largest transaction exceeded US\$5,000, validating our larger ticket proposition, with average plan value exceeding US\$1,000 and average tenor of approximately 11 months.
- OPY has now tested across Dental, Veterinarian, and Automotive with active plans across all three verticals.

Material TTV is planned to begin in 2H CY22, upon completion of the KBW process (should that occur), with large distribution partners (pursuant to prior announcements) such as American Express, FIS Worldpay, ezyVet, PatientNow, and more. This includes access to 1M+ merchants, and their customer bases, enabled by partners' sales teams trained to distribute OPY. For most partners, the Company expects to be their only point-of-need solutions provider focused on larger ticket items in our target verticals.

There is currently no certainty that an investment in OPY USA from the KBW process will eventuate. Openpay and its US advisor remain in discussions with numerous parties; however, at this stage, they are not sufficiently determinative to require further disclosure. Should these discussions progress, Openpay will inform the market of any material developments.

Platform monetisation

Openpay UK operations have been significantly reduced with the book now close to run off. The majority of the capital has now been repatriated to Australia. The Group continues to seek opportunities to monetise its UK platform through partnerships / licensing arrangements.

In addition, Openpay will focus on monetising its platform (rather than originating) in other jurisdictions where local partners seek BNPL capabilities and technologies.

Change in Chief Financial Officer

Openpay's Group Chief Financial Officer (CFO), Mr Jussi Nunes has resigned from the role and will leave the Company at the end of May. Mr Nunes will be replaced as CFO by an internal candidate Mr Oliver Josem, who is second-in-command to the CFO. Mr Josem will be Openpay's CFO, and also CFO for the Openpay ANZ region. This planned change is consistent with the Company's localised strategy, dedicating a CFO to each market in which it operates.

Commenting on Mr Nunes's departure, Interim Group CEO, Ed Bunting said, *"Jussi has been an integral part of Openpay's leadership team since he joined in 2020. On behalf of the Board and the whole Company, I want to thank Jussi for his exceptional contribution over the years. Jussi has been instrumental in delivering Openpay's growth strategy and setting up a clear disciplined pathway to sustainable profitability. We wish him all the very best as he pursues a career outside Openpay."*

Dion Appel, ANZ CEO was pleased to announce Oliver Josem as Openpay ANZ CFO given his strong financial and operational knowledge of Openpay. *"Oliver has been with Openpay since 2016 and has played a key role in our finance team through our earlier years, IPO, and subsequent capital raisings. Oliver's appointment to the CFO role reinforces the strength of our internal talent and I look forward to continuing to work closely with him as we focus on delivering profitability."*

Oliver is a Chartered Accountant, holding a Bachelor of Commerce, Master of Professional Accounting, and Master of Business Administration.

Authorised by:

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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.