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# H1 FY22 Highlights

Openpay Group undertook a strategic review that re-validated our US focus, accelerated ANZ profitability, and reduced UK operations – releasing capital for increased focus on Australia and US growth

### Australia-New Zealand

- ✓ Focused on executing targeted local strategy, targeting profitability within 12-18 months
- ✓ Delivered strong growth across indicators with record breaking TTV & market-leading margins
- ✓ Deployed enhanced technology to reduce losses and improve customer experience
- ✓ Secured merchant agreements in key verticals, incl. Education, Automotive, Healthcare, Retail
- ✓ Signed new enterprise customers for OpyPro HP, Kogan.com plus strong pipeline
- ✓ Strong unit economics with a long-term objective of 9.0%+ revenue margin and 2.5%+ NTM, expected in the near to medium term
- ✓ H1 FY22 ANZ Net Transaction Loss (NTL) 1.1%

### **United States**

- ✓ Engaged capital markets advisors on US capital strategy to support ramp-up and growth
- ✓ Secured US partnership with American Express to distribute OpyPay to merchants
- ✓ Obtained US\$271.4 million receivables facility with Goldman Sachs and Atalaya
- ✓ Partnered with Cross River Bank to accelerate access to US market uniformly across states
- Secured agreements with aggregators and channel partners to drive growth and scale in the US, focusing on high value verticals
- ✓ Leveraged proprietary Openpay platform, tailored to the US market
- ✓ Material TTV & revenue to commence mid-CY22



# BNPL is Growing Up

the sector is evolving from smaller, impulse purchases to larger, essential expenses









Home

# Openpay is designed for underserved verticals, it is ideally positioned to close the gap between pay-in-4 and traditional credit

	ဝ၉လို့	
Pay-in-4 Providers		Traditional Credit / POS Financing
Reliant on merchant fees	Balanced blend of merchant and consumer fees	Consumer fees only
< \$200	\$500 - \$5k \$2k - \$20k	\$20k - \$50k
2 -4 months	3, 6, 12, 24 months	Up to 60 months
No consumer revenue	Low cost to consumers	High cost to consumers
Fast Fashion, Retail, Jewelry	Automotive, Home Improvement, Large Ticket Retail Healthcare, Education	Auto Financing, Personal Loans

**Ticket size** 

**Tenure** 

Consumer fee revenue

**Target verticals** 

# Openpay's Proprietary Technology

flexible and fully customisable with the ability to be licensed across multiple iurisdictions

# Openpay offers a cloud-native platform already at scale, configurable to address new opportunities

Mobile App

eCommerce

Retailer Portal

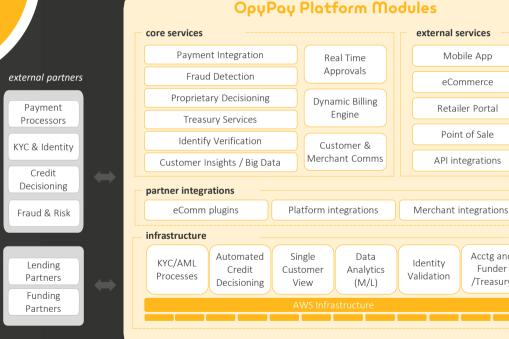
Point of Sale

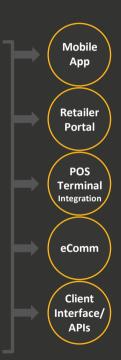
API integrations

Acctg and

Funder

/Treasury







# UK Strategic Review

# Openpay has decided to materially reduce its origination and physical presence in the UK market

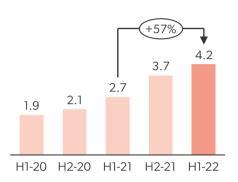
- Openpay will maintain a small operation in the UK to assist in implementing the strategic changes for a short period of time, following which Openpay's UK operations will be managed out of the ANZ business
- Openpay will shift to strategic partnerships, including partnering with Payment Assist
- The Group is currently also exploring other opportunities to generate additional revenues from the UK platform given the strong interest in BNPL in the UK and the strength of our technology platform
- The changes associated with Openpay's UK operations will result in the release of capital and in material cost savings, both of which will be available for reinvestment in the Australian and US businesses

# Record ANZ Performance

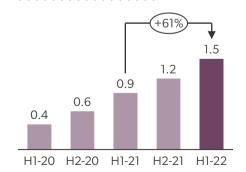
Strong growth across all leading indicators

- Record TTV \$160 million with strong growth across all key verticals and market leading unit economics
- 57% growth in active merchants, signing major platforms and aggregator partners
- 23% growth in active customers and 61% growth in active plans – demonstrating increase customer engagement and repeat usage

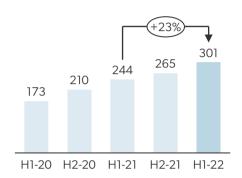
# Active Merchants ('000s)



# Active Plans ('m)



### Active Customers ('000s)

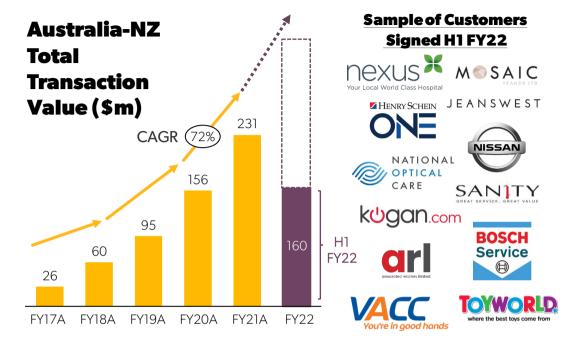


# Total Transaction Value (\$m)



# Openpay is Accelerating Profitability in Australia-NZ

ANZ has a focused strategy to deliver results



# Merchant Acquisition

Scale through aggregator partnership and automation

# Customer Acquisition

Brand awareness, marketing and partnerships

### Plan Utilisation

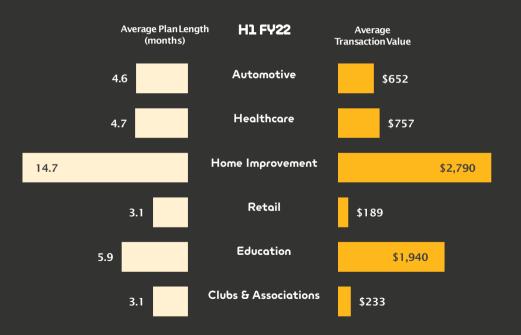
Best in class customer experience, systems, tech

### Platform Monetisation

Grow TTV, improve margins and further reduce and optimise NTL and opex

# **Buy Now Pay Smarter**

Openpay's target market is financially responsible consumers in nondiscretionary verticals – requiring longer tenures and higher transaction values – underserved by pay-in-4 BNPLs







# OργPro: B2B Hidden Gem

B2B trade finance (SaaS), with no balance sheet risk to Openpay

- Digital credit management solution, enabling business buyers to rapidly onboard and efficiently manage trade credit
- A highly value-accretive contributor to Openpay's pathway to profitability with an AU target market of \$233 billion

OpyPro Customers



**OpyPro Partners** 



\$13m+

In H1 FY22 TTV

40x growth

In trade accounts vs PCP

70k

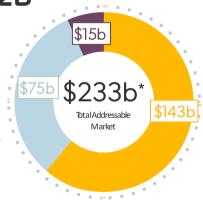
Transactions in H1 FY22

\$192 avg. txn.

p/trade account in H1 FY22

# Australian B2B Addressable Market

- SelfFunded enterprise merchants—OpyPro
- Externally Financed enterprise merchants OpyPro + Credit
- No CurrentB2B Solution OpyPro / OpyPro + Credit



<sup>\*</sup> Percentage on Trade Credit terms - Artemis Report (2019)

# Notable US Traction

H2 FY22 focus on key partner launches and TTV ramp-up, along with updated US capital strategy OpyPay Live in the US, now enabled in 43 states (incl. D.C.), with all 50 states expected to be covered in 2022

New Partnership with American Express, to offer OpyPay to its US merchants in Healthcare and Automotive verticals Focused on nine key launch partners; fine-tuning solution and driving merchant awareness

Partnered with
Keefe, Bruyette &
Woods (KBW) on the
US capital strategy to
support US growth



Origination partnership with Cross River Bank allows Opy the ability to immediately offer OpyPay solutions across the US





Secured \$271m ABL facility at attractive terms to fund receivable growth







Proprietary credit model developed with Experian enables Opy to extend low-cost loans to a greater number of consumers while maintaining risk-adjusted yields





Partnered with blue chip vertical-specific aggregators that will distribute Opy to priority verticals







Driving volume through cross-vertical aggregators with merchant footprint in scale



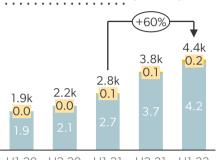


TTV ramp-up expected to commence from mid-CY22

# Strong Growth Across Key Metrics



### Active Merchants ('000s)

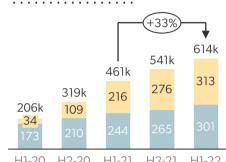


# Larger, Longer Plans\*

\* % of TTV, 3 months+



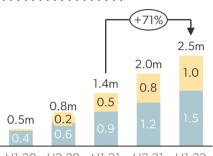
Active Customers ('000s)



# Total Transaction Value (\$m)



Active Plans ('m)

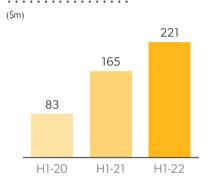


### Revenue (\$m)

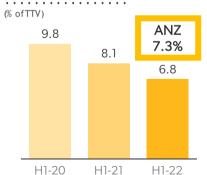


# Group Highlights from H1 FY22

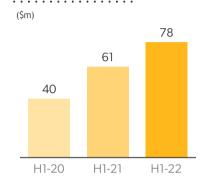




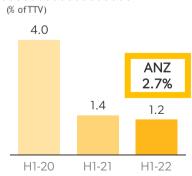
# BNPS Revenue Margin



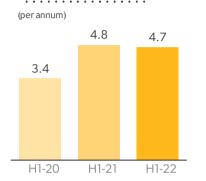
### **Net Receivables**



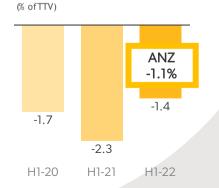
# Net Transaction Margin



# Average Receivables Turns



# Net Transaction Loss



# H1 FY22 - Group Performance

Record TTV growth with notable outperformance by ANZ, despite short-term UK margin compression

Key Financial Metrics	31 Dec 21 \$m	31 Dec 20 \$m	Change %
Total Transaction Value	221	165	34%
Net Receivables	78	61	28%
Buy Now. Pay Smarter. (BNPS) Income	15	13	15%
Gross BNPS Revenue Margin as a % of TTV	6.8%	8.1%	(130) bps
Australia Gross Revenue Margin as % of TTV	7.3%	8.7%	(140) bps
NTM¹ as % of TTV	1.2%	1.4%	(20) bps
Australia NTM¹ as% of TTV	2.7%	3.7%	(100) bps
NTL <sup>2</sup> as % of TTV	-1.4%	-2.3%	90 bps
Australia NTL² as % of TTV	-1.1%	-0.6%	(50) bps

\$32.1m

\$41m

£46m

US\$271m

Cash at bank

Undrawn debt AU Undrawn debt UK

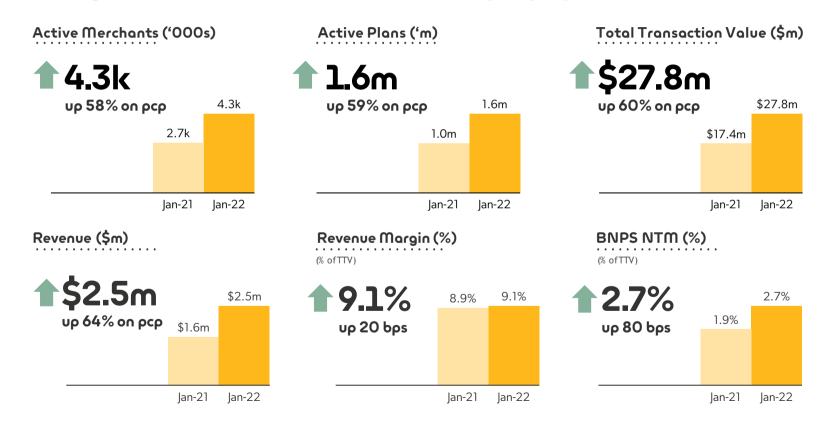
Undrawn debt US

- Openpay's BNPS business continued strong growth across all key growth performance metrics in H1 FY22; Total Transaction Value (TTV), Net Receivables and BNPS income grew in line with Openpay's domestic and international expansion (slower in UK due to strategy review)
- Revenue from OpyPro continues to grow encouragingly, with potential to diversify the Group economic profile
- Market-leading BNPS Gross Revenue Margin of 6.8%, and a Net Transaction Margin (NTM) of 1.2% reduced compared to the previous half-year, reflecting the Company's changing product mix and UK loss performance (under review)
- Net Transaction Loss (NTL) rate improved significantly to 1.4% of TTV, within expected levels
- As at the end H1 FY22 Openpay had \$32.1m cash at bank

<sup>1.</sup> Net Transaction Margin (NTM) is measured as BNPS Income, less Net Transaction Loss and cost of providing services (including financing costs).

 $<sup>2.\</sup> Net \ Transaction \ Loss \ (NTL) \ is \ measured \ as \ the \ total \ of \ receivables \ impairment \ and \ customer \ charge \ back \ expenses \ net \ of \ late \ fees \ received.$ 

# Australia's leading indicators deliver the strongest unit economics on record for Openpay





# Openpay Group's strategic focus

- Accelerate ANZ pathway to profitability through targeted local strategy and market-leading margins
- Prioritize unparalleled US market opportunity, leveraging strong commercial partnerships already successfully in place

- Materially reduce operations in the UK and partner with Payment Assist
- Continue to enhance core technology to manage credit losses and improve customer experience

Company expects that changes associated with strategy review to release capital and deliver material cost savings

