

ASX Announcement

13 August 2020

Openpay appoints new CFO, reports record TTV and strong growth across leading indicators for July 2020

Key highlights

- **Openpay appoints Jussi Nunes as Chief Financial Officer effective 7 September 2020, replacing outgoing CFO, Andrew Burns**
- **Record growth in July 2020 across leading indicators:**
 - **Active Plans up 235% - new record - relative to pcp¹;**
 - **Active Customers up 145% - new record - relative to pcp; and**
 - **Active Merchants up 48% relative to pcp.**
- **Total Transaction Value (TTV) in July 2020 was \$24.0m, up 114% vs pcp, making it the best month in Openpay's history; revenue was \$2.1m, vs \$1.2m in July 2019, an increase of 73%**
- **In July, Australian in-store business increased (73% of TTV), particularly in Automotive and Healthcare, whilst online continued to grow strongly (27% of TTV)**
- **Net Bad Debts in July as a percentage of TTV further decreased to 1.54%, down from 2.89% in Q4 FY20**
- **Notable merchant wins achieved across all industries, including the recently soft launched Membership and Education verticals**
- **In August, Openpay entered an exclusive partnership with leading sports, leisure and hospitality SaaS technology provider MSL Solutions Limited (ASX: MSL)**
- **Integration of *Openpay for Business* with Woolworths well progressed to deliver revenues in 1H FY21**

MELBOURNE Australia, 13 August 2020: 'Buy now. Pay smarter.' company, Openpay Group Ltd (ASX: OPY) (**Openpay** or the **Company**) is pleased to announce the appointment of Jussi Nunes as Chief Financial Officer, effective 7 September 2020. Mr Nunes will replace outgoing CFO, Mr Andrew Burns.

The Company is also pleased to provide an update on the first month of FY21 business performance (July 2020), with continued strong growth across all leading indicators and record Total Transaction Value (TTV).

Openpay appoints Jussi Nunes as Chief Financial Officer

Openpay's CEO, Michael Eidel, commented: "I'm excited to announce today that we have appointed Jussi Nunes for the role of CFO. Jussi brings with him a wealth of experience and expertise in Financial Services, including payments, lending, merchant acquisition, digital banking, treasury and M&A. His passion for creating customer and shareholder value through a true customer-centric, highly innovative business model fits strongly with Openpay's own ethos and our commitment to becoming a leading international tech platform for BNPL and B2B payment services. Jussi was my CFO at CBA's Cash flow & Transaction Services business and I am very pleased to welcome him into the Openpay business."

¹ Prior comparable period July 2019

Michael Eidel also thanked outgoing CFO Andrew Burns: *“It has been great to work with Andrew, and I’m thankful for his contribution to the business and team, particularly the substantial effort in taking Openpay through its December 2019 initial public offering and ASX listing; supporting the Company’s strong growth since then, and also helping to carefully navigate through the uncharted territory of economic lockdown since the onset of COVID-19.”*

Andrew Burns said, *“I am very proud of what the team at Openpay has achieved since listing in December last year and our response to the current economic climate. The business is well positioned and funded to continue on a strong growth trajectory. I believe Jussi will add significant value to the leadership team with his previous experience in transactional and cashflow banking and I look forward to watching the continued execution of the growth strategy.”*

Prior to joining Openpay, Jussi Nunes was the Group CFO at BNK Banking Corporation Ltd (ASX: BBC), where he was instrumental in delivering strong portfolio growth, combined with capital and treasury management, to increase the Group’s profitability. In his previous role, he was the GM of Business Product Finance at CBA, with responsibility for Cash-flow & Transaction Services and Business & Corporate Finance. Mr. Nunes is very familiar with young, emerging companies, the intricacies of being listed in the regulated financial services market, and liaising with shareholders and other external stakeholders. Before CBA, he held Senior Finance roles at ANZ, his last role being Global Head of Finance – Group Treasury & Balance Sheet Trading.

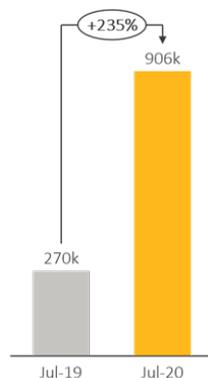
Jussi Nunes commented: *“I am thrilled to be joining Openpay at such a critical juncture in the execution of its high-growth strategy and look forward to tackling, and delivering on, the challenges ahead with a great leadership team and organisation. I also look forward to working with Michael again, and consider it a privilege to continue on with the excellent foundations set by Andrew.”*

Andrew Burns will remain with the Company until 4 September 2020, leading the team finalising the full-year results. He will join Michael Eidel for the Company’s FY20 full-year results investor call and during the subsequent investor roadshow. Jussi Nunes will commence his role as CFO with effect from 7 September 2020.

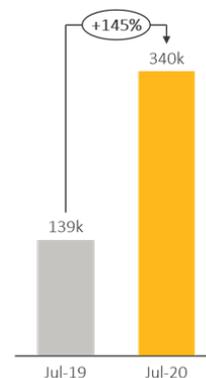
Continued strong growth – with July setting new records for Active Plans, Active Customers and TTV

As at end July 2020, more than 906k Active Plans had been recorded in Australia and the UK, up 235% vs pcp. Openpay finished the first month of FY21 (July 2020) with more than 340k Active Customers, achieving a growth rate of 145% vs pcp.

Number of Active Plans as at end July 2020



Number of Active Customers as at end July 2020



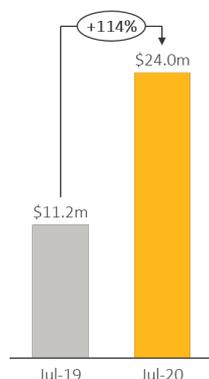
TTV grew by 114% vs pcp (\$11.2m in July 2019) to \$24.0m, making July 2020 the best month in Openpay's history and beating the previous record in May 2020, when performance was driven by Openpay's major promotional initiative, 'OpenMay' and the launch of UK retailer, JD Sports. Main growth drivers for July's result were the accelerated growth in e-commerce in Australia and the continued strong increase in UK trading volumes.

Whilst July has been another very strong month for e-commerce in Retail, trading volumes particularly in the online Automotive and Healthcare verticals (where businesses are mostly in-store) have increased. The Australian online channel contributed 27% of TTV (\$4.7m) in July, compared to in-store TTV at 73% (\$12.5m). In April, the first full month of lockdown, online had been 31% (\$4.1m), compared to 69% (\$9.0m) in-store. 100% of the Openpay UK business is online. Openpay continues to offer support to its Merchants through this shift to the online channel via its seamless offering and integration, particularly as Victoria entered stage 4 restrictions on 2 August.

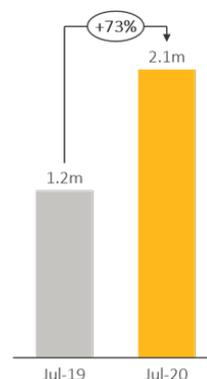
Revenue in July 2020 increased to \$2.1m (+64% vs \$1.2m in July 2019), reflective of the continued strong growth in customers, plan volumes and further propensity of use as customers make use of Openpay plans increasingly part of their routine.

Net Bad Debts in July as a percentage of TTV further decreased to 1.54%, down from 2.89% in Q4 FY20 and 4.7% in Q3 FY20. This outcome follows improvements the Company had made to its Automated Risk Management (ARM) system in March, which continue to show a material positive impact.

Total Transaction Value (\$m) as at 31 July 2020



Revenue in July 2020 vs July 2019



New merchant wins and exclusive partnership deal

Notable merchant wins in Australia in Retail (amongst others) have been baby and children product group Boori and TV shopping network, Shop TV.

A major Home Improvement win for July was with Carpet Call's online channel. In Healthcare, Openpay has signed merchant agreements with Ear & Hearing Australia, SleepWise and HomeGuardian's online business. In Automotive, important car dealerships like Sinclair Automotive (NSW; Ford, Isuzu Ute, Peugeot, Citroen); and Phoenix Group (WA; Holden, Chrysler, Jeep, Dodge) have been won.

In the new Memberships vertical, Openpay signed a revenue sharing Merchant Agreement in early August with leading sports, leisure and hospitality SaaS technology provider, MSL Solutions Limited (ASX: MSL). The agreement will see MSL integrate Openpay's BNPL offering with MSL's golf and membership products. This

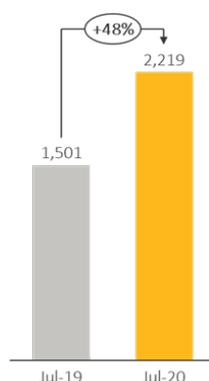
allows participating golf clubs to include Openpay's BNPL plans as a payment option for member subscription fees, whilst enhancing golf clubs' operating cashflows. The exclusive agreement provides Openpay with access to MSL's 400 golf clubs and up to 135,000 golfers, will run for an initial term of three years and involves a phased rollout of Openpay's BNPL offering to MSL's golf customers in Australia.

Further additions to Openpay's emerging Memberships vertical in July were SignOnDay; Melbourne City FC; Hampton Park United Football Club; and Busselton Golf Club. Merchant wins in Openpay's second recently soft launched Education vertical have been Monash University's Student Association; Training Course Experts; and Skillful Mind.

In the UK, new merchant agreements in July were signed with ShopTo and Ticketebo. Some recent wins including fashion retailer Aristocrat Clothing and Watch Nation went live.

The number of Active Merchants as at 31 July 2020 has increased to 2,219, up 47% vs pcp.

Number of Active Merchants as at 31 July 2020



Integration of *Openpay for Business* with Woolworths well progressed to deliver revenues in 1H FY21

The Woolworths and Openpay teams have made strong progress in integrating *Openpay for Business*, the B2B-focused SaaS-based product, which is expected to deliver revenues in 1H FY21.

The new *Openpay for Business* platform adds to the Company's diversification by opening up a large, new enterprise market. It is a capital light, low risk model which is based on long term contracts. It is globally applicable through its ability to digitise enterprise merchant relationships with debtors and wholesalers end to end.

FY20 results reporting details

Openpay will release its full year results and Annual report on **31 August 2020**; together with an update on its growth strategy for FY21.

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About Openpay - see more at openpay.com.au

Openpay Group Ltd (ASX: OPY) is a well-established player in the fast-growing global market for 'Buy now pay later' (BNPL) payment solutions. Openpay partners with merchants to provide BNPL repayment plans to customers in-store, in-app and online. Openpay's BNPL offering allows customers to purchase what they want and need while spreading repayments over time with no interest costs.

By providing flexible payment solutions to customers, Openpay's BNPL offering also facilitates increased transaction values and conversion rates for merchants at checkout.

Openpay provides services to Customers and Merchants in Australia, United Kingdom and New Zealand.