Level 9, 469 La Trobe Street
Melbourne, Victoria, Australia

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ASX Announcement
28 October 2020

Openpay's record growth trajectory continues in Q1 FY21, as Active Plans pass the 1 million mark and UK business growth accelerates

Key highlights

- **Record growth for Q1 FY21 across leading indicators:**
  - **Active Plans of 1,060k up 235% (new record) relative to pcp[1]; with major milestone achieved through passing the 1m plan mark;**
  - **Active Customers of 372k up 145% (new record) relative to pcp; and**
  - **Active Merchants of 2,279 up 35% relative to pcp, reflecting our continued focus on large enterprise merchants, contributing to above-average Active Plans and TTV growth**
- **Further repeat use demonstrated across Openpay's differentiated offering in key verticals, with:**
  - **78% of new plans generated from Repeat Customers; and**
  - **46% of Active Customers with more than one plan**
- **Openpay UK business momentum has sped up substantially:**
  - **UK Active Plans of 297k grew by 59% over prior quarter, with UK business contributing 28% of all Active Plans as at Q1 FY21; and**
  - **UK Active Customers of 149k contributed 82% of all new Active Customers growth for Q1 FY21**
- **Total Transaction Value (TTV) grew to $68m for FY21 to date, up 95% vs pcp**
- **Revenue of $6.2m recorded for Q1 FY21, up 68% relative to pcp, whilst maintaining consistently strong gross revenue yields and net transaction margins**
- **Significant merchant wins in Australia across verticals with major retailers Kogan, Dick Smith and Matt Blatt, as well as MSL Solutions and Stack Sports solidifying Openpay's hard launch into the Membership vertical**
- **In the UK, merchant partnerships were signed with global eCommerce technology group and brand owner The Hut Group (THG); Shopto and English Premier League clubs Fulham Football Club and Wolverhampton Wanderers F.C. (Wolves); and**
- ***Openpay for Business* went live with Woolworths in September, with a gradual roll-out over the next few months.**

MELBOURNE Australia, 28 October 2020: *'Buy now. Pay smarter.'* company, Openpay Group Ltd (ASX: OPY) (**Openpay** or the **Company**) is pleased to release its quarterly business update for the period ended 30 September 2020 (Q1 FY21). Openpay achieved its best quarter in history, with record growth across leading indicators of Active Plans, Active Customers and TTV, driven by strong customer demand and the emergent UK business.

Openpay CEO, Michael Eidel commented: *"Openpay made strong progress in the September quarter, delivering across all core strategic pillars. We celebrated a major milestone, passing 1 million Active Plans and transaction volumes grew at historic levels as B2C plan usage continued to increase. These achievements were recorded despite continued volatility at the macro level and the lockdown in Victoria, reinforcing the role for Openpay plans as a smart budgeting tool for consumers."*

[1] Prior comparable period September 2019

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"Highlighting the potential of our global expansion strategy, our UK business grew Active Plans by 59% through the period vs Q4 FY20. Whilst Australia continues to demonstrate strong growth, we are particularly thrilled by the success in our first international market, as we work on expanding our footprint more globally."

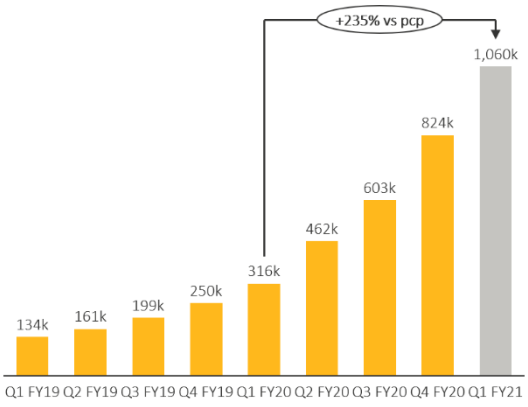
He added, *"With the go-live of Openpay for Business, we also delivered on a core aspect of our platform enrichment and commercialisation strategy. This unique product, recently successfully launched with Woolworths will bring new SaaS-based revenues onstream and set up Openpay for its next growth phase, enabling a robust competitive position in the multi-trillion-dollar B2B payments market."*

Continued strong growth in Active Customers, Active Plans and propensity of use

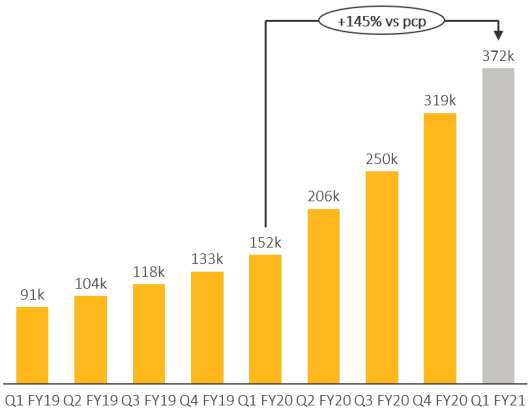
Openpay ended the quarter with 1,060k Active Plans, up 235% vs pcp, passing the one million plan mark. The UK business contributed significantly to this record, increasing to 297k Active Plans (187k as at 30 June 2020), all of which were generated through the online retail channel. Notable improvements were also demonstrated in Active Plans across the Healthcare vertical (+91%), Retail (+273%) and Automotive (+63%).

An Active Customer growth rate of 145% (vs pcp) was achieved at an aggregate level across all merchant verticals, and Openpay finished the quarter with 372k Active Customers.

Number of Active Plans

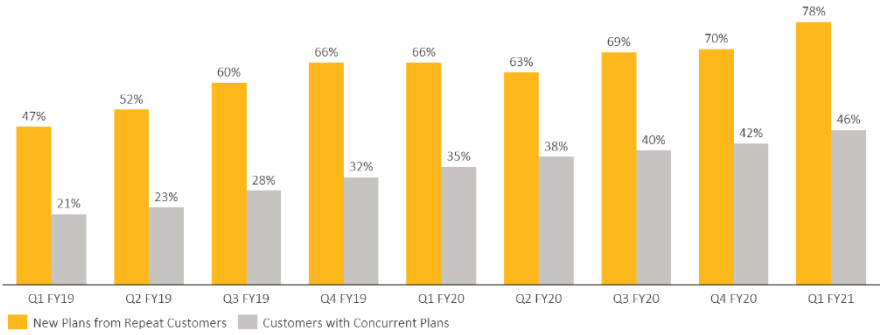


Number of Active Customers



Further increased repeat usage of Openpay plans was recorded with 78% of new plans generated by repeat customers and 46% of customers with multiple Active Plans, both contributing to this strong growth and further reinforcing the strength of our value proposition to customers.

Percentage of New Plans from Repeat Customers & Customers with concurrent plans

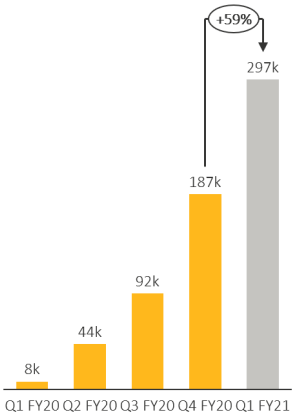


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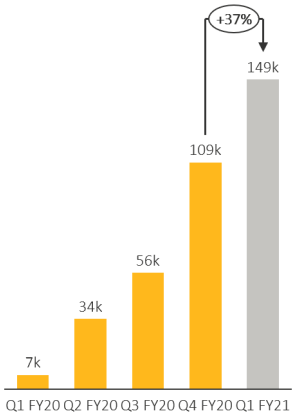
Strong UK business momentum continues

In the UK, Openpay experienced its strongest quarter of growth to date, with Active Plans increasing 59% (compared to 30 June 2020) to 297k, contributing 44% to Openpay's total Active Plans growth. UK Active Customers were up 37% to 149k (compared to 30 June 2020), contributing 82% of all growth in Active Customers for the quarter.

Growth in Active Plans - UK (000's)



Growth in Active Customers - UK (000's)



Significant merchant wins across existing and new verticals

Across Australia and the UK, Active Merchants as at end Q1 FY21 were 2,279 up 35% on pcp, including a number of significant merchant wins in both the Australian and UK markets, reinforcing Openpay's strategy of focusing on larger Active Merchant acquisitions, plus strategic integration partnerships to drive growth.

Retail merchant partnerships were signed and launched with major retailers Kogan.com Ltd (ASX: KGN), Dick Smith and Matt Blatt. JD Sports Australia also signed in the Retail vertical, complementing the existing agreement with JD Sports in the UK market and demonstrating Openpay's capability to acquire leading enterprise retailers across multiple regions.

In the UK, which exclusively trades in the online Retail vertical at this time, new launches included Watch Nation, Tessuti, Size, Shopto and Fulham Football Club, the latter via our partnership with Retail & Sports Systems. Post quarter end, a further English Premier League football club, Wolverhampton Wanderers F.C. launched with Openpay to enable merchandise purchases through its online store, as did Squizzas and luxury brand, The Rug Company.

The main merchant addition during the quarter related to the agreement with global eCommerce technology group and brand owner The Hut Group (THG), which will see Openpay offer its *Buy now. Pay smarter* plans across THG brands and through their THG Ingenuity proprietary end-to-end technology and operating platform later this year.

In the Australian healthcare space, a partnership went live with leading veterinary software provider, ezyVet to provide payments solutions for the veterinary care market. ezyVet is a well-established and innovative cloud-based practice management software used by vet practices globally, with considerable market penetration in the Asia-Pacific region.

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Other Australian Merchant wins have included, in Automotive: Dunlop Super Dealers, DC Motor Group, Norris Motor Group, Thomson Motor Group, Janrule Group, Goodyear Autocare and Australia's largest Mazda dealership group; Grand Prix Group.

In Healthcare: Class1 Orthodontics, L&F EyeCare, Blue Mountains Animal Health, Melbourne Dental Suite, Smile Bright White, Bendigo Pets Vet and Richard Lindsay & Associates. A referral partnership was signed with Respiri (eCommerce) that will see Respiri promoting Openpay to its network of pharmacies Australia wide, RSPCA TAS, Advanced Dental Services, Specialised Dental and Macquarie Veterinary Hospital.

In Home Improvement: House of Orange, and in Retail Surfstitch, Leading Edge, St Ali, Global Fitness and Leisure, Tender Disposals, Simply Beds, Massive Jones, Cap-z, Waves Never Die, Dapper Lane and Urban Attitude.

Stack Sports exclusive partnership signifies Openpay's hard launch into in the Memberships vertical

In August, Openpay signed a revenue sharing Merchant Agreement with 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 on an exclusive basis. This allows up to 400 golf clubs to include Openpay's BNPL plans as a payment option for member subscription fees, whilst enhancing golf clubs' operating cashflows.

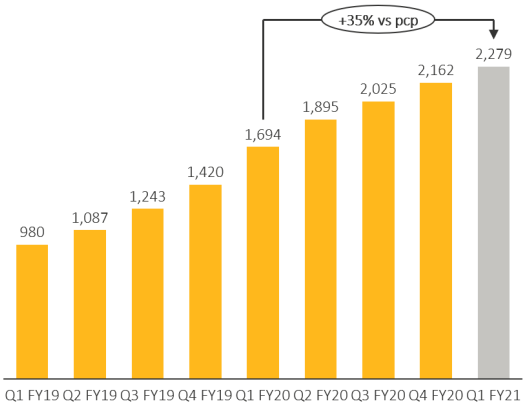
Openpay's growth strategy into sports membership has been further cemented with the signing of a fully integrated partnership with Stack Sports in Australia, New Zealand and the UK, solidifying our hard launch into this new vertical.

Under the banner of SportsTG, Stack Sports provide a platform upon which sport clubs, associations and leagues from a grass roots to professional level can manage tasks such as: competition and tournament management, events, club websites, membership database payments and communications. It currently offers these services to thousands of sporting clubs across multiple countries who represent major sporting organisations including AFL, Football Federation of Australia, NRL, New Zealand Rugby League and Basketball New Zealand.

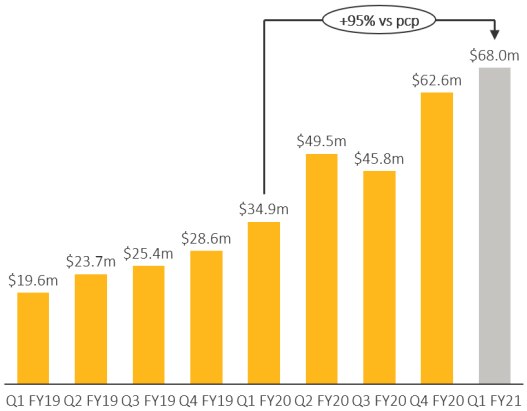
Openpay will be fully integrated into the Stack Sports platform to provide the players, members and parents of sport clubs with the opportunity to pay for their membership and registration fees in fortnightly instalments over 2 to 6 months, interest-free. The initial agreement is for 3 years with Openpay being the exclusive BNPL provider for an initial period of 12 months. Stack Sports will be nominating Openpay as the "preferred payment partner" on these eCommerce sites that will give Openpay access to national sporting organisations such including: 18 AFL Clubs, The Western Sydney Wanderers (A-League), Cronulla Sharks (NRL), Parramatta Eels (NRL), Sydney Roosters (NRL), Chelsea Football Club Foundation, and the London Irish Rugby Foundation.

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Number of Active Merchants



Total Transaction Value as at end Q1 FY21

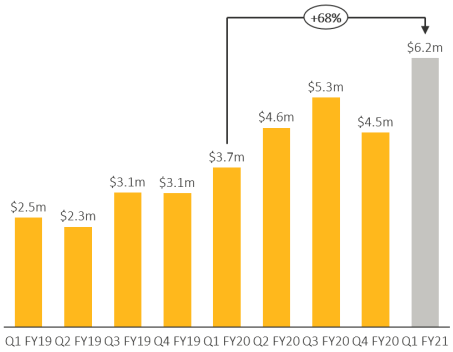


Continued strong financial performance

Total Transaction Value (TTV) grew by 95% vs pcp, with volumes increasing from $62.6m in the June quarter to $68.0m at the end of September. The lower QoQ growth of TTV was largely driven by the significant increase in lower value plans (3-4 months) in the retail sector in Australia and the UK as eCommerce continues to grow due to ongoing limitations due to lockdowns in Victoria and across various parts of the UK. The commercial impact of this mix shift has been positive, considering the strongly increased revenue numbers and therefore high gross revenue yield, and the reduced funding costs due to the improved capital efficiency.

Revenue for the first quarter in FY21 increased to $6.2m (up 68% vs $3.7m vs Q1 FY20), reflective of the continued strong growth in customers, plan volumes and the propensity of use.

Revenue as at end Q1 FY21



Gross revenue yield as a percentage of TTV was 9.1% for Q1 FY21, up from 7.2% in Q4 FY20 and down 150bps relative to pcp.

The rolling three month Net Bad Debt ratio as a percentage of TTV decreased to 1.6% relative to pcp (2.4%), due to a continued focus on managing the customer lifecycle.

Cash as at 30 September totalled $64.7m (30 June 2020: $70.1m), leaving Openpay in a robust funding position with $45m in undrawn Australian debt facilities and £18m in UK undrawn debt facilities, translating into a solid 16 quarters of funding runway.

Go live of *Openpay for Business*

During the quarter, Openpay went live with *Openpay for Business,* with the solution switched on with major Australian retailer, Woolworths Group Limited (ASX: WOW). Woolworths Group is exclusively offering Openpay's SaaS solution across its payments and digital platform, as part of its *Woolworths at Work* solution.

Woolworths has commenced transitioning existing trade accounts exclusively onto the *Openpay for Business* platform. These businesses are now successfully transacting online with stores to follow. Over the coming months,

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we expect the majority of existing trade accounts to migrate onto the *Openpay for Business* platform in preparation for Woolworths to sign new business customers.

With the platform live and operational, Openpay has recruited and is building a committed team of B2B specialists to expand the product in line with a maturing pipeline of new customers. These deals include expanding the MSL partnership into the UK and leveraging BNPL merchants in automotive, home improvement and healthcare, who have significant B2B trade account customers.

Continued investment in growth

Openpay has made significant progress in investing in its technical platform and products - the upgrade of the Company's eCommerce customer journey, which will have a significant positive impact on the customer experience and conversion at check-out, is close to completion and will be deployed in Q2 FY21 across Australia and the UK.

Openpay is also actively planning launch strategies for is verticals in the UK, which will come into effect upon successful receipt of an FCA credit authorisation, which is currently being pursued. Go to market in selected European countries is being investigated, as is product/market fit in further overseas markets.

Authorised by
Michael Eidel
CEO and Managing Director
Openpay Group Ltd

For further information, please contact:

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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.

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Annexure

In accordance with ASX Listing Rule 4.7C Openpay provides the following information:

The quarter ended 30 September 2020 is covered by the "Use of Funds Statement" as in the Openpay Prospectus dated 22 November 2019. As Openpay listed on the ASX as of 16 December 2019 with an existing cash balance the company has reflected the cashflows since 1 January 2020 to satisfy the ASX Listing Rule 4.7C except for the costs of the initial public offering transactions which has been captured from the date of listing.

A summary of the expenditure from 1 January 2020 to 30 September 2020 is outlined below:

Uses of Offer Proceeds	Per Prospectus AUD$M	Period ended 30 September 2020 AUD$M
UK staffing investment[1]	8.0	3.0
UK marketing and customer acquisition[2]	2.3	2.6
Development and engineering[3]	13.9	5.5
Funding Australian receivables growth[4]	6.4	0.0
Funding UK receivables growth[5]	10.0	0.5
Working capital and other[6]	3.6	0.7
Costs of the offer from 16 December 2019	5.8	5.1
Total uses	**50.0**	**17.4**

1. UK staffing investment includes the increase in headcount across all functions to support the future growth in this jurisdiction.
2. UK marketing and customer acquisition include costs incurred to build up the brand presence in the UK with digital advertising, sponsorship and other associated marketing costs.
3. Development and engineering costs include investments in integrations, development and enhancement of the Openpay platform and system integrations, implementation and upgrade of fraud checking tools, and maintenance of the platform.
4. Funding Australian receivables growth relates to the equity funded portion of the Australian receivables.
5. Funding UK receivables growth represents funding of the entire UK receivables book until June 2020 and the equity funded portion thereafter.
6. Working capital and other mainly relates to funding of the day to day operations of the Group.

Payments to Directors and related parties during Q1 FY21 totaled $427,000.

Appendix 4C

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

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Name of entity	
Openpay Group Limited	
ABN	**Quarter ended ("current quarter")**
97 637 148 200	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	74,811	74,811
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(2,214)	(2,214)
	(c) advertising and marketing	(1,280)	(1,280)
	(d) leased assets	(72)	(72)
	(e) staff costs	(6,582)	6,582)
	(f) administration and corporate costs	(966)	(966)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	75	75
1.5	Interest and other costs of finance paid	(1,524)	(1,524)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (payments to merchants)	(71,075)	(71,075)
1.9	**Net cash from / (used in) operating activities**	**(8,827)**	**(8,827)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(18)	(18)
	(d) investments	-	-
	(e) intellectual property	(145)	(145)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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**	**(163)**	**(163)**

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	229	229
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	3,610	3,610
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)	(318)	(318)
3.10	**Net cash from / (used in) financing activities**	**3,521**	**3,521**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	70,059	70,059
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,827)	(8,827)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(163)	(163)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,521	3,521
4.5	Effect of movement in exchange rates on cash held	159	159
4.6	**Cash and cash equivalents at end of period**	**64,749**	**64,749**

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	62,119	67,422
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Cash Suspense)	2,630	2,637
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**64,749**	**70,059**

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	(427)
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.

Section 6.1 includes remuneration to executive and non-executive directors of Openpay Group.

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	120,143	42,640
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	120,143	42,640

7.5	**Unused financing facilities available at quarter end**	77,503

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.

Loan facilities consist of a working capital facility with A H Meydan Pty Ltd, a commercial bill with GCI Consumer Credit Finance Trust 1 and a revolving credit facility with the Specialised Finance Warehouse Trust 1. Borrowings carry a fixed interest rate (working capital facility), an interest rate based on the Bank Bill Swap Rate (GCI) and RBA Cash Rate (Specialised Finance Warehouse Trust 1) plus a margin. The working capital facility offers a committed borrowing base of $10 million. The commercial bill offers an available borrowing base of $40 million of which $30 million is committed and $10 million is uncommitted. Of the $30 million committed, $30 million is drawn as of 30 September 2020. The revolving credit facility offers a committed borrowing base of $25 million, with an option to extend to $100 million. In June 2020, Openpay established a UK funding agreement with Global Growth Capital (GGC) of £25 million with an option to extend to £60 million, of which £10 million is immediately available and a further £15 million on satisfaction of conditions precedent. The GGC facility is for 2 years with a fixed interest rate. Of the £25 million committed, £7 million is drawn as of 30 September 2020. There were no borrowings outstanding on the working capital facility nor the revolving credit facility as of 30 September 2020.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(8,827)
8.2	Cash and cash equivalents at quarter end (item 4.6)	64,749
8.3	Unused finance facilities available at quarter end (item 7.5)	77,503
8.4	Total available funding (item 8.2 + item 8.3)	142,252

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	16

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.

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: N/A

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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: N/A

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: N/A

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 October 2020

Authorised by: By the Board
(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.

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