

ASX Announcement 17 November 2020

November trading update: Major partnerships secured with retailer Kogan and SaaS group BigCommerce; Click Frenzy drives record TTV

Key highlights

- Significant merchant win in Australia with major retailer Kogan.com Ltd (ASX: KGN), including its brands Dick Smith and Matt Blatt
- Major partnership secured with US listed eCommerce group BigCommerce delivers on strategy of building Openpay's portfolio of high-margin Merchant businesses at scale
- Continued strong customer demand and UK growth drives strong uplift in October leading indicators:
 - Active Plans up 233% vs pcg
 - Active Customers up 143% vs pcg
 - TTV up 101% vs pcg to \$25.8m
- November Australian online sales initiatives, including Click Frenzy, deliver record daily TTV, with an increase of 11% on the previous record ahead of the upcoming peak sales season of Black Friday, Cyber Monday and Christmas
- Australian Federal Government trade and investment agency, Austrade selects Openpay to help drive growth in UK market and global expansion plans as part of its High Growth Export Services program
- Openpay welcomes the release of ASIC Report 672: *Buy now pay later: An industry update* and continues its support of the introduction of the voluntary BNPL Code of Practice

MELBOURNE Australia, 17 November 2020: 'Buy now. Pay smarter.' company, Openpay Group Ltd (ASX: OPY) (**Openpay** or the **Company**) is pleased to provide a trading update for October and November to date and report that it has secured major partnerships with major Australian retailer Kogan.com Ltd (ASX: KGN) and NASDAQ-listed US SaaS eCommerce group, BigCommerce Holdings Inc. (NASDAQ: BIGC).

Openpay CEO, Michael Eidel commented: *"Openpay has continued its robust business performance over the past two months following our record performance in the September quarter. We're continually delivering on our strategy of building a high-growth Merchant portfolio based on strategic partnerships. These new agreements with one of Australia's leading online retailers Kogan and its brands and with NASDAQ-listed eCommerce player BigCommerce further demonstrate our targeted execution of this strategy. Meanwhile, the online retail sales initiative Click Frenzy led to our best ever daily Total Transaction Value in early November."*

"Alongside this continued growth in our core key markets of Australia and the UK, we're also pleased to have been included in the High Growth Export Services program by Federal Government trade and investment agency, Austrade. This initiative will greatly assist with our global vision and our aim of expanding into new markets to complement our current strong growth in our existing markets."

Significant merchant win with major retailer Kogan and channel partnership with SaaS eCommerce group BigCommerce

Openpay has secured a significant merchant win in Australia with major retailer Kogan, including its brands Dick Smith and Matt Blatt, adding to Openpay's robust portfolio of Merchant agreements with major Australian brands

recently signed and live including: Surfstitch Group (ASX: SRF), Intersport, Connor, Tarocash, YD., Rockwear, Hip Kids, Cult Cosmetics and Sportman's Warehouse. Significant merchant wins signed in Automotive were Smith Group and Crick's Maroochydore. In Home Improvement, major wins were BBQs Galore and Cheap as Chips. In Health, we won and activated our exclusive partnership with VBreathe and signed Merchant agreements with Habitat Pet Supplies and Petstock Vet.

Openpay has also secured a major channel partnership with US-based, NASDAQ-listed SaaS eCommerce group, BigCommerce Holdings Inc., with the deal carrying a revenue share component.

The agreement will see Openpay's 'Buy now. Pay smarter.' solution fully integrated into BigCommerce's eCommerce marketplace across both Australia and the UK and delivers on Openpay's strategy of entering into strategic partnerships for scale. It provides Openpay with significant merchant acquisition leverage and growth potential at low cost, by enabling immediate access to BigCommerce's more than 5,000 existing trading merchants across both markets.

The move adds to Openpay's robust portfolio of Merchant agreements with major brands recently signed and live including: ASX-listed online retail giant, Kogan.com (ASX: KGN), Surfstitch Group (ASX: SRF), Dick Smith and furniture and homewares group, Matt Blatt.

Strong growth in leading indicators in October; Click Frenzy delivers record daily TTV in November

In October, Openpay also continued to enjoy strong growth across its leading indicators of Active Plans, Active Customers and TTV in Australia, driven by strong customer demand and merchant acquisition.

As at end October, Openpay had 1,149k local Active Plans, up 233% vs pcp, while local Active Customers totalled 390k, up 143% on pcp. Active Merchants grew 34% on pcp to 2,346, while TTV increased 101% on pcp to \$25.8m.

Openpay achieved its strongest daily Total Transaction Value (TTV) in early November thanks to Australian online sales initiatives including Click Frenzy. These initiatives delivered the highest daily TTV recorded of \$915k, an 11% uplift on Openpay's previous daily TTV record, boding well for the upcoming peak sales season of Black Friday, Cyber Monday and Christmas. The TTV over the two days of Click Frenzy and the following trading day was \$2.6m.

Austrade selects Openpay to help scale into new and existing overseas markets

Openpay has been selected to be part of Austrade's High Growth Export Services program. The engagement will leverage Austrade's global network to grow share in existing markets and be instrumental in evaluating and accelerating entry into new markets overseas.

Under the program, Austrade will help with both Openpay's BNPL solution as well as its B2B offering, *Openpay for Business*.

Austrade will help Openpay's BNPL business with matters such as identifying and facilitating introductions with national retail specialist bodies, business and industry groups and identifying potentially suitable strategic partners. For B2B it will assist with matters such as identifying and facilitating introductions with potential partners.

ASIC Report 672: Buy now pay later: An industry update

Openpay joins other listed BNPL providers in welcoming the release by the Australian Securities and Investments Commission (ASIC) of Report 672: *Buy now pay later: An industry update (Report)*, in follow up to the initial Report 600: *Review of buy now pay later arrangements*, published in November 2018.

In line with its commitment to being a responsible and supportive sector member, Openpay voluntarily provided information to ASIC to inform the Report, as it has from the beginning of ASIC's review into the BNPL industry. Openpay welcomes ASIC's comments in relation to the forthcoming design and distribution obligations, as well as the Australian Finance Industry Association-led initiative to develop the Buy Now Pay Later Code of Practice (**Code**), the development of which Openpay has been involved in from an early stage. In particular, Openpay welcomes ASIC's support for developing the Code in a manner which sets obligations to accommodate Code members' different business models, which is supported by data and evidence from all Code members (which comprises all major BNPL providers in Australia).

Openpay also notes ASIC's concerns particularly with respect to missed payment fees. Openpay is continually evolving its product and customer experience to ensure its offering is transparent, fair and considerate of the needs and preferences of Australian consumers. In support of this, Openpay enables customers to change repayment dates without incurring a late payment fee, and in case of a delayed payment, caps late payment fees. External credit checks are applied consistently for customers who apply for a higher-value limit. Openpay also welcomes this aspect of the Code, which will require Code members to cap their missed or late payment fees.

Furthermore, Openpay acknowledges the findings of the consumer research commissioned by ASIC, particularly in relation to those aged between 18-29 years old being most at risk of missed payments and the findings in relation to BNPL customers who also have a credit card. In contrast to some of its peers, Openpay's customer base is weighted towards a comparatively older demographic (median age: 39) and 88% of customers currently use debit cards to make their payments with Openpay.

Openpay CEO, Michael Eidel commented, *"Openpay is highly sensitive to the need to provide products to consumers in a safe and responsible manner. This is why we make our product information about our fees, and the fact that we never charge interest, as transparent as possible and also why we have a proactive hardship policy if customers are experiencing any particular difficulty with their repayments. We are grateful for ASIC's ongoing review of the sector and welcome the implementation of the BNPL Code of Practice, which is expected to come into effect in early 2021."*

A copy of Report 672: *Buy now pay later: An industry update* is available on the ASIC website.

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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.