



**Payright H1
FY21 Results.
Investor
Presentation**

26 February 2021



Payright – specialist in larger BNPL transactions



- Payright specialises in providing merchants in Australia and New Zealand with in-store and online buy now pay later (BNPL) solutions for the benefit of their customers, with a focus towards higher-value and more considered purchase items.
- Specialist in transactions between \$1,000 and \$20,000 (average transaction value of approximately \$3,000).
- This represents a key point-of-difference in the rapidly growing BNPL sector.
- Payright's current portfolio mix spans six core industry sectors across retail, home improvement, health & beauty, photography, education and automotive.



- Payright has over 40,000 customers and has formed relationships with approximately 3,000 merchants across the above key verticals.
- There is a rapidly growing demand for Buy Now Pay Later on larger purchases with 55% of surveyed consumers wanting a BNPL option for purchases over \$1,000¹
- Funds raised from Payright's recent capital raisings, including \$A25 million through the company's initial public offering and pre-IPO convertible note raisings, will be used to further extend its reach and presence in both the Australian and New Zealand markets.
- To further accelerate the company's growth, Payright is well progressed in the development of a number of significant and soon-to-be-deployed tech related growth products and initiatives.

Retail



Home Improvement



Health & Beauty



Photography



Education



Automotive



Operational Highlights – H1 FY21

Debuted on the ASX on 23 December after successful IPO and pre-IPO capital raisings of A\$25 million

ASX: PYR

**84% GMV¹
growth**

for the December quarter, compared to the June quarter

to A\$20.6 million

28% increase vs. the September quarter

**38% Revenue
growth**

vs. the prior year period
up to A\$5.8 million

Revenue growth outpaces
increase in operating expenses

**GMV
increase of
521% in NZ**

to A\$1.7 million and total
customers² increase of 271%

741% customer increase from June-20

- Payright recently announced a funding program to accelerate loan book growth, including Series 7 Loan Notes for the Australian business with an aggregate face value of up to A\$20m, and New Zealand Series 1 Loan Notes with an aggregate face value of up to NZ\$3m.

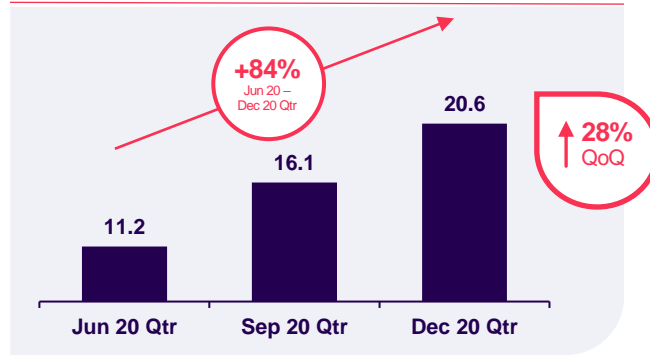
¹ Gross merchandise value (GMV) is measured as the sum of the total sales value of all new plans written in the period

² Total Customers is the total number of Customers with an active or closed plan as at the end-of-period date

Strong 1st half across key measures of performance

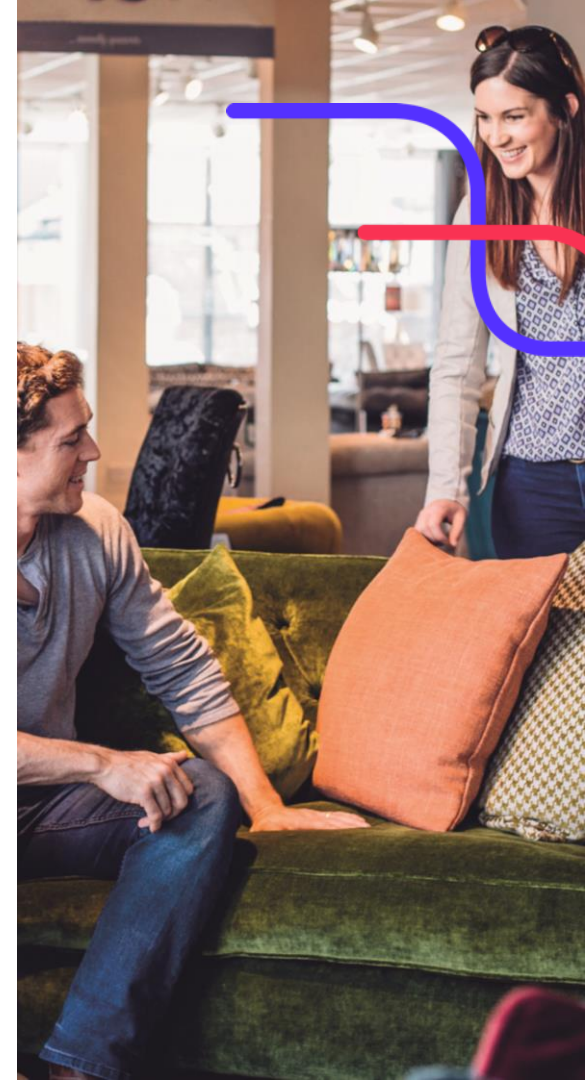
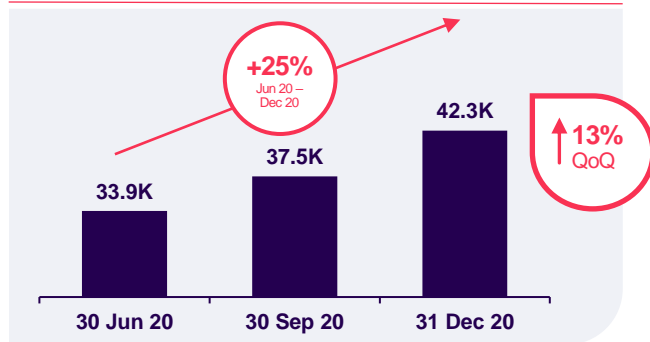
- Gross Merchandise Value (GMV) across Australia and New Zealand was up 28% in the December quarter versus the September quarter, to A\$20.6 million
- An increase of 84% from the June quarter.

GMV (\$MMs)



- Total customers are up 13% versus the September quarter to ~42,300 and 25% from the June quarter.
- Increase in customer numbers due largely to merchant growth as well as more targeted direct marketing and brand campaigns

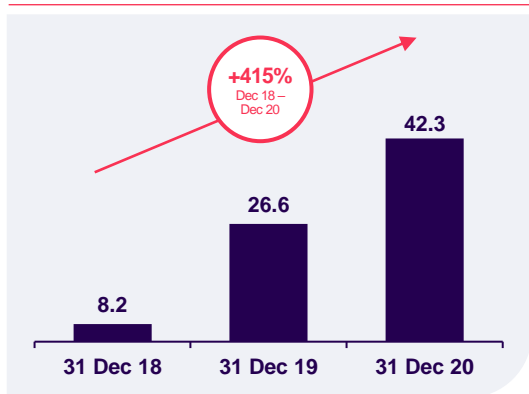
Total Customers (#)



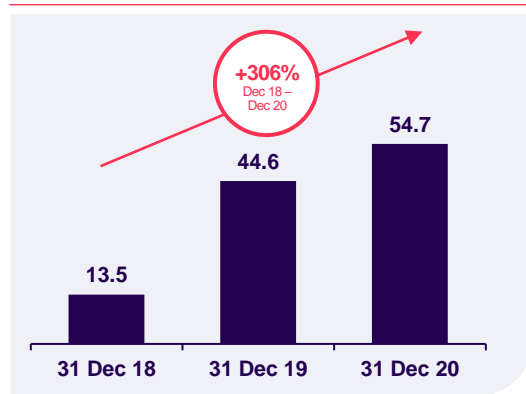
Key metrics - continued growth

- **Total customers** have grown to ~42,300 an increase of 59% from Dec-19 to Dec-20 and 415% from Dec-18.
- **Gross Receivables** up 23% to A\$54.7 million from Dec-19 to Dec-20 and 306% from Dec-18.
- **Active merchants** are up 22% to 1,755 from Dec-19 to Dec-20 and 93% from Dec-18.

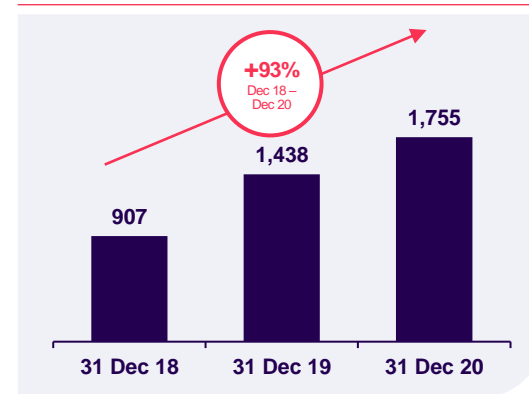
Total Customers ('000s)



Gross Receivables (\$MMs)



Active Merchants¹ (#)

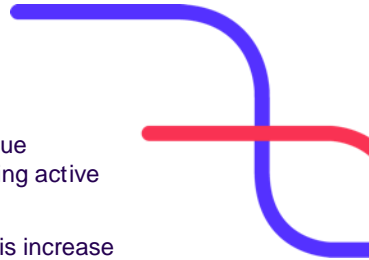


¹ Active Merchants is the number of Merchant stores that have either joined Payright's platform in the last 12 months and/or have transacted in the last 12 months

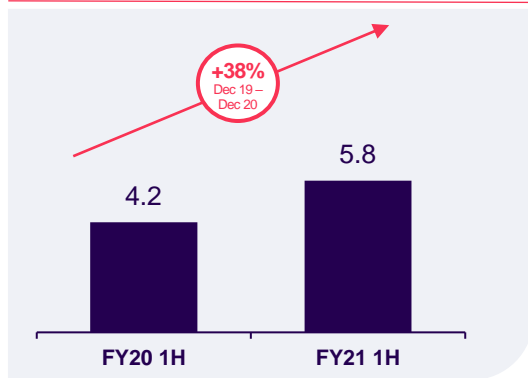
Half year financial results



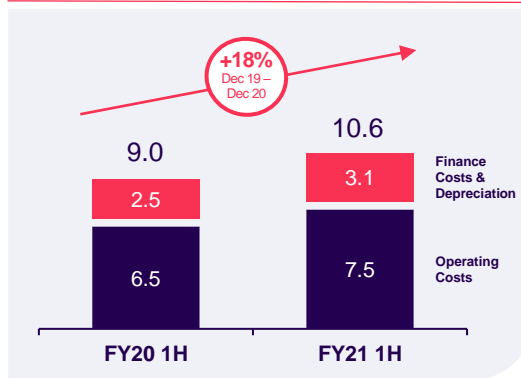
- Revenue for the six months ending 31st Dec-20 was up 38% to \$5.8m compared to the prior year period. With revenue recognised over the life of the loan, the increase was largely due to GMV growth in prior periods reflective of a growing active merchant and customer base.
- Operating expenses (including finance costs and depreciation expense) were up 18% from the Dec-19 half year. This increase is mainly driven by the Group’s preparation and execution of the IPO resulting in increased spend on consulting and professional fees as well as marketing activities, partially offset by a reduction in expected credit losses
- With revenue growth outpacing the increase in operating expenses, Net Loss remained stable versus the prior year period



Total Revenue¹ (\$MMs)



Operating Expenses² (\$MMs)



Net Loss (\$MMs)



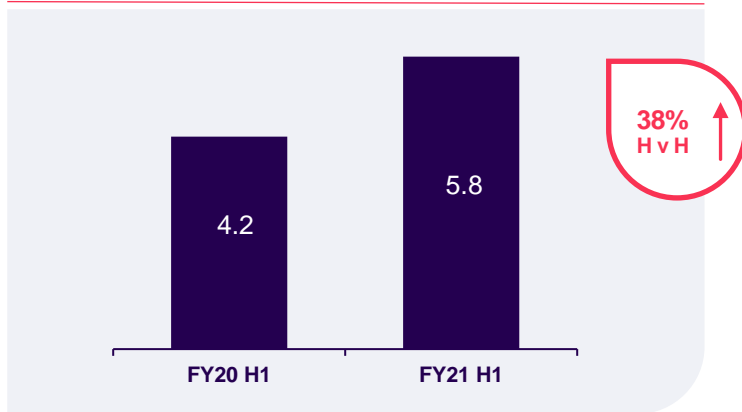
¹ Total Revenue includes 'other income' of \$0.6M (H121) and \$0.1M (H120) and consists mainly of government support income such as JobKeeper and other cash flow boost support income
² Operating Expenses exclude depreciation and finance costs which are illustrated separately as shown

Strong revenue growth continues

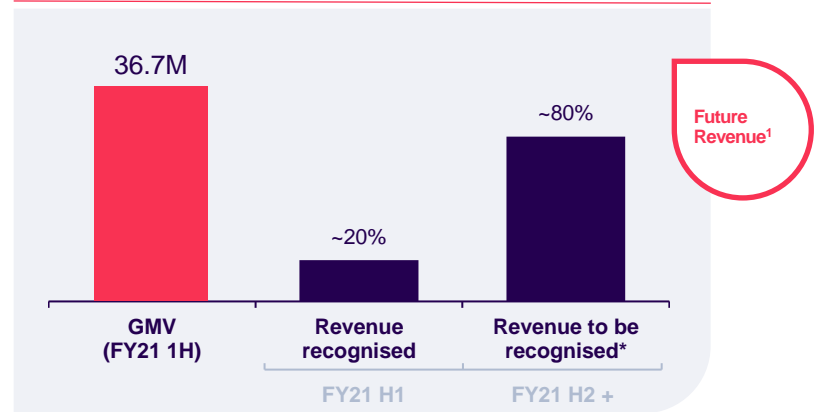
- Revenue increased to \$5.8 million for the first half of FY21
- This represents a 38% increase from the first half FY20 with growth seen across both customer and merchant fee income
- Driven by GMV growth which increased to A\$36.7 million for the first half of FY21

- Customer and merchant fee income is recognised over the life of each customer loan
- For customer loans written in FY21 H1, approximately 20% of the total expected revenue has been recognised in the current period. The remaining revenue from these loans is expected to be recognised in future periods¹

Total Revenue H1FY20 vs H1FY21



Revenue recognised over the life of the loan



¹ Revenue to be recognised assumes the ongoing performance of loans to their prescribed term. Actual performance may vary.

Key metrics - continued growth



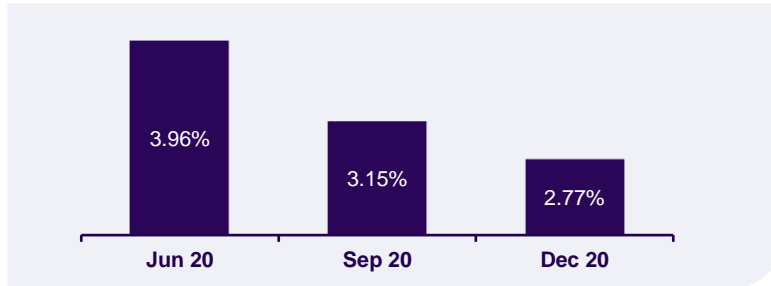
- Gross Merchandise Value (GMV) increased across all industry verticals for the December quarter, with many merchants returning to less restrictive COVID-related trading conditions
- The home improvement industry has since seen positive quarterly growth, with GMV increasing 59% QoQ from June to September, and 43% QoQ from September to December.
- Following a COVID impacted decline in GMV in the September quarter, the Education vertical has rebounded strongly – up 46% in the December quarter.
- Retail remains the largest vertical by GMV climbing to \$7.6m in the December quarter following a 66% increase in the September quarter.
- Photography saw a 194% QoQ increase in GMV from June to September, and a further 49% QoQ increase from September to December.
- Health & Beauty remains a key focus with the vertical expected to continue to grow as COVID restrictions continue to unwind (up 28% in the December quarter)

GMV (\$'000)					
Industry	Jun-20 Qtr	Sep-20 Qtr	Dec-20 Qtr	Sep-20 Qtr vs Jun-20 Qtr	Dec-20 Qtr vs Sep-20 Qtr
Retail	4.1	6.8	7.6	+66%	+12%
Education	3.9	3.0	4.4	(21%)	+46%
Photography	0.9	2.7	4.0	+194%	+49%
Home Improvement	1.0	1.6	2.2	+59%	+43%
Health and Beauty	1.1	1.4	1.7	+28%	+20%
Automotive	0.3	0.6	0.7	+123%	+15%
Total	11.2	16.1	20.6	+44%	+28%

Arrears trend downwards. Losses outperform industry average.

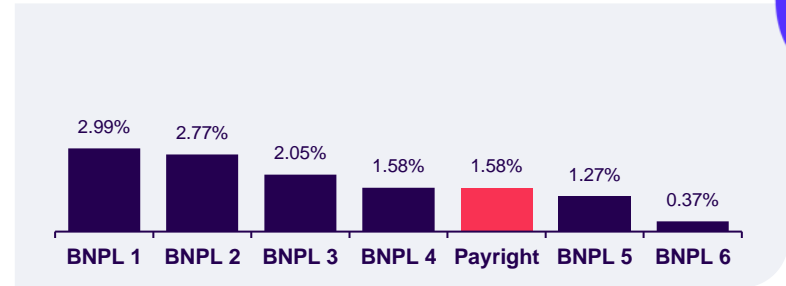
Arrears 30+ days over receivables reduced from 3.96% at June to 2.77% at December.

30-day Arrears (% of Loan Book Receivables)



- Arrears have continued to trend downwards from 3.96% at June to 2.77% at December.
- The improvement in arrears and focus on collections efforts has been balanced with managing COVID impacted customer hardship.
- The impact of government stimulus (Job Keeper & Job Seeker) and internal underwriting measures to protect the quality of the loan book, continue to have positive impacts on customers' ability to meet their credit obligations and minimum repayment obligations.
- With the scaling back of government stimulus measures over the coming months, Payright remains focused on its collections and hardship practices to ensure arrears are well managed

Receivables impairment expense / GMV¹



- Underlying losses relating to 'business as usual' credit defaults are below wider industry average, reflective of robust underwriting and decisioning rules.

COVID-19 Hardship Program

- In response to the COVID-19 market fallout, Payright implemented a Coronavirus-specific Hardship program giving customers that have been impacted by COVID-19 through job loss, illness or other financial hardship, the ability to apply for temporary relief in their repayments
- In most cases, the 'repayment holiday' period has concluded with the vast majority of these hardship customers having resumed their repayments as usual

*Arrears represent the total loan balance outstanding of Customers who are in arrears by at least 30 days, expressed as a percentage over total Customer loan balances outstanding net of Contingency Fund balances available to recover amounts from merchants.

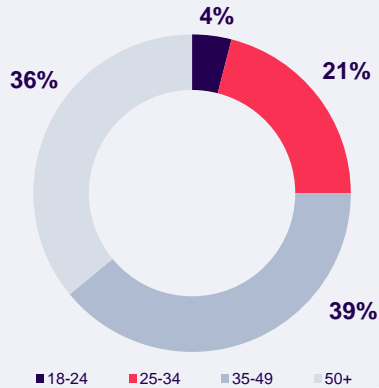
1. Company filings, latest available financial report

Lower Risk Customer Demographic

More considered purchase items and transaction sizes means lower risk customers

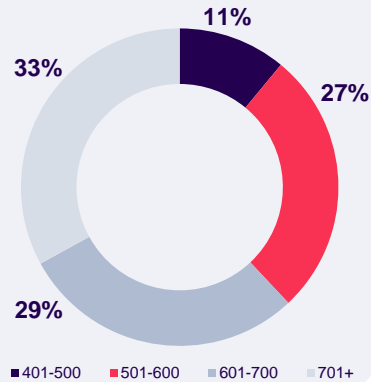
Age

- Stronger weighting towards Gen X and Gen Y
- 75% of loan volume attributed to Customers older than 35



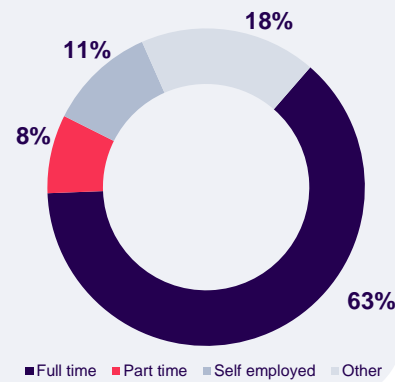
Credit Score

- Majority of loan volume attributed to Customers with strong credit scores representing very low default risk
- 89% of loan volume written is attributed to Customers with an Equifax Bureau credit score greater than 500.



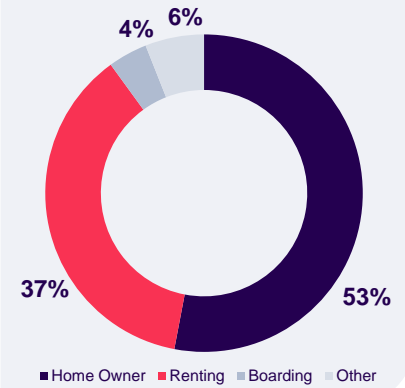
Employment Status

- 71% of loan volume attributed to Customers identified as having stable / permanent employment



Residential Status

- Customers identified as homeowners represent the largest segment



* Customer demographics from volume July 2019 to December 2020 as provided by the customer on application.

1. A credit score is a number between 0 and 1200 that measures a customer's creditworthiness. The higher the Equifax score, the better the credit profile and the lower the credit risk. Payright believes that a score of 500 is an acceptable level of risk given the nature of the transactions and applicants.

Significant opportunities in rapidly growing sector

Payright Growing Target Market

- There is a growing need for a Buy Now Pay Later option on larger purchases.
- 55% want a buy now pay later option for purchases over \$1,000¹.
- 40% want a buy now pay later option for purchases between \$2,000 – \$5,000².

Strong demand for a BNPL payment option

- BNPL as a payment method in Australia has grown from 3% in 2018 to 8% in 2019. It is forecasted to reach 17% by 2023, growing 32% annually³.
- Total AU BNPL market was ~\$11.6bn in FY20, compared to total AU market of \$335bn (~3.5%)⁴. BNPL represented ~0.7% of in-store sales during FY19⁵.
- Awareness of Payright's BNPL categories is up on average 41% from December 2019⁶

Industry Sizes



\$113b

Retail ⁷



\$59b

Home Improvement ⁸



\$48b

Health & Wellbeing ⁹



\$1b

Photography ¹⁰



\$49b

Education ¹¹



\$17b

Automotive ¹²

% of customers that would use buy now pay later by category¹³

Homewares/Furniture,
White Goods, etc

75%

+30% YOY

Travel

72%

+40% YOY

General
Entertainment

70%

+48% YOY

Electronics

75%

+32% YOY

Automotive/
Automotive Services

71%

+43% YOY

Health & Beauty

67%

+50% YOY

Medical Dental

72%

+39% YOY

Home Improvements/
Trades

70%

+46% YOY

1. July 2020 Survey commissioned by the Company. 2. July 2020 Survey commissioned by the Company. 3. WorldPay FIS 2020 Global Payments Report. 4. Reserve bank of Australia, Payment System, Credit and Charge Cards – Seasonally Adjusted Series – C1 - Company analysis, using Afterpay, Zip, Humm, Openpay, Payright and Laybuy. There are other competitors in the market and therefore the transaction volume rates may be higher than as stated. 5. Venture A, 'Buy Now Pay Later', Venture Advisory [Web document] (2019), <https://www.ventureadvisory.com.au/post/buy-now-pay-later-biggest-australian-opportunity-since-sliced-bread-or-something-else>, accessed 24th September 2020. 6. December 2019 and July 2020 Survey commissioned by the Company. 7. ABS, 8501.0 - Retail Trade, Australia, June 2020 - Clothing, footwear and personal accessory retailing, Department Stores and Other retailing. 8. ABS, 8501.0 - Retail Trade, Australia, June 2020 - Household goods retailing. 9. IBIS World Australia Market Research Cosmetic and Toiletry Retailing in Australia G4271b ; IBIS World Australia Market Research Health Services in Australia Q8400 - excluding Public and Private hospitals. 10. IBIS World Australia Market Research Photographic Equipment Retailing in Australia G4221b 11. IBIS World Australia Market Research Education and Training in Australia - Excluding Pre-school, Private school and Government schools. 12. IBIS World Australia Market Research Motor Vehicle Parts Retailing in Australia G3921 and IBIS World Australia Market Research Motor Vehicle Engine and Parts Repair and Maintenance in Australia. 13. Industry sizes are an estimate of the broad category. Exact sub-sectors targeted by Payright may vary from the industry categories referenced in the sourced industry size data. 13. December 2019 and July 2020 Survey commissioned by the Company.

BNPL on larger purchases accelerating rapidly

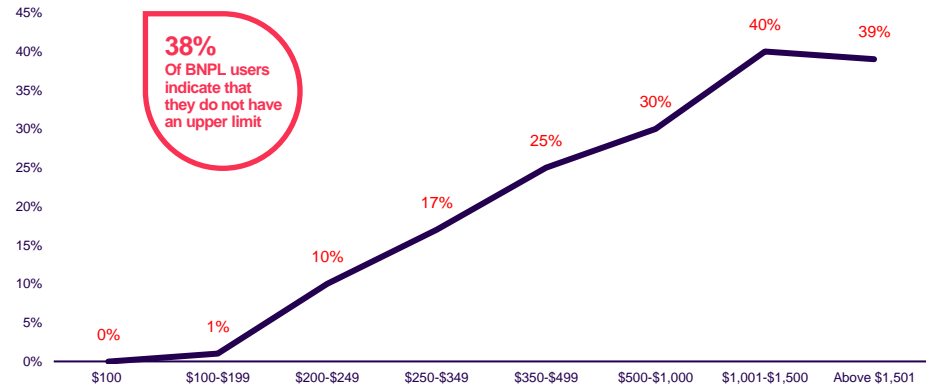


- The company will continue to invest in initiatives to position itself as the BNPL provider of choice for higher-value, considered purchases
- Recent research conducted by Retail Finance Intelligence (RFI) supports strong demand in the BNPL market for higher value purchases, with 38% of BNPL users indicating they do not have an upper purchase value limit

What is the upper purchase value limit?

Since 2019, the highest value purchase users would be comfortable making through BNPL has risen

% increase in users comfortable using BNPL for each value (cumulative – Trend)



38%
Of BNPL users
indicate that
they do not have
an upper limit

Payright Immediate Growth Strategy

Win merchants with our merchant first philosophy

AU / NZ market expansion within retail, home improvement, health & wellbeing, automotive & education.

- Position Payright as the 'go to' Buy Now Pay Later solution for 'considered purchases' in Australia and New Zealand.
- Develop strategic partnerships across target industries and technologies (associations, marketplaces, software and e-commerce integrations).
- Leverage off our strength in current markets in order to grow merchant base and encourage repeat transactions.
- Expand into additional sectors where our competitive advantage meets customer demand for considered purchases with longer repayment terms and no interest.
- Deliver desired outcomes to merchants and partners and continue build our reputation as the BNPL provider of choice for transactions over \$1000.

Compliment with a customer acquisition strategies

Compliment our merchant first philosophy with customer retention and acquisition strategies.

- Deliver merchant supported consumer promotional activity to drive repeat customer use.
- Launch consumer-facing advertising in order to drive brand awareness and increase content subscribers and customer base.
- Continue targeted subscriber communications to convert newsletter subscribers into active customers
- Undertake target audience research to better Identify and define Payright's ideal target customer profiles.

Develop smart new tech in collaboration with the market

Continual enhancement of our technology platform and features in line with the insights derived from our merchants, partners and customers.

- Create frictionless customer onboarding with the development and deployment of the Payright App available for download via Apple and Android devices.
- Deploy 'tap and go' technology allowing customers make purchases by tapping their device at the point of sale.
- Enhance fraud mitigation and credit risk capabilities enabling us to lend responsibly to more customers.
- Further development of e-commerce modules and Point of Sale (POS) integrations across target verticals and transaction size.

Delivering on Growth



Australian and New Zealand expansion

Engaging partners & merchants across the Australasian market

Since 1 July 2020 Payright has added:

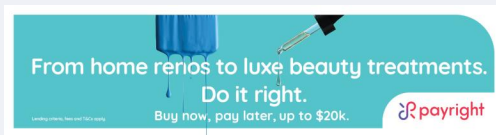
- **11** additional heads added to the Australian Sales team across Business Development, Inside Sales and Success functions. Payright has introduced vertical specialisation across the 5 core verticals to ensure market expertise in the key niche markets. We now cover all key states of Australia
- **5** heads to the newly established Channel Partnerships team catering for developing channels and expanding on key strategic pilots
- **3** heads in New Zealand now covering both the north and south islands with both business development and account management functionality. This capitalizes on the existing Australasian partnerships as well as allowing for local networking
- **473** new merchants were added to the platform with a total merchant revenue of \$1.6b



Increased Marketing Presence and Brand Awareness

Compliment our merchant first philosophy with customer retention and acquisition strategies

- **2** additional heads added to the marketing team since 1 July 2020 including a Graphic Designer and Marketing Executive.
- New marketing initiatives including a 'summer' consumer campaign aimed at engaging our existing customer base, as well as a targeted digital marketing campaign to drive customer acquisition
- Our first consumer Brand Awareness Campaign to launch February of 2021. The national media buy will include large format digital and static billboards, street furniture, digital office screens, a Payright tram wrap, social media ads, Google display, BVOD and YouTube motion advertising.



Technology & Product Development

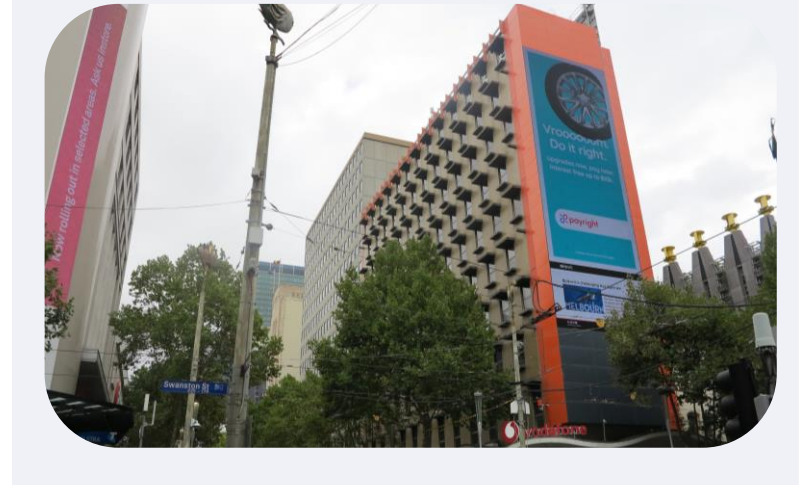
Develop new technologies to create frictionless customer onboarding

- **8** additional heads added to the Technology team since 1 July 2020. Development includes streamlining user experience as well as numerous projects including:
 - Ecommerce functionality
 - Bill smoothing
 - Fraud mitigation
 - Invoice BNPL functionality
- In January 2021 Payright deployed its new merchant and customer application portal incorporating world class UX/UI and dramatically enhancing the customer onboarding experience for both online and instore applications.
- Payright has entered into an agreement with global payments' specialist, EML Payments to launch Payright's 'Tap and Go' digital card technology, allowing customers to make purchases by tapping their device at the point of sale.

National brand awareness campaign



Creating brand awareness
via national media
including large format
digital and static
billboards, street furniture,
digital office screens



Consolidated Profit & Loss

HY21 vs HY20

	HY21	HY20	\$ Var	% Var
TOTAL REVENUE	5.8	4.2	1.6	38%
Administration costs	(0.4)	(0.5)	0.1	(17%)
Consulting and professional fees	(1.2)	(0.2)	(1.0)	433%
Employee benefits expense	(3.9)	(2.7)	(1.2)	46%
Expected credit losses	(0.6)	(2.6)	2.0	(78%)
Marketing and advertising	(0.7)	(0.2)	(0.5)	217%
Other expenses	(0.8)	(0.3)	(0.5)	183%
Operating Expenses	(7.5)	(6.5)	(1.1)	17%
EBITDA	(1.7)	(2.2)	0.5	(23%)
Depreciation and amortisation	(0.1)	(0.1)	0.0	(8%)
Finance costs	(3.0)	(2.4)	(0.6)	23%
NLAT	(4.8)	(4.7)	(0.0)	1%

- Revenue for the six months ending 31st Dec-20 was up 38% to \$5.8m compared to the prior year period. With revenue recognised over the life of the loan, the increase was largely due to GMV growth in prior periods reflective of a growing active merchant and customer base.
- The improvement in arrears and focus on collections efforts has seen a significant reduction in bad debt expense and expected credit losses.
- Operating expenses well managed – up just 17% versus the prior year period compared to revenue growth of 38%.
- The increase in operating costs is mainly driven by the Group's preparation and execution of the IPO resulting in increased spend on consulting and professional fees as well as marketing activities.

Consolidated Balance Sheet

Dec-20 vs Jun-20

	31-Dec-20	30-Jun-20	\$ Var	% Var
Cash	25.8	8.2	17.5	213%
Receivables	51.2	43.2	7.9	18%
Other assets	1.0	0.9	0.1	7%
Total Assets	77.9	52.3	25.5	49%
Notes Payable	46.5	41.2	5.2	13%
Other Payables	5.5	3.8	1.7	44%
Total Liabilities	52.0	45.0	6.9	15%
NET ASSETS	25.9	7.3	18.6	255%
EQUITY	25.9	7.3	18.6	255%

- Total assets have increased by 49% due mainly to an increase in cash balance from the IPO proceeds and the growth in the group's receivables balance.
- Total liabilities have increased by 15% mainly due to proceeds from loans and borrowings with the issuance of Series 6 notes facility of A\$7.0M.
- Net equity as at 31 December was A\$25.9M, an increase from 30 June of A\$18.6M. The increase was due predominantly to the issuance of shares on IPO, offset partially by the half-year period operating loss.

Additional Information: Pool Split

Dec 2020 Qtr

Sep 2020 Qtr

Industry	GMV (\$M)	GMV Contribution %	Deal Count	Average Deal Size (\$)	Arrears (% of Receivables 30+ Days)	GMV (\$M)	GMV Dec vs Sep Qtr
Retail	7.2	42%	1,389	4,977	2.39%	6.6	+9%
Photography	3.9	23%	1,290	2,620	1.88%	2.7	+44%
Education	3.2	19%	842	3,408	4.69%	2.9	+10%
Health and Beauty	1.7	10%	834	1,722	3.26%	1.4	+21%
Automotive	0.7	4%	200	2,875	2.67%	0.6	+17%
Home Improvement	0.3	2%	53	4,797	1.72%	0.8	(63%)
Pool A Total¹	17.0	100%	4,608	3,348	3.04%	15.0	+13%
Pool A¹	17.0	83%	4,608	3,348	3.04%	15.0	+13%
Pool B²	1.9	9%	187	10,020	1.26%	0.8	+149%
New Zealand	1.7	8%	459	3,627	0.74%	0.3	+512%
Total	20.6	100%	5,254	3,618	2.77%	16.1	+28%

Pool	LVR	Pool	Gross Receivables (\$M)
Pool A (All Notes)	76.1%	Pool A	47.5
Pool A (Senior Notes Only)	69.8%	Pool B	5.1
Pool B	62.4%	New Zealand	1.7

1 Pool A is the lending pool for transactions below \$10k and up to 36 months.

2 Pool B is a lending pool for Home improvement/Solar transactions up to \$20k and 60 months.

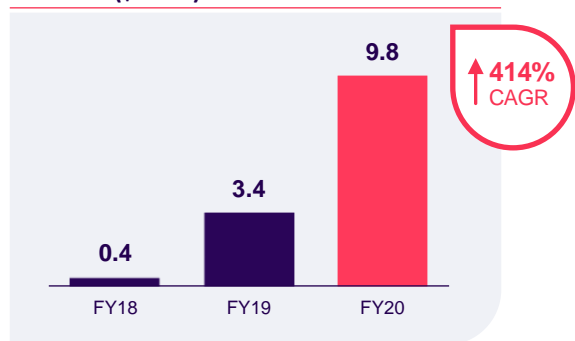
The loan book from the extended home improvement trial that took place in the Sep and Dec quarters in 2019 was moved to this new Pool.

Pool B was established in August '20 with lending commencing thereafter.

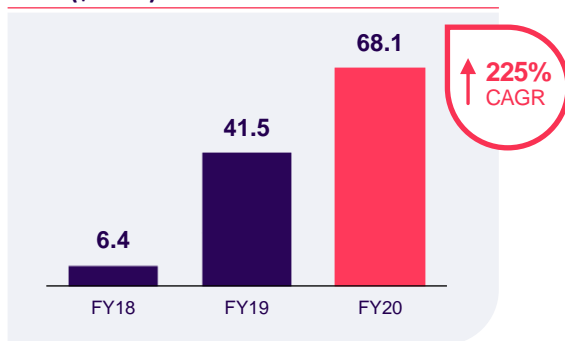
* Arrears represent the total loan balance outstanding of Customers who are in arrears by at least 30 days, expressed as a percentage over total Customer loan balances outstanding net of Contingency Fund balances available to recover amounts on a Merchant basis.

Building on strong prior period growth across all key measures of performances

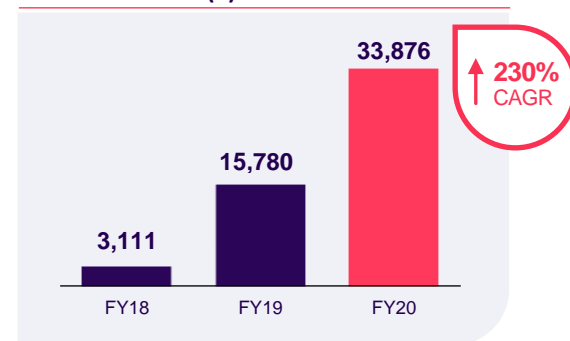
Revenue (\$MMs)



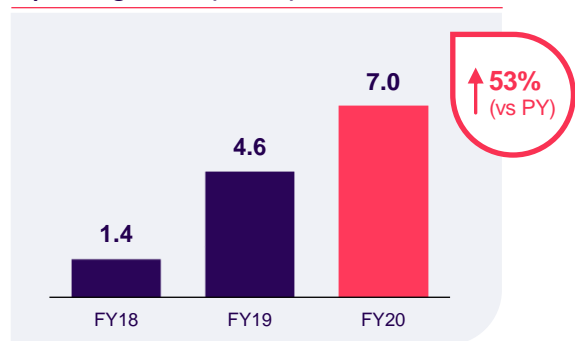
GMV (\$MMs)



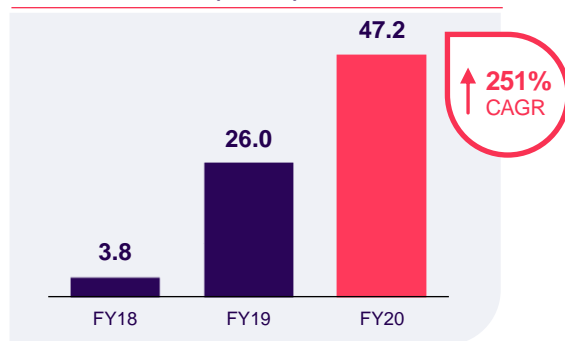
Total Customers (#)



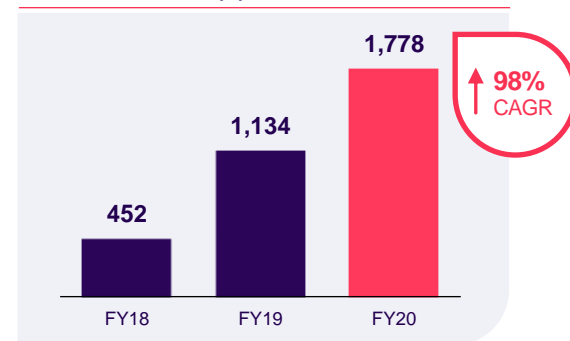
Operating Costs* (\$MMs)



Gross Receivables (\$MMs)



Active Merchants (#)



* Total Customers is a cumulative count of all transacting customers
* Active Merchants is defined as merchant stores that have either joined the Payright platform in the last 12 months and/or have transacted in the last 12 months
* Operating costs exclude Depreciation and Expected Credit Losses based on the statutory P&L.
* GMV = Gross Merchandise Value
* GMV, Total Customers and Active Merchants exclude New Zealand

Disclaimer and Important Information

The information contained in this document is general background information about Payright Limited (ACN 605 753 535) (the “**Company**”) and its activities as at the date of this document. It is in summary form and does not purport to be complete. It should be read in conjunction with the Company’s other periodic and continuous disclosure announcements. It is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of individual investors. These should be considered, with or without professional advice, before deciding if an investment in the Company is appropriate.

The information contained in this document may include information derived from publicly available sources that has not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information in this document or any assumptions on which it is based.

All amounts are in Australian dollars unless otherwise indicated.

This document may contain forward-looking statements, including the Company’s expectations about the performance of its business. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “plan”, “project”, “anticipate”, “expect”, “intend”, “likely”, “may”, “will”, “could” or “should” or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company and which may cause actual results to differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on any forward-looking statements. Actual results or performance may vary from those expressed in, or implied by, any forward-looking statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements. The Company does not undertake to update any forward-looking statements contained in this document, to the maximum extent permitted by law.

Certain financial information in this document is prepared on a different basis to the Company’s Annual Financial Report, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this document does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

Approved by the Board of Directors of Payright Limited