

Chairman's Address

Buy now pay later (BNPL) provider, Payright Limited (ASX: PYR) ('Payright' or 'the Company'), provides the Chairman's Address that will be delivered to the Annual General Meeting being held today, 18 November 2021.

2021 has certainly a busy year for Payright, its first year as an ASX listed Company.

Despite the challenging market conditions resulting from COVID-19 trading restrictions, which significantly impacted many "bricks and mortar" retail outlets and "face to face" service sectors, Payright made considerable progress during the 2021 financial year, and achieved meaningful growth across all key performance metrics, collectively driving fee revenue growth of 23% to \$11.5 million.

As may be seen from the attached slide:

- Gross Merchandise Value (GMV) increased from \$68 million to \$85 million, an increase of 25% across the financial year, with the June 2021 quarter outpacing the prior comparable period by 134%;
- The balance of Gross Receivables (or the loan book) grew progressively during the year, with an overall increase of 47% to \$69.4 million. With Payright offering flexible transaction terms of up to 60 months, revenues will continue to be generated on the current receivables book for several years;
- Total customers as of 30th June 2021 increased by 58% versus prior year, evidencing a growth in brand awareness, and the demand for a "Buy Now Pay Later" solution for higher priced goods and services coupled with flexible payment terms; and
- Merchant store growth of 41%, with the Payright service available in excess of 3,400 locations.

Pleasingly, this strong growth trajectory has continued into FY2022, with further details to be provided in a few moments by our founders and CEO's (Myles and Piers Redward) as part of their CEO update.

Following the Company's initial public offering in December 2020, Payright has continued to strengthen its brand awareness and grow its customer numbers via a range of creative marketing campaigns, product extensions, and technology enhancements.

These initiatives, while adding to the customer experience, have also led to the establishment of new and exciting merchant partnerships with major Australian brands in the home improvement, automotive, photography and beauty verticals being sectors generally underserved by the BNPL industry.

Payright has also established a presence in New Zealand and is working closely with our various merchants who either have or are looking to provide a BNPL service to their New Zealand customers.

Your Board is confident that Payright's management team will continue to curate significant and strategic merchant relationships, platform access arrangements, and product enhancements, which will collectively deliver meaningful increases in all Payright's key performance metrics for FY2022 and beyond.

Importantly, while Payright is certainly not the largest participant in the sector, it is very much at the forefront of the various regulatory developments impacting the BNPL industry and has been a key participant in the development of the sector's Code of Conduct.

With a primary focus towards higher value and more considered purchases, Payright recognises the importance of maintaining a robust and sophisticated credit decisioning process, the implementation of appropriate and responsible lending guidelines, and the provision of tailored and flexible repayment arrangements.

These factors are important not only in terms of building a scalable, compliant and profitable business model, but also one which is sensitive to the needs of our growing cohort of customers.

Payright has and will continue to invest in both technology and its people to ensure the above outcomes are achieved, and in doing so, provide a market leading experience for its merchants and customers and an associated reduction in lending risk.

Likewise, we have continued to invest in technology to ensure our payments platform can support our growth and our new direct-to-customer initiatives, such as our bill smoothing product.

The recent launch of our Payright app has contributed to our customer numbers now exceeding 60,000 and has increased the usability and accessibility of our products.

Again, Myles and Piers will provide further details as to our product extensions and enhancements in their update.

Since the IPO, we have also added considerable talent to our Board and Management team, with the addition of Peter McCluskey to our Board, David Leach as Chief Financial Officer, and the promotion of Tere Green to the newly created role of Chief Operating Officer and most recently Rob May to the role of Chief Commercial Officer. We are delighted with your respective contributions to date and look forward to your ongoing involvement in the evolution of Payright.

Overall, and as indicated at the outset, it has been an incredibly busy, albeit challenging start to life as a listed company with COVID lockdowns having significantly impacted many “bricks and mortar” retail and service businesses across the country. Clearly, these challenges have contributed to the Company’s share price having not performed as we would have hoped since the IPO with several other listed BNPL and consumer finance businesses having been similarly impacted.

Notwithstanding, we have continued to generate meaningful growth in all our key metrics and are excited with the recent activity levels being achieved as we emerge from lockdown.

Additionally, the Company is progressing in its negotiations for the introduction of a funding warehouse. The successful implementation of this funding warehouse will provide both a lower cost funding solution for the Company’s loan book, and increased lending capacity as we continue to scale the business.

On behalf of the Board, I would like to thank my fellow directors and indeed all our valued team members for their hard work and dedication during the past year and the way they have responded to life as a listed company. I would particularly like to thank Myles and Piers Redward, our Joint-CEOs and Payright founders, for their leadership over the last 12 months, and for their passion and commitment to see Payright achieve its potential.

I would also like to thank you, our shareholders, for your continued support in Payright’s first year as a listed entity. While not presently reflected in the share price, the Board is encouraged by the progress that the Company is making and is confident that it is well positioned to benefit from the strong growth we are currently experiencing as the states and territories gradually return to pre COVID conditions.

Before handing over to Myles and Piers Redward to provide their CEO Business Update, I wish to announce that after almost 5 years in the role as Chairman of the Payright business, it is now time for me to pass this important responsibility to Peter McCluskey, who will, assuming the resolution confirming his re-election is approved by shareholders at today’s meeting, take over as Chairman of the Payright Board.

Having decided back in 2017 to lend some support to two very bright and entrepreneurial founders in Myles and Piers, I am so proud to have participated in the Payright journey, which to date has seen staffing levels increase from 3 to 72, a loan book of a few hundred thousand grow to now in excess of \$80 million, annualised GMV increasing to some \$135 million, and the company’s shares listed on the ASX.

I look forward to continuing my involvement with Payright in a non-executive director capacity, and to assisting the business achieving many more milestones in the future.

-ENDS-

Authorised by:

Myles Redward, Joint-CEO & Piers Redward, Joint-CEO



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About Payright

Payright is an Australian payment plan provider developed for merchants to accelerate return-on-effort and for making things more affordable to consumers, by spreading the cost of purchases over time. Payright provides merchants a buy-now, pay later flexible payment option to offer their customers, intended for bigger ticket items that are more considered purchases rather than smaller impulse-driven buys.

Right when you need it

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