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ASX announcement: (ASX: PYR) 28 February 2022

Payright delivers strong growth in receivables and revenue on path to profitability

H1 FY22 Results: a record half

H1 FY22 Financial Highlights

- Gross Receivables grew to $89.9 million, up 64% on prior corresponding period (pcp) (H1 FY21: $54.7 million)
- Gross Merchandise Value (GMV) up 69% on pcp to $61.9 million (H1 FY21: $36.7 million)
- Total Revenue of $7.9 million, up 36% on pcp (H1 FY21: $5.8 million)
- Total merchant stores up 26% on pcp to 3,617 (H1 FY21: 2,874) reflecting the deeper vertical diversification and sector focused onboarding
- Average Transaction Value increased to $4,106 (H1 FY21: $3,576) with an average loan tenure of 33 months, reflective of Payright's key point-of-difference for flexible payment solutions at the point of sale for larger, considered purchases

Operational Highlights

- Partnerships with Mint Payments, Fin Pay, Masport, Service Seeking and Hipages owned NZ Marketplace - Builders Crack to integrate and distribute the Payright offering across their merchant base
- Merchant partnerships with O'Brien Group Plumbing and Electrical divisions, Stratco, Australian Outdoor Living, Bevmarks, IntoBlinds and leading jewellery retailer, Bevilles
- Progressed negotiations with a preferred senior lender for new warehouse facility to support future lending capacity with a lower cost of capital

Payright Limited (ASX: PYR) ('**Payright**' or '**the Company'**), is pleased to provide its half year results for the six months ending 31 December 2021 (H1 FY22).

Commenting on the performance for the half year, Co-CEO Myles Redward said: "This was a tremendous half for Payright and continues on our path to profitability. Payright's larger ticket point of sale consumer finance solution is now offered at over 3,600 merchant stores in Australia and New Zealand. These stores have driven record new loan volumes, as reflected in our receivables book, which is now at $90 million. At the same time, we are seeking to secure a new structured warehouse facility which will provide the necessary runway for continued and meaningful growth, and at a lower cost of funding."

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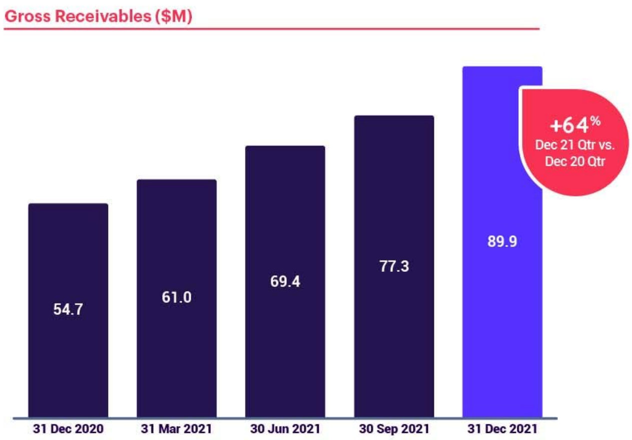
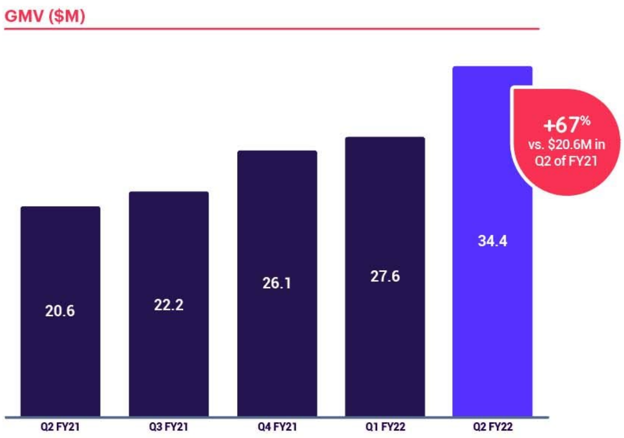
Financial Update: a record half





Payright's gross receivables balance continues to accelerate quarter on quarter, with $20.5 million added during H1 FY22. A major driver of gross receivables is GMV, a proxy for loan book originations, which was up 69% to $61.9 million. In particular, the Company delivered GMV of $34.4 million in Q2 FY22, up $6.8 million on the prior quarter and the largest increase to date.

Total merchant stores increased by 26% to 3,617 (H1 FY21: 2,874) reflecting the deeper vertical diversification and sector focused onboarding. In particular, the home improvement sector has been a strong vertical for the Company over the period and the introduction of leading jewellery retailer, Bevilles, further supports our industry diversification strategy and strengthens our position as provider of choice for considered purchases at the point of sale.

Payright delivered H1 FY22 revenue of $7.9 million for H1 FY22, up 36% on pcp. The Company recognises revenue in accordance with accounting standard AASB9 which requires revenue (both merchant and customer fees) to be deferred and recognised over the life of the loan. As Payright has an average loan term of approximately 28 months, only part of the revenue from a loan is reported in the period in which it is written. Therefore, the Company's revenue profile is similar to that of traditional consumer finance lender (albeit Payright does not charge interest). As a result, as of 31 December 2021, Payright had contracted future revenues of $16.8 million, relating to loans already written.

Operating costs of $8.1 million were 6% lower compared to H2 FY21, resulting in an improved operating loss of $6.0 million (H2 FY21: $7.9 million). The Company anticipates minimal increase in the cost base in H2 FY22, and when combined with strong revenue growth, and potential for reduced funding costs, there is a clear pathway to operating profitability.

	H1 FY21 ($M)	H2 FY21 ($M)	H1 FY22 ($M)	% Var (H1 FY22 v H2 FY21)
Income	5.8	6.3	7.9	25%
Finance Costs	-3.0	-3.0	-3.9	30%
Expected Credit Losses	-0.6	-2.6	-1.9	-27%
Gross Profit	**2.2**	**0.7**	**2.1**	**200%**
Administration Costs	-0.4	-0.7	-0.8	14%
Consulting & Professional Fees	-1.2	-1.0	-0.9	-10%
Employee Benefits Expense	-3.9	-5.0	-5.3	6%
Marketing and Advertising	-0.7	-1.4	-0.5	-64%
Depreciation	-0.1	-0.1	-0.1	0%
Other Expenses	-0.7	-0.4	-0.5	25%
Total Operating Expenses	**-7.0**	**-8.6**	**-8.1**	**-6%**
Operating Loss	**-4.8**	**-7.9**	**-6.0**	**-24%**

Operational Update: reinforcing position as provider of choice for higher-value purchases

The company has continued to acquire quality merchants, who are adopting Payright as a point-of-sale finance solution for larger ticket transactions. Over the half, Payright entered into a partnership with Mint Payments to integrate and distribute the Payright offering across its merchant base, and also announced a number of strategic and merchant partnerships, including Masport, Service Seeking, O'Brien Group Plumbing and Electrical divisions, Australian Outdoor Living, Stratco, Bevmarks, IntoBlinds, Hipages owned NZ marketplace – Builder's Crack, and leading jewellery retailer, Bevilles.

The Company has continued to progress negotiations for a new warehouse facility which, if and when secured, will result in the necessary runway for continued and meaningful growth, and at a lower cost of funding. In conjunction with the warehouse facility, the Company will continue to consider its capital structure and mix to support its growth ambitions.

Outlook

Payright has aligned with industries such as retail, home improvement, health & beauty, photography, education and automotive, where transactions are typically more considered and of a higher value in nature. With its flexible solutions designed for these bigger ticket purchases, this is a key differentiator for Payright from those focused on the micro-ticket, sub-$1000 end of the Buy Now Pay Later (BNPL) market. With a growing need for interest free payment plans on larger options, there are significant opportunities for further growth.

Commenting on the outlook, Payright's Co-Founder and Co-CEO, Piers Redward, said:

"Payright enters the second half of FY22 well positioned for continued growth. With operating conditions becoming less volatile we are seeing pent up demand come through many of our verticals. Record GMV months throughout the half and a growing receivables book will see ongoing revenue flow through subsequent quarters. Our strategic partnerships are reinforcing our leadership for those who are looking at a financing solution for higher-value, more considered purchases. Our vertical sector strategy and upgrades to the merchant platform will continue to grow customer and merchant numbers, and the securing of a warehouse funding facility will ensure we are well positioned for continued growth."

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Authorised by:
This announcement was approved for release by the Board.

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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.