payright

Q3 FY22

Business Update

April 2022

Strong and sustained growth across all key metrics

"This was another really strong quarter for Payright, as we continue to build scale in our business and grow awareness of our flexible, large-ticket point-of-sale consumer finance offering. The new funding package that we secured post-quarter end marks a transformational period for Payright. We have significantly reduced our finance costs going forward, and we now have the capacity to accelerate our path towards profitability."

– Co-CEOs
Myles and Piers Redward

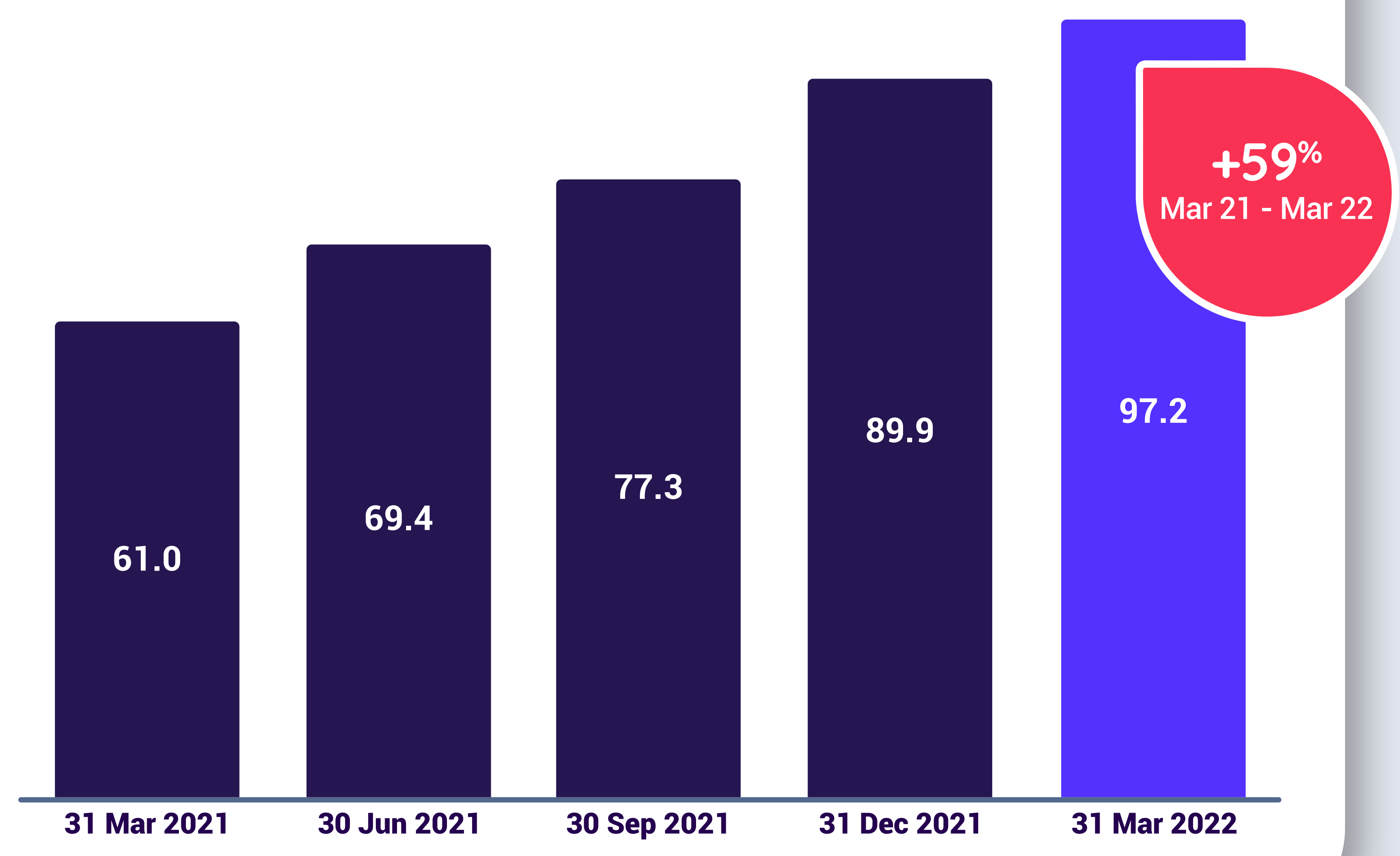
- Gross receivables grew to $97.2 million as at 31 March 2022; up 59% on prior corresponding period (pcp)
- In April 2022, secured transformational funding package consisting of $125 million warehouse debt facility and $9.5 million capital raising via placement and convertible notes
- Unaudited fee income of $3.9M, up 36% on pcp. Unaudited revenue yet to be recognised as of 31st March 2022 increased to $17.3M.
- Total Customers of 71.3k, up 50% on pcp; while Total Merchant stores increased to 3,778 up 21% on pcp, introducing flagship merchants including jewellery retailer, Bevilles, and NZ's Auto Super Shoppes Group's 110-strong member network.
- With a strengthened balance sheet, reduced cost of funding, and all key lead indicators growing strongly, Payright is well positioned to accelerate its growth strategy and fast track its path to profitability

Receivables continue to grow: Progress made towards profitability

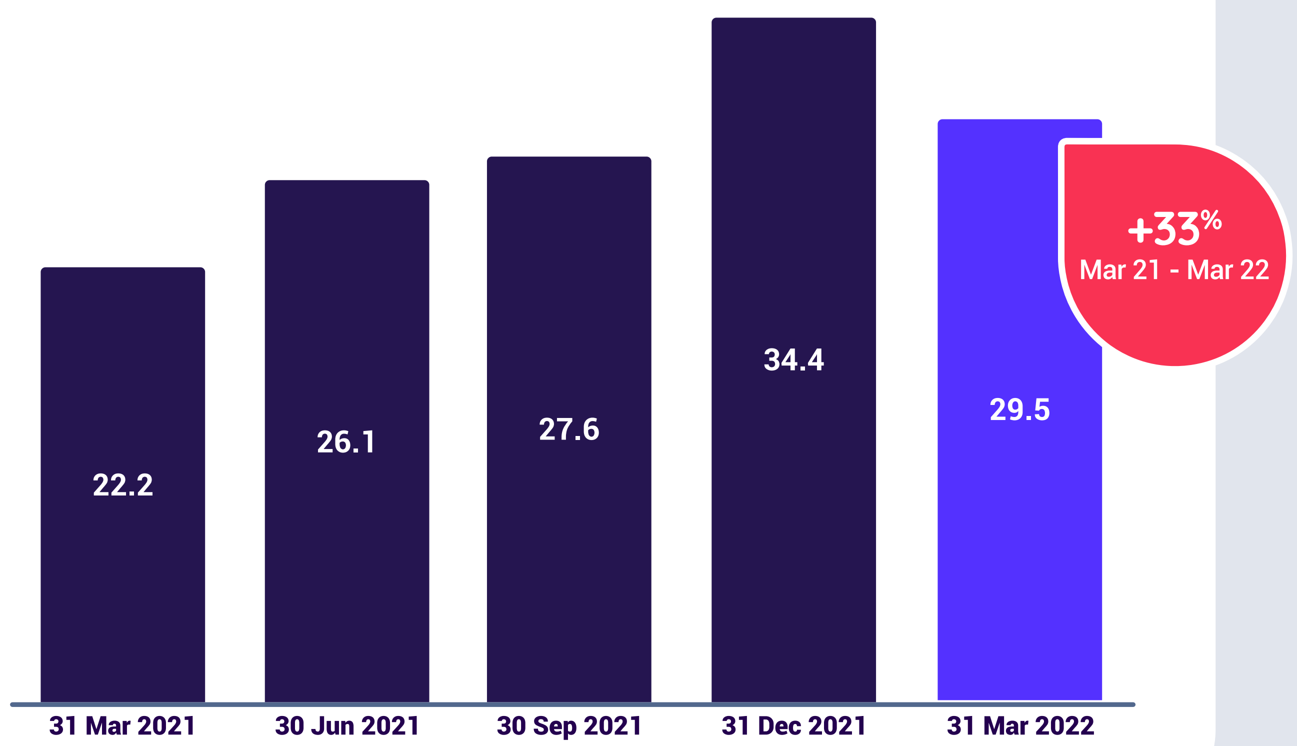
- Gross receivables grew to $97.2 million as at 31 March 2022, up 59% up on prior corresponding period (pcp)
- Gross Merchandise Value (GMV) of $29.5 million, the second highest quarter to date, up 33% on pcp led by strong growth in the Home Improvement, and Health & Beauty verticals, albeit down from the previous highs of the seasonally stronger December quarter
- Total Customers of 71.3k, up 50% on pcp
- Total Merchant stores increased to 3,778 up 21% on pcp

*All numbers include both Australia and New Zealand

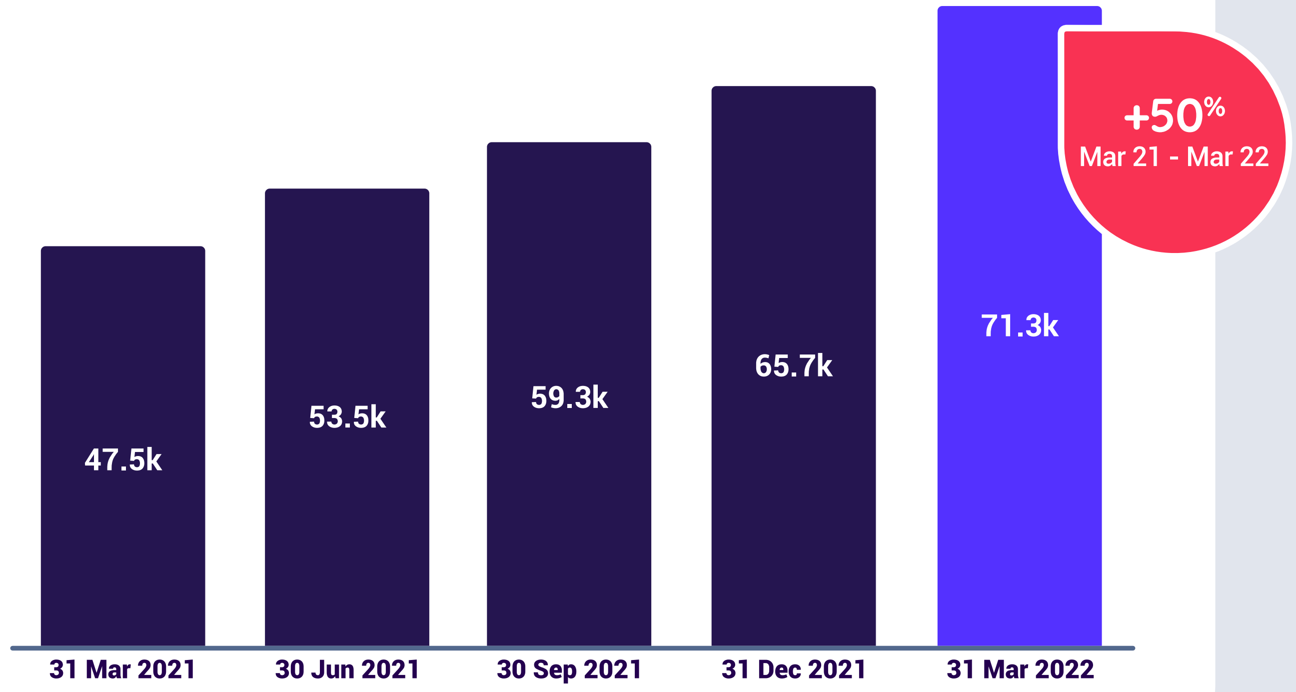
Gross Receivables ($M)



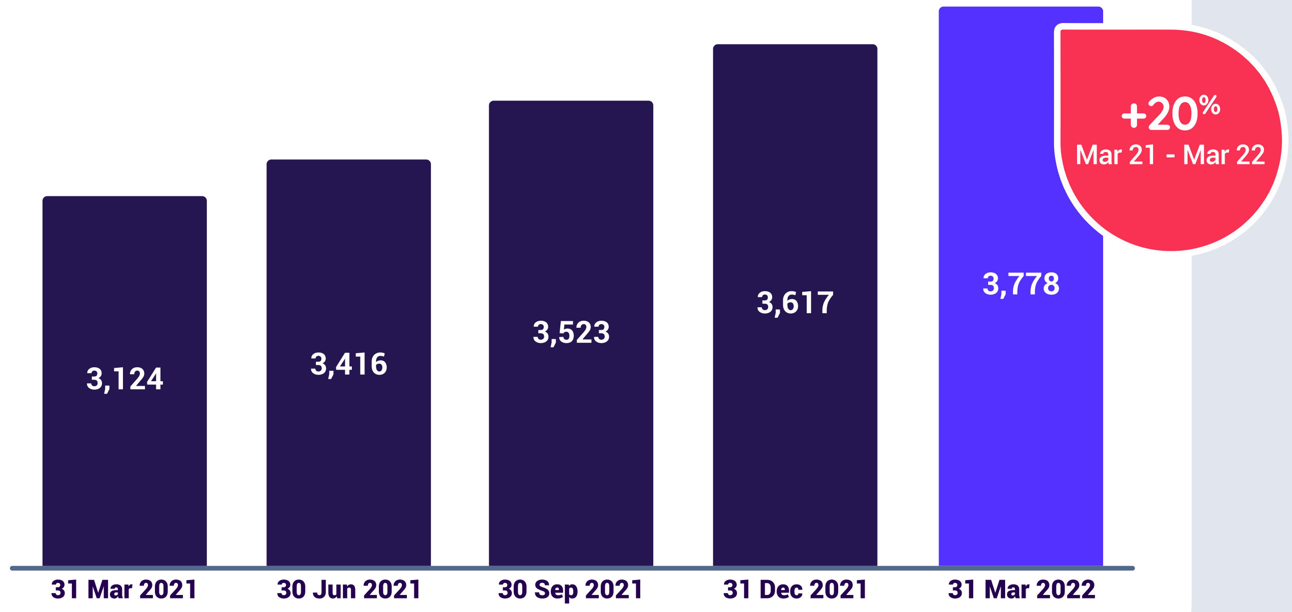
GMV ($M)



Total Customers



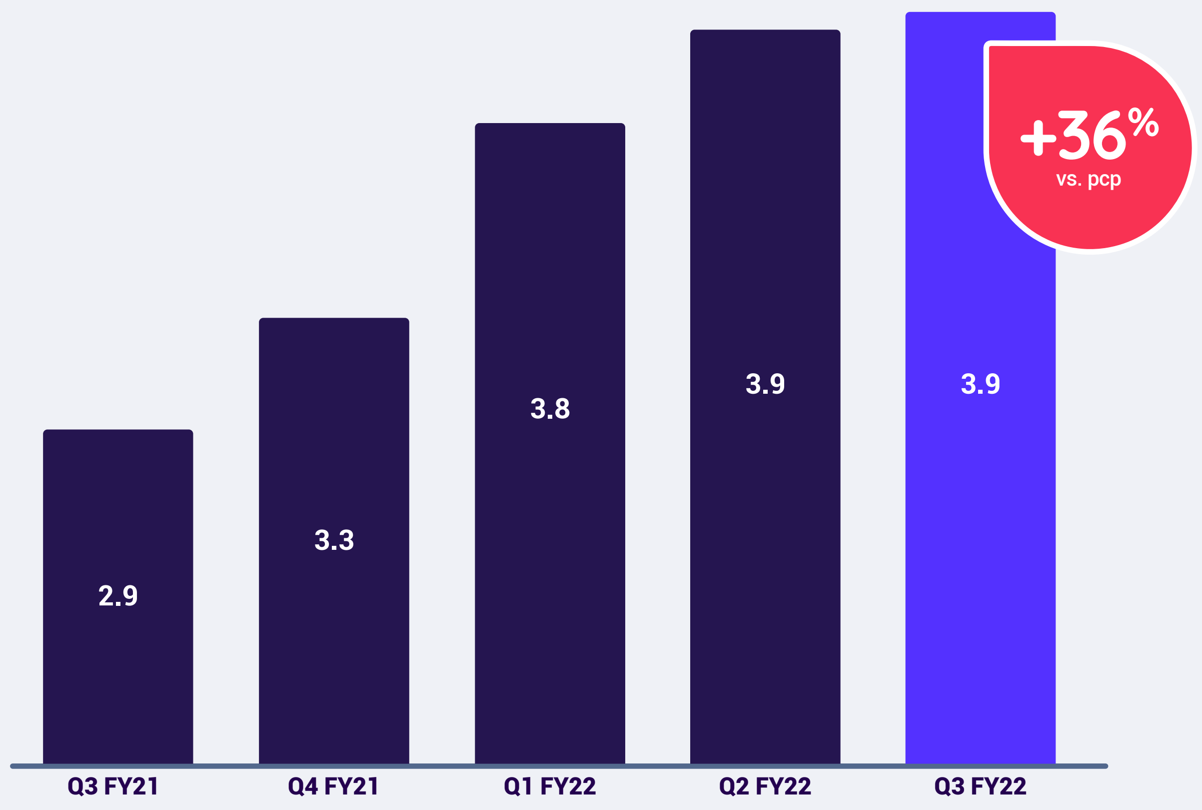
Total Merchant Stores (#)



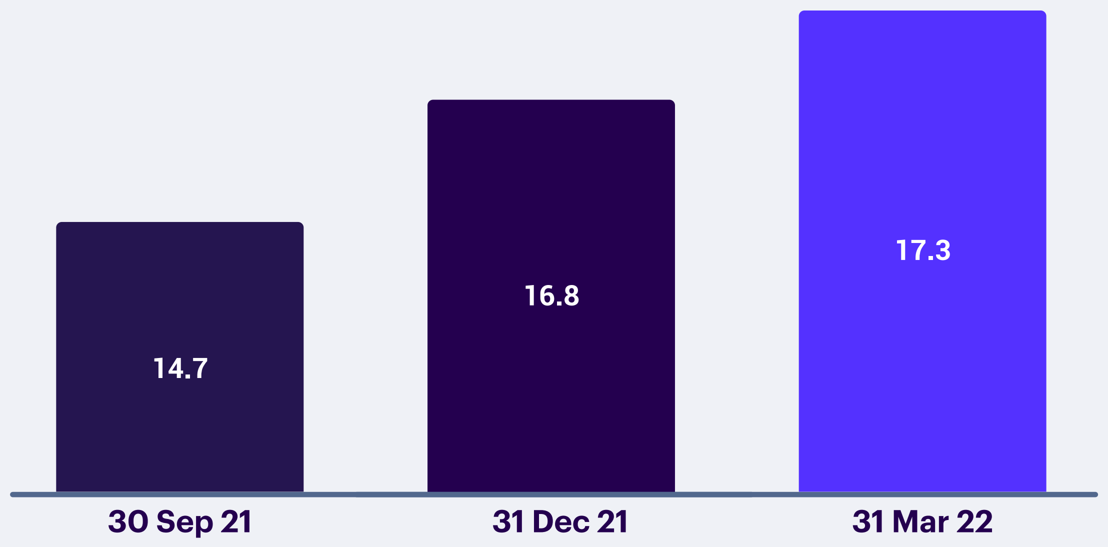
Contracted future revenues of $17.3M as at 31 March

- AASB9 requires revenue to be recognised over the life of the loan. With an average loan term of ~26 months, the majority of revenue from the periods lending activity, will be recognised in subsequent periods.
- Unaudited fee income for the march quarter was $3.9 million, up 1% compared to the prior quarter, and up 36% vs. pcp
- Fee income from lending activity yet to be recognised increased significantly from $16.8 million as at 31 December to $17.3 million as at 31 March.

Quarterly Fee Income Trajectory ($M)



Contracted Future Revenues ($M)



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

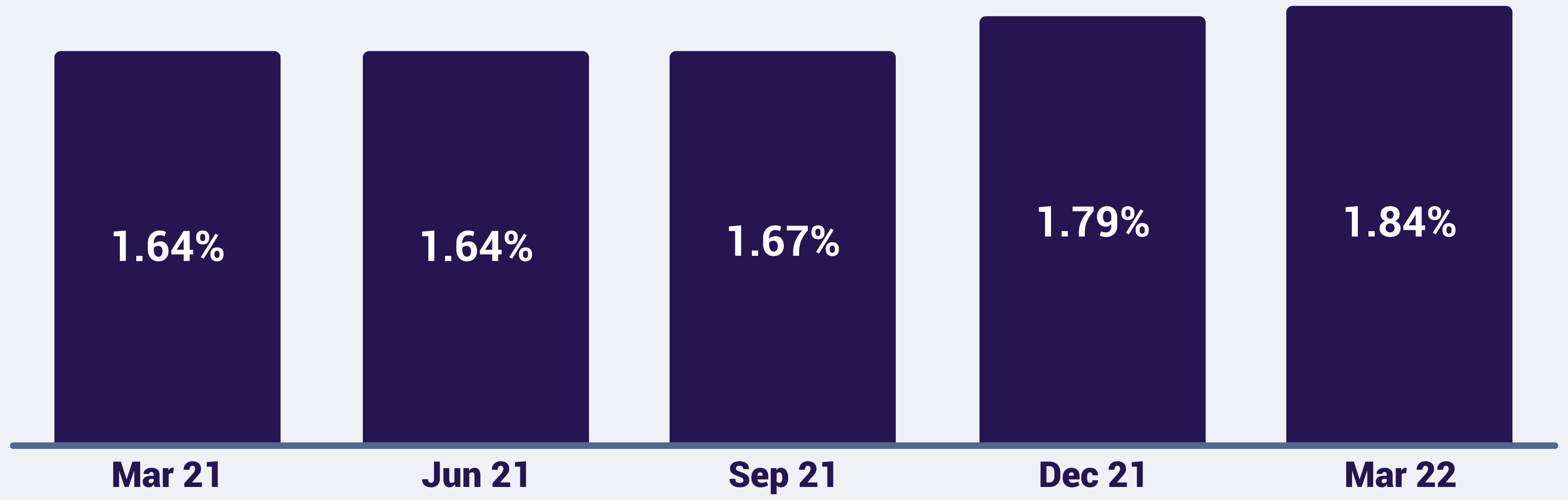
*All actuals include both Australia and New Zealand

Credit Quality

30+ Days Arrears (% of GMV)

- Arrears at 31 March increased to 4.40%, up 0.77% on 31 December
- Targeted resourcing and collections plan in place to improve arrears position

Losses / Cumulative GMV



- Despite the increase in the arrears position and consistent with the uplifted arrears management plan, losses remained relatively stable compared to the prior quarter period.
- **The actual loss experience is well below our provisioning of 5.7% of gross receivables**

 payright

$125m Warehouse Facility + Path to Profitability

$125M warehouse facility signed

Signed $125m warehouse facility with senior lender Goldman Sachs and mezzanine arranger iPartners to help scale our business and build a clear path to profitability

Key benefits:

- **Substantial reduction in cost of funds, by approx 50%**
  Improving cashflow by ~$4.4M p.a
- **Funding platform will enable growth strategy and support path to profitability**
- **Increases our LVR on our receivables to 95%**
- **Provides runway to accelerate new merchant onboarding and loan book growth**

Costs and Implementation:

- To implement the facility we will incur fees and expenses of approx $4.9M, including early repayment fees on existing notes
- The payback on this investment will be 14 months
- Intention is to buy-back all Loan Notes and refinance into the warehouse facility

*The aggregate $125 million in warehouse funding is made up of $100 million committed from Goldman Sachs as the senior lender, $18.75 million committed from iPartners as the mezz arranger, with Payright retaining the remaining 5% as an equity note. See 'Use of Proceeds', page 22.

Facility details:

- **$125M initial warehouse facility**
- **Senior Lender – Goldman Sachs**
- **Mezz arranger – iPartners**
- **Trust Manager – BNYM**
- **Blended book coupon of ~5%**
- **LVR on facility – 95%**

- The A$125M warehouse facility will provide funding for $125M of receivables. Senior and mezz debt will be 95% of eligible receivables, ie $118.75M when fully drawn.
- The facility will support receivables in Australia
- It is anticipated that the warehouse facility will be expanded to meet further growth.
- Payright will issue approximately 2.71 Million Warrants to Goldman Sachs, equal to 2% of the fully diluted (incl. Placement and Notes conversion) ordinary shares in the Company. The warrants carry a 4-year term and an exercise price equal to the 5-day VWAP prior to signing of the facility agreement.

A clear path to profitability

	Current Position	Post Warehouse	Indicative* Breakeven book size
Gross Receivable as at 31 Dec 21	89.9	89.9	200.0
Effective average yield (annualised)	18%	18%	17%
Less Finance Costs	10.5%	5.0%	5.0%
Less Losses	3%	3%	3%
Net Margin	5%	10%	9%
Net Margin earned on Loan Book	4.0	9.0	17.3
FY21 Operating Expenses	-15.7	-15.7	-17.3
Operating Loss	**-11.7**	**-6.7**	**0.0**

*Note that this is intended to provide an indicative view on book size required to reach break-even by overlaying current and expected book yield to a growing book. It is not intended to represent a forecast. Actual yield and operating costs applied are for modeling purposes only and may vary.

- **Current Position:** Applying current pre-warehouse net book yield to 31 December receivable balance, and holding FY21 operating costs flat, translates to a net loss position of $11.7 Million.
- **Post Warehouse:** Applying the cheaper Finance Costs and improved book yield expected from the Bank Warehouse to the 31 December receivable balance, translates to a significant improvement in the loss position (from $11.7 Million to ~$6.7 Million).
- **Break even Book Size:** Applying the reduction in post-warehouse finance costs (partially offset by an allowance for downward pressure on gross book yield) and a conservative 10% increase to operating costs, would require an indicative book size of ~$200 Million to reach profitability.

Disclaimer

and important information

The following notice and disclaimer apply to this investor presentation ("Presentation") and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation.

The information contained in this Presentation is general background information about Payright Limited (ACN 605 753 535) (the "Company") and its activities as at the date of this Presentation. This Presentation has also been prepared in connection with the Company's proposed $9.5 Million capital raising, consisting of $1.5 Million private placement of fully paid ordinary shares at $0.18 ("New Shares") ("Placement") and $8 Million issue of convertible notes to eligible investors ("Notes"). The Notes will be issued in accordance with the requirements of the Australian Securities and Investments Commission ("ASIC") Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82.

This Presentation 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 Presentation 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 Presentation or any assumptions on which it is based.

Not an offer

This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC) nor does it form part of, and should not be construed as, any present or future invitation, recommendation or offer to purchase or sell securities of the Company or an inducement to enter into investment activity in any jurisdiction. No part of this presentation nor the fact of its distribution should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. If there is any subsequent offering of any securities of the Company, it will be made pursuant to a separate and distinct offering documentation. Any decision to purchase securities in the context of an offering of securities (if any) should be made solely on the basis of information contained in the offering documentation published in relation to such offering. This Presentation is being communicated to selected persons who have professional experience in matters relating to investments for information purposes only and does not constitute a recommendation regarding any securities of the Company. Other persons should not rely or act upon this presentation or any of its contents.

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. The New Shares and the Notes have not been, and will not be, registered under the US Securities Act of 1933 (US Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares and Notes may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The distribution of this Presentation in jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed.

Investment risk

An investment in the Company is subject to known and unknown risks, some of which are beyond the control of the Company, including possible delays in repayment and loss of principal and income invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Persons should have regard to the section "Key Risks" in this Presentation.

All amounts are in Australian dollars unless otherwise indicated.

Forward-looking statements and forecasts

This Presentation 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 Presentation, to the maximum extent permitted by law.

Financial information in this Presentation is prepared on a consistent basis to the Company's Annual Financial Report, which is prepared in accordance with Australian Accounting Standards.

Approved by the Board of Directors of Payright Limited