

27 August 2024

Earlypay Limited (ASX:EPY)

FY24 Financial Results & Outlook

Earlypay Limited (“EPY” or the “Company”) today announces its financial results for the 12-month period ending 30 June 2024 (FY24) and provides a business update and outlook for FY25. Further detailed results and reconciliations are outlined in the Earlypay FY24 Results Presentation, Annual Report and Appendix 4E Financial Report lodged with the ASX today.

FY24 Financial Highlights

- Underlying Proforma NPAT ¹ of \$4.9m (FY23: restated \$4.1m ²)
- Statutory NPAT of \$2.4m (FY23: restated loss \$8.4m)
- Underlying Proforma EPS of 1.70 cents per share (cps)
- Proforma average Funds in Use (FIU) of \$263m (FY23: \$306m)
- NTA of \$40.3m, equating to NTA per share of 14.8 cps
- Buy-back of 24.3m shares for \$4.29m (\$0.176 average price)
- Dividend of 0.15 cps (100% payout of retained earnings) reflecting Board’s commitment to reinstate dividend and confidence in outlook

FY24 Operational Highlights

- **Debt refinancing:**
 - Existing invoice and trade finance facilities refinanced into new warehouse to be more economically (~1% reduction in interest rate) and operationally efficient
 - Adding mezzanine funding to IF / TF warehouse almost halves the Company’s equity contribution to funding of these receivables
 - Secondary equipment finance facility repaid and receivables transferred to main EF warehouse
 - EF asset class parameter modified to remove constraint on new originations
 - Post year-end, new \$10m corporate facility enabled the repayment of the existing \$19.4m corporate bond. New facility is expected to be repaid within 12 months.
- **Capital management**
 - Company acquired 24.3m EPY shares through buybacks for \$4.37m at average price of \$0.176
- **Timelio:**
 - Acquisition completed adding high-quality client receivables, experienced lending team and enhancing technology capability

1. Underlying Proforma NPAT is Reported NPAT after adding back RevRoof costs and various one-offs including such as Timelio transaction and warehouse exit costs

2. The FY23 comparative information including NPAT and underlying Proforma NPAT have been restated to reflect two prior period adjustments totalling \$667,000. Refer to FY24 Annual Report.

- **Risk management and operations:**
 - Mix of client receivables portfolio adjusted to align with Board's risk appetite and strategic efforts to increase net interest and net revenue margins
 - Numerous improvements to credit decisioning, onboarding and client management supporting risk-controlled growth
 - Restructure undertaken to adjust cost base and support operating leverage
- **Investment in new distribution channels**
 - Investing in embedded finance and third-party platform integrations to augment traditional distribution channels
- **Resolution of RevRoof recovery:**
 - The RevRoof recovery process was completed - no outstanding exposure at year-end

FY25 Outlook

With many key strategic improvements now in place, the focus in FY25 is to resume strong and sustainable growth in client receivables led by the core invoice finance product and supported by equipment finance.

The current economic and competitive environment is supportive of strong growth in the Company's products and additional sales and marketing resources have recently been added to maximise this opportunity.

To augment traditional distribution channels including commercial brokers and other referrers, the Company is investing in embedded finance and third-party platform integrations which is expected to contribute significantly to new originations through time.

After a period focused on strengthening the foundations of the business, the Company is now well placed to resume strong growth in client receivables at higher margins, which will support profitability in FY25.

Given the confidence in the outlook, the Board has declared a 0.15 cents per share fully franked dividend. While a small proportion of earnings per share, the Company is constrained by the amount of the retained profits. As retained profits are rebuilt, it is the Board's intention that the payout ratio will revert to historical levels of NPAT.

This release was authorised by the Board of Earlypay Limited.

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ABOUT EARLYPAY

Earlypay is a leading provider of working capital finance to Australian SMEs with its Invoice, Equipment and Trade Financing products.

Invoice Financing helps SMEs bridge the gap between issuing invoices and receiving payment from customers by providing early payment of up to 80% of the invoice value. Accessing cash flow against unpaid invoices is simple and accessible with Earlypay's proprietary online platform that integrates seamlessly with the major accounting software providers.

Equipment Finance is available to SMEs to assist with capital expenditure and Trade Finance is provided to selected clients looking to close the cash flow gap between paying suppliers and receiving payment from customers.

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