

25 February 2025

Earlypay Limited (ASX: EPY)

1H FY25 Financial Results & Outlook

Earlypay Limited (“EPY”, “Earlypay” or the “Company”) is pleased to release its financial results for the six-month period ending 31 December 2024 (1H FY25) and commentary on the outlook. Further detailed results and reconciliations are outlined in the Earlypay 1H FY25 Results Presentation and Appendix 4D Financial Report lodged with the ASX today.

1H FY25 Financial Highlights

- Underlying NPAT¹ of \$2.6m, up 24% pcp (1H FY24: \$2.1m)
- Underlying Basic EPS of 1.0 cps, up 32% pcp
- Net Revenue Margin of 13.3%, up 5% pcp
- Net revenue of \$17.1m, down 5% on pcp
- Average Funds in Use (FIU) \$255m, down 9% pcp
- Operating cash flow of \$4.8m, up 186% pcp (1H FY24: \$1.7m)
- NTA of \$38.2m, equating to implied NTA per share of 14.0 cents per share (cps)
- Forecast surplus capital of ~\$8m (3.0 cps) by end FY25 after repaying corporate loan (\$5m) in April 2025

1H FY25 Operational Highlights

- Funds in Use (FIU) growth resumed in 1H FY25, from Jun-24 to Dec-24, by \$8m to \$255m. During this six-month period:
 - Invoice Finance FIU increased by \$9m to \$140m
 - Equipment Finance FIU increased by \$12m to \$106m
 - Trade Finance FIU fell by \$13m to \$10m, in line with the active reduction of exposure in that product
- Portfolio transitioned to a less concentrated, more diversified portfolio focused on core Invoice Finance and Equipment Finance, with much reduced Trade Finance Exposure
- \$0.1m Credit Impairment expense (\$0.9m pcp), supported by a \$0.7m recovery of previously written-off exposures and a lower general provisioning due to strong actual and expected future credit performance
- Continued investment in innovating invoice finance as a product and augmenting traditional referrer-led distribution with new non-traditional channels, including embedded finance

1. Underlying NPAT is Statutory NPAT after adding back acquisition-related amortisation and notable one-off costs

- Completion of external tax review, which led to a \$0.9m prior period adjustment, reducing Retained Earnings
- Repaid \$19m corporate bond in Jul-24, partially refinanced by \$10m corporate loan. Repaid \$5m of corporate loan by Dec-24.
- Completed an on market buy-back of 25m shares for \$4.5m at an average price of \$0.177
- On 1 November 2024, announced a new share buy-back for up to 27m EPY shares

Capital Management

- Over \$25m of capital released via refinancing of funding structures and reduction in balance sheet funded receivables and deployed into capital management initiatives
 - The remaining \$5m of corporate debt expected to be repaid in April 2025
- After the repayment of corporate debt, Earlypay is expected to have ~\$8m (~3.0 cps) of surplus capital available for capital management initiatives
- These may include bolt-on acquisitions and/or on-market buyback, with the Board also considering other alternatives to return surplus capital to shareholders

Dividends

- Board has declared an interim fully franked dividend **equal to 0.14 cps**. The interim dividend was constrained by the available amount of Retained Earnings
- The Board intends to pay 100% of accumulated Retained Earnings as a final fully franked dividend at the end of FY25
- Subject to executing other capital management initiatives, the Board intends to continue paying 100% of Retained Earnings as fully franked dividends to shareholders until surplus capital is deployed

FY25 Outlook

- Continued momentum in FIU growth with operating leverage to support EPS growth
- **EPS:** Reaffirming FY25 Underlying EPS expected to be 2.2 cps
 - Assumes Underlying NPAT of \$6m and average of 272 million shares outstanding
 - Weighted towards 2H FY25 as FIU growth in invoice finance and equipment finance continues
- Strategic initiatives
 - Earlypay continues to explore strategic initiatives and is in discussions with several parties. These discussions are at an early stage and there is no guarantee a transaction will take place
 - Earlypay will continue to keep the market informed in accordance with its continuous disclosure obligations

CEO Comment

Earlypay CEO, James Beeson, said:

“Earlypay returned to growth in both invoice finance and equipment finance in the first half. Funds in Use growth in these core products has more than offset the deliberate reduction in trade finance exposure, reflecting our focus on sustainable and profitable growth.

We remain committed to executing our vision of becoming the first-choice provider of invoice finance to Australian SMEs. To achieve this, we continue to invest in innovation that makes invoice finance simpler and more accessible for SMEs and their referrers.

In addition to strengthening our traditional referrer channels, we are enhancing growth through non-traditional distribution channels, including embedded finance. This remains a core strategic priority and is expected to contribute a growing share of new business in the coming periods.

Our risk management enhancements over the past two years are delivering tangible benefits, with lower actual credit impairment expense and reduced expected future credit impairments. The portfolio is now more diversified and focused on invoice finance and equipment finance – products where we have core competence. Net Revenue Margin has expanded, supported by our focus on smaller, underserved SMEs as well our warehouse facilities that were refinanced at the beginning of 2024.

From a capital management perspective, we have taken significant steps to optimise our balance sheet. Over the last 18 months, over \$25 million in capital has been unlocked, enabling us to reduce corporate debt, acquire Timelio and buy back shares. The Company continues to be in a very strong capital position. The remaining \$5m of corporate debt is expected to be repaid in April 2025, and an additional \$8 million in surplus capital will remain available for further capital management initiatives.

Earlypay is now well-positioned to deliver strong and sustainable growth in funds in use, profitability and Earnings per Share.”

-- ENDS --

This release was authorised by the Board of Earlypay Limited.

For further information, please contact:

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ABOUT EARLYPAY

Earlypay is a leading provider of working capital finance to Australian SMEs with its invoice finance and equipment finance products.

Earlypay's invoice finance helps SMEs bridge the cash flow gap between issuing invoices and receiving payment from customers by providing early payment of unpaid invoices. Earlypay also provides equipment finance to SMEs to assist with capital expenditure.

Earlypay has been supporting Australian SMEs since 2001 and has built a trusted legacy of delivering reliable, flexible and innovative working capital finance.

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