

17th May 2021

Earlypay has record month of trading and improves Warehouse Facilities

Earlypay (“EPY” or the “Company”) is pleased to announce a record month of trading in March, enhanced funding facilities and reconfirms FY’21 guidance.

Highlights

- Record transaction volume of \$199m in Mar’21, up 34% on Mar’20
- Reconfirms full year guidance of EBITDA of \$21m+ and NPATA of \$8.5m+ (which will represent record earnings for H2’21) and a final dividend of 1.3cps+ fully-franked (2.3cps for FY’21)
- Improvements to all three Warehouse Facilities, providing cost savings, greater flexibility and increased headroom which will support continued growth of Earlypay’s loan book
- H2’21 momentum is expected to translate to a material increase in earnings for FY’22 over FY’21

Earlypay CEO, Daniel Riley, said...

“Q3, which is seasonally our lowest quarter, ended with record volumes in March, underpinned by Earlypay’s online lending platform, which continues to deliver growth and momentum in client acquisition and client experience.”

“Earlypay expects the strong growth momentum to continue in Q4, with current volumes indicating that we are now trading in excess of \$2.2bn TTV on an annualised basis compared to \$1.8bn+ forecast for FY’21. This growth is due to an increase in funding requirements from existing clients, as well as new clients coming on board as our organic growth continues to build. The support from Earlypay’s senior funders, which is evidenced by the increase in facility limits, broadening of product parameters and an overall reduction in interest costs, further supports the strength of our business and outlook.”

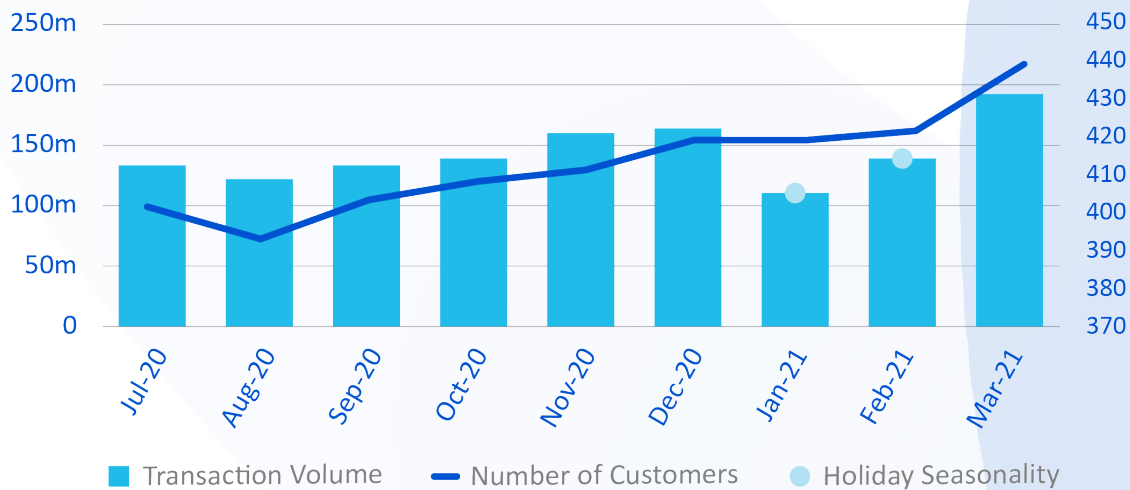
“We expect to report record earnings in H2’21 and are pleased to reconfirm our FY’21 guidance of \$21m+ EBITDA and NPATA of \$8.5m+, which in turn will result in a minimum final dividend of 1.3cps, bringing the full years dividends to 2.3cps, fully franked. Looking further out the H2’21 momentum is expected to translate to a material increase in earnings for FY’22 over FY’21.”

Invoice Finance

Earlypay is experiencing a sharp increase in customer numbers and transaction volume, driven by online lending. This is a result of investment into the Earlypay platform to improve client acquisition opportunities and the client experience, plus expansion of the sales team during FY'21.

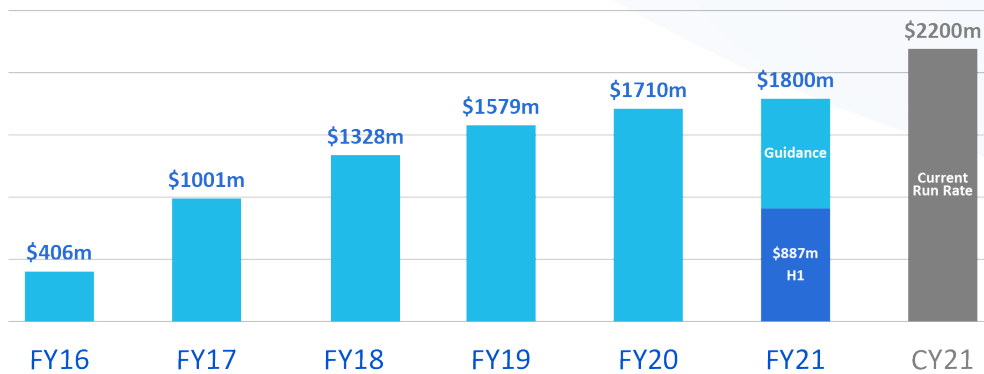
Transaction volumes have exceeded previous highs achieved in Dec'20 of \$171m with volumes of \$199m achieved in Mar'21. This is also up 34% on pcp, which was the month before COVID adversely affected confidence and volumes.

Transaction Volume vs. Number of Customers



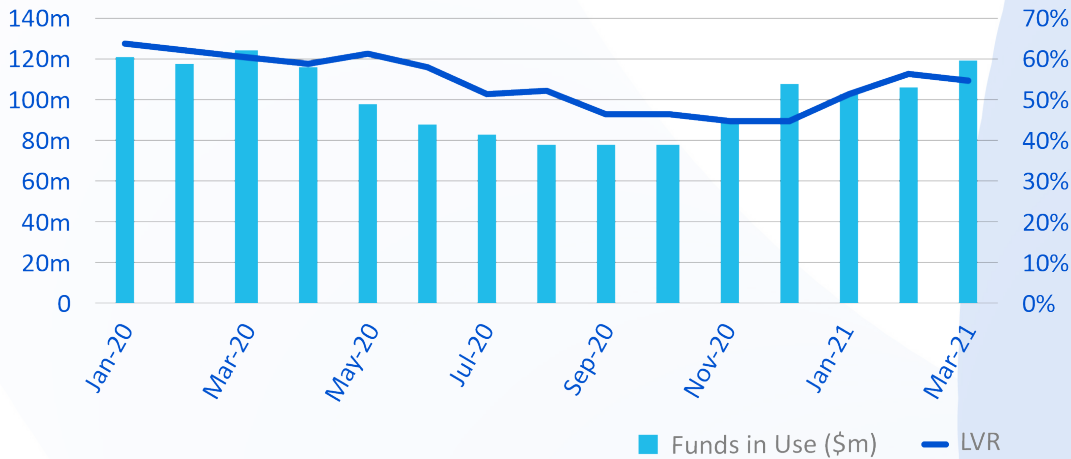
Current run rate TTV is expected to exceed \$2.2bn on an annualised basis. This is a further increase to the \$2.0bn mentioned in the H1'21 results update and compares to FY'21 forecast of \$1.8bn+.

Transaction Volume (\$m)



In addition to record monthly TTV, the utilisation rate (LVR) of client facilities is rebounding toward historical levels, contributing to 10% growth from Dec'20 to Mar'21 and rebuilding interest revenue to pre-COVID levels.

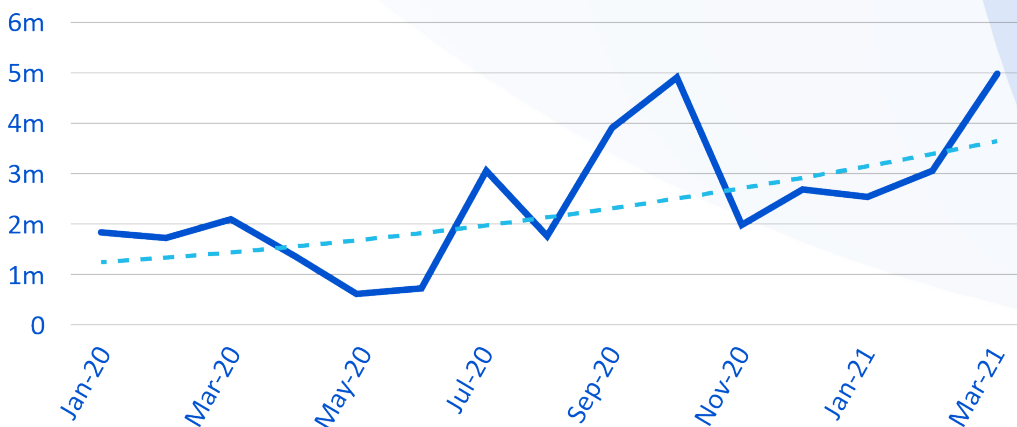
Average Monthly Funds Advanced (\$m) vs. LVR



Equipment Finance

Following a cautious approach to new business during COVID, origination volumes have rebounded and the loan book has resumed growth, currently standing at \$94m* compared to \$89m at 31 Dec'20. Earlypay anticipates an acceleration in origination volumes in coming months as it mobilises its broader sales team of 30 to promote the product and capitalise on increasing demand, in-line with economic growth. Currently, just 5 of the 30 sales staff focus on this product.

Equipment Finance Originations



* 11th May'21

Warehouse Facilities

Earlypay's funding structure includes three long established Warehouse Facilities.

Earlypay is pleased to confirm recent improvements to all three Warehouse Facilities:

Warehouse 1 (Invoice Finance)

Limit increased from \$60m at 30 Jun'20 to \$100m, plus a modest rate reduction. Earlypay notes that this facility was reduced initially when COVID hit and reflected that Earlypay was not drawing on these funds at the time.

Warehouse 2 (Equipment Finance)

Limit increased from \$125m to \$145m and parameters broadened to incorporate contracts currently financed with a more expensive alternative funder.

Warehouse 3 (Invoice and Trade Finance)

Facility limit unchanged at \$44m but parameters expanded to incorporate a broader range of loan structures to facilitate increased utilisation of the Warehouse.

Earlypay has approximately \$100m of headroom available across its combined Warehouse Facilities, equity (cash) and bonds.

The increase in facility limits and broadening of parameters indicates strong support from the major lenders. The combination of interest-cost savings and additional headroom for growth places Earlypay in a strong position for continued expansion of its loan book through FY'22.

This release was authorised by the Chief Executive Officer of Earlypay, Daniel Riley.

Sincerely,

Daniel Riley

Chief Executive Officer

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About Earlypay

Earlypay provides finance to SME businesses in the form of secured invoice financing and equipment financing.

Through the Earlypay online platform, SME's receive an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from their customers (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. Earlypay will consider an additional advance to a client (above the usual 80%) on occasion, for an additional fee and when there is adequate security from the client to cover the position.

Other services include trade finance to assist clients finance purchases, as well as equipment finance to assist SME's with capital expenditure on items required to operate their business.