

18th November 2021

Earlypay Limited (ASX: EPY)

Chairman's address to the Annual General Meeting of Earlypay Limited

Earlypay is approaching 20 years in business, during which we have transformed the business to an SME lender and built a strong presence in our marketplace.

Digital Transformation

The acquisition of the Skippr platform in August 2020, subsequent enhancements and relaunch as Earlypay in November 2020, has facilitated the next transformation of the business. Earlypay's digital transformation has improved accessibility for SME's to Earlypay's invoice finance products by providing market leading onboarding times for SME lending and an enhanced user experience through the platform.

By embracing technology, Earlypay is engaging with more prospective SME clients and business referrers, which is driving new business enquiry and supporting an organic growth rate far higher than at any point in Earlypay's history. At the same time, efficiency gain through platform automation is facilitating growth on a relatively flat cost base.

We have seen the early benefits of our initiatives in the second half of FY'21 - with strong growth in new customers and revenue in the core Invoice Finance product. This growth in our core offering has continued into FY'22, with Q1 revenue up 52% compared to the same period last year, achieved on a very similar operating cost base.

Earlypay continues to invest in the development of this outstanding technology platform both to enhance our customers' online experience and engender the relationship between our broker intermediaries and our customers.

Enlarged Product Suite

Earlypay is expanding both our product offering and target markets. The introduction of Trade Finance and the bundling of all our products provides existing and potential customers a more comprehensive and simpler solution. We anticipate Trade Finance functionality will be live on the Earlypay platform toward the end of 2021, which will provide leverage for expansion of this product and will differentiate Earlypay from the traditional lenders in this space.

Employee Incentive Program

Earlypay has worked diligently to attract the best people in our marketplace. To reward and retain our best the Board has introduced a long-term incentive program to the executive team and senior management, with a three-year vesting period, further aligning the interests of key personnel and shareholders.

This program was approved by shareholders in 2019 and is detailed on page 23 of the Notice of Annual General Meeting.

Risk Management

Earlypay's continued focus on risk remains a key priority. Our policies and systems performed well during the challenging Covid 19 period and continue to perform during the recent period of strong growth.

Entering the 2022 financial year, our balance sheet remains strong with net tangible assets of \$46m (19c per share). Our financial structure is solid with refinancing during the year reducing FY21 average cost of funds by 100 basis points compared to the prior year and further improvement expected through FY22. Further, Earlypay has approximately \$90m of funding headroom to facilitate our growth projections.

But there is even better news to come for the start of the 2022 financial year – our CEO, Daniel Riley, will provide details on our fantastic start to 2022 in his presentation.

Together with our shareholders, executive and staff, Earlypay's Board looks forward to a strong and profitable FY22.

Sincerely,



Greg Riley
Chairman

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.