

24th February 2022

Earlypay Limited (ASX: EPY)

FY22 guidance upgraded to NPATA \$15m+ following record half result

Earlypay ("EPY" or the "Company") is pleased to announce its first half results for the six months ended 31 December 2021, reflecting an excellent start to FY22 driven by growth in the core Invoice Finance product.

H1 FY22 Highlights

- Revenue of \$27.1m up 24% on pcp (H1'21 \$21.8m)
- EBITDA of \$12.7m up 29% on pcp (H1'21 \$9.8m)
- NPATA¹ of \$7.7m up 118% on pcp (H1'21 \$3.5m)
- EPS² of 2.76 cps up 74% on pcp (H1'21 1.6cps)
- Interim dividend of 1.4cps fully franked up 40% on pcp (H1'21 1.0cps)

Invoice & Trade Finance

- Strong organic growth rate in the core Invoice & Trade Finance product
 - Total Transaction Volume (TTV) of \$1.2bn up 35% on pcp and revenue of \$18.6m up 41% on pcp

Equipment Finance

- Growth has resumed with the loan book up 15% in the 3-months to 31 Dec'21, to \$108.1m
 - H1 origination volumes were up 142% on pcp and momentum is expected to continue in H2

Outlook and further upgrade to earnings guidance

- The beginning of H2, historically impacted by holiday seasonality, has started ahead of expectations with robust trading volumes from SME clients and continued high utilisation rate of Invoice Finance facilities
- The strong start to H2 supports a further increase to FY22 guidance to \$15m+ NPATA. This is Earlypay's third upgrade to earnings guidance for FY22, reflecting the strong growth momentum in the business
- EPY's dividend policy, in the absence of any material acquisitions, is 60% of NPATA, indicating a final dividend of at least 1.8cps fully franked (3.2cps+ for FY vs 2.3cps pcp, up ~40%+)

¹ Includes \$0.75m adjustment for non-cash amortisation of acquired intangibles

² Based on NPATA

Earlypay CEO Daniel Riley said of the result: *"We are pleased to report an outstanding H1 FY22 result, which shows material growth in Invoice Finance coupled with a sharp uptick in Equipment Finance. The result was driven by record TTV, lower cost of debt and increased utilisation of proprietary technology to facilitate operating leverage of the business. With more and more SMEs looking for alternate funding, Earlypay is clearly positioned as a leader and innovator in the small business finance sector. We anticipate a continuation of momentum through H2 and expect to report record earnings with Full Year guidance increased to NPATA of \$15m+, which compares to our previous record high of \$9.5m pre COVID. As a result, we would expect to pay a minimum final dividend of approximately 1.8cps fully-franked (3.2cps for FY), up approximately 40% on FY21."*

Invoice and Trade Finance

In H1, transaction volumes have reached record highs, with the business recording TTV of \$1.2bn, up 35% on pcp (H1'21: \$887m). TTV was driven primarily by organic growth in client numbers.

Revenue followed a similar trend, with H1 revenue increasing by 41% compared to pcp. This uplift has been driven by:

- Growth in new client numbers and TTV
- Increase in interest income on improved utilisation (LVR) of client facilities
- The Earlypay platform, which continues to drive efficiencies in on-boarding and servicing SME clients

Current business volume and growth momentum indicates continued uptrend in Invoice Finance during the remainder of FY22.

Equipment Finance

Growth has resumed in the Equipment Finance division as EPY expands origination volumes supported by the improved economic outlook post lockdowns. H1 origination volume of \$44.2m, generated mostly in Q2, was sharply up on H1'21 volume of \$18.3m, which resulted in the loan book increasing to \$108.1m at 31 Dec'21 from \$94.3m at 30 Sept'21.

Funding

Improvements to existing facilities

Earlypay received increases in existing warehouse facilities in May'21 and Nov'21 to accommodate loan book growth.

New facilities

A new warehouse facility commenced in Dec'21 to support growth in Equipment Finance.

Earlypay also issued a new 4-year corporate bond at sub-7% in Nov'21 to support growth in the new Trade Finance product.

FY22 Outlook

- Earlypay has provided guidance for FY22 NPATA \$15m+ and expects to pay a final dividend of approximately 1.8cps fully franked (3.2cps for FY).

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

Sincerely,

A handwritten signature in purple ink, appearing to be "Daniel Riley".

Daniel Riley
CEO

For further information, please contact:

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ABOUT EARLYPAY

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