



H1 FY22 Results



CEO Daniel Riley



COO James Beeson



CFO Steven Shin

Employing ~90 people in Brisbane, Sydney and Melbourne, Earlypay provides secured finance to SME businesses

Servicing 3,000+ SMEs

0.1%+ of total SMEs

\$9bn+ invoices funded since 2015

\$1.2bn+ in H1 FY22

Equipment Finance Book \$100m+

Loan book up 19% on pcip

Improving operating leverage

H1 FY22 Revenue up 24% vs NPATA up 118% on pcip

Long history of expanding profit and dividends

60% Dividend Payout Ratio

Upgrade to earnings guidance

FY22 NPATA of \$15m+, up 72%+ on pcip

Historically low loss rates

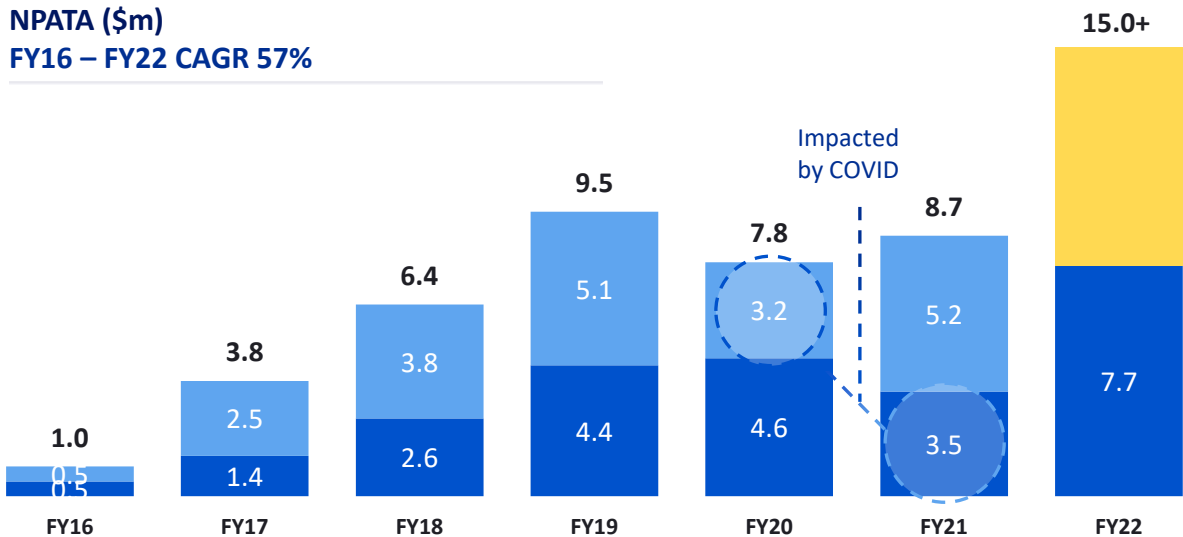
Default rate <0.1%

7 Year Growth History



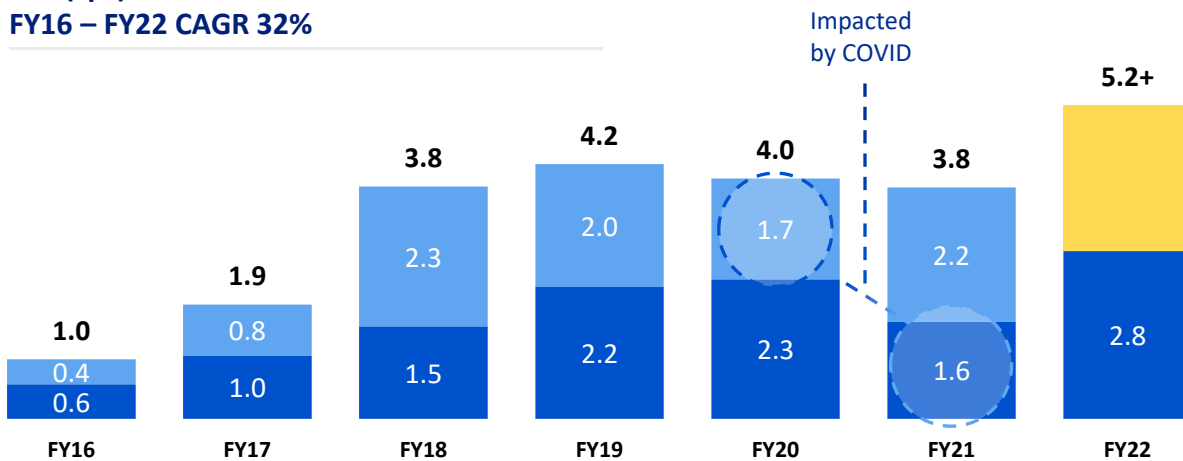
Earlypay has a long history of NPATA, EPS & DPS growth excluding COVID

NPATA (\$m)
FY16 – FY22 CAGR 57%

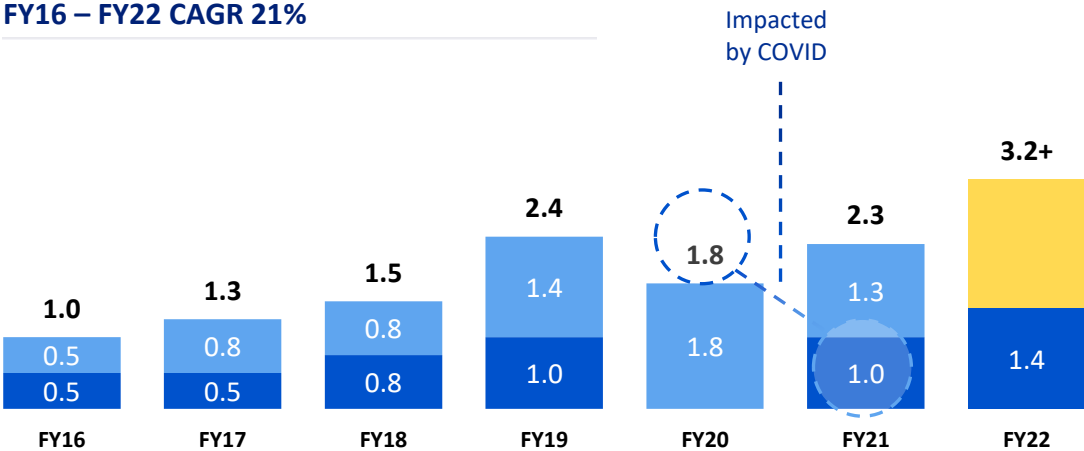


→ Earlypay has upgraded its Full Year Guidance to NPATA \$15m+, EPS to 5.2cps+ and DPS to 3.2cps+, all new records

EPS (cps)
FY16 – FY22 CAGR 32%



DPS (cps)
FY16 – FY22 CAGR 21%



earlypay^e

H1 FY22 Update

Upgrade to FY22 NPATA guidance to \$15m+ after strong H1

\$27.1m

REVENUE

↑ 24% pcp

\$12.7m

EBITDA

↑ 29% pcp

\$7.7m

NPATA¹

↑ 118% pcp

28.4%

NPATA MARGIN

vs 16.1% pcp

2.76c

EPS²

↑ 74% pcp

1.4c

DPS (fully franked)

↑ 40% pcp

1. After adjusting for non-cash amortization
2. Based on NPATA

Earlypay continues to grow revenue and earnings off the back of the bigger loan book

\$m	H1'21 ²	H1'22	Δ pcg
Revenue	21.8	27.1	24%
Total Expenses	(11.9)	(14.4)	21%
EBITDA	9.8	12.7	29%
D&A	(0.4)	(0.3)	-13%
Net Interest	(4.5)	(3.7)	-17%
Tax ¹	(1.5)	(1.0)	-32%
NPATA	3.5	7.7	118%
EPS	1.59	2.76	74%
DPS	1.00	1.40	40%
Key Metrics			
EBITDA Margin	45.1%	46.9%	
NPATA Margin	16.1%	28.4%	

Improving operating leverage

- Revenue was up 24% on pcg due to higher invoice finance volumes
- H1'22 Expenses includes \$0.7m non-cash provision (pcg: nil), in line with AASB9 and reflecting growth in the loan portfolio
- EBITDA is up 29% on pcg driven by organic growth in core Invoice Finance product
- Despite increasing loan book, Interest Cost fell 17% on the back of improvements to Earlypay's Warehouse Facilities
- Effective tax rate for FY22 expected to be ~21% (H1: 12.6%) and building back towards full tax rate by FY24
- DPS of 1.4cps fully franked, up 40%
- EBITDA and NPATA margins continue to improve, demonstrating the scalability of the business

1. Effective tax rate benefited from utilisation of losses from acquired businesses
 2. FY21 results were positively impacted by JobKeeper

Earlypay has a robust balance sheet with \$25m of cash at 31 December 2022

\$m	H1'21	H1'22	Δ pcp
Cash and cash equivalents	44.8	25.0	-44%
Receivables - Debtor Finance	199.7	275.2	38%
Receivables - Finance Lease ¹	93.4	108.1	16%
Intangible Assets	31.0	30.4	-2%
Other	7.6	7.4	-2%
Assets	376.4	446.2	19%
Trade payables - Debtor Finance	81.6	116.6	43%
Borrowings ²	206.3	238.1	15%
Other	30.1	10.7	-64%
Liabilities²	317.9	365.4	15%
Net Assets	58.5	80.8	38%
Total Equity	58.5	80.8	38%
Key Metrics			
NTA	27.5	50.3	83%
NTA per share	0.12	0.18	46.2%
NAB per share	0.26	0.29	10.2%

- \$25m cash provides headroom to aid in achieving further organic growth
- Material increase in receivables is indicative of the growing loan book
- Borrowings reflects the debt facilities used to finance the loan books
- Net assets have improved by 38% on pcp with NTA improving by 83%

1. Receivables - Finance Leases figure combines both the Current and Non-Current balances

2. Borrowings combines both the Current and Non-Current balances

Earlypay generated positive net operating cash flow of \$9.2m for H1'22

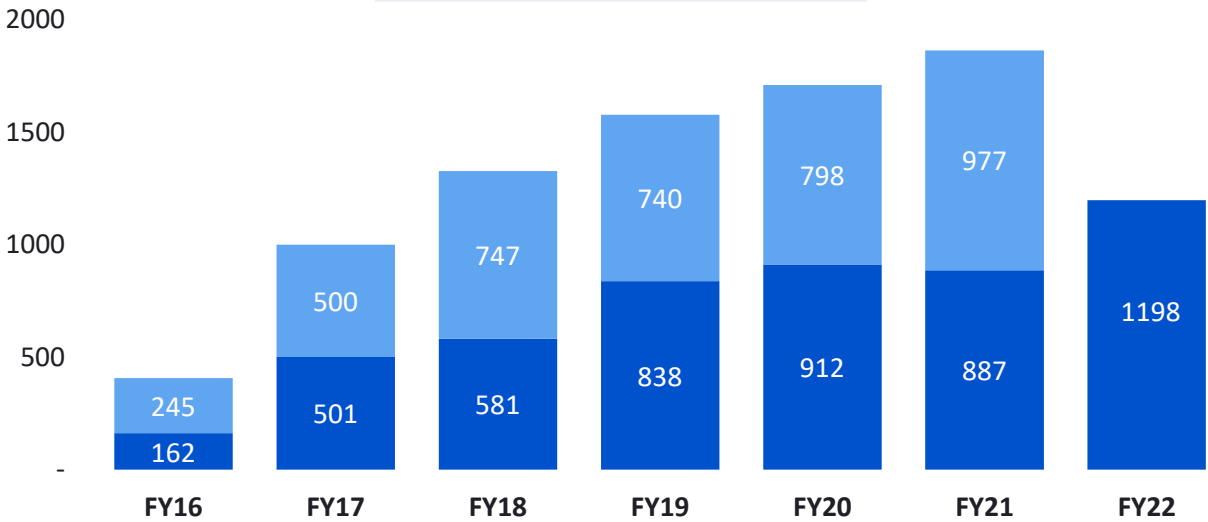
\$m	H1'21	H1'22
Receipts	14.7	15.6
Interest received	9.5	12.8
Payments	(16.3)	(13.8)
Income taxes paid	(0.8)	(1.8)
Finance costs	(4.6)	(3.6)
Cash Flows from Operating Activities	2.5	9.2
Payment for acquisition / PPE / intangibles	(1.6)	(0.9)
(Payments)/Proceeds from client receivables	(20.8)	(41.0)
Payments to equipment lease receivables	6.2	(15.0)
Cash Flows (used in) Investing Activities	(16.2)	(56.9)
Net proceeds from borrowings	(2.1)	31.8
Proceeds from issue of shares	4.4	-
Repayment of lease liabilities	(0.3)	(0.3)
Dividends paid	(3.8)	(3.6)
Cash Flows (used in) Financing Activities	(1.8)	27.9
Net Change in cash	(15.5)	(19.8)
Cash at beginning of year	38.2	44.8
Cash at End of Year	22.7	25.0

- Receipts driven by interest earned on both the invoice and equipment financing loan books
- Finance costs driven by the aggregate interest amount charged on utilised funding facilities
- \$41m payment for client receivables reflects growth in the loan book
- \$15m payment for equipment lease receivables reflects growth in the Equipment Finance book
- Payment for subsidiary relates to acquisition of Skippr in FY21

Material uplift in volumes was supported by lower cost of funding

\$m	H1'21	H1'22	Δ pcp
Key Metrics			
TTV (\$m)	887	1198	35%
Margin %	1.49%	1.55%	
Revenue	13.2	18.6	41%
Other Revenue (JobKeeper)	1.1	-	
Expenses	(7.7)	(9.6)	25%
EBITDA	6.5	9.0	38%
EBITDA Margin	49.5%	48.3%	

Total Transaction Volume (\$m)



TTV

 ×

Margin

 =

Revenue

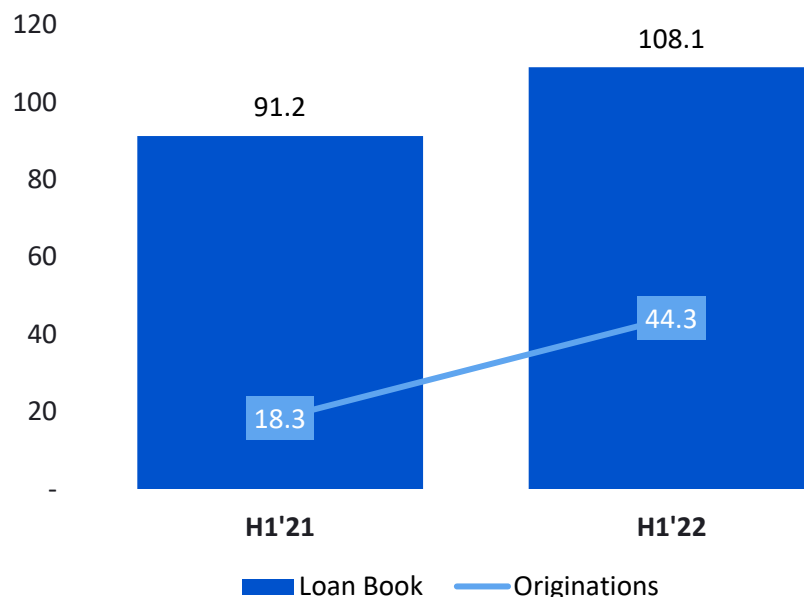
- Growth in TTV driven primarily by new clients, up 35% on pcp
 - New business pipeline is strong and H2'22 has started better than expected
 - The Earlypay platform continues to drive efficiencies in on-boarding and servicing SME clients
- Margin improvement on increased utilisation of facilities
- Revenue is up 41% on pcp, demonstrating leverage of margin and TTV growth
- EBITDA includes \$0.5m non-cash provision (pcp: \$0.1m), in line with AASB9 and reflecting growth in the loan portfolio



Equipment Finance has picked up as EPY expands origination volumes supported by the improved economic outlook post lockdowns

\$m	H1'21	H1'22	Δ pcp
Key Metrics			
Revenue	7.1	7.8	9%
Other Revenue (JobKeeper)	0.1	-	
Expenses	(3.1)	(3.8)	25%
EBITDA	4.2	3.9	-6%
<i>EBITDA Margin</i>	<i>58.6%</i>	<i>50.6%</i>	

Loan Book & Originations (\$m)



- Growth has resumed in the Equipment Finance division following extended lockdowns in key regions:
 - Revenue up 9% on pcp due to rebound in loan book which increased from \$94.3m at Q1 to \$108.1m at Q2
 - EBITDA includes \$0.3m non-cash provision (pcp: +\$0.1m), in line with AASB9 and reflecting growth in loan portfolio
 - H1 originations were up 142% on pcp and momentum is expected to continue in H2
 - Earnings down 6% on pcp, however loan book growth achieved in Q2 is expected to benefit earnings in future periods

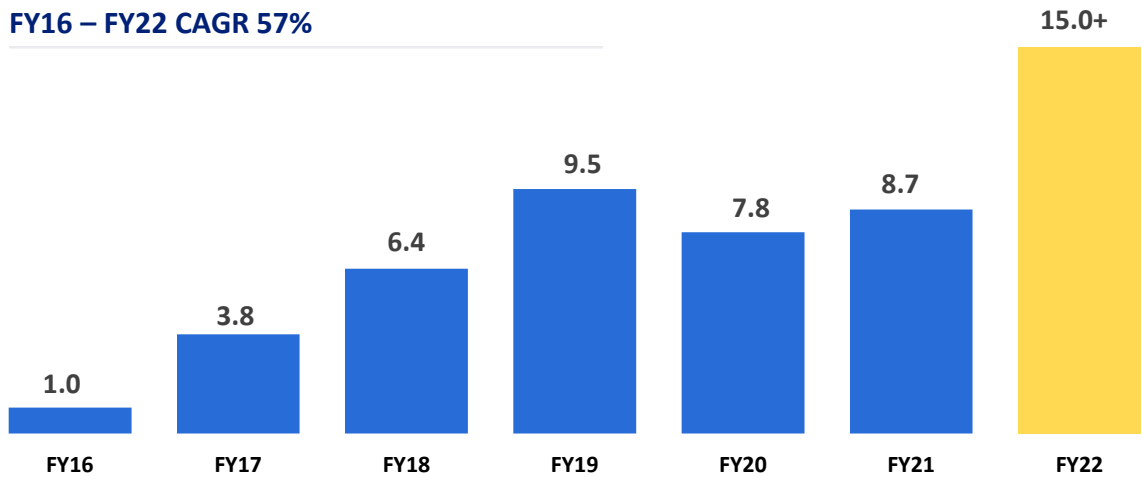
Earlypay has diverse funding to support growth across all products

- Increase in existing warehouse facilities in May'21 and Nov'21 to accommodate loan book growth
- A new warehouse facility commenced Dec'21 to support growth in Equipment Finance
- Earlypay issued a new 4 year corporate bond at sub-7% in Nov'21 to support growth in the new Trade Finance product

	Facility Size	Cost	Comments
Invoice Finance			
Warehouse Facility 1 & 2	\$160m	Sub-3%	Increased by \$25m in Nov 2021
Equipment Finance			
Warehouse Facility 3	\$120m	Sub-3%	Increased by \$20m in May 2021
<i>Mezzanine</i>	\$15m	Sub-7%	Bond issued Nov'21, interest cost reduction of ~195bps on refinance from AOFM
Warehouse Facility 4	\$25m	Sub-7%	Commenced Dec 2021
Corporate			
<i>Bond 1</i>	\$10m	7.95%	Matures May 2022
<i>Bond 2</i>	\$17m	Sub-7%	Matures Nov 2025
<i>Equity</i>	\$40m	n/a	n/a
Total Facilities	\$387m	Avg. Sub 4%	

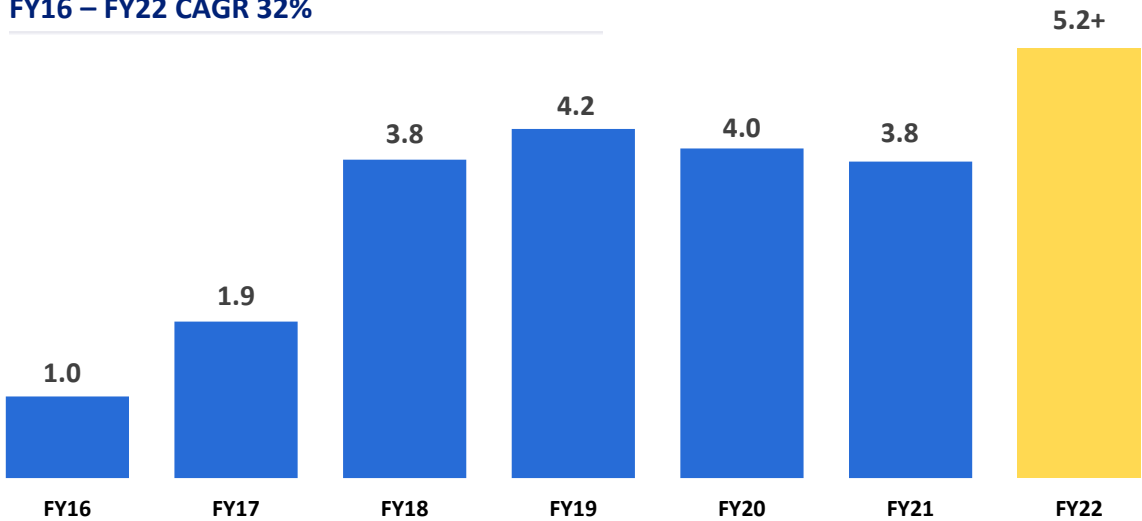
Upgraded FY22 guidance to NPATA of \$15m+, EPS 5.2cps+ & DPS 3.2cps+ fully franked

NPATA (\$m)
FY16 – FY22 CAGR 57%

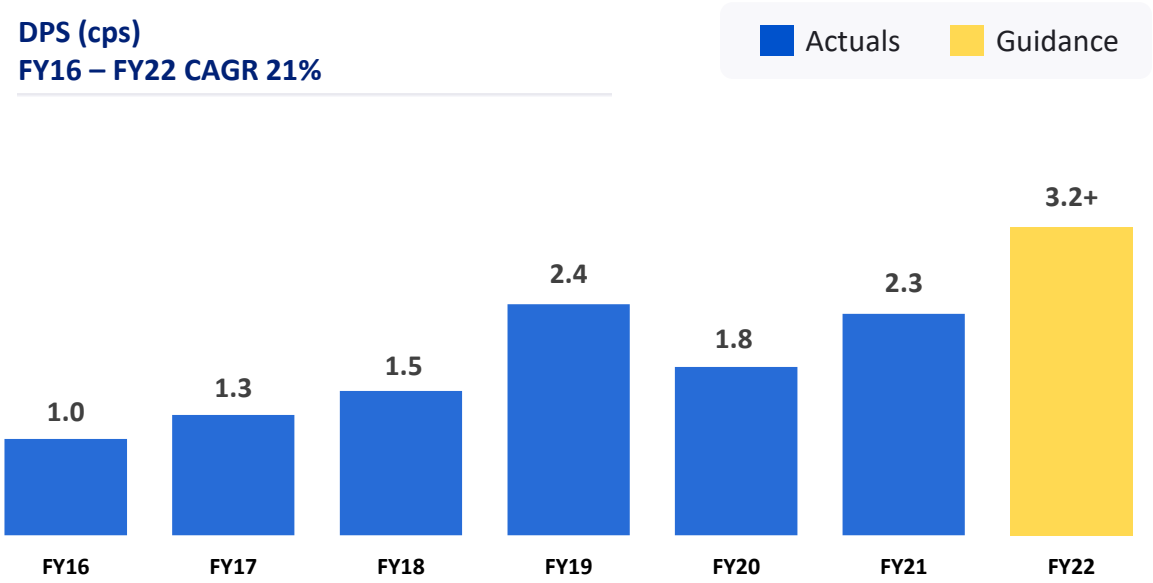


- The beginning of H2 has started ahead of expectations
- The strong start to H2 supports a further increase to FY22 guidance to \$15m+ NPATA, EPS 5.2cps+ & DPS 3.2cps+ fully franked - this is Earlypay’s 3rd upgrade this financial year
- Trading momentum coupled with a leaner operating structure is expected to translate into further growth in future periods

EPS (cps)
FY16 – FY22 CAGR 32%



DPS (cps)
FY16 – FY22 CAGR 21%



Actuals Guidance

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