



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

\$10bn+ invoices funded since 2015

\$2.4bn+ in FY22, up 29% on pcg

Equipment Finance Book \$133m

Loan book up 40% on pcg

Improving operating leverage

FY22 Revenue up 23% vs PBTA up 42% on pcg

Long history of expanding profit and dividends

60% Dividend Payout Ratio

Record earnings in FY22

FY22 NPATA of \$14.7m+, up 69% on pcg

Historically low loss rates

Default rate <0.1%

Outlook

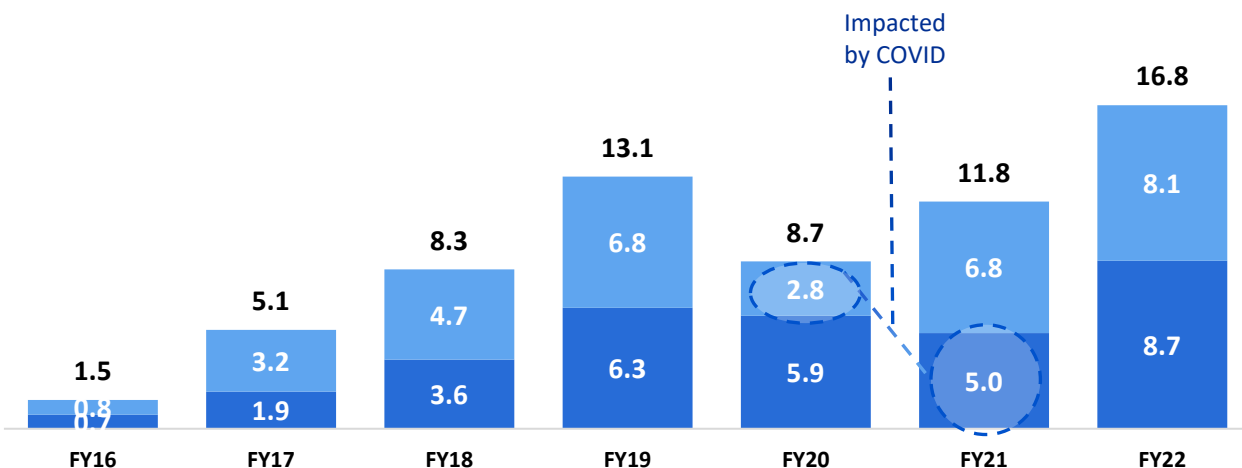
Invoice Finance TTV run exceeding \$2.8bn in Jul22, up 17% on FY22

Earlypay continues it's strong growth trajectory post COVID

NPBTA (\$m)

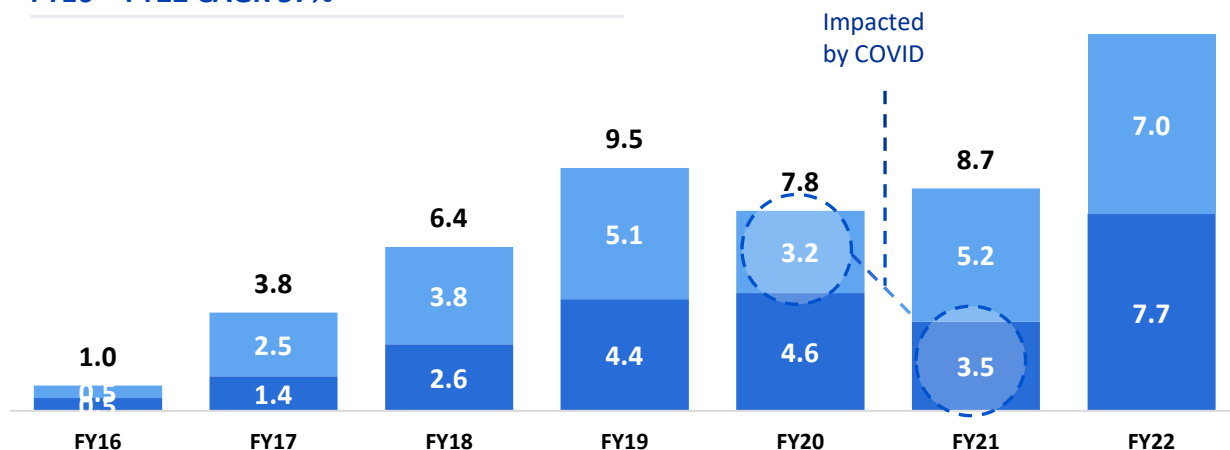
FY16 – FY22 CAGR 50%

NPBTA



NPATA (\$m)

FY16 – FY22 CAGR 57%



→ Earlypay has generated record earnings at all levels;

- NPBTA \$16.8m, up 42% on last year
- NPATA \$14.7m, up 69% on last year

→ Outlook

- Top line growth through seasonally weaker H2 has established a strong run rate commencing FY23

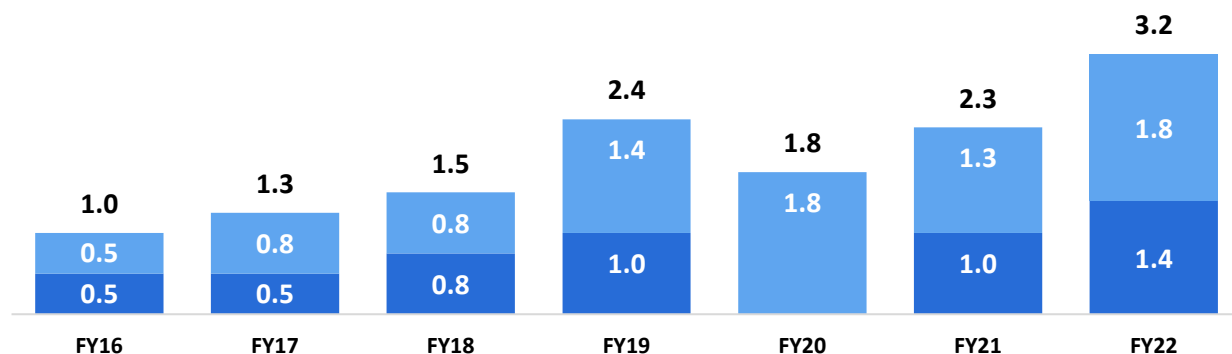
■ H1 ■ H2

Earlypay continues its strong growth trajectory post COVID

EPS (cps)
FY16 – FY22 CAGR 32%



DPS (cps)
FY16 – FY22 CAGR 32%



→ Earlypay has generated record earnings at all levels;

- EPS 5.3cps, up 37% on last year
- Dividend policy is 60% of NPATA, facilitating a Final Dividend of 1.8cps,
- Full year dividends of 3.2cps, fully franked. This is up 39% on last year

H1 H2

earlypay^e

FY22 Results

FY22 NPATA of \$14.7m, up 23% pcp

\$53.8m

REVENUE

↑ 23% pcp

\$27.3m

EBITDA

↑ 30% pcp

\$14.7m

NPATA¹

↑ 69% pcp

27.4%

NPATA MARGIN

vs 19.8% pcp

5.27c

EPS²

↑ 37.1% pcp

3.2c

DPS (fully franked)

↑ 39% 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	FY21 ¹	FY22	Δ pcg
Revenue	42.7	53.8	26%
Other Revenue (JobKeeper)	1.2	-	
Net Expenses	(21.9)	(26.5)	16%
EBITDA	22.0	27.3	30%
D&A ²	(0.8)	(0.8)	4%
Net Interest ³	(9.5)	(9.7)	2%
Tax ⁴	(3.1)	(2.1)	-33%
NPATA	8.7	14.7	69%
EPS	3.84	5.27	37%
DPS	2.30		
Key Metrics			
EBITDA Margin	50.2%	50.7%	
NPATA Margin	19.8%	27.4%	
ROE	14.9%	17.3%	

- Revenue (excl Jobkeeper) and EBITDA increased by 26% and 30% respectively on pcg, driven by organic growth in the core Invoice Finance product
- Operating margins continue to improve, demonstrating the scalability of Earlypay's tech platform and business model
- Effective tax rate for FY22 reduced through utilisation of losses in entities acquired by Earlypay. Tax rate will normalise in FY23
- DPS of 3.2cps fully franked, up 39%

1. FY21 results were positively impacted by JobKeeper
2. After adding back \$1.5m amortisation of customer intangibles
3. Net Interest includes the reclassification of interest swap expenses from a trust expense to interest expense
4. Effective tax rate benefited from utilisation of losses from acquired businesses

Improving operating leverage

Earlypay has a robust balance sheet with Net Tangible Asset (NTA) position of \$0.19 cps at 30 June 2022

\$m	FY21	FY22	Δ pcp
Cash and cash equivalents	44.8	52.7	18%
Receivables - Debtor Finance	199.7	270.5	35%
Receivables - Finance Lease ¹	93.4	131.5	41%
Intangible Assets	31.0	29.9	-4%
Other	6.9	8.2	20%
Assets	375.7	492.8	31%
Trade payables - Debtor Finance	81.6	108.3	33%
Borrowings ²	206.3	293.1	42%
Other	11.2	6.4	-43%
Liabilities	299.1	407.7	36%
Net Assets	76.6	85.1	11%
Total Equity	76.6	85.1	11%
Key Metrics			
NTA³	45.5	55.2	21%
NTA per share	0.16	0.19	18%

- Strong cash position to support continued organic growth as well as acquisition opportunities
- Material increase of 35%+ in receivables reflects growth in the loan book through FY22
- Corresponding increase in borrowings reflects increased utilisation of warehouse facilities to support growth in the loan book

1. Receivables - Finance Leases figure combines both the Current and Non-Current balances
 2. Borrowings combines both the Current and Non-Current balances
 3. FY21 NTA includes \$18.9m capital raising, cash received June'21, new shares issued Jul'21

Earlypay generated positive net operating cash flow of \$12.7m for FY22

\$m	FY21	FY22
Receipts	27.7	28.8
Interest received from customer	21.3	27.2
Payments	(33.3)	(30.2)
Interest received	0.0	0.0
Income taxes paid	(1.5)	(3.6)
Finance costs	(9.5)	(9.6)
Cash Flows from Operating Activities	4.9	12.7
Payment for acquisition / PPE / intangibles	(4.4)	(3.2)
(Payments)/Proceeds from client receivables	(36.5)	(42.9)
Payments to equipment lease receivables	3.2	(38.1)
Cash Flows (used in) Investing Activities	(37.7)	(84.2)
Net proceeds from borrowings	22.3	86.7
Proceeds from issue of shares	23.9	(0.0)
Repayment of lease liabilities	(0.6)	(0.6)
Dividends paid	(6.2)	(6.6)
Cash Flows (used in) Financing Activities	39.5	79.5
Net Change in cash	6.6	7.9
Cash at beginning of year	38.2	44.8
Cash at End of Year	44.8	52.7

- Receipts reflects administration and service fees charged to clients
- Interest is received on funds drawn by Invoice and Trade Finance clients, as well as Equipment Finance contracts
- \$42.9m payment for client receivables reflects growth in the Invoice and Trade Finance loan book
- \$38.1m payment for equipment lease receivables reflects growth in the Equipment Finance loan book
- Payment for acquisition relates to the earn-out component of Skippr, acquired by Earlypay in August 2020

Material uplift in volumes was supported by lower cost of funding

\$m	FY21	FY22	Δ pcp
Key Metrics			
TTV (\$m)	1,864	2,415.2	30%
Margin %	1.52%	1.55%	2%
Revenue	28.3	37.4	32%
Other Revenue (JobKeeper)	1.1	-	-
Expenses	15.2	17.6	16%
EBITDA	14.2	19.7	39%
EBITDA Margin	48.3%	52.7%	9%

TTV

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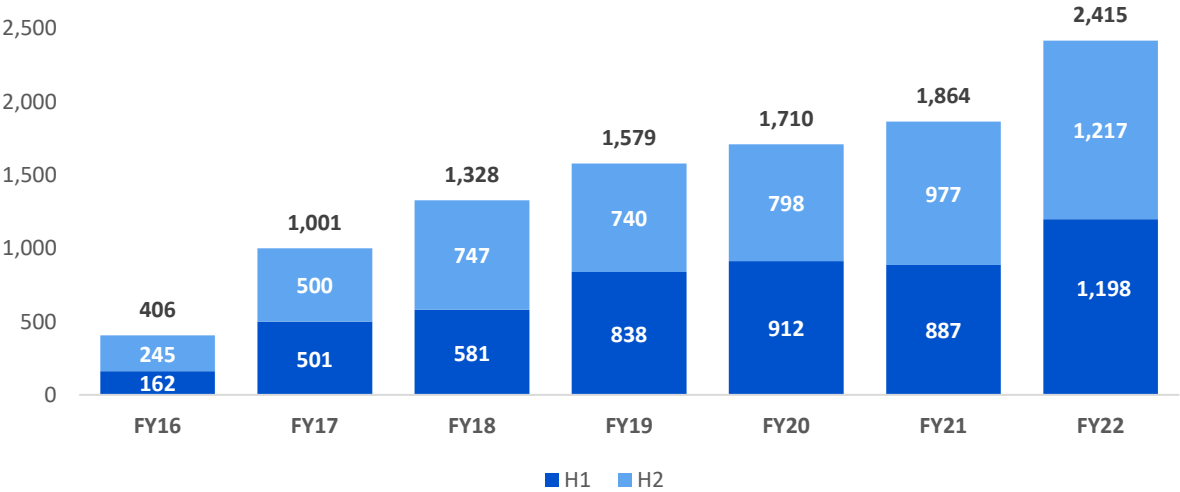
Margin

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Revenue

- Material growth in TTV of 30% achieved organically
 - Continued TTV growth through seasonally weaker H2 has established a strong run commencing FY'23
 - Margin improvement on growth reflects favourable economic conditions for this product
- Improvement in EBITDA margin demonstrates operating leverage on scale

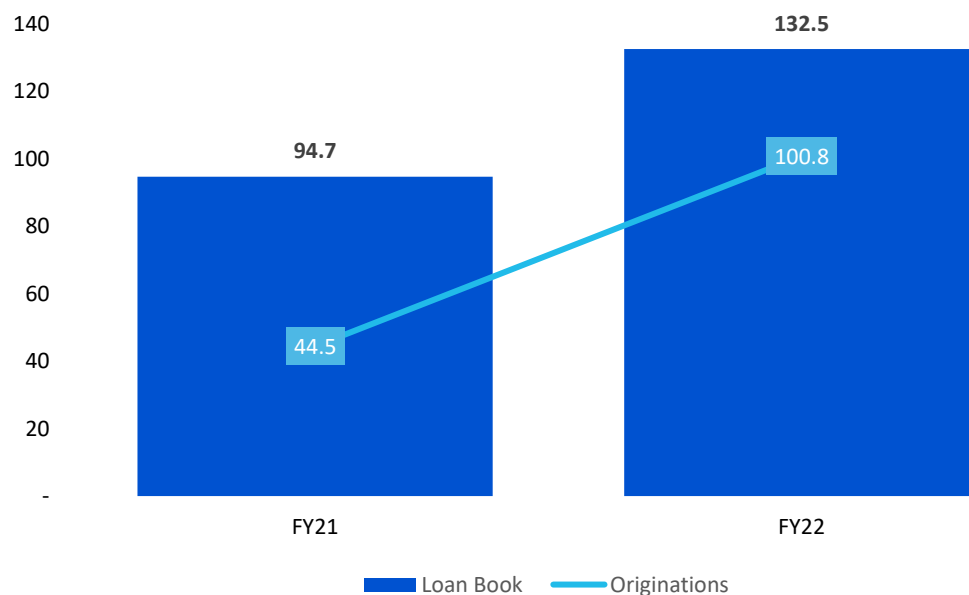
Total Transaction Volume (TTV)



Growth resumed in FY22, supported by product simplification and cross-sell with the core Invoice Finance product

\$m	FY21	FY22	Δ pcp
Key Metrics			
Revenue	14.0	15.6	11%
Other Revenue (JobKeeper)	0.1	-	-
Expenses	5.5	6.0	9%
EBITDA	8.6	9.6	12%
<i>EBITDA Margin</i>	61%	62%	1%

Loan Book & Originations (\$m)



- Earlypay resumed growth in Equipment finance, with origination volume of \$101m for the period
 - Growth was achieved through development of a multi-product sales team, by training Invoice Finance BDM's to also identify Equipment Finance opportunities
- Earlypay has retained its focus on:
 - Asset quality, being commercial vehicles and yellow goods (eg/ excavators and other equipment used on infrastructure construction)
 - Profit margins and return on equity as a priority over loan book growth
 - Loan arrears are at historical lows, less than [0.5%] over 30 days

Earlypay has diverse funding to support growth across all products

- Increase in existing Invoice Finance warehouse facility in Mar'22 to accommodate loan book growth
- A new warehouse facility commenced Dec'21 to support growth in Equipment Finance
- A new warehouse facility commenced Apr'22 to support growth in Trade Finance
- Earlypay issued a new 4 year corporate bond at sub-7% in Nov'21 and repaid a \$20m Corporate Bond that matured in May'22

	Facility Size	Cost	Comments
Invoice Finance			
Warehouse Facility 1	\$200m	Sub-3% + BBSW	Invoice Finance facility, increased by \$75m in March 2022
Warehouse Facility 2	\$30m	Sub-7% + BBSW	Trade Finance facility, commenced April 2022
Equipment Finance			
Warehouse Facility 3	\$120m	Sub-3% + BBSW	Primary Equipment Finance Warehouse
<i>Mezzanine</i>	\$20m	Sub-6%	Bond issued Nov'21, interest cost reduction of ~125bps
Warehouse Facility 4	\$25m	Sub-7% + BBSW	Commenced Dec 2021
Corporate			
<i>Bond 1</i>	\$20m	Sub-7% + BBSW	Matures Nov 2025
<i>Equity</i>	\$55m	n/a	n/a
Total Facilities	\$470m	Avg. Sub 4% + BBSW	

Earlypay commences FY'23 on an enhanced run-rate and with continued growth momentum

FY'23 run-rate

- Invoice Finance TTV in Jul'22 was \$240m (Jul'21: \$183m), indicating an annual run rate commencing FY23 exceeding \$2.8B (FY22: \$2.4B). This commencing run rate is already up 17% on FY22 TTV, before factoring in any organic growth.
- Earlypay expects to build on TTV current run rate through continued strong organic growth for Invoice and Trade Finance. This expectation is based on the current new business pipeline and favourable market conditions for this product
- Equipment Finance loan book at 30 June 2022 is 40% higher than at 30 June 2021, providing a significantly higher revenue base commencing FY'23, however the growth rate for Equipment Finance is expected to slow as Earlypay targets margin improvement, cost management and cross-sell opportunities with Invoice Finance over top line growth.

Interest rates and inflation

- Invoice and Trade Finance clients are on variable interest rates – any increases to funding costs can be recovered from clients
- TTV from existing clients will increase as SME's respond to inflationary pressure and increase prices
- Earlypay utilises a swap agreement to hedge in its primary Equipment Finance warehouse to reduce the impact of rising rates. The rate card for new transactions is updated regularly to maintain NIM through time.

Earlypay commences FY'23 on an enhanced run-rate and with continued growth momentum

Business trading conditions

- All lending at Earlypay is secured and asset backed. Invoice and Trade Finance is provided on modest LVR and is short-term in nature. Earlypay has a long history of supporting SME's in all stages of the business life-cycle and has an experienced team to manage advance rates or collect-out if trading condition deteriorate.
- Equipment Finance is generally offered only against assets with a good resale market and Earlypay has an experienced internal and external team to successfully manage recoveries if required. Arrears remain very low, with less than 0.5% over 30 days

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