

17 November 2022

Earlypay Limited (ASX: EPY) FY23 Outlook & Guidance

Earlypay Limited (“**EPY**” or “the **Company**”) is pleased to release its FY23 outlook and guidance with strong organic growth momentum, offset by higher provisioning and funding costs in FY23. Significant funding improvements are expected for FY24+.

FY23 NPBT is expected to be flat on FY22 (Reported FY22 \$16.8m), reflecting:

- Strong organic growth in Funds in Use (FIU) for Invoice Finance
 - Based on FY23 YTD (Oct), expected annualised FY23 Average FIU is 25%+ higher compared to FY22 average FIU
- This benefit of higher Funds in Use is offset by:
 - Lower Net Interest Margin due to:
 - Invoice Finance: Full year of interest expense on \$30m Trade Finance bond (vs 2.5 months in FY22)
 - Equipment Finance and working capital: Interest expense on Warehouse 4 and Corporate Bond increasing with market rates
 - Increased Allowances for Credit Losses given economic uncertainty

Funding structure improvements that significantly reduce interest expense, mitigate the residual interest rate mismatch, release additional equity and support future growth are expected to be finalised in Q4 of FY23, benefitting FY24 and beyond.

Given the strong growth profile of the business, it is the Board’s current intention to maintain a similar DPS (3.2cps) to FY22. This will likely require a higher payout ratio in FY23 as EPS will be adversely affected by a higher tax rate.

ENDS

This release was authorised by the Board of Earlypay Limited.

For Further information:

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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.