

17 November 2022

Earlypay Limited (ASX: EPY) AGM CHAIR'S ADDRESS

Earlypay Limited ("EPY" or "the **Company**") is pleased to release the Chair address to be made at the Annual General Meeting (AGM) to be held at 3.00pm (AEDT) today.

Chair address

Thank you for attending the Earlypay Limited Annual General Meeting for the financial year ending 30 June 2022.

This is my first address as Earlypay Chair following the retirement of former Chair, Greg Riley, which was announced to the market in August. Additionally, in early September, we announced the retirement of long-term CEO and Managing Director, Daniel Riley, who stepped down from executive duties but will continue in a Board role as a Non-Executive Director.

Both Greg and Daniel's retirement was part of a planned succession plan and is aligned with the Board's forward-thinking strategy to support the next phase of the Company's growth.

Before we go further, I'd like to take the opportunity on behalf of the Board and shareholders to acknowledge the contributions of Greg over the past seven and a half years as Chair and Daniel over the past 12 years as CEO. During their tenure, Earlypay has transformed from a small human resources and largely manual invoice finance business into a leading, tech-driven, non-bank provider of secured financing solutions to SME's. Over the past 8 years, Earlypay has continued to remain profitable, despite the significant impacts of COVID on many other lending businesses, whilst also seeing earnings per share increase approximately 340% over the period.

In line with our succession plan objectives, we appointed James Beeson to the role of CEO and Managing Director. James has been with Earlypay for the past two years in the role of COO following the acquisition of Skippr in July 2020. The Skippr acquisition was a milestone transaction for the business, significantly strengthening our product offering whilst streamlining our ability to onboard a broader range of clients.

From a financial perspective FY22 was a milestone year, with your Company reporting record earnings which enabled the Company to pay a dividend of 3.2 cents per share, up 39% on FY21 and equating to an approximate payout ratio of 60%. At a funding level, we refinanced a number of our facilities which has provides us significant headroom to underpin our growth objectives.

At an operational level, we continued to transition our larger clients onto the Earlypay platform, which is expected to be completed over the course of 2023. Through continued investment in improving our Earlypay proprietary platform, we have now established a meaningful competitive advantage for the business, helping facilitate greater transparency and data flow between us and our customers.

Looking forward to the year ahead and beyond, Earlypay sits in a strong position to capitalise on the growing demand for invoice financing solutions, particularly given the progressive pull-back of the major banks from the sector. Furthermore, our pipeline of new deals is the largest it has ever been from a dollar perspective. Given our significant scale, this is being further enhanced by our ability to increasingly attract and service larger and higher credit quality clients.

Given the current interest rate environment we may see a small compression in our net interest margin, however we are progressing discussions to refinance the majority of our funding facilities which will materially reduce our interest expense whilst releasing additional equity to support other growth initiatives. We expect to implement these new funding structures in the second half of FY23. While this and a higher tax rate this year will adversely affect EPS growth, the Board's current intention is to maintain a similar dividend per share to FY22.

Although not an active part of the growth strategy, given the strength of the business, we are opportunistic in our approach to M&A activity, particularly as the market gets tougher for smaller lenders without the benefit of larger warehouse funding structures.

I'd like to thank our shareholders for their support as we continue to implement our growth strategy focused on the delivery of invoice financing solutions.

On behalf of the Earlypay Board and all Staff, we look forward to the year ahead.

ENDS

This release was authorised by the Board of Earlypay Limited.

For Further information:

Geoff Sam

Non-Executive Chair

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ABOUT EARLPAY

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.