



## FY23 Results

24 August 2023



CEO James Beeson



CFO - COO Paul Murray

Reported Results significantly impacted by “one-offs”. Underlying business remains profitable and cash generative with a strong balance sheet

## FY23 Results

### *Financial*

- Reported Net Revenue of \$41.8m, down 5% (FY22 of \$44.1m)
- Reported Profit (Loss) After Tax of (\$7.7m) compared to a profit of \$13.2m in FY22
- FY23 reported loss includes:
  - Credit related expenses of \$22.5m, compared to \$0.8m in FY22
    - \$14.9m relates to one single large credit loss (\$10.4m credit loss and \$4.5m in recovery costs) and considered a “one off” given the outsized exposure
    - \$7.6m in other credit related expenses made up of increases of \$2.2m in general provisions, \$4.8m in specific provisions and \$0.6m in expected recovery costs
  - Non-cash impairment of trademark intangibles of \$2.1m considered “one off”
- Underlying Proforma<sup>1</sup> (excluding “one-offs” above) NPAT of \$5.2m, down 61% on FY22 of \$13.6m
- NTA of \$38.7m, equating to NTA per share of 13.3cps

**Note: For a summary of FY23 Reported results along with a reconciliation of Reported results vs Proforma results, please refer to the Appendix**

1. Underlying Proforma is Reported earnings after adding back “one-off” costs including RevRoof credit loss and recovery costs, and the Trademark impairment

Reported Results significantly impacted by “one-offs”. Underlying business remains profitable and cash generative with a strong balance sheet

## **FY23 Results**

### *Operational*

- Significant progress on RevRoof recovery. Expected loss provision and estimated recovery costs remain appropriate
- Comprehensive changes to risk and operational framework and procedures to mitigate against material future credit losses.
  - Strong progress, but there is no finish line
- Ongoing investment in Earlypay platform for invoice and trade finance, allowing for platform consolidation
- More structured and robust approach to lead and referrer management, new business submission and documentation using Salesforce
- Simpler organisational structure with clearer roles and accountability
  - Centralised documentation and settlements, credit underwriting
  - Dedicated client service pools to improve client service while better managing risk
- More targeted sales and distribution verticals
- Warehouse refinancing well advanced. Primary warehouse mandate signed and documentation in progress. Financial close expected by 30 September 2023



**FY23 Proforma Financials**

# FY23 Summary - Proforma (excluding RevRoof)

**NOTE:** The remaining presentation is based on proforma unaudited financials that exclude the impact of RevRoof, providing investors with a Proforma profile of the Earlypay business on a continuing basis

Profit and Loss (\$m)	FY22 Proforma	FY23 Proforma		$\Delta$ pcp
Year End Funds in Use	296.4	284.3		-4%
Average Funds in Use	255.0	290.2	1	14%
Interest Income	25.6	33.8		32%
Interest Expense	(9.4)	(18.2)		94%
<b>Net Interest Revenue</b>	<b>16.3</b>	<b>15.5</b>	2	<b>-5%</b>
Mgmt / Admin Fees	26.1	25.5		-2%
<b>Net Revenue</b>	<b>42.4</b>	<b>41.0</b>		<b>-3.3%</b>
Opex	(24.5)	(26.1)	3	6%
Direct Costs	(3.7)	(3.7)		0%
Credit Impairment Expense (CIE)	(0.6)	(7.0)	4	1148%
Recovery Costs	-	(0.6)		na
<b>PBT</b>	<b>13.6</b>	<b>3.6</b>		<b>-73%</b>
Amortisation	1.5	0.5		-67%
Intangible write-offs	-	2.1	5	na
One-offs (tax affected)	-	0.5		na
<b>Underlying PBT</b>	<b>15.1</b>	<b>6.8</b>		<b>-55%</b>
<b>Underlying NPAT</b>	<b>13.6</b>	<b>5.2</b>	6	<b>-61%</b>
EPS (cents per share)	4.8	1.8		-62%
DPS (cents per share)	3.2	-		na
Net interest margin	6.4%	5.4%		-16%
Net revenue margin	16.6%	14.1%		-15%
Underlying Cost to Income <sup>1</sup>	63.0%	65.0%		3%
Underlying ROE <sup>2</sup>	15.9%	7.1%		-55%

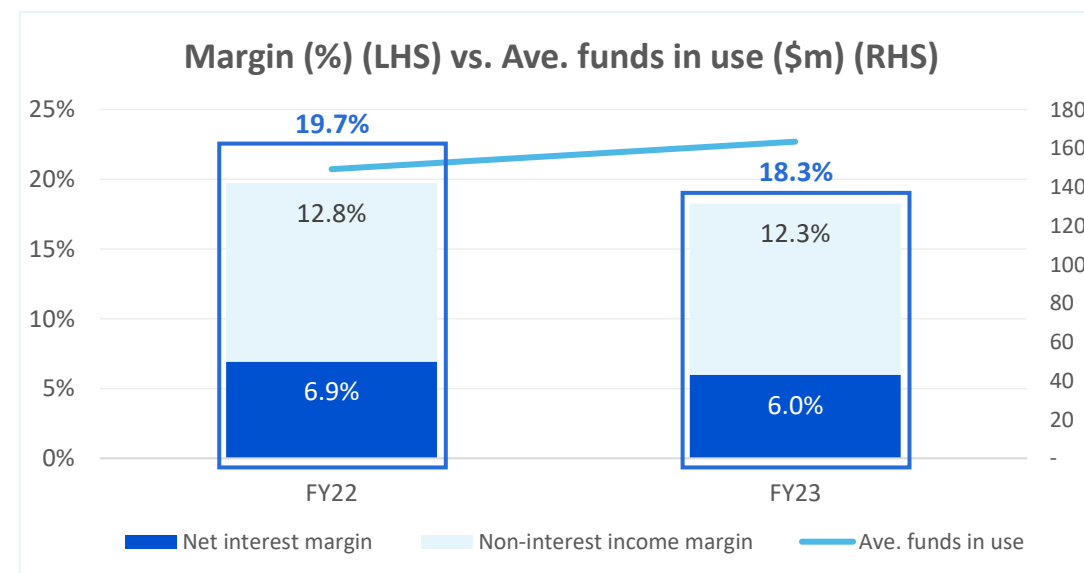
- 1 Flat FIU growth reflective of a more cautious risk appetite given tightening credit environment and strategic reduction in EF originations
- 2 Decrease in net interest revenue as a result of:
  - 1H'23 onboarding larger IF/TF clients at tighter margins
  - Delayed IF/TF pricing increases in Q1 FY23
  - No interest costs incurred on Trade finance loans for 9 months of FY22 – funded by cash on balance sheet
  - EF fixed loans against variable funding costs (partial)
- 3 OpEx increase overstated by amortisation, intangible write-off and one-offs: Underlying decrease of 2% on pcp
- 4 Increase in Credit Impairment Expense includes:
  - General provision increased by \$2.2m
  - Specific provision increased by \$4.8m
- 5 Non-cash impairment of Trademark Intangibles
- 6 Underlying FY23 NPAT of \$5.2m

1. Underlying Cost to Income calculated as (Opex + Direct Costs – Amort – Intangible write-offs – One Offs) / Net Revenue

## Cautious FIU growth given economic backdrop

IF & Trade Reporting (\$m)	Proforma		
	FY22	FY23	Δ pcp
<b>Key Metrics</b>			
Year End Funds in Use	167.3	172.8	3%
Ave. funds in use <sup>1</sup>	149.3	163.5	10%
Invoices purchased (TTV)	2351.2	2563.2	9%
Interest income	14.5	20.1	39%
Interest expense	(4.1)	(10.3)	149%
<b>Net Interest Revenue</b>	<b>10.3</b>	<b>9.8</b>	<b>-5%</b>
Mgmt / Admin Fees	21.2	21.9	4%
<b>Net Revenue</b>	<b>31.5</b>	<b>31.7</b>	<b>1%</b>
Opex	(16.0)	(17.0)	6%
Direct Costs	(2.1)	(1.9)	-8%
Credit Impairment Expense (CIE)	(0.1)	(6.0)	8761%
Recovery Costs	-	(0.6)	na
<b>PBT</b>	<b>13.4</b>	<b>6.2</b>	<b>-54%</b>
Net interest margin	6.9%	6.0%	-14%
Net revenue margin	21.1%	19.4%	-8%
Cost to income	57.2%	59.5%	4%

- 1 Small increase in FIU: strong SME demand for finance, offset by more disciplined / cautious underwriting given uncertain economic environment
- 2 Slight decrease in NIM due to prior 'equity' funding of Trade receivables (i.e. no interest cost relative to the current trade warehouse)
- 3 CIE increase in general and specific provisioning to better reflect current and expected future credit conditions



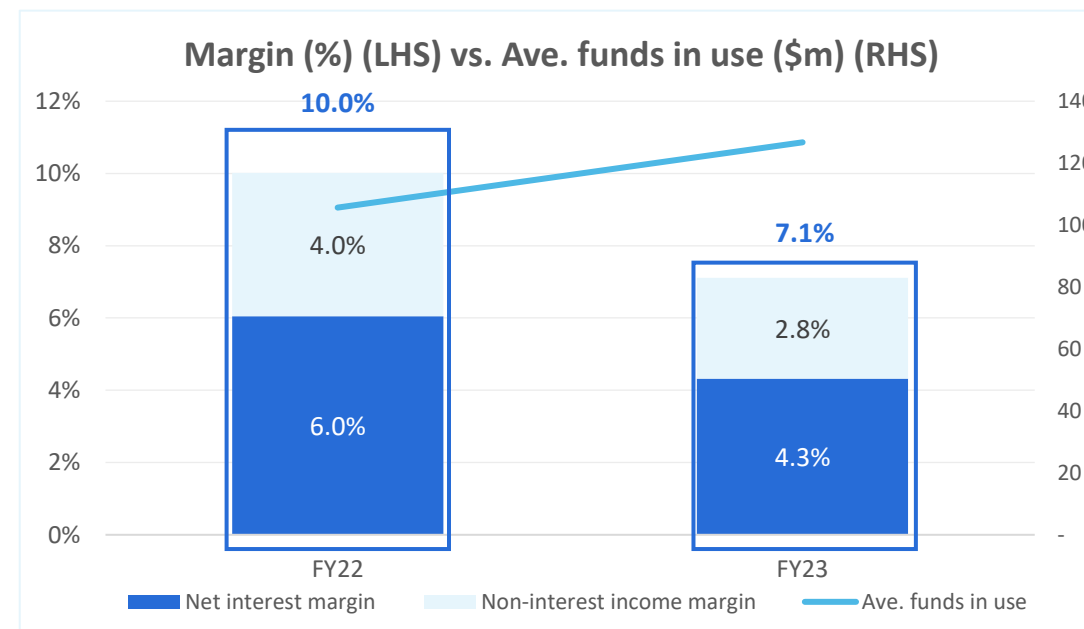
# Product Segment: Equipment Finance (EF)

FIU growth to resume in FY24 with new warehouse and operationally efficient segment

EF supports IF awareness building and distribution

EF Reporting (\$m)	Proforma		
	FY22	FY23	Δ pcp
<b>Key Metrics</b>			
Year End Funds in Use	129.1	111.5	-14%
Ave. funds in use <sup>1</sup>	105.7	126.7	20%
Loan Originations	95.2	31.9	① -67%
Interest income	11.1	13.1	18%
Interest expense	(4.7)	(7.6)	61%
<b>Net Interest Revenue</b>	<b>6.4</b>	<b>5.5</b>	<b>-14%</b>
Client Admin Fee	4.2	3.5	② -16%
<b>Net Revenue</b>	<b>10.6</b>	<b>9.0</b>	<b>-15%</b>
Opex	(5.4)	(3.2)	-40%
Direct Costs	(1.7)	(1.9)	11%
Credit Impairment Expense (CIE)	(0.5)	(0.9)	90%
Recovery Costs	-	-	na
<b>PBT</b>	<b>3.1</b>	<b>3.0</b>	<b>-1%</b>
Net interest margin	6.0%	4.3%	-29%
Net revenue margin	10.0%	7.1%	-29%
Cost to income	66.5%	56.1%	-16%

- ① Materially lower originations in FY23 due to funding constraints, cautious approach to credit and competitive market. Originations recommenced late in FY23 due to improved market opportunity and expected funding changes
- ② Admin fees decreased due to decreased loan originations
- ③ Lower interest margins due to most of the floating rate corporate bond interest expense being allocated to EF



# Consolidated Balance Sheet

Balance Sheet remains strong despite credit write-offs and higher ECL provisions

Net Tangible Asset (NTA) position of \$38.7m / 13.3 cps at 30 June 2023

Balance Sheet (\$m)	FY22	FY23		Δ pcp
Cash and cash equivalents	52.7	53.0	1	1%
Receivables - Invoice Finance <sup>1</sup>	164.3	162.4		-1%
Allowance for exp. credit losses - IF	(2.7)	(7.6)	2	180%
Receivables - Equipment Finance <sup>2</sup>	132.4	111.4		-16%
Allowance for exp. Credit losses - EF	(1.4)	(1.9)		31%
Intangible Assets	31.1	28.8	3	-7%
Income tax receivable	-	3.0		na
Other	8.2	11.2		36%
<b>Assets</b>	<b>384.5</b>	<b>360.3</b>		<b>-6%</b>
Borrowings <sup>3</sup>	293.1	279.0		-5%
Other	6.4	7.8		23%
<b>Liabilities</b>	<b>299.4</b>	<b>286.8</b>		<b>-4%</b>
<b>Net Assets</b>	<b>85.1</b>	<b>73.5</b>		<b>-14%</b>
<b>Total Equity</b>	<b>85.1</b>	<b>73.5</b>		<b>-14%</b>
<b>Key Metrics</b>				
<b>NTA</b>	<b>50.6</b>	<b>38.7</b>	4	<b>-24%</b>
NTA per share	17.6	13.3	4	-24%
Net Borrowings to Receivables	72.4%	72.7%		1%
Average Funds in Use	269.8	315.1		17%
TTV (Invoice Finance)	1198.2	1478.2		23%

- 1 EOFY cash position of \$53.0m; \$7.7m restricted cash held in trust for warehouse facilities
  - Cash position reflects a specific point in time and intra-month cash movement is significant under existing funding structure
- 2 Material increase in ECL provisioning that better reflects economic environment
- 3 Decrease in intangibles
  - Trademarks for Skippr and Cash Flow Finance fully written off (\$2.1m)
- 4 NTA of \$38.7m equating to NTA per share of 13.3cps

1. Receivables – Invoice Finance figure combines both the gross Receivables and Payables balances

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

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



Warehouse refinancing expected to complete in Q1, bringing substantial benefits

## Target Structure

	Facility Size	Cost of Funds
<b>(I) Invoice Finance and Trade Warehouse ①</b>		
Warehouse Facility – Senior	\$200m	Sub-2% + BBSY
Warehouse Facility - Mezzanine	\$10m	~7% + BBSY
<b>(II) Equipment Finance Warehouse ②</b>		
Warehouse Facility - Senior	\$110m	Sub-3% + Swap
Warehouse Facility - Mezzanine	\$20m	~7% + Swap
<b>Total Warehouse Facilities</b>	<b>~\$340m</b>	<b>Ave. Sub-2.5% margin</b>

<b>Corporate*</b>		
Bond (Floating Rate Notes)	\$20m	Sub-7% + BBSW

\*Corporate bond strategy subject to capital management plan

## → Two warehouse structure

- Senior funding provided by two of Australia's largest banks
- Single mezzanine provider across both warehouses

### ① New invoice and trade warehouse

- Mandate signed, in documentation, expected to achieve financial close by 30 September 2023
- Significantly simplified funding model (cash and operational requirements), lower cost of funding, increased scalability
- Introduction of mezzanine layer
- Approx. \$20m of equity/cash released

### ② Equipment finance warehouse

- Modest pricing enhancements from existing structure
- Main benefit will be scalability. Additional pricing benefits will come through increased scale

# earlypay<sup>e</sup>

## Outlook

FY24 NPAT is expected to exceed FY23's underlying proforma<sup>1</sup> earnings

## FY24 Outlook

- FY24 earnings are expected to exceed FY23's underlying proforma<sup>1</sup> earnings supported by:
  - Lower expected credit losses (proforma \$7.6m in FY23)
  - Steady growth in Invoice Finance Funds in Use (FIU) within new single borrower exposure limits and more disciplined credit underwriting
  - Cautious and targeted resumption of growth in Equipment Finance as funding constraints ease with new warehouse structure
  - Lower interest expense with the refinancing of warehouse facilities
  - An efficient cost base as a result of business simplification and striving for operational excellence
- Economic environment and outlook presents opportunities and challenges
  - higher financing demand from SMEs vs heightened risks of insolvency and poor client conduct

1. Underlying Proforma is Reported earnings after adding back “one-off” costs including RevRoof credit loss and recovery costs, and the Trademark impairment

## Refinancing and capital management initiatives to drive EPS growth

### Capital Management

- Refinancing of the primary warehouse in Q1'24 will lower funding costs and release approx. \$20m of cash for deployment
- Board currently considering mix of one or more EPS accretive capital management options:
  - ① **On Market Buy Back:** we have lodged forms with ASIC and ASX to undertake an on-market buy-back under the '10/12 limit' rule for up to 28m Shares
  - ② **Bolt-on acquisitions:** potential acquisitions to augment our organic growth aspirations, although unlikely to be material
  - ③ **Repayment or refinance of corporate debt:** refinancing or using excess cash to repay corporate bond to reduce interest expense
  - ④ **Dividends:** the Board intends to reinstate the Company's Ordinary Dividend in FY24 as retained earnings are rebuilt

# earlypay<sup>e</sup>

## Appendix

Employing ~80 people in Sydney, Brisbane and Melbourne, Earlypay provides secured finance to SME businesses

- Since 2012, Earlypay has become a leading provider of business funding solutions to Australian SME businesses
- Invoice Finance is Earlypay’s ‘core product’, with supporting Equipment & Trade Finance providing a compelling value proposition to clients in the SME market
  - Invoice Finance (72% of FY23 revenue): business line of credit supported by unpaid invoices;
  - Equipment Finance (21% of FY23 revenue): vehicle, business equipment and machinery financing; and
  - Trade Finance (7% of FY23 revenue): offered in conjunction with invoice finance facilities to allow businesses to purchase goods from suppliers
- Earlypay targets the estimated 35% of SMEs in Australia that operate in the B2B marketplace and services a diverse portfolio of over 3,000 clients across all of our products, with loan sizes typically ranging from \$50k up to \$10m
- Invoice & Trade Finance clients on variable rate contracts with Earlypay having the ability to amend customer rates in response to market conditions and competition
- Earlypay’s current loan portfolio totals to c.\$290m as at 30 June 2023
- Client sectors include:

Share Price	\$0.15
Shares on Issue	289.9m
Market Capitalisation	\$43.5m
Cash & equivalents (30 June 2023)	\$53m
FY23 Underlying NPAT	\$5.2m
FY23 Underlying P/E	8.4x
NTA	\$0.13

Share Price Movement – Past 12 months



Manufacturing



Infrastructure



Professional, Scientific  
& Technical Services



Consumer / Retail  
Trade



Transport / Postal /  
Warehousing



Labour Hire

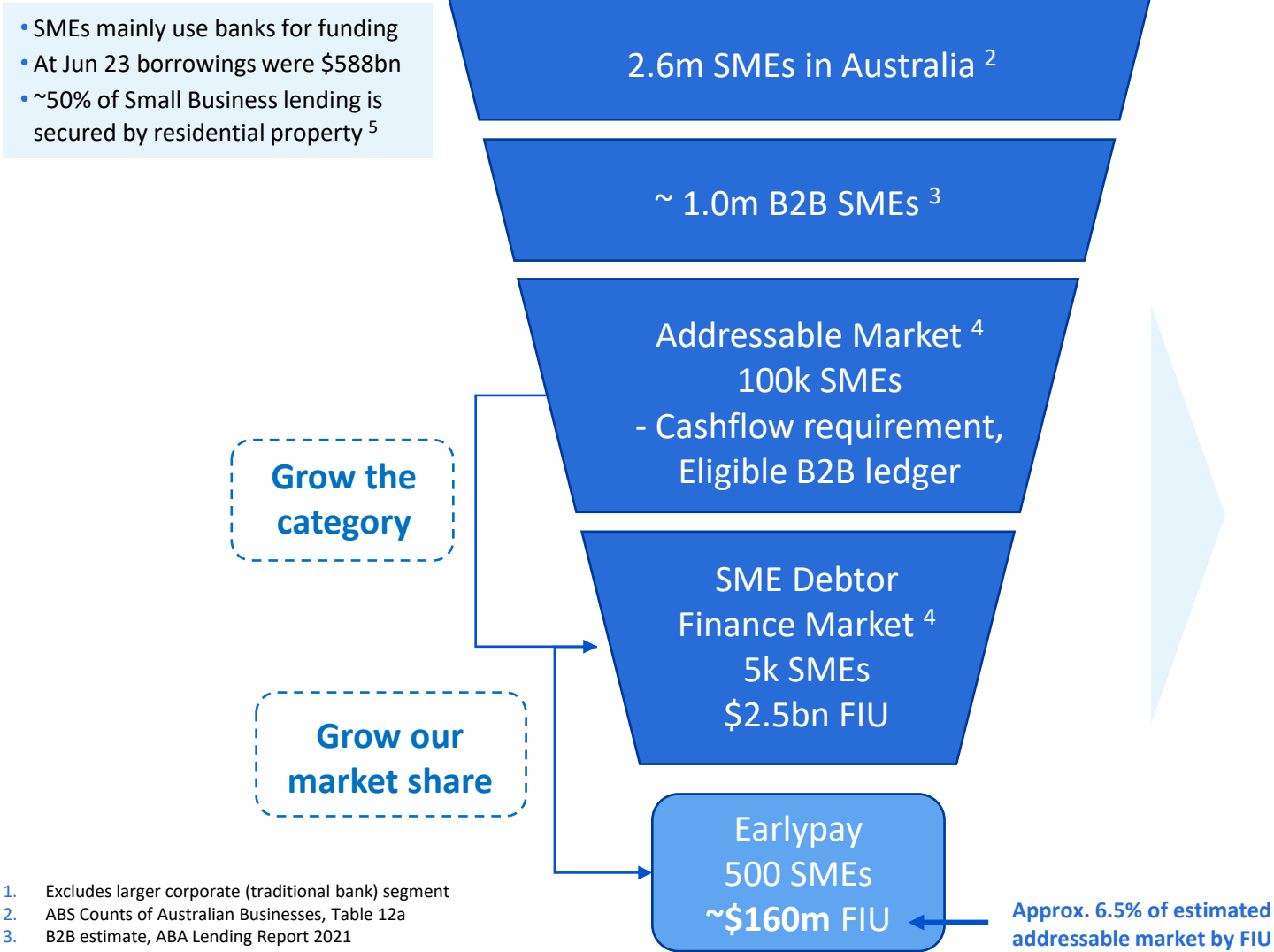


Mining



Wholesale  
Trade

The SME market is still nascent in its awareness of invoice financing as a funding alternative



1. Excludes larger corporate (traditional bank) segment  
2. ABS Counts of Australian Businesses, Table 12a  
3. B2B estimate, ABA Lending Report 2021  
4. Earlypay estimate  
5. RBA, D14 – Lending to Business

## Our Opportunity

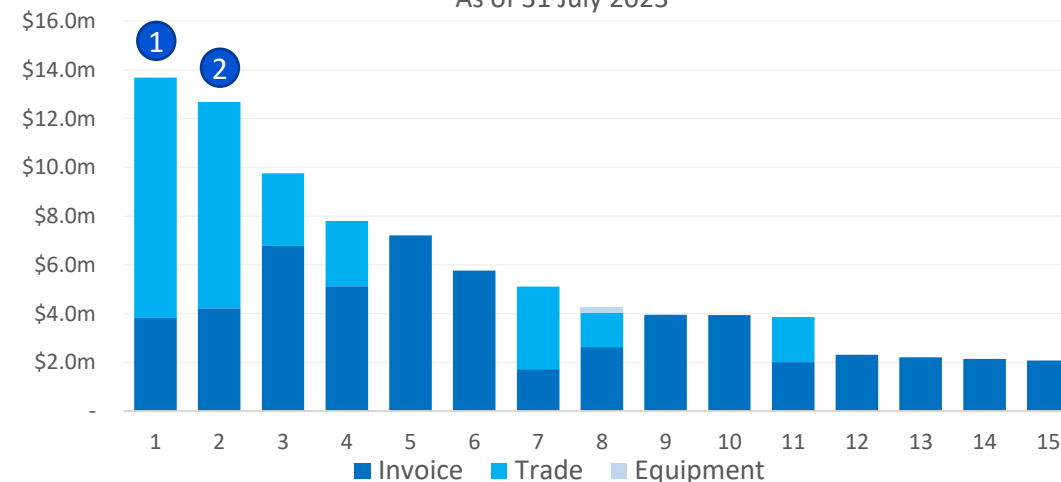
- Substantial proportion of lending to SME's is backed by residential property;
- SME's without substantial assets find it difficult to borrow;
- SME debtor ledger is a substantial asset that can be lent against;
- Invoice Finance has low penetration in Aust. (compared to offshore); thus awareness is a major impediment to growth;
- Given high reliance on commercial brokers, critical to increase awareness to help grow category (scholarship program etc).
  - Productivity commission called this out too;
- Renewed focus by the banks (e.g. CBA) likely to be net positive in increasing awareness and growing the category;
- We believe banks will struggle to play at small/mid end of market; and
- Evidence of some smaller competitors leaving the market and some lenders retreating from Invoice Finance

Current economic environment brings challenges and opportunities; although RevRoof was an outlier in terms of client size. Earlypay has updated policies and procedures to ensure future asset performance remains robust

- Following RevRoof administration process, EPY undertook a detailed review of its risk governance; underwriting and operational policies & procedures; and loan book exposures
- Based on this review, EPY has introduced the following changes:
  - Updated risk management framework, risk appetite statement and risk register processes;
  - An initial maximum single counterparty (debtor) exposure limit of \$10m. This limit is to be further reviewed (taking into account the current loan book size, corporate liquidity and profitability) and approved by the Board;
  - A substantial reduction and increased selectivity in offering trade finance. Trade finance facilities to be conservatively sized relative to the client's invoice finance funding limit;
  - Expediting the development and roll-out of EPY's in-house invoice management system across all invoice-financing clients;
  - Enhancements to EPY's invoice verification processes; and
  - Organisational structure changes across its operations teams to ensure greater specialisation, effectiveness and consistency.
- As a result, EPY remains well positioned to:
  - Navigate higher SME demand for finance despite rising insolvency rates; and
  - Take greater market share as competitors fall away.

Top 15 Clients (by funds in use)

As of 31 July 2023



1. Trade FIU secured by real property and stock. Trade is in the process of being refinanced.
2. Residual RevRoof exposure excludes the yet to be disbursed proceeds from the Design Group sale. This also does not include the remaining specific provision held against this exposure.



Reported results significantly impacted by RevRoof loss and recovery process. Underlying business is robust

Profit and Loss (\$m)	FY22 Reported	FY23 Reported	$\Delta$ pcp
Year End Funds in Use	317.9	297.4	-6%
Average Funds in Use	269.8	315.1 <sup>1</sup>	17%
Interest Income	27.2	35.4	30%
Interest Expense	(9.7)	(19.3)	98%
<b>Net interest revenue</b>	<b>17.5</b>	<b>16.1</b>	<b>-8%</b>
Mgmt / Admin Fees	26.6	25.7	-3%
<b>Net revenue</b>	<b>44.1</b>	<b>41.8</b> <sup>2</sup>	<b>-5%</b>
Opex	(24.5)	(26.1)	6%
Direct Costs	(3.7)	(3.7)	0%
Credit Impairment Expense (CIE)	(0.6)	(17.3) <sup>3</sup>	3011%
Recovery Costs	-	(5.1)	na
<b>PBT</b>	<b>15.3</b>	<b>(10.4)</b> <sup>4</sup>	<b>na</b>
<b>NPAT</b>	<b>13.2</b>	<b>(7.7)</b>	<b>-159%</b>
Amortisation	1.5	0.5	-67%
Intangible write-offs	-	2.1	na
One-offs (tax affected)	-	0.5	na
<b>Underlying NPAT</b>	<b>14.7</b>	<b>(4.6)</b> <sup>5</sup>	<b>-131%</b>
EPS (cents per share)	4.7	(2.7)	-128%
DPS (cents per share)	3.2	-	na
Net interest margin	6.5%	5.1%	-21%
Net revenue margin	16.3%	13.3%	-19%

- <sup>1</sup> Average Funds in Use (FIU) up 17% on prior corresponding period (pcp) to \$315.1m
- <sup>2</sup> Net revenue slightly down on pcp due to:
  - Material increase in interest expense due to BBSY rate rises; and
  - No revenue generated for RevRoof in 2H'23, despite incurring interest expenses on FIU of \$0.4m
- <sup>3</sup> Significant increase in Credit Impairment Expense (CIE) of \$17.3m reflecting:
  - \$10.4m RevRoof<sup>1</sup> provision across IF/Trade
  - \$4.8m increase in other specific provisions
  - \$2.2m increase in general provisions
- <sup>4</sup> Profit (loss) before tax (PBT) loss of (\$10.4m)
- <sup>5</sup> Underlying NPAT loss of (\$4.6m)
  - One-offs include restructuring costs and intangibles write-off
  - No dividend for FY23; Board expect dividend to return in FY24
  - Management Changes: Paul Murray appointed CFO-COO, following resignation of prior CFO, Steve Shin

# Reconciliation: Consolidated Profit & Loss

	Reported			RevRoof Adjustment		Proforma		
Profit and Loss (\$m)	FY22	FY23	$\Delta pcp$	FY22	FY23	FY22	FY23	$\Delta pcp$
<b>Year End Funds in Use</b>	<b>317.9</b>	<b>297.4</b>	<b>-6%</b>	<b>(21.5)</b>	<b>(13.1)</b>	<b>296.4</b>	<b>284.3</b>	<b>-4%</b>
<b>Average Funds in Use</b>	<b>269.8</b>	<b>315.1</b>	<b>17%</b>	<b>(14.9)</b>	<b>(24.9)</b>	<b>255.0</b>	<b>290.2</b>	<b>14%</b>
Interest Income	27.2	35.4	30%	(1.6)	(1.6)	25.6	33.8	32%
Interest Expense	(9.7)	(19.3)	98%	0.4	1.0	(9.4)	(18.2)	94%
<b>Net Interest Revenue</b>	<b>17.5</b>	<b>16.1</b>	<b>-8%</b>	<b>(1.2)</b>	<b>(0.6)</b>	<b>16.3</b>	<b>15.5</b>	<b>-5%</b>
Mgmt / Admin Fees	25.8	25.7	0%	(0.4)	(0.2)	25.4	25.5	0%
Other Revenue	0.8	-	-100%	-	-	0.8	-	-100%
<b>Net Revenue</b>	<b>44.1</b>	<b>41.8</b>	<b>-5%</b>	<b>(1.7)</b>	<b>(0.8)</b>	<b>42.4</b>	<b>41.0</b>	<b>-3%</b>
OpEx	(24.5)	(26.1)	6%	-	-	(24.5)	(26.1)	6%
Direct Costs	(3.7)	(3.7)	0%	-	-	(3.7)	(3.7)	0%
Credit Impairment Expense (CIE)	(0.6)	(17.3)	3011%	-	10.4	(0.6)	(7.0)	1148%
Recovery Costs	-	(5.1)	na	-	4.5	-	(0.6)	na
<b>PBT</b>	<b>15.3</b>	<b>(10.4)</b>	<b>na</b>	<b>(1.7)</b>	<b>14.1</b>	<b>13.6</b>	<b>3.6</b>	<b>-73%</b>
Amortisation	1.5	0.5	-67%	-	-	1.5	0.5	-67%
Intangible write-offs	-	2.1	na	-	-	-	2.1	na
One-offs (tax affected)	-	0.5	na	-	-	-	0.5	na
<b>Underlying PBT</b>	<b>16.8</b>	<b>(7.3)</b>	<b>-144%</b>	<b>(1.7)</b>	<b>14.1</b>	<b>15.1</b>	<b>6.7</b>	<b>-55%</b>
Tax	(2.1)	2.7	-231%	0.5	(4.2)	(1.6)	(1.5)	-3%
<b>NPAT</b>	<b>13.2</b>	<b>(7.7)</b>	<b>-159%</b>	<b>(1.2)</b>	<b>9.8</b>	<b>12.1</b>	<b>2.1</b>	<b>-83%</b>
<b>Underlying NPAT</b>	<b>14.7</b>	<b>(4.6)</b>	<b>-131%</b>	<b>(1.2)</b>	<b>9.8</b>	<b>13.6</b>	<b>5.2</b>	<b>-61%</b>
<b>EPS (cents)</b>	<b>4.7</b>	<b>(2.7)</b>	<b>-157%</b>			<b>4.8</b>	<b>1.8</b>	<b>-63%</b>
<b>DPS (cents)</b>	<b>3.2</b>	<b>-</b>	<b>na</b>			<b>3.2</b>	<b>-</b>	<b>na</b>

→ Tax rate on adjusted profit assumed at 30%

# Reconciliation: IF and Trade Segment

	Reported			RevRoof Adjustment		Proforma		
IF & Trade Reporting (\$m)	FY22	FY23	$\Delta$ pcp	FY22	FY23	FY22	FY23	$\Delta$ pcp
<b>Key Metrics</b>								
Year End Funds in Use	185.4	185.9	0%	(18.1)	(13.1)	167.3	172.8	3%
Ave. funds in use <sup>1</sup>	161.5	185.5	15%	(12.2)	(22.0)	149.3	163.5	10%
Invoices purchased (TTV)	2415.2	2655.1	10%	(64.0)	(91.9)	2351.2	2563.2	9%
Interest income	15.8	21.5	36%	(1.3)	(1.4)	14.5	20.1	39%
Interest expense	(4.3)	(11.1)	156%	0.2	0.8	(4.1)	(10.3)	149%
<b>Net Interest Revenue</b>	<b>11.4</b>	<b>10.4</b>	<b>-9%</b>	<b>(1.1)</b>	<b>(0.6)</b>	<b>10.3</b>	<b>9.8</b>	<b>-5%</b>
Mgmt / Admin Fees	21.6	22.2	3%	(0.4)	(0.2)	21.2	21.9	4%
<b>Net Revenue</b>	<b>33.0</b>	<b>32.6</b>	<b>-1%</b>	<b>(1.5)</b>	<b>(0.9)</b>	<b>31.5</b>	<b>31.7</b>	<b>1%</b>
Opex	(16.0)	(17.0)	6%	-	-	(16.0)	(17.0)	6%
Direct Costs	(2.1)	(1.9)	-8%	-	-	(2.1)	(1.9)	-8%
Credit Impairment Expense (CIE)	(0.1)	(16.4)	24019%	-	10.4	(0.1)	(6.0)	8761%
Recovery Costs	-	(5.1)	na	-	4.5	-	(0.6)	na
<b>PBT</b>	<b>14.9</b>	<b>(7.8)</b>	<b>-152%</b>	<b>(1.5)</b>	<b>14.0</b>	<b>13.4</b>	<b>6.2</b>	<b>-54%</b>
Net interest margin	7.1%	5.6%	-21%			6.9%	6.0%	-14%
Net revenue margin	20.4%	17.6%	-14%			21.1%	19.4%	-8%
Cost to income	54.6%	58.0%	6%			57.2%	59.5%	4%

1. EPY calculations of Average Funds in Use

# Reconciliation: EF Segment

EF Reporting (\$m)	Reported			RevRoof Adjustment		Proforma		
	FY22	FY23	$\Delta$ <i>pcp</i>	FY22	FY23	FY22	FY23	$\Delta$ <i>pcp</i>
<b>Key Metrics</b>								
Year End Funds in Use	132.5	111.5	-16%	(3.4)	-	129.1	111.5	-14%
Ave. funds in use <sup>1</sup>	108.3	129.6	20%	(2.6)	(2.8)	105.7	126.7	20%
Loan Originations	98.9	31.9	-68%	(3.7)	-	95.2	31.9	-67%
Interest income	11.4	13.3	16%	(0.3)	(0.2)	11.1	13.1	18%
Interest expense	(4.9)	(7.9)	61%	0.2	0.2	(4.7)	(7.6)	61%
<b>Net Interest Revenue</b>	<b>6.5</b>	<b>5.4</b>	<b>-17%</b>	<b>(0.1)</b>	<b>0.0</b>	<b>6.4</b>	<b>5.5</b>	<b>-14%</b>
Client Admin Fee	4.2	3.5	-16%	-	-	4.2	3.5	-16%
<b>Net Revenue</b>	<b>10.7</b>	<b>9.0</b>	<b>-16%</b>	<b>(0.1)</b>	<b>0.0</b>	<b>10.6</b>	<b>9.0</b>	<b>-15%</b>
Opex	(5.4)	(3.2)	-40%	-	-	(5.4)	(3.2)	-40%
Direct Costs	(1.7)	(1.9)	11%	-	-	(1.7)	(1.9)	11%
Credit Impairment Expense (CIE)	(0.5)	(0.9)	90%	-	-	(0.5)	(0.9)	90%
Recovery Costs		-	<i>na</i>	-	-	-	-	<i>na</i>
<b>PBT</b>	<b>3.2</b>	<b>3.0</b>	<b>-6%</b>	<b>(0.1)</b>	<b>0.0</b>	<b>3.1</b>	<b>3.0</b>	<b>-1%</b>
Net interest margin	6.0%	4.2%	-30%			6.0%	4.3%	-29%
Net revenue margin	9.9%	6.9%	-30%			10.0%	7.1%	-29%
Cost to income	65.7%	56.4%	-14%			66.5%	56.1%	-16%

1. EPY calculations of Average Funds in Use

Generated positive net operating cash flow of \$9.2m for FY23

Cash Flow (\$m)	FY22	FY23	$\Delta$ pcp
Receipts	28.8	28.7	0%
Interest received from customer	27.2	34.3	26%
Payments	(30.2)	(30.8)	2%
Interest received	0.0	0.6	na
Finance Costs	(9.6)	(19.3)	100%
Income taxes paid	(3.6)	(4.3)	19%
<b>Net cash flows from Operating</b>	<b>12.7</b>	<b>9.2</b>	<b>-27%</b>
Payments for acquisition / PPE /	(3.2)	(0.9)	-71%
(Payments)/Proceeds from client	(42.9)	(8.9)	-79%
Payments to equipment lease	(38.1)	21.5	-157%
<b>Net cash flows (used in) Investing</b>	<b>(84.2)</b>	<b>11.7</b>	<b>-114%</b>
Net proceeds from borrowings	86.7	(16.2)	-119%
Proceeds from issue of shares	(0.0)	1.2	-3180%
Repayment of lease liabilities	(0.6)	(0.5)	-10%
Dividends paid, net of reinvestment	(6.6)	(5.2)	-21%
<b>Net cash flows (used in) Financing</b>	<b>79.5</b>	<b>(20.7)</b>	<b>-126%</b>
Net Change in cash	7.9	0.3	na
Cash at beginning of year	44.8	52.7	18%
<b>Cash at end of Year</b>	<b>52.7</b>	<b>53.0</b>	<b>1%</b>

→ Generated positive cash flow from operating activities despite significant increase in finance costs



## **Geoffrey Sam OAM, Non-Executive Chairperson**

Qualifications: BCom (UNSW), MHA (UNSW), MA (Econ & Soc Studies) (Manchester UK), FAICD

Responsibilities: Member of the Audit Committee and Member of the Nomination and Remuneration Committee

Shares: 2,077,064 Ordinary Shares



## **James Beeson, Managing Director & CEO**

Qualifications: Global Executive MBA, Master of Applied Finance, BCom, CPA, GAICD

Shares: 15,952,453 Ordinary Shares and 709,614 Perf Rights



## **Ilkka Tales, Non-Executive Director**

Qualifications: BBus

Responsibilities: Chairperson of the Risk Committee and Member of the Audit Committee.

Shares: 300,000 Ordinary Shares



## **Stephen White, Non-Executive Director**

Qualifications: M.Mngt, GAICD

Responsibilities: Member of the Risk Committee

Shares: Nil



## **Sue Healy, Non-Executive Director**

Qualifications: Fellow RCSA, MAICD

Responsibilities: Chairperson of the Nomination and Remuneration Committee, Acting Chairperson of the Audit Committee and Member of the Risk Committee.

Shares: 770,980 Ordinary Shares



## **Paul Murray, CFO, COO & Company Secretary**

Qualifications: Global Executive MBA, MCom (Hons), Chartered Accountant ANZ

Shares: Nil

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