

1. Company details

Name of entity:	Earlypay Ltd
ABN:	88 098 952 277
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	4.6% to	26,486
Profit from ordinary activities after tax attributable to the owners of Earlypay Ltd	down	32.8% to	1,251
Net profit for the year attributable to the owners of Earlypay Ltd	down	32.8% to	1,251
Adjusted profit after tax attributable to the owners of Earlypay Ltd	up	24.0% to	2,621

Comments

The profit for the Group after providing for income tax amounted to \$1,251,000 (restated 31 December 2023: \$1,862,000).

To better reflect the underlying performance of the business, the net profit after tax has been adjusted to remove amortisation of intangibles and income and expenses that are non-operating or non-cash in nature. The adjusted profit after tax was \$2,621,000 (restated 31 December 2023: \$2,114,000). Adjusted profit after tax is a financial measure which is not prescribed by Australian Accounting Standards and represents the Group's underlying earnings from its operations.

Adjustments to the statutory NPAT include:

- \$0.9m relating to amortisation of customer relationships from the purchase of Timelio;
- \$0.4m (tax effected) in relation to the early termination of funding arrangements; and
- \$0.1m in restructuring and one-off personnel costs.

The 30 June 2024 comparative information has been restated to reflect prior period adjustments totalling \$868,000.

3. Net tangible assets

	Reporting period Cents	Previous period Cents *Restated
Net tangible assets per ordinary security	14.02	12.93

The net tangible assets exclude intangible assets and deferred tax assets but include right-of-use assets.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

	Amount per security Cents	Franked amount per security Cents
<i>Current period</i> A fully franked dividend of 0.14 cents per share was declared subsequent to the balance date and not recognised at the half-year ended 31 December 2024. This interim ordinary dividend will have a record date of 12 March 2025 with payment to be made on 4 April 2025.		
Final dividend (for the year ended 30 June 2024): paid on 27 September 2024	0.15	0.15
<i>Previous period</i> There were no dividends paid, recommended or declared during the previous financial period.		

7. Dividend reinvestment plans ('DRP')

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report (if any):

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Earlypay Ltd for the half-year ended 31 December 2024 is attached.

12. Signed

Signed  _____

James Beeson
Managing Director
Sydney

Date: 25 February 2025

Half Year Report

2025

Earlypay

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as 'Earlypay' or the 'Group') consisting of Earlypay Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The following persons were Directors of Earlypay Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Geoffrey Sam OAM - Independent Non-Executive Director, Chairperson
James Beeson - Managing Director
Sue Healy - Independent Non-Executive Director
Ilkka Tales - Independent Non-Executive Director
Stephen White - Non-Executive Director

Principal activities

The Group's principal activity during the half-year was that of the provision of financial services to Australian small to medium enterprises. There has been no significant change in the nature of these activity during the half-year.

Dividends

A fully franked dividend of 0.14 cents per share was declared subsequent to the balance date and not recognised at the half-year ended 31 December 2024. This interim ordinary dividend will have a record date of 12 March 2025 with payment to be made on 4 April 2025.

Dividends paid or provided for during the financial half-year were as follows:

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Final dividend for the year ended 30 June 2024 of \$0.15 cents (2023: nil cents) per ordinary share	409	-

Review of operations

Conditions for many Australian SMEs remained challenging, driving both high levels of insolvency across the economy and the demand for cash flow from SMEs. Invoice financing is generally well suited to difficult economic conditions given it is secured by debtor receivables, often enabling the provision of finance when other lending products become less available. The Group's focus is on smaller and diverse SMEs, underserved by traditional banks.

Receivables growth resumed during the half-year for both invoice finance and equipment finance products. The trade finance component of invoice finance receivables declined with the active reduction of exposure in that product. Trade finance now accounts for less than 3.5% of total receivables.

Key features of Earlypay's half-year ended 31 December 2024 result are as follows:

Consolidated group

- Revenue of \$26.486m (1H'24: \$27.766m)
- Net income of \$17.123m (restated 1H'24: \$17.988m)
- Operating expenses (ex. Credit impairment expense) of \$14.794m (1H'24: \$14.358m)
- Credit impairment expense of \$0.134m (1H'24: \$0.928m)
- Statutory profit of \$1.251m (restated 1H'24: \$1.862m)

Invoice finance

- Net income of \$13.929m (1H'24: \$14.281m)
- Operating expenses (ex. Credit impairment recovery) of \$9.478m (1H'24: \$11.213m)
- Credit impairment recovery of \$0.283m (1H'24: \$0.264m)

Equipment finance

- Net income of \$3.621m (1H'24: \$3.415m)
- Operating expenses (ex. Credit impairment expense) of \$2.005m (1H'24: \$1.880m)
- Credit impairment expense of \$0.417m (1H'24: \$1.192m)

Statement of financial position

As at 31 December 2024, there was a surplus in net assets to net liabilities of \$72.633m (restated 30 June 2024: \$71.744m) as well as in net tangible assets to net liabilities of \$38.154m (restated 30 June 2024: \$35.301m).

Cash and cash equivalents

As at 31 December 2024, cash and cash equivalents were \$32.886m (30 June 2024: \$40.133m). Unrestricted cash at 31 December 2024 was \$13.372m (30 June 2024: \$15.233m).

Client receivables

As at 31 December 2024, net of provisions, invoice finance receivables were \$138.418m (30 June 2024: \$140.219m) and equipment finance receivables were \$102.988m (30 June 2024: \$91.145m).

Borrowings

As at 31 December 2024, the Group's borrowings were \$234.384m (30 June 2024: \$234.781m).

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 25 February 2025, a fully franked dividend of 0.14 cents per ordinary for the half-year ended 31 December 2024 was declared. This interim ordinary dividend will have a record date of 12 March 2025 with payment to be made on 4 April 2025.

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

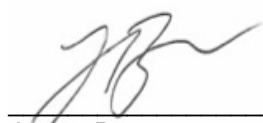
The Company is an entity to which *ASIC Corporations (Rounding in Financial / Director's Reports) Instrument 2016/191* applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



James Beeson
Managing Director

25 February 2025
Sydney

Auditor's Independence Declaration**To the Directors of Earlypay Limited****ABN 88 098 952 277**

In relation to the independent auditor's review of Earlypay Limited and its controlled Entities for the half-year ended 31 December 2024, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Earlypay Limited and the entities it controlled during the period.



Rod Shanley
Partner

Pitcher Partners
Sydney

25 February 2025

		Consolidated	
	Note	31 Dec 2024	31 Dec 2023
		\$'000	*Restated \$'000
Income			
Interest income	5	15,367	16,492
Interest expense	6	(9,363)	(9,778)
Net interest income		6,004	6,714
Other income	5	11,119	11,274
Net income		17,123	17,988
Expenses			
Credit impairment expense	7	(134)	(928)
Commissions expense		(1,425)	(1,210)
Consultancy expense		(709)	(738)
Depreciation and amortisation expense		(1,621)	(742)
Employee benefits expense		(7,403)	(6,861)
Insurance expense		(494)	(915)
IT expense		(631)	(657)
Legal expense		(848)	(1,656)
Marketing expense		(224)	(260)
Other expenses		(1,359)	(1,280)
Trust expense		(80)	(39)
Total expenses		(14,928)	(15,286)
Profit before income tax expense		2,195	2,702
Income tax expense		(944)	(840)
Profit after income tax expense for the half-year attributable to the owners of Earlypay Ltd		1,251	1,862
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Earlypay Ltd		1,251	1,862
		Cents	Cents *Restated
Basic earnings per share		0.46	0.64
Diluted earnings per share		0.45	0.63

* Refer to note 3 for detailed information on restatement of comparatives.

		Consolidated	Consolidated
	Note	31 Dec 2024	30 Jun 2024
		\$'000	*Restated \$'000
Assets			
Current assets			
Cash and cash equivalents	8	32,886	40,133
Net invoice finance receivables	9	138,418	140,219
Equipment finance receivables	10	34,796	31,760
Income tax receivable		1,695	1,729
Other assets		1,840	2,284
Total current assets		209,635	216,125
Non-current assets			
Equipment finance receivables	10	68,192	59,385
Property, plant and equipment		223	267
Right-of-use assets		1,467	1,820
Intangible assets		31,324	32,346
Deferred tax asset		3,158	4,097
Total non-current assets		104,364	97,915
Total assets		313,999	314,040
Liabilities			
Current liabilities			
Trade and other payables		2,928	3,328
Borrowings	11	134,459	157,147
Lease liabilities		553	514
Employee benefits		1,163	1,099
Other liabilities		961	827
Total current liabilities		140,064	162,915
Non-current liabilities			
Borrowings	11	99,925	77,634
Lease liabilities		1,062	1,425
Employee benefits		315	322
Total non-current liabilities		101,302	79,381
Total liabilities		241,366	242,296
Net assets		72,633	71,744
Equity			
Issued capital	12	71,913	72,047
Reserves		333	152
Retained profits/(accumulated losses)		387	(455)
Total equity		72,633	71,744

* Refer to note 3 for detailed information on restatement of comparatives.

Consolidated	Issued capital \$'000	Reserves \$'000	(Accumulated losses)/ retained profits *Restated \$'000	Total equity \$'000
Balance at 1 July 2023 – previously restated ¹	74,702	753	(2,638)	72,817
Adjustment for GST issue ²	-	-	(609)	(609)
Balance at 1 July 2023 – restated	74,702	753	(3,247)	72,208
Profit after income tax expense for the half-year	-	-	1,993	1,993
Adjustment for correction of error ²	-	-	(131)	(131)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	1,862	1,862
<i>Transactions with owners in their capacity as owners:</i>				
Transfer from general reserve	-	(441)	441	-
Share buy-back	(34)	-	-	(34)
Balance at 31 December 2023	74,668	312	(944)	74,036

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	72,047	152	413	72,612
Adjustment for GST issue ²	-	-	(868)	(868)
Balance at 1 July 2024 - restated	72,047	152	(455)	71,744
Profit after income tax expense for the half-year	-	-	1,251	1,251
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	1,251	1,251
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	181	-	181
Share buy-back (note 12)	(134)	-	-	(134)
Dividends paid (note 13)	-	-	(409)	(409)
Balance at 31 December 2024	71,913	333	387	72,633

¹ Restatement previously disclosed in the 30 June 2024 financial statements

² Refer to note 3 for detailed information on restatement of comparatives

		Consolidated 31 December 2024 \$'000	31 December 2023 \$'000
Note			
Cash flows from operating activities			
		12,230	12,655
		14,950	16,139
		(13,526)	(16,039)
		417	353
		(9,269)	(9,575)
		30	-
		-	(1,845)
	Net cash from operating activities	4,832	1,688
Cash flows from investing activities			
		(5)	(216)
		(272)	(477)
		1,072	38,737
		-	(38,024)
		(11,516)	7,362
	Net cash (used in)/from investing activities	(10,721)	7,382
Cash flows from financing activities			
		2,211	3,058
		-	32,000
12		(134)	(34)
13		(409)	-
		(2,716)	(40,603)
		(310)	(240)
	Net cash used in financing activities	(1,358)	(5,819)
	Net (decrease)/increase in cash and cash equivalents	(7,247)	3,251
	Cash and cash equivalents at the beginning of the financial half-year	40,133	52,986
	Cash and cash equivalents at the end of the financial half-year	32,886	56,237

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Earlypay Ltd (the 'Company' or 'parent entity') as a consolidated entity consisting of Earlypay Ltd and the entities it controlled (collectively referred to as the 'Group') at the end of, or during, the financial year. The financial statements are presented in Australian dollars, which is Earlypay Ltd's functional and presentation currency.

Earlypay Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5 Miller Street,
North Sydney NSW 2060
Telephone: 1300 666 177
Facsimile: (02) 9267 4222
Internet: <https://www.earlypay.com.au/>

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 February 2025.

Note 2. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Restatement of comparatives

During the current half-year period, the Group identified an issue from prior periods that has resulted in the restatement of comparative information presented in these financial statements.

GST review

During the prior financial year, the Group engaged an external firm to conduct a comprehensive review of its GST compliance. An adjustment in relation to an initial finding (reverse charge mechanism on offshore-supplied services) was previously recognised. During the half-year, the review was completed and a further issue was identified. In particular, as a provider of financial services (input-taxed supplies) the Group is only entitled to recover a proportion of the GST paid on its purchases. The review identified that the Group had incorrectly calculated this proportion, resulting in its over-claiming of GST credits from the ATO. To rectify this, the Group will resubmit prior returns over a four-year remediation period and pay additional GST.

Note 3. Restatement of comparatives (continued)

The impact of this error has been recognised as a restatement of prior year retained earnings by \$868,000. For financial statement disclosure purposes, there are three relevant components of this amount: \$131,000 relates to the correction of the comparative period profit and loss; \$609,000 relates to the correction of the comparative period accumulated losses and \$128,000 relates to the prior year impact on the profit and loss in the second half of the financial year.

The GST expense and payables for the current half-year have been correctly accounted for in these current interim financial statements.

Correction of error

As a result of the correction of error, each of the affected financial statement line items for the prior period are restated as follows:

Statement of profit or loss and other comprehensive income

	31 Dec 2023 \$'000 Reported	Consolidated \$'000 Adjustment	31 Dec 2023 \$'000 Restated
Extract			
Expenses			
Other expenses	(1,149)	(131)	(1,280)
Profit before income tax expense	2,833	(131)	2,702
Income tax expense	(840)	-	(840)
Profit after income tax expense for the half-year attributable to the owners of Earlypay Ltd	1,993	(131)	1,862
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year attributable to the owners of Earlypay Ltd	1,993	(131)	1,862
	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	0.69	(0.05)	0.64
Diluted earnings per share	0.68	(0.05)	0.63

Note 3. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

Extract	30 Jun 2024	Consolidated	30 Jun 2024
	\$'000 Reported	\$'000 Adjustment	\$'000 Restated
Liabilities			
Trade and other payables	2,460	868	3,328
Total current liabilities	162,047	868	162,915
Total liabilities	241,428	868	242,296
Net assets	72,612	(868)	71,744
Equity			
Retained profits/(accumulated losses)	413	(868)	(455)
Total equity	72,612	(868)	71,744

Note 4. Operating segments

Identification of reportable operating segments

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or services; and
- any external regulatory requirements.

The Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) has identified its operating segments based on the internal reporting that is used in assessing performance and in determining the allocation of resources. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

Types of products and services by segment

- (i) *Invoice finance*
Invoice finance involves the provision of an advance payment (typically up to 80%) against a client's invoices to help their business overcome the cash pressure of delivering goods or services in advance of payment from the debtor (typically 30 – 60 days). This is a flexible line of credit that is utilised in line with sales volume. This segment includes a portion of trade finance which can be used in conjunction with invoice finance to eligible customers.
- (ii) *Equipment finance*
Equipment finance involves the provision of finance secured by new and old equipment used by businesses as a core part of their activities. This includes sale-back of owned or partially owned equipment, private sales and mid-term refinancing.

Intersegment transactions

There are no Intersegment transactions.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment.

Unallocated items

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Corporate salaries
- Income tax items (including income tax expense, income tax payable/receivable and deferred tax assets and liabilities)
- Amortisation expenses
- Corporate costs associated with borrowings (including early termination costs)

Note 4. Operating segments (continued)

Operating segment information

	Invoice finance \$'000	Equipment finance \$'000	Unallocated / Corporate \$'000	Total \$'000
Consolidated - 31 Dec 2024				
Revenue				
Interest income	9,818	5,421	128	15,367
Interest expense	(5,295)	(3,513)	(555)	(9,363)
Net interest income	4,523	1,908	(427)	6,004
Other income	9,406	1,713	-	11,119
Net income	13,929	3,621	(427)	17,123
Operating expenses	(8,847)	(1,959)	(2,367)	(13,173)
Credit impairment recovery/(expense)	283	(417)	-	(134)
Depreciation and amortisation expenses	(631)	(46)	(944)	(1,621)
Profit/(loss) before income tax expense	4,734	1,199	(3,738)	2,195
Income tax expense				(944)
Profit after income tax expense				1,251
Assets				
Current segment assets	138,418	34,796	36,421	209,635
Non-current segment assets	-	68,192	36,172	104,364
Total assets	138,418	102,988	72,593	313,999
Liabilities				
Current segment liabilities	134,110	-	5,954	140,064
Non-current segment liabilities	2,407	97,518	1,377	101,302
Total liabilities	136,517	97,518	7,331	241,366
Consolidated - 31 Dec 2023				
	Invoice finance \$'000	Equipment finance \$'000	Unallocated / Corporate *Restated \$'000	Total *Restated \$'000
Revenue				
Interest income	10,715	5,424	353	16,492
Interest expense	(6,340)	(3,377)	(61)	(9,778)
Net interest income	4,375	2,047	292	6,714
Other income	9,906	1,368	-	11,274
Net income	14,281	3,415	292	17,988
Operating expenses	(10,557)	(1,820)	(1,239)	(13,616)
Credit impairment recovery/(expense)	264	(1,192)	-	(928)
Depreciation and amortisation expenses	(656)	(60)	(26)	(742)
Profit/(loss) before income tax expense	3,332	343	(973)	2,702
Income tax expense				(840)
Profit after income tax expense				1,862

Note 4. Operating segments (continued)

Consolidated - 30 June 2024	Invoice finance \$'000	Equipment finance \$'000	Unallocated / Corporate \$'000	Total \$'000
Assets				
Current segment assets	140,218	31,756	44,151	216,125
Non-current segment assets	-	59,385	38,530	97,915
Total assets	140,218	91,141	82,681	314,040
Liabilities				
Current segment liabilities	151,179	4,802	6,934	162,915
Non-current segment liabilities	-	77,634	1,747	79,381
Total liabilities	151,179	82,436	8,681	242,296

Note 5. Income

	Consolidated 31 Dec 2024 \$'000	31 Dec 2023 \$'000
Services		
Invoice finance – interest income	9,818	10,715
Invoice finance – origination fees and costs	67	272
Invoice finance – revenue from contracts with customers (over time)	7,510	7,396
Invoice finance – revenue from contracts with customers (point in time)	1,829	2,238
	<u>19,224</u>	<u>20,621</u>
Equipment finance – interest income	5,421	5,424
Equipment finance – origination fees and costs	746	696
Equipment finance – revenue from contracts with customers (point in time)	967	672
	<u>7,134</u>	<u>6,792</u>
Other – interest income	<u>128</u>	<u>353</u>
Total income	<u>26,486</u>	<u>27,766</u>
Interest income	15,367	16,492
Other income	<u>11,119</u>	<u>11,274</u>
Total income	<u>26,486</u>	<u>27,766</u>

Note 6. Interest expense

	Consolidated 31 Dec 2024 \$'000	31 Dec 2023 \$'000
Interest expense	9,303	9,727
Interest on lease liabilities	<u>60</u>	<u>51</u>
	<u>9,363</u>	<u>9,778</u>

Note 7. Credit impairment expense

	Consolidated 31 Dec 2024 \$'000	31 Dec 2023 \$'000
Receivables written off during the year as bad debts	4,538	4,828
Net movement in expected credit losses	(3,657)	(3,900)
Recoveries from previously written-off amounts	(747)	-
	<u>134</u>	<u>928</u>

Note 8. Cash and cash equivalents

	Consolidated 31 Dec 2024 \$'000	30 Jun 2024 \$'000
<i>Current assets</i>		
Cash at bank and in hand	13,372	15,233
Cash at bank – Servicer (restricted)*	2,790	3,638
Cash at bank – Trustee (restricted)*	16,724	21,262
	<u>32,886</u>	<u>40,133</u>

* Restricted cash relates to amounts that are unavailable for operations as they are held on trust by the Trustee of borrowing vehicles.

Note 9. Invoice Finance receivables

	Consolidated 31 Dec 2024 \$'000	30 Jun 2024 \$'000
<i>Client receivables</i>		
Invoice finance receivables	303,215	308,092
Less: Invoice finance payables	(162,920)	(162,669)
Net invoice finance receivables	<u>140,295</u>	<u>145,423</u>
Less: Allowance for expected credit losses	(1,877)	(5,204)
Net client receivables	<u>138,418</u>	<u>140,219</u>

Allowance for expected credit loss ("ECL")

The Group establishes an allowance for loan impairment that represents its estimate of expected future losses for its invoice finance receivables and equipment finance receivables. Receivables and portfolio performance is subject to ongoing assessment and monitoring by the Group to ensure that the allowance for expected credit losses remains adequate.

Impairment of invoice finance receivables

	Consolidated 31 Dec 2024 \$'000	30 Jun 2024 \$'000
Opening balance	5,204	7,564
Increase from origination and changes in expected cash flows	457	2,475
Receivables written off during the year as uncollectable	(3,784)	(4,835)
Closing balance	<u>1,877</u>	<u>5,204</u>

Note 9. Invoice finance receivables (continued)

Credit risk profile of invoice finance receivables

31 December 2024	Expected credit loss rate %	Gross receivables amount \$'000	Eligible invoices \$'000	Allowance for ECL \$'000
<i>Stage 1/2</i>				
Not overdue	0.4%	157,000	141,680	562
Less than 30 days overdue	0.4%	88,473	71,101	372
30 - 60 days overdue	1.4%	21,305	16,063	288
60 - 90 days overdue	2.3%	8,022	1,503	181
Over 90 days overdue	-	17,873	-	-
		<u>292,673</u>	<u>230,347</u>	<u>1,403</u>
<i>Stage 3</i>				
Credit impaired	4.5%	10,542*	-	474
		<u>303,215</u>	<u>230,347</u>	<u>1,877</u>

*Associated Funds in Use amount of \$3.9m (12.0% expected credit loss rate)

30 June 2024	Expected credit loss rate %	Gross receivables amount \$'000	Eligible invoices \$'000	Allowance for ECL \$'000
<i>Stage 1/2</i>				
Not overdue	0.4%	163,351	147,369	702
Less than 30 days overdue	0.5%	81,016	67,271	422
30 - 60 days overdue	1.8%	18,012	14,702	316
60 - 90 days overdue	4.7%	7,656	2,487	362
Over 90 days overdue	-	28,517	-	-
		<u>298,552</u>	<u>231,829</u>	<u>1,802</u>
<i>Stage 3</i>				
Credit impaired	35.7%	9,540*	-	3,402
		<u>308,092</u>	<u>231,829</u>	<u>5,204</u>

* Associated Funds in Use amount of \$8.1m (42.2% expected credit loss rate)

Note 10. Equipment finance receivables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
<i>Current assets</i>		
Equipment finance receivables	42,271	38,085
Less: Allowance for expected credit losses	(927)	(1,035)
Add: Unamortised loan brokerage fees	850	982
Less: Unamortised loan transaction fees	(1,202)	(1,046)
Less: Unamortised interest receivable	(6,196)	(5,226)
	<u>34,796</u>	<u>31,760</u>
<i>Non-current assets</i>		
Equipment finance receivables	85,674	73,548
Less: Allowance for expected credit losses	(1,383)	(1,605)
Add: Unamortised loan brokerage fees	2,521	2,015
Less: Unamortised loan transaction fees	(2,466)	(1,958)
Less: Unamortised interest receivable	(16,154)	(12,615)
	<u>68,192</u>	<u>59,385</u>
	<u><u>102,988</u></u>	<u><u>91,145</u></u>

Impairment of equipment finance receivables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Opening balance	2,640	1,874
Increase from origination and changes in expected cash flows	425	1,221
Receivables written-off during the year as uncollectable	(755)	(455)
Closing balance	<u><u>2,310</u></u>	<u><u>2,640</u></u>

Credit risk profile of equipment finance receivables

Consolidated	Expected credit loss rate		Carrying amount		Allowance for ECL	
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	%	%	\$'000	\$'000	\$'000	\$'000
<i>Stage 1/2</i>						
Not overdue	1.0%	1.1%	124,459	106,578	1,243	1,123
Less than 30 days overdue	5.3%	1.4%	19	148	1	2
30 - 60 days overdue	7.1%	14.3%	14	14	1	2
60 - 90 days overdue	8.3%	25.0%	12	8	1	2
Over 90 days overdue	0.0%	29.2%	1	48	-	14
			<u>124,505</u>	<u>106,796</u>	<u>1,246</u>	<u>1,143</u>
<i>Stage 3</i>						
Credit impaired	30.9%	30.9%	<u>3,440</u>	<u>4,837</u>	<u>1,064</u>	<u>1,497</u>
			<u><u>127,945</u></u>	<u><u>111,633</u></u>	<u><u>2,310</u></u>	<u><u>2,640</u></u>

Note 11. Borrowings

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
<i>Current liabilities</i>		
Insurance premium funding	350	1,166
Securitised invoice finance warehouse - overdraft facility	13,980	16,769
Securitised invoice finance warehouse facility – A note	111,000	111,000
Securitised invoice finance warehouse facility – B note	10,000	10,000
Corporate bond no. 2 *	-	19,400
Less: Capitalised transaction costs	(871)	(1,188)
	<u>134,459</u>	<u>157,147</u>
<i>Non-current liabilities</i>		
Securitised equipment finance warehouse facility - A note	73,364	55,864
Securitised equipment finance warehouse facility - B note	22,500	22,500
Corporate loan facility	5,000	-
Less: Capitalised transaction costs	(939)	(730)
	<u>99,925</u>	<u>77,634</u>
	<u><u>234,384</u></u>	<u><u>234,781</u></u>

* The corporate bond was repaid on 22 July 2024.

Note 11. Borrowings (continued)

Financing arrangements

Terms and access available at the reporting date:

Facility	Average interest rate %	Maturity	Total facility \$'000	31 Dec 2024 (used) \$'000	31 Dec 2024 (unused) \$'000	30 Jun 2024 (used) \$'000	30 Jun 2024 (unused) \$'000
<i>Secured</i>							
Securitised invoice finance warehouse facility – A note	6.16%	Jun 2025	155,000	111,000	44,000	111,000	44,000
Securitised invoice finance warehouse facility – B note	11.31%	Jun 2025	10,000	10,000	-	10,000	-
Securitised invoice finance warehouse Overdraft facility	6.16%	Jun 2025	30,000	13,980	16,020	16,769	13,231
Securitised equipment finance warehouse facility – A note	6.56%	May 2026	100,000	73,364	26,636	55,864	44,136
Securitised equipment finance warehouse facility – B note	9.31%	Apr 2026	22,500	22,500	-	22,500	-
Corporate loan facility	14.44%	Jan 2027	5,000	5,000	-	-	-
Total secured			322,500	235,844	86,656	216,133	101,367
<i>Unsecured</i>							
Insurance premium funding	2.25%	Mar 2025	-	350	-	1,166	-
Corporate bond no. 2	-		-	-	-	19,400	-
Total unsecured			-	350	-	20,566	-
Less: Capitalised transaction costs	-		-	(1,810)	-	(1,918)	-
Total borrowings			322,500	234,384	86,656	234,781	101,367

Note 12. Issued capital

	31 Dec 2024 Shares	30 Jun 2024 Shares	Consolidated 31 Dec 2024 \$'000	30 Jun 2024 \$'000
Ordinary shares - fully paid	272,209,092	272,933,910	71,913	72,047

Note 12. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2024	272,933,910		72,047
Share buy-back	2 July 2024	(58,958)	\$0.17	(10)
Share buy-back	10 September 2024	(402,859)	\$0.19	(75)
Share buy-back	13 September 2024	(263,001)	\$0.19	(49)
Balance	31 December 2024	<u>272,209,092</u>		<u>71,913</u>

Share buy-back

On 24 August 2023 Earlypay announced an on-market share buy-back of up to 28,000,000 ordinary fully paid shares. The share buy-back was for a period of 12 months from 12 September 2023. During the period ended 31 December 2024, 724,818 ordinary shares were bought back for \$134,000.

On 1 November 2024, Earlypay announced an on-market share buy-back of up to 27,000,000 ordinary fully paid shares. The share buy-back is for a period of 12 months from 21 November 2024. During the period ended 31 December 2024, nil ordinary shares were bought back.

Note 13. Dividends

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated 31 Dec 2024 \$'000	31 Dec 2023 \$'000
Final dividend for the year ended 30 June 2024 of \$ 0.15 cents (31 December 2023: nil cents) per ordinary share	<u>409</u>	<u>-</u>

Franking credits

	Consolidated 31 Dec 2024 \$'000	30 Jun 2024 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>6,810</u>	<u>7,008</u>

The above amounts represent the balance of the franking account as at the end of the financial half-year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Note 14. Events after the reporting period

On 25 February 2025, a fully franked dividend of 0.14 cents per ordinary for the half-year ended 31 December 2024 was declared. This interim ordinary dividend will have a record date of 12 March 2025 with payment to be made on 4 April 2025.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



James Beeson
Managing Director

25 February 2025
Sydney

**Independent Auditor's Review Report
To the Members of Earlypay Limited
ABN 88 098 952 277****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of Earlypay Limited ("the Company") and its controlled Entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Earlypay Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Rod Shanley
Partner



Pitcher Partners
Sydney

25 February 2025

