

1. Company details

Name of entity:	Earlypay Ltd
ABN:	88 098 952 277
Reporting period:	For the year ended 30 June 2025
Previous period:	For the year ended 30 June 2024

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	down	(6.7%)	to	50,926
Profit from ordinary activities after tax attributable to the owners of Earlypay Ltd	up	31.0%	to	2,868
Net profit for the year attributable to the owners of Earlypay Ltd	up	31.0%	to	2,868
Adjusted profit after tax attributable to the owners of Earlypay Ltd	up	23.7%	to	5,117

Comments

The profit for the Group after providing for income tax amounted to \$2,868,000 (restated 30 June 2024: \$2,190,000).

To better reflect the underlying performance of the business, the net profit after tax has been adjusted for significant non-cash expenses and other items that are not representative of ongoing activities. Adjusted profit after tax is a financial measure which is not prescribed by Australian Accounting Standards. The adjusted profit after tax was \$5,117,000 (restated 30 June 2024: \$4,135,000).

Adjustments to the statutory NPAT include:

- \$1.8m relating to amortisation of customer relationships from the purchase of Timelio;
- \$0.4m in relation to the early termination of funding arrangements;
- \$0.1m restructuring and one-off personnel costs;
- \$0.2m relating to external loan management system implementation costs; and
- (\$0.3m) in relation to a reduction in tax expense associated with a GST adjustment.

The 30 June 2024 comparative information has been restated to reflect prior period adjustments of \$259,000 to the consolidated statement of profit or loss and other comprehensive income and \$868,000 to the consolidated statement of financial position. Refer to note 4 for detailed information on restatement of comparatives.

3. Net tangible assets

	Reporting period Cents	Previous period * Restated Cents
Net tangible assets per ordinary security	15.04	12.93

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

* Refer to note 4 for detailed information on restatement of comparatives.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Entities voluntarily deregistered during the period:

1. The Leasing Centre Pty Ltd
2. LesterPlus Pty Limited
3. The Invoice Exchange Pty Ltd

6. Dividends

	Amount per security Cents	Franked amount per security Cents
Interim dividend (for the year ended 30 June 2025): paid on 4 April 2025	0.14	0.14
Final dividend (for the year ended 30 June 2024): paid on 27 September 2024	0.15	0.15

A fully franked dividend of 0.65 cents per ordinary share for the financial year ended 30 June 2025 has been declared subsequent to balance date and not recognised at year-end (FY24: 0.15 cents).

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 have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Earlypay Ltd for the year ended 30 June 2025 is attached.

12. Signed

Signed  _____

James Beeson
Managing Director
Sydney

Date: 26 August 2025

Annual Report

2025

Earlypay

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Directors	Geoffrey Sam OAM James Beeson Ilkka Tales Stephen White
Company secretaries	Paul Murray Mathew Watkins
Notice of Annual General Meeting	The Annual General Meeting of Earlypay Ltd will be held at 10:00am on 27 November 2025
Registered office	Level 5, 201 Miller Street, North Sydney NSW 2060 Telephone: 1300 666 177 Facsimile: (02) 9267 4222
Share register	Computershare Investor Services Pty Ltd Level 4, 44 Martin Place Sydney NSW 2000 Telephone: 1300 787 272
Auditor	Pitcher Partners Level 16, Tower 2 Darling Park 201 Sussex Street Sydney NSW 2000
Solicitors	A&O Shearman Level 25 85 Castlereagh Street Sydney NSW 2000
Bankers	ANZ Bank 242 Pitt Street, Sydney NSW 2000 Westpac Bank 275 Kent Street, Sydney NSW 2000 NAB Bank 255 George Street, Sydney NSW 2000
Stock exchange listing	Earlypay Ltd shares are listed on the Australian Securities Exchange (ASX code: EPY)
Website	www.earlypay.com.au
Corporate Governance Statement	The Directors and management are committed to conducting the business of Earlypay Ltd in an ethical manner and in accordance with the highest standards of corporate governance. Earlypay Ltd has adopted and complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year, was approved by the Board of Directors (the 'Board') alongside the Annual Report and can be found on the Investor Relations page at www.earlypay.com.au/investors/ .

Dear Shareholders

Earlypay Ltd ("the Company") continued to make financial and operational progress, building on the strategic foundations established in prior years. Our focus on optimising our portfolio, funding and risk management frameworks has delivered a more resilient and profitable company, poised for future growth.

We are pleased to announce an increase in statutory net profit after tax (NPAT) of \$2.9m (restated FY24: \$2.2m) and an underlying NPAT (adding back amortisation and one-off costs) of \$5.1m (restated FY24: \$4.1m).

While these results were underpinned by strong growth in Equipment Finance, performance in the Invoice Finance portfolio was disappointing. Minimising client attrition and increasing the rate of new originations is the primary focus for FY26, to grow Funds in Use and maximise the operating leverage inherent in our business.

Financial and operational review

Product segments

While total Funds in Use (FIU) remained flat at \$249.4m, there were material movements within the product segments:

- Invoice Finance - FIU declined 10% to \$118.6m, driven by large, low margin ex-Timelio clients refinancing to banks in the second half as well as attrition from client insolvency exceeding new originations;
- Trade Finance - FIU declined 72% to \$6.6m as we actively rebalanced away from large, riskier exposures; and
- Equipment Finance was a strong performer, with FIU growing 33% to \$124.2m. This was driven by originations of \$80m, up 183% on the prior year. This portfolio provides a strong baseline for future income and is expanding our referrer network for both our key products.

Margins

A significant expansion of the net revenue margin in Invoice Finance (up to 18.5% from 16.6% in FY24) meaningfully offset the lower FIU. Key drivers of the margin expansion were:

- repayment of corporate debt;
- lower cost warehouse funding; and
- more diversified portfolio of smaller, higher margin clients.

Credit Performance

The rebalancing to a more diversified portfolio focused on Invoice Finance and Equipment Finance has seen credit performance improve with Credit Loss Expense of 0.75% in FY25 compared to 1.58% in FY24. This metric is calculated as the specific provision expense, excluding general provision expense and recoveries from previously written off exposures; divided by the average FIU for the period. The improvement is a testament to the work undertaken to improving the risk management and governance frameworks.

Growth Focus

Investment in improving referrer experience to benefit the distribution of both Invoice Finance and Equipment Finance continued during the year as did efforts to promote and educate brokers about the benefits of Invoice Finance for them and their clients. FY25 saw tangible evidence of the Equipment Finance referrer network supporting the distribution of Invoice Finance through more asset finance brokers referring Invoice Finance and more clients using both products.

Our strong credit performance and attractive margins provide flexibility around the growth levers we can utilise in FY26 in relation to Invoice Finance originations and client retention. These include pricing, referrer / partner incentives, sales team expansion, product development, broadening our target market and increasing brand building & marketing efforts.

Technology Consolidation

We have commenced the consolidation of our three legacy Invoice Finance loan management systems onto a single, modern platform. This is a key priority for FY26. The project involves the implementation of a third-party system for core functionality, augmented by the Company's market leading proprietary applications. The consolidation is expected to remove complexity, lower operating expenditure in future periods, and enhance our ability to innovate, supporting traditional and non-traditional distribution channels.

Funding

The final \$5m of corporate loan facility was repaid in April 2025 and now all debt is now held at the asset level. A new Equipment Finance warehouse is due to settle by the end of Q1 FY26, which will improve capital efficiency and lower funding costs. There are no further planned changes to the funding program.

Capital Management and Shareholder Returns

Following the refinance of the Equipment Finance warehouse, the Company is expected to have around \$10m (~3.6 cents per share) of surplus capital available for capital management initiatives, which may include:

- resuming an on-market buy-back;
- retention to support accelerated organic growth;
- bolt-on acquisitions; and
- other means of returning surplus capital to shareholders.

The amortisation of customer relationships from the Timelio acquisition ends in April 2026. The corresponding increase in reported profit will support growth in retained profits and the ability to pay fully franked dividends in future periods.

Outlook

As financial and operational pillars continue to strengthen, the focus in FY26 is squarely on growing the invoice and equipment finance portfolios to drive earnings and earnings per share higher.

In recognition of our commitment to shareholders and confidence in the outlook for the business, the Board has declared a fully franked final dividend of 0.65 cents per share, which represents all of the current retained earnings balance.

On behalf of the Board, we would like to thank staff, clients, referrers, funders and investors for their support and we look forward to providing a further update at the 2025 Annual General Meeting.

Sincerely



Geoffrey Sam OAM
Chairman



James Beeson
Managing Director

26 August 2025
Sydney

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 year ended 30 June 2025.

Directors

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

Geoffrey Sam OAM - Independent Non-Executive Director, Chairperson
James Beeson - Managing Director
Ilkka Tales - Independent Non-Executive Director
Stephen White - Independent Non-Executive Director
Sue Healy - Independent Non-Executive Director (resigned on 24 April 2025)

Principal activities

The Group's principal activity during the 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 activities during the year.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2025 \$'000	2024 \$'000
Final dividend for the year ended 30 June 2024 of 0.15 cents (2023: nil cents) per ordinary share	409	-
Interim dividend for the year ended 30 June 2025 of 0.14 cents (2024: nil cents) per ordinary share	381	-
	<u>790</u>	<u>-</u>

A fully franked dividend of 0.65 cents per ordinary share for the financial year ended 30 June 2025 has been declared subsequent to balance date and not recognised at year-end (2024: 0.15 cents).

Review of operations

The profit for the Group after providing for income tax amounted to \$2.868m (FY24: restated profit of \$2.190m).

Conditions for many Australian SMEs remained challenging, which continue to drive 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.

Key features of Earlypay's FY25 results are as follows:

Consolidated group

- Revenue of \$50.926m (FY24: \$54.556m)
- Net income of \$33.697m (FY24: \$35.057m)
- Operating expenses (ex. Credit impairment expense) of \$29.068m (FY24: restated \$28.718m)
- Credit impairment expense of \$0.725m (FY24: \$3.071m)
- Statutory profit of \$2.868m (FY24: restated profit of \$2.190m)

Invoice finance

- Net income of \$26.381m (FY24: \$27.826m)
- Operating expenses (ex. Credit impairment expense) of \$18.959m (FY24: \$21.631m)
- Credit impairment reversal of \$0.099m (FY24: expense of \$1.849m)

Equipment finance

- Net income of \$7.660m (FY24: \$7.139m)
- Operating expenses (ex. Credit impairment expense) of \$4.771m (FY24: restated \$3.561m)
- Credit impairment expense of \$0.823m (FY24: \$1.222m)

Statement of financial position

As at 30 June 2025, there was a surplus in net assets to net liabilities of \$74.051m (30 June 2024: restated \$71.744m) as well as in net tangible assets to net liabilities of \$40.945m (restated 30 June 2024: \$35.301m)

Cash and cash equivalents

As at 30 June 2025, Cash and cash equivalents were \$37.557m (FY24: \$40.133m). Unrestricted cash at 30 June 2025 was \$9.162m (FY24: \$14.577m).

Client receivables

As at 30 June 2025, net of provisions, invoice finance receivables were \$114.005m (FY24: \$140.219m) and equipment finance receivables were \$125.774m (FY24: \$91.145m).

Borrowings

As at 30 June 2025, the Group's borrowings were \$234.904m (FY24: \$234.781m).

Risks

Earlypay recognises that risk is inherent in its business, particularly as an SME lender, and that effective risk management is a key component of sound corporate governance and is essential in delivering our business objectives within the Board's risk appetite.

Earlypay continues to strengthen its risk management framework and below is the Board's and Management's view of the key business risks facing Earlypay. Note that this not an exhaustive list of all of Earlypay's business risks.

Nature of risk	How we manage the risk / Key areas of focus
Clients and debtors are unable to meet their financial obligations	<ul style="list-style-type: none"> • Continuously reviewing underwriting and operational policies and procedures and ensuring compliance. • Expanding the use of data analysis to identify heightened risk at an early stage. • Prompt and detailed reviews of credit and fraud incidents and promptly closing gaps in systems and processes.
Clients and debtors induce Earlypay to advance funds against false invoices	<ul style="list-style-type: none"> • Continuing to invest in tools and processes to mitigate fraud risk. • Maintaining a more diversified loan book to reduce concentration to single clients and debtors. • Ongoing improvement in the methods we use to verify the validity of invoices.
Insufficient capital and funding to fund the existing business and support growth	<ul style="list-style-type: none"> • Ongoing review of funding facilities to minimise funding costs and equity requirements, as well as to maintain flexibility and capacity for future growth. • Diligent adherence to portfolio requirements. • Comprehensive approach to cashflow and capital forecasting.
Margin compression	<ul style="list-style-type: none"> • Actively focus on optimising funding facilities to minimise the cost of funding. • Pass on interest rate increases to clients where possible. • Minimise interest rate mismatches between interest income and interest expense. • Maintain an effective framework for risk-based client pricing.
Inability to grow the loan book	<ul style="list-style-type: none"> • Ongoing market research to identify market segments and opportunities that are aligned with our strengths. • Focus on opportunities where we can differentiate our offering and our go-to-market strategy. • Continue to expand broker penetration through the education of invoice financing. • Sharp focus on client service to support retention. • Invest in the proposition to deliver a market leading client offering.

Nature of risk

How we manage the risk / Key areas of focus

Losses resulting from inadequate or failed internal processes and systems	<ul style="list-style-type: none"> • Regularly review and upgrade of credit and operational policies and procedures. • Utilising technology where appropriate to streamline processes and reduce the risk of human error.
Underinvestment or overinvestment in the technology platform	<ul style="list-style-type: none"> • Maintain a technology roadmap for development of the technology platform. • Ensure that there is a well-defined strategy for external integrations to the firm's technology platform. • Staged retirement of legacy systems. • Ongoing investment in the infrastructure that supports the increased use of data for improved business decision making.
Weak corporate governance undermines the ability for Earlypay to achieve its strategic objectives	<ul style="list-style-type: none"> • Maintenance of specialist company secretary and corporate governance capabilities. • Ongoing review and update of corporate governance framework.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2025 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group. An outlook for the Group is included in the Chairperson and Managing Director's report.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Geoffrey Sam OAM
Title:	Independent Non-Executive Director, Chairperson
Qualifications:	BCom (UNSW), MHA (UNSW), MA (Econ&SocStudies) (Manchester UK), FAICD
Experience and expertise:	Geoffrey has held numerous successful ASX listed independent NED positions including Chairperson of Money 3, Hutchison Childcare Services and MD of Nova Health. He is the co-founder and Director of HealtheCare Australia Pty Ltd which owns 17 private hospitals and day surgeries in NSW, Vic and Tas.
Other current directorships:	IDT Australia Ltd (since 2022) and Change Financial Australia Limited (since 2023).
Former directorships (last 3 years):	Paragon Care Ltd.
Special responsibilities:	Member of the Audit & Risk Committee and Member of the Nomination & Remuneration Committee
Interests in shares:	2,160,188 ordinary shares
Interests in options:	None
Interests in rights:	None

Name: **James Beeson**
Title: Managing Director
Qualifications: BCom, MAppFin, MBA, CPA, GAICD
Experience and expertise: James joined Earlypay through the acquisition of Skippr, where he was CEO. Prior to this, James was Managing Director and Head of EMEA Rates & Foreign Exchange in JP Morgan's Chief Investment Office in London. Throughout his career, James has managed a wide range of alternative investments, structured credit, global fixed income and currency portfolios for JP Morgan, Brevan Howard Asset Management and Citigroup in London, Hong Kong and Sydney.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 15,952,453 ordinary shares
Interests in options: None
Interests in rights: 1,220,000

Name: **Stephen White**
Title: Independent Non-Executive Director
Qualifications: M.Mngt, GAICD
Experience and expertise: Steve has had over 30 years of experience in Investment Banking, including roles with Barclays Capital Singapore, Rothschild and HSBC Japan in their treasury divisions. For 10 years he held a position as a principal of a boutique risk advisory firm which concentrated on assisting C-suite executives to manage significant financial market risks. This experience is combined with significant corporate governance experience including as a responsible manager for a Wholesale Australian Financial Services Licence for 10 years. Steve continues to be engaged in providing advice and assistance to businesses across a number of industries. Steve is a Graduate Member of the Australian Institute of Company Directors and has a Master of Management from MGSM.

Other current directorships: None
Former directorships (last 3 years): Non-Executive Director of COG Financial Services Limited (resigned 3 April 2025)
Special responsibilities: Chairperson of the Nomination & Remuneration Committee and Member of the Audit & Risk Committee
Interests in shares: None
Interests in options: None
Interests in rights: None

Name: **Ilkka Tales**
Title: Independent Non-Executive Director
Qualifications: BBus
Experience and expertise: Ilkka has worked with start-ups over 30 years accelerating the growth of these businesses in four industry sectors. Three have listed and the latest was a classified Unicorn. An expert at scaling and growth strategies. Ilkka has held senior global roles at Greensill, Myriad Group AG and Philips. Ilkka is a recognised entrepreneur and sits on a number of private company boards.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chairperson of the Audit & Risk Committee
Interests in shares: 300,000 ordinary shares
Interests in options: None
Interests in rights: None

Name:	Sue Healy (resigned on 24 April 2025)
Title:	Former Independent Non-Executive Director
Qualifications:	Fellow RCSA, MAICD
Experience and expertise:	Sue is an experienced Non-Executive Director, she is Chair of Talent Quarter & Health Talent, and previously Deputy Chair and Non-Executive Director of Ability Options & Olympus Solutions and has held previous Non-Executive Director roles with The Recruiting and Consulting Services Association, and other industry bodies. She was the founder and MD of a Talent and HR Consulting Business for 20 years. She has also held Executive Leadership roles with the two of the largest ASX listed human capital companies in Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Former Chairperson of the Nomination & Remuneration Committee and Member of the Audit & Risk Committee
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director
Interests in rights:	Not applicable as no longer a director

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Paul Murray

Paul Murray was appointed as joint Company Secretary on 14 June 2023. Paul is Chief Financial Officer (CFO) / Chief Operating Officer (COO) and joined Earlypay in November 2022. Paul is an experienced financial services executive with broad experience across banking and investment management, gained in Australia and the UK. Paul joined Earlypay from the non-bank lender, Household Capital, where he was CFO. Paul's prior roles include Head of Corporate Strategy (and Asia) for Legal & General Investment Management and senior risk management roles at TwentyFour Asset Management, Columbia Threadneedle (F&C), Rothschild (Australia) and ANZ. Paul is a Chartered Accountant, holds a Master of Commerce (Finance) degree from the University of Melbourne and is a graduate of the TRIUM Global Executive MBA Program.

Mathew Watkins - Vistra Australia

On 12 December 2022, Earlypay announced that the specialist Company Secretarial, Governance and Accounting firm, Vistra Australia commenced undertaking the Company Secretarial role. Mathew Watkins had been appointed as Joint Company Secretary.

Mr Watkins is a Chartered Accountant and member of the Governance Institute of Australia who has extensive ASX experience within several industry sectors including Biotechnology, Bioscience, Resources and Information Technology. He specialises in ASX statutory reporting, ASX compliance, Corporate Governance and board and secretarial support. Mr Watkins is appointed Company Secretary on a number of ASX listed Companies. Mr Watkins is employed at Vistra Australia Pty Ltd (Vistra), a global corporate services provider, and he is currently the SEA Regional Practice Lead & Australia Market Lead of Vistra.

Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors. Vistra have vast experience working with listed entities and brings a strong background of working with growing companies within the resources sector.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Full Board		Nomination & Remuneration Committee		Audit & Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Geoffrey Sam OAM	12	12	5	5	4	4
James Beeson	10	12	-	-	-	-
Ilkka Tales	12	12	1	5	4	4
Stephen White	12	12	5	5	4	4
Sue Healy*	10	10	3	3	3	3

Held: represents the number of meetings held during the time the Director held office.

* Resigned on 24 April 2025

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Use of remuneration consultants

During the financial year ended 30 June 2025, the Group did not engage remuneration consultants.

Voting and comments made at the Company's 2024 Annual General Meeting ('AGM')

At the 2024 AGM, 98.87% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2024. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Key management personnel ('KMP')

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

Name	Title
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Directors

Geoffrey Sam OAM	Independent Non-Executive Director, Chairperson
James Beeson	Managing Director
Ilkka Tales	Independent Non-Executive Director
Stephen White	Independent Non-Executive Director
Sue Healy	Former Independent Non-Executive Director (resigned on 24 April 2025)

Other KMP

Paul Murray	CFO-COO and Joint Company Secretary
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The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- KMP Service Agreements (excludes Non-Executive Directors)
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The remuneration policy of Earlypay Ltd has been designed to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term and long-term incentives based on key performance areas affecting the Group's financial results. The Board of Earlypay Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best KMP to run and manage the consolidated Group, as well as create goal congruence between directors, executives and shareholders. The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated directors and employees who can enhance Company performance through their contributions and leadership.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- the remuneration policy is developed by the Nomination & Remuneration Committee and approved by the Board. Professional advice is sought from independent external consultants as required.
- all KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives;
- performance incentives are generally only paid once predetermined key performance indicators have been met;
- incentives paid in the form of rights are intended to align the interests of the directors and the Company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means; and
- the Nomination & Remuneration Committee reviews KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated Group's profits. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP received a superannuation guarantee contribution required by the government and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. All remuneration paid to KMP is valued at the cost to the Company and expensed. The Board's policy remunerates Non-Executive Directors at market rates for time, commitment and responsibilities. The Nomination & Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at an Annual General Meeting. The current maximum is \$680,000 (FY24: \$680,000). Non-Executive Directors receive fees and do not receive options or bonus payments.

Short term incentive ('STI')

The key performance indicators ('KPIs') are set annually, with a certain level of consultation with KMP to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPI's targets areas the Board believes hold greater potential for the Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

The Board expects that the remuneration structure implemented will result in the Group being able to attract and retain the best executives to run the Group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The following table summarises the performance conditions for short term performance linked bonuses.

KMP	2025 Performance conditions
James Beeson - Managing director	Maximum \$220,000 on achievement of the KPIs set by the Nomination & Remuneration Committee including NPAT targets
Paul Murray - CFO-COO and Company Secretary	Maximum \$148,750 on achievement of the KPIs set by the Nomination & Remuneration Committee including NPAT targets

Minimum amount is nil for all KMP.

Long term incentive ('LTI')

The LTI is an annual performance rights plan used to motivate executives to achieve longer term performance targets of the Company. The structure was adopted to ensure appropriate alignment to shareholder value over the specified timeframe.

Prior Rights Plan

The prior performance rights plan was approved by shareholders on 17 November 2022. Senior executives (including executive KMP) were invited to participate at the Board's discretion.

Common features

Feature	Description
Instrument	Performance rights being a right to receive a share subject to performance and vesting conditions.
Opportunity	15% to 25% of fixed remuneration.
Dividends or share issues	No dividends are paid or accrued on unvested awards.
Performance criteria	The plan uses earnings per share growth, absolute Total shareholder return ('TSR') and return on equity performance hurdles.
Assessment, approval and payment	At the end of performance period, the Nomination & Remuneration Committee assesses the relevant performance measures and determines the extent to which the awards should vest. Vested rights will be exercised automatically and the Board will determine the value of the rights and the extent to which that value is to be provided in the form of cash, and/or shares.
Change of control	Unless otherwise determined by the Board, in the event of a change of control including a takeover, the vesting conditions attached to the tranche at the time of the application will cease to apply and: <ul style="list-style-type: none"> a) unvested performance rights granted in the financial year of the change of control will be assessed by the Board for vesting; b) remaining unvested performance rights will vest if the change of control share price is greater than the price at the commencement of the measurement period and the change of control share price leading up to the change of control has a 20% premium to the price at the beginning of the measurement period; c) any unvested performance rights that do not vest pursuant to (a) and (b) will lapse; d) disposal restrictions applied to restricted shares by the Company will be lifted, including the removal of any Company initiated CHES holding lock, if applicable. However, shares may not be sold if the holder is in possession of 'inside information'.
Termination	Continued service during the whole measurement period is not a requirement in order for performance rights to vest. However, performance rights granted in the financial year of the termination and which are held at the date of termination (and unvested), will be forfeited in the proportion that the remainder of the financial year following the termination bears to the full financial year (unless otherwise determined by the Board). All other unvested performance rights will be retained for possible vesting based on performance during the measurement period, to be assessed following the completion of the measurement period.
Claw back provisions	There are no specific provisions providing the capacity to claw back a component of remuneration in the event of a matter of significant concern.

Specific grant parameters

2023 grant

Grant date	16 December 2022
Number of rights	2,460,384
Performance period	July 2022: 3 years (1 July 2022 to 30 June 2025)
Vesting date	1 October 2025

Performance level	EPS tranche 1	TSR tranche 2	ROE tranche 3	Vesting % of tranche
Threshold	2.5%	8%	13.5%	25%
Between threshold and target	2.5% to 5%	8% to 10%	13.5% to 14.5%	Pro-rata
Target	5%	10%	14.5%	50%
Between target and stretch	5% to 7.5%	10% to 16%	14.5% to 16.5%	Pro-rata
Stretch	7.5%	16%	16.5%	100%
Number of rights	820,128	820,128	820,128	

Prior performance rights

2,460,384 performance rights were granted in FY23. The measurement period for these rights expired on 30 June 2025. The Board has determined that none of these rights will vest.

There were no performance rights granted in FY24.

Current Rights Plan

The current performance rights plan was approved by shareholders on 28 November 2024. Senior executives (including executive KMP) are invited to participate at the Board's discretion.

Common features

Feature	Description
Instrument	Performance rights being a right to receive a share subject to performance and vesting conditions.
Dividends and other rights	Prior to exercise, a participant does not have any rights to dividends, rights to vote or rights to the capital of the Company as a result of holding a right.
Vesting conditions and exercise	Performance, service, vesting or other conditions specified in the rights offer must be satisfied before a right can vest. On the date on which any vesting condition is not capable of being satisfied, reached or met, the rights will lapse. If rights vest, the participant must exercise the rights before the last exercise date specified in the offer.
Corporate control event	If a corporate control event occurs, all unvested rights held by a participant will vest. The Company shall provide a participant with 3 days' notice of the impending expiry of all vested rights (which will otherwise lapse).
Termination	If a participant ceases to be an employee during the vesting period due to resignation, dismissal or other circumstances, then unless otherwise determined by the Board, any unvested rights will lapse. Any vested rights must be exercised within a prescribed period.
Breach, fraud or misconduct	If the Board determines that a participant has been implicated or involved in certain acts including breach, fraud or misconduct then all associated rights will lapse.
Claw back provisions	If the Board becomes aware of a material misstatement in the Company's financial statements relating to a Vesting Period or some other event has occurred during a Vesting Period which, as a result, means that the vesting conditions were not, or should not have been determined to have been, satisfied, then the participant will cease to be entitled to those vested rights.

Specific grant parameters

2025 grant

Grant date	28 November 2024
Number of rights	3,035,000
Tranches	The number of performance rights is divided into three equal tranches
Measurement periods	Three annual periods ending 30 June 2025, 30 June 2026 and 30 June 2027
Vesting dates	1 October 2025, 1 October 2026 and 1 October 2027
Performance measure	The Compound Annual Growth Rate ("CAGR") in Earnings Per Share for the specific measurement period.

Performance level	Performance measure	Vesting % of the Tranche
Below threshold	0%	0%
Between Threshold and Target 1	0% to 2.5%	25%
Between Target 1 and Target 2	2.5% to 7.5%	Pro-rata
Target 2	7.5%	100%

Outstanding performance rights

3,035,000 performance rights were granted in FY25 and remain outstanding.

Details of remuneration

Amounts of remuneration

Details of the remuneration of KMP of the Group are set out in the following tables.

	Fixed remuneration		Variable remuneration			Total
	Salary and fees \$	Super \$	Cash STI ¹ \$	Share based LTI ² \$	Other benefits \$	
2025						
<i>Non-Executive Directors:</i>						
Geoffrey Sam OAM	131,132	15,080	-	-	-	146,212
Ilkka Tales	79,978	9,197	-	-	-	89,175
Stephen White	79,978	9,197	-	-	-	89,175
Sue Healy ³	66,648	7,665	-	-	-	74,313
<i>Executive Director:</i>						
James Beeson	520,000	29,932	110,000	145,780	-	805,712
<i>Other KMP:</i>						
Paul Murray	395,000	29,932	74,375	98,700	-	598,007
	<u>1,272,736</u>	<u>101,003</u>	<u>184,375</u>	<u>244,480</u>	<u>-</u>	<u>1,802,594</u>

1 Represents the short-term incentive that was accrued for during the reporting period

2 Represents the amortised accounting charge of long term incentives recognised in the reporting period

3 Represents remuneration as an independent non-executive director from 1 July 2024 to 24 April 2025

	Fixed remuneration		Variable remuneration			Total \$
	Salary and fees \$	Super \$	Cash STI \$	Share based LTI \$	Other benefits \$	
2024						
<i>Non-Executive Directors:</i>						
Geoffrey Sam OAM	126,697	13,937	-	-	-	140,634
Ilkka Tales	77,273	8,500	-	-	-	85,773
Stephen White	77,273	8,500	-	-	-	85,773
Sue Healy	77,273	8,500	-	-	-	85,773
<i>Executive Director:</i>						
James Beeson	522,500	29,109	-	-	-	551,609
<i>Other KMP:</i>						
Paul Murray	372,500	27,500	-	-	-	400,000
	<u>1,253,516</u>	<u>96,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,349,562</u>

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2025	2024	2025	2024	2025	2024
<i>Non-Executive Directors:</i>						
Geoffrey Sam OAM	100%	100%	-	-	-	-
Sue Healy	100%	100%	-	-	-	-
Ilkka Tales	100%	100%	-	-	-	-
Stephen White	100%	100%	-	-	-	-
<i>Executive Director:</i>						
James Beeson	68%	100%	14%	-	18%	-
<i>Other KMP:</i>						
Paul Murray	71%	100%	13%	-	16%	-

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2025	2024	2025	2024
<i>Executive Director:</i>				
James Beeson	50%	-	50%	100%
<i>Other KMP:</i>				
Paul Murray	50%	-	50%	100%

KMP Service Agreements (excludes Non-Executive Directors)

Remuneration and other terms of employments for KMP are formalised in service agreements. The agreements provide for performance-related cash bonuses. Other major provisions of the agreements relating to remuneration are set out below:

Name	Terms of agreements	Base salary including superannuation \$
James Beeson	Ongoing as from 10 October 2022	550,000
Paul Murray	Ongoing as from 14 June 2023	425,000

James Beeson's contract may be terminated early by either party with six months' notice, subject to termination payments at the discretion of the Nomination & Remuneration Committee.

Paul Murray's contract may be terminated early by either party with four months' notice, subject to termination payments at the discretion of the Nomination & Remuneration Committee.

Equity-based compensation

Issue of shares

There were no shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2025.

Performance rights

There following performance rights over ordinary shares were issued to Directors and other KMP as part of compensation during the year and were outstanding as at 30 June 2025:

Name	Number of rights			Total
	Tranche 1	Tranche 2	Tranche 3	
James Beeson	406,667	406,667	406,666	1,220,000
Paul Murray	275,333	275,333	275,334	826,000

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of executive KMP in this financial year or future reporting years are as follows:

Tranche	Grant date	End of last measurement period	Last vesting date	Exercise price	Fair value per right at grant date
Tranche 1	28/11/2024	30/06/2025	01/10/2025	\$0.00	\$0.2016
Tranche 2	28/11/2024	30/06/2026	01/10/2026	\$0.00	\$0.1920
Tranche 3	28/11/2024	30/06/2027	01/10/2027	\$0.00	\$0.1828

Performance rights granted carry no dividend or voting rights.

Additional information

	2025	2024 * Restated	2023	2022	2021
Sales revenue (\$'000)	50,926	54,556	60,558	53,801	43,865
Profit/(loss) after income tax (\$'000)	2,868	2,190	(8,411)	13,223	7,238
Share price at financial year end (cents per share)	19.50	17.50	19.00	49.00	50.00
Total dividends declared (cents per share)	0.65	0.15	-	3.20	2.30
Basic earnings/(loss) per share (cents per share)	1.05	0.77	(2.91)	4.70	3.18
Diluted earnings/(loss) per share (cents per share)	1.04	0.76	(2.91)	4.66	3.05

* Refer to note 4 for detailed information on restatement of comparatives.

Additional disclosures relating to KMP

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

2025	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Geoffrey Sam OAM	2,160,188	-	-	-	2,160,188
James Beeson	15,952,453	-	-	-	15,952,453
Ilkka Tales	300,000	-	-	-	300,000
Stephen White	-	-	-	-	-
Paul Murray	470,000	-	-	-	470,000
Sue Healy*	768,735	-	-	(768,735)	-
	19,651,376	-	-	(768,735)	18,882,641

* Resigned on 24 April 2025

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Lapsed*	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
James Beeson	709,614	1,220,000	-	(709,614)	1,220,000
Paul Murray	291,408	826,000	-	(291,408)	826,000
	1,001,022	2,046,000	-	(1,001,022)	2,046,000

* The measurement period for these rights ended on 30 June 2025. No rights vested under this grant.

The maximum value of the performance rights to be recognised in profit or loss and equity is the grant-date fair value. The minimum value is nil, as the performance rights may not vest if the performance conditions are not satisfied.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Earlypay Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Earlypay Ltd issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Shares under performance rights

Unissued ordinary shares of Earlypay Ltd at the date of this report are as follows:

	Grant date	End of last measurement period	Last vesting date	Exercise price	Number under rights
Performance rights	28/11/2024	30/06/2027	01/10/2027	\$0.00	3,035,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

There were no ordinary shares of Earlypay Ltd issued on the exercise of performance rights during the year ended 30 June 2025 and up to the date of this report.

Indemnity and insurance of officers

During the financial year, the Company paid a premium insuring all directors and officers against any liability incurred as such by a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as such by an officer or auditor.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 23 of the *Corporations Act 2001*, unless otherwise specified.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Pitcher Partners

There are no officers of the Company who are former partners of Pitcher Partners.

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.

Auditor

Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



James Beeson
Managing Director

26 August 2025
Sydney

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

In relation to the independent audit for the year ended 30 June 2025, to the best of my knowledge and belief there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- b) 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 year.

**Rod Shanley**
Partner

26 August 2025

**Pitcher Partners**
Sydney

Earlypay Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025



	Note	Consolidated 2025 \$'000	2024 \$'000 *Restated
Income			
Interest income	6	30,025	32,684
Interest expense	7	(17,229)	(19,499)
Net interest income		12,796	13,185
Other income	6	20,901	21,872
Net income		33,697	35,057
Expenses			
Credit impairment expense	8	(725)	(3,071)
Commissions expense		(3,022)	(2,353)
Consultancy expense		(1,407)	(1,449)
Depreciation and amortisation expense	9	(3,261)	(2,633)
Employee benefits expense		(14,352)	(13,934)
Insurance expense		(1,066)	(1,198)
IT expense		(1,608)	(1,494)
Legal expense		(1,527)	(2,740)
Marketing expense		(443)	(508)
Other expenses		(2,194)	(2,268)
Trust expense		(188)	(141)
Total expenses		(29,793)	(31,789)
Profit before income tax expense		3,904	3,268
Income tax expense	10	(1,036)	(1,078)
Profit after income tax expense for the year attributable to the owners of Earlypay Ltd		2,868	2,190
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Earlypay Ltd		2,868	2,190
		Cents	Cents *Restated
Basic earnings per share	11	1.05	0.77
Diluted earnings per share	11	1.04	0.76

* Refer to note 4 for detailed information on restatement of comparatives.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2025 \$'000	2024 * Restated \$'000
Assets			
Current assets			
Cash and cash equivalents	12	37,557	40,133
Net invoice finance receivables	13	114,005	140,219
Equipment finance receivables	14	42,066	31,760
Income tax receivable	10	40	1,729
Other assets	15	2,695	2,284
Total current assets		<u>196,363</u>	<u>216,125</u>
Non-current assets			
Equipment finance receivables	14	83,708	59,385
Property, plant and equipment	16	189	267
Right-of-use assets	17	1,248	1,820
Intangible assets	18	30,108	32,346
Deferred tax asset	10	2,998	4,097
Total non-current assets		<u>118,251</u>	<u>97,915</u>
Total assets		<u>314,614</u>	<u>314,040</u>
Liabilities			
Current liabilities			
Trade and other payables	19	1,889	3,328
Borrowings	20	135,859	157,147
Lease liabilities	21	602	514
Employee benefits	22	1,225	1,099
Other liabilities		801	827
Total current liabilities		<u>140,376</u>	<u>162,915</u>
Non-current liabilities			
Borrowings	20	99,045	77,634
Lease liabilities	21	811	1,425
Employee benefits	22	331	322
Total non-current liabilities		<u>100,187</u>	<u>79,381</u>
Total liabilities		<u>240,563</u>	<u>242,296</u>
Net assets		<u>74,051</u>	<u>71,744</u>
Equity			
Issued capital	23	71,913	72,047
Reserve	24	363	152
Retained profits/(accumulated losses)		<u>1,775</u>	<u>(455)</u>
Total equity		<u>74,051</u>	<u>71,744</u>

* Refer to note 4 for detailed information on restatement of comparatives.

Consolidated	Issued capital \$'000	Reserves \$'000	(Accumulated losses) *Restated \$'000	Total equity *Restated \$'000
Balance at 1 July 2023	74,702	753	(2,639)	72,816
Adjustment for GST issue ¹	-	-	(609)	(609)
Balance at 1 July 2023 - restated	74,702	753	(3,248)	72,207
Profit after income tax expense for the year	-	-	2,449	2,449
Adjustment for GST issue ¹	-	-	(259)	(259)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	2,190	2,190
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares (note 23 and note 34)	1,715	-	-	1,715
Transfer from general reserve	-	(441)	441	-
Transfer from lapsed/forfeited rights	-	(160)	160	-
Transfer from issued capital	(2)	-	2	-
Share buy-back (note 23)	(4,368)	-	-	(4,368)
Balance at 30 June 2024	72,047	152	(455)	71,744

* Refer to note 4 for detailed information on restatement of comparatives.

Consolidated	Issued capital \$'000	Reserves \$'000	(Accumulated losses)/ retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	72,047	152	(455)	71,744
Profit after income tax expense for the year	-	-	2,868	2,868
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	2,868	2,868
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 37)	-	363	-	363
Share buy-back (note 23)	(134)	-	-	(134)
Transfer from rights reserve	-	(152)	152	-
Dividends paid (note 25)	-	-	(790)	(790)
Balance at 30 June 2025	71,913	363	1,775	74,051

¹ Refer to note 4 for detailed information on restatement of comparatives.

	Note	Consolidated 2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers		20,893	24,061
Interest received from customers		29,153	31,566
Payments to suppliers and employees		(26,963)	(29,433)
Interest received - other		880	1,118
Finance costs paid		(16,596)	(19,214)
Income taxes refunded		1,752	1,234
Net cash from operating activities	26	9,119	9,332
Cash flows from investing activities			
Payments for property, plant and equipment	16	(18)	(184)
Payments for intangible assets	18	(311)	(912)
Net receipts for client receivables		24,617	49,286
Payment to Timelio funding vehicle	34	-	(41,024)
Net (payments)/receipts for equipment lease receivables		(34,023)	17,224
Net cash (used in)/from investing activities		(9,735)	24,390
Cash flows from financing activities			
Proceeds from issue of shares	23	-	1,715
Payments for share buy-backs	23	(134)	(4,368)
Dividends paid, net of reinvestment	25	(790)	-
Proceeds from borrowings	26	17,862	109,434
Proceeds from borrowings - business combination	26	-	32,000
Repayment of borrowings	26	(18,199)	(184,748)
Repayment of lease liabilities	26	(699)	(608)
Net cash used in financing activities		(1,960)	(46,575)
Net decrease in cash and cash equivalents		(2,576)	(12,853)
Cash and cash equivalents at the beginning of the financial year		40,133	52,986
Cash and cash equivalents at the end of the financial year	12	37,557	40,133

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, 201 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 is 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 26 August 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policies

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

These financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 30 June 2025 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Note 2. Material accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. A list of controlled entities is contained in note 35 to the financial statements.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Material accounting policies (continued)

Rounding of amounts

The Company is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. The assumptions underlying the Group's expected credit loss model include, but are not limited to, probability of default, loss given default and exposure at default estimates for invoice finance and equipment finance receivables as well as forward-looking macro-economic conditions. Actual credit losses in future years may be higher or lower than estimated. Refer to note 27 for further information.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 18 for further information.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. There is a degree of judgement required as to determine whether a trigger exists. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for temporary deductible differences and unused tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Group assesses the extent to which deferred tax assets will be recoverable in the short term by comparing forecast taxable profits to existing deferred tax assets and unused tax losses. Refer to note 10 for further information.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 37 for further information.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Swap arrangement

In accounting for borrowings associated with interest rate swaps, management has made a key accounting judgement in determining that the swap arrangement is closely related to the host instrument and therefore has accounted for these together and not as a separate derivative instrument.

Note 4. Restatement of comparatives

During the current year, 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 year ended 30 June 2024, 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 recognised in that financial year. During the year ended 30 June 2025, 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 has resubmitted prior returns over a four-year remediation period and paid additional GST.

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 two relevant components of this amount: \$259,000 relates to the correction of the comparative period profit and loss and \$609,000 relates to the correction of the comparative period accumulated losses. The GST expense and payables for the current year have been correctly accounted for in these current financial statements.

As a result of the lower GST recoverability, the level of associated expense deductibility increased. The Group recognised an income tax benefit of \$261,000 in the current period.

Correction of error

As a result of the above the affected financial statement line items for the prior period are restated as follows:

Statement of profit or loss and other comprehensive income

	Consolidated		
	2024 \$'000 Reported	\$'000 Adjustment	2024 \$'000 Restated
Extract			
Expenses			
Other expenses	(2,009)	(259)	(2,268)
Profit before income tax expense	3,527	(259)	3,268
Income tax expense	(1,078)	-	(1,078)
Profit after income tax expense for the year attributable to the owners of Earlypay Ltd	2,449	(259)	2,190
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year attributable to the owners of Earlypay Ltd	2,449	(259)	2,190
	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	0.86	(0.09)	0.77
Diluted earnings per share	0.85	(0.09)	0.76

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

The Group believes that while the correction is considered material, the impact is confined to a limited number of line items. The Group has assessed that presenting a third statement of financial position as at 1 July 2023 would be impractical and would not provide users with additional meaningful information. The Group considers that the detailed disclosures provided herein are sufficient to enable users to understand the nature and financial impact of the restatement.

Note 4. Restatement of comparatives (continued)

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

Extract	2024 \$'000 Reported	Consolidated \$'000 Adjustment	2024 \$'000 Restated
Liabilities			
Current 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 5. 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 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 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 expense (including income tax expense, income tax payable/receivable and deferred tax assets and liabilities)
- Amortisation expense
- Corporate costs associated with borrowings (including early termination costs)

Major customers

During the year ended 30 June 2025, approximately 3.48% (2024: 3.30%) of the Group's external revenue was derived from sales to the most significant client. The next most significant client accounts for 2.30% (2024: 2.92%) of external revenue. All revenue attributable to external customers was generated in Australia.

Note 5. Operating segments (continued)

Operating segment information

	Invoice finance \$'000	Equipment finance \$'000	Unallocated / Corporate \$'000	Total \$'000
Consolidated - 2025				
Revenue				
Interest income	17,968	11,846	211	30,025
Interest expense	(9,359)	(7,315)	(555)	(17,229)
Net interest income	8,609	4,531	(344)	12,796
Fee income	17,772	3,129	-	20,901
Net income	26,381	7,660	(344)	33,697
Operating expenses	(17,692)	(4,670)	(3,446)	(25,808)
Credit impairment expense	99	(823)	-	(724)
Depreciation and amortisation expenses	(1,267)	(101)	(1,893)	(3,261)
Profit/(loss) before income tax expense	7,521	2,066	(5,683)	3,904
Income tax expense				(1,036)
Profit after income tax expense				2,868

	Invoice finance \$'000	Equipment finance \$'000	Unallocated / Corporate \$'000	Total \$'000
Consolidated - 2025				
Assets				
Current segment assets	114,005	42,065	40,292	196,362
Non-current segment assets	-	83,708	34,544	118,252
Total assets	114,005	125,773	74,836	314,614
Liabilities				
Current segment liabilities	118,568	(456)	5,645	123,757
Non-current segment liabilities	-	115,664	1,142	116,806
Total liabilities	118,568	115,208	6,787	240,563

	Invoice finance \$'000	Equipment finance \$'000 *Restated	Unallocated / Corporate \$'000	Total \$'000
Consolidated - 2024				
Revenue				
Interest income	21,241	11,226	217	32,684
Interest expense	(12,424)	(6,950)	(125)	(19,499)
Net interest income	8,817	4,276	92	13,185
Fee income	19,009	2,863	-	21,872
Net income	27,826	7,139	92	35,057
Operating expenses	(20,314)	(3,447)	(2,324)	(26,085)
Credit impairment expense	(1,849)	(1,222)	-	(3,071)
Depreciation and amortisation expenses	(1,317)	(114)	(1,202)	(2,633)
Profit/(loss) before income tax expense	4,346	2,356	(3,434)	3,268
Income tax expense				(1,078)
Profit after income tax expense				2,190

Note 5. Operating segments (continued)

	Invoice finance \$'000	Equipment finance \$'000 * Restated	Unallocated/ Corporate \$'000	Total \$'000
Consolidated - 2024				
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

* Refer to note 4 for detailed information on restatement of comparatives.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 6. Income

	Consolidated	
	2025 \$'000	2024 \$'000
Services		
Invoice finance – interest income	17,968	21,241
Invoice finance – origination fees and costs	397	322
Invoice finance – revenue from contracts with customers (over time)	17,375	18,687
	35,740	40,250
Equipment finance – interest income	11,846	11,226
Equipment finance – origination fees and costs	1,543	1,378
Equipment finance – revenue from contracts with customers (point in time)	1,586	1,485
	14,975	14,089
Other – interest income	211	217
Total income	50,926	54,556
Interest income	30,025	32,684
Other income	20,901	21,872
Total income	50,926	54,556

Accounting policy for revenue

The Group derives both interest income and fee income from its invoice finance and equipment finance activities. The Group recognises revenue from contracts with customers in accordance with AASB 15 *Revenue from contracts with customers*, except for revenue arising from financial instruments, which is recognised in accordance with AASB 9 *Financial instruments*.

Note 6. Income (continued)

Revenue is recognised for key services as follows:

(i) Interest income

Interest income is recognised using the effective interest method in accordance with *AASB 9 Financial Instruments*, based on estimated future cash receipts over the expected life of the financial asset. This method calculates the amortised cost of a financial asset and allocates the interest income over the relevant period using the effective interest rate.

The effective interest rate calculation does not consider expected credit losses.

Interest income for receivables that have objective evidence of credit impairment (i.e., stage 3 - see note 27) is recognised on a net basis.

(ii) Origination fees and costs

Fees that are an integral part of the loan (e.g., establishment fees) are included in the calculation of the effective interest rate and recognised using the effective interest method. Establishment fees are recognised over an expected term of 12 months on the basis that it is the minimum term of the facility.

Transaction costs that are directly attributable to the origination of receivables (e.g., broker commissions) are also included in the calculation of the effective interest rate and recognised using the effective interest method.

(iii) Revenue from contracts with customers

Fee income (e.g., administration fees, drawdown fees etc) is recognised at the point in time when the performance obligation has been satisfied. It is recognised at the fee rate or transaction price specified in the facility agreement or at a price that the Group expects to be entitled, in exchange for providing the service to the customer.

Fee income for receivables that have objective evidence of impairment, (i.e., stage 3 - see note 27), is not recognised as it is not probable that the Group will collect the consideration to which it is entitled.

Note 7. Interest expense

	Consolidated	
	2025 \$'000	2024 \$'000
Interest expense	17,156	19,375
Interest expense on lease liabilities	73	124
	<u>17,229</u>	<u>19,499</u>

Accounting policy for interest expense

The Group's activities are funded by a combination of securitisation trust warehouse facilities, term facilities and cash held on the balance sheet. Interest expense is recognised as it accrues using the effective interest rate method.

Transaction costs directly attributable to the establishment of warehouse facilities and term facilities are initially capitalised and then recognised in interest expense over the expected life of the relevant facility.

Note 8. Credit impairment expense

	Consolidated 2025 \$'000	2024 \$'000
Net movement in stage 1/2 expected credit loss provision*	(336)	(985)
Receivables written off during the year as bad debts	5,977	5,290
Net movement in stage 3 expected credit loss provision*	(4,096)	(1,034)
Credit Loss Expense	1,881	4,256
Recoveries of previously written off amounts	(820)	(200)
	725	3,071

* Refer to note 27 for additional information on the movement of the expected credit loss provision.
2024 movement excludes \$425,000 in expected credit loss provision recognised as part of the Timelio acquisition.

Note 9. Expenses

	Consolidated 2025 \$'000	2024 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Property, plant and equipment	96	123
Right-of-use assets	616	571
	712	694
<i>Amortisation</i>		
Intangible assets	2,549	1,939
Total depreciation and amortisation expense	3,261	2,633
<i>Net foreign exchange gain</i>		
Net foreign exchange gain	(2)	(20)
<i>Net profit on disposal</i>		
Net profit on disposal of property, plant and equipment	-	(2)
<i>Superannuation expense</i>		
Employee superannuation expense	1,233	1,120
<i>Share-based payments expense</i>		
Share-based payments expense	363	-

Note 10. Income tax

	Consolidated 2025 \$'000	2024 * Restated \$'000
<i>Income tax expense</i>		
Current tax	(63)	(847)
Deferred tax – origination and reversal of temporary differences	1,099	1,925
Aggregate income tax expense	<u>1,036</u>	<u>1,078</u>
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	<u>1,099</u>	<u>1,925</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	<u>3,904</u>	<u>3,268</u>
Tax at the statutory tax rate of 30%	1,171	980
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deductibility of expenses associated with GST issue	(261)	
Share based payment expense	109	
Sundry items	17	93
Adjustment recognised for prior periods	-	5
Income tax expense	<u>1,036</u>	<u>1,078</u>
Weighted average tax rate	26.54%	32.99%
	Consolidated 2025 \$'000	2024 \$'000
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	1,205	1,422
Allowance for expected credit losses	1,024	2,353
Employee benefits	646	426
Accrued expenses	94	251
Business combination	(481)	(1,032)
Other	510	677
Deferred tax asset	<u>2,998</u>	<u>4,097</u>
Movements:		
Opening balance	4,097	6,022
Charged to profit or loss	<u>(1,099)</u>	<u>(1,925)</u>
Closing balance	<u>2,998</u>	<u>4,097</u>

* Refer to note 4 for detailed information on restatement of comparatives.

Note 10. Income tax (continued)

	Consolidated 2025 \$'000	2024 \$'000
Income tax receivable	40	1,729

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 11. Earnings per share

	Consolidated 2025 \$'000	2024 * Restated \$'000
Profit after income tax attributable to the owners of Earlypay Ltd	2,868	2,190
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	272,346,236	285,865,353
Adjustments for calculation of diluted earnings per share:		
Performance rights on issue	3,035,000	2,460,384
Weighted average number of ordinary shares used in calculating diluted earnings per share	275,381,236	288,325,737
	Cents	Cents
Basic earnings per share	1.05	0.77
Diluted earnings per share	1.04	0.76

Note 11. Earnings per share (continued)

* Refer to note 4 for detailed information on restatement of comparatives.

During the year ended 30 June 2025, the Group repurchased 724,818 (2024: 24,666,720) shares under a share buy-back (refer note 23). The number of ordinary shares at 30 June 2025 was 272,209,092 (2024: 272,933,910).

Note 12. Cash and cash equivalents

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current assets</i>		
Cash at bank and in hand	9,612	14,577
Cash at bank – Bank guarantee deposits (restricted) ¹	448	656
Cash at bank – Servicer (restricted) ²	7,108	3,638
Cash at bank – Trustee (restricted) ²	20,389	21,262
	<u>37,557</u>	<u>40,133</u>

¹ These amounts are unavailable for operations as they are held as bank guarantees associated with property leases and credit cards

² These amounts are unavailable for operations as they are held on trust by or for the Trustee of borrowing vehicles.

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 13. Invoice finance receivables

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Client receivables</i>		
Invoice finance receivables	275,227	308,092
Less: invoice finance payables	(159,841)	(162,669)
Net invoice finance receivables	<u>115,386</u>	<u>145,423</u>
Less: Allowance for expected credit losses (note 27)	<u>(1,381)</u>	<u>(5,204)</u>
Net client receivables	<u>114,005</u>	<u>140,219</u>

Accounting policy for invoice finance receivables

The Group has recognised trade receivables in connection with its invoice finance activities, including debtor finance. Debtor finance involves lending to clients against eligible invoices from a client's debtors ledger. As part of the security for these facilities, the entire debtors ledger (both eligible and ineligible invoices) is typically assigned to, and collected by, the Group. Debtor finance receivables are stated as the net amount of funds to be received from collections and amounts payable to the client. This represents the amount advanced and owing by its debtor finance clients.

Invoice finance receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The initial fair value of receivables includes capitalised origination fees, net of capitalised transaction costs.

Note 14. Equipment finance receivables

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current assets</i>		
Equipment finance receivables	50,429	38,085
Less: Allowance for expected credit losses (note 27)	(659)	(1,035)
Add: Unamortised loan brokerage fees	1,412	982
Less: Unamortised loan transaction fees	(1,485)	(1,046)
Less: Unamortised interest receivable	(7,631)	(5,226)
	<u>42,066</u>	<u>31,760</u>
<i>Non-current assets</i>		
Equipment finance receivables	106,262	73,548
Less: Allowance for expected credit losses (note 27)	(1,372)	(1,605)
Add: Unamortised loan brokerage fees	2,998	2,015
Less: Unamortised loan transaction fees	(3,148)	(1,958)
Less: Unamortised interest receivable	(21,032)	(12,615)
	<u>83,708</u>	<u>59,385</u>
	<u><u>125,774</u></u>	<u><u>91,145</u></u>

Accounting policy for equipment finance receivables

The Group has recognised loans secured against equipment. Loans are typically structured as chattel mortgages.

Equipment finance receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The initial fair value of equipment finance receivables includes capitalised origination fees net of capitalised transaction costs.

Unamortised transaction fees and interest will be recognised as income in future periods using the effective interest rate method. Gross equipment finance receivables less unamortised transactions fees and interest represent the loan receivable calculated in accordance with the accounting policy.

Note 15. Other assets

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current assets</i>		
Prepayments	2,431	1,834
Accrued revenue	248	434
Advances	16	16
	<u>2,695</u>	<u>2,284</u>

Note 16. Property, plant and equipment

	Consolidated 2025 \$'000	2024 \$'000
<i>Non-current assets</i>		
Leasehold improvements - at cost	758	758
Less: Accumulated depreciation	(640)	(589)
	<u>118</u>	<u>169</u>
Motor vehicles	56	56
Less: Accumulated depreciation	(56)	(56)
	<u>-</u>	<u>-</u>
Office equipment	2,466	2,452
Less: Accumulated depreciation	(2,400)	(2,358)
	<u>66</u>	<u>94</u>
Low-value pool	27	23
Less: Accumulated depreciation	(22)	(19)
	<u>5</u>	<u>4</u>
	<u><u>189</u></u>	<u><u>267</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements \$'000	Motor vehicles \$'000	Office equipment \$'000	Low-value pool \$'000	Total \$'000
Balance at 1 July 2023	28	40	136	2	206
Additions	195	-	20	3	218
Disposals	-	(34)	-	-	(34)
Depreciation expense	(54)	(6)	(62)	(1)	(123)
	<u>169</u>	<u>-</u>	<u>94</u>	<u>4</u>	<u>267</u>
Balance at 30 June 2024	169	-	94	4	267
Additions	-	-	14	4	18
Depreciation expense	(51)	-	(42)	(3)	(96)
	<u>118</u>	<u>-</u>	<u>66</u>	<u>5</u>	<u>189</u>

Note 17. Right-of-use assets

	Consolidated 2025 \$'000	2024 \$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	2,492	2,448
Less: Accumulated depreciation	(1,244)	(628)
	<u><u>1,248</u></u>	<u><u>1,820</u></u>

Additions to the right-of-use assets during the year were \$44,000 (2024: \$980,000) and depreciation during the year was \$616,000 (2024: \$571,000).

Note 17. Right-of-use assets (continued)

The Group leases land and buildings for its offices under agreements of between two to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The Group leases office equipment under agreements of less than 1 year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

For other AASB 16 and lease related disclosures refer to the following:

- note 7 for interest on lease liabilities;
- note 27 for maturity analysis of lease liabilities; and
- consolidated statement of cash flow for repayment of lease liabilities.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 18. Intangible assets

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	27,775	27,775
Customer relationships - at cost	13,139	13,139
Less: Accumulated amortisation	(11,533)	(9,697)
	1,606	3,442
Software - at cost	4,449	4,138
Less: Accumulated amortisation	(3,722)	(3,009)
	727	1,129
	30,108	32,346

Note 18. Intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Customer relationships \$'000	Software \$'000	Total \$'000
Balance at 1 July 2023	27,775	-	1,009	28,784
Additions	-	-	912	912
Additions through business combinations (note 34)	-	4,589	-	4,589
Amortisation expense	-	(1,147)	(792)	(1,939)
Balance at 30 June 2024	27,775	3,442	1,129	32,346
Additions	-	-	311	311
Amortisation expense	-	(1,836)	(713)	(2,549)
Balance at 30 June 2025	27,775	1,606	727	30,108

Impairment testing

(a) Impairment tests for goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units:

	Consolidated	
	2025 \$'000	2024 \$'000
Invoice finance	19,666	19,666
Equipment finance	8,109	8,109
	27,775	27,775

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2-year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value. Perpetual growth method is used to calculate a terminal value, which assumes the final year growth rate will continue indefinitely.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions, in addition to the 2-year projections, were used in the discounted cash flow model for all divisions:

- 13.5% (2024: 12.4%) discount rate;
- 2.5% (2024: 2.5%) per annum projected operating profit growth rate; and
- 2.5% (2024: 2.5%) per annum terminal operating profit growth rate.

The discount rate of 13.5% reflects management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for the Group, the risk-free rate, and the volatility of the share price relative to market movements.

(b) Impairment charge

Intangible assets with indefinite lives have been tested for impairment at 30 June 2025.

No indicators of impairment were identified for finite life intangible assets.

Note 18. Intangible assets (continued)

(c) *Impact of possible changes in key assumptions*

If the 2-year projections were 10% lower, the Group would not have recognised an impairment of goodwill. If the discount rate was 1% higher, the Group would not have recognised an impairment of goodwill.

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer relationships

Customer relationships is carried at fair value at the date of acquisition less accumulated amortisation. The Directors believe the useful life of customer relationships for Timelio Pty Ltd was 2.5 years.

Software

Software in relation to IT development is carried at cost less accumulated amortisation.

Software in relation to IT development is reported at cost value less GST and is amortised over its estimated useful economic life. The useful life of software varies depending on what the assets are and ranges from 18 months, being 66.67% amortisation, through to 5 years, being 20% amortisation.

Note 19. Trade and other payables

	Consolidated 2025 \$'000	2024 *Restated \$'000
<i>Current liabilities</i>		
Trade payables	1,889	3,328

* Refer to note 4 for detailed information on restatement of comparatives.

Refer to note 27 for further information on financial instruments.

Note 20. Borrowings

	Consolidated 2025 \$'000	2024 \$'000
<i>Current liabilities</i>		
Insurance premium funding	1,127	1,166
Securitised invoice finance warehouse - overdraft facility	19,570	16,769
Securitised invoice finance warehouse facility – A note	-	111,000
Securitised invoice finance warehouse facility – B note	-	10,000
Securitised equipment finance warehouse facility – A note	93,164	-
Securitised equipment finance warehouse facility – B note	22,500	-
Corporate bond no. 2 ¹	-	19,400
Less: Capitalised transaction costs	(502)	(1,188)
	135,859	157,147
<i>Non-current liabilities</i>		
Securitised invoice finance warehouse facility – A note	90,000	-
Securitised invoice finance warehouse facility – B note	10,000	-
Securitised equipment finance warehouse facility – A note	-	55,864
Securitised equipment finance warehouse facility – B note	-	22,500
Less: Capitalised transaction costs	(955)	(730)
	99,045	77,634
	234,904	234,781

¹ The corporate bond was repaid on 22 July 2024.

Refer to note 27 for further information on financial instruments.

Note 20. Borrowings (continued)

Financing arrangements

Terms and access available at the reporting date:

Facility	Average interest rate %	Maturity	Total facility \$'000	2025 (used) \$'000	2025 (unused) \$'000	2024 (used) \$'000	2024 (unused) \$'000
<i>Secured</i>							
Securitised invoice finance warehouse facility – A note ¹	5.99%	Aug 2026	155,000	90,000	65,000	111,000	44,000
Securitised invoice finance warehouse facility – B note ¹	11.19%	Sep 2026	10,000	10,000	-	10,000	-
Securitised invoice finance warehouse Overdraft facility	5.99%	Feb 2026	30,000	19,570	10,430	16,769	13,231
Securitised equipment finance warehouse facility – A note	6.14%	May 2026	120,000	93,164	26,836	55,864	44,136
Securitised equipment finance warehouse facility – B note	9.18%	Apr 2026	22,500	22,500	-	22,500	-
	-						
Total secured			337,500	235,234	102,266	216,133	101,367
<i>Unsecured</i>							
Insurance premium funding	2.95%	Jun 2026	-	1,127	-	1,166	-
Corporate bond no. 2 ²	-		-	-	-	19,400	-
Total unsecured			-	1,127	-	20,566	-
Less: Capitalised transaction costs	-		-	(1,457)	-	(1,918)	-
Total borrowings			337,500	234,904	102,266	234,781	101,367

¹ These facilities have an availability period that ends in February 2026 and a legal maturity in August/September 2026.

² The corporate bond was repaid on 22 July 2024.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Covenants for non-current borrowings

The securitised invoice finance warehouse had aggregate non-current borrowings of \$100,000,000 at 30 June 2025 (2024: nil). This facility contains the following categories of covenants in accordance with the securitised invoice finance Facility Deed, which are tested at different points in time:

- Borrowing Base Test – ongoing requirement that the value of eligible receivables exceeds the drawn notes. This test is performed daily and supported by a Borrowing Base Report delivered to the noteholders.
- Amortisation Events – events that, if triggered, would end the revolving period and cause collections to be applied to repay notes on a controlled amortisation basis. The Manager is required to assess and report on the occurrence of Amortisation Events monthly on each Calculation Date, with covenant performance included in the Monthly Manager Report. Examples of Amortisation Events include:
 - failure of the Borrowing Base Test;
 - breach of receivables pool parameters (e.g. arrears, concentration, eligibility limits) measured monthly;
 - failure to maintain required liquidity support or reserves, tested monthly;

Note 20. Borrowings (continued)

- insolvency or default of the Servicer, Manager or other key transaction parties, assessed on a continuing basis; and
 - certain legal, regulatory or tax events that have a material adverse effect.
- Events of Default – events that could result in the immediate acceleration of the notes and repayment on demand. Events of Default are continuously applicable, with any breach giving rise to immediate enforcement rights if not remedied within contractual cure periods. Examples include:
 - failure to pay principal or interest when due (tested on each Payment Date);
 - breach of key obligations under transaction documents not remedied within cure periods;
 - insolvency events in respect of the Issuer, Servicer or Sellers;
 - unlawfulness or invalidity of transaction documents; and
 - events having a material adverse effect on the facility.
- Operational covenants – customary undertakings such as maintaining accounts, provision of reports, audit rights, compliance with laws and restrictions on disposals. These are tested on an ongoing basis, with formal compliance evidenced through monthly reporting.

The Group was in full compliance with all covenants of the warehouse facility at 30 June 2025. No events of default or amortisation events had occurred or were continuing as at that date. Although the maturity date of the facility is beyond 12 months, breach of certain covenants could, if not remedied or waived, result in the facility becoming repayable on demand or moving into amortisation. The Group actively monitors covenant compliance, including daily borrowing base calculations and monthly reporting to noteholders, to ensure early identification of risks.

Assets Pledged as Security

The Group's borrowings under its warehouse facilities are secured over the assets of the respective warehouse trusts. The security is held on trust for the benefit of the respective facility noteholders and overdraft facility provider. The secured assets at 30 June 2025 include:

Securitised invoice finance warehouse facility:

- gross trade and invoice receivables of \$251,036,229 (2024: \$274,035,430);
- cash held in trust bank accounts of \$16,912,103 (2024: \$20,274,398); and
- ancillary rights associated with the receivables, including guarantees and security interests granted by underlying obligors.

Securitised equipment finance warehouse facility:

- equipment finance receivables of \$125,477,459 (2024: \$89,269,661);
- cash held in trust bank accounts of \$3,476,813 (2024: \$987,848); and
- ancillary rights associated with the receivables, including guarantees and underlying security interests in financed equipment.

Note 21. Lease liabilities

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current liabilities</i>		
Lease liability	602	514
<i>Non-current liabilities</i>		
Lease liability	811	1,425
	<u>1,413</u>	<u>1,939</u>

Refer to note 27 for maturity analysis of lease liabilities.

Note 21. Lease liabilities (continued)

Non-cancellable leases

The lease liabilities comprise of the following leases:

- The property lease at Brisbane expires on 31 October 2027. It is a 4 year lease with rent payable monthly in advance. Rental provisions with the lease agreement requires the minimum lease payments to increase by 4.0% per annum.
- The property lease at North Sydney expires on 31 October 2027. It is a 5 year lease with rent payable monthly in advance. Rental provisions with the lease agreement requires the minimum lease payments to increase by 3.5% per annum.
- The property lease at Melbourne expires on 30 April 2026. It is a 2 year lease with rent repayable monthly in advance. Rental provisions with the lease agreement requires the minimum lease payments to increase by 3.5% per annum.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties.

Note 22. Employee benefits

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current liabilities</i>		
Employee benefits	1,225	1,099
<i>Non-current liabilities</i>		
Employee benefits	331	322
	<u>1,556</u>	<u>1,421</u>

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 23. Issued capital

	2025 Shares	Consolidated 2024 Shares	2025 \$'000	2024 \$'000
Ordinary shares - fully paid	<u>272,209,092</u>	<u>272,933,910</u>	<u>71,913</u>	<u>72,047</u>

Note 23. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2023	289,928,690		74,702
Transfer to retained earnings	1 July 2023	-	\$0.00	(2)
Share buy-back	13 October 2023	(165,532)	\$0.21	(34)
Share buy-back	24 March 2024	(548,672)	\$0.18	(99)
Share buy-back	27 March 2024	(2,451,328)	\$0.18	(443)
Share buy-back	4 April 2024	(10,000,000)	\$0.18	(1,806)
Share buy-back	5 April 2024	(3,000,000)	\$0.18	(542)
Share buy-back	31 May 2024	(67,420)	\$0.18	(11)
Share buy-back	1 June 2024	(27,783)	\$0.17	(5)
Share buy-back	2 June 2024	(17,403)	\$0.17	(3)
Share buy-back	5 June 2024	(10)	\$0.17	(1)
Share buy-back	5 June 2024	(376,064)	\$0.18	(68)
Share buy-back	19 June 2024	(9,104)	\$0.17	(2)
Share buy-back	21 June 2024	(128,280)	\$0.17	(21)
Share buy-back	23 June 2024	(3,000,000)	\$0.17	(512)
Share buy-back	26 June 2024	(3,000,000)	\$0.17	(512)
Share buy-back	27 June 2024	(1,750,000)	\$0.17	(290)
Issue of shares (note 34)	27 June 2024	7,671,940	\$0.22	1,715
Share buy-back	29 June 2024	(125,124)	\$0.17	(19)
Balance	30 June 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	30 June 2025	<u>272,209,092</u>		<u>71,913</u>

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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 year ended 30 June 2025, 724,818 ordinary shares were bought back for \$134,000 (at an average of 18.83 cents per share). During the year ended 30 June 2024, 24,666,720 ordinary shares were bought back for \$4,368,000 (at an average of 17.6 cents per share).

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 30 June 2025, no ordinary shares were bought back under this share buy-back program.

Capital risk management

The Group and the parent entity's objective when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Note 23. Issued capital (continued)

There are no externally imposed capital requirements. This strategy is to ensure that the Group's gearing ratio remains under 90%. The gearing ratios for the year ended 30 June 2025 and 30 June 2024 are as follows:

	Consolidated 2025 \$'000	2024 *Restated \$'000
Gearing ratios		
Total borrowings (note 20)	234,904	234,781
Less: Cash and cash equivalents (note 12)	(37,557)	(40,133)
Net debt	197,347	194,648
Total equity	74,051	71,744
Total capital	271,398	266,392
Gearing ratio	72.71%	73.07%

The capital risk management policy remains unchanged from the 30 June 2024 Annual Report.

Note 24. Reserve

	Consolidated 2025 \$'000	2024 \$'000
Share-based payments reserve	363	152

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments \$'000
Balance at 1 July 2023	312
Transfer to retained earnings	(160)
Balance at 30 June 2024	152
Share-based payments	363
Transfer to retained earnings	(152)
Balance at 30 June 2025	363

Note 25. Dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2025 \$'000	2024 \$'000
Final dividend for the year ended 30 June 2024 of 0.15 cents (2023: nil cents) per ordinary share	409	-
Interim dividend for the year ended 30 June 2025 of 0.14 cents (2024: nil cents) per ordinary share	381	-
	<u>790</u>	<u>-</u>

A fully franked dividend of 0.65 cents per ordinary share for the financial year ended 30 June 2025 has been declared subsequent to balance date and not recognised at year-end (2024: 0.15 cents).

Franking credits

	Consolidated 2025 \$'000	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 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.

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 26. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2025 \$'000	2024 \$'000
Profit after income tax expense for the year	2,868	2,190
Adjustments for:		
Depreciation and amortisation	3,261	2,633
Credit impairment expense	725	3,071
Change in operating assets and liabilities:		
Decrease/(increase) in invoice finance receivables	264	(260)
(Increase)/Decrease in other current assets	(456)	1,322
Decrease in trade and other payables	(1,356)	(1,829)
Increase in lease liabilities	548	-
Increase in provision for income tax	2,789	2,312
Increase/(decrease) in employee benefits	498	(166)
(Increase)/Decrease in other liabilities	(22)	59
Net cash from operating activities	<u>9,119</u>	<u>9,332</u>

Note 26. Cash flow information (continued)

Non-cash investing and financing activities

	Consolidated 2025 \$'000	2024 \$'000
Additions to the right-of-use assets (note 17)	44	980
Shares issued on acquisition (note 23 and note 34)	-	1,716
	<u>44</u>	<u>2,696</u>

Changes in liabilities arising from financing activities

	Receivables financing facility - bank \$'000	Insurance premium funding \$'000	Securitised debtor finance warehouse facility – A note and overdraft \$'000	Securitised invoice finance warehouse - overdraft facility \$'000	Securitised invoice finance warehouse facility – A note \$'000	Securitised invoice finance warehouse facility – B note \$'000	Corporate bond no. 2 \$'000
Consolidated							
Balance at 1 July 2023	135,874	1,474	(2)	-	-	-	19,082
Net cash (used in)/from financing activities	(135,874)	(308)	2	16,769	111,000	10,000	-
Other non-cash changes	-	-	-	-	(995)	-	125
Balance at 30 June 2024	-	1,166	-	16,769	110,005	10,000	19,207
Net cash used in financing activities	-	(1,260)	-	-	(20,005)	-	(19,207)
Other non-cash changes	-	1,221	-	2,801	(839)	-	-
Balance at 30 June 2025	<u>-</u>	<u>1,127</u>	<u>-</u>	<u>19,570</u>	<u>89,161</u>	<u>10,000</u>	<u>-</u>
	Securitised equipment finance warehouse facility – A note \$'000	Securitised equipment finance warehouse facility – B note \$'000	Securitised trade finance warehouse facility – A note \$'000	Securitised trade finance warehouse facility – B note \$'000	Receivables equipment financing facility – non-bank \$'000	Lease liabilities \$'000	Total \$'000
Consolidated continued							
Balance at 1 July 2023	71,365	19,769	18,439	3,328	9,660	1,369	280,358
Net cash from financing activities	(15,501)	2,500	(18,862)	(3,380)	(9,660)	(608)	(43,922)
Other non-cash changes	-	(499)	423	52	-	1,178	284
Balance at 30 June 2024	55,864	21,770	-	-	-	1,939	236,720
Net cash from financing activities	37,300	730	-	-	-	(699)	(3,141)
Other non-cash changes	(34)	(584)	-	-	-	173	2,738
Balance at 30 June 2025	<u>93,130</u>	<u>21,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,413</u>	<u>236,317</u>

Note 27. Financial instruments

Financial risk management objectives

The Audit & Risk Committee has been delegated responsibility by the Board of Directors for, amongst other issues, monitoring and managing financial risk exposures of the Group which includes credit risk, market risk and liquidity risk. The committee monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to financing risk and interest rate risk.

The Group's overall risk management strategy is to ensure that financial targets are met, while minimising potential adverse effects on financial performance relating to current and future cash flow requirements.

The Group's financial instruments consist mainly of deposits with banks, invoice finance receivables, equipment finance receivables, borrowings, lease liabilities and other payables.

The total for each category of financial instruments are as follows:

	Consolidated 2025 \$'000	2024 *Restated \$'000
Financial assets		
Cash and cash equivalent	37,557	40,133
Invoice finance receivables	114,005	140,219
Equipment finance receivables	125,774	91,145
Other current assets	2,695	2,284
	<u>280,031</u>	<u>273,781</u>
Financial liabilities		
Trade and other payables	1,889	3,328
Borrowings - variable	146,965	167,652
Borrowings - fixed	87,939	67,129
Lease liabilities	1,413	1,939
	<u>238,206</u>	<u>240,048</u>

The above financial instruments are all held at amortised cost.

Credit risk

Credit risk arises predominantly from receivables from customers and also from cash and cash equivalents, and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted. If customers are independently rated, these ratings are used. If there is no independent rating for customers, the Group's risk controls assess the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Group. The compliance with credit limits by clients is regularly monitored by line management.

The maximum exposure to credit risk at the reporting date, excluding any amounts recoverable under the Group's credit insurance (which is not able to be reliably estimated) is the carrying amount of the financial assets summarised in the following table. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparties default rates.

Earlypay's credit risk policies specify key credit underwriting and ongoing credit management requirements. Key features of the Group's credit risk management include:

- specific eligibility criteria for invoice finance and equipment finance facilities;
- defined credit underwriting process and delegated lending authorities;
- take-on verification of new invoice finance client ledgers (typically 50% of ledger);
- ongoing verification of new invoice finance batch purchases (typically at least 20 – 30%);
- dedicated collections team follow-up overdue invoices;
- dedicated allocations team reconcile cash receipts to individual invoices;
- dedicated risk management oversight function; and
- trade credit insurance policies in place to cover a proportion of outstanding debtor finance invoices.

Note 27. Financial instruments (continued)

	Consolidated 2025 \$'000	2024 \$'000
<i>Trade and equipment finance receivables</i>		
AAA Federal government departments and instrumentalities	6,430	1,441
Counterparties without external credit rating	233,349	229,923
	<u>239,779</u>	<u>231,364</u>
<i>Cash at bank and short-term bank deposits</i>		
AA-	37,557	40,133
	<u>37,557</u>	<u>40,133</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 2025 \$'000	2024 \$'000
Opening balance	5,204	7,564
Increase from origination and changes in expected cash flows	715	2,475
Receivables written off during the year as uncollectable	(4,538)	(4,835)
Closing balance	<u>1,381</u>	<u>5,204</u>

Credit risk profile of invoice finance receivables

	Expected credit loss rate %	Gross receivables amount \$'000	Eligible invoices \$'000	Allowance for ECL \$'000
2025				
<i>Stage 1/2</i>				
Not overdue	0.4%	141,489	129,544	540
Less than 30 days overdue	0.4%	81,500	66,476	365
30 - 60 days overdue	1.4%	16,943	12,354	232
60 - 90 days overdue	2.0%	10,272	1,618	206
Over 90 days overdue	-	18,102	-	-
		<u>268,306</u>	<u>209,992</u>	<u>1,343</u>
<i>Stage 3</i>				
Credit impaired*	0.5%	6,921	-	38
		<u>275,227</u>	<u>209,992</u>	<u>1,381</u>

* Associated net invoice finance receivables of \$3.9m.

Note 27. Financial instruments (continued)

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 net invoice finance receivables of \$8.1m.

Impairment of equipment finance receivables

	Consolidated 2025 \$'000	Consolidated 2024 \$'000
Opening balance	2,640	1,874
Increase from origination and changes in expected cash flows	830	1,221
Receivables written off during the year as uncollectable	(1,439)	(455)
Closing balance	<u>2,031</u>	<u>2,640</u>

Credit risk profile of equipment finance receivables

	Expected credit loss rate		Carrying amount		Allowance for ECL	
Consolidated	2025 %	2024 %	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<i>Stage 1/2</i>						
Not overdue	0.8%	1.1%	155,044	106,578	1,238	1,123
Less than 30 days overdue	1.3%	1.4%	80	148	1	2
30 - 60 days overdue	5.7%	14.3%	53	14	3	2
60 - 90 days overdue	7.7%	25.0%	39	8	3	2
Over 90 days overdue	16.0%	29.2%	125	48	20	14
			<u>155,341</u>	<u>106,796</u>	<u>1,265</u>	<u>1,143</u>
<i>Stage 3</i>						
Credit impaired	56.7%	30.9%	1,350	4,837	766	1,497
			<u>156,691</u>	<u>111,633</u>	<u>2,031</u>	<u>2,640</u>

Measurement of expected credit loss

The Group's ECL model incorporates consideration of:

- the probability of default ('PD') – the likelihood that a facility will default over a given time frame;
- the loss given default ('LGD') – the expected credit loss in the event of default; and
- the exposure at default ('EAD') – the expected outstanding balance of the receivable at the time of default.

Note 27. Financial instruments (continued)

A three-stage approach is utilised to measuring ECL as follows:

Performing (Stage 1)	Facilities that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month expected credit losses are recognised.
Increasing risk (Stage 2)	Increasing risk - facilities that have experienced a significant increase in credit risk since initial recognition, but do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised.
Credit impaired (Stage 3)	Impaired - facilities that have objective evidence of impairment following a client defaulting on their contractual obligations. Expected credit loss is assessed on an individual basis by comparing the collateral to the outstanding balance of the facility.

Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset. Where an asset is expected to mature in 12 months or less, the 12-month ECL and the lifetime ECL have the same effective meaning.

Invoice finance receivables

For invoice finance receivables, ECL is calculated on eligible invoices under a client facility. Eligible invoices are invoices that are not beyond their recourse period (typically 90 days overdue); are expected to be fully collectable; and do not represent an excessive concentration under the facility. Earlypay only provides funding for eligible invoices (although retains security over ineligible invoices).

Definition of a default

Key to the determination of significant increases in credit risk (and to the determination of ECLs) is the definition of default. The Group's definition of default for this purpose is:

- a counterparty defaults on a payment due under a facility agreement and that payment is more than 120 days overdue, and
- the collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company; or
- a counterparty commits an event of default under the terms and conditions of the facility agreement, which leads Earlypay to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt.

Credit impairment

Financial assets are regarded as credit impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is credit impaired include observable data about the following:

- significant financial difficulty of the borrower;
- the borrower is in breach of the facility agreement or other transaction document;
- the Group, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that it would not otherwise consider;
- a borrower has, or it is becoming probable that a borrower will, enter administration, bankruptcy or other financial reorganisation; or
- the borrower is in hardship.

Forward-looking information

In addition to considering historical experience based on a 'through-the-cycle' view of expected credit losses, Earlypay also incorporates forward-looking information in determining ECL factors. In particular, based on the Group's judgement of forward-looking macroeconomic conditions, ECL factors may be adjusted to reflect point-in-time expectations. The following macroeconomic factors are considered:

- expected Gross Domestic Product growth;
- the level of the RBA cash rate;
- the level of inflation (CPI); and
- the level of Insolvencies.

Market risk

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group's main interest rate risk arises from its receivables and borrowings.

Note 27. Financial instruments (continued)

Interest rates on the Group's invoice finance receivables are linked to a discretionary variable rate set by the Group. Interest rates on the Group's equipment finance receivables are fixed at inception of each client facility. Therefore, the Group ensures it has a balanced mix of variable rate borrowings and fixed rate borrowings to manage its interest rate exposure.

All of the Group's borrowings are on floating rate basis, except for the Securitised Equipment Finance Warehouse facility. The A note of the facility (held by the senior lender) is hedged on an ongoing basis via an interest rate swap with the senior lender. The interest rate swap converts the variable rate of the facility to a fixed rate. The B note of that facility has a fixed interest rate.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the interest rate that management considers to be reasonably possible. These sensitivities assume that the movement in interest rate is independent of other variables.

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Sensitivity analysis</i>		
<i>Financial assets</i>		
Cash and cash equivalents	37,557	40,133
Net invoice finance receivables – variable	114,005	140,219
<i>Financial liabilities</i>		
Borrowings – variable	(146,965)	(167,652)
Net	4,597	12,700
 +/- 2% in interest rate		
Equity	+/- 64	+/- 174
Profit after tax	+/- 64	+/- 174

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 5 years \$'000	Contractual cashflows \$'000	Carrying value \$'000
Consolidated - 2025					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	-	1,889	-	1,889	1,889
<i>Interest-bearing</i>					
Borrowings	6.60%	145,173	107,616	252,789	234,904
Lease liability	5.86%	684	857	1,541	1,413
Total non-derivatives		147,746	108,473	256,219	238,206

Note 27. Financial instruments (continued)

	Weighted average interest rate %	1 year or less * Restated \$'000	Between 1 and 5 years \$'000	Contractual cashflows \$'000	Carrying value * Restated \$'000
Consolidated - 2024					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	-	3,328	-	3,328	3,328
<i>Interest-bearing</i>					
Borrowings	6.95%	162,866	88,239	251,105	234,781
Lease liability	5.67%	750	1,668	2,418	1,939
Total non-derivatives		166,944	89,907	256,851	240,048

* Refer to note 4 for detailed information on restatement of comparatives.

Note 28. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2025	2024
	\$	\$
Salary and fees	1,272,736	1,253,516
Superannuation	101,003	96,046
Cash short term incentive ¹	184,375	-
Share-based long term incentive ²	244,480	-
	<u>1,802,594</u>	<u>1,349,562</u>

1 Represents the short-term incentive that was accrued for during the reporting period

2 Represents the amortised accounting charge of long-term incentives recognised in the reporting period

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the Company:

	Consolidated	
	2025	2024
	\$	\$
<i>Audit services - Pitcher Partners</i>		
Audit or review of the financial statements	365,200	330,000
<i>Other services - Pitcher Partners</i>		
Other assurance and agreed upon procedures	22,660	45,000
	<u>387,860</u>	<u>375,000</u>

Note 30. Contingent liabilities

The Group has provided guarantees in respect of leases over its premises of \$428,000 (2024: \$418,000).

Note 31. Commitments

There were no capital commitments as at 30 June 2025 or 30 June 2024.

Note 32. Related party transactions

Parent entity

Earlypay Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the Directors' report.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2025 \$'000	2024 \$'000
Profit after income tax	22,858	6,319
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	22,858	6,319

Note 33. Parent entity information (continued)

Statement of financial position

	Parent	
	2025 \$'000	2024 \$'000
Total current assets	24,173	28,331
Total non-current assets	48,491	31,163
Total assets	72,664	59,494
Total current liabilities	2,184	12,370
Total non-current liabilities	534	113
Total liabilities	2,718	12,483
Net assets	69,946	47,011
Equity		
Issued capital	71,913	72,047
Share-based payments reserve	363	152
Accumulated losses	(2,330)	(25,188)
Total equity	69,946	47,011

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Other than guarantees detailed in note 36, the parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025 and 30 June 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 34. Business combinations

There were no acquisitions during the year ended 30 June 2025.

Note 34. Business combinations (continued)

Acquisitions during year ended 30 June 2024

Timelio Pty Ltd

On 13 November 2023, Earlypay Ltd acquired selected assets of Timelio Pty Ltd ('Timelio') for the total consideration of \$41,024,000. Timelio was a specialist invoice and trade finance provider to Australian SMEs. The acquisition was made primarily to grow Earlypay's invoice finance and trade finance customers and assets. A number of Timelio staff were also offered employment by Earlypay to enhance its capabilities across Client Management, Finance, Marketing and Technology.

At completion, no amount was immediately payable to the vendor. The full consideration (both cash and shares) was deferred and withheld via a hold-back mechanism (in relation to post-acquisition credit losses relating to specific receivables). On 26 June 2024, the Company paid \$1.284m in cash and issued 7,671,940 fully paid ordinary shares to the vendor to complete the transaction.

Accounting policy for business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025 %	2024 %
Controlled Companies			
Earlypay Cashflow Finance Pty Ltd	Australia	100%	100%
Earlypay Cashflow Advantage Pty Ltd	Australia	100%	100%
Earlypay 180 Group Pty Ltd	Australia	100%	100%
Wholly-owned entity:			
Earlypay 180 Funding Pty Ltd	Australia	100%	100%
Earlypay 1stCash Pty Ltd	Australia	100%	100%
Earlypay Payroll Pty Ltd	Australia	100%	100%
Earlypay Equipment Group Pty Ltd	Australia	100%	100%
Wholly-owned entities:			
Earlypay Equipment Finance Pty Ltd	Australia	100%	100%
Earlypay Management Services Pty Ltd	Australia	100%	100%
Earlypay CCFS Pty	Australia	100%	100%
Earlypay CCEF Pty	Australia	100%	100%
The Leasing Centre Pty Ltd*	Australia	-	100%
LesterPlus Pty Limited*	Australia	-	100%
The Invoice Exchange Pty Ltd*	Australia	-	100%
Earlypay EST Pty Ltd	Australia	100%	100%
Controlled trusts			
Earlypay Invoice Finance Trust	Australia	100%	100%
Classic Equipment Finance Trust	Australia	100%	100%

* Deregistered 5 May 2025

The Group has established special purpose entities (trusts) as part of its wholesale funding activities. These entities hold client receivables and are funded by warehouse facilities (refer note 27). These entities meet the criteria of being controlled entities under AASB 10.

Note 36. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Earlypay Ltd
Earlypay Payroll Pty Ltd
Earlypay Cashflow Finance Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under *Corporations Instrument 2016/785* issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Earlypay Ltd, they also represent the 'Extended Closed Group'.

Note 36. Deed of cross guarantee (continued)

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

	2025 \$'000	2024 \$'000
Statement of profit or loss and other comprehensive income		
Revenue	15,858	4,458
Profit before income tax expense	15,858	4,458
Income tax expense	(8,092)	(3,065)
Profit after income tax expense	7,766	1,393
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	<u>7,766</u>	<u>1,393</u>
Equity - retained profits/(accumulated losses)	2025 \$'000	2024 \$'000
Accumulated losses at the beginning of the financial year	(7,340)	(8,733)
Transfer from other member	2,663	-
Profit after income tax expense	<u>7,766</u>	<u>1,393</u>
Retained profits/(accumulated losses) at the end of the financial year	<u>3,089</u>	<u>(7,340)</u>

Note 36. Deed of cross guarantee (continued)

	2025 \$'000	2024 \$'000
Statement of financial position		
Current assets		
Cash and cash equivalents	14,180	16,609
Net invoice finance receivables	1,979	16,676
Income tax receivable	16,030	8,591
Other assets	17,312	16,103
	<u>49,501</u>	<u>57,979</u>
Non-current assets		
Property, plant and equipment	169	234
Intangible assets	30,028	32,266
Deferred tax asset	2,675	3,774
	<u>32,872</u>	<u>36,274</u>
Total assets	<u>82,373</u>	<u>94,253</u>
Current liabilities		
Trade and other payables	2,613	5,833
Borrowings	625	19,378
Lease liabilities	602	514
Employee benefits	1,225	1,099
Other liabilities	801	823
	<u>5,866</u>	<u>27,647</u>
Non-current liabilities		
Lease liabilities	811	1,425
Employee benefits	331	322
	<u>1,142</u>	<u>1,747</u>
Total liabilities	<u>7,008</u>	<u>29,394</u>
Net assets	<u>75,365</u>	<u>64,859</u>
Equity		
Issued capital	71,913	72,047
Reserve	363	152
Retained profits/(accumulated losses)	3,089	(7,340)
Total equity	<u>75,365</u>	<u>64,859</u>

Note 37. Share-based payments

Performance rights

The Group maintains a performance rights program to motivate executives to achieve long term performance targets.

Prior Rights Plan

The prior performance rights plan was approved by shareholders on 17 November 2022. Senior executives (including executive KMP) were invited to participate at the Board's discretion.

Common features

Feature	Description
Instrument	Performance rights being a right to receive a share subject to performance and vesting conditions.
Opportunity	15% to 25% of fixed remuneration.

Note 37. Share-based payments (continued)

Feature	Description
Dividends or share issues	No dividends are paid or accrued on unvested awards.
Performance criteria	The plan uses earnings per share growth, absolute TSR and return on equity performance hurdles.
Assessment, approval and payment	At the end of performance period, the Nomination & Remuneration Committee assesses the relevant performance measures and determines the extent to which the awards should vest. Vested rights will be exercised automatically and the Board will determine the value of the rights and the extent to which that value is to be provided in the form of cash, and/or shares.
Change of control	Unless otherwise determined by the Board, in the event of a change of control including a takeover, the vesting conditions attached to the tranche at the time of the application will cease to apply and: <ul style="list-style-type: none"> a) unvested performance rights granted in the financial year of the change of control will be assessed by the Board for vesting; b) remaining unvested performance rights will vest if the change of control share price is greater than the price at the commencement of the measurement period and the change of control share price leading up to the change of control has a 20% premium to the price at the beginning of the measurement period; c) any unvested performance rights that do not vest pursuant to (a) and (b) will lapse; d) disposal restrictions applied to restricted shares by the Company will be lifted, including the removal of any Company initiated CHESS holding lock, if applicable. However, shares may not be sold if the holder is in possession of 'inside information'.
Termination	Continued service during the whole Measurement period is not a requirement in order for performance rights to vest. However, performance rights granted in financial year of the termination and which are held at the date of termination (and unvested), will be forfeited in the proportion that the remainder of the financial year following the termination bears to the full first year of the full financial year (unless otherwise determined by the Board). All other unvested performance rights will be retained for possible vesting based on performance during the measurement period, to be assessed following the completion of the measurement period.
Claw back provisions	There are no specific provisions providing the capacity to claw back a component of remuneration in the event of a matter of significant concern.

Specific grant parameters

2023 grant

Grant date	16 December 2022
Number of rights	2,460,384
Performance period	July 2022: 3 years (1 July 2022 to 30 June 2025)
Vesting date	1 October 2025

Performance level	EPS tranche 1	TSR tranche 2	ROE tranche 3	Vesting % of tranche
Threshold	2.5%	8%	13.5%	25%
Between threshold and target	2.5% to 5%	8% to 10%	13.5% to 14.5%	Pro-rata
Target	5%	10%	14.5%	50%
Between target and stretch	5% to 7.5%	10% to 16%	14.5% to 16.5%	Pro-rata
Stretch	7.5%	16%	16.5%	100%
Number of rights	820,128	820,128	820,128	

Current Rights Plan

The current performance rights plan was approved by shareholders on 28 November 2025. Senior executives (including executive KMP) are invited to participate at the Board's discretion.

Note 37. Share-based payments (continued)

Common features

Feature	Description
Instrument	Performance rights being a right to receive a share subject to performance and vesting conditions.
Opportunity	15% to 25% of fixed remuneration.
Dividends and other rights	Prior to exercise, a participant does not have any rights to dividends, rights to vote or rights to the capital of the Company as a result of holding a right.
Vesting conditions and exercise	Performance, vesting or other conditions specified in the rights offer must be satisfied before a right can vest. On the date on which any vesting condition is not capable of being satisfied, reached or met, the rights will lapse. If rights vest, the participant must exercise the rights before the last exercise date specified in the offer.
Corporate control event	If a corporate control event occurs, all unvested rights held by a participant will vest. The Company shall provide a participant with 3 days' notice of the impending expiry of all vested rights (which will otherwise lapse).
Termination	If a participant ceases to be an employee during the vesting period due to resignation, dismissal or other circumstances, then unless otherwise determined by the Board, any unvested rights will lapse. Any vested rights must be exercised within a prescribed period.
Breach, fraud or misconduct	If the Board determines that a participant has been implicated or involved in certain acts including breach, fraud or misconduct then all associated rights will lapse.
Claw back provisions	If the Board becomes aware of a material misstatement in the Company's financial statements relating to a Vesting Period or some other event has occurred during a Vesting Period which, as a result, means that the vesting conditions were not, or should not have been determined to have been, satisfied, then the participant will cease to be entitled to those vested rights.

Specific grant parameters

2025 grant

Grant date	28 November 2024
Number of rights	3,035,000
Tranches	The number of performance rights is divided into three equal tranches
Measurement periods	Three annual periods ending 30 June 2025, 30 June 2026 and 30 June 2027
Vesting dates	1 October 2025, 1 October 2026 and 1 October 2027
Performance measure	The Compound Annual Growth Rate ("CAGR") in Earnings Per Share for the specific measurement period.

Performance level	Performance measure	Vesting % of the Tranche
Below threshold	0%	0%
Between Threshold and Target 1	0% to 2.5%	25%
Between Target 1 and Target 2	2.5% to 7.5%	Pro-rata
Target 2	7.5%	100%

Note 37. Share-based payments (continued)

Performance rights movements

2025		Balance at the start of the year	Granted	Vested	Exercised	Lapsed	Balance at the end of the year
Description	Last vesting date						
2023 Rights	01/10/2025 ¹	2,460,384	-	-	-	(2,460,384)	-
2025 Rights	01/10/2027	-	3,035,000	-	-	-	3,035,000
		<u>2,460,384</u>	<u>3,035,000</u>	<u>-</u>	<u>-</u>	<u>(2,460,384)</u>	<u>3,035,000</u>
2024		Balance at the start of the year	Granted	Vested	Exercised	Lapsed	Balance at the end of the year
Description	Last vesting date						
2022 Rights	01/10/2024 ²	2,722,612	-	-	-	(2,722,612)	-
2023 Rights	01/10/2025	2,460,384	-	-	-	-	2,460,384
		<u>5,182,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,722,612)</u>	<u>2,460,384</u>

¹ The Board determined at 30 June 2025 (the end of the measurement period) that these rights would not meet performance conditions and would not vest.

² The Board determined at 30 June 2024 (the end of the measurement period) that these rights would not meet performance conditions and would not vest.

All performance rights have a \$0.00 exercise price.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.75 years (2024: 1.25 years).

Fair value and expense

The fair value of performance rights and associated share-based payment expense has been determined as follows.

Description	Number of rights	Grant date fair value	Cumulative expense recognised to date	Current year expense
		\$'000	\$'000	\$'000
2025 Rights	3,035,000	583	363	363

The fair value of the performance on grant date is calculated using a Black Scholes option pricing model, ignoring the impact of the non-market vesting conditions. The associated share-based payment expense is recognised over the vesting period of the rights.

2025 Rights

Key Terms / Assumptions

	Tranche 1	Tranche 2	Tranche 3
Number of rights	1,011,667	1,011,667	1,011,666
Grant Date	28/11/2024	28/11/2024	28/11/2024
Vesting Date	1/10/2025	1/10/2026	1/10/2027
Share Price	\$0.21	\$0.21	\$0.21
Exercise Price	0	0	0
Risk Free Rate (annual)	3.85%	3.51%	3.46%
Dividend Yield (annual)	5%	5%	5%
Volatility	55.10%	57.70%	60.30%
Fair Value per Right	<u>\$0.2016</u>	<u>\$0.1920</u>	<u>\$0.1828</u>

The cumulative and current year expense is adjusted for the number of rights that are expected to vest (because of the non-market conditions).

Note 37. Share-based payments (continued)

The maximum value of the performance rights to be recognised in profit or loss and equity is the grant-date fair value. The minimum value is nil, as the performance rights may not vest if the performance conditions are not satisfied.

Accounting policy for share-based payments

The Group provides equity-settled share-based compensation to employees. The current performance rights are subject to non-market conditions only.

The cost of equity-settled transactions is recognised as an expense, with a corresponding increase in the share-based payment reserve within equity, over the vesting period in which the related services are rendered.

The cumulative expense recognised reflects the grant-date fair value of the awards and the Group's best estimate of the number of awards that are expected to vest, adjusted each reporting date for changes in expectations. The amount recognised in profit or loss for a period is the cumulative amount determined at the reporting date less amounts recognised in previous periods.

When awards ultimately vest, the balance in the share-based payment reserve is transferred to share capital. Where awards lapse or are forfeited, the balance is transferred to retained earnings.

Note 38. Events after the reporting period

A fully franked dividend of \$0.65 cents per ordinary share for the financial year ended 30 June 2025 has been declared subsequent to balance date.

No other matter or circumstance has arisen since 30 June 2025 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.

Earlypay Ltd is required by Australian Accounting Standards to prepare consolidated statements in relation to the company and its controlled entities (the consolidated entity). In accordance with subsection 295(3A) of the *Corporations Act 2021*, the consolidated entity disclosure statement provides information about each entity that was part of the consolidated entity as the end of the financial year.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
<i>Subsidiaries</i>				
Earlypay Cashflow Finance Pty Ltd	Body corporate	Australia	100%	Australia
Earlypay Cashflow Advantage Pty Ltd	Body corporate	Australia	100%	Australia
Earlypay 180 Group Pty Ltd	Body corporate	Australia	100%	Australia
<i>Wholly-owned entity:</i>				
Earlypay 180 Funding Pty Ltd	Body corporate	Australia	100%	Australia
Earlypay 1stCash Pty Ltd	Body corporate	Australia	100%	Australia
Earlypay Payroll Pty Ltd	Body corporate	Australia	100%	Australia
Earlypay Equipment Group Pty Ltd	Body corporate	Australia	100%	Australia
<i>Wholly-owned entity:</i>				
Earlypay Equipment Finance Pty Ltd	Body corporate	Australia	100%	Australia
Earlypay Management Services Pty Ltd	Body corporate	Australia	100%	Australia
Earlypay CCFS Pty	Body corporate	Australia	100%	Australia
Earlypay CCEF Pty	Body corporate	Australia	100%	Australia
Earlypay EST Pty Ltd	Body corporate	Australia	100%	Australia
Earlypay Invoice Finance Trust	Trust	Australia	100%	Australia
Classic Equipment Finance Trust	Trust	Australia	100%	Australia

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with IFRS Accounting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 36 to the financial statements; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



James Beeson
Managing Director

26 August 2025
Sydney

**Independent Auditor's Report
To the Members of Earlypay Limited
ABN 88 098 952 277****Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Earlypay Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter Invoice Finance and Equipment Finance Income Refer to Note 6 Income	How our Audit Addressed the Matter
<p>We focused our audit effort on the occurrence and accuracy of interest income recognised under AASB 9 <i>Financial Instruments</i> and revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i> for both invoice finance and equipment finance as it represents the most significant driver of the Group's financial performance.</p> <p>For the year ended 30 June 2025 the Group generated \$35.7 million of invoice finance income and \$15.0 million of equipment finance income.</p> <p>Revenue recognition is significant to our audit as the Group may incorrectly account for fees and interest potentially leading to incorrect revenue recognition.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's revenue recognition policies and assessed whether they are in accordance with AASB 9 <i>Financial Instruments</i> and AASB 15 <i>Revenue from Contracts with Customers</i>; • Obtained an understanding of and evaluated the design and implementation of controls over the amount and timing of revenue recognised including the application of AASB 9 <i>Financial Instruments</i> and AASB 15 <i>Revenue from Contracts with Customers</i>; • Tested samples of invoice and equipment finance contracts to agree that interest income was calculated using the effective interest rate method in accordance with the rates applicable under the contract and AASB 9 <i>Financial Instruments</i>; • Tested samples of invoice and equipment finance contracts by reviewing the contract to identify the terms and circumstances that indicate that all performance obligations have been satisfied for revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>; and • Evaluated the adequacy of disclosures in the financial statements.

Key Audit Matters (Continued)

Key Audit Matter	How our Audit Addressed the Matter
Invoice Finance and Equipment Finance Receivables Refer to Note 13 Invoice Finance Receivables and Note 14 Equipment Finance Receivables	
<p>We focused our audit effort on the existence and valuation of the Group's invoice finance and equipment finance receivables as they represent the largest assets and most significant drivers of the Group's Net Assets.</p> <p>As at 30 June 2025 the Group had net invoice finance receivables of \$114.0 million and equipment finance receivables of \$125.8 million.</p> <p>The Group's receivable requires a provision for expected credit losses ("ECL") in accordance with <i>AASB 9 Financial Instruments</i>.</p> <p>The existence and valuation of the invoice finance and equipment finance receivables is a key audit matter due to the significant judgements used with the ECL model and the inherent estimation uncertainty in its determination.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtained an understanding of management's methodology for determining the allowance for expected credit losses; • Obtained an understanding of and evaluated the design and implementation of controls in the assessment process for determining the existence and recoverability of invoice finance and equipment finance receivables; • Assessed management's methodology and evaluated significant judgements used in determining the allowance for expected credit losses to assess its compliance with <i>AASB 9 Financial Instruments</i>; • Obtained independent debtor confirmations for a sample of receivable balances; and • Evaluated the adequacy of disclosures in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

- c. for such internal control as the Directors determine is necessary to enable the preparation of:
- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 17 of the Directors' Report for the year ended 30 June 2025. In our opinion, the Remuneration Report of Earlypay Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of Earlypay Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Rod Shanley
Partner

26 August 2025



Pitcher Partners
Sydney

The shareholder information set out below was applicable as at 28 July 2025.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Total units Held	%Held	Number of holders of performance rights	Total units held	%Held
1 to 1,000	47	1,606	-	-	-	-
1,001 to 5,000	184	639,119	0.23	-	-	-
5,001 to 10,000	273	2,504,634	0.92	-	-	-
10,001 to 100,000	453	16,927,868	6.22	6	369,000.00	12.00
100,001 and over	184	252,135,865	92.63	5	2,666,000.00	88.00
	<u>1,141</u>	<u>272,209,092</u>	<u>100.00</u>	<u>11</u>	<u>3,035,000.00</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>75</u>	<u>49,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
SOLVAR LIMITED	54,169,609	19.90
FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	40,152,190	14.75
UBS NOMINEES PTY LTD	39,286,217	14.43
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,417,556	5.30
THE BEESON SUPER FUND PTY LTD <THE BEESON SUPER FUND A/C>	12,871,401	4.73
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	7,836,156	2.88
ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	4,342,433	1.60
ROSSBOW PTY LTD <ANDREW MACPHERSON TDT A/C>	3,250,000	1.19
MR JAMES BEESON + MRS ESTHER BEESON <THE BEESON FAMILY A/C>	3,081,052	1.13
ONE FUND SERVICES LTD <SANDON CAPITAL ACTIVIST A/C>	2,698,223	0.99
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,346,512	0.86
GUERRILLA NOMINEES PTY LTD <TOOTH RETIREMENT PLAN A/C>	2,228,255	0.82
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,201,651	0.81
PEJAY PTY LIMITED	2,150,000	0.79
ANNANDALE SUPER PTY LTD <SAM FAMILY SUPER FUND A/C>	2,127,068	0.78
TECTCORP PTY LTD <HERBERT-SMITH FAMILY S/F A/C>	2,035,321	0.75
WEEWAC PTY LTD <WARRIOR SUPER FUND A/C>	2,010,007	0.74
VIP EXECUTIVE PTY LTD <VIP EXECUTIVE SUPER FUND A/C>	1,842,668	0.68
ON ON FOR DON PTY LTD <MAC FAMILY A/C>	1,700,000	0.62
DMX CAPITAL PARTNERS LIMITED	1,604,762	0.59
	<u>202,351,081</u>	<u>74.34</u>

Unquoted equity securities

Class	Number on issue	Number of holders
Performance rights	3,035,000	11

James Beeson (40%) and Paul Murray (27%) are the only persons holding more than 20% of unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below based on substantial shareholder notices lodged on the ASX:

	Ordinary shares Number held	% of total shares issued
SOLVAR LIMITED	54,169,609	19.90
FIRST SAMUEL LTD	40,152,190	14.75
TIGA TRADING PTY LTD	39,286,217	14.43
THE BEESON SUPER FUND PTY LTD <THE BEESON SUPER FUND A/C>	15,952,453	5.86

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unlisted performance rights

The unlisted performance rights on issue do not carry any voting rights.

There are no other classes of equity securities.

Buy back

The Company is currently conducting an on-market buy-back which was announced to the ASX on 1 November 2024 up to 27,000,000 shares with a start date of 21 November 2024. As at the date of this shareholder information, no shares have been bought back.

Annual General Meeting

The Annual General Meeting will be held on 27 November 2025. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX.

The Closing date for receipt of nomination for the position of Director is 9 October 2025. Any nominations must be received in writing no later than 5.00pm (Sydney time) on 9 October 2025, at the Company's Registered Office. The Company notes that the deadline for the nominations for the position of Director is separate to voting on Director elections. Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

