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Earlypay Limited (ASX: EPY)

FY25 Financial Results & Outlook

Earlypay Limited ("**EPY**", "**Earlypay**" or the "**Company**") is pleased to release its financial results for the 12-month period ending 30 June 2025 (FY25) and commentary on the outlook. Further detailed results and reconciliations are outlined in the Earlypay FY25 Results Presentation, FY25 Annual Report and Appendix 4E Financial Accounts lodged with the ASX today.

FY25 Financial Highlights

- **Underlying NPAT**[1]: $5.1m, up 24% on pcp (FY24: $4.1m[2])
- **Underlying EPS:** 1.9 cps, up 30% on pcp (FY24: 1.4 cps[2])
- **Year-end Funds in Use ("FIU")**[3]: $249.4m, flat on pcp
- **Net revenue:** $33.7m, down 4% on pcp
- **Net Revenue Margin**: 13.4%, up 4% on pcp (FY24: 13.0%)
- **Credit Loss Expense**[4]: 0.75% (FY24: 1.58%)
- **Operating cashflow:** strong positive cashflow of $9.1m
- **Capital Position**: forecast surplus capital of c. $10m (3.6 cps) by end Q1 FY26 post-refinance of the Equipment Finance warehouse, available for capital management.
- **Dividend**: The Board has declared a fully franked final dividend of 0.65 cps, representing 100% of available Retained Earnings.

FY25 Review

Portfolio Composition

Total year-end FIU was flat at $249.4m, albeit with material movements within the product segments:

- **Invoice Finance ("IF") 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 ("TF") FIU** declined by 72% to $6.6m due to the active rebalancing away from large, riskier exposures in this product.
- **Equipment Finance ("EF") FIU** grew strongly, up 33% to $124.2m, with originations of $80m up 183% on pcp. Growth in this portfolio not only provides a higher baseline for income, it also supports the expansion of the referrer network for distribution of both EF and IF.

1. Underlying NPAT is Statutory NPAT after adding back acquisition-related amortisation and notable one-off costs
2. FY24 NPAT and NPATA were restated $259k lower due to an adjustment relating to over-claiming of GST credits in prior periods.
3. Year-end FIU is average FIU for the June month.
4. Credit Loss Expense reflects the specific provision expense, excluding general provision expense and recoveries of previously written off loans; divided by the average Funds in Use for the period.

Net Margin Expansion

Net Revenue margin expansion for Invoice Finance (up to 18.5% from 16.6% pcp) meaningfully offsets lower FIU. Key drivers of margin expansion were:

- Repayment of corporate debt;
- Lower cost warehouse funding; and
- More diversified portfolio of smaller, higher margin clients

Improved margins will support revenue in future periods and provide flexibility to adjust margin relative to growth objectives.

Improved Credit Performance

The active rebalancing to a more diversified portfolio focused on IF and EF, and the strengthening of risk management and governance frameworks, have supported an improvement in credit performance with Credit Loss Expense[4] of 0.75% in FY25 compared to 1.58% in FY24.

Growth Focus

Investment in improving referrer experience to benefit the distribution of both EF and IF continued during the year as did efforts to promote and educate brokers about the benefits of IF for them and their clients.

FY25 saw tangible evidence of the EF referrer network supporting the distribution of IF through more asset finance brokers referring IF and more clients using both products together.

Strong credit performance and attractive margins provide flexibility around growth levers including pricing, referrer / partner incentives, sales team expansion, product development, broadening target market and increasing brand building and marketing efforts.

Technology Consolidation

The consolidation of three legacy Loan Management Systems onto a single, modern platform commenced in the second half of FY25 and is a key priority for FY26. This project will utilise a third-party provider 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 which will support distribution through both traditional and non-traditional channels.

Funding

The final $5m of a $10m corporate facility was repaid in April 2025. All debt is now held at the asset level in efficient warehouse structures.

A new EF 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.

FY26 Outlook & Guidance

Capital Management

Following the refinance of the EF warehouse, the Company is expected to have ~$10m (~3.6 cps) of surplus capital available for capital management initiatives which may include:

- Resuming on-market buy-back (27 million shares available);
- Retention to support accelerated organic growth;
- Bolt-on acquisitions; and
- Other means of returning excess capital to shareholders

Dividends

Subject to the execution other capital management initiatives, the Board intends to continue paying all Retained Earnings as fully franked dividends to shareholders until surplus capital is deployed.

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

Corporate Activities Update

Following a period of engagement with multiple parties over nine months, active discussions relating to a potential change of control transaction have ceased. The Board is now fully focused on executing the Company's organic growth strategy to drive shareholder value.

Guidance

With the benefit of strong financial and operational foundations, the focus in FY26 is squarely on growing the IF and EF portfolios to maximise the operating leverage in the business and drive earnings and EPS higher.

FY26 Underlying Earnings per Share is expected to be 15% - 20% higher than FY25 underlying EPS.

-- ENDS --

This release was authorised by the Board of Earlypay Limited.

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ABOUT EARLYPAY

Earlypay is a leading provider of working capital finance to Australian SMEs with its invoice finance and equipment finance products.

Earlypay's invoice finance helps SMEs bridge the cash flow gap between issuing invoices and receiving payment from customers by providing early payment of unpaid invoices. Earlypay also provides equipment finance to SMEs to assist with capital expenditure.

Earlypay has been supporting Australian SMEs since 2001 and has built a trusted legacy of delivering reliable, flexible and innovative working capital finance.