

5 June 2023

## Earlypay Limited (ASX: EPY)

### RevRoof and Business Update

Earlypay Limited (“EPY” or the “Company”) advises that the Receiver and Manager of Revroof Pty Limited (Receivers and Managers Appointed) (In Administration) (“RevRoof”) completed the first stage of the sale of RevRoof to Design Group on 30 May 2023 and the balance of the unconditional sale is due for completion on or before 28 June 2023.

Due to ongoing litigation and other contingencies the outcome of which is presently unknown, Earlypay is unable at this time to state with certainty the final amount of the RevRoof recovery.

The receivership process has taken longer and been more complex than originally expected. As a result, the specific provision of \$9.6m recognised for the RevRoof exposure as at the half year ending 31 December 2022 (refer ASX announcement dated 24 February 2023) is now estimated to be \$10.5m. This estimate may change as the matter progresses. The total cost of receivership, including litigation expenses, is estimated to be \$4.0m compared to the \$2.0m that was expected as at 24 February 2023. This estimate may also change as the matter progresses.

Despite the expected increase in the financial impact of the RevRoof recovery, the Company remains well capitalised and is supported by an underlying profitable business.

Demand from SMEs for working capital continues to rise and some competitors are retreating from invoice financing which is strengthening Earlypay’s market position. This has led to a significant increase in new business enquiry although the Company is taking a cautious approach to new lending given the increasingly difficult economic environment for businesses.

The refinancing of the Company’s funding structure referred to in the ASX announcement dated 24 February 2023 (page 4, “Funding”) is also well underway and is still expected to complete in Q1 FY’24. This is expected to lead to a more efficient and flexible funding structure as well as a reduction in the Company’s overall cost of funding.

James Beeson, CEO of Earlypay, said, “We have learnt many valuable lessons from the RevRoof situation and remain focused on building a stronger, more efficient and scalable business. Earlypay is now well placed to benefit from favourable market conditions and bounce back to profitable and sustainable growth in FY’24 and beyond.”

This release was authorised by the Board of Earlypay Limited.

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