

11 December 2023

Earlypay Limited (ASX: EPY)

Resolution of RevRoof legal proceedings and release of funds to Earlypay

Earlypay Limited ("**Earlypay**", "**EPY**" or the "**Company**") is pleased to announce the resolution of all outstanding legal proceedings relating to the Revroof Pty Ltd ("**RevRoof**") recovery process.

Approximately \$8.4m of proceeds from the sale of the RevRoof business held in trust pending the resolution of legal disputes will now be released.

By way of background, Earlypay first announced on 7 December 2022 that RevRoof (Earlypay's largest client) had appointed an administrator with a net exposure of c.\$29m. The Company subsequently accounted for a \$10.4m credit loss in FY23. No additional credit loss is expected on the remaining net exposure of \$1.9m.

Recovery expenses associated with this matter are expected to be approximately \$0.4m higher than the \$4.5m previously advised. \$1.0m is expected to be recognised in FY24 in addition to the \$3.9m recognised in FY23. The recovery expenses include Receiver & Manager costs, trading losses incurred while the business was in receivership, and legal costs.

Earlypay Chief Executive Officer, James Beeson said, *"It's pleasing to have these legal proceedings behind us and for the cash held in trust to be returned to us for productive use. Although this default and recovery has been challenging, we continue to take all we can from this experience to make Earlypay stronger and better positioned for the future."*

Separately, the Company expects to settle its new Invoice and Trade Finance warehouse facility by the end of the calendar year.

The company reaffirms that FY24 NPAT is expected to exceed FY23's underlying proforma NPAT of \$4.8m.

This release was authorised by the Board of Earlypay Limited.

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For further information, please contact:

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ABOUT EARLYPAY

Earlypay provides secured finance to SMEs in the form of invoice, equipment, and trade financing.

Earlypay's core product is invoice financing which can help SMEs overcome the cash flow pressure of waiting up to 60 days to receive payment of their customer invoices. Typically, Earlypay will provide SMEs with up to 80% of the invoice amount and funds can be used for any business purpose. Because invoice finance is supported by outstanding invoices, available funding increases in line with sales volume and is well suited to growing businesses.

Earlypay also provides SMEs with finance to invest in equipment and vehicles, and can also offer trade finance to clients to pay their suppliers.