

10th June 2022

Earlypay Limited (ASX: EPY)

Earn-out completion of Skippr acquisition

Highlights:

- Earlypay acquired Skippr in August 2020 for maximum consideration of \$6.5m, including \$2.25m upfront and up to \$4.25m earn-out to be paid progressively on achievement of conditions, relating primarily to business volume through the platform
- All earn-out conditions have been achieved ahead of schedule, reflecting the ongoing value that the acquisition delivers for Earlypay
- Final earn-out payment of \$3.1m to be paid 50% in cash and 50% in EPY shares in accordance with the Sale Purchase Agreement

Benefits of the Skippr acquisition and subsequent enhancements have brought to Earlypay include:

- Streamlined application and client onboarding
- Improved operating margins through automation in service delivery
- Enhanced risk oversight through accounting software integration and data analysis
- Product integration, with Trade Finance functionality recently added to the platform to provide a seamless experience for Invoice Finance clients also utilising this product
- Additional software developers and experienced executives to the Earlypay team
- Approximately 30% of Earlypay clients are currently on the platform, with transition to 100% targeted by Mar'23

Earlypay CEO Daniel Riley commented: *"The acquisition of Skippr in August'20 combined tech and development capability from Skippr with Earlypay's depth of experience in lending. This facilitated rapid progress in platform development and functionality, to build industry leading capability in client experience. The enhanced platform has underpinned Earlypay's digital transformation contributing strongly to growth in revenue and significant operational efficiencies. The Skippr acquisition has proven to be extremely value accretive for EPY shareholders."*

This release was authorised by the Chief Executive Officer of Earlypay.

Sincerely,



Daniel Riley
CEO

ABOUT EARLPAY

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

Through the Earlypay online platform, SMEs receive an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from their customers (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. Earlypay will consider an additional advance to a client (above the usual 80%) on occasion, for an additional fee and when there is adequate security from the client to cover the position.

Other services include trade finance to assist clients finance purchases, as well as equipment finance to assist SMEs with capital expenditure on items required to operate their business.