



Beforepay Group Limited ASX:B4P

FY22 Annual Results Presentation

31 August 2022



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This presentation may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters ('Forward Statements'). Forward Statements can generally be identified by the use of forward-looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions. Forward Statements including indications, guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No independent third party has reviewed the reasonableness of any such statements or assumptions. This presentation includes information regarding past performance of Beforepay and investors should be aware that past performance is not and should not be relied upon as being indicative of future performance.

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What we do.

Beforepay provides users with a service to manage their finances which is inclusive and is rewarding to use.

The service is resonating strongly with an average 4.8-star rating (out of 5)¹ across Google Play Store and Apple App Store.

4.8 stars¹



We consider ourselves to be

A leading provider of Pay on Demand

services in Australia (not a Buy-Now-Pay-Later provider)



Provide short-term finance to working Australians

filling a gap in the market for flexible, transparent and on-demand access to credit



A fixed fee of 5%

on the amount advanced, with no interest or late fees.



Money provided directly

to the customer—does not need to be spent at specific merchants



Focus on customer advocacy

and support; customer surveys, reviews and Trustpilot show strong customer advocacy and support for the product



Alternative to revolving debt

on credit cards and other types of revolving loans

B

Our Strategy





Pay on Demand—a better way

People, especially Millennials, don't want revolving debt. They don't want long term debt at all – they find it hard to manage. And they certainly don't want to pay interest.

Pay on Demand is the ethical, customer-friendly approach that allows them access to money they've already earned, with a low, fixed flat fee.

We advance small amounts of money (average size c. A\$300) to people against their future wages, and then direct-debit their account when they next get paid.

This gives people flexibility when they're just a little bit short or there are unexpected expenses, without tying them to an ongoing debt burden.

This is the product that people who reject credit cards have been waiting for.





What makes us different

Low, flat, and transparent fee: We charge 5% on the amount advanced, with nothing more to pay. No late fees, no rapid-payment fees, no subscriptions, no tips, no interest incurred.

Funds available instantly. The money is in your bank account in less than one minute.

Best-in-class credit decisioning: Pay-cycle algorithms and credit-risk models built by a team of data scientists, powered by a proprietary database of more than 900 million data points.

Relentless focus on a single product. A talented team of technologists, designers, product managers, marketers, and data scientists, all working on one great product.

Our mission

To support working Australians

Help customers

- Advance money to our customers in an ethical and responsible way to manage temporary cashflow challenges
- Help our customers improve their financial literacy
- Create the best possible product and service experience

Grow quickly

- Accelerate customer acquisition and increase throughput
- Launch new channel partnerships
- Explore additional growth opportunities

Create value

- Maintain or decrease dollar-weighted defaults
- Achieve profitability
- Improve our managerial infrastructure (HR, risk, compliance)
- Manage our risks effectively



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Business update



FY22 HIGHLIGHTS



Pay Advances of \$327.3m up 252%

in FY22, driven by new customer acquisition and continued usage by existing customers



Positive Net transaction margin at 1.1%

of Pay Advance fee income in FY22 vs (2.2%) in FY21.



Net transaction loss down to 2.4%

from 5.2% in FY21, driven by ongoing refinements to the risk model, customer limit management and higher recoveries.



69% Growth in active users to 173,398

in FY22 reflecting strong customer acquisition



95% of customers who have successfully repaid their first pay advance

have since taken out a second Pay Advance in FY22



Strong balance sheet

with \$28.4m cash position and \$32.7m equity at 30 June 2022

FY22 HIGHLIGHTS

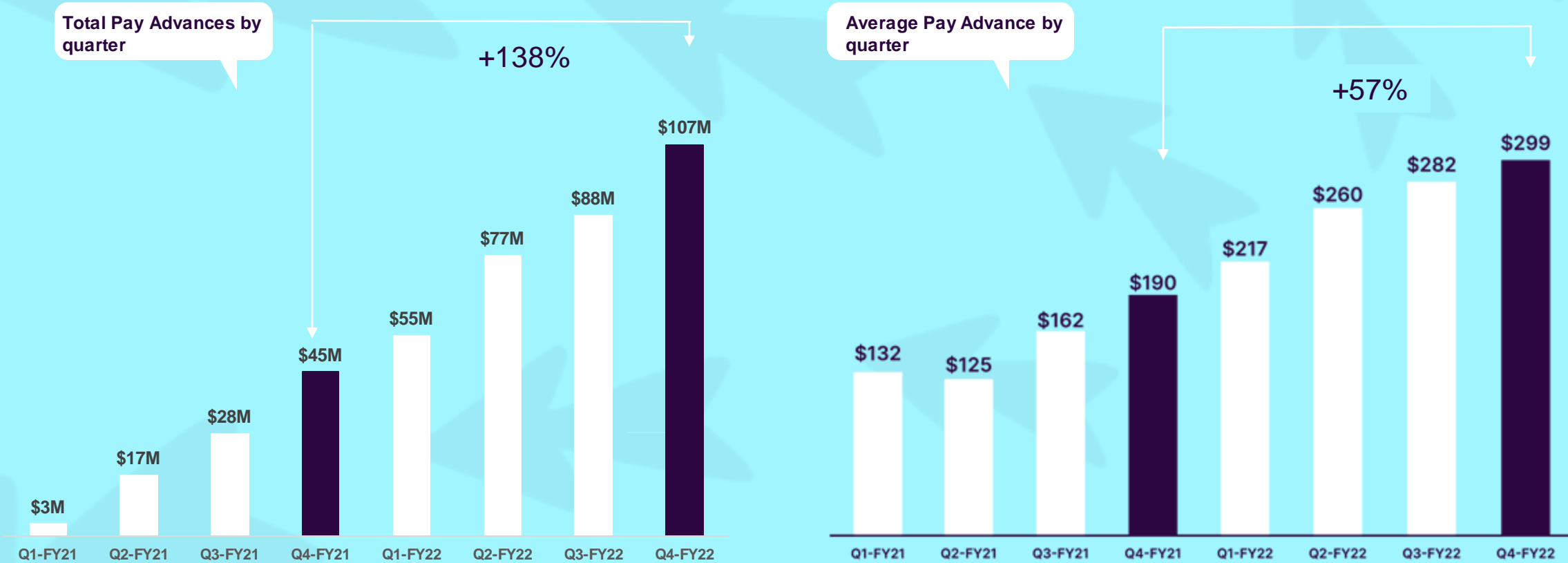


Key Metrics	H2 FY22	H1 FY22	% Change	FY22	FY21	% Change
Platform Metrics						
Pay advances (\$m)	195.3	132.0	48.0%	327.3	93.0	251.9%
Average pay advance (\$)	291.2	240.5	21.1%	268.4	163.2	64.5%
Active Users (no. of users)	173,398	139,071	24.7%	173,398	102,621	68.9%
Financial Metrics						
Beforepay income (\$m)	9.3	6.5	43.1%	15.3	4.5	240.0%
Gross transaction loss % (% of Pay advances plus fee)	(2.9%)	(3.3%)	(12.1%)	(3.1%)	(5.2%)	(41.1%)
Net transaction loss % (% of Pay advances plus fee)	(2.0%)	(2.9%)	(31.0%)	(2.4%)	(5.2%)	(54.5%)
Net transaction margin (\$m)	3.2	0.4	700.0%	3.6	(2.1)	N/A
Net transaction margin % (% of Pay Advances)	1.6%	0.3%	433.3%	1.1%	(-2.2%)	N/A
EBITDA, excluding one-off and/or significant items (\$m)*	(8.0)	(11.5)	(30.4%)	(19.5)	(10.3)	(89%)
A\$ Balance Sheet						
				FY22	FY21	% Change
Cash position (\$m)				\$28.4	\$10.0	183%
Equity position (\$m)				\$32.6	\$(13.2)	347%

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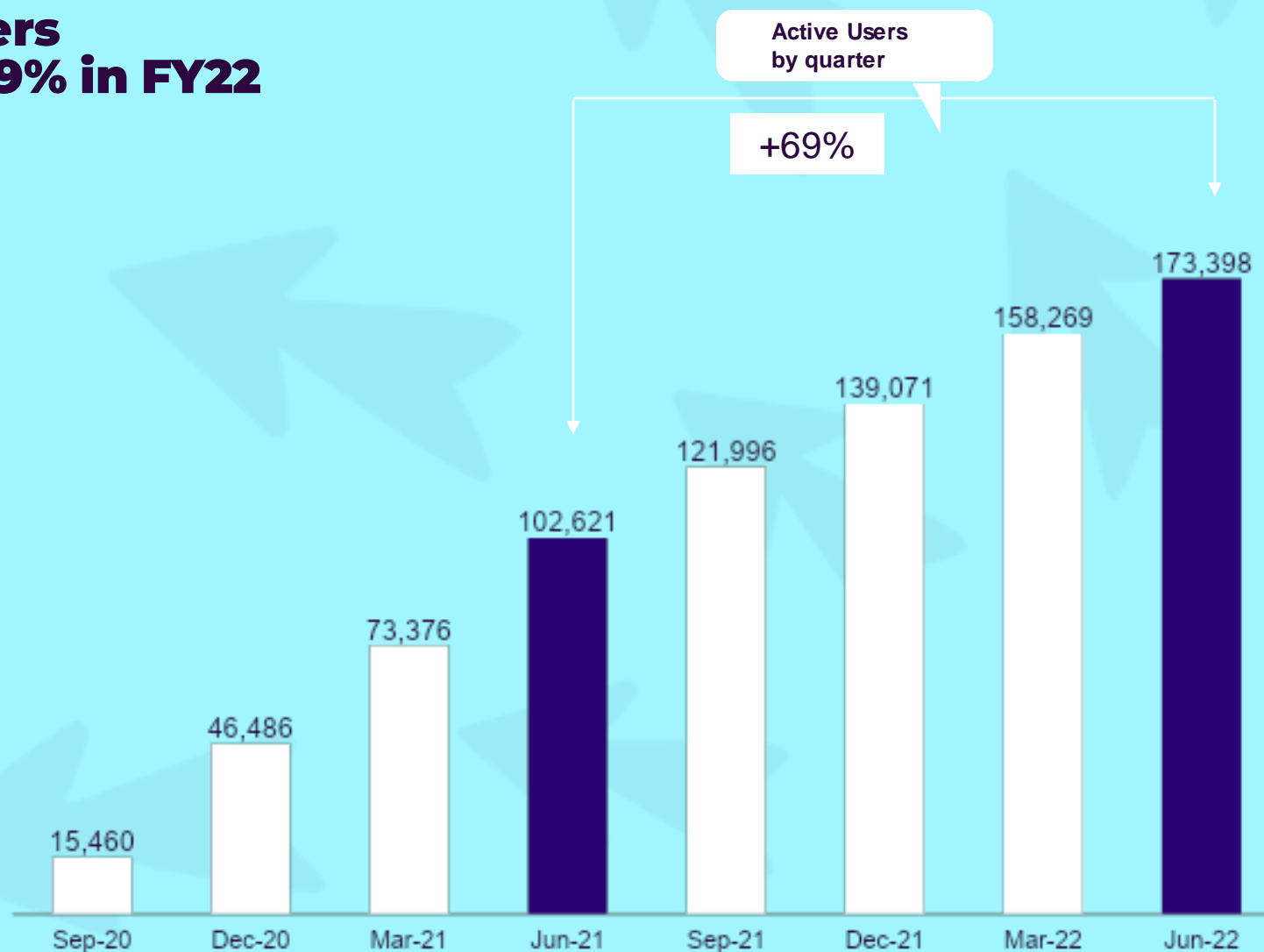
*Refer to Appendix (slide 29) for items considered one-off / significant

Total and Average Pay Advances - incremental growth in Pay Advances



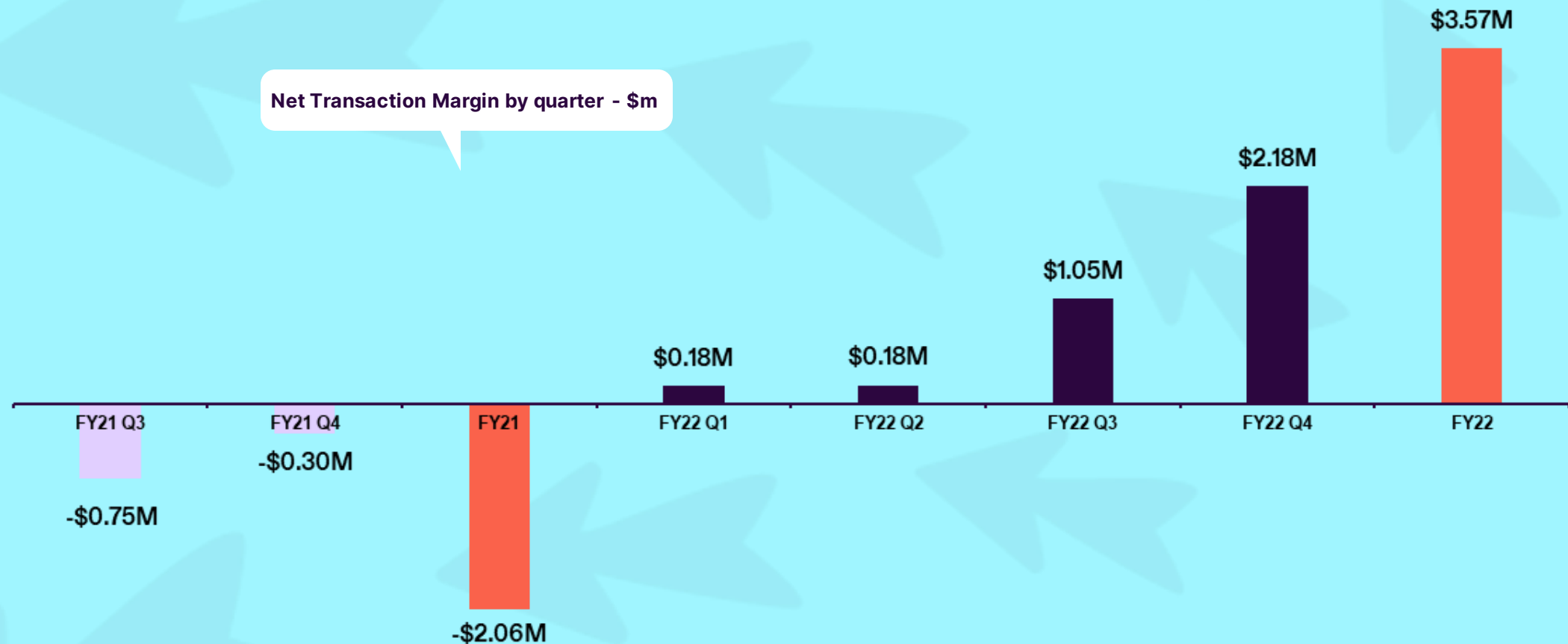
Rapid growth in active users - 173,398 Active Users or 69% in FY22

95% of customers who have successfully repaid their first Pay Advance have taken out a second Pay Advance



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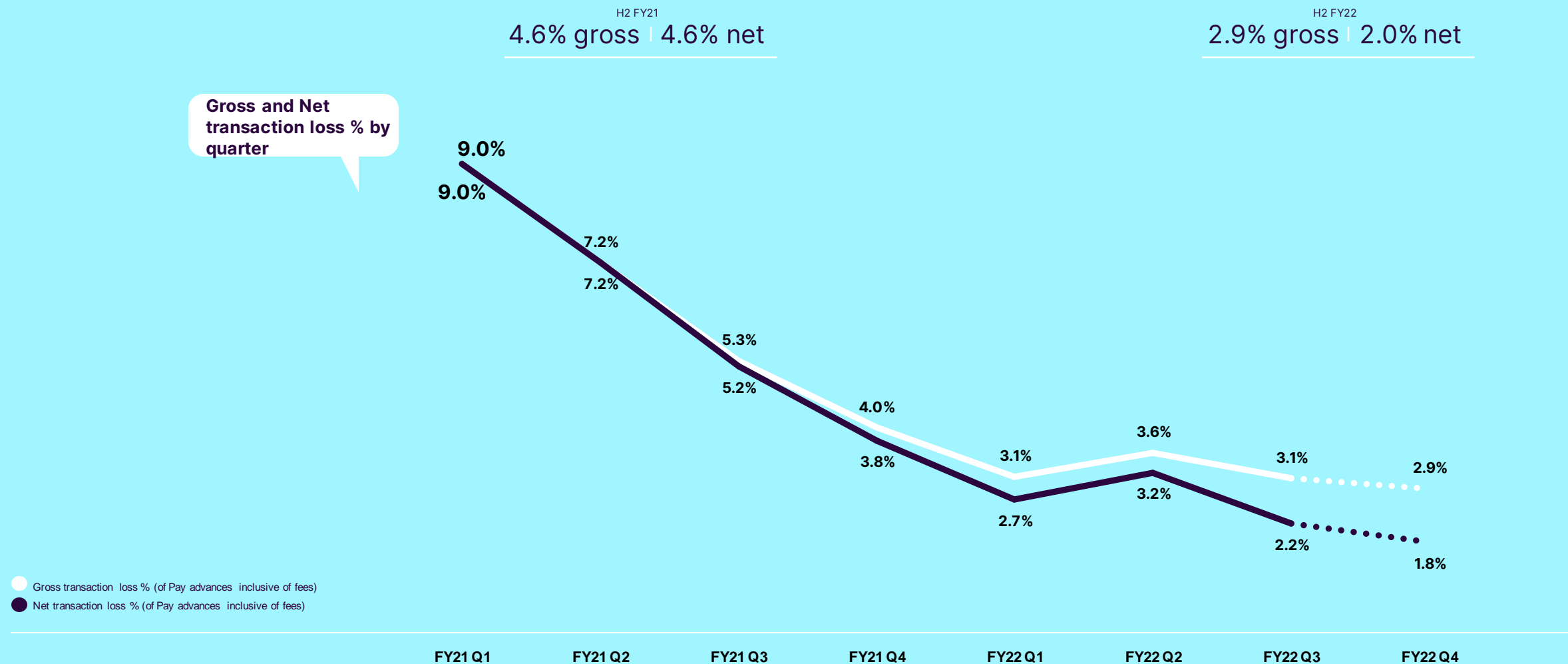
Net Transaction Margin (NTM) – achieved positive NTM within 24 months of launch



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Declining Trend in Loan Defaults

- demonstrating consistent improvement in credit quality



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Funding Costs - Credit loan facility

- Low sensitivity to rising interest rates



On current funding arrangements, our funding costs are less than 10% of Beforepay income for the average pay advance

A 1% increase in the costs of our loan facilities results in only 4 basis points increase in costs per pay advance (from 0.52% to 0.56%).

20 days

(0.055 years)
Sample duration

×

11.77%

Cost of external
debt facility

×

80%

Loan-to-value ratio of
external debt facility

=

~52 bps

Third party funding costs % based on
sample duration

Direct service costs - continue to be tightly managed

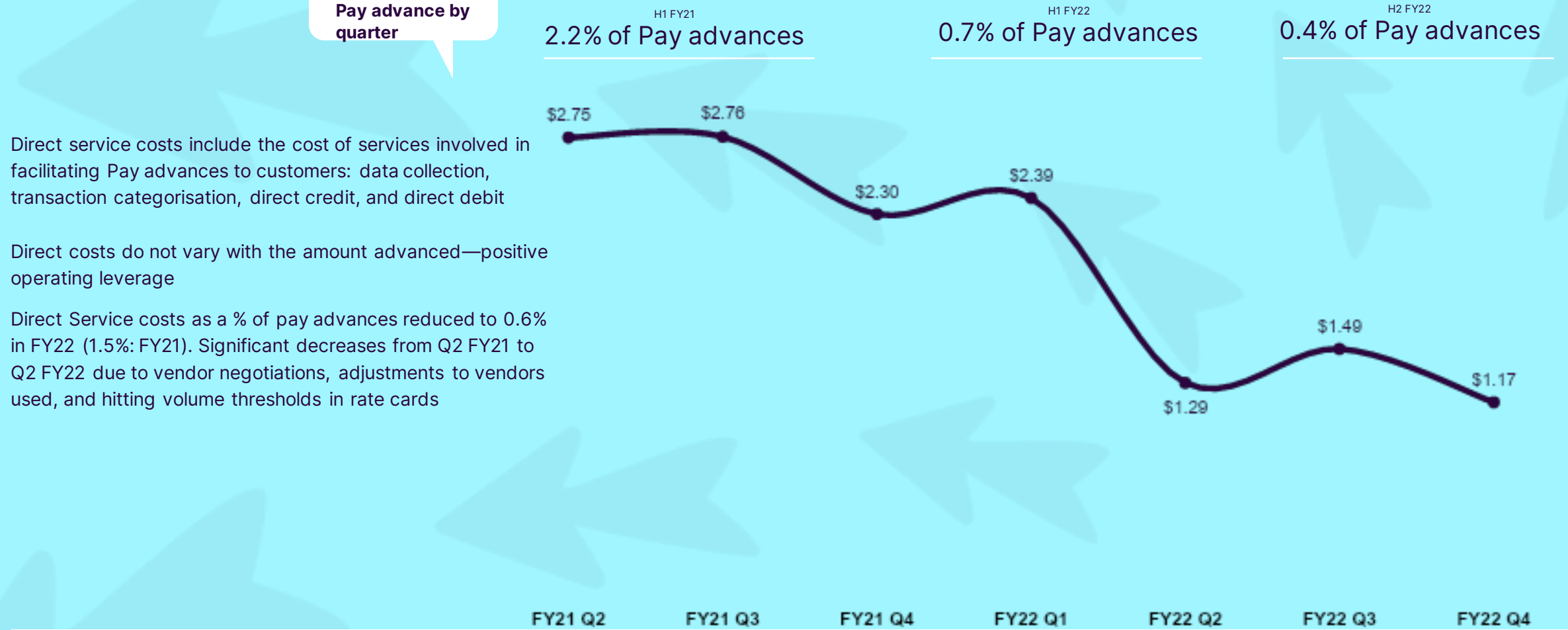


Direct costs per
Pay advance by
quarter

Direct service costs include the cost of services involved in facilitating Pay advances to customers: data collection, transaction categorisation, direct credit, and direct debit

Direct costs do not vary with the amount advanced—positive operating leverage

Direct Service costs as a % of pay advances reduced to 0.6% in FY22 (1.5%: FY21). Significant decreases from Q2 FY21 to Q2 FY22 due to vendor negotiations, adjustments to vendors used, and hitting volume thresholds in rate cards



Balance sheet

- Strong Cash and Equity Position



\$m	FY22	FY21	\$ Change	% Change	Commentary
Cash position	28.4	10.0	18.4	184%	Cash position reflects loan utilized and collection of loan receivable balances
Receivables	27.3	9.7	17.6	181%	Growth in loan book and level of pay advances
Other assets	2.2	2.8	(0.6)	-21%	Property, Plant, Intangibles
Total assets	57.9	22.5	35.4	157%	
Borrowings	20.6	34.1	(13.5)	-39.6%	Debt facility. Prior year includes convertible notes payable
Other liabilities	4.6	1.6	3.0	188%	Mainly growth in trade payables of ~ \$1m from prior year, lease liabilities and provisions ~ \$1.2m (includes legal settlement)
Total liabilities	25.3	35.7	(10.4)	-29%	
Equity position	32.6	(13.2)	45.8	347%	
Total debt facilities	20.6	6.8	13.8	204%	Debt facility \$45m limit expiring mid-December 2023
<i>Undrawn facilities</i>	<i>24.4</i>	<i>38.2</i>	<i>(13.8)</i>	<i>-36%</i>	Facility amount available to fund future growth in pay advances

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Cashflow Statement

Operating, Investing and Financing Activities

(FY22 and FY21)



	FY22	FY21
Cash flows from operating activities \$m		
Receipts from repayment of customers advances	300.7	80.7
Receipts of Beforepay income	15.3	4.5
Payments to suppliers and employees	(23.9)	(13.0)
Advances to customers	(327.3)	(93.0)
Other	(1.0)	0.2
Net cash used in operating activities	(36.2)	(21.0)
Net cash used in investing activities	(0.1)	(0.2)
Net cash used in financing activities	54.7	30.4
Net increase in cash and cash equivalents	18.4	9.2
Cash and cash equivalents at the beginning of the financial year	10.0	0.8
Cash and cash equivalents at the end of the financial year	28.4	10.0

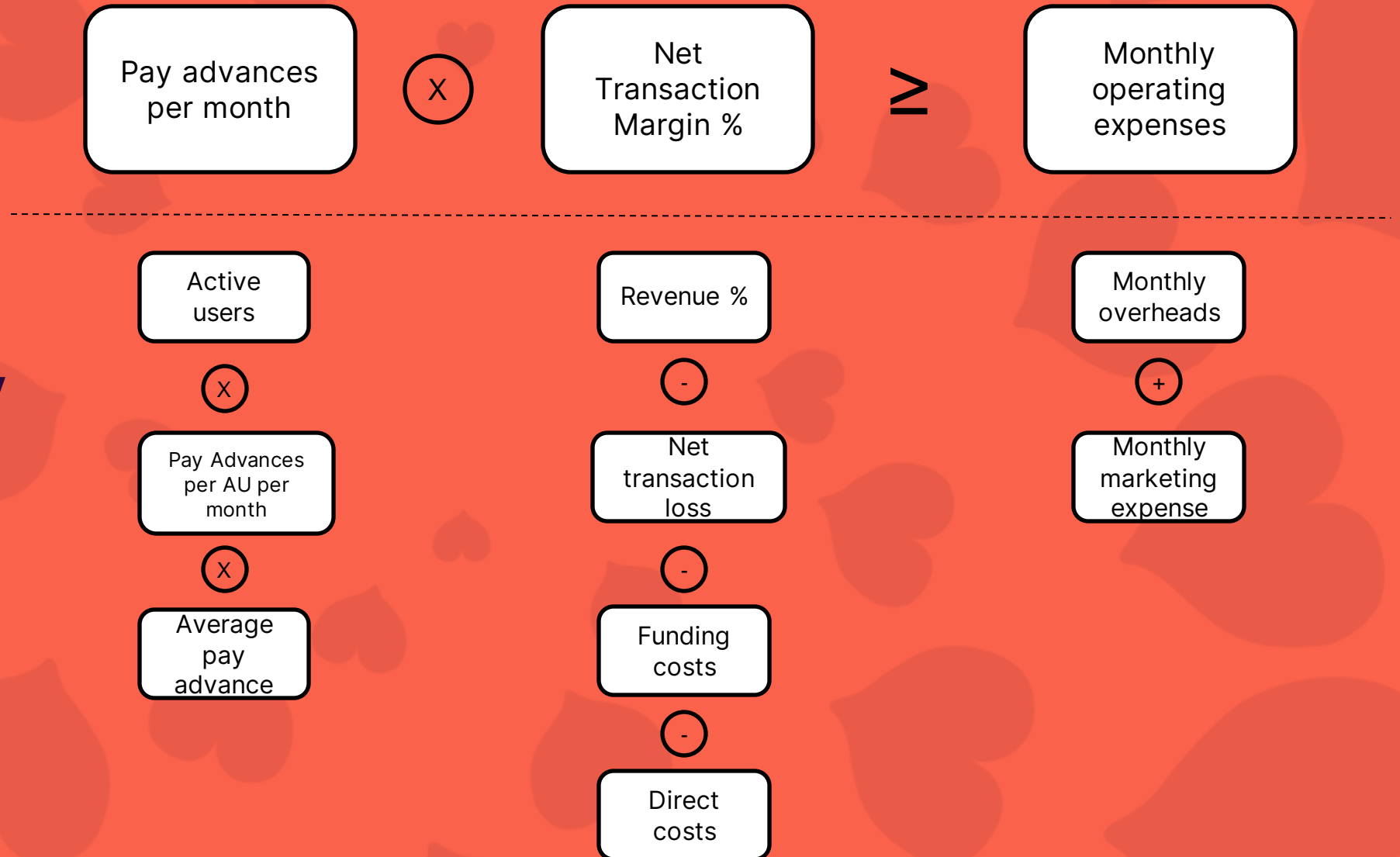
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Our Pathway to profitability



Our Pathway to Profitability/ Breakeven



FY22 - Net Transaction Margin and Pathway to Profitability by Quarter

	FY22Q4	FY22Q3	FY22Q2	FY22Q1	FY22
Pay advances (\$m)	\$107.3	\$87.9	\$77.1	\$55.0	\$327.3
Fees (\$m)	\$5.4	\$4.4	\$3.8	\$2.7	\$16.4
PA + fee (\$m)	\$112.7	\$92.3	\$80.8	\$57.8	\$343.6
Average pay advance (\$)	\$299	\$282	\$260	\$217	\$268
Active users	173,398	158,269	139,071	121,996	173,398
No of loans	359,246	311,370	295,565	253,343	1,219,524
Key Financial metrics					
Beforepay income (\$m)	\$5.3	\$4.0	\$3.5	\$2.5	\$15.3
Net transaction loss (\$m)	\$2.1	\$2.1	\$2.5	\$1.4	\$8.1
Net transaction loss % (of pay advances plus fees)	-1.8%	-2.2%	-3.1%	-2.5%	-2.4%
Net transaction margin (\$m)	\$2.18	\$1.05	\$0.18	\$0.18	\$3.6
Total Operating expenses (\$m)	\$6.0	\$6.3	\$6.1	\$6.9	\$25.3

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What comes next



Seek to maintain growth in Australia with existing direct-to-consumer acquisition model



Constrain costs and drive towards profitability



Identify opportunities to work with channel partners for additional B2C and B2B customer acquisition



Continuous improvement of risk models, product, and customer experience



Beforepay Group Limited [ASX:B4P](#)

Q&A



Glossary



1 of 3

Term	Definition
Active users	Customers of Beforepay who have taken out an advance in the previous 12 months from the relevant date. This includes customers who have not repaid their most recent Cash Out, and are not eligible to re-borrow until they have done so.
Average pay advance	Total dollar volume of Pay advances in a period divided by the number of Pay advances in that period.
Beforepay income	The transaction fees charged to customers on advances. Beforepay income is calculated and charged based on a fixed percentage (5%) of the amount advanced.
Cash out or Pay advance	An advance made or offered by Beforepay to a user.
Depreciation and amortisation expense	"Depreciation and amortisation expense" are related to lease liabilities that the Company considers effectively to be a part of occupancy costs.
Direct costs or Direct service costs	"Direct service costs" include the cost of services involved in facilitating Pay advances to customers: data collection, transaction categorisation, direct credit, and direct debit

Term	Definition
Direct costs as % (of Pay advances)	Direct service costs in facilitating Pay advances to customers divided by Pay advances.
Direct cost per Pay advance	Direct service costs divided by number of Pay advances in the period.
Duration	The average across all Pay advances of the time required to repay the Pay advance, weighted by the dollar size of each Pay advance. A Pay advance that is not repaid within 62 days is assumed to have a duration of 62 days.
EBITDA	Earnings before interest, tax, and depreciation and amortisation expense (adjusted).
EBITDA, excluding One-off and/or significant items	EBITDA less One-off and/or significant items.
Finance costs	"Finance costs" are related to the debt facility with Longreach

Glossary



2 of 3

Term	Definition
G&A and other expenses	Occupancy expenses, Professional and consultancy expenses, Software licenses, Technical suppliers, and Other expenses (all from the half-year statutory financial statements), plus \$182,307 in depreciation and amortisation expenses related to lease liabilities that the Company considers effectively to be a part of occupancy costs.
Gross transaction loss	"Expected credit losses expense" from the half-year statutory financial statements, excluding Recoveries.
Gross transaction loss %	Gross transaction loss (inclusive of fees) divided by Pay advances (inclusive of fees).
Interest income	"Interest income" relates to interest earned on cash at bank and is not the fee that Beforepay charges to its customers ("Beforepay income").
Loan-to-value ratio of external debt facility	The portion of Pay advances for which Beforepay is able to access third-party debt funding, subject to certain constraints as outlined in the Replacement Prospectus dated 29 November 2021.
Net transaction loss	Actual and expected credit losses (net of recoveries). It comprises customer defaults plus current advances provisioned during the period
Net transaction loss %	Net transaction loss (inclusive of fees) divided by Pay advances (inclusive of fees).

Term	Definition
Net transaction margin	Beforepay income less the variable costs associated with facilitating Pay advance transactions. These variable costs include Net transaction loss, third party funding costs, and direct costs. Net transaction margin is a management metric used to measure the gross margin earned on Pay advances.
Net transaction margin %	Net transaction margin divided by Beforepay income.
Non-IFRS financial information	The term non-IFRS financial information - or 'alternative performance measures' (APMs) - captures any measure of past or future financial position, performance or cash flows that is not prescribed by the relevant accounting standards. Examples are adjusted earnings (or adjusted profit), normalised or underlying earnings, constant currency revenue growth (like-for-like earnings), net debt, and return on capital employed.
Operating expenses	The sum of all expenses less One-off and / or significant items, Net transaction loss, Direct costs, Finance costs, and Depreciation and amortisation expense (adjusted).
Operating expenses	The sum of all expenses from the half-year statutory financial statements less One-off and / or significant items, Net transaction loss, Direct costs, Finance costs, and Depreciation and amortisation expense (adjusted).

Glossary



3 of 3

Term	Definition
Pay advance	An advance made or offered by Beforepay to a user.
Pay advances or Total pay advances	The aggregate dollar value of cash outs in a specified period to a user.
Recoveries	Money repaid by customers after a Pay advance has defaulted at 62 days after the date of issuance, net of costs of the recovery.
Recoveries %	Recoveries divided by Gross transaction loss
Revenue	"Revenue" includes Beforepay income plus interest income
Share	A fully paid ordinary share in the capital of the company.
Third-party debt facility	The facility agreement with Longreach for a maximum commitment of A\$45,000,000 also referred to as "external debt facility" or "total facilities" or "the facility." The facility expires On 15 December 2023 and it increases in non-linear increments over its term to a maximum commitment of \$45,000,000 on and from 15 December 2023.

Term	Definition
Third party funding costs or cost of external debt facility	"Financing costs" related to the cash interest costs of funding Pay advances through drawing on the third-party debt facility.
Third party funding costs % (of Pay advances)	Third party funding costs divided by Total pay advances.



Beforepay Group Limited [ASX:B4P](#)

Thank you



Appendix



Management Profit & Loss - 30 June 2022



A\$, unless otherwise stated	FY22
Beforepay income	15,275,910
Gross transaction loss	(10,520,713)
Gross transaction loss % (of Pay advances inclusive of fees)	(3.1%)
Recoveries (net of costs)	2,409,737
Recoveries % (of Gross transaction loss)	22.9%
Net transaction loss	(8,110,976)
Net transaction loss % (of Pay advances inclusive of fees)	(2.4%)
Third party funding costs	(1,724,054)
Third party funding costs % (of Pay advances)	(0.5%)
Direct costs	(1,870,839)
Direct costs % (of Pay advances)	(0.6%)
Net transaction margin	3,570,041
Net transaction margin % of Beforepay income	23.4%
Employee benefits expense (adjusted)	(7,953,115)
G&A and other expenses	(4,552,024)
Advertising and marketing expense	(12,840,762)
Total operating expenses	(25,345,901)
add back: Third party funding costs deducted from NTM	1,724,054
add back: Other income and interest revenue not recognised in NTM	579,435
EBITDA, excluding one-off and/or significant items	(19,472,371)

A\$, unless otherwise stated	FY22
EBITDA, excluding one-off and/or significant items [A]	(19,472,371)
Depreciation & amortisation expense (D&A)	(621,790)
One off and significant items:	
Convertible note - issuance costs	(171,273)
Convertible note - fair value adjustment	(3,428,279)
IPO related costs	(2,138,180)
Third party funding costs	(1,724,054)
Settlement Expense	(1,584,000)
Total one-off and/or significant items [B]	(9,667,576)
Loss before income tax = [A] + [B]	(29,139,948)

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NTM reconciliation to statutory profit & loss



Management P+L – Income to Net transaction margin

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Third party funding costs	(1,724,054)
Third party funding costs % (of Pay advances)	(0.5%)
Direct costs	(1,870,839)
Direct costs % (of Pay advances)	(0.6%)
Net transaction margin	3,570,041
Net transaction margin % (of Pay advances)	1.1%

Reference to statutory Profit and loss

- 1 Beforepay income
Equal to Expected credit loss expense, before the benefit of recoveries
- 2 Expected credit loss expense
- 3 \$1.68M related to funding Pay advances
- 4 Direct service cost

Statutory Profit and Loss

A\$	Statutory P&L 12mths 30-Jun-22
Revenue	
Beforepay income	\$15,275,910
Other income	\$544,734
Interest income	\$34,701
Expenses	
Direct service cost	(\$1,870,839)
Fair value loss on convertible notes	(\$3,428,279)
Employee benefits expense	(\$7,953,115)
Settlement expense	(\$1,584,000)
Depreciation and amortisation expense	(\$621,790)
IPO related expenses	(\$2,135,480)
Expected credit losses expense	(\$8,110,976)
Occupancy expenses	(\$61,165)
Advertising and marketing expenses	(\$12,840,762)
Professional and consultancy expenses	(\$2,701,373)
Software licences	(\$10,615)
Technical suppliers	(\$530,006)
Convertible note issuance expenses	(\$171,273)
Other expenses	(\$1,246,566)
Finance costs	(\$1,724,054)
Loss before income tax expense	(\$29,139,948)
Income tax expense	-
Loss after income tax expense for the period attributable to the owners of Beforepay Group Limited	(\$29,139,948)
Other comprehensive income for the period, net of tax	-
Total comprehensive income for the period attributable to the owners of Beforepay Group Limited	(\$29,139,948)

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FY22 EBITDA reconciliation to Statutory profit and loss statement



Management Profit & Loss – Net transaction margin to EBITDA

A\$, unless otherwise stated	12 mths to FY22
Net transaction margin	3,570,041
Net transaction margin % of Beforepay income	23.4%
Employee benefits expense	(7,953,115)
G&A and other expenses	(4,552,024)
Advertising and marketing expense	(12,840,762)
Total operating expenses	(25,345,901)
add back: Third party funding costs deducted from NTM	1,724,054
add back: Other income and Interest income not recognised in NTM	579,435
EBITDA excluding one-off and/or significant items	(19,472,371)

Reference to statutory Profit and loss

- 1 Employee benefits expense including one-off share-based payments
- 2 Total Expenses in the statutory P+L less Expenses recognized in NTM, and one-off and/or significant items
- 3 Advertising and marketing expense
- 4 Add back of \$1.68M of Finance costs deducted from NTM
- 5 Add back of Interest revenue & Other income not recognized in NTM

Statutory Profit and Loss

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Interest income	\$34,701
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Key financial metrics (H2 FY22 v H2 FY21- prior year)



A\$, unless otherwise stated		H2 FY22	H2 FY21	Variance \$	FY22	FY21	Variance \$	H2 FY22 commentary
Beforepay income \$m	[1]	9.3	3.5	5.8	15.3	4.5	10.8	Income driven by increase in Pay Advances and volume, average PA increase from Q4-22 of 26% from PY
Gross transaction loss (%)	[A]	-6.0	-1.0	-5.0	-10.5	-1.6	-8.9	
Gross transaction loss % (of Pay advances plus fees)		-2.9%	-9.9%	NA	-3.1%	-5.3%	NA	3.1% gross transaction loss for FY22 reflecting changes in credit model
Recoveries (net of costs) (\$m)	[B]	1.9	0.0		2.4	-	0.0	
Recoveries % (of Gross transaction loss)		-31.1%	-0.9%	NA	-22.9%	0.0%		
Net transaction loss	[A+B] = [2]	-4.1	-1.0	-3.1	-8.1	-1.6	-6.5	
Net transaction loss % (of Pay advances plus fees)		-2.0%	-4.6%	NA	-2.4%	-5.2%	NA	
Third party funding costs (\$m) [3]		-1.0	-0.1	-0.9	-1.5	-	0.0	Reflects interest paid on loan facility
Third party funding costs % (of Pay advances)		-0.5%	-0.8%	NA	-0.5%	-	NA	Reduced costs per cashout decreasing, driven by volumes
Direct costs* (other servicing loss) (\$m) [4]		-0.9	-1.0	0.1	-1.9	-0.5	-1.3	
Direct costs (% of Pay advances)		0.4%	1.3%	NA	0.6%	-1.9%	NA	Direct costs as % of PA decreasing as volume has increased
Net transaction margin (NTM) [1+2+3+4] = [3]		3.2	-1.1	4.3	3.6	-2.1	5.7	Strong H2 NTM, H1 FY22 was \$360k
Net transaction margin % (of Pay advances)		1.7%	-1.4%	NA	1.1%	-2.2%	NA	Margin now positive for FY22 on account of adjustments to credit model and reduction in NTL
Total operating expenses		-12.3	-5.9	-6.5	-26.8	-2.3	-24.8	
add back: Third party funding costs deducted from NTM & Other income and interest income not recognised in NTM (\$m)		1.0	0.2	0.9	2.1	0.2	2.2	
EBITDA, excluding one-off & significant items (\$m)		-8.0	-6.8	-1.4	-19.5	-10.3	-9.2	One-offs here include IPO costs & FV loss on convertible notes

Note: Certain financial metrics and information included throughout this presentation are not recognised under the Australian Accounting Standards and are classified as 'non-IFRS financial information'. See Glossary for definitions of non-IFRS financial information. Non-IFRS financial information is unaudited. Change % is calculated using unrounded figures and may differ slightly from a number calculated using rounded figures.