

Beforepay Group Limited

ASX Announcement (ASX: B4P)

28 July 2023

Beforepay achieves positive EBITDA in Q4 FY23

Beforepay Group Limited (Beforepay) (ASX: B4P) today released its results, which showed that the ethical lending fintech delivered a positive EBITDA of \$0.57m in the fourth quarter of FY23 (Q4 FY23). This is the first positive EBITDA for the company in its six quarters as a public company and demonstrates the significant progress it has been making towards profitability.

“It’s fantastic to have delivered positive EBITDA this early in our journey,” said CEO Jamie Twiss. “It shows the power of steady, focused execution of our strategy, and sets us up for sustained profitability going forward.”

The company attributed this outcome to its ability to both tightly control operating expenses even while growing strongly, and to its strong data-driven approach to risk management. The results released today show that quarterly operating revenue had increased 49% year-on-year even while operating expenses have fallen 27% over the same period. While no guarantee of future profitability, given natural fluctuations in credit outcomes as well as other factors, these results demonstrate the sustainability of the company’s business model.

“We’ve driven the cost agenda hard throughout the business, keeping our overheads flat while becoming significantly more efficient at performance marketing,” said Twiss. “In Q4 FY23, this enabled us to write an average of more than 35,000 pay advances every week with a full-time staff of 30 people in Australia plus some offshore contractors.” Twiss noted that over the last two years, employee headcount has reduced 3%¹ while revenue has grown more than 500%, showing the operational leverage of the business.

Tight risk management has also been instrumental in delivering these financial outcomes. The company announced that its database in 2023 now held 1.3 billion transactions in a single, modern, cloud-based environment. This data asset, refreshed each day for more than 400,000 linked accounts, enables a team of data scientists to continue to upgrade and retrain the company’s machine-learning models to assess potential customers for risk and to set advance limits.

Jamie Twiss added, “While we’re very pleased to have delivered such a strong financial outcome, we’re also always focused on fulfilling our mission of supporting working Australians. Our average revenue per advance during the quarter was \$17, with no late fees, compounding interest, penalty fees, or anything to pay aside from the fully transparent up-front fee. Because customers can only take one advance at a time, they’re able to bridge temporary cashflow gaps without the risk of paying more than they expect to or getting into a debt spiral. For the average customer, we believe that this makes our product safer and

¹ Replacement Prospectus 29 November 2021 (31 FTE as at 31 October 2021 page 73)

more affordable than a credit card or a payday loan.”

This announcement has been authorised for release to the ASX by the Board.

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About Beforepay

Beforepay was founded in 2019 to support working Australians who have not been well-served by the traditional financial-services industry. The product is an ethical, customer-friendly way to help people manage temporary cash-flow challenges. We provide our customers with early access to a portion of their pay, on-demand, in exchange for a single fixed fee, which helps them to get through short-term challenges whilst not living beyond their means. For more information visit www.beforepay.com.au.

Important notice

All figures are unaudited. All dollar values are in Australian dollars (\$) or A\$) unless stated otherwise. Change percentages are calculated using unrounded figures and may differ slightly from a number calculated using rounded figures.

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