



Beforepay Group Limited  
ASX:B4P

# FY2023 Annual Results Presentation

28 August 2023



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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.

Customers love Beforepay. We have an average rating of 4.7 stars out of 5 on the Apple App Store (over 20k ratings) and Google Play store (over 10k ratings)

**4.7 stars<sup>1</sup>**



Note: 1 Unaudited figure



## A leading provider of Pay on Demand

We consider ourselves to be a pay on demand service in Australia (not a Buy-Now-Pay-Later provider)



## Money provided directly

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



## A Fixed Fee of 5%

on the amount advanced, with no interest or late fees



## Provide short- term finance to working Australians

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



## 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

# Pay on Demand – a better way

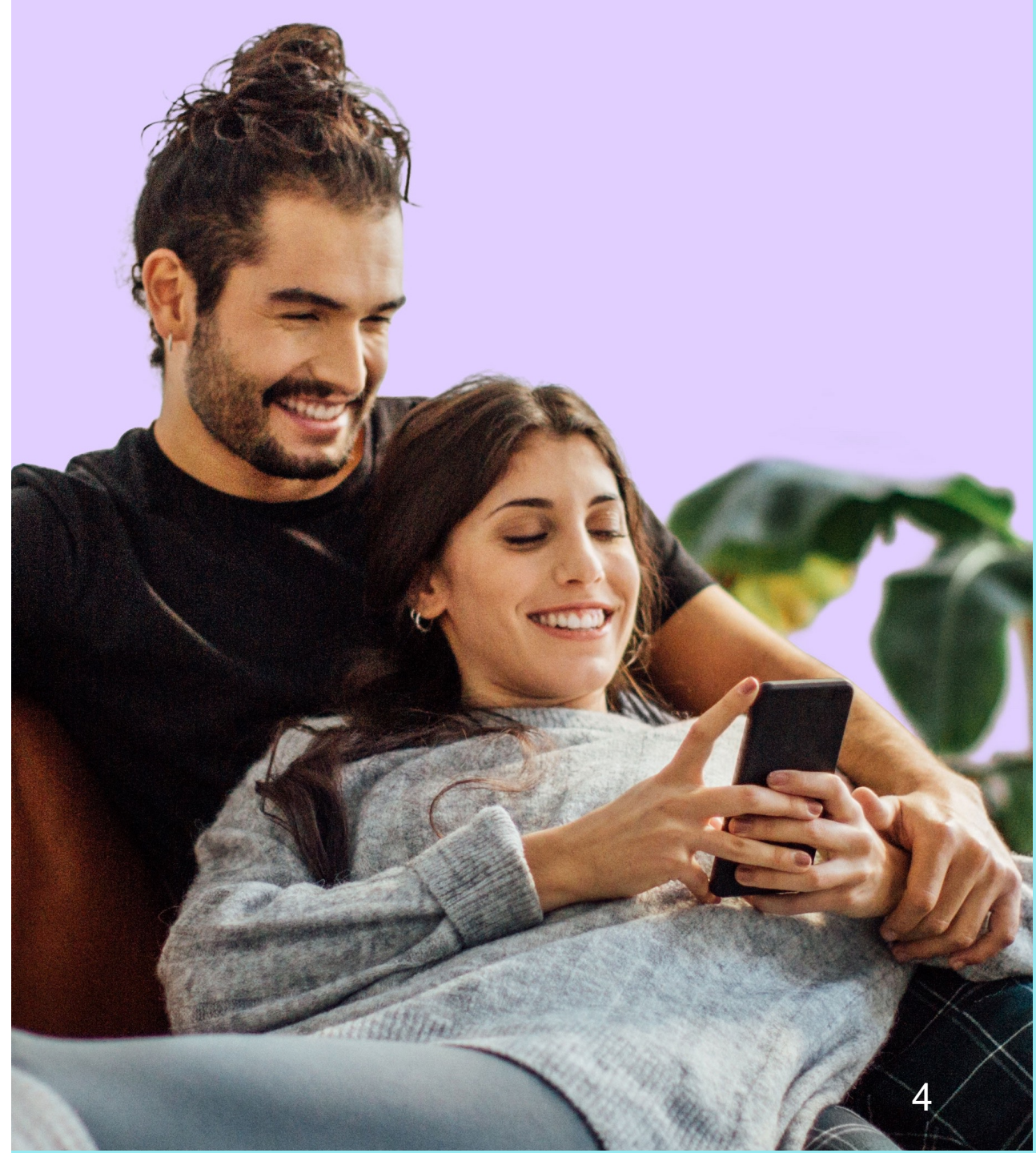


We believe that nobody wants to be in debt. We believe that most people, when money is tight, only want to borrow a small amount of money for a short period of time, to tide them over until they get paid.

Beforepay is committed to providing a safe, affordable alternative to traditional debt, allowing working Australians to manage temporary cash-flow challenges with a lower risk of accumulating debt.

We advance small amounts of money (around \$360 on average) for an average of 3 to 4 weeks. We charge a simple 5% fee with nothing else to pay, and debit customers' accounts when they next get paid.

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







# What makes us different



**Simple, 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 for new users in as little as five minutes and returning users in under one minute.

**Best-in-class risk decisioning.** Pay-cycle algorithms and risk models built by a team of data scientists, powered by a proprietary database of more than one billion 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.

# Business Update



# FY2023 Highlights

**1.9%**

Net Transaction Margin in FY23, up from 1.1% in FY22.

**2.1 %**

Net Transaction Loss in FY23, down from 2.4% in FY22.

**\$1 billion**

Cumulative Pay Advances surpassed since inception in 2019.

**\$42**

Average Customer Acquisition Cost in FY23, down 60% from \$105 in FY22.

**\$21.8<sub>m</sub>**

Cash and Cash Equivalents at 30 June 2023.

**\$26.8<sub>m</sub>**

Equity at 30 June 2023.

**35%**

Growth in Active Users YoY to 234,034 in FY23.

**(\$3.1m)**

EBITDA loss in FY23, down 84% from (\$19.5m) in FY22.

**\$628<sub>m</sub>**

Pay Advances in FY23, up 92% from FY22.

**96%**

Customers who have successfully repaid their first Pay Advance have since taken out a second Pay Advance in FY23.

**1 million**

Registered users since inception in 2019.

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# FY2023 Highlights

Key Metrics	H2 FY23	H1 FY23	% Change	FY23	FY22	% Change
<b>Platform Metrics</b>						
Pay Advances (\$m)	324.1	303.9	7%	628.0	327.3	92%
Average Pay Advance (\$)	346	391	(12%)	366	268	37%
Active Users (no. of users)	234,034	203,937	15%	234,034	173,398	35%
<b>Financial Metrics</b>						
Beforepay income (\$m)	16.1	14.6	11%	30.7	15.3	101%
Gross Transaction Loss % (of Pay Advances plus fee)	(3.0%)	(3.2%)	(5%)	(3.1%)	(3.1%)	-%
Net Transaction Loss % (of Pay Advances plus fee)	(2.0%)	(2.3%)	(14%)	(2.1%)	(2.4%)	(9%)
Net Transaction Margin (\$m)	6.6	5.1	32%	11.7	3.6	229%
Net Transaction Margin % (of Pay Advances)	2.1%	1.7%	24%	1.9%	1.1%	71%
EBITDA, excluding one-off and/or significant items (\$m)*	(0.4)	(2.7)	(88%)	(3.1)	(19.5)	(84%)
<b>A\$ Balance Sheet</b>				<b>FY23</b>	<b>FY22</b>	<b>% Change</b>
Cash position (\$m)				21.8	28.4	(23%)
Equity position (\$m)				26.8	32.6	(18%)

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# Strong Growth in Net Transaction Margin \$

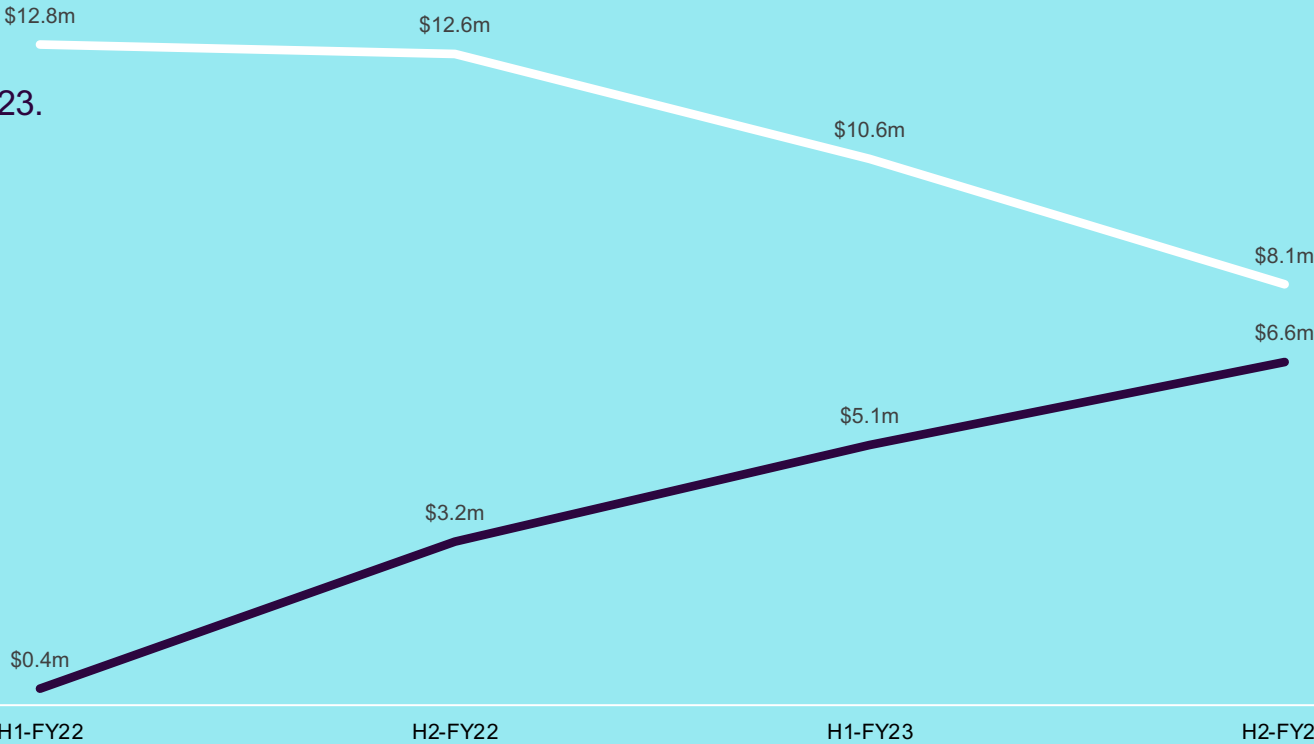
Along with Tight Cost Control

Net Transaction Margin  
and Operating Expenses  
by Half Year



## Operating Expenses

down 26% YoY to \$18.7m in FY23.



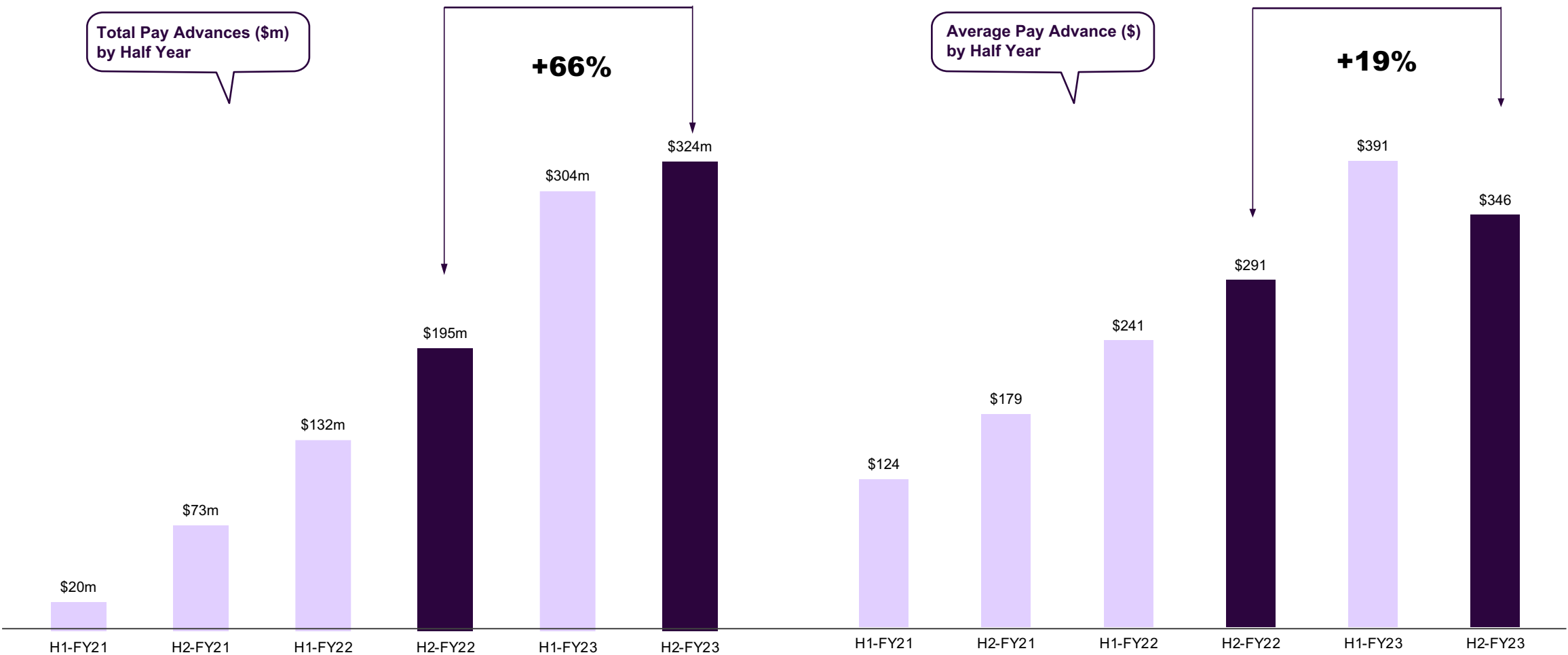
## Net Transaction Margin

up 229% YoY to \$11.7m in FY23.

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# Total and Average Pay Advances

## Incremental Growth in Pay Advances



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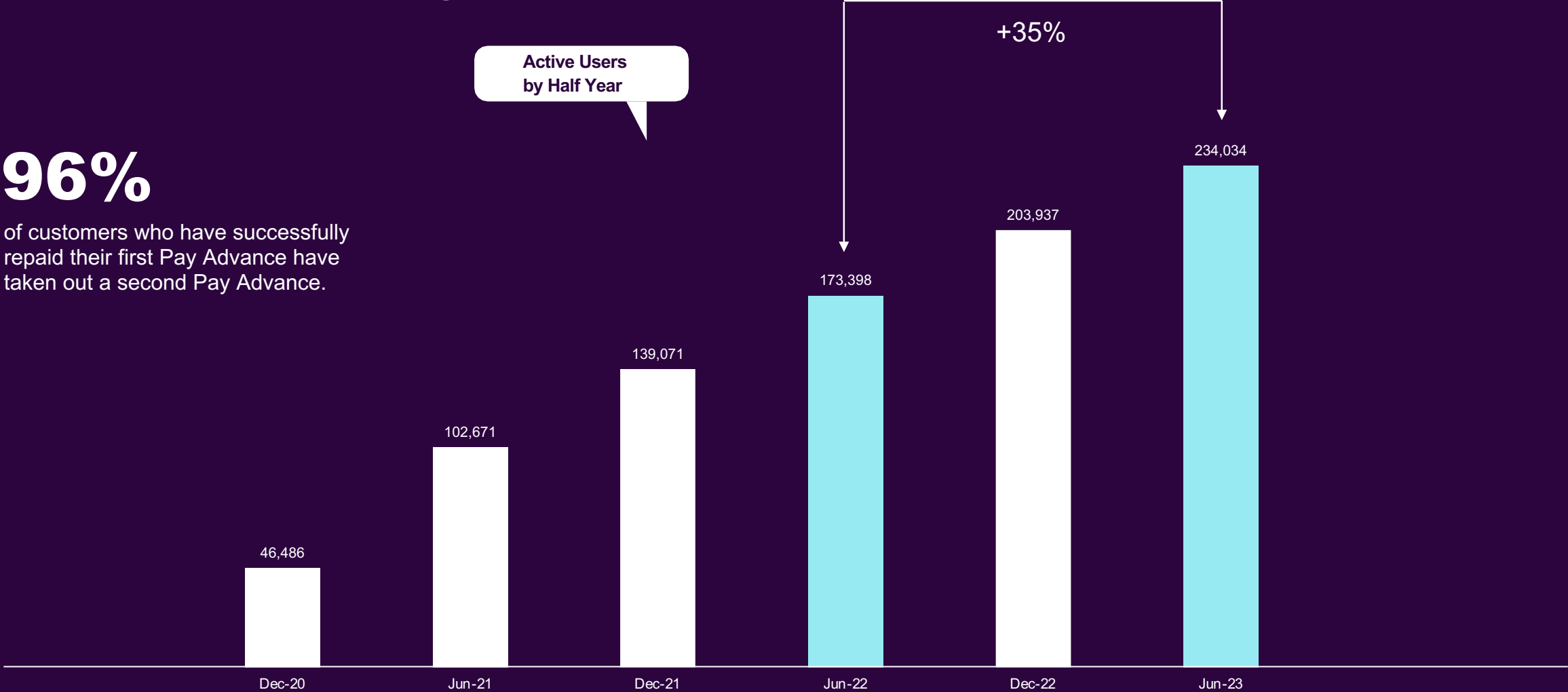
# Rapid Growth in Active Users

234,034 Active Users or 35% growth in FY23

96%

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

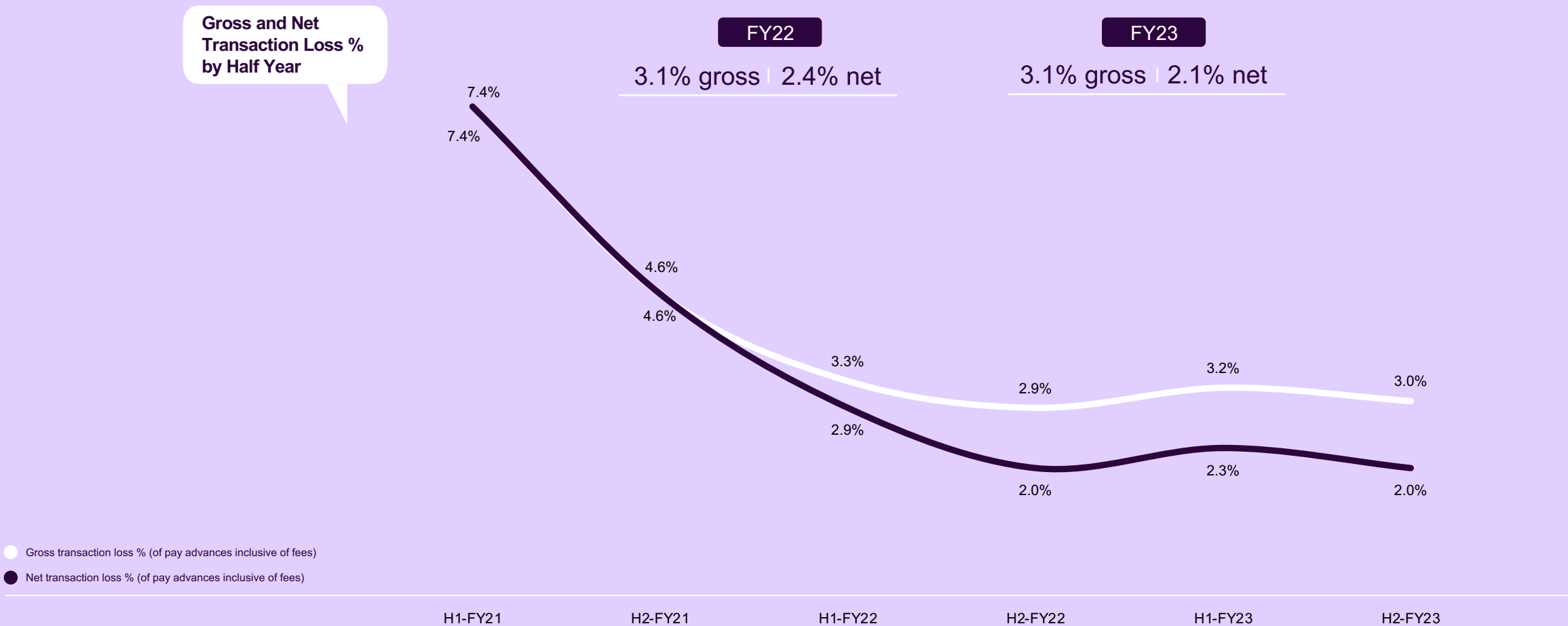
Active Users  
by Half Year



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# Declining Trend in Loan Defaults

Demonstrating Consistent Improvement in Credit Quality



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# Funding Costs – Debt Facility

## Low Sensitivity to Rising Interest Rates



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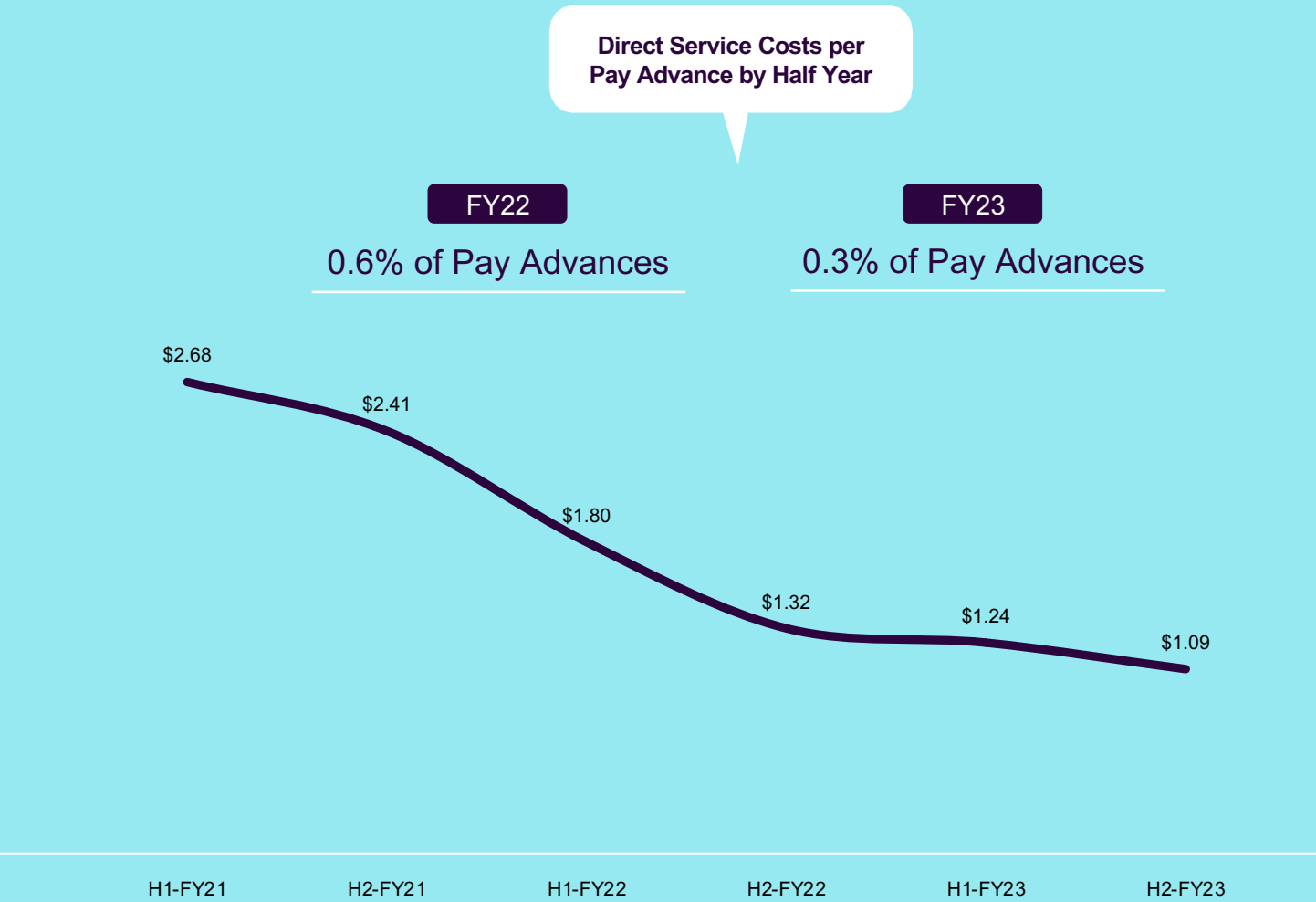
# Direct Service Costs

Continue to be Tightly Managed

Direct service costs include the costs in facilitating Pay Advances to customers: data collection, transaction categorisation, direct credit and direct debit.

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

Direct service costs as a % of pay advances reduced to 0.3% in FY23 (0.6% in FY22). Decreases were due to vendor negotiations, adjustments to vendors used and hitting volume thresholds in rate cards.



# Balance Sheet

## Strong Cash and Equity Position

\$m	June 2023	Jun 2022	\$ Change	% Change	Commentary
Cash position	21.8	28.4	(6.6)	(23%)	Growth in loan book due to issuing advances, loss after tax, timing of customer repayments, drawdown of receivables financing
Receivables	41.8	27.3	14.5	53%	Reflects growth in loan book and level of pay advances
Other assets	1.6	2.2	(0.6)	(29%)	Primarily due to lower non-current assets and prepayments
<b>Total assets</b>	<b>65.2</b>	<b>57.9</b>	<b>7.3</b>	<b>13%</b>	
Borrowings	33.3	20.6	12.7	61%	Debt facility utilisation to finance receivables
Other liabilities	5.0	4.7	0.3	6%	Reflects increases in trade and other payables
<b>Total liabilities</b>	<b>38.3</b>	<b>25.3</b>	<b>13.0</b>	<b>52%</b>	
<b>Equity position</b>	<b>26.8</b>	<b>32.6</b>	<b>(5.8)</b>	<b>(18%)</b>	
<i>Total debt facilities</i>	33.3	20.7	12.6	61%	<i>Total drawdown in third party debt facility (\$45m limit expiring in January 2024 - in discussions to extend facility beyond current term)</i>
<i>Undrawn facilities</i>	11.7	24.3	(12.6)	(52%)	

# Cash flow Statement

Operating, Investing and Financing Activities

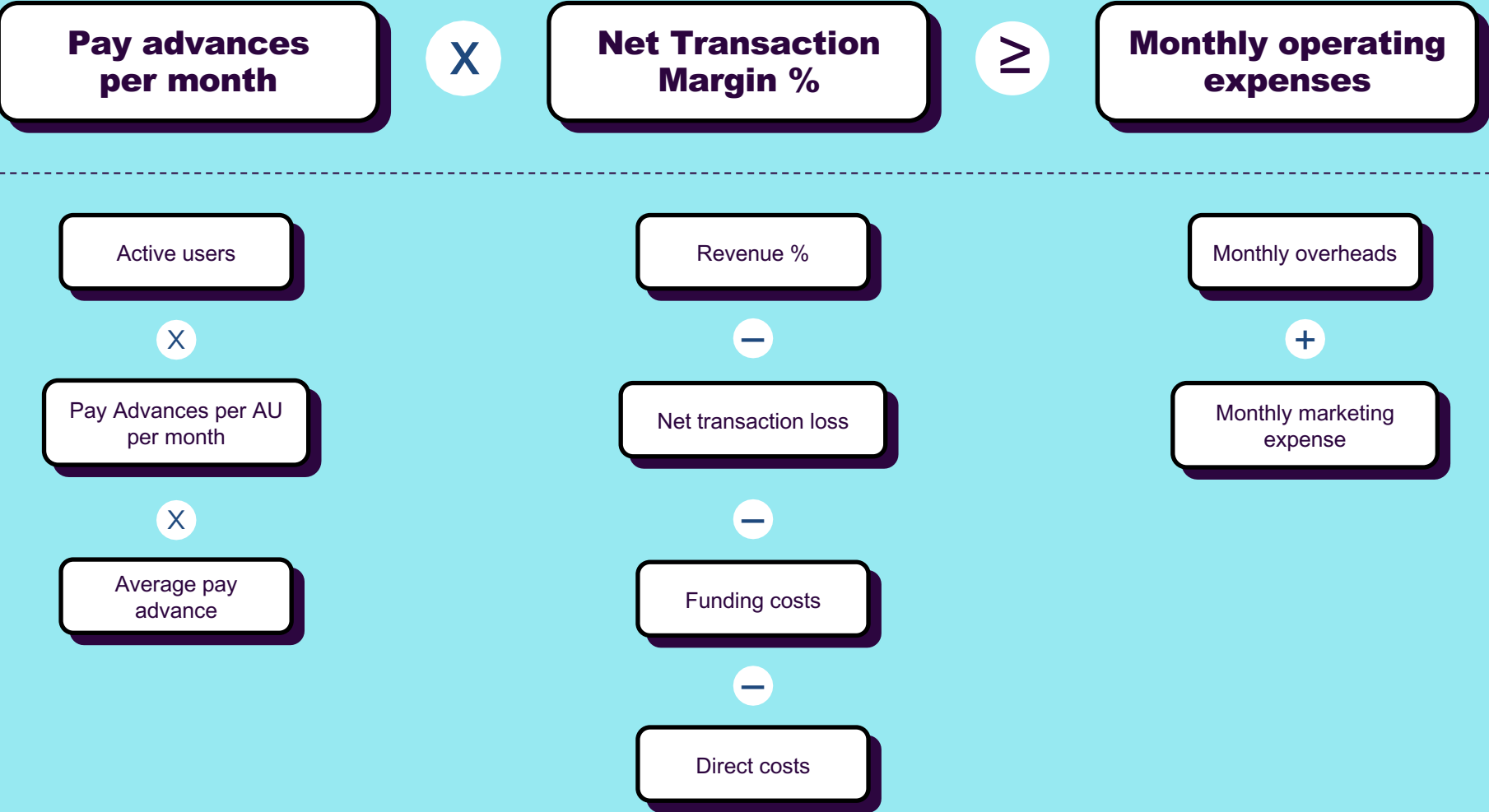
\$m	FY23	FY22
Receipts from repayment of customers advances	605.0	300.7
Receipts of Beforepay income	25.1	15.3
Payments to suppliers and employees	(19.2)	(24.0)
Advances to customers	(628.0)	(327.3)
Other	(1.4)	(0.9)
<b>Net cash used in operating activities</b>	<b>(18.5)</b>	<b>(36.2)</b>
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(0.1)</b>
Proceeds from issue of shares	-	35.0
Proceeds from convertible notes	-	11.7
Share issue transaction costs and IPO expenses	-	(5.0)
Proceeds from borrowings	12.3	13.9
Other	(0.4)	(0.9)
<b>Net cash from financing activities</b>	<b>11.9</b>	<b>54.7</b>
Net increase/(decrease) in cash and cash equivalents	(6.6)	18.4
Cash and cash equivalents at the beginning of the financial year	28.4	10.0
<b>Cash and cash equivalents at the end of the financial year</b>	<b>21.8</b>	<b>28.4</b>

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# Our Pathway to Profitability



# Our Pathway to Profitability/Breakeven





# NTM & Pathway to Profitability by Half Year

	FY23	H1 FY23	H1 FY23	FY22	H2FY23	H1FY22
Active users (no. of users)	234,034	234,034	203,937	173,398	173,398	139,071
Average pay advance (\$)	366	346	391	268	291	241
<b>Pay advances (\$m)</b>	<b>628.0</b>	<b>324.1</b>	<b>303.9</b>	<b>327.3</b>	<b>195.3</b>	<b>132.0</b>
Beforepay income* % (of pay advances)	4.9%	5.0%	4.8%	4.6%	4.8%	4.4%
Net transaction loss % (of pay advances plus fee)	(2.1%)	(2.0%)	(2.3%)	(2.4%)	(2.0%)	(2.9%)
Funding costs % (of pay advances)	(0.6%)	(0.6%)	(0.5%)	(0.5%)	(0.7%)	(0.5%)
Direct costs % (of pay advances)	(0.3%)	(0.3%)	(0.3%)	(0.6%)	(0.5%)	(0.7%)
<b>Net transaction margin % (of pay advances)</b>	<b>1.9%</b>	<b>2.1%</b>	<b>1.7%</b>	<b>1.1%</b>	<b>1.6%</b>	<b>0.3%</b>
Marketing expenses (\$m)	5.2	1.7	3.5	12.9	6.1	6.8
Overheads (\$m)	13.5	6.4	7.1	12.4	6.4	6.0
<b>Operating expenses, excluding one-off and/or significant items(\$m)</b>	<b>18.7</b>	<b>8.1</b>	<b>10.6</b>	<b>25.3</b>	<b>12.5</b>	<b>12.8</b>

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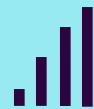
# What Comes Next



**Constrain costs  
and drive towards  
profitability**



**Continue growth in  
Australia with existing  
direct-to-consumer  
acquisition model**



**Continuous  
improvement of risk  
models, product, and  
customer experience**



**Explore  
additional growth  
opportunities**

# Q&A



# Thank You



# Appendix





# FY23 Management Profit & Loss (P&L)

A\$, unless otherwise stated	FY23
<b>Beforepay income</b>	<b>30,709,142</b>
Gross transaction loss	(20,344,262)
Gross transaction loss % (of pay advances inclusive of fees)	(3.1%)
Recoveries (net of costs)	6,183,811
Recoveries % (of gross transaction loss)	30.4%
<b>Net transaction loss</b>	<b>(14,160,451)</b>
Net transaction loss % (of pay advances inclusive of fees)	(2.1%)
Third party funding costs	(2,822,652)
Third party funding costs % (of pay advances)	(0.6%)
Direct costs	(1,989,475)
Direct costs % (of pay advances)	(0.3%)
<b>Net transaction margin</b>	<b>11,736,564</b>
Net transaction margin % (of Beforepay income)	38.2%
Employee benefits expense	(9,808,793)
G&A and other expenses	(3,681,037)
Advertising and marketing expenses	(5,243,553)
<b>Total operating expenses</b>	<b>(18,733,383)</b>
Total non-operating expenses	(292,061)
Other income and interest revenue not recognised in NTM	1,397,728
Add back: Third party funding costs deducted from NTM	2,822,652
<b>EBITDA, excluding one-off and/or significant items</b>	<b>(3,068,500)</b>

A\$, unless otherwise stated	FY23
<b>EBITDA, excluding one-off and/or significant items</b>	<b>(3,068,500)</b>
<b>Depreciation &amp; amortisation expense (D&amp;A)</b>	<b>(483,694)</b>
<b>Removal of D&amp;A related to lease accounting already recognised in occupancy expense in EBITDA</b>	<b>365,702</b>
<b>Finance costs</b>	<b>(3,247,899)</b>
<b>One-off and significant items:</b>	
Termination fee for previous CFO	(201,072)
<b>Total one-off and/or significant items</b>	<b>(201,072)</b>
<b>Loss before income tax</b>	<b>(6,635,463)</b>

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# FY23 NTM Reconciliation to Statutory P&L

## Management P&L – Income to Net Transaction Margin

A\$, unless otherwise stated	FY23
<b>Beforepay income</b>	<b>30,709,142</b>
Gross transaction loss	(20,344,262)
Gross transaction loss % (of pay advances inclusive of fees)	(3.1%)
Recoveries (net of costs)	6,183,811
Recoveries % (of pay advances inclusive of fees)	1.0%
<b>Net transaction loss</b>	<b>(14,160,451)</b>
Net transaction loss % (of pay advances inclusive of fees)	(2.1%)
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Direct costs % (of pay advances)	(0.3%)
<b>Net transaction margin</b>	<b>11,736,564</b>
Net transaction margin % (of pay advances)	1.9%

### 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 Part of the \$3.25M of Finance costs related to funding pay advances
- 4 Direct service cost

## Statutory Profit and Loss

A\$, unless otherwise stated	FY23
<b>Revenue</b>	
Beforepay income	\$30,709,142
Other income	\$1,397,728
<b>Expenses</b>	
Direct service cost	(\$1,989,475)
Employee benefits expense	(\$9,808,793)
Depreciation and amortisation expense	(\$483,694)
IPO related expenses	(\$292,061)
Expected credit losses expense	(\$14,160,451)
Occupancy expenses	(\$39,088)
Advertising and marketing expenses	(\$5,243,553)
Professional and consultancy expenses	(\$1,511,672)
Software licences	(\$10,955)
Technical suppliers	(\$942,597)
Other expenses	(\$1,012,095)
Finance costs	(\$3,247,899)
<b>Loss before income tax expense</b>	<b>(\$6,635,463)</b>
Income tax expense	-
<b>Loss after income tax expense for the year attributable to the owners of Beforepay Group Limited</b>	<b>(\$6,635,463)</b>
Other comprehensive income for the year, net of tax	-
<b>Total comprehensive income for the year attributable to the owners of Beforepay Group Limited</b>	<b>(\$6,635,463)</b>

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# FY23 EBITDA Reconciliation to Statutory P&L

## Management P&L – Net Transaction Margin to EBITDA

A\$, unless otherwise stated	FY23
Net transaction margin	11,736,564
Net transaction margin % (of Beforepay income)	38.2%
Employee benefits expense	(9,808,793)
G&A and other expenses	(3,681,037)
Advertising and marketing expenses	(5,243,553)
<b>Total operating expenses</b>	<b>(18,733,383)</b>
Total non-operating expenses	(292,061)
Other income and interest revenue not recognised in NTM	1,397,728
Add back: Third party funding costs deducted from NTM	2,822,652
<b>EBITDA, excluding one-off and/or significant items</b>	<b>(3,068,500)</b>

### Reference to Statutory Profit and Loss

- 1 Employee benefits expense includes one-off share-based payments
- 2 IPO related expenses
- 3 Other income
- 4 Add back \$2.82M of finance costs deducted from NTM

## Statutory Profit and Loss

A\$, unless otherwise stated	FY23
<b>Revenue</b>	
Beforepay income	\$30,709,142
Other income	\$1,397,728
<b>Expenses</b>	
Direct service cost	(\$1,989,475)
Employee benefits expense	(\$9,808,793)
Depreciation and amortisation expense	(\$483,694)
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Other comprehensive income for the year, net of tax	-
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# Glossary

Term	Definition
<b>Active Users</b>	A customer of Beforepay, who has taken out an advance in the previous 12 months from the date of the relevant information. This includes customers who have not repaid their most recent cash out and are not eligible to re-borrow until they have done so. The figures presented on Active Users are unaudited.
<b>Average Pay Advance</b>	Total dollar volume of pay advances in a period divided by the number of pay advances in that period. The figures presented on Average Pay Advance are unaudited.
<b>App</b>	Either one of the two smartphone applications of Beforepay, one for iOS devices and one for Android or the web application, as appropriate in its context.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited or the securities exchange that it operates, as the context requires.
<b>Beforepay</b>	The Company and its controlled entities (and, where the context requires, the businesses conducted by those entities).
<b>Beforepay Income</b>	The transactions fees charged to customers on advances. Beforepay income is calculated and charged based on a fixed percentage (5%) of the amount advanced.
<b>Cash Out or Pay Advances or pay advances</b>	An advance made or offered by Beforepay to a user. The figures presented on pay advances are unaudited.

Term	Definition
<b>Customer Acquisition Costs</b>	Advertising and marketing expenses attributable to customer acquisition divided by the number of first time cash outs. The figures presented on Customer Acquisition Costs are unaudited.
<b>Depreciation and Amortisation Expense</b>	Depreciation and amortisation expense are related to lease liabilities that the Company considers effectively to be a part of occupancy costs.
<b>Direct Costs or Direct Service Costs</b>	Direct service costs include the cost of services involved in facilitating pay advances to customers: data collection, transaction categorisation, direct credit, and direct debit.
<b>Direct Costs % (of pay advances)</b>	Direct costs in facilitating pay advances to customers divided by pay advances.
<b>Duration</b>	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.
<b>EBITDA</b>	Earnings before interest, taxation, depreciation and amortization (adjusted). The figures presented on EBITDA are unaudited.
<b>EBITDA, excluding One- Off and/or Significant Items</b>	EBITDA less one-off and/or significant items.

# Glossary

Term	Definition
<b>Finance Costs</b>	Finance costs are related to the debt facility with Longreach and interest on lease liability.
<b>G&amp;A and Other Expenses</b>	Occupancy expenses, professional and consultancy expenses, software licenses, technical suppliers, and other expenses (all from the full-year FY2023 statutory financial statements).
<b>Group</b>	The Company and each of its subsidiaries.
<b>Gross Transaction Loss</b>	Expected credit loss expense excluding recoveries.
<b>Gross Transaction Loss %</b>	Gross transaction loss as a percentage of pay advances plus fees. The figures presented on Gross Transaction Loss % are unaudited.
<b>IFRS</b>	International Financial Reporting Standards issued by the International Accounting Standards Board.
<b>Interest Income</b>	Interest earned on cash at bank. It is not the fee that Beforepay charges to its customers.
<b>Loan-To-Value Ratio of External Debt Facility</b>	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.
<b>Longreach</b>	Longreach Credit Investors Pty Ltd.
<b>Management</b>	The executive management team of Beforepay.

Term	Definition
<b>Net Transaction Loss</b>	Actual and expected credit losses (net of recoveries). It comprises customer defaults plus current advances provisioned during the period. The figures presented on Net Transaction Loss are unaudited.
<b>Net Transaction Loss %</b>	Net transaction loss as a percentage of pay advances plus fees. The figures presented on Net Transaction Loss % are unaudited.
<b>Net Transaction Margin</b>	Comprises Beforepay income (being Beforepay pay advance fee income) less the variable costs associated with facilitating the pay advance transaction (net of recoveries). Variable costs include net transaction loss, third party funding costs and direct service costs. Net transaction margin is a management metric used to measure the gross margin on pay advances. The figures presented on Net Transaction Margin are unaudited.
<b>Net Transaction Margin %</b>	Net transaction margin as a percentage of pay advances. The figures presented on Net Transaction Margin % are unaudited.
<b>Non-IFRS Financial Information</b>	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.



# Glossary

Term	Definition
<b>Operating Expenses</b>	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).
<b>Pay Advances or Total Pay Advances</b>	The aggregate dollar value of cash outs in a specified period to a user. The figures presented on Pay Advances are unaudited.
<b>Pay on Demand</b>	Pay-on-demand, being the product offered by Beforepay via cash outs.
<b>Recoveries</b>	Monies repaid by customers after a pay advance has defaulted at 62 days after the date of issuance (net of costs) of the recovery.
<b>Recoveries %</b>	Recoveries divided by gross transaction loss.
<b>Revenue</b>	Revenue includes Beforepay income plus interest income.
<b>Reuse Rate %</b>	Percentage of customers who have successfully repaid their first pay advance and have since taken out a second pay advance in the current financial year. The figures presented on Reuse Rate % are unaudited.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.

Term	Definition
<b>Third-Party Debt Facility</b>	The facility agreement with Longreach for a maximum commitment of A\$45 million also referred to as “external debt facility” or “total facilities” or “the facility.” The financing facility has capacity which increases to A\$45 million by 15 December 2023 and expires in January 2024. Unused financing facilities available at reporting date is subject to meeting the Eligible Receivable test under the facility agreement.
<b>Third Party Funding Costs or Cost of External Debt Facility</b>	Third party financing costs related to the cash interest costs of funding pay advances through drawing on the third-party debt facility.
<b>Third Party Funding Costs % (of Pay Advances)</b>	Third party funding costs divided by total pay advances.