

Beforepay Group Limited

ASX ANNOUNCEMENT (ASX: B4P)

4 March 2024

Beforepay Group launches Carrington Labs, a business line to commercialise its AI-powered risk models and lending platform

Beforepay Group Limited (Beforepay or the Company) (ASX: B4P) is pleased to announce the launch of its business-to-business offering, which will make the Company's technology available to enterprises. This offering commercialises the Company's risk-management solutions, proprietary models, and lending platform.

The new business will trade under the name "Carrington Labs" and will offer enterprise clients the same technology and artificial-intelligence tools that power Beforepay's ethical-lending products, and enables the Company's rapid growth, high levels of efficiency, and excellent lending outcomes.

Carrington Labs will offer two products. The first is a decision engine that brings together in one wrapper the Company's AI-powered risk-management modules, using alternative data to make quick, accurate lending decisions in a fully-automated, low-cost manner. This engine combines the following tools:

- AI-powered paycycle detection and prediction - algorithms that use natural-language processing (NLP) and machine learning used to identify salary transactions and forecast income timing and amounts going forward, for income verification and repayment scheduling;
- Data ingestion and pre-processing - a module to take in different types of alternative data, categorise transactions, and prepare the data for training and inference;
- Advanced risk assessment - the centrepiece of this solution, our native AI risk-scoring model tests more than 50,000 individual variables to select the 400-500 most predictive variables that could impact a borrower's financial stability and creditworthiness, including behavioural, financial, and other factors, using gradient-boosting algorithms;
- Personalised limit-setting - an engine that automatically conducts programmatic A/B testing, randomising users into different cohorts with different limit journeys, to create data points which can then allow estimation of default elasticity. This enables the calculation of the value-maximising limit for each customer, based on likelihood of default at different potential limit sizes and the implications for expected customer lifetime value; and
- Repayment scheduling and debiting - logic to combine the limit-setting outputs and the paycycle forecasting to create an individual, optimised schedule for customer repayments.

The second product from Carrington Labs will be an end-to-end loan origination and servicing platform, the next iteration of the highly automated, highly efficient lending platform that has enabled Beforepay to issue more than 4 million loans since inception. Beforepay's current platform allows it to originate an average of 35,000 loans each week with a team of fewer than 40 employees and additional outsourced offshore customer-support staff.

This end-to-end solution will aim to support an entirely digital lending journey, expected to enable customers to go from account creation to funds received in as little as 5 minutes, done entirely through a smartphone app (or optional web interface). It will seek to combine origination, loan management, and

an optional front-end experience in an integrated and efficient way.

For more information, prospective customers can visit www.carringtonlabs.com.

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

For more information, please contact:

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About Carrington Labs

Carrington Labs is the artificial-intelligence and enterprise-software division of Beforepay Group. It builds and deploys AI-powered loan-decisioning systems and high-volume, high-efficiency lending platforms. Beforepay Group has used the Carrington Labs products and their predecessors to issue more than 4 million loans in Australia.

About Beforepay Group

Beforepay Group is an ethical-lending fintech founded in 2019 to create safe and affordable lending products. Beforepay Group operates two business lines, Carrington Labs and Beforepay, the Company's direct-to-consumer business. Beforepay's flagship pay advance product is a safe and affordable way for customers to access a portion of their pay, on demand, for a single fixed fee to help them through short-term cash-flow challenges.