

ASX Announcement (ASX: B4P)

29 July 2024

Beforepay Group Q4 FY24 Quarterly Activities and Appendix 4C Cash Flow Report (Unaudited)

Continues quarterly profitability and sets to launch new products in Q2 FY25

Beforepay Group Limited (the Company) (ASX: B4P) has released its Appendix 4C for the quarter ended 30 June 2024 (Q4 FY24).

Beforepay Group CEO, Jamie Twiss said, "I'm pleased to be announcing another profitable quarter, driven by strong credit performance and continued operational discipline and efficiency. I'm also excited about seeing the team's hard work be brought to life with the upcoming launch of a new loan product in FY25, pending regulatory approval, and the launch of Carrington Labs, our new enterprise business."

Key Q4 FY24 Highlights

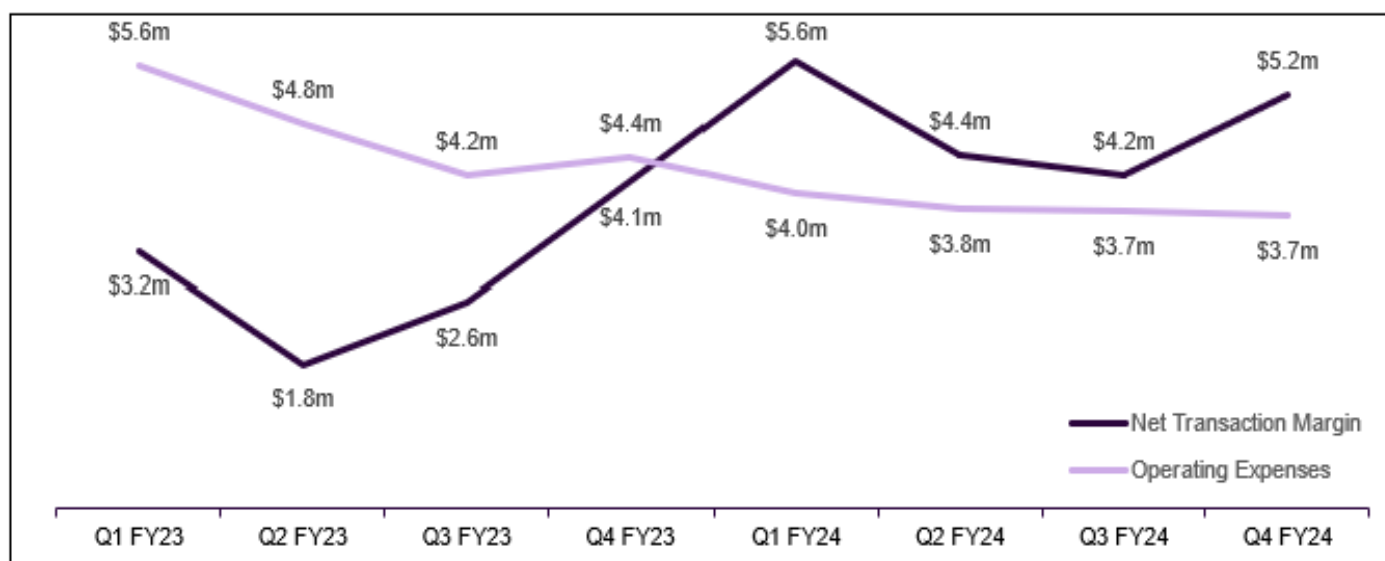
- The Company achieved a net profit before tax of \$1.4m and an EBITDA of \$2.7m. This is the Company's fourth consecutive quarterly unaudited net profit.
- Net Transaction Margin expanded (\$5.2m in Q4 FY24 vs \$4.1m in Q4 FY23) and net defaults improved to 1.2%, down from 1.4% in Q4 FY23 despite the increase in advances, demonstrating continued strong credit performance.
- The Company has seen record active users in Q4 FY24 and increased new-user acquisition in core products in recent months as a result of focused performance marketing and additional marketing spend.
- Carrington Labs, the Company's new business set up to provide its AI-powered risk models and lending solutions, is off to a strong start, with a robust pipeline of international opportunities, including two signed non-binding Letters of Intent in Q4FY24.
- The Company has launched its Tax Refund Advance (TRA) product for the FY24 tax season, distributed through our partnership with H&R Block. Results to date show an uplift from last year's TRA numbers.
- The Company is working towards launching a new loan product in FY25, subject to regulatory approval. The new product will allow customers to access greater sums for a longer period of time. The Company will release additional details about the new product in due course.
- The Company's underlying reported cash on hand has also improved, with \$19.2m as at Q4 FY24, compared to \$18.0m at Q3 FY24.¹ As at the end of Q4 FY24, the Company had drawn \$37.3m under its third-party debt facility (\$17.7m undrawn).

¹⁷ The cash-on-hand figure of \$19.2m excludes \$6.0m in cash held by third parties to fund customer advances. This compares to \$18.0m cash-on-hand as at Q3 FY24 which excludes \$8.7m of cash held by third parties.

Overview

	Q4 FY24	Q4 FY23	Q3 FY24	YoY Change %	QoQ Change %
Platform metrics					
Advances	\$178.7m	\$162.2m	\$172.3m	10%	4%
Average advance	\$374	\$341	\$379	10%	(1%)
Active users (no. users) ²	240,254	234,034	233,776	3%	3%
Financial metrics					
Income	\$9.0m	\$7.9m	\$8.7m	15%	4%
Net defaults % (of advances plus fees) ³	1.2%	1.4%	1.6%	(13%)	(25%)
Net transaction margin	\$5.2m	\$4.1m	\$4.2m	27%	24%
Net transaction margin % (of advances)	2.9%	2.5%	2.4%	16%	20%
EBITDA	\$2.7m	\$0.5m	\$1.6m	Large	69%
NPBT	\$1.4m	(\$0.5m)	\$0.3m	N/A	Large

Net Transaction Margin and Operating Expenses (\$m) By Quarter



Cash and Equity Position By Quarter

	Q4 FY24	Q3 FY24	Change (\$)
Balance sheet			
Cash position	\$19,227,765 ⁴	\$17,989,313	\$1,238,452
Equity position	\$30,252,075 ⁵	\$29,967,488	\$284,587

² Customers of Beforepay who have taken out an advance in the previous 12 months from the relevant date. This includes customers who have not yet repaid their most recent cash out and are not eligible to re-borrow until they have done so.

³ Net defaults were referred to as net transaction loss in previous releases.

⁴ Cash position as at 30 June 2024 represents statutory cash and cash equivalents (excludes \$6.0m in cash held by third parties to fund customer advances).

⁵ Equity position as at 30 June 2024 comprises issued capital, reserves and accumulated losses.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C was \$189,423 that comprised of payments made to Non-Executive Directors relating to salary and wages (inclusive of superannuation and applicable taxes withheld) and Director fees on standard terms.

Investor Webinar

The Company invites investors and shareholders to the accompanying webinar to be held today at 9.30am AEST. To register please use this [link](#). After registering, you will receive a confirmation email containing information about joining the meeting.

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

For more information, please contact:

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About Beforepay Group

Beforepay was founded in 2019 to support working Australians who have not been well-served by the traditional financial-services industry. Beforepay Group operates two business lines: Beforepay, the Company's direct-to-consumer lending business and Carrington Labs, which builds and deploys explainable AI-powered loan portfolio recommendations and lending solutions. The company has won several awards in 2024 including APAC Insider Australia Enterprise Awards 2024: Best Ethical-Lending FinTech 2024 and Most Innovative Ethical Lender of the Year 2024. For more information visit www.beforepay.com.au.

Important notice

This announcement contains selected summary information only and is provided for general information purposes only. It should be read in conjunction with Beforepay Group's continuous disclosure announcements available [here](#). Nothing in this announcement constitutes a representation or warranty, expressed or implemented, or financial or other advice and it is not to be relied upon in substitution for the recipient's own exercise of independent judgment regarding Beforepay Group. Before making an investment decision, the recipient should obtain advice as it considers necessary or appropriate.

To the maximum extent permitted by law, no member of the Beforepay Group accepts any liability for any loss whatsoever arising from the use of this announcement. This announcement includes information regarding past performance of Beforepay Group and investors should be aware that past performance is not and should not be relied upon as being indicative of future performance.

Investors should note that certain financial data in this announcement is not recognised under the Australian Accounting Standards ('AAS') and is classified as 'non-IFRS financial information' under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information'. Beforepay Group considers that non-IFRS information provides useful information to users in measuring the financial performance and position of the Beforepay Group. The non-IFRS financial measures do not have standardized meanings under AAS and therefore may not be comparable to similarly titled measures determined in accordance with AAS. Readers are cautioned to not place undue reliance on any non-IFRS financial information and ratios in this announcement. All dollar values are in Australian dollars (\$) unless stated otherwise. All figures are unaudited. Change percentages are calculated using unrounded figures and may differ slightly from a number calculated using rounded figures.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Beforepay Group Limited

ABN

63 633 925 505

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers ¹	185,971	726,314
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(363)	(1,525)
(c) advertising and marketing	(1,203)	(3,542)
(d) leased assets		
(e) staff costs	(1,891)	(7,226)
(f) administration and corporate costs	(1,609)	(4,295)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	28
1.5 Interest and other costs of finance paid ²	(1,136)	(4,151)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material) ³	(178,727)	(709,598)
1.9 Net cash from / (used in) operating activities	1,048	(3,995)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities		
(h) businesses		
(i) property, plant and equipment	(18)	(63)

¹ Receipts from customers comprises repayment of customer advances, inclusive of Beforepay fee income

² Interest associated with the debt facility which funds customer advances

³ Payments to customers comprises cash outs (advances) to customers

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(j) investments		
	(k) intellectual property		
	(l) other non-current assets	(665)	(1,102)
2.2	Proceeds from disposal of:		
	(a) entities		
	(m) businesses		
	(n) property, plant and equipment	1	2
	(o) investments		
	(p) intellectual property		
	(q) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(682)	(1,163)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	126	207
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings ⁴	892	3,976
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	0	(1,132)
3.8	Dividends paid		
3.9	Other (provide details if material) ⁵	(145)	(443)
3.10	Net cash from / (used in) financing activities	873	2,608
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,989	21,778

⁴ Borrowings from the debt facility to fund customers cash outs (advances)

⁵ Repayment of lease

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,048	(3,995)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(682)	(1,163)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	873	2,608
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	19,228	19,228

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	19,228	17,989
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	19,228	17,989

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	189
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>The company made payments to Non-Executive Directors relating to Salaries & Wages (inclusive of superannuation and applicable taxes withheld).</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	55,000	(37,261)
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	55,000	(37,261)
7.5	Unused financing facilities available at quarter end		17,739

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

On 18 October 2023, Beforepay Finance Pty Ltd, a subsidiary of Beforepay Group Ltd, signed a new secured debt facility agreement for A\$55 million with Australian Commercial Mortgage Corporation Pty Ltd as trustee for the Australian AB Finance Trust (**Balmain Group**) and AMAL Trustees Pty Ltd as trustee for the Longreach Direct Lending Fund (**Longreach Credit Investors**).

- The new debt facility was used to refinance the existing debt facility with Longreach Credit Investors and to support continued growth in Beforepay's loan book.
- The key terms of the new facility agreement include:
 - A\$55 million facility (A\$35 million from Longreach Credit Investors and A\$20 million from Balmain Group) for 3 years to 15 October 2026 with the potential to extend the total facility size in a future period.
 - The maximum commitment increases in non-linear increments over time to \$55 million by 14 June 2025.
 - Borrowing base broadly equal to 80% of the value of eligible receivables.
 - Interest rate - 12.25% to 13.25%, depending on a fixed charge coverage ratio (FCCR) linked to an EBITDA financial performance measure.
 - Upfront fees and costs of c.1.7% on the A\$55 million balance.
- Financing facilities available at quarter end are subject to meeting the borrowing base test under the facility agreement.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,047
8.2	Cash and cash equivalents at quarter end (item 4.6)	19,228
8.3	Unused finance facilities available at quarter end (item 7.5)	17,739
8.4	Total available funding (item 8.2 + item 8.3)	36,967
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:29 July 2024.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.