

Annual Results Presentation

Annual Results FY24

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27 August 2024



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What we do

Our Mission:

To support people around the world with safe and affordable lending products

Beforepay Group provides fast and affordable short-term finance to Australians, designed to prevent customers getting into too much debt or paying compound interest.

We also offer our automated platform and AI-powered risk models to partners in other jurisdictions.



Beforepay Group



Beforepay

For consumers

Beforepay is our domestic consumer-lending business. Through our flagship Pay Advance product, eligible customers can access up to \$2,000 for a fixed 5% fee to manage short-term cash flow challenges. Our simple and straightforward pricing structure offers a transparent and customer-friendly approach to lending that reduces risk of long-term, revolving debt.



Carrington Labs

For enterprise

Carrington Labs commercialises the same AI risk models and loan management technologies that power Beforepay. Offering explainable AI credit risk scoring, a limit-recommendation engine, and end-to-end lending solutions tailored to each lender's data, Carrington Labs aims to empower financial institutions with more informed and inclusive lending decisions while also improving operational efficiency.



Beforepay and Carrington Labs use the same technology stack and risk-management capabilities, with a single team of engineers, data scientists, and credit experts building and maintaining the underlying systems and IP that power both businesses.

Ethical lending



As an organisation committed to ethical¹ lending, Beforepay prioritises the financial well-being of our customers.

Designed for customer safety

Customers do not pay compound interest and can only take one advance at a time, reducing the risk of a debt spiral.

Ethical short-term finance¹

We are a 2 time ethical award winner that provide small advances (\$382 on average) directly to consumers.

Highly efficient automated platform

Automated digital platform enables new customers to onboard and receive funds in as little as 5 minutes. Thousands of loans are originated each day with our small team of 42 employees².

Designed to be affordable

We charge a one-time 5% fee on the amount advanced, with no interest or late fees, a fraction of the cost of many other lender.

Artificial-intelligence powered risk management

Sophisticated proprietary models assess customer probability of default and determine limits based on estimates of default elasticity and lifetime value.

Data at the core

Significant data asset with more than 4 billion lines of transaction data; strong data-science and AI capabilities and culture.

1. Based on Ethical Lender of the Year – Pan Finance International Awards 2023 & Ethical Lender of the Year – Wealth & Finance International FinTech Awards 2023.

2. Excluding directors or offshore contractors.

Our approach has received industry recognition, with Beforepay receiving multiple ethical-lending awards

APAC Ethical Finance Awards, Wealth and Finance International

International Business Magazine Awards

APAC Australian Enterprise Awards, APAC Insider



Revolutionising Lending with AI:

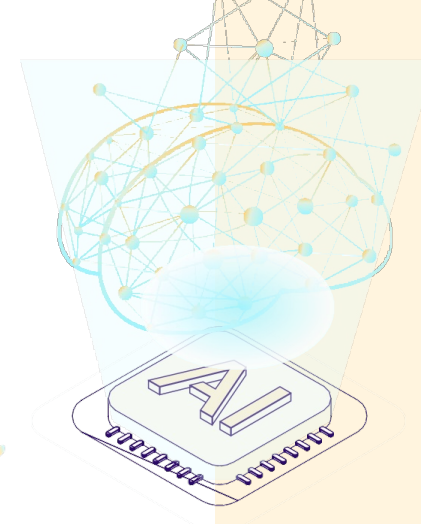
Our B2B Solution for Lenders



We train proprietary AI models on a massive dataset to identify hidden risks and opportunities.

This enables us to generate accurate alternative risk scores and optimal lending limits. Traditional credit scoring methods fall short of providing a full picture of customers.

Leveraging AI, we build a comprehensive financial profile of loan applicants, incorporating non-traditional data points.



Carrington Labs is at the forefront of transforming lending with advanced AI technology.

Our Carrington Labs business is built upon the risk models and technology that power the Beforepay consumer brand. It is our B2B solution that empowers lenders to:

- Enhance credit risk assessment: Identify hidden risks and opportunities through comprehensive financial profiling.
- Increase profitability: Optimise lending decisions, reduce defaults, and improve loan portfolio performance.
- Expand customer base: Make faster, more informed, and inclusive lending decisions.
- Personalise offerings: Tailor loan products to individual customer needs.

Limit recommendations

- Optimal lending limits based on default probability analysis and expected elasticity
- Analyses default probabilities at different limit sizes
- Maximises dollar contribution to margins while minimising risk
- Often leads to opportunities to increase revenue meaningfully

Enhanced credit risk modelling

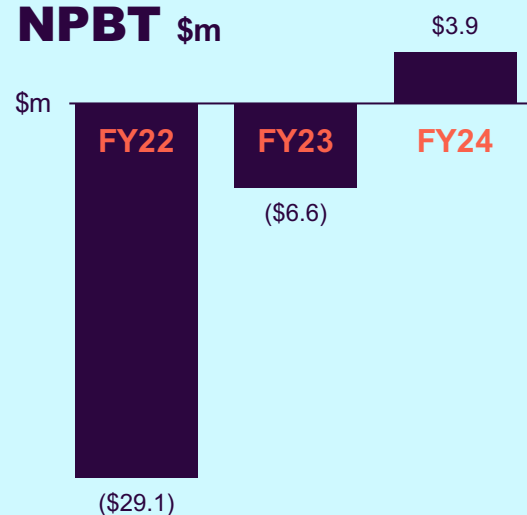
- Identifies latent predictors of credit risk
- Incorporates non-traditional data points
- Uncovers hidden risks and opportunities



Business Update

FY24 Highlights

NPBT \$m



↑ **Pay Advances**
\$710m
up 13% from FY23

↑ **NPBT**
\$3.9m
from a loss (\$6.6m) in FY23

↓ **Net Defaults**
1.4%
down from 2.1% in FY23

↑ **Active Users**
240,254
at 30 June 2024.

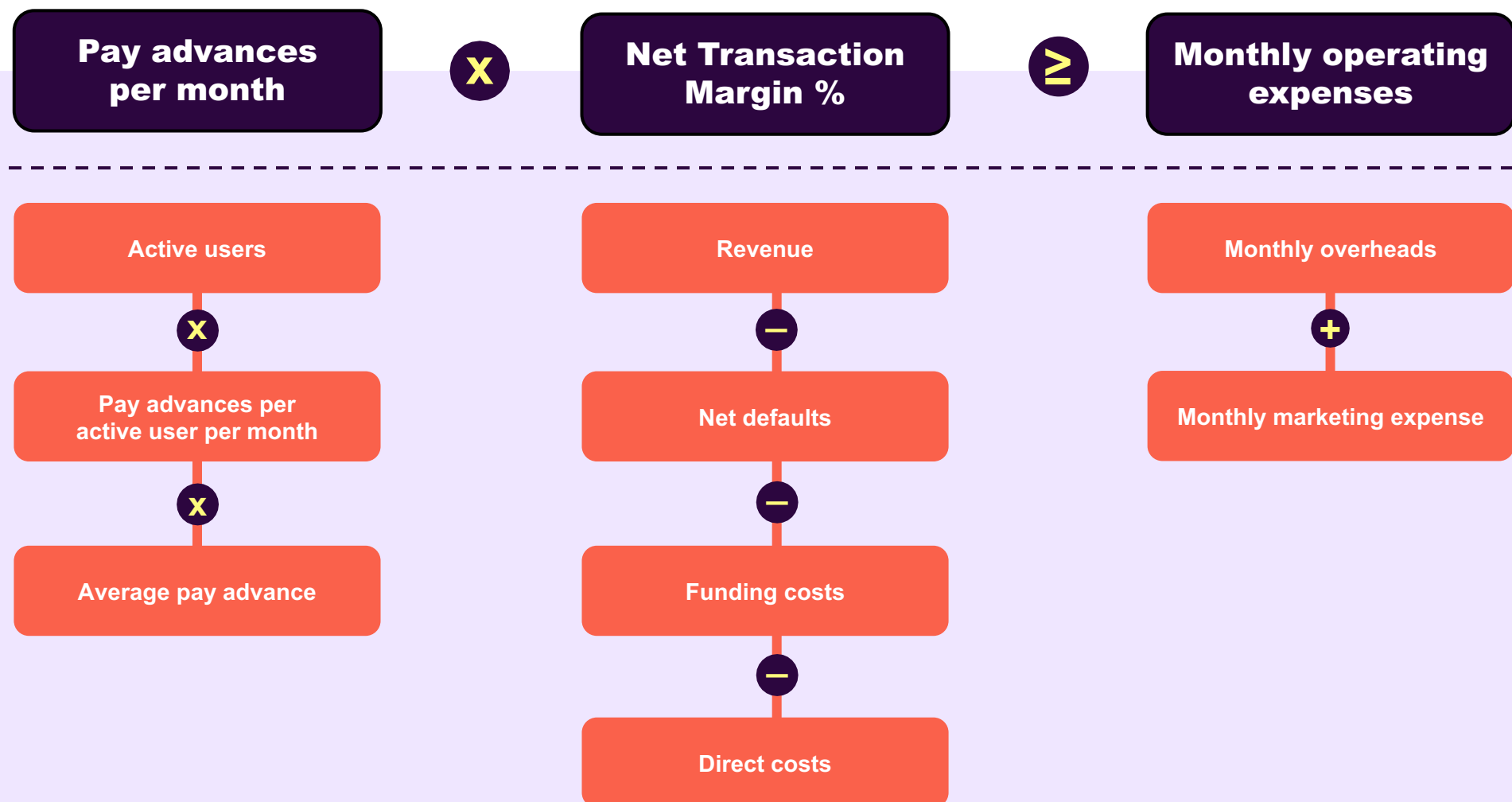
↑ **NTM**
\$19.5m
up 66% from FY23

↓ **Operating Expenses**
\$15.1m
down from \$18.7m in FY23

Cash
\$19.2m
at 30 June 2024

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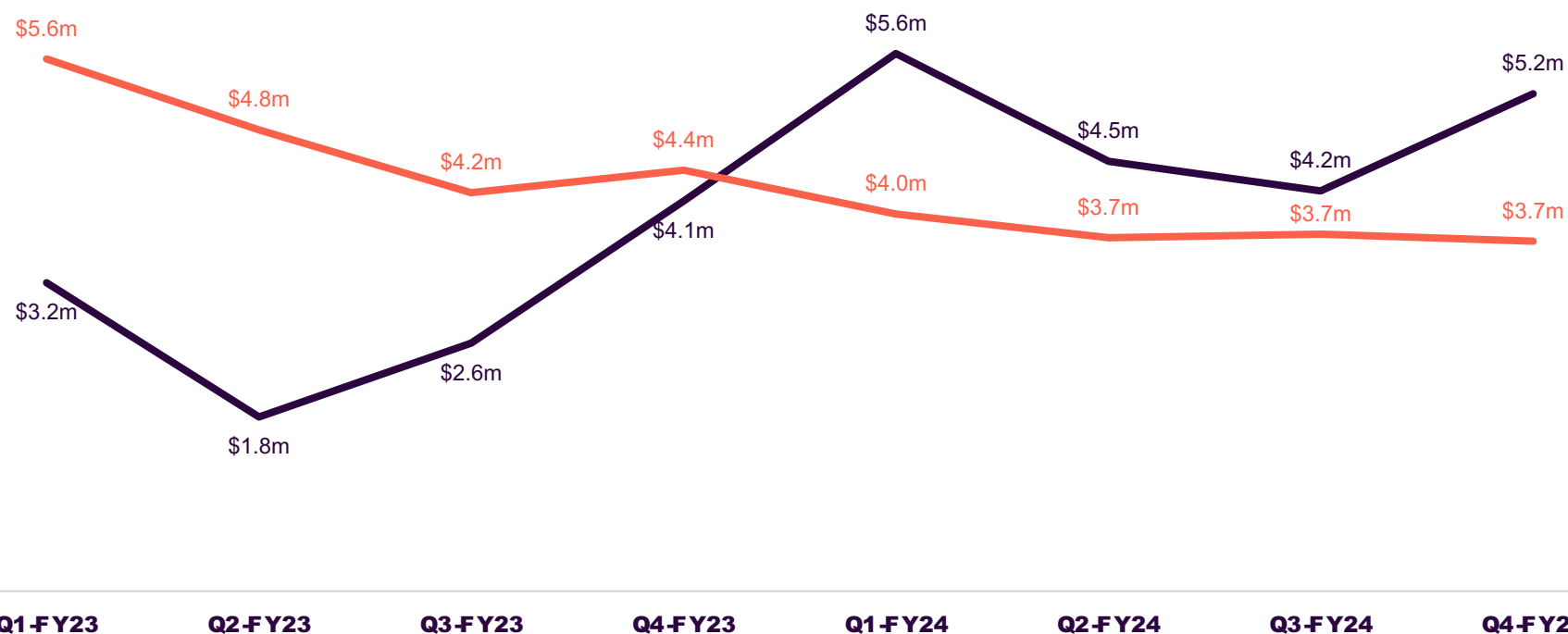
Pay Advance Business Model



Strong Growth in Net Transaction Margin \$

Along with Tight Cost Control

Net Transaction Margin and Operating Expenses by Quarter



Net Transaction Margin

up 66% to \$19.5m in FY24 from \$11.7m in FY23.



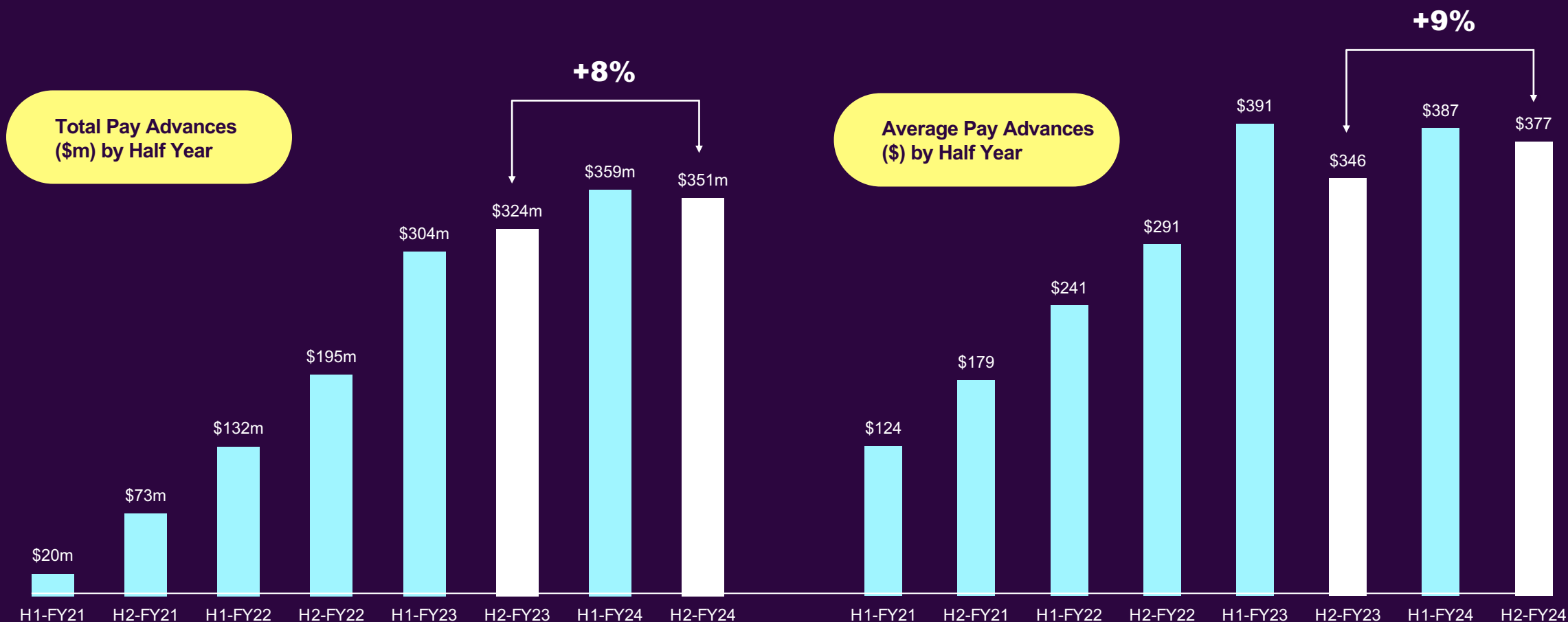
Operating Expenses

down 19% to \$15.1m in FY24 from \$18.7m in FY23.

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Total and Average Pay Advances

Incremental Growth in Pay Advances

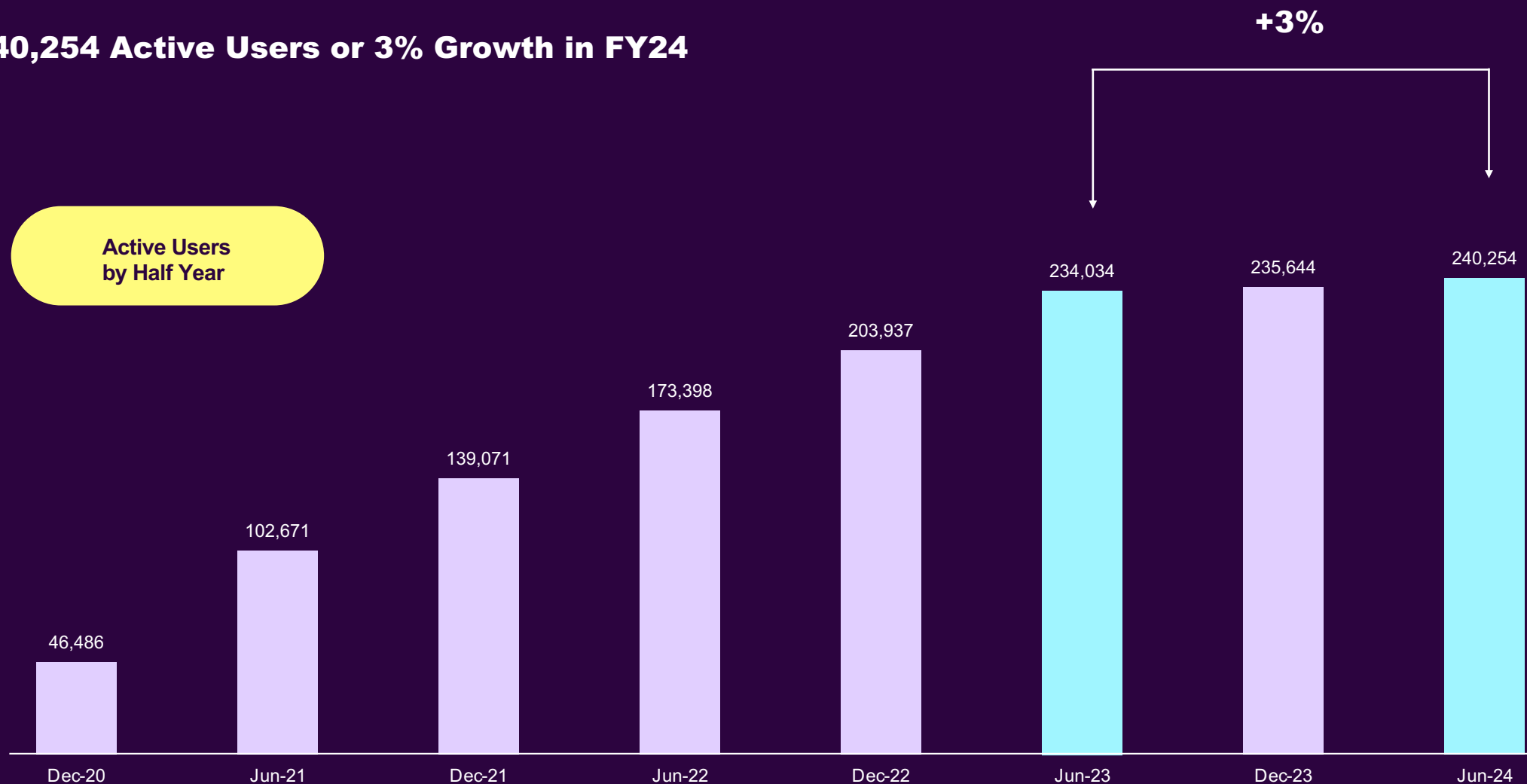


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Active Users

240,254 Active Users or 3% Growth in FY24

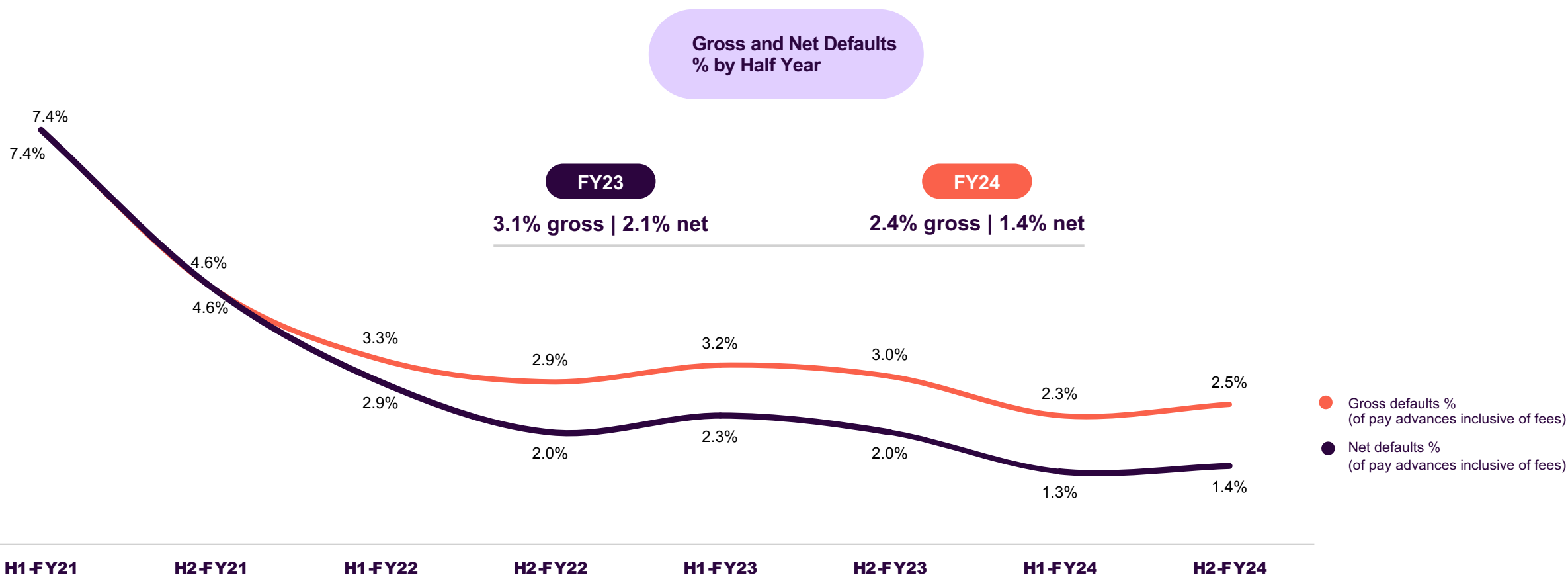
Active Users
by Half Year



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Declining Trend in Loan Defaults

Demonstrating Consistent Improvement in Credit Quality



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Funding Costs – Debt Facility

The short duration of our pay advances keeps funding costs low.

26 days

(0.07 years)
Average duration

X

15.31%

Cost of external
debt facility

X

80%

Maximum loan-to-
value ratio of external
debt facility

=

~87 bps

Third party funding
costs % based on
average duration*

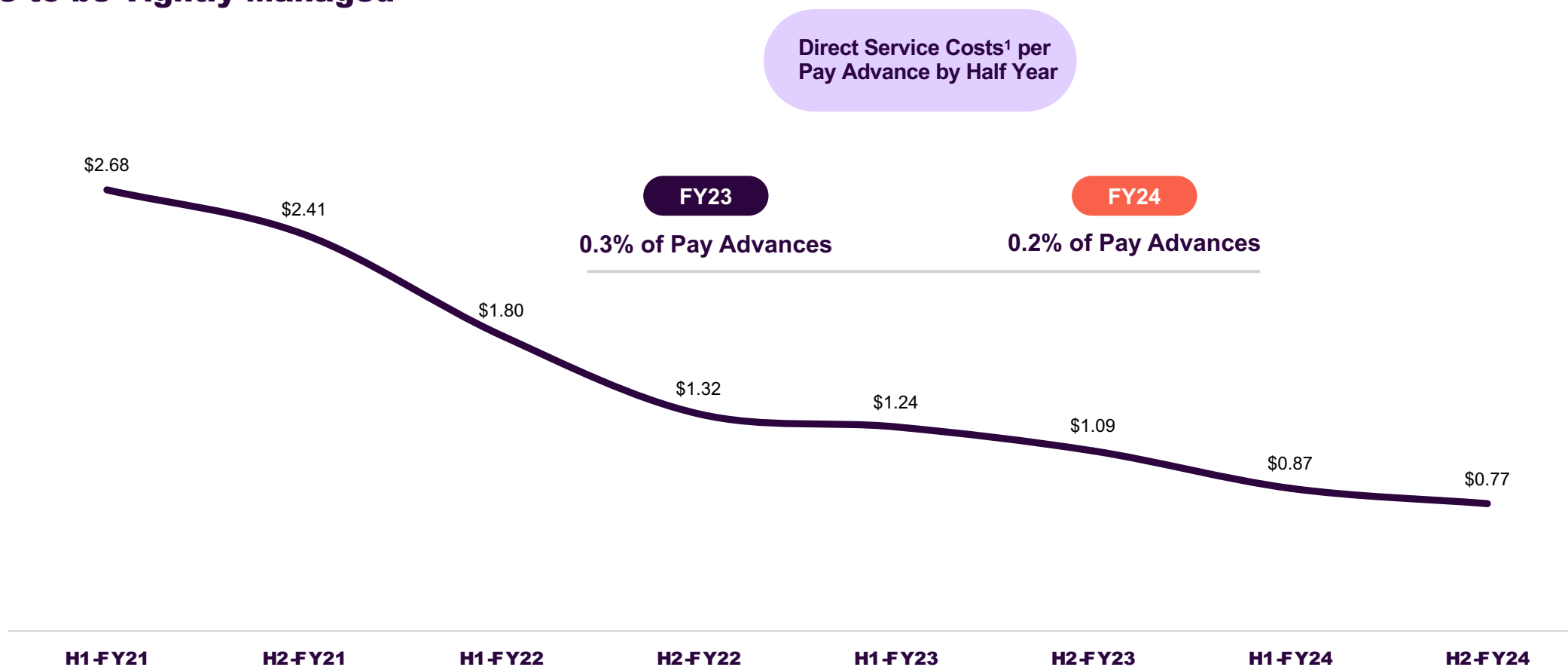
* The actual realised funding cost may vary below this level based on the rate of utilisation of the facility.

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Direct Service Costs

Continue to be Tightly Managed



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

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NTM & Profit/(Loss) by Half Year

	FY24	H2 FY24	H1 FY24	FY23	H2 FY23	H1 FY23
Active users (no. of users)	240,254	240,254	235,644	234,034	234,034	203,937
Average pay advance (\$)	382	377	387	366	346	391
Pay Advances (\$m)	709.6	351.0	358.6	628.0	324.1	303.9
Revenue ¹ % (of pay advances)	5.0%	5.0%	4.9%	4.9%	5.0%	4.8%
Net defaults % (of pay advances plus fees)	(1.4%)	(1.4%)	(1.3%)	(2.1%)	(2.0%)	(2.3%)
Funding costs % (of pay advances)	(0.7%)	(0.7%)	(0.6%)	(0.6%)	(0.6%)	(0.5%)
Direct costs % (of pay advances)	(0.2%)	(0.2%)	(0.2%)	(0.3%)	(0.3%)	(0.3%)
Net transaction margin % (of pay advances)	2.7%	2.7%	2.8%	1.9%	2.1%	1.7%
Net transaction margin (\$m)	19.5	9.4	10.1	11.7	6.6	5.1
Advertising & marketing expenses (\$m)	(3.5)	(2.1)	(1.4)	(5.2)	(1.7)	(3.5)
Employee, G&A and other operating expenses (\$m)	(11.6)	(5.3)	(6.3)	(13.5)	(6.4)	(7.1)
Operating expenses, excluding one-off and/or significant items (\$m)	(15.1)	(7.4)	(7.7)	(18.7)	(8.1)	(10.6)
Other income and interest revenue (\$m)	0.0	0.0	0.0	1.4	0.0	1.4
Depreciation & amortisation expenses (\$m)	(0.5)	(0.3)	(0.2)	(0.5)	(0.2)	(0.3)
Non-operating expenses, and one-off and/or significant items (\$m)	(0.0)	(0.0)	(0.0)	(0.5)	(0.5)	(0.0)
Net Profit/(Loss) Before Tax (\$m)	3.9	1.7	2.2	(6.6)	(2.2)	(4.4)

1. The Group consistently charge 5% on the amount advanced. The percentages differ slightly due to timing of the pay advances.

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Balance Sheet

Strong Cash and Equity Position

\$m	FY24	FY23	\$ Change	% Change	Commentary
Cash position ¹	19.2	21.8	(2.6)	(12%)	Reflects timing of issuing pay advances and customer repayments, as well as drawdown of receivables financing
Receivables	50.2	41.8	8.4	20%	Reflects growth in loan book and level of pay advances
Other assets	4.1	1.6	2.5	157%	Reflects software development cost capitalised and increases in fixed assets
Total assets	73.5	65.2	8.3	13%	
Borrowings	36.4	33.3	3.1	9%	Reflects debt facility utilisation to finance receivables
Other liabilities	6.6	5.1	1.5	29%	Reflects increases in operating lease liabilities
Total liabilities	43.0	38.4	4.6	12%	
Equity position	30.5	26.8	3.7	14%	
<i>Total debt facilities</i>	<i>37.3</i>	<i>33.3</i>	<i>4.0</i>	<i>12%</i>	<i>Total drawdown in third party debt facility (\$20m from Balmain Group (100% drawn) and \$17.3m from Longreach (49% drawn))</i>
<i>Undrawn facilities</i>	<i>17.7</i>	<i>11.7</i>	<i>6.0</i>	<i>51%</i>	<i>The total facility limit of the new debt facility agreement is \$55m (\$20m from Balmain Group and \$35m from Longreach), expiring in October 2026</i>

1. The cash-on-hand figure of \$19,227,764 excludes \$6,030,225 in cash held by third parties to fund customer pay advances (2023: \$21,777,857 excludes \$5,315,938 in cash held by third parties to fund customer pay advances).
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Cash Flow Statement

Operating, Investing and Financing Activities

\$m	FY24	FY23
Receipts from repayment of customers pay advances	691.6	605.0
Receipts of revenue	34.7	25.1
Payments to suppliers and employees	(16.6)	(19.2)
Pay advances to customers	(709.6)	(628.0)
Interest and other finance costs paid	(4.1)	(2.9)
Other	–	1.5
Net cash used in operating activities	(4.0)	(18.5)
Payments for property, plant and equipment	(0.1)	–
Capitalised employee costs for software development	(1.1)	–
Net cash used in investing activities	(1.2)	–
Proceeds from issue of shares	0.2	–
Proceeds from borrowings	37.3	12.3
Borrowings transaction costs	(1.1)	–
Repayment of lease liabilities	(0.5)	(0.4)
Repayment of borrowings	(33.3)	–
Net cash from financing activities	2.6	11.9
Net increase/(decrease) in cash and cash equivalents	(2.6)	(6.6)
Cash and cash equivalents at the beginning of the financial year	21.8	28.4
Cash and cash equivalents at the end of the financial year	19.2	21.8



Cash
\$19.2m

Cash and Cash Equivalents
at 30 June 2024.



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Expansion and New Growth

Existing core business



Pay advance

- Build on recent user-growth momentum
- Release next version of risk-scoring model
- Maintain cost focus while continuing to invest
- Continue to monitor credit outcomes and adjust as appropriate

New growth initiatives announced in February 2024



Personal loans

- Complete platform build
- Launch product into testing
- More product information and launch timing to be provided in due course



Carrington Labs

- Sign additional LOIs
- Go live with first clients
- Continue to invest in risk models and platform



Q&A





Appendix



FY24 Management Profit & Loss (P&L)

A\$, unless otherwise stated	FY24
Revenue	35,313,322
Gross defaults	(17,841,686)
Gross defaults % (of pay advances inclusive of fees)	(2.4%)
Recoveries (net of costs)	7,640,137
Recoveries % (of gross defaults)	42.8%
Net defaults	(10,201,549)
Net defaults % (of pay advances inclusive of fees)	(1.4%)
Third party funding costs	(4,128,669)
Third party funding costs % (of pay advances)	(0.7%)
Direct costs	(1,524,042)
Direct costs % (of pay advances)	(0.2%)
Net transaction margin (NTM)	19,459,062
Net transaction margin % (of revenue)	55.1%
Employee benefits expenses	(6,858,866)
G&A and other expenses	(4,698,105)
Advertising and marketing expenses	(3,542,139)
Total non-operating expenses	(58,017)
Other income and interest revenue not recognised in NTM	36,572
Add back: Third party funding costs deducted from NTM	4,128,669
EBITDA, excluding one-off and/or significant items	8,467,176

A\$, unless otherwise stated	FY24
EBITDA, excluding one-off and/or significant items	8,467,176
Depreciation & amortisation expenses (D&A)	(569,240)
Removal of D&A related to lease accounting already recognised in occupancy expense in EBITDA	398,588
Finance costs	(4,432,780)
Total one-off and/or significant items	–
Profit before income tax	3,863,744

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FY24 NTM Reconciliation to Statutory P&L

Management P&L – Revenue to Net Transaction Margin

A\$, unless otherwise stated	FY24
Revenue	35,313,322
Gross defaults	(17,841,686)
Gross defaults % (of advances inclusive of fees)	(2.4%)
Recoveries (net of costs)	7,640,137
Recoveries % (of advances inclusive of fees)	1.0%
Net defaults	(10,201,549)
Net defaults % (of advances inclusive of fees)	(1.4%)
Third party funding costs	(4,128,669)
Third party funding costs % (of advances)	(0.7%)
Direct costs	(1,524,042)
Direct costs % (of advances)	(0.2%)
Net transaction margin	19,459,062
Net transaction margin % (of advances)	2.7%

Reference to Statutory Profit and Loss

- 1 Income
Equal to expected credit loss expense, before the benefit of recoveries
- 2 Expected credit losses expense
- 3 Part of the \$4.43M of finance costs related to funding advances
- 4 Direct service cost

Statutory Profit and Loss

A\$, unless otherwise stated	FY24
Revenue	
Income	35,313,322
Interest and other income	36,572
Expenses	
Direct service cost	(1,524,042)
Employee benefits expense	(6,858,866)
Depreciation and amortisation expense	(569,240)
Other non-operational expenses	(58,017)
Expected credit losses expense	(10,201,549)
Occupancy expenses	(53,489)
Advertising and marketing expenses	(3,542,139)
Professional and consultancy expenses	(1,717,174)
Software licences	(55,982)
Technical suppliers	(1,142,387)
Other expenses	(1,330,485)
Finance costs	(4,432,780)
Profit before income tax expense	3,863,744
Income tax expense	–
Profit after income tax expense for the year attributable to the owners of Beforepay Group Limited	3,863,744
Other comprehensive income for the period, net of tax	–
Total comprehensive income for the year attributable to the owners of Beforepay Group Limited	3,863,744

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FY24 EBITDA Reconciliation to Statutory P&L

Management P&L – Net Transaction Margin to EBITDA

A\$, unless otherwise stated	FY24
Net transaction margin	19,459,062
Net transaction margin % (of revenue)	55.1%
Employee benefits expense	(6,858,866)
G&A and other expenses	(4,698,105)
Advertising and marketing expenses	(3,542,139)
Total operating expenses	(15,099,110)
Total non-operating expenses	(58,017)
Other income and interest revenue not recognised in NTM	36,572
Add back: Third party funding costs deducted from NTM	4,128,669
EBITDA, excluding one-off and/or significant items	8,467,176

Reference to Statutory Profit and Loss

- 1 Employee benefits expense includes one-off share-based payments
- 2 Advertising and marketing expenses
- 3 Other non-operational expenses
- 4 Other income
- 5 Add back \$4.13M of finance costs deducted from NTM

Statutory Profit and Loss

A\$, unless otherwise stated	FY24
Revenue	
Income	35,313,322
Interest and other income	36,572
Expenses	
Direct service cost	(1,524,042)
Employee benefits expense	(6,858,866)
Depreciation and amortisation expense	(569,240)
Other non-operational expenses	(58,017)
Expected credit losses expense	(10,201,549)
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Profit before income tax expense	3,863,744
Income tax expense	–
Profit after income tax expense for the year attributable to the owners of Beforepay Group Limited	3,863,744
Other comprehensive income for the period, net of tax	–
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Glossary

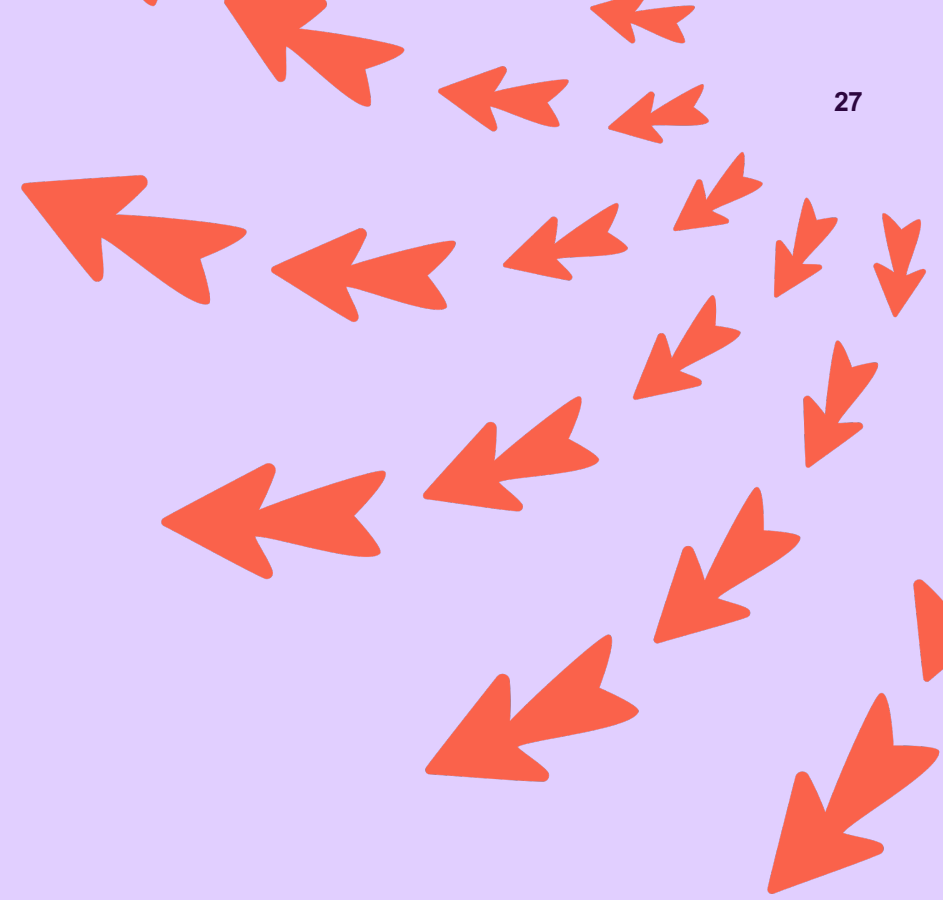
Term	Definition
Active Users	A customer of Beforepay, who has taken out a pay advance in the previous 12 months from the date of the relevant information. This includes customers who have not repaid their most recent cash out and are not eligible to re-borrow until they have done so. The figures presented on Active Users are unaudited.
Average Pay Advance	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.
Cash Out or Pay Advances	An advance made or offered by Beforepay to a user.
Customer Acquisition Costs	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.
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.
Direct Costs % (of pay advances)	Direct costs in facilitating pay advances to customers divided by pay advances.

Term	Definition
EBITDA	Earnings before interest, taxation, depreciation and amortization (adjusted). The figures presented on EBITDA are unaudited.
Finance Costs	Finance costs are related to the debt facility with Longreach and Balmain Group (together 'Lenders') and interest on lease liability.
G&A and Other Expenses	Occupancy expenses, professional and consultancy expenses, software licenses, technical suppliers, and other expenses (all from the full-year FY2023 statutory financial statements).
Gross Defaults	Expected credit loss expense excluding recoveries.
Gross Defaults %	Gross defaults as a percentage of pay advances plus fees. The figures presented on Gross Defaults % are unaudited.
Interest Income	Interest earned on cash at bank. It is not the fee that the Group charges to its customers.
Lenders	AMAL Trustees Pty Ltd as trustee for Longreach Direct Lending Fund ('Longreach') and Australian Commercial Mortgage Corporation Pty Ltd as trustee for the Australian AB Finance Trust ('Balmain Group').
LOI	Non-binding letter of intent to enter into a strategic partnership, investment or transaction with the company.

Glossary

Term	Definition
Net Defaults	Actual and expected credit losses (net of recoveries). It comprises customer defaults plus current pay advances provisioned during the period. The figures presented on Net Defaults are unaudited.
Net Defaults %	Net defaults as a percentage of pay advances plus fees. The figures presented on Net Defaults % are unaudited.
Net Transaction Margin	Comprises of income (being pay advance fee income) less the variable costs associated with facilitating the pay advance transaction (net of recoveries). Variable costs include net defaults, 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.
Net Transaction Margin %	Net transaction margin as a percentage of pay advances. The figures presented on Net Transaction Margin % are unaudited.
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.
Pay Advances or Total Pay Advances	The aggregate dollar value of cash outs in a specified period to a user. The figures presented on Pay Advances are unaudited.
Pay on Demand	Pay-on-demand, being the product offered by the Group via cash outs.

Term	Definition
Recoveries	Monies repaid by customers after an advance has defaulted at 62 days after the date of issuance (net of costs) of the recovery.
Recoveries %	Recoveries divided by gross defaults.
Revenue	The transactions fees charged to customers on pay advances. Revenue is calculated and charged based on a fixed percentage (5%) of the amount advanced. Revenue includes other income and interest income.
Reuse Rate %	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.
Third-Party Debt Facility	The third-party debt facility agreement with the Lenders, The \$55 million facility (\$35 million from Longreach and \$20 million from Balmain Group) is 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.
Third Party Funding Costs or Cost of External Debt Facility	Third party 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.



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Thank You