Beforepay Full Year Results to 30 June 2023

Beforepay delivers continued growth and achieves positive EBITDA

SYDNEY, NSW, AUSTRALIA, August 28, 2023 /EINPresswire.com/ -- Beforepay Group Limited (Beforepay or the Company) (ASX: B4P) has released its results for the full year ended 30 June 2023 (FY23).

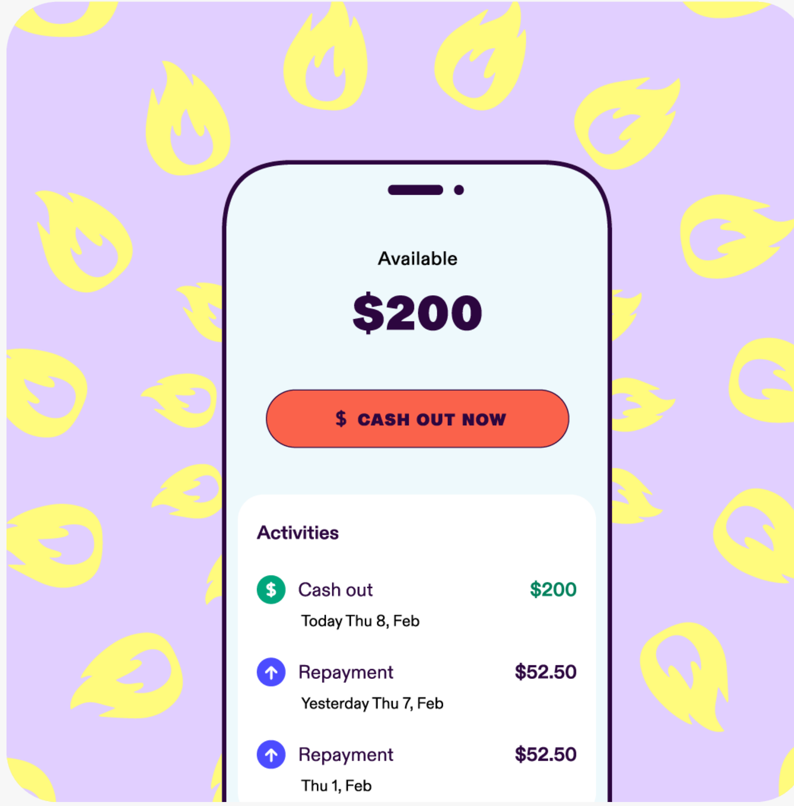
Beforepay (ASX:B4P) has been named 2023 Ethical Lender of the Year by Pan Finance.

During FY23, Beforepay has made significant progress on its path to profitability, with increased customer numbers, strong pay advance volume and revenue growth, strong unit economics underpinned by effective risk management and reduced operating expenses.

> This result shows that Beforepay is sustainable and positioned for long-term success.”
>
> *Jamie Twiss, CEO of Beforepay*

Highlights include:
 In Q4 FY23, Beforepay reached a significant milestone, achieving a positive EBITDA for the quarter of $0.5m and its first positive net profit in April 2023 of $0.3m. This was the first time the Company has had a positive quarterly EBITDA.
 Surpassed $1 billion in cumulative pay advances since inception.
 Reached 1 million registered users since inception.
 Pay advances of $628.0m, up 92% on FY22 (year-on-year or YoY).
 Reduction in net transaction loss (NTL) to 2.1% from 2.4% in FY22 even with a significant increase in average pay-advance size.
 Net transaction margin (NTM) of $11.7m, up from $3.6m or 229% YoY, with increasing profitability driven by reduced net defaults.
 Customer acquisition cost (CAC) declined 60% YoY to $42.
 Ethical Lender of the Year 2023 in the Global Pan Finance Awards.

Beforepay CEO Jamie Twiss said, "This year we have grown rapidly, improved margins, and reduced our operating expenses, while maintaining a strong balance sheet and significant cash reserves. This result shows that Beforepay is sustainable and positioned for long-term success. We look forward to continuing to execute our strategy, and to helping more Australians access safe and affordable financial products."



Beforepay provides eligible customers with access to advances of up to $2000 for a 5% fixed transaction fee, with no interest or late fees.

Financial performance – FY23

- Total pay advances grew by 92% YoY to $628.0m driven by both new customer acquisition and continued usage by existing customers. Beforepay has now issued more than $1 billion of pay advances since inception.
- Active users grew by 35% YoY to 234,034. Beforepay has now registered over 1 million users since inception.
- Beforepay income increased 101% YoY to $30.7m in FY23. Beforepay generates its revenue through charging users a fixed fee of 5% per advance, recognised over the period in which the customer advance is repaid.
- Net transaction loss % declined to 2.1% or 9% YoY. Key mitigation efforts on defaults during FY23 included selective reduction of some limits, decreasing limits for customers where creditworthiness had changed, and continued improvements to the credit model. The net transaction loss was also reduced by higher recoveries, which continued to perform well during the year.
- Direct service costs as a percentage of pay advances reduced 45% YoY to 0.3% in FY23 compared to 0.6% in FY22. Our direct service costs generally do not vary with the size of the pay advance.
- Net transaction margin % increased 71% YoY to 1.9% in FY23 compared to 1.1% in FY22, driven primarily by lower net transaction losses during the year and timing effects of revenue recognition. Net transaction margin in dollars increased to $11.7m, up 229% from $3.6m in FY22.
- Total operating expenses (excluding one-off and/or significant items) were $18.7m in FY23, which declined 26% from $25.3m in FY22, reflecting disciplined cost control even while growing strongly.
- Within these operating expense numbers, advertising and marketing expenses attributable to customer acquisition were $5.2m in FY23 or 60% lower than in FY22 ($12.9m). This resulted in the average customer acquisition cost (CAC) declining 60% to $42 in FY23 from $105 in FY22. Employee, general and administration and other costs were $13.5m in FY23 or 9% higher than in

FY22 ($12.4m) primarily related to higher recruitment and employment costs and non-recurring one-off staff incentive employment accruals during the year.
 EBITDA loss (excluding one-off and/or significant items) was achieved of ($3.1m), an 84% improvement from the loss of ($19.5m) in FY22, driven by the increase in net transaction margin and reduction in operating expenses.

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Readers are cautioned not to place undue reliance on any non-IFRS financial information and ratios in this announcement. All dollar values are in Australian dollars ($ or A$) unless stated otherwise. All figures not included in the audited financial statements are unaudited. Change percentages are calculated using unrounded figures and may differ slightly from a number calculated using rounded figures.

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