

Beforepay Group Limited

ASX ANNOUNCEMENT (ASX: B4P)

17 January 2022

BEFOREPAY GROUP LIMITED PROVIDES A STRONG DECEMBER QUARTER OPERATING UPDATE AND COMMENCES TRADING ON THE ASX

Highlights

- Strong momentum across key metrics (Dec 2021 quarter compared with Dec 2020 quarter):
 - Pay Advances up 361% to \$77.0 million
 - Average Pay Advance up 108% to \$260
 - Active Users up 199% to 139,100
- Continued decline in monthly default rate from approximately 7% to approximately 3% from December 2020 to October 2021
- Positive Net Transaction Margin in the quarter ended December 2021
- Beforepay Group Limited lists on the ASX today under code B4P. Proceeds raised from the IPO of \$35.0 million provide a strong balance-sheet position to pursue accelerated growth in Australia with its existing, proven product and to explore international expansion options
- The Pay on Demand industry is a new concept that has been experiencing rapid growth as customers seek a more flexible and transparent way to manage their personal finances

Beforepay Group Limited (**Beforepay** or the **Company**) is pleased to provide a strong December 2021 Quarter operating update and commences trading on the ASX following the completion of an oversubscribed Initial Public Offering (IPO). The IPO received strong support from institutional and retail investors.

Operating update

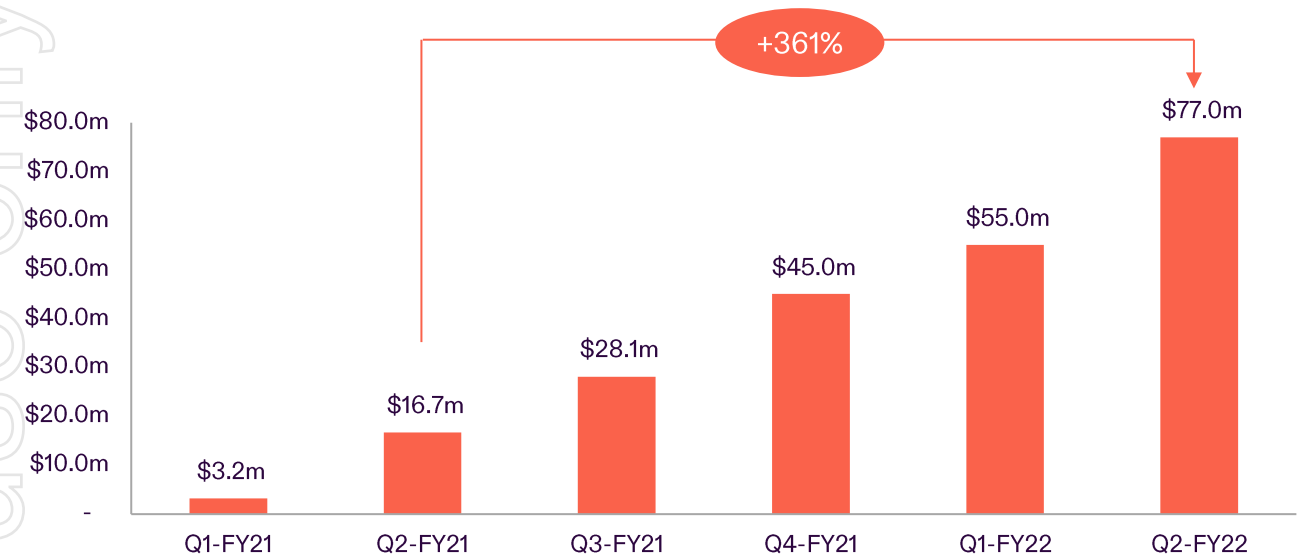
Beforepay has continued to experience strong momentum across its key operating metrics.

Key Metrics	Dec-20 QTR	Dec-21 QTR	Growth
Pay Advances	\$16.7m	\$77.0m	361%
Avg Pay Advance	\$125	\$260	108%
Active Users – cumulative*	46,500	139,100	199%
Default Rate (dollar-weighted)	6.87%	3.08%**	-55%

*Active Users at the end of the quarter **At October 2021, the most recent full month of loans which have matured to default. This rate is exclusive

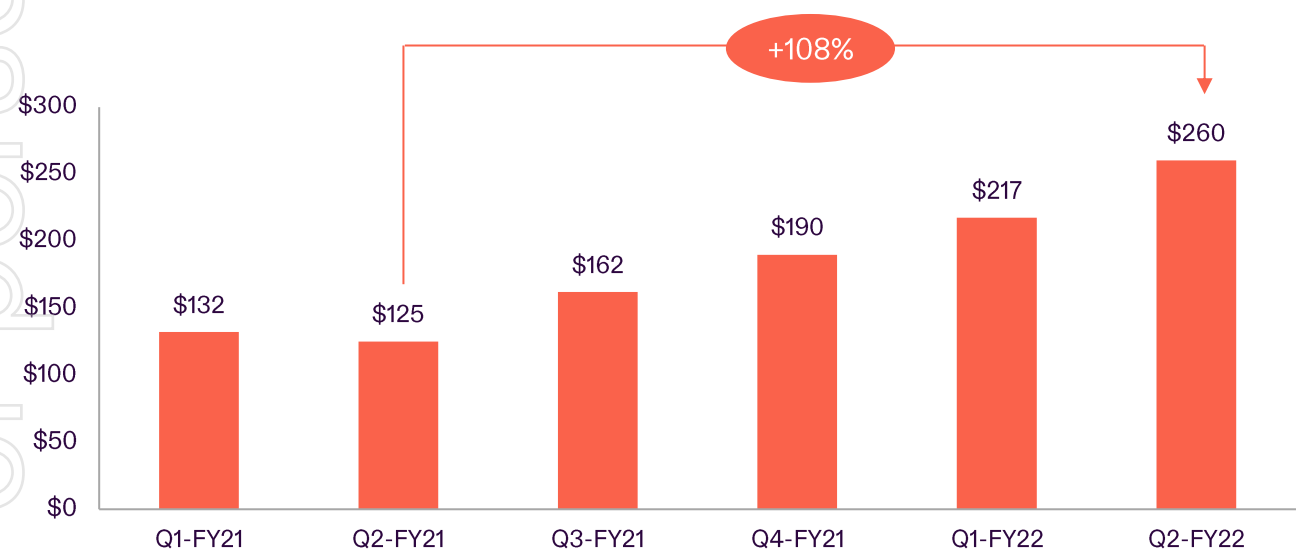
of loan cures.

Pay Advances



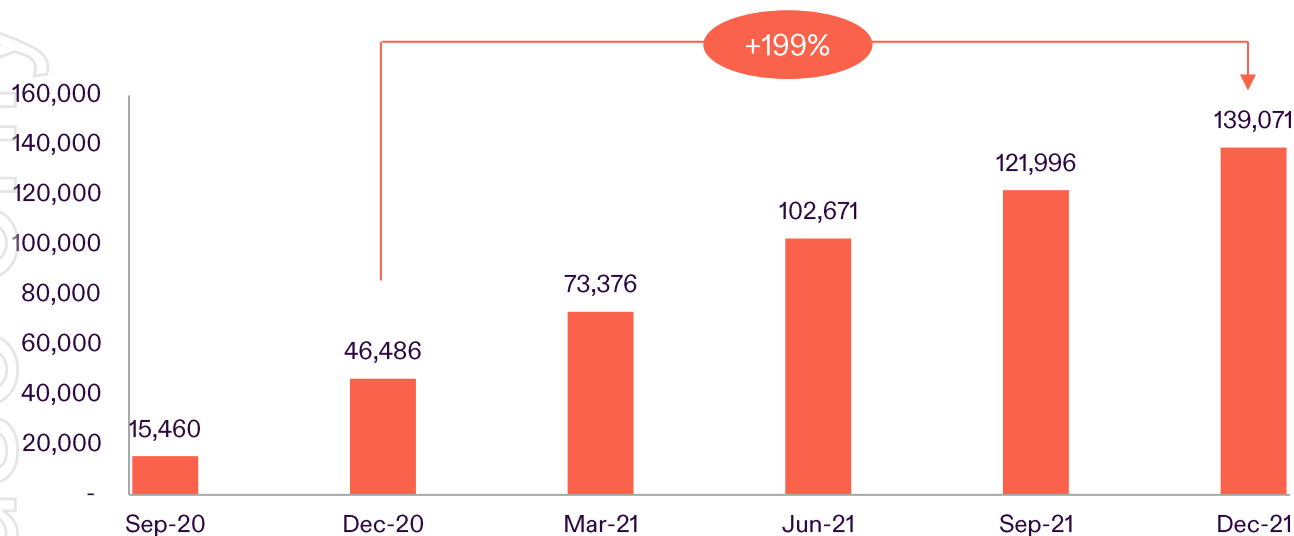
Note:
1. FY22 Q2 Pay Advances totaling \$77.0m monthly breakdown as follows; Oct-21 \$22.7m; Nov-21 \$25.1m; Dec-21 \$29.1m.

Average Pay Advance



Note:
1. FY22 Q2 Weighted Average Pay Advance amount monthly breakdown as follows; Oct-21 \$229; Nov-21 \$267; Dec-21 \$285.

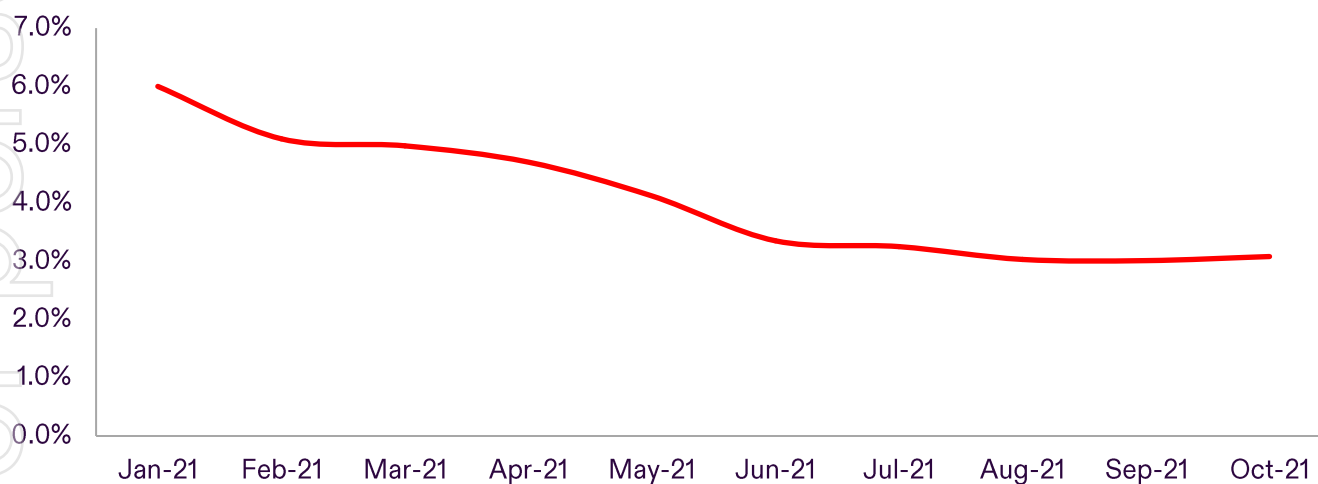
Active Users



Note:

1. Active Users are defined as any user who has taken a Pay Advance out in the last 12 months.

Default Rates



Note:

1. Weighted monthly default rates are exclusive of loan cures.

The Company's key operating metrics continued to perform strongly. Pay Advances more than quadrupled from the December 2020 quarter to the December 2021 quarter, increasing 361% from \$16.7m to \$77.0m. The average Pay Advance more than doubled over the same period, increasing 108% from \$125 to \$260. Active Users almost tripled, increasing 199% from 46,486 to 139,071, over the year. Finally, dollar-weighted defaults fell from 6.07% in the month of December 2020 to 3.08% in October 2021 (the most recent vintage of loans which have matured to default), driven by improvements in its risk processes and a

higher proportion of returning customers. Defaults may increase following the holiday period due to higher average loans and the acceleration in new-user growth.

As anticipated, the Company's net transaction margin has turned positive driven by an increase in the average Cash Out amount, coupled with reductions in defaults and lower direct costs per Cash Out. Direct cost reductions were primarily achieved via supplier volume tier discounts and operational changes, which have resulted in approximately one-third reduction in direct costs per loan since June 2021.

Financial Reporting

The Company's interim results for the 6-month period to 31 December 2021 will be released by 28 February 2022.

Pay on Demand category

The Pay on Demand category allows employed individuals to access a portion of their wages early, giving financial flexibility to Australians to manage their monthly cashflow and to help them in meeting day-to-day expenses. Since Beforepay introduced Pay on Demand to Australia, the category has seen rapid growth, as consumers reject revolving debt and interest charges. Beforepay pioneered the category in Australia and continues to lead in this space.

ASX listing and commencement of trading

The proceeds of the IPO will enable further growth in Australia, with a particular focus on new customer acquisition. It will also support the exploration of overseas opportunities, where the Company believes the Pay on Demand category may be attractive.

Brian Hartzler, Beforepay Chairman, commented, "I'm delighted to see Beforepay list on the ASX today. The strong support we've received from investors is testament to the growth Beforepay has delivered as a startup and the opportunity ahead of us as a public company. On behalf of the Board I'd like thank our existing shareholders for their support during the early stages of our business and welcome the many new shareholders, whose investment in Beforepay is a vote of confidence in both the Pay on Demand industry and Beforepay's future growth."

Beforepay CEO Jamie Twiss, added, "This is an exciting step for Beforepay and for the emerging Pay on Demand industry. Over the last year and a half, we've seen that Pay on Demand offers people a better, more customer-friendly way of managing their finances, and the strong growth we've seen—tripling in size over the last year—shows that people are responding. The funding that we've raised through the IPO will enable us to accelerate our growth in Australia even further and to explore opportunities overseas as well. I feel confident that we have the strategy, the team, and now the resources to reinforce our position as the leader in this fast-growing category and to significantly expand the business."

Beforepay's Board of Directors includes experienced banking executive Brian Hartzler as Chairman and Fintech veteran Luke Bortoli as a non-executive director (who will join on 1 February 2022). Beforepay's CEO, Jamie Twiss, was the former Chief Strategy Officer and Chief Data Officer at Westpac.

E&P Corporate Advisory Pty Limited and Shaw and Partners Limited were Joint Lead Managers and underwriters to the IPO.

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

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About Beforepay

Beforepay was founded in 2019 to offer consumers a better way to manage their personal finances by enabling early access to a portion of their next pay, on-demand, in exchange for a 5% fixed fee. The Beforepay product does not attract compounding interest or late fees and is best suited to those who want to manage the timing of their personal finances to resolve a temporary need. For more information visit www.beforepay.com.au.

Important notice

This announcement contains selected summary information and does not purport to be all-inclusive, comprehensive or to contain all information that may be relevant, or which a prospective investor may require in evaluations of an investment in the Company. It should be read in conjunction with the Company's announcements which are available on the ASX.

Investors should note that certain financial data included in this announcement is not recognised under the Australian Accounting Standards and is classified as 'non-IFRS financial information' under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information (RG 230)'. The Company considers that non-IFRS information provides useful information to users in measuring the financial performance and position of the Company. The non-IFRS financial measures do not have standardised meanings under the Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be interpreted as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. Investors are cautioned therefore not to place undue reliance on any non-IFRS financial information and ratios in this announcement.

This announcement includes information regarding past performance of the Company and investors should be aware that past performance is not and should not be relied upon as being indicative of future performance.