

# Appendix 4D

## Half-year report

### 1. Company details

Name of entity:	Beforepay Group Limited
ABN:	63 633 925 505
Reporting period:	For the 6 months up to 31 December 2023
Previous period:	For the 6 months up to 31 December 2022

### 2. Results for announcement to the market

					\$
Revenues from ordinary activities	up	21.0%	to	17,635,458	
Profit from ordinary activities after tax attributable to the owners of Beforepay Group Limited	up	Large	to	2,213,391	
Profit for the period attributable to the owners of Beforepay Group Limited	up	Large	to	2,213,391	

#### Dividends

There were no dividends paid, recommended or declared during the current financial period.

#### Comments

The profit for the Group after providing for income tax amounted to \$2,213,391 (31 December 2022: loss of \$4,398,769).

Refer to 'Review of operations' in the Directors' Report for further commentary on the results for the half-year ended 31 December 2023.

### 3. Net tangible assets

	Consolidated	
	Reporting period	Previous period
	\$	\$
Net tangible assets per ordinary security	0.63	0.61

Right-of-use assets and lease liabilities have been excluded from the net tangible assets calculation.

### 4. Control gained over entities

On 11 December 2023, the Group registered a new dormant entity BPG Credit Pty Ltd in Australia. It is a 100% owned subsidiary of Beforepay Group Limited.

### 5. Loss of control over entities

Not applicable.

## Appendix 4D continued

### 6. Dividends

#### Current period

There were no dividends paid, recommended or declared during the current financial period.

#### Previous period

There were no dividends paid, recommended or declared during the previous financial period.

### 7. Audit qualification or review

#### Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

### 8. Attachments

#### Details of attachments (if any):

The Interim Report of Beforepay Group Limited for the period ended 31 December 2023 is attached.

### 9. Signed

As authorised by the Board of Directors



Date: 26 February 2024

**Brian Hartzer**

Chair

Sydney



# Ethical lending

Interim Report —  
31 December 2023

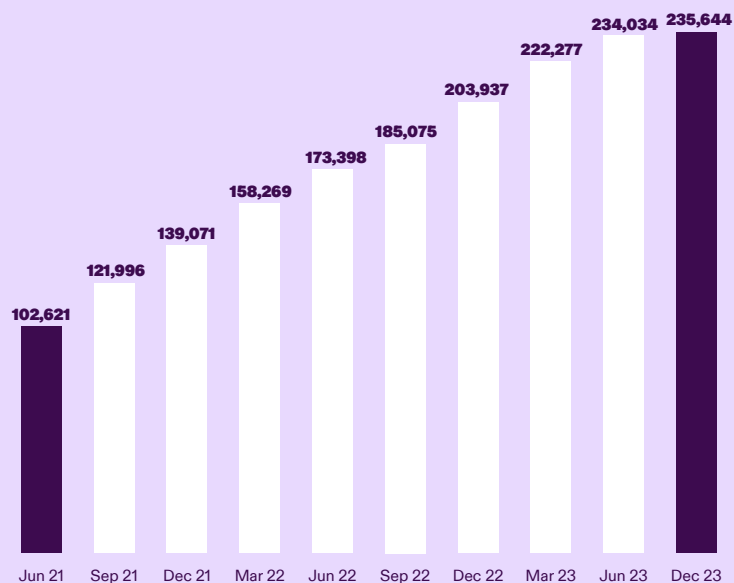


# H1 FY24 Highlights

## Active Users

# 16%

Growth in Active Users YoY to 235,644 in H1 FY24.



# \$4.2m

EBITDA profit in H1 FY24, up from a loss (\$2.7m) in H1 FY23.

# \$359m

Advances in H1 FY24, up 18% from H1 FY23.

# 96%

of Active Users who have successfully repaid their first Advance have since taken out a second Advance at the end of H1 FY24.

# 1.2million

Registered Users since inception in 2019.



**\$2.2m**

NPBT profit in H1 FY24, up from a loss (\$4.4m) in H1 FY23.

**2.8%**

Net Transaction Margin in H1 FY24, up from 1.7% in H1 FY23.

**1.3%**

Net Defaults in H1 FY24, down from 2.3% in H1 FY23.

**\$1.4 billion**

Cumulative Advances surpassed since inception in 2019.

**\$31**

Average Customer Acquisition Cost in H1 FY24, down 48% from \$59 in H1 FY23.

**\$18.9m**

Cash and Cash Equivalents at 31 December 2023

**\$29.7m**

Equity at 31 December 2023.

Note: Certain financial metrics and information included throughout this presentation are not recognised under the Australian Accounting Standards and are classified as 'non-IFRS financial information'. See Glossary for definitions of non-IFRS financial information. Non-IFRS financial information is unaudited. Change % is calculated using unrounded figures and may differ slightly from a number calculated using rounded figures.

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# Directors' Report

31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Beforepay Group Limited (referred to hereafter as the 'company' or 'parent entity' or 'Beforepay') and the entities it controlled at the end of, or during, the period ended 31 December 2023.

## Directors

The following persons were directors of Beforepay Group Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Brian Hartzler – Chair
Daniel Moss – Non-Executive Director
Stefan Urosevic – Non-Executive Director
Patrick Tuttle – Non-Executive Director
Luke Bortoli – Non-Executive Director (directorship ceased on 22 November 2023)

## Principal activities

During the financial period the principal continuing activities of the Group consisted of providing finance to its customers by way of pay on demand advances.

## Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

## Review of operations

The profit for the Group after providing for income tax amounted to \$2,213,391 (31 December 2022: loss of \$4,398,769).

Revenue from ordinary activities in the current period was \$17,635,458 representing an increase of 21% on the previous financial period (31 December 2022: \$14,571,863).

In the half-year ended 31 December 2023 ('FY24'), Beforepay has achieved profitability, with a half-yearly audited profit of \$2.2 million. This strong outcome has been driven by consistent execution of our strategy, including continued top-line growth, tightly controlled costs, and strong default outcomes. Beforepay continues to support more customers than ever with a safe, affordable alternative to revolving debt. This achievement of profitability and our continued balance-sheet strength, provides us with a platform to launch additional growth initiatives. Compared to the previous financial period ended 31 December 2022, the Group grew the number of advances written by 19% to 925,453 and increased the total volume of advances by 18% to \$358.6 million. The Group's number of active customers increased 16% to 235,644 and reflects the Group's relentless focus on improving and optimising the product and how it is delivered. Beforepay achieved an underlying earnings before interest, taxation, depreciation and amortisation (EBITDA) profit of \$4.2 million (unaudited) for the current period, up from an EBITDA loss of \$2.7 million (unaudited) in the previous financial period ended 31 December 2022 (unaudited).

The Group earned a positive net transaction margin in the current period, amounting to \$10,061,384 (31 December 2022: \$5,056,804), a 99% increase on the previous financial period. This result was driven by increases in total advance volumes and margin expansion. Net transaction margin comprises Beforepay income less direct financing costs, direct service costs in facilitating pay advances to customers, and expected credit losses (defaults).

The company has maintained a strong balance sheet with cash on hand of \$18,869,923 and a total equity position of \$29,676,186 as at 31 December 2023. Beforepay is well capitalised and continues to carry no debt at the operating-company level, only debt used to finance receivables.



## Directors' Report continued

In a broader recognition of our customer-first approach and the value and integrity of our service offering to our customers, Beforepay was in the current period:

- recognised as the 2023 Ethical Lender of the Year in the Wealth & Finance International Fintech Awards;
- awarded the APAC Insider Business Awards Winner for best app-based lender; and
- ranked #21 in Australia for having the fastest 3 year growth in the 2023 Technology Fast 50.

### Significant changes in the state of affairs

Beforepay announced on 18 October 2023 that it has secured a new 3-year, \$55 million debt facility with Balmain Group and Longreach Credit Investors to facilitate future lending growth.

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.

Further details of the material terms of the facility agreement are set out in note 11.

There were no other significant changes in the state of affairs of the Group during the financial period.

### Matters subsequent to the end of the financial period

On 17 January 2024, 11,663,064 ordinary shares and 2,010,400 options were released from mandatory escrow. As set out in the replacement prospectus dated 29 November 2022 and in accordance with the ASX Listing Rules, these shares and options were subject to ASX imposed escrow for a period of 24 months following the date on which quotation of the securities commenced, being 17 January 2022.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### Likely developments and expected results of operations

The Group's priority for the current financial period to 30 June 2024 is to achieve sustainable profitability by growing its existing wage advance business, acquiring additional wage advance customers in Australia through a mixture of organic growth and paid marketing with a marginal acquisition cost below customer value, whilst maintaining a lean cost base and improving margins.

The Group will continue to optimise its core product and may introduce product extensions where it sees a clear affinity with its current capabilities. On 23 December 2023, the Group applied for an Australian Credit Licence (ACL), in order to issue longer dated loans with a maturity beyond 62 days. Given the Group's capabilities in data-driven risk management and our large customer base, Beforepay is well-positioned to compete effectively in this market. Beforepay intends to launch additional lending products in due course, with higher maximum limits and longer durations.

While the Group will continue with its direct-to-consumer model, it will supplement this by working with potential partnerships to leverage Beforepay's technology and risk management tools and offerings in new jurisdictions. The Group is currently exploring business to business opportunities with potential offshore partners about either white labelling Beforepay's lending platform end to end, or offering the Beforepay credit risk models on a fee for service basis.



## Directors' Report continued

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Brian Hartzer**

Chair

26 February 2024

Sydney

# Auditor's Independence Declaration



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## Auditor's independence declaration to the directors of Beforepay Group Limited

As lead auditor for the review of the financial report of Beforepay Group Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Beforepay Group Limited and the entities it controlled during the financial period.

  
Ernst & Young

  
Anita Kariappa  
Partner  
26 February 2024

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# Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 December 2023

	Note	Consolidated	
		6 months ended 31 Dec 2023	6 months ended 31 Dec 2022
		\$	\$
<b>Revenue</b>			
Beforepay income	4	17,635,458	14,571,863
Other income	5	1,742	1,371,804
Interest income		22,462	-
<b>Expenses</b>			
Direct service cost		(802,562)	(964,044)
Employee benefits expense	6	(4,141,643)	(4,868,618)
Depreciation and amortisation expense		(244,246)	(252,852)
Expected credit losses expense		(4,913,802)	(7,379,823)
Occupancy expenses		(33,760)	(13,086)
Advertising and marketing expenses		(1,433,735)	(3,455,603)
Professional and consultancy expenses		(737,725)	(903,234)
Software licences		(12,664)	(5,473)
Technical suppliers		(567,316)	(471,464)
Other expenses		(589,165)	(635,441)
Finance costs	6	(1,969,653)	(1,392,798)
<b>Profit/(loss) before income tax expense</b>		<b>2,213,391</b>	<b>(4,398,769)</b>
Income tax expense		-	-
<b>Profit/(loss) after income tax expense for the period attributable to the owners of Beforepay Group Limited</b>		<b>2,213,391</b>	<b>(4,398,769)</b>
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period attributable to the owners of Beforepay Group Limited</b>		<b>2,213,391</b>	<b>(4,398,769)</b>
		\$	\$
Basic earnings per share	19	0.05	(0.10)
Diluted earnings per share	19	0.05	(0.10)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

As at 31 December 2023

	Note	Consolidated	
		Dec 2023	Jun 2023
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	18,869,923	21,777,857
Trade and other receivables	8	45,978,604	41,809,245
Right-of-use assets		183,886	366,736
Other assets		588,559	854,951
<b>Total current assets</b>		<b>65,620,972</b>	<b>64,808,789</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	91,155	108,142
Intangibles		27,353	63,027
Other assets	17	193,310	193,310
<b>Total non-current assets</b>		<b>311,818</b>	<b>364,479</b>
<b>Total assets</b>		<b>65,932,790</b>	<b>65,173,268</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	3,852,856	4,307,237
Borrowings	11	–	33,285,145
Lease liabilities	12	205,849	401,941
Employee benefits		285,535	310,707
<b>Total current liabilities</b>		<b>4,344,240</b>	<b>38,305,030</b>
<b>Non-current liabilities</b>			
Borrowings	11	31,869,574	–
Provisions	13	42,790	40,814
<b>Total non-current liabilities</b>		<b>31,912,364</b>	<b>40,814</b>
<b>Total liabilities</b>		<b>36,256,604</b>	<b>38,345,844</b>
<b>Net assets</b>		<b>29,676,186</b>	<b>26,827,424</b>
<b>Equity</b>			
Issued capital	14	80,340,558	80,271,145
Reserves		2,331,969	1,766,011
Accumulated losses		(52,996,341)	(55,209,732)
<b>Total equity</b>		<b>29,676,186</b>	<b>26,827,424</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

For the period ended 31 December 2023

	Issued capital	Reserves	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2022	80,267,625	934,340	(48,574,269)	32,627,696
Loss after income tax expense for the period	-	-	(4,398,769)	(4,398,769)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(4,398,769)	(4,398,769)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	279,409	-	279,409
Balance at 31 December 2022	80,267,625	1,213,749	(52,973,038)	28,508,336

	Issued capital	Reserves	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2023	80,271,145	1,766,011	(55,209,732)	26,827,424
Profit after income tax expense for the period	-	-	2,213,391	2,213,391
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	2,213,391	2,213,391
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 14)	69,413	-	-	69,413
Share-based payments	-	565,958	-	565,958
Balance at 31 December 2023	80,340,558	2,331,969	(52,996,341)	29,676,186

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

For the period ended 31 December 2023

	Note	Consolidated	
		6 months ended 31 Dec 2023	6 months ended 31 Dec 2022
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from repayment of customers advances		355,109,628	276,508,699
Receipts of Beforepay income		12,012,893	21,289,797
Payments to suppliers and employees		(7,944,497)	(10,914,562)
Advances to customers		(358,591,500)	(303,871,764)
Interest received		22,462	-
Interest and other finance costs paid		(1,873,359)	(1,203,845)
Other revenue		1,742	-
Net cash used in operating activities		(1,262,631)	(18,191,675)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	9	(8,735)	(5,011)
Net cash used in investing activities		(8,735)	(5,011)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		69,413	-
Net proceeds from borrowings		32,907,077	8,710,097
Repayment of lease liabilities		(196,092)	(170,133)
Borrowings transaction costs		(1,131,821)	-
Repayment of borrowings		(33,285,145)	-
Net cash (used in)/from financing activities		(1,636,568)	8,539,964
Net decrease in cash and cash equivalents		(2,907,934)	(9,656,722)
Cash and cash equivalents at the beginning of the financial period		21,777,857	28,367,245
Cash and cash equivalents at the end of the financial period		18,869,923	18,710,523

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

31 December 2023

## Note 1. General information

The financial statements cover Beforepay Group Limited as a Group consisting of Beforepay Group Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Beforepay Group Limited's functional and presentation currency.

Beforepay Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 2, Level 6  
50 Carrington Street  
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2024.

## Note 2. Material Accounting Policy Information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

These condensed general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Going concern

During the half-year ended 31 December 2023, the Group incurred a profit after tax of \$2,213,391 (31 December 2022: loss of \$4,398,769) and had net operating cash outflows of \$1,262,631 (31 December 2022: outflows of \$18,191,675) and net investing cash outflows of \$8,735 (31 December 2022: outflows of \$5,011). Further, the Group has a net current assets position of \$61,276,732 at 31 December 2023 (30 June 2023: net current assets of \$26,503,759), as well as net assets position of \$29,676,186 (30 June 2023: net assets of \$26,827,424).

On 18 October 2023, Beforepay Finance Pty Ltd, a subsidiary of Beforepay Group Limited, secured a new debt facility agreement for a three-year term, with a total facility amount of \$55,000,000 with AMAL Trustees Pty Ltd as trustee for Longreach Direct Lending Fund ('Longreach Credit Investors') and Australian Commercial Mortgage Corporation Pty Ltd as trustee for the Australian AB Finance Trust ('Balmain Group') as lenders. The new debt facility has been used to refinance the existing debt facility with Longreach and to support continued growth in Beforepay's loan book. Refer to note 11 for further details.



## Notes to the Financial Statements continued

The directors believe that the funds available from existing cash reserves and debt facilities will provide the Group with sufficient working capital to carry out its stated objectives for at least the next 12 months from the date of signing these financial statements.

The financial statements have been prepared on a going concern basis for the above reasons. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

### Note 3. Operating segments

#### Identification of reportable operating segments

Operating segments are presented using the “management approach” where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Group is organised into one operating segment, being the provision of finance to its customers by way of salary advances. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

### Note 4. Beforepay income

	Consolidated	
	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022
	\$	\$
Beforepay income	17,635,458	14,571,863

Beforepay income is recognised over the period in which customer advances are made until they are repaid and applying an effective interest rate method. Beforepay income is calculated and charged based on a fixed percentage of the amount advanced.

All revenue is derived in Australia.

## Notes to the Financial Statements continued

### Note 5. Other income

	Consolidated	
	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022
	\$	\$
Research and development tax incentive	–	1,371,804
Commission income	1,742	–
Other income	1,742	1,371,804

#### Research and development tax incentive

Research and development ('R&D') tax incentive grant received during the half-year ended 31 December 2022 related to the Group's R&D claim for the tax year ended 30 June 2022. Beforepay has lodged the Group's R&D claim for the tax year ended 30 June 2023 on 9 February 2024 and estimates to receive a R&D tax incentive grant similar to that received in the prior year. R&D tax incentive from the government is recognised at its fair value when there is reasonable assurance that the incentive will be received and that the Group will comply with all attached conditions. R&D tax incentive relating to costs are deferred and recognised in the profit and loss over the periods necessary to match them with the costs that they are intended to compensate.

#### Commission income

Commission income was received during the half-year ended 31 December 2023 and relates to Beforepay's Compare and Save platform, powered by CIMET, which allows customers to compare and directly switch to a range of electricity, gas, mobile and internet providers.

### Note 6. Expenses

	Consolidated	
	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022
	\$	\$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	1,857,710	1,170,675
Interest and finance charges paid/payable on lease liabilities	15,649	33,171
Unwinding of the discount on provisions	1,976	1,794
Amortisation of loan establishment fees	94,318	187,158
	1,969,653	1,392,798
<i>Employee benefits expense</i>		
Employee benefits expense excluding share-based payments	3,575,685	4,589,209
Share-based payments expense	565,958	279,409
	4,141,643	4,868,618

## Notes to the Financial Statements continued

### Note 7. Cash and cash equivalents

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
<i>Current assets</i>		
Cash at bank	18,503,420	21,404,446
Cash held by service providers	366,503	373,411
	18,869,923	21,777,857

The cash-on-hand figure of \$18,869,923 million excludes \$5,235,617 in cash held by third parties to fund customer advances (30 June 2023: \$21,777,857 excludes \$5,315,938 in cash held by third parties to fund advances).

### Note 8. Trade and other receivables

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
<i>Current assets</i>		
Receivables – customer advances	47,294,794	39,900,314
Less: Allowance for expected credit losses	(6,712,697)	(6,284,756)
	40,582,097	33,615,558
Other receivables	5,355,112	8,131,016
GST receivable	41,395	62,671
	45,978,604	41,809,245

During the half-year ended 31 December 2023, the Group issued customer advances totalling \$358,590,350 (half-year 31 December 2022: \$303,871,764).

Customer advances receivable represent outstanding amounts on advances and associated Beforepay income receivable issued on the Beforepay platform. The Group's business model is to hold the receivables with the objective to collect the contractual cash flows, including principal and Beforepay income due to Beforepay. Consumer receivables are measured at amortised cost using the Effective Interest Rate (EIR) method. They are generally due within 14-56 days.

#### Allowance for expected credit losses

The Group applies the general provision approach under AASB 9 *Financial Instruments* to account for expected credit losses ('ECLs') on consumer receivables measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the Beforepay terms and all the cash flows that the Group expects to receive. Due to the short-term nature of the customer receivables, the ECLs approximates the lifetime ECL. The Group uses ageing of customer advances receivable as the basis for ECL measurement given the short duration of consumer payment terms (maximum 62 days). At each reporting date, the Group assesses impairment risk on initial recognition of the customer advances receivable and movements in the ageing of outstanding customer receivables to estimate the ECL.

## Notes to the Financial Statements continued

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
Opening balance	6,284,756	3,858,106
Additional provisions recognised	8,331,439	20,344,262
Receivables written off during the period as uncollectable	(4,207,714)	(11,733,800)
Unused amounts reversed	(3,695,784)	(6,183,812)
Closing balance	6,712,697	6,284,756

## Note 9. Property, plant and equipment

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements – at cost	139,645	139,645
Less: Accumulated depreciation	(69,240)	(55,199)
	70,405	84,446
Computer equipment – at cost	224,836	216,100
Less: Accumulated depreciation	(206,546)	(195,199)
	18,290	20,901
Office equipment – at cost	3,332	3,332
Less: Accumulated depreciation	(872)	(537)
	2,460	2,795
	91,155	108,142

## Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Leasehold improvements	Computer equipment	Office equipment	Total
Consolidated	\$	\$	\$	\$
Balance at 1 July 2023	84,446	20,901	2,795	108,142
Additions	–	8,735	–	8,735
Depreciation expense	(14,041)	(11,346)	(335)	(25,722)
Balance at 31 December 2023	70,405	18,290	2,460	91,155

## Notes to the Financial Statements continued

### Note 10. Trade and other payables

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
<i>Current liabilities</i>		
Trade and settlement payables	1,082,489	1,014,821
Accrued expenses	2,637,414	3,164,474
Other payables	132,953	127,942
	3,852,856	4,307,237

#### Settlement payable

On 31 October 2021, Beforepay Ops Pty Limited entered into a deed of settlement with a supplier in respect of a dispute that arose during late September and October 2021. In consideration of the settlement and the grant of a license to Beforepay Ops Pty Limited and its related bodies corporate, Beforepay Ops Pty Limited will, amongst other things, make monthly payments to the supplier from October 2021 to May 2024, totalling \$1,584,000 (GST inclusive). The settlement results in an expense and a corresponding payable of \$1,584,000, recognised in the income statement during the year ended 30 June 2022. The payable will reduce over the term of the settlement period, as the Group meets the payment schedule in place under the settlement deed. As at 31 December 2023, the balance payable is \$247,500 and is disclosed in trade and settlement payables.

### Note 11. Borrowings

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
<i>Current liabilities</i>		
Loan – Longreach Credit Investors Pty Ltd	–	33,285,145
<i>Non-current liabilities</i>		
Loan – Longreach Credit Investors Pty Ltd	12,907,077	–
Loan – Balmain Group	20,000,000	–
Loan establishment fees	(1,037,503)	–
	31,869,574	–
	31,869,574	33,285,145

## Notes to the Financial Statements continued

### Loan – Longreach Credit Investors and Balmain Group

On 18 October 2023, Beforepay Finance Pty Ltd, a subsidiary of Beforepay Group Limited, entered into a debt facility agreement with Balmain Group and Longreach Credit Investors as lenders. The borrowers and guarantors have granted an “all assets” security to the lenders. Further, each of Beforepay Finance Pty Ltd (as borrower), Beforepay Ops Pty Ltd and Beforepay IP Pty Ltd (as guarantors) have granted first ranking security to the Lenders over all of their present and after acquired assets. Beforepay Group Limited has granted security under a specific security deed over its shares in each of these subsidiaries.

The secured debt facility has a limit of \$55,000,000 and expires on the maturity date of 15 October 2026. The new debt facility has been 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:

- \$55,000,000 facility (\$35,000,000 Longreach Credit Investors + \$20,000,000 Balmain Group) for 3 years to 15 October 2026 with the potential to extend the total facility size in a future period.
- The facility limit is the lower of (1) the maximum commitment at the relevant time, and (2) the borrowing base (defined below). The maximum commitment increases in non-linear increments over time to \$55,000,000 by 14 June 2025.
- The borrowing base is relevant to the facility limit. The borrowing base is broadly 80% of the value of eligible receivables outstanding at the relevant date plus the amount of funds held in a bank account secured in favour of the security trustee for the lenders. For the purpose of the borrowing base calculation, eligible receivables means the aggregate amount owing for all loans advanced by Beforepay Finance Pty Ltd to its customers which are less than 30 days overdue.
- Beforepay Finance Pty Ltd, Beforepay Ops Pty Ltd and Beforepay IP Pty Ltd have granted first ranking security to the Lenders over all of their present and after acquired assets. Beforepay has granted security under a specific security deed over its shares in each of these subsidiaries.
- Mandatory prepayment occurs if the amounts drawn under the facility exceed the amount of the borrowing base (defined above) at any time, then Beforepay must either repay that amount or transfer that amount to an agreed bank account secured in favour of the security trustee for the lenders.
- In accordance with the ASX announcement on 18 October 2023, the interest payable lies between 12.25% and 13.25% per annum depending on a performance ratio linked to EBITDA.
- Upfront fees and costs of c. 1.7% on the \$55 million balance.

The Facility Agreement contains financial covenants and other undertakings customary for facilities of this nature.

An event of default will occur under the facility agreement if (among other things) Beforepay Finance Pty Ltd breaches the financial covenants. The agreement contains other events of defaults customary for a facility of this nature, including a circumstance or event which would have a material adverse effect.

Covenants have been complied with through to the date of this report. Debt covenants have been assessed regularly to determine whether there were any breaches for which disclosure is required and considered in the forward forecast.

## Notes to the Financial Statements continued

### Financing arrangements

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
Total facilities		
Loan – Longreach Credit Investors Pty Ltd	35,000,000	45,000,000
Loan – Balmain Group	20,000,000	–
	55,000,000	45,000,000
Used at the reporting date		
Loan – Longreach Credit Investors Pty Ltd	12,907,077	33,285,145
Loan – Balmain Group	20,000,000	–
	32,907,077	33,285,145
Unused at the reporting date		
Loan – Longreach Credit Investors Pty Ltd	22,092,923	11,714,855
Loan – Balmain Group	–	–
	22,092,923	11,714,855

### Note 12. Lease liabilities

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
<i>Current liabilities</i>		
Lease liability	205,849	401,941

### Reconciliations

Reconciliations of the lease liability (current and non-current) at the beginning and end of the current financial year are set out below:

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
Lease liability as at start of year	401,941	750,672
Accretion of interest	15,649	57,878
Payments – principal	(196,092)	(348,731)
Payments – interest	(15,649)	(57,878)
Lease liability as at end of year	205,849	401,941



## Notes to the Financial Statements continued

### Note 13. Provisions

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
<i>Non-current liabilities</i>		
Lease make good	42,790	40,814

#### Lease make good

The Group leases land and buildings for its offices under agreement for a period of 3 years with the option to extend at the Group's discretion. The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

### Note 14. Issued capital

	Consolidated			
	Dec 2023	Jun 2023	Dec 2023	Jun 2023
	Shares	Shares	\$	\$
Ordinary shares – fully paid	46,951,761	46,479,882	80,340,558	80,271,145

#### Movements in ordinary share capital

Details	Date	Number of Shares	Issued price	\$
Balance	1 July 2023	46,479,882		80,271,145
Shares issued on exercise of share options	28 July 2023	100,000	\$0.20	20,000
Shares issued on exercise of share options	28 July 2023	62,500	\$0.40	25,313
Shares issued on exercise of share options	18 October 2023	188,879	\$0.00	–
Shares issued on exercise of share options	03 November 2023	90,400	\$0.20	18,080
Shares issued on exercise of share options	22 November 2023	30,100	\$0.20	6,020
Balance	31 December 2023	46,951,761		80,340,558

#### Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

#### Share buy-back

There is no current on-market share buy-back.

## Notes to the Financial Statements continued

### Note 15. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

### Note 16. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

### Note 17. Contingent liabilities

	Consolidated	
	Dec 2023	Jun 2023
	\$	\$
Bank guarantees	193,310	193,310

### Note 18. Related party transactions

#### Parent entity

Beforepay Group Limited is the parent entity.

#### Transactions with related parties

There were no transactions with related parties during the current and previous financial period.

#### Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

#### Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

#### Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

## Notes to the Financial Statements continued

### Note 19. Earnings per share

	Consolidated	
	6 months ended 31 Dec 2023	6 months ended 31 Dec 2022
	\$	\$
Profit/(loss) after income tax attributable to the owners of Beforepay Group Limited	2,213,391	(4,398,769)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	46,731,057	46,462,282
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	927,735	-
Performance rights over ordinary shares	130,923	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	47,789,715	46,462,282
	\$	\$
Basic earnings per share	0.05	0.1
Diluted earnings per share	0.05	0.1

Share options on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share in the previous period as they were considered anti-dilutive.

### Note 20. Events after the reporting period

On 17 January 2024, 11,663,064 ordinary shares and 2,010,400 options were released from mandatory escrow. As set out in the replacement prospectus dated 29 November 2022 and in accordance with the ASX Listing Rules, these shares and options were subject to ASX imposed escrow for a period of 24 months following the date on which quotation of the securities commenced, being 17 January 2022.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

# Directors' Declaration

31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Brian Hartzer**

Chair

26 February 2024

Sydney

# Independent Auditor's Review Report

to the members of Beforepay Group Limited



Ernst & Young  
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Sydney NSW 2000 Australia  
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## Independent auditor's review report to the members of Beforepay Group Limited

### Conclusion

We have reviewed the accompanying half-year financial report of Beforepay Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2023, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Ernst & Young*  
Ernst & Young

*Anita Kariappa*  
Anita Kariappa  
Partner  
Sydney  
26 February 2024

# Glossary

Term	Definition
AAS	Australian Accounting Standards issued by the Australian Accounting Standards Board.
AASB	Australian Accounting Standards Board.
Active Users	A customer of Beforepay, who has taken out an 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.
App	Either one of the two smartphone applications of Beforepay, one for iOS devices and one for Android or the web application, as appropriate in its context.
ASX	ASX Limited or the securities exchange that it operates, as the context requires.
Balmain Group	Australian Commercial Mortgage Corporation Pty Ltd as trustee for the Australian AB Finance Trust.
Beforepay Finance Pty Ltd.	Beforepay Finance Pty Ltd ACN 636 670 525 (a wholly owned subsidiary of the Company).
Beforepay IP Pty Ltd.	Beforepay IP Pty Ltd ACN 633 930 015 (a wholly owned subsidiary of the Company).
Beforepay Ops Pty Ltd.	Beforepay Ops Pty Ltd ACN 633 930 159 (a wholly owned subsidiary of the Company).
Beforepay Income	The transactions fees charged to customers on advances. Beforepay income is calculated and charged based on a fixed percentage (5%) of the amount advanced.
Board or Board of Directors	The board of directors of the Company.
BPG Credit Pty Ltd	BPG Credit Pty Ltd ACN 673 570 575 (a wholly owned subsidiary of the Company).
Company	Beforepay Group Limited (ACN 633 925 505).
Commission Income	Commission income earned on Beforepay's Compare and Save platform.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Credit Risk Model	Beforepay's proprietary credit risk scoring model.
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.
Director	A member of the Board.
Duration	The average across all Pay advances of the time required to repay the Pay advance, weighted by the dollar size of each Pay advance. A Pay advance that is not repaid within 62 days is assumed to have a duration of 62 days.
EBITDA	Earnings before interest, taxation, depreciation and amortisation (adjusted). The figures presented on EBITDA are unaudited.
Group	The Company and each of its subsidiaries.
GST	Goods and services tax (GST) imposed under the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).



## Glossary continued

Term	Definition
<b>IFRS</b>	International Financial Reporting Standards issued by the International Accounting Standards Board.
<b>Interest income</b>	Interest earned on cash at bank. It is not the fee that Beforepay charges to its customers.
<b>Longreach Credit Investors</b>	AMAL Trustees Pty Ltd as trustee for Longreach Direct Lending Fund.
<b>Net Defaults</b>	Actual and expected credit losses (net of recoveries). It comprises customer defaults plus current advances provisioned during the period. The figures presented on Net Defaults are unaudited.
<b>Net Transaction Margin</b>	Comprises Beforepay income (being Beforepay pay advance fee income) less the variable costs associated with facilitating the pay advance transaction (net of recoveries). Variable costs include net transaction loss, 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.
<b>Non-Executive Director</b>	A member of the Board who does not form part of the Company's management. Presently this constitutes all of the Directors.
<b>Pay Advances or pay advances</b>	The aggregate dollar value of Cash Outs in a specified period to a user. The figures presented on pay advances are unaudited.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Share Registry</b>	Automic Pty Ltd (ACN 152 260 814).

# Corporate Directory

## Directors

Brian Hartzler – Chair and Non-Executive Director

Daniel Moss – Non-Executive Director

Stefan Urosevic – Non-Executive Director

Patrick Tuttle – Non-Executive Director

Luke Bortoli – Non-Executive Director  
(directorship ceased on 22 November 2023)

## Company secretaries

Elena Chan

Elizabeth Spooner (resigned on 12 January 2023)

Chelsea Sheridan (appointed 15 January 2023)

## Registered office

Suite 2, Level 6  
50 Carrington Street  
Sydney NSW 2000

Tel: +61 1300 870 711

## Share registry

**Automic Pty Limited**  
Deutsche Bank Tower  
Level 5, 126 Philip Street  
Sydney NSW 2000

Tel: +61 2 9698 5414

## Auditor

**Ernst & Young**  
EY Centre  
200 George Street  
Sydney NSW 2000

## Stock exchange listing

Beforepay Group Limited shares are listed on the Australian Securities Exchange (ASX code: B4P).

Website: [www.beforepay.com.au](http://www.beforepay.com.au)



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