

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 2024
Previous period:	For the 6 months up to 31 December 2023

2. Results for announcement to the market

					\$
Revenues from ordinary activities	up	11.6%	to	19,672,701	
Profit from ordinary activities after tax attributable to the owners of Beforepay Group Limited	up	27.2%	to	2,816,191	
Profit for the period attributable to the owners of Beforepay Group Limited	up	27.2%	to	2,816,191	

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 \$2,816,191 (31 December 2023: \$2,213,391).

Refer to 'Review of operations' in the Directors' Report for further commentary on the results for the half-year ended 31 December 2024.

3. Net tangible assets

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security	0.68	0.63

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

4. Control gained over entities

Not applicable.

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. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. 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.

11. Attachments

Details of attachments (if any):

The Interim Report of Beforepay Group Limited for the period ended 31 December 2024 is attached.

12. Signed

As authorised by the Board of Directors

Signed



Brian Hartzer

Chair

27 February 2025

Sydney

 **Beforepay Group**

The Next Era of Lending

Interim Report – 31 December 2024



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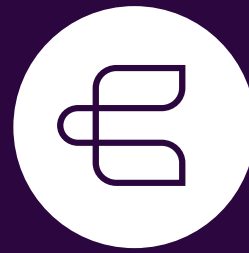
Beforepay Group



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 AI credit risk models that power Beforepay. Using explainable AI, Carrington Labs provides lenders with alternative credit risk scoring insights and product-specific loan limit recommendations to enable more accurate, transparent and holistic lending decisions. With Carrington Labs, lenders are empowered to elevate their lending performance, driving growth while reducing risk.



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.

H1 FY25 Highlights



\$397m

Pay Advances in H1 FY25,
up from \$359m in H1 FY24



\$2.2b

Cumulative Advances
surpassed since inception
in 2019



94%

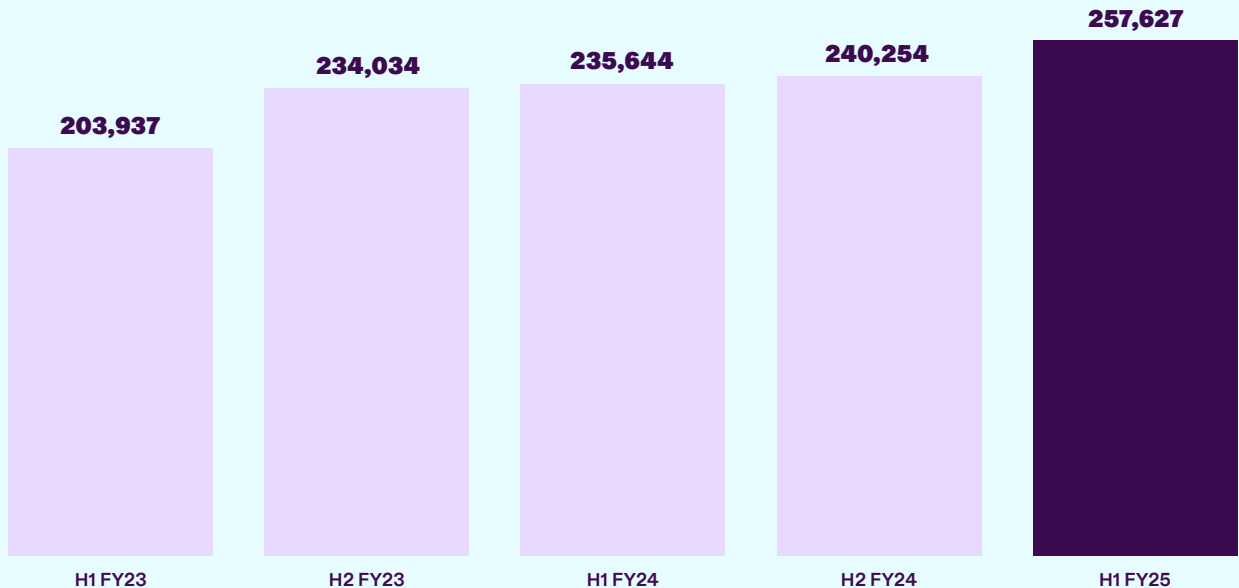
Reuse Rate*



\$19.7m

Revenue in H1 FY25,
up from \$17.6m in H1 FY24

User Growth





\$2.8m

Net Profit Before Tax (NPBT) in H1 FY25, up from \$2.2m in H1 FY24



\$11.8m

Net Transaction Margin in H1 FY25, up from \$10.1m in H1 FY24



\$18.3m

Cash at 31 December 2024



1.1%

Net Defaults in H1 FY25, down from 1.3% in H1 FY24



\$35.6m

Equity at 31 December 2024



\$5.5m

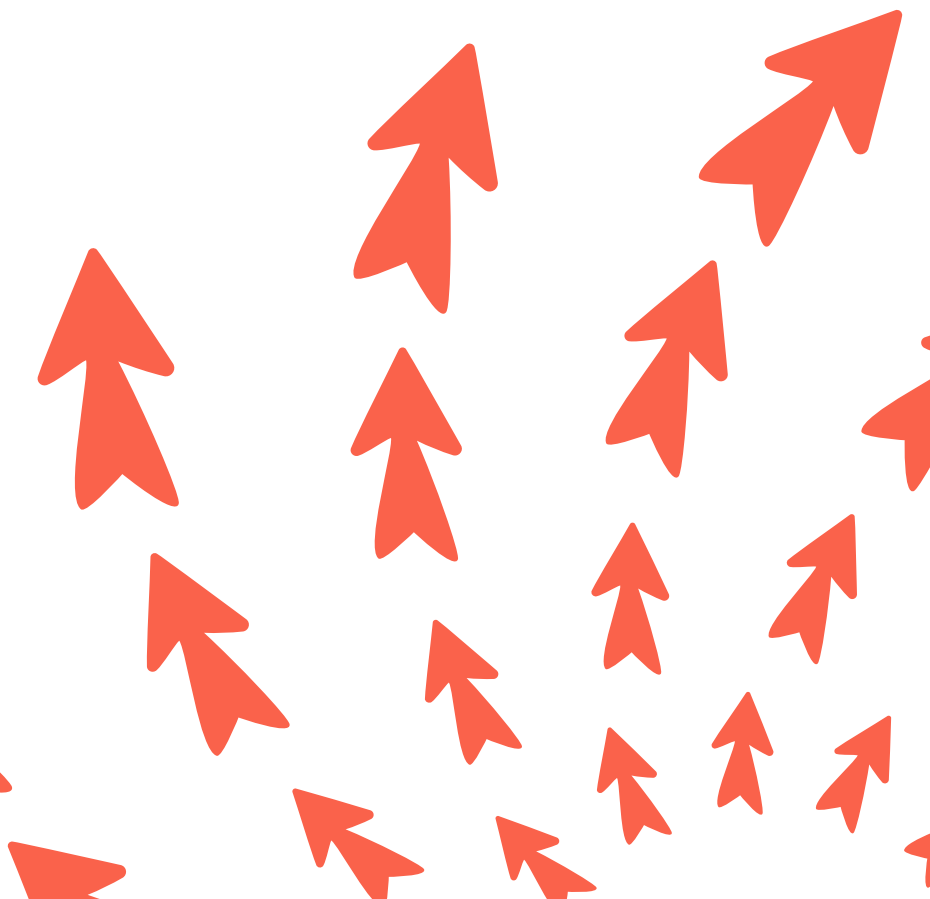
EBITDA in H1 FY25, up from \$4.2m in H1 FY24



1.5m+

Registered Users since inception in 2019

* The percentage of customers who successfully repaid their first pay advance in full by 30 June 2024 and then took out a second pay advance by 31 December 2024. These figures are unaudited.



Directors' Report

31 December 2024

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') and the entities it controlled at the end of, or during, the period ended 31 December 2024.

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 Hartzer – Chair and Non-Executive Director

Daniel Moss – Non-Executive Director

Stefan Urosevic – Non-Executive Director

Patrick Tuttle – Non-Executive Director

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 \$2,816,191 (31 December 2023: \$2,213,391).

Revenue from ordinary activities in the current period was \$19,672,701 representing an increase of 11.6% on the previous financial period (31 December 2023: \$17,635,458).

In the half-year ended 31 December 2024 ('H1 FY25'), the Group maintained profitability, with a half-yearly profit of \$2.8 million, and continues to be a leader in the pay-advance sector. This strong outcome was driven by consistent execution of our strategy, including delivering consistent profitability, continued top-line growth, and strong default outcomes. The Group continues to support more customers with an alternative to revolving debt. This achievement of profitability and our continued balance-sheet strength has provided us a platform to launch two new strategic initiatives; our new Personal Loan product and our enterprise-software product under the Carrington Labs brand.

Compared to the previous financial period ended 31 December 2023, the Group grew the number of advances written by 9% to 1,009,968 and increased the total volume of advances by 11% to \$396.7 million. The number of active customers reached a record 257,627, a 7% increase from FY24 reflecting the Group's continued focus on product improvement and performance marketing. The Group achieved underlying earnings before interest, taxation, depreciation and amortisation (EBITDA) profit of \$5.5 million (unaudited) for the current period, up from an EBITDA profit of \$4.2 million (unaudited) in the previous financial period ended 31 December 2023.

The Group earned a positive net transaction margin of \$11,848,473 (unaudited) in the current period (31 December 2023: \$10,061,384 (unaudited)), an 18% increase from the previous financial period. This result was driven by a decrease in net default rates, as well as higher revenue. Net transaction margin is comprised of income less direct financing costs, direct service costs in facilitating pay advances to customers, and expected credit losses (defaults).

The Group maintained a strong balance sheet with cash on hand of \$18,258,669 and a total equity position of \$35,607,972 as at 31 December 2024. The Group is well capitalised and only carries debt to finance receivables.

Directors' Report continued

Significant changes in the state of affairs

The company's wholly owned subsidiary, BPG Credit Pty Ltd obtained an Australian Credit Licence (ACL) at the end of August 2024 enabling it to issue its regulated credit product, the Personal Loan. This complements the existing Pay Advance and Tax Refund Advance products, supporting customers requiring larger sums for longer durations. This new offering initially provides eligible customers with loans from \$2,001 up to \$3,000 for a term of up to 3 months, with the potential for higher limits and longer durations in the future. The Personal Loan has initially been priced with a 5% fee and a 1.5% monthly interest charge.

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

No matter or circumstance has arisen since 31 December 2024 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

In FY25, the Group will focus on three primary initiatives:

- **Core pay advance business:** The Group intends to continue growing and servicing our core pay advance business. The Group aims to provide safer and better alternatives to our customers while maintaining a lean cost base and improving margins.
- **New lending products:** The Group launched its Personal Loan product, with a phased approach, initially offering the product to existing customers to validate its performance and identify opportunities for enhancements to the credit risk model and processes prior to offering the product more widely. The company will progressively expand the offering to new customers. With our strong capabilities in data-driven risk management and a large customer base, Beforepay believes it is well-positioned to compete effectively in this market.
- **Carrington Labs:** The Group has established a new business line, Carrington Labs, to offer our risk models to lenders globally. This initiative aims to offer enterprise clients the same cutting-edge technology and artificial intelligence tools that power the Group's ethical lending products.

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 Hartzler

Chair

27 February 2025
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 2024, 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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Anita Kariappa'.

Anita Kariappa
Partner
27 February 2025

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 December 2024

	Note	Consolidated	
		6 months ended 31 Dec 2024	6 months ended 31 Dec 2023
		\$	\$
Revenue			
Revenue from contracts with customers	4	19,672,701	17,635,458
Other income	5	80,105	1,742
Interest income		6,457	22,462
Expenses			
Direct service cost		(774,372)	(802,562)
Employee benefits expense	6	(3,767,975)	(4,141,643)
Depreciation and amortisation expense		(257,253)	(244,246)
Other non-operational expenses		(10,223)	(3,849)
Expected credit losses expense		(4,712,317)	(4,913,802)
Occupancy expenses		(53,029)	(33,760)
Advertising and marketing expenses		(2,331,319)	(1,433,735)
Professional and consultancy expenses		(939,281)	(737,725)
Software licences		(34,972)	(12,664)
Technical suppliers		(703,410)	(567,316)
Other expenses		(746,487)	(585,316)
Finance costs	6	(2,612,434)	(1,969,653)
Profit before income tax expense		2,816,191	2,213,391
Income tax expense		-	-
Profit after income tax expense for the period attributable to the owners of Beforepay Group Limited		2,816,191	2,213,391
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of Beforepay Group Limited		2,816,191	2,213,391
Basic earnings per share			
Basic earnings per share	17	0.06	0.05
Diluted earnings per share			
Diluted earnings per share	17	0.05	0.05

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 2024

	Note	Consolidated	
		Dec 2024	Jun 2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	18,258,669	19,227,764
Trade and other receivables	8	54,301,559	50,182,548
Other assets		805,538	829,035
Total current assets		73,365,766	70,239,347
Non-current assets			
Property, plant and equipment	9	68,786	62,036
Intangibles	10	2,922,175	1,101,709
Right-of-use assets		1,505,182	1,560,854
Other assets		278,636	527,673
Total non-current assets		4,774,779	3,252,272
Total assets		78,140,545	73,491,619
Liabilities			
Current liabilities			
Trade and other payables	11	2,780,508	4,679,775
Lease liabilities		166,477	275,078
Employee benefits		334,409	275,542
Total current liabilities		3,281,394	5,230,395
Non-current liabilities			
Borrowings	12	37,785,789	36,411,772
Lease liabilities		1,449,099	1,314,622
Provisions		3,230	3,040
Total non-current liabilities		39,238,118	37,729,434
Total liabilities		42,519,512	42,959,829
Net assets		35,621,033	30,531,790
Equity			
Issued capital	13	80,532,225	80,478,664
Reserves	14	3,618,605	1,399,114
Accumulated losses		(48,529,797)	(51,345,988)
Total equity		35,621,033	30,531,790

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 2024

	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	69,413	-	-	69,413
Share-based payments (note 17)	-	565,958	-	565,958
Balance at 31 December 2023	80,340,558	2,331,969	(52,996,341)	29,676,186

	Issued capital	Reserves	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2024	80,478,664	1,399,114	(51,345,988)	30,531,790
Profit after income tax expense for the period	-	-	2,816,191	2,816,191
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	2,816,191	2,816,191
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	53,561	-	-	53,561
Share-based payments (note 17)	-	2,219,491	-	2,219,491
Balance at 31 December 2024	80,532,225	3,618,605	(48,529,797)	35,621,033

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 2024

	Note	Consolidated	
		6 months ended 31 Dec 2024	6 months ended 31 Dec 2023
		\$	\$
Cash flows from operating activities			
Receipts from repayment of customers advances		388,265,605	355,109,628
Receipts of income		19,271,222	12,012,893
Payments to suppliers and employees		(8,692,394)	(7,944,497)
Advances to customers		(396,712,505)	(358,591,500)
Interest received		6,457	22,462
Interest and other finance costs paid		(2,423,606)	(1,873,359)
Commission income	5	80,105	1,742
Net cash used in operating activities		(205,116)	(1,262,631)
Cash flows from investing activities			
Payments for property, plant and equipment	9	(23,891)	(8,735)
Capitalised employee costs for software development	10	(1,847,402)	0
Net cash used in investing activities		(1,871,293)	(8,735)
Cash flows from financing activities			
Proceeds from issue of shares	13	53,561	69,413
Proceeds from borrowings		1,185,380	32,907,077
Borrowings transaction costs		–	(1,131,821)
Repayment of borrowings		–	(33,285,145)
Repayment of lease liabilities		(131,627)	(196,092)
Net cash from/(used in) financing activities		1,107,314	(1,636,568)
Net decrease in cash and cash equivalents		(969,095)	(2,907,934)
Cash and cash equivalents at the beginning of the financial period		19,227,764	21,777,857
Cash and cash equivalents at the end of the financial period		18,258,669	18,869,923

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

Notes to the Financial Statements

31 December 2024

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 1, Level 9
77 Castlereagh 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 27 February 2025. The directors have the power to amend and reissue the financial statements.

Note 2. Material Accounting Policy Information

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2024 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 2024 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 during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

Notes to the Financial Statements continued

The revised Standard effective for the current half-year that is relevant to the Group is set out below:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

The amendments did not impact the classification of the Group's borrowings.

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 2024, the Group incurred a profit after tax of \$2,816,191 (31 December 2023: profit of \$2,213,391) and had net operating cash outflows of \$192,055 (31 December 2023: outflows of \$1,262,631) and net investing cash outflows of \$1,871,293 (31 December 2023: outflows of \$8,735). Further, the Group has a net current assets position of \$70,071,311 at 31 December 2024 (30 June 2024: net current assets of \$65,008,952), as well as net assets position of \$35,607,972 (30 June 2024: net assets of \$30,531,790).

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 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'). In October 2024, Longreach novated all of its rights and obligations under the debt facility agreement to AMAL Security Services Pty Ltd as trustee for LCI Funding Trust 1 ('Longreach Lender'). Refer to note 12 for further details.

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.

Notes to the Financial Statements continued

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.

During the current and previous financial period, the Group did not have any major customers due to the nature of services provided.

Note 4. Revenue from contracts with customers

	Consolidated	
	6 months ended 31 Dec 2024	6 months ended 31 Dec 2023
	\$	\$
Revenue	19,672,701	17,635,458

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

All revenue is derived in Australia.

Note 5. Other income

	Consolidated	
	6 months ended 31 Dec 2024	6 months ended 31 Dec 2023
	\$	\$
Commission income	80,105	1,742

Commission income

Commission income was received during the half-year ended 31 December 2024 and relates to the Group'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.

Notes to the Financial Statements continued

Note 6. Expenses

	Consolidated	
	6 months ended 31 Dec 2024	6 months ended 31 Dec 2023
	\$	\$
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	2,337,539	1,857,710
Interest and finance charges paid/payable on lease liabilities	86,067	15,649
Unwinding of the discount on provisions	191	1,976
Amortisation of loan establishment fees	188,637	94,318
	2,612,434	1,969,653
Employee benefits expense		
Employee benefits expense excluding share-based payments	1,548,484	3,575,685
Share-based payments expense	2,219,491	565,958
	3,767,975	4,141,643

Note 7. Cash and cash equivalents

	Consolidated	
	Dec 2024	Jun 2024
	\$	\$
Current assets		
Cash at bank	17,908,321	18,864,335
Cash held by service providers	350,348	363,429
	18,258,669	19,227,764

The cash-on-hand figure of \$18,258,669 excludes \$5,786,946 in cash held by third parties to fund customer advances (30 June 2024: \$19,227,764 excludes \$6,030,225 in cash held by third parties to fund advances). These are included in note 8 as other receivables.

Notes to the Financial Statements continued

Note 8. Trade and other receivables

	Consolidated	
	Dec 2024	Jun 2024
	\$	\$
Current assets		
Receivables – customer advances	54,735,498	46,249,504
Less: Allowance for expected credit losses	(6,896,690)	(5,752,767)
	47,838,808	40,496,737
Other receivables	6,462,751	9,663,295
GST receivable	–	22,516
	54,301,559	50,182,548

During the half-year ended 31 December 2024, the Group issued customer advances totalling \$396,712,505 (half-year ended 31 December 2023: \$358,591,500).

Customer advances receivable represent outstanding amounts on advances and associated income receivable issued on the Group's platform. The Group's business model is to hold the receivables with the objective to collect the contractual cash flows, including principal and income due to the Group. 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 to account for expected credit losses ('ECLs') on customer receivables measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the 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 based on the initial amount of customer advances receivable and the movements in the ageing to estimate the ECL.

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

	Consolidated	
	Dec 2024	Jun 2024
	\$	\$
Opening balance	5,752,767	6,284,756
Additional provisions recognised	9,048,284	17,841,686
Receivables written off during the period/year as uncollectable	(3,568,394)	(10,733,538)
Unused amounts reversed	(4,335,967)	(7,640,137)
Closing balance	6,896,690	5,752,767

Notes to the Financial Statements continued

Note 9. Property, plant and equipment

	Consolidated	
	Dec 2024	Jun 2024
	\$	\$
Non-current assets		
Computer equipment – at cost	297,918	274,027
Less: Accumulated depreciation	(230,925)	(214,120)
	66,993	59,907
Office equipment – at cost	3,332	3,332
Less: Accumulated depreciation	(1,539)	(1,203)
	1,793	2,129
	68,786	62,036

Reconciliations

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

	Computer equipment	Office equipment	Total
Consolidated	\$	\$	\$
Balance at 1 July 2024	59,907	2,129	62,036
Additions	23,891	–	23,891
Transfers in/(out)	–	–	–
Depreciation expense	(16,805)	(336)	(17,141)
Balance at 31 December 2024	66,993	1,793	68,786

Notes to the Financial Statements continued

Note 10. Intangibles

	Consolidated	
	Dec 2024	Jun 2024
	\$	\$
Non-current assets		
Development – at cost	3,393,267	1,545,865
Less: Accumulated amortisation	(471,092)	(444,156)
	2,922,175	1,101,709

Reconciliations

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

Consolidated	Development costs
	\$
Balance at 1 July 2024	1,101,709
Additions	1,847,402
Amortisation expense	(26,936)
Balance at 31 December 2024	2,922,175

During the half-year ended 31 December 2024, the Group capitalised additional development costs relating to the personal loans and Carrington Labs offerings.

Note 11. Trade and other payables

	Consolidated	
	Dec 2024	Jun 2024
	\$	\$
Current liabilities		
Trade payables	873,015	1,027,169
Accrued expenses	1,882,414	3,652,606
Deferred revenue	12,691	–
GST payable	12,388	–
	2,780,508	4,679,775

Notes to the Financial Statements continued

Note 12. Borrowings

	Consolidated	
	Dec 2024	Jun 2024
	\$	\$
Non-current liabilities		
Loan – Longreach Lender	3,446,018	17,260,638
Loan – Balmain Group	35,000,000	20,000,000
Loan establishment fees	(660,229)	(848,866)
	37,785,789	36,411,772

Loan – Longreach Lender and Balmain Group

On 18 October 2023, Beforepay Finance Pty Ltd, a subsidiary of Beforepay Group Ltd, signed a secured debt facility agreement for \$55,000,000 with Balmain Group and Longreach. In October 2024, Longreach subsequently novated all of its rights and obligations under the debt facility agreement to AMAL Security Services Pty Ltd as trustee for LCI Funding Trust 1 ('Longreach Lender').

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

The key terms of the facility agreement include:

- \$55,000,000 facility (\$20,000,000 from Longreach Lender and \$35,000,000 from Balmain Group) for 3 years to 15 October 2026 with the potential to extend the total facility size in a future period. This reflects a transfer of debt on 29 November 2024, where Balmain Group and Longreach Lender reached commercial agreement to assign a A\$15,000,000 of Longreach Lender's drawn exposure to Balmain Group.
- 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, Beforepay IP Pty Ltd and BPG Credit Pty Ltd have granted first ranking security to the Lenders over all of their present and after acquired assets. The Group 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 Finance Pty Ltd 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 fixed charge coverage ratio (FCCR) linked to EBITDA.
- Upfront fees and costs of c. 1.7% on the \$55,000,000 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 2024	Jun 2024
	\$	\$
Total facilities		
Loan – Longreach Lender	20,000,000	35,000,000
Loan – Balmain Group	35,000,000	20,000,000
	55,000,000	55,000,000
Used at the reporting date		
Loan – Longreach Lender	3,446,018	17,260,638
Loan – Balmain Group	35,000,000	20,000,000
	38,446,018	37,260,638
Unused at the reporting date		
Loan – Longreach Lender	16,553,982	17,739,362
Loan – Balmain Group	–	–
	16,553,982	17,739,362

Note 13. Issued capital

	Consolidated			
	Dec 2024	Jun 2024	Dec 2024	Jun 2024
	Shares	Shares	\$	\$
Ordinary shares – fully paid	48,220,946	47,335,412	80,519,164	80,478,664

Movements in ordinary share capital

Details	Date	Number of Shares	Issued price	\$
Balance	1 July 2024	47,335,412		80,478,664
Shares issued on exercise of share options	26 September 2024	100,000	\$0.405	40,500
Shares issued on exercise of performance rights	26 September 2024	743,156	\$0	–
Shares issued on exercise of share options	11 November 2024	35,628	\$0.200	7,126
Shares issued on exercise of share options	11 November 2024	6,750	\$0.879	5,935
Balance	31 December 2024	48,220,946		80,532,225

Notes to the Financial Statements continued

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Group 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 Group 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.

Note 14. Reserves

	Consolidated	
	Dec 2024	Jun 2024
	\$	\$
Share-based payments reserve	3,618,605	1,399,114

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

Consolidated	Share-based payments
	\$
Balance at 1 July 2024	1,399,114
Share-based payments	2,219,491
Balance at 31 December 2024	3,618,605

Note 15. Dividends

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

Note 16. Contingent liabilities

	Consolidated	
	Dec 2024	Jun 2024
	\$	\$
Bank guarantees	278,636	278,636

Notes to the Financial Statements continued

Note 17. Share-based payments

The Group has granted shares options and rights under the following share-based payments plans:

- Legacy Long-Term Incentive Plan (Legacy LTIP)
- Long-Term Incentive Plan (LTIP)

Legacy LTIP

During the financial year ended 30 June 2020, an Employee Option Plan was established by the Group whereby share options were issued to certain employees. The options were issued for nil consideration and granted in accordance with performance guidelines established by the Board. These options allow each option holder to convert each option to one share following vesting.

The vesting conditions vary for each grant of options. The following vesting conditions apply to options granted:

- 25% of the options granted will vest one year from grant date; and from the start of the second year, the remaining 75% of the options granted will vest on a quarterly basis over a 3 year period;
- options will vest upon IPO; or
- options will vest equally over 3 years.

Vesting conditions and other vesting events may be varied at the discretion of the Board. The options may only be exercised for shares in the company.

LTIP

During the financial year ended 30 June 2021, a long-term incentive plan was established by the Group whereby share options and share rights may be issued to Directors (including Non-Executive Directors), employees and contractors, or any other person designated by the Board. The options were issued for nil consideration and are granted in accordance with performance guidelines established by the Board. These options allow each option holder to convert each option to one share following vesting. The options will vest over 4 years.

During the half-year ended 31 December 2024, performance rights which will convert into fully paid ordinary shares on vesting, were issued to employees for \$nil consideration. The vesting period for these performance rights for non-executive staff is 2 years and for executive staff is 3 years.

Notes to the Financial Statements continued

Set out below are summaries of options and performance rights granted under the plan:

Dec 2024

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
01/07/2019	01/01/2025	\$0.38	–	–	–	–	–
24/07/2019	01/01/2025	\$0.38	79,876	–	–	(79,876)	–
15/08/2020	15/08/2025	\$0.44	7,190	–	–	–	7,190
19/08/2020	19/08/2025	\$0.44	29,052	–	–	–	29,052
20/09/2020	30/06/2024	\$1.30	–	–	–	–	–
30/09/2020	30/09/2025	\$0.20	1,650	–	–	–	1,650
01/11/2020	01/11/2025	\$0.20	2,064	–	–	–	2,064
16/11/2020	30/06/2024	\$1.30	–	–	–	–	–
17/11/2020	17/11/2025	\$0.20	–	–	–	–	–
17/11/2020	01/01/2025	\$0.20	–	–	–	–	–
02/12/2020	02/12/2025	\$0.20	35,628	–	–	(35,628)	–
01/01/2021	01/01/2025	\$0.20	–	–	–	–	–
04/01/2021	04/01/2026	\$0.88	6,587	–	–	–	6,587
08/01/2021	08/01/2026	\$0.20	–	–	–	–	–
27/01/2021	30/06/2024	\$1.30	–	–	–	–	–
01/02/2021	01/02/2026	\$0.88	10,647	–	–	–	10,647
22/02/2021	22/02/2026	\$0.88	7,000	–	–	–	7,000
05/07/2021	05/07/2031	\$0.88	242,200	–	–	–	242,200
09/07/2021	09/07/2026	\$0.88	959,000	–	–	–	959,000
21/07/2021	21/07/2026	\$0.88	9,852	–	(6,750)	–	3,102
01/09/2021	01/09/2026	\$0.88	430,680	–	–	–	430,680
21/10/2021	01/08/2026	\$1.30	20,000	–	–	(20,000)	–
29/04/2022	29/04/2027	\$0.41	483,646	–	(251,235)	(14,815)	217,596
30/06/2022	30/06/2027	\$0.39	334,452	–	–	–	334,452
30/06/2022	30/06/2027	\$0.29	2,780,556	–	–	–	2,780,556
21/09/2022	21/09/2027	\$0.45	1,842,308	–	–	–	1,842,308
21/09/2022	21/09/2027	\$0.00	224,795	–	(131,558)	(3,316)	89,921
30/06/2023	30/06/2028	\$0.54	239,808	–	–	–	239,808
21/12/2023	21/12/2028	\$0.00	634,170	–	(200,075)	–	434,095
21/12/2023	21/12/2028	\$0.45	137,500	–	–	–	137,500
21/12/2023	21/12/2028	\$1.00	50,000	–	–	–	50,000
12/01/2024	12/01/2029	\$0.00	1,234,568	–	(411,523)	–	823,045
20/09/2024	20/09/2029	\$0.00	–	964,756	–	–	964,756
20/09/2024	20/09/2029	\$1.00	–	70,000	–	–	70,000
20/09/2024	20/09/2029	\$1.09	–	119,620	–	–	119,620
			9,803,229	1,154,376	(1,001,141)	(153,635)	9,802,829
Weighted average exercise price			\$0.38	\$0.17	\$0.11	\$0.45	\$0.38

Notes to the Financial Statements continued

For the options granted during the current financial period, the Black Scholes valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
20/09/2024	20/09/2029	\$0.94	\$0.00	40.00%	–	3.64%	\$0.94
20/09/2024	20/09/2029	\$0.94	\$1.00	40.00%	–	3.64%	\$0.24
20/09/2024	20/09/2029	\$0.94	\$1.09	40.00%	–	3.64%	\$0.37

Note 18. Earnings per share

	Consolidated	
	6 months ended 31 Dec 2024	6 months ended 31 Dec 2023
	\$	\$
Profit after income tax attributable to the owners of Beforepay Group Limited	2,816,191	2,213,391
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	47,717,403	46,731,057
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	4,148,313	927,735
Performance rights over ordinary shares	187,321	130,923
Weighted average number of ordinary shares used in calculating diluted earnings per share	52,053,037	47,789,715
	\$	\$
Basic earnings per share	0.06	0.05
Diluted earnings per share	0.05	0.05

Note 19. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 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 2024

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 2024 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

27 February 2025
Sydney

Independent Auditor's Review Report

To the members of Beforepay Group Limited



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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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 2024, 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, explanatory notes 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 2024 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 2024 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*.

Independent Auditor's Review Report continued



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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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Anita Kariappa'.

Anita Kariappa
Partner
Sydney
27 February 2025

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 in full 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.

Glossary continued

Term	Definition
GST	Goods and services tax (GST) imposed under the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board.
Interest income	Interest earned on cash at bank. It is not the fee that Beforepay charges to its customers.
Lenders	Balmain Group and Longreach Lender.
Longreach	AMAL Trustees Pty Ltd as trustee for Longreach Direct Lending Fund.
Longreach Lender	AMAL Security Services Pty Ltd as trustee for LCI Funding Trust 1.
Net Defaults	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.
Net Transaction Margin	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.
Non-Executive Director	A member of the Board who does not form part of the Company's management. Presently this constitutes all of the Directors.
Pay Advances or pay advances	The aggregate dollar value of Cash Outs in a specified period to a user. The figures presented on pay advances are unaudited.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	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

Company secretaries

Elena Chan

David Hwang

Registered office

Suite 1, Level 9
77 Castlereagh Street
Sydney NSW 2000

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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

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beforepay.com.au

