

**prospa**

# FY19 Results

29 August 2019



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## Section 1

# **CEO welcome and performance highlights**

# We're helping small business owners prosper and grow the economy

Prospa's solutions are addressing a substantial and growing market which has been under-served by incumbents



**2.75m**

Small businesses in AU and NZ<sup>1</sup>



**20,000+**

Customers across AU and NZ  
(<2% market penetration)<sup>2</sup>



**\$4.8b**

Impact on GDP<sup>3</sup>



**67,000+**

Jobs maintained<sup>3</sup>

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"I hired an extra 4 staff and have massively grown our clientele and business. It's been awesome."

Brie, NSW

1. ABS 8165 June 2018 (released in February 2019); and Small Business in New Zealand' Ministry of Business, Innovation & Employment, June 2017.

2. Based on 1.2 million Australian small businesses forming our addressable market. Refer pg.31 of the Prospectus (hereafter, "Prospectus").

3. Source: RFI Group and The Centre for International Economics: "The Economic Impact of Prospa Lending to Small Business" (January 2019), commissioned by Prospa.

# Prospectus forecast achieved

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Tracking well towards our CY19 prospectus forecast

## Customers<sup>1</sup>

**20k+**

**+58%**

Growth on June 2018

- ✓ Strong growth year on year
- ✓ Further enhanced by multi-product offering, e.g. ProspaPay and Line of Credit

## Originations

**\$501.7m**

**+37%**

Growth on FY18

- ✓ Exceeded prospectus forecast by +3%
- ✓ Q4 FY19 performance +10% vs prospectus
- ✓ Strong performance in Australia
- ✓ New Zealand continues to exceed expectations

## Revenue

**\$136.4m**

**+31%**

Growth on FY18

- ✓ In line with prospectus forecast
- ✓ Interest income and Other Income in line with or ahead of plan

## Pro forma EBITDA

**\$6.8m**

**+11%**

Vs Prospectus

- ✓ Ahead of prospectus forecast
- ✓ Improved funding cost in a lower base rate environment
- ✓ Loan impairment expense performing well, 5% better than prospectus
- ✓ Confirming our CY19 prospectus forecast

1. Customer count as at 30 June 2019. Originations, revenue and pro forma EBITDA for the 12 months ended 30 June 2019 ("FY19").  
2. All figures in this document are in Australian \$ unless otherwise indicated.

# Investment highlights

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#1 online lender to small business with a large potential market opportunity<sup>1</sup>



Early mover advantage across technology, distribution, funding and scale



Strong customer value proposition, with compelling unit economics and recurring revenue



Diversified loan portfolio and robust risk management



Strong track record of growth with strong growth opportunities



Experienced founder-led team

**\$20b+**

Potential market opportunity<sup>2</sup>

**\$1.2bn**

loans originated since inception<sup>3</sup>

**19%**

Brand awareness at Jun 2019 increased from 8% in Dec 2017

**10,000+**

Distribution Partners

**> +77 NPS**

customer satisfaction<sup>4</sup>

**67%**

repeat business<sup>5</sup>

**Best-in-class**

Credit Decision Engine

**4 - 6%**

Board mandated fully seasoned net static loss rate

**\$136m**

Revenue (FY19)

**+56%**

revenue CAGR (FY17–FY19)

**Best Employer**

AON Hewitt Best Employers Program 2017 & 2018

**250+**

employees

1. Prospa volume as % of total market volume (measured by loan value) for 2017 (sourced from "The Cambridge Centre for Alternative Finance" 3rd Asia Pacific Region Alternative Finance Industry Report, November 2018, p86).

2. Refer pg.31 of the Prospa 2019 Prospectus dated 16 May 2019 (hereafter, "Prospectus").

3. Total originations of \$1,187,033,872 as at 30 June 2019 including all products and geographies.

4. NPS exceeded +77 in the 12 months to 30 June 2019.

5. Average repeat rate for eligible customers only (where eligible customers are defined as not having defaulted on this past loans) for the 25-month period of March 2015 to March 2017. Average repeat rate including ineligible customers for this same period would be 64%. Cohorts originated after March 2017 are still in the process of seasoning and therefore excluded from this analysis.

# Strong business momentum

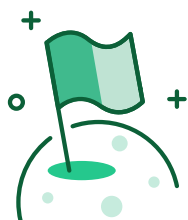
Prospa is leveraging scale and investing in product and market diversity

## Geographical expansion



- ✓ NZ\$24m originations to date<sup>1</sup>
- ✓ Significant investment in CY19 as we grow
- ✓ Risk performance in line with expectations

## New products



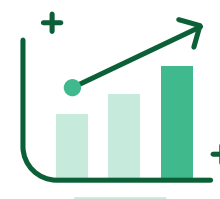
- ✓ Line of Credit launched in Q4FY19
- ✓ ProspaPay ready for next stage of investment
- ✓ Prospa App launched in Q4FY19

## Diversified funding



- ✓ Further growth in funding capacity to support expansion
- ✓ NZ funding structure established and NZ junior funder onboarded (NZ\$45m)
- ✓ New senior bank funder onboarded in AU (\$70m)

## Portfolio Premiumisation<sup>2</sup>



- ✓ Early loss indicators continue to show improvement
- ✓ Increased proportion of premium risk grades from 26% to 39%<sup>3</sup>
- ✓ Loan impairment expense improving

1. Originations from inception to 30 June 2019.

2. Premiumisation refers to the lowering of the risk profile of the overall loan portfolio over time as a result of lower rates in market appealing to customers with a lower risk profile who tend to be more rate sensitive.

3. Premium risk grades are the top 3 risk grades (in terms of quality), which were introduced into the business in May 2017.

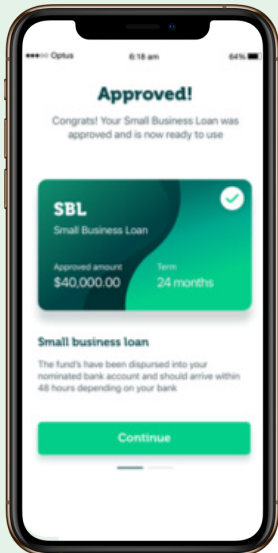
## Section 2

# Business update

# A cohesive customer-focused platform

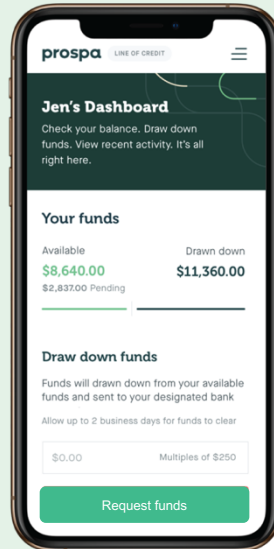
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We build cash flow products and services that allow small businesses to GROW and RUN their business and help them PAY for goods and services



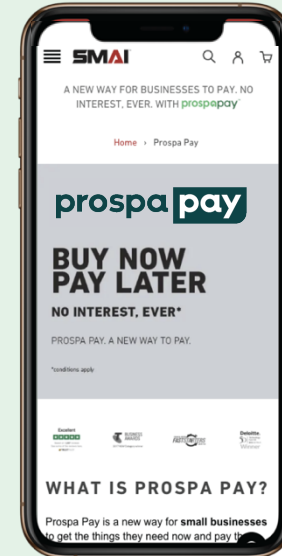
## Grow Small Business Loan

- ✓ \$5,000 to \$300,000
- ✓ A one-off lump sum to take advantage of opportunities
- ✓ Mobile app for increased customer engagement and retention



## Run Line of Credit

- ✓ \$2,000 to \$25,000
- ✓ Complementary to small business loan
- ✓ Leverages existing credit infrastructure, technology and distribution
- ✓ Automated customer interactions and increased data



## Pay ProspaPay

- ✓ \$500 to \$20,000
- ✓ B2B trade payments
- ✓ Provides interest free 'buy now pay later' solution for vendors
- ✓ Vendors can increase basket size
- ✓ Low cost customer acquisition
- ✓ Network effect

# Improving our core product through innovation

Helping small business owners **GROW** their business with a fixed cost lump sum business loan

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## Small Business Loan

Additional features appeal to broader customer set

### Improved business outcomes

- Avg loan amount increased 9%<sup>1</sup> YoY (more volume per customer)
- Avg term now 14 months<sup>1</sup> (more revenue per loan)

### Reduced Interest Costs

- Lower simple annual interest rates of 9.9% to 26.5% appeals to a broader range of customer profiles

### Enhanced customer journey

- 15% of applications automatically assessed in real-time, a 2x increase YoY<sup>2</sup>
- Mobile App launched for Business Loan and Line of Credit

**2.8x**

Customer Lifetime Value<sup>3</sup>

**67%**

Repeat rate<sup>4</sup>



“I used the money to buy new stock and generate income that way. It has actually allowed me to keep trading.”

Brigid, VIC

1. Average for the 12 months ended 30 June 2019.

2. Our straight through processing function, Resolve, as applied to the % of applications that fit the criteria of our credit policy.

3. Quarterly cohort average including both eligible and ineligible customers measured in loans per customer. In the 2019 Prospectus this figure was 2.6x.

4. 67% represents the average repeat rate for eligible customers only (where eligible customers are defined as not having defaulted on their Prospa loan). In the 2019 Prospectus this figure was 68%.

# Increasing addressable market through product development

Helping small business owners RUN their business and manage cash flow with a revolving line of credit

## Line of Credit

Multiple use cases to support growth

### Now

- Customer experience, unit economics and credit performance tested
- Mobile-enabled
- \$1.7m in drawn facilities<sup>1</sup> and growing
- Ready to scale

### Next

- Increase facility amount
- Enable third party payments
- Launch through partner channel
- Engage with existing customers
- Digital card

**68%**

Average utilisation<sup>1</sup>

**\$14k**

Average drawn balance<sup>1</sup>



“We approached the banks and found it very difficult... the Line of Credit gives us the freedom to pay invoices early and secure discounts, but generally just to keep the cash flow at a regular, even level.”

Geoff, NSW

# Increasing addressable market through product development

Helping small business owners PAY for goods and services with ProspaPay, our B2B trade payments product

## ProspaPay

Network effect on both vendor and customer side

### Now

- ~70 vendors<sup>1</sup>
- Leverages existing credit decision technology
- Customer experience tested
- 2x increase in transactions QoQ<sup>2</sup>

### Next

- Second phase of investment including digital platform integration and increased resources
- Leverage existing customer base of >20,000
- Online and offline capability
- Vendor acquisition

**>\$100b**

potential market opportunity<sup>3</sup>

**\$2.6k**

Average transaction value<sup>1</sup>



“By offering ProspaPay to our customers we’ve been able to increase average basket size by more than 60%.”

James, NSW

1. As at 30 June 2019

2. Comparing Q3 FY19 to Q4 FY19

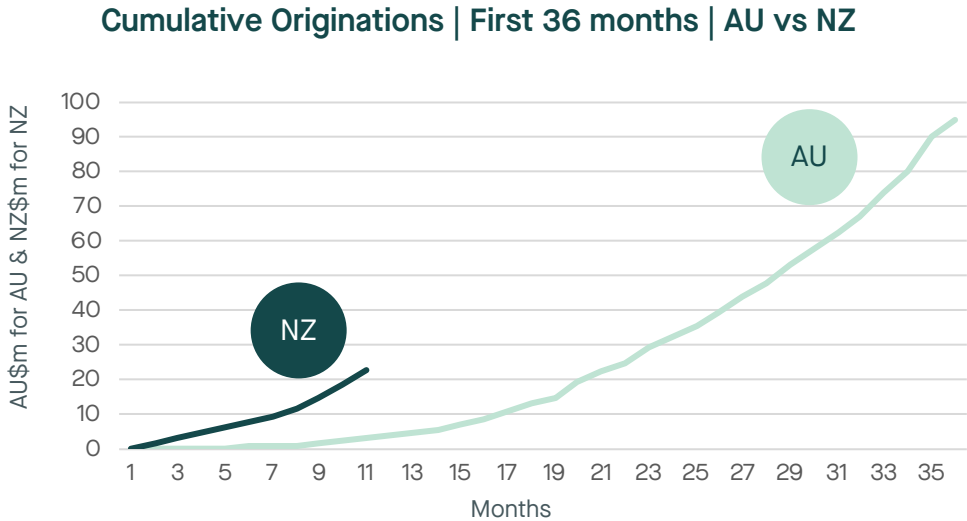
3. Based on assumption that small businesses account for 5% of the \$1.9 trillion B2B purchases of goods & materials and other selected expenses set out in ABS81550D0002\_201617 Australian Industry, 2016-17.

# Increasing addressable market through market expansion to NZ

Market dynamics similar to Australia, with risk performance in line with expectations and significant investment in CY19 as we grow

## New Zealand

Rapid market penetration & originations expected to scale over CY19 and beyond



**>NZ\$4b**  
potential market opportunity

**NZ\$24m**  
Originations to date<sup>2</sup>



“We were looking at financing and we approached a number of personal banks. We just found the red-tape was incredibly difficult and were unable to get the finance that we required.”

Alex, Auckland NZ

1. Refer pg.94 of the 2019 Prospectus.  
2. NZ\$ Originations from inception to 30 June 2019.

## Section 3

# Financials, funding and credit

# FY19 pro forma P&L // **Headline results**

Strong year-on-year top line growth and prospectus forecast met

P&L - ProForma	FY19	FY18	YoY %	FY19	FY19	Var. %
	Actuals	Actuals		Actuals	Prospectus	
Originations	501.7	367.3	36.6%	501.7	486.5	3.1%
Total revenue	136.4	104.0	31.2%	136.4	136.0	0.3%
Net revenue	127.9	99.1	29.1%	127.9	127.6	0.2%
Total operating expenses	(121.1)	(91.3)	32.6%	(121.1)	(121.5)	-0.4%
EBITDA	6.8	7.7	-12.0%	6.8	6.1	11.5%
EBITDA margin	5.0%	7.4%	-2.4%	5.0%	4.5%	0.5%
NPAT	(1.0)	1.3	n/a	(1.0)	(1.5)	n/a

- ✓ Prospectus forecast met across originations, total revenue and pro forma EBITDA
- ✓ Total revenue on plan with higher volume of originations driven by premium risk segments
- ✓ Total operating expenses in line with prospectus, driven by outperformance in funding costs and lower loan impairment expense
- ✓ Pro forma EBITDA result of \$6.8m, up 11.5% on prospectus
- ✓ On track for CY19 prospectus forecast

# FY19 pro forma P&L // Expenses

Total operating expenses in line with prospectus forecast

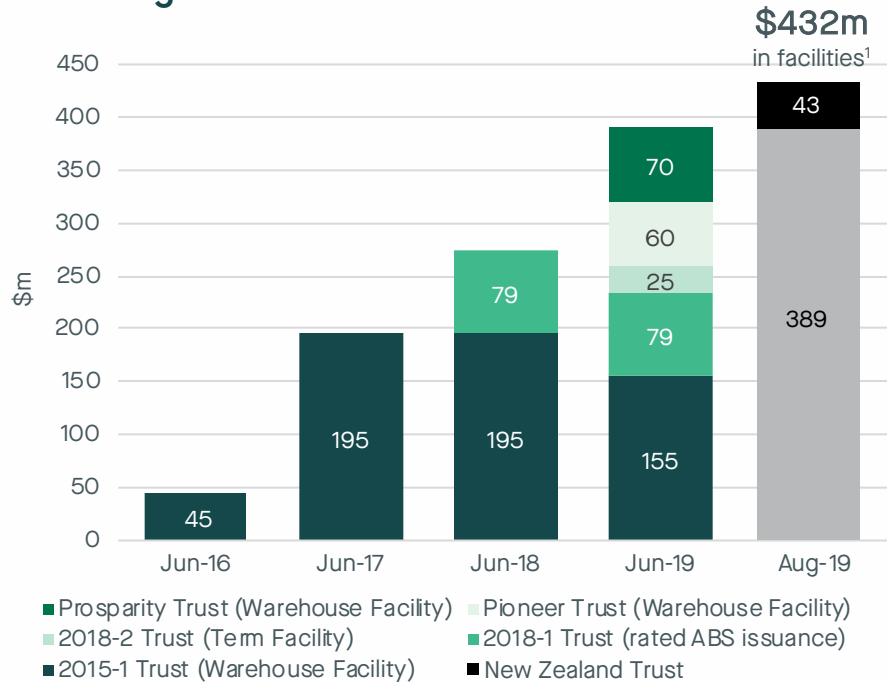
P&L - ProForma	FY19A	FY19P	Var.\$	Var.%
	Actuals	Prospectus		
<b>Originations</b>	<b>501.7</b>	<b>486.5</b>	<b>15.1</b>	<b>3.1%</b>
Interest income	125.0	124.7	0.3	0.3%
Other income	11.4	11.3	0.1	1.2%
<b>Total revenue</b>	<b>136.4</b>	<b>136.0</b>	<b>0.5</b>	<b>0.3%</b>
<b>1</b> Transaction costs	(8.5)	(8.3)	(0.2)	2.4%
<b>Net revenue</b>	<b>127.9</b>	<b>127.6</b>	<b>0.3</b>	<b>0.2%</b>
<b>2</b> Funding Costs	(18.7)	(19.3)	0.6	-2.9%
<b>3</b> Sales & Marketing	(27.1)	(25.9)	(1.2)	4.6%
<b>4</b> Product Development	(9.4)	(9.6)	0.2	-1.7%
<b>5</b> General & Administrative	(35.3)	(34.5)	(0.8)	2.3%
<b>6</b> Loan Impairment	(30.6)	(32.3)	1.7	-5.3%
<b>Total Operating Expenses</b>	<b>(121.1)</b>	<b>(121.5)</b>	<b>0.4</b>	<b>-0.4%</b>
<b>EBITDA</b>	<b>6.8</b>	<b>6.1</b>	<b>0.7</b>	<b>11.5%</b>

- 1 Transaction costs growth in line with originations
- 2 Funding costs benefitting from lower base rate environment flowing through to bottom line
- 3 Sales & marketing investment accelerated (e.g. New Zealand) with revenue benefits to accrue in future periods
- 4 Product development expense in line
- 5 General & administration expense also reflects: i) pace of investments in New Zealand, Line of Credit and ProspaPay; and ii) share based payment expense uplift
- 6 Loan impairment expense result better than forecast, demonstrating premiumisation of the portfolio

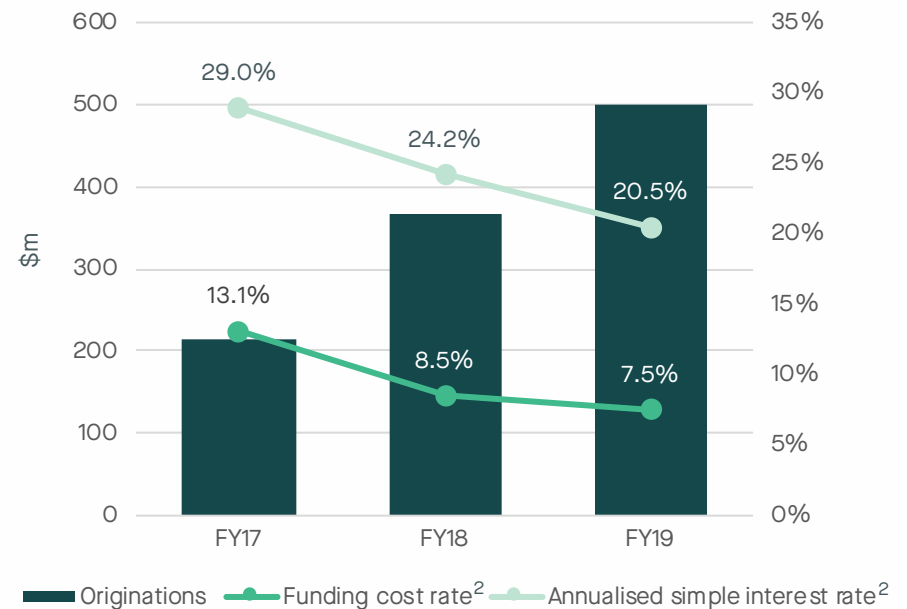
# Market leading funding platform continues to scale

Highlighted by additional Tier 1 bank and New Zealand funding warehouse

**Funding capacity increased and further diversified over time, reducing risk and lowering our cost of funds**



**Funding optimisation allows for lower rates and broader customer appeal**



- ✓ Secured second bank funding warehouse and New Zealand funding warehouse
- ✓ Full drawn funding cost rate reducing from 7.1% to 6.9%

- ✓ Funding headroom 20% at June 2019, growing to >25% with New Zealand facility
- ✓ Base rate improvements through to bottom line

1. Available facilities following the addition of the New Zealand funding for \$NZ45m in August 2019.

2. Funding cost rate is the funding cost divided by the average funding debt. Annualised simple interest rate is total interest (excluding origination fees and transaction costs) as a percentage of the original loan amount, adjusted for term, presented on a per annum basis.

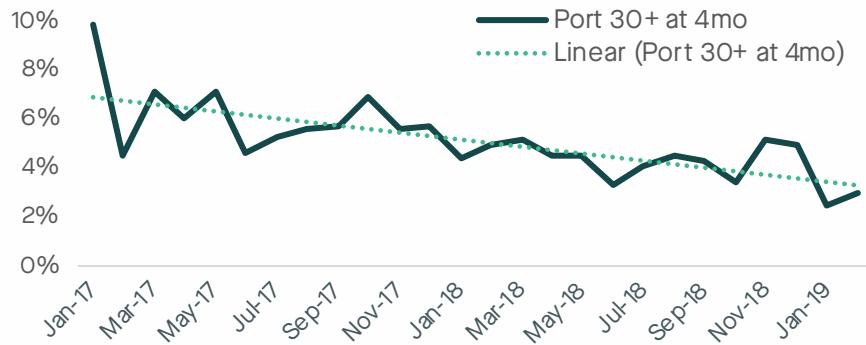
3. Full drawn funding cost rate is the funding cost rate assuming facilities are fully drawn. 7.1% is per the Prospectus, pg.66. The fully drawn funding cost rate as at the date of this presentation is 6.9%, which includes the assumed cost of junior facilities in the Pioneer and Prosperity warehouse trusts. Excluding this assumed junior debt expense, the full drawn funding cost rate is 6.4% as at the date of this presentation.

# Stable losses reflect ongoing premiumisation

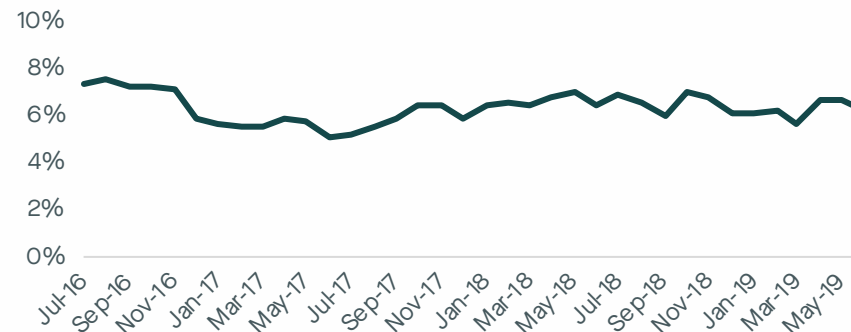
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Loss rates within target range, early loss indicators continue to improve

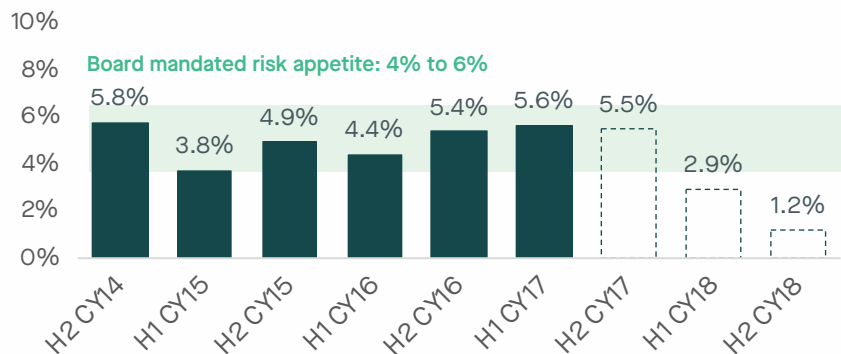
## Early loss indicator (30+ days past due at 4 months)



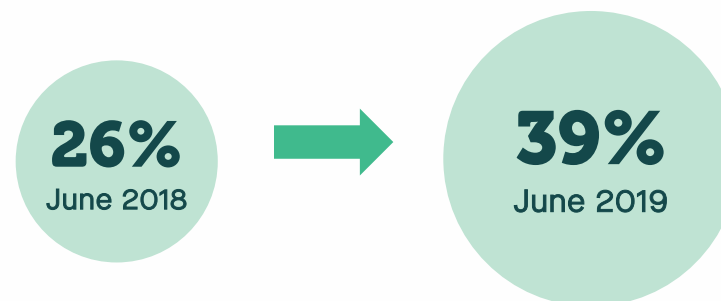
## Coincidental delinquency (90+ days past due)



## Stable loss rate<sup>1</sup>



## Premium risk grade share of portfolio<sup>2</sup>



1. Static loss rate net of recoveries as at 30 June 2019. Static loss rates disclosed in the Prospectus: H2CY14: 5.8%; H1CY15: 3.8%; H2CY15: 5.0%; H1CY16: 4.4%; H2CY16: 5.4%; H1CY17: 5.7%; H2CY17: 5.4%;

H1CY18: 2.4%; H2CY18: 0.4%. Dotted columns reflect cohorts which are still seasoning.

2. Premium risk grades are the top 3 risk grades (in terms of quality), which were introduced into the business in May 2017.

# Statutory balance sheet

Balance sheet strengthened, positioned for growth

## 30 June 2019 (\$m)

Cash and cash equivalents	69.8
Loan receivables	379.9
Deferred tax asset	8.8
Property, plant and equipment	2.4
Intangible assets	6.6
Other assets	4.8

<b>Total assets</b>	<b>472.3</b>
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Trade and other payables	6.7
Employee benefits	4.1
Funding debt	311.5
Corporate debt	--

<b>Total liabilities</b>	<b>322.3</b>
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<b>Net assets</b>	<b>150.0</b>
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Issued Capital	610.0
Reserves	(431.4)
Retained earnings	(28.5)

<b>Total equity</b>	<b>150.0</b>
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- ✓ Listed on 11 June 2019, raising \$60.0 million in primary capital from new and existing investors at an equity valuation of \$610.0 million
- ✓ Part of the proceeds were used to repay the corporate facility:
  - ✓ Post IPO, Prospa is ungeared at the operating company level, increasing financial flexibility
  - ✓ Annual corporate interest expense reduced by \$2.2 million
- ✓ Remaining capital raised to be used for:
  - ✓ Ongoing support of growth in the small business loan portfolio
  - ✓ Supporting growth of our addressable market through product development and market expansion
  - ✓ Investing in technology development and talent
- ✓ Strong cash position of \$69.8 million ensures we are well capitalised for continued growth
- ✓ Market leading debt funding platform with 20% headroom. Further growth and funding cost efficiencies to be realised

# Statutory cash flows

Strong cash conversion while continuing to invest

	FY19	FY18
Finance income received	124.9	89.8
Other income received	7.4	9.0
Interest and other finance costs paid	(23.3)	(15.7)
Payments to suppliers and employees	(83.5)	(55.4)
Income taxes paid	(8.6)	(0.3)
<b>Operating cash flow</b>	<b>16.9</b>	<b>27.4</b>
Net increase in loans to customers	(151.8)	(126.9)
Capital expenditure (PP&E)	(1.8)	(1.4)
Capital expenditure (intangibles)	(3.6)	(2.0)
Other investing	(0.3)	(0.8)
<b>Investing cash flow</b>	<b>(157.5)</b>	<b>(131.1)</b>
Proceeds from borrowings	179.1	207.7
Repayment of borrowings	(61.1)	(79.0)
Payments for buybacks	(1.7)	-
Proceeds from IPO (net of transaction costs)	57.6	-
Proceeds from conversion of warrants and options	2.1	-
<b>Financing cash flow</b>	<b>176.0</b>	<b>128.7</b>
<b>Net cash flow</b>	<b>35.4</b>	<b>25.0</b>

- ✓ Operating cash inflows increased in FY19 in line with overall top line growth of the business
- ✓ IPO cash costs of \$7.4 million
- ✓ Increase in tax payments in FY19
- ✓ EBITDA to operating cash flow conversion remains strong
- ✓ Continued investment in capitalised product development expenditure as we build out our product set and expand geographically
- ✓ Continue to have access to best in class funding facilities to fund portfolio growth
- ✓ Repaid convertible notes and corporate debt facility to be operating company debt free post IPO
- ✓ Raised \$60.0m<sup>1</sup> of primary equity capital to support acceleration of growth of the business

1. \$57.6 million net of IPO transaction costs

## Section 4

# Outlook

1



## Financial

- On track to deliver full year CY19 pro forma prospectus forecast with strong growth expected to continue

\$559m Originations (+28% YoY)  
\$156m Revenue (+26% YoY)  
\$10.6m EBITDA (+11% YoY)

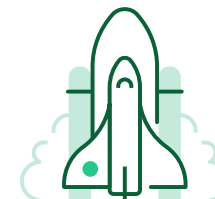
2



## Scale

- Maintain our market leadership in the small business loan product in Australia (GROW)
- Continue to refine best-in-class credit decision engine and data insights capability
- Continue to invest in brand, customer acquisition and distribution partner marketing
- Continue to leverage the strength of our funding platform
- Maintain focus on premiumisation of our portfolio

3



## Growth

- Continue acceleration in the New Zealand market to secure market leadership
- Investment in new solutions expected to underpin growth:
  - Line of Credit (RUN)
  - ProspaPay (PAY)
  - Mobile App
- Explore product adjacencies

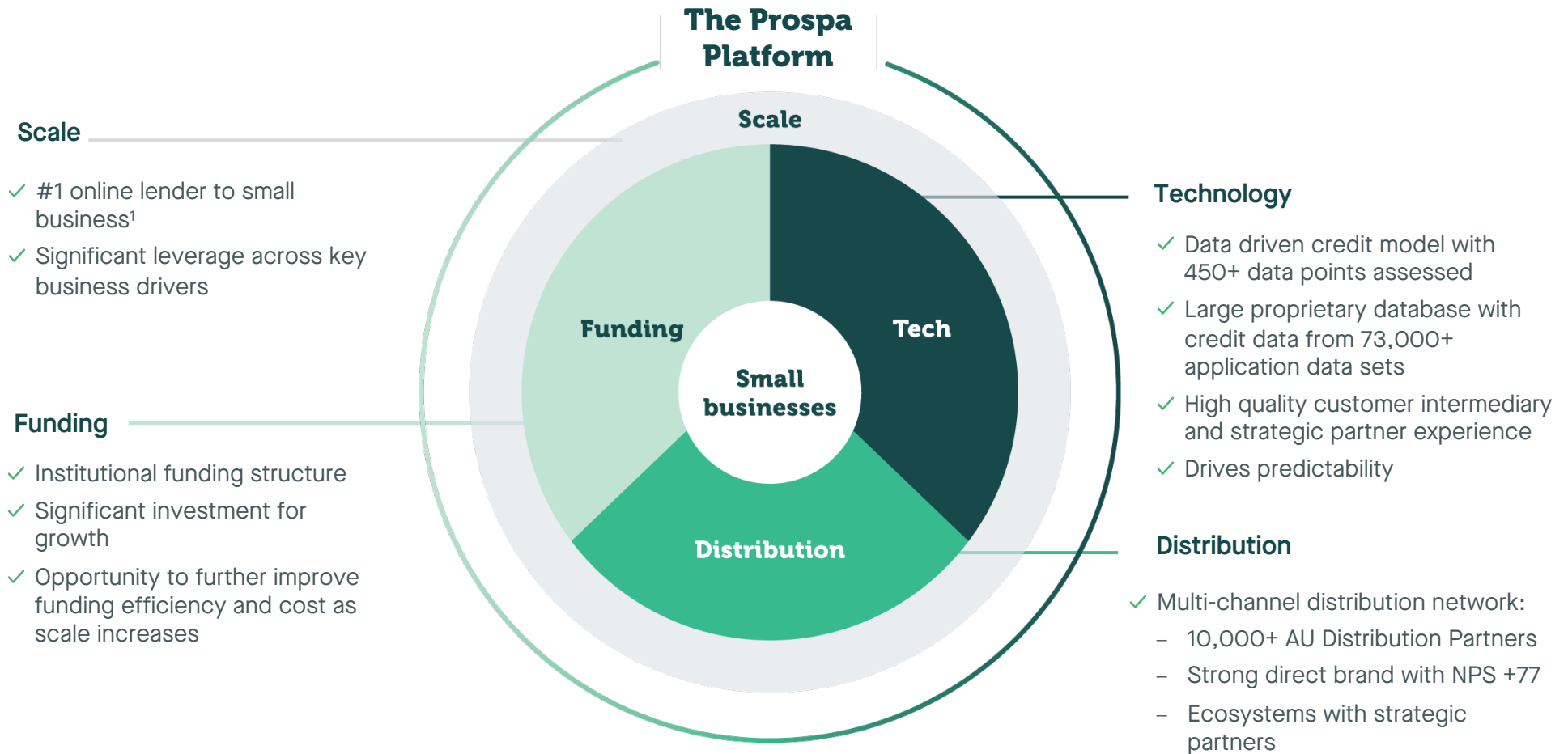
**Thank you &  
Questions**

## Section 5

# Appendices

# Unique and scalable platform

We are the #1 online lender to small business. Investment in our three strategic pillars provides significant leverage and scale relative to competitors. We continue building on our competitive advantage

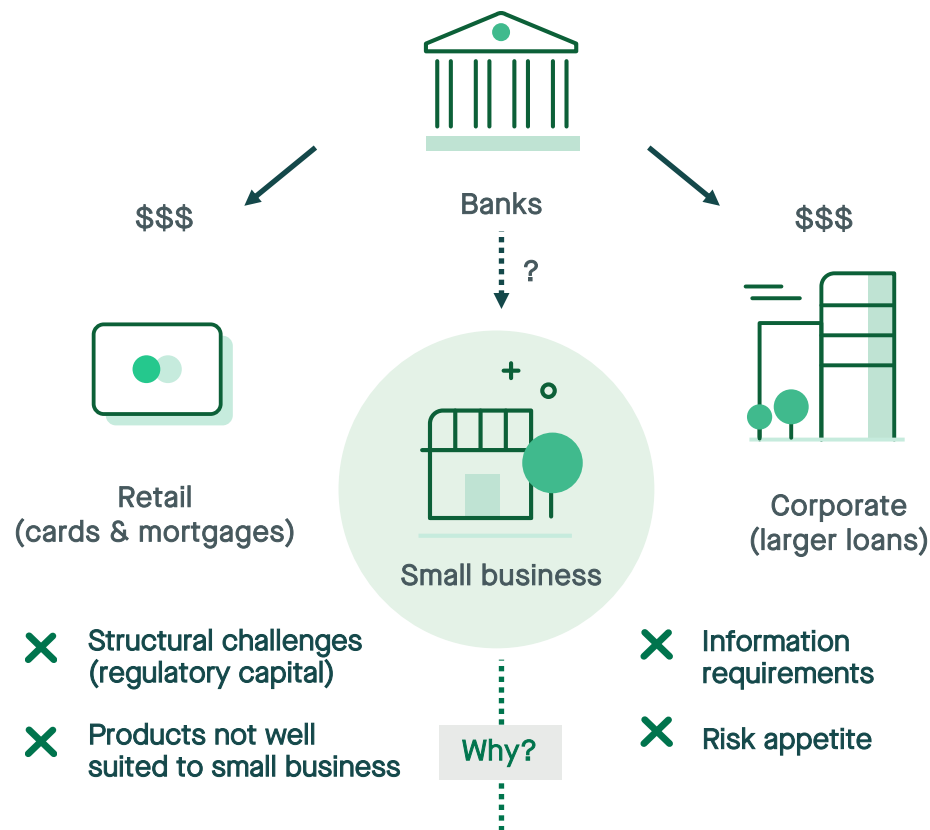


Underpinned by our risk management framework, our people and our relentless customer focus

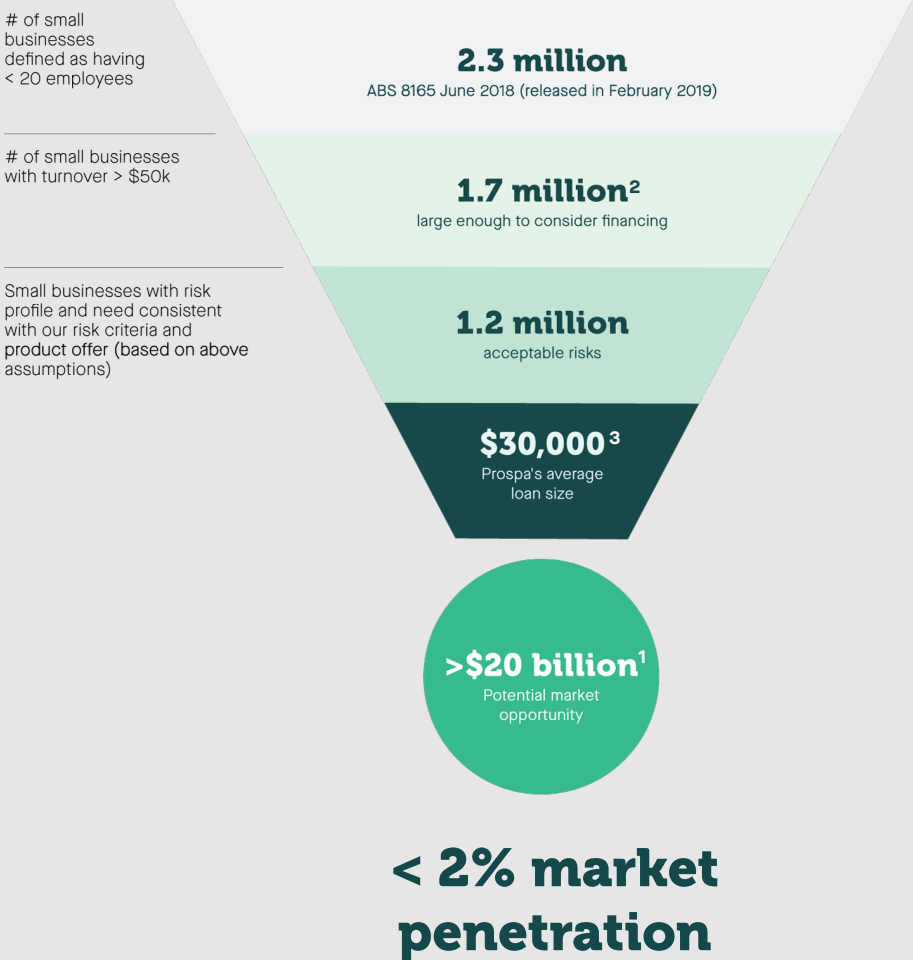
# Substantial and growing market opportunity

Prosipa's solutions are addressing a significant market which has been under-served by incumbents

## The traditional bank model

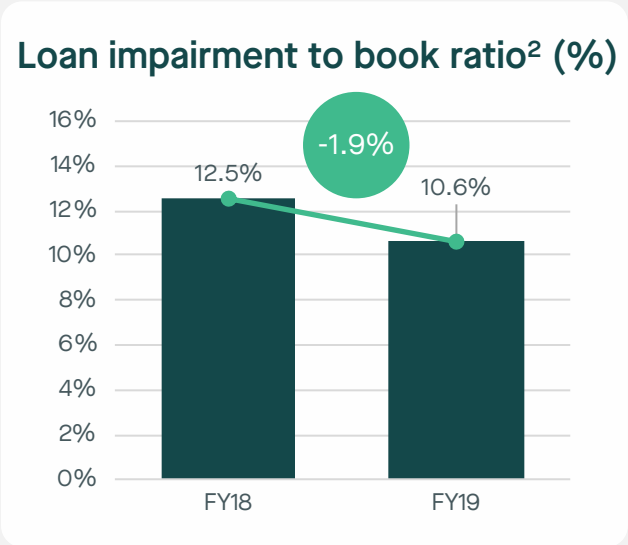
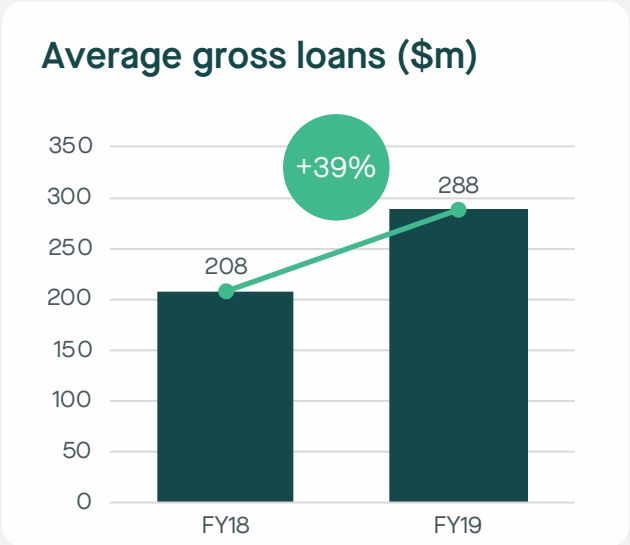
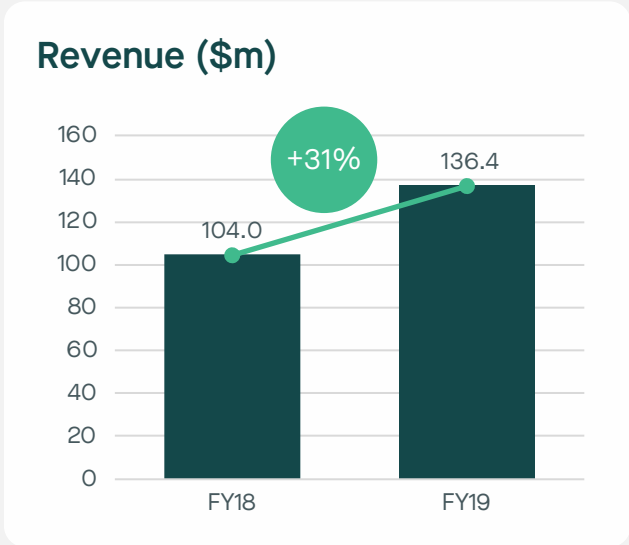
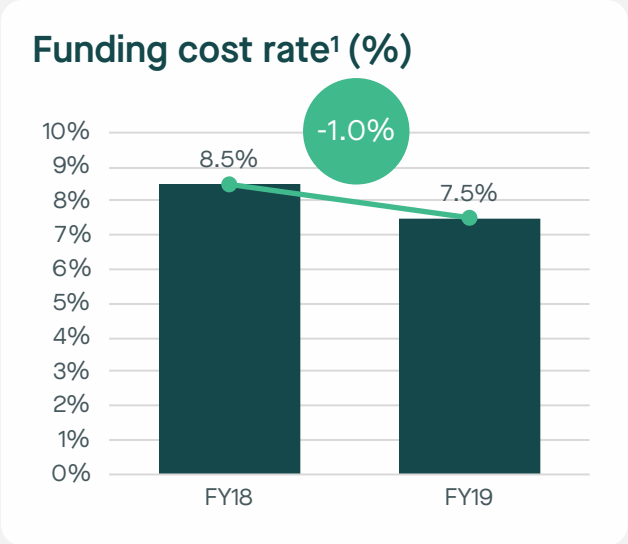
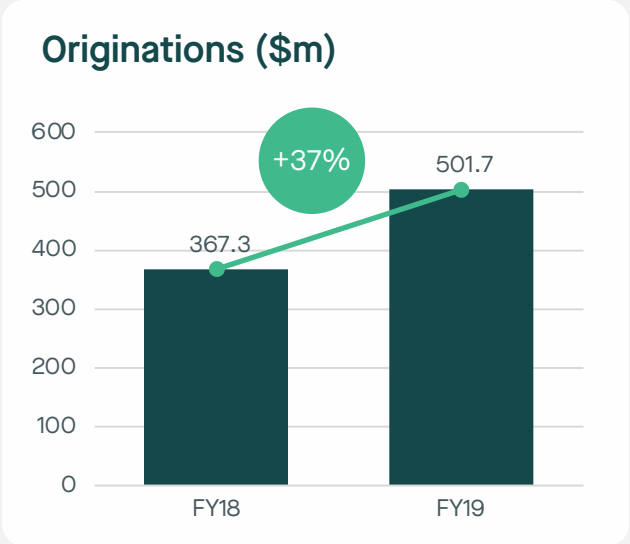
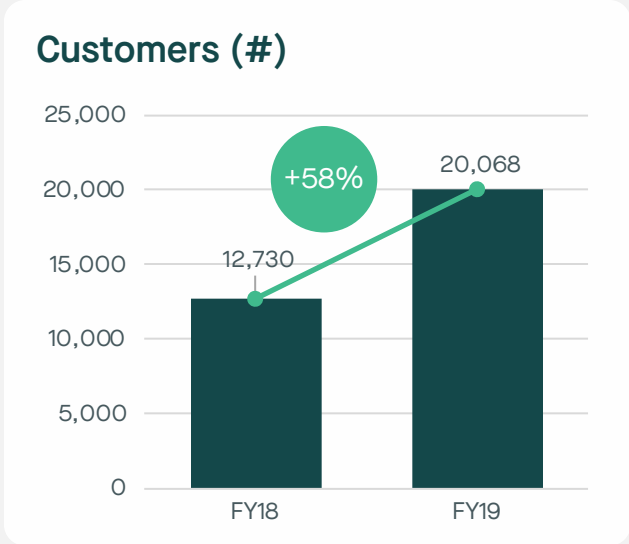


1. Determined based on a number of key assumptions, including that the broader Australian small business lending market and our current portfolio are similar in composition, in terms of need for finance and credit characteristics; and our average loan size of \$30,000 is representative of the average funding need of small businesses.  
2. Annual turnover of over \$50k represents businesses which we consider to be of a sufficient size to be funded by business loans.  
3. Average for the 12 months ended 30 June 2019.



Strong growth in all key areas with strong underlying economics

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1. Funding cost rate is equal to funding cost / average funding debt

2. Loan impairment to book ratio is equal to loan impairment expense / average gross loans

# Pro forma key operating and financial metrics

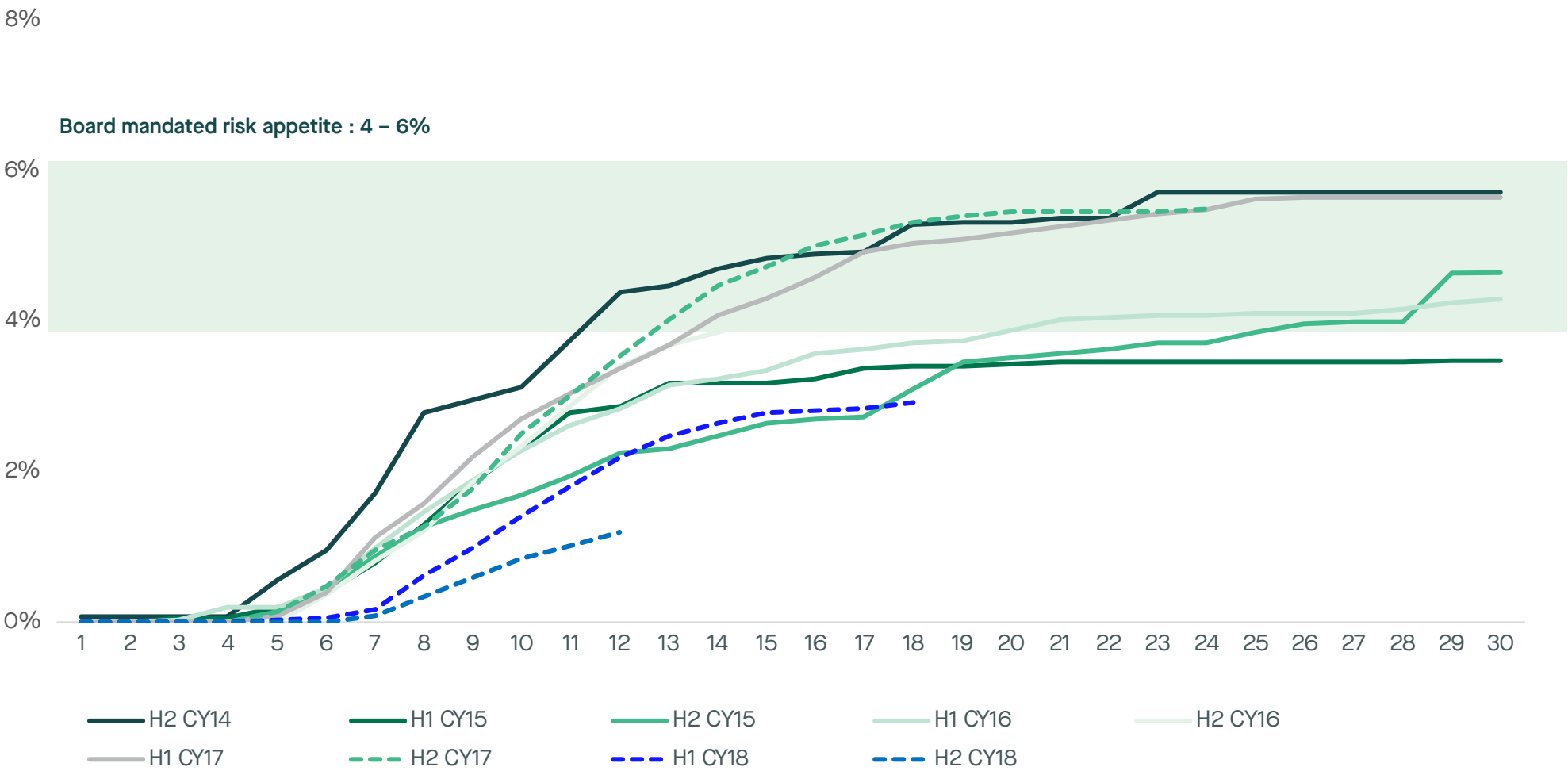
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Pro forma key operating and financial metrics		FY17	FY18	FY19	FY19	FY19
		Actuals	Actuals	Actuals	Prospectus	Var.
<b>Originations and credit metrics</b>						
Originations	\$m	216.0	367.3	501.7	486.5	15.1
Annualised Simple Interest Rate	%	29.0%	24.2%	20.5%	21.2%	-0.7%
Provision rate	%	6.2%	6.2%	6.1%	6.1%	-0.1%
Loan impairment to total revenue	%	22.2%	25.0%	22.4%	23.7%	-1.3%
Loan impairment to average gross loan book	%	12.6%	12.5%	10.6%	10.1%	0.5%
<b>Productivity metrics</b>						
Total revenue per average FTE	\$'000	518	637	621	597	24
Sales & marketing to total revenue	%	22.2%	20.8%	19.9%	19.1%	0.8%
General & administration to total revenue	%	29.4%	23.5%	25.9%	25.4%	0.5%
<b>Growth vs. prior year period</b>						
Originations	%	139.9%	70.0%	36.6%	32.5%	4.2%
Total revenue	%	128.1%	86.5%	31.2%	30.5%	0.7%

Investor Pack   Other metrics						
		FY17	FY18	FY19	FY19	FY19
		Actuals	Actuals	Actuals	Prospectus	Var.
<b>Loan book and originations</b>						
Gross originations	\$m	278.6	497.9	699.6	662.9	36.6
Gross loans (period end)	\$m	165.7	278.8	411.8	409.0	2.9
Average gross loans	\$m	98.5	207.6	287.7	318.6	(30.9)
<b>Composition of loan impairment</b>						
Loan impairment - Net charge off	\$m	6.1	19.0	24.6	24.6	(0.0)
Loan impairment - Provision movement	\$m	6.3	7.0	5.9	7.7	(1.7)
<b>Funding</b>						
Funding cost rate	%	13.1%	8.5%	7.5%	7.7%	-0.2%
Average funding debt	\$m	71.8	161.6	249.3	251.2	(1.9)

Cumulative net static loss rate (net of recoveries)  
by half yearly cohorts<sup>1</sup>

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1. Data as at 30 June 2019. Losses have historically been reported and charged off after 120 days of non-payment. As part of our adoption of AASB 9 from 1 July 2018, we amended our charge off policy to 180 days past due for future cohorts. This amendment to the policy is not expected to have any impact on the Fully Seasoned Static Loss Rate, although it will have an impact on the timing of the recognition of the losses and therefore would change the profile of the Cumulative Static Loss Rates chart. Static losses are calculated based on gross originations (i.e. fresh capital provided to customers plus any rollover portion or any pre-existing loan for a given period).

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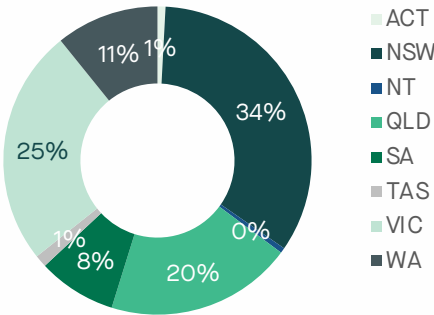
# Scale is delivering significant portfolio diversification

Portfolio characteristics allow dynamic risk management

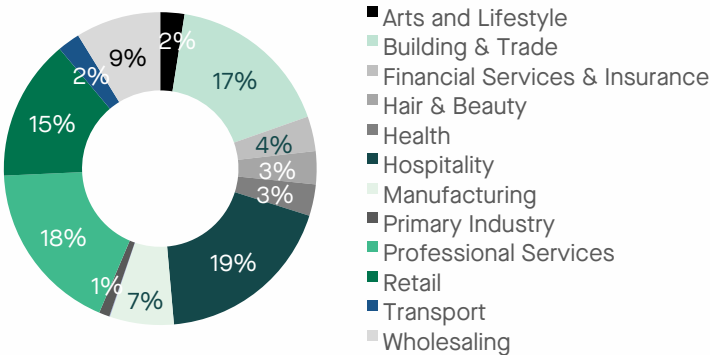
## Key credit risk mitigants

- 1. **High frequency loan payments (daily / weekly / fortnightly)** provides a lead indicator of portfolio health
- 2. **Short loan terms** means the loan book amortises faster and risk appetite can be adjusted quickly
- 3. **Continuous portfolio monitoring** against defined risk metrics
- 4. **Diversification** across industries and geographies lowers risk exposure

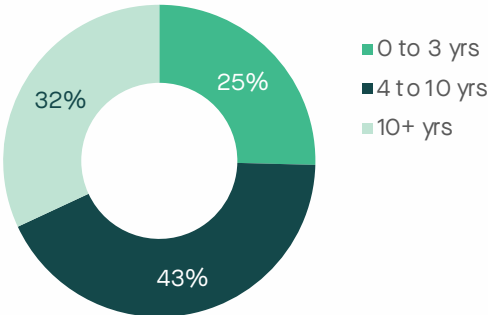
Geographic exposure<sup>1</sup>



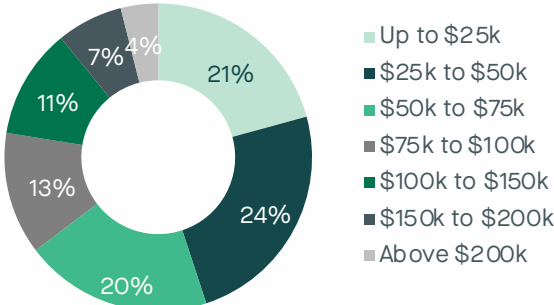
Industry exposure<sup>1</sup>



Years in trading<sup>1</sup>



Original loan amount<sup>1</sup>



1. All data for the Australian portfolio current as at 30 June 2019. Based on number of loans disbursed.

# Statutory income statement: FY17-FY19

P&L - Statutory	FY17	FY18	FY19
Originations	216.0	367.3	501.7
Interest income	50.8	95.0	125.0
Other income	5.5	9.0	11.4
<b>Total revenue</b>	<b>56.3</b>	<b>104.0</b>	<b>136.4</b>
Transaction costs	(2.8)	(5.0)	(8.5)
<b>Net revenue</b>	<b>53.6</b>	<b>99.0</b>	<b>127.9</b>
Funding Costs	(9.4)	(13.7)	(20.1)
Sales & Marketing	(12.4)	(21.5)	(27.1)
Product, Research & Development	(3.0)	(5.4)	(9.4)
General & Administrative	(14.8)	(27.5)	(41.5)
Loan Impairment	(10.9)	(23.6)	(30.6)
<b>Total Operating Expenses</b>	<b>(50.5)</b>	<b>(91.7)</b>	<b>(128.7)</b>
<b>EBITDA</b>	<b>3.1</b>	<b>7.4</b>	<b>(0.8)</b>
Depreciation	(0.4)	(0.6)	(1.0)
Amortisation	(0.6)	(1.2)	(2.7)
<b>EBIT</b>	<b>2.1</b>	<b>5.6</b>	<b>(4.4)</b>
Interest on corporate debt	(0.7)	(2.1)	(2.1)
Fair Value	-	0.2	(12.4)
Unwind of embedded derivative	-	(0.7)	(4.4)
<b>PBT</b>	<b>1.4</b>	<b>3.0</b>	<b>(23.3)</b>
Tax expense	(0.7)	(0.9)	(1.4)
<b>NPAT</b>	<b>0.7</b>	<b>2.1</b>	<b>(24.7)</b>

# Pro forma income statement adjustments: FY17-FY19

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Investor pack   Pro forma income statement adjustments	FY17	FY18	FY19
Statutory total revenue	56.3	104.0	136.4
Reclassification of loss recoveries	(0.6)	-	-
<b>Pro forma total revenue</b>	<b>55.8</b>	<b>104.0</b>	<b>136.4</b>
Statutory NPAT	0.7	2.1	(24.7)
Impact of AASB9	(2.0)	(2.2)	-
Impact of AASB16	(0.2)	(0.3)	(0.4)
Public company costs	(1.2)	(1.1)	(0.7)
Offer costs	-	3.2	5.5
Executive remuneration	(1.3)	(0.9)	(0.4)
Funding optimisation	-	-	1.4
Fair value gains and losses	-	(0.2)	16.8
<b>Total pro forma adjustments</b>	<b>(4.8)</b>	<b>(1.6)</b>	<b>22.1</b>
Pro forma effective tax rate applied to Pro forma PBT	1.5	0.7	1.5
<b>Pro forma NPAT</b>	<b>(2.5)</b>	<b>1.3</b>	<b>(1.0)</b>
Statutory EBITDA	3.1	7.4	(0.8)
Impact of AASB9	(2.0)	(2.2)	-
Impact of AASB16	0.9	1.4	1.8
Public company costs	(1.2)	(1.1)	(0.7)
Offer costs	-	3.2	5.5
Executive remuneration	(1.3)	(0.9)	(0.4)
Funding optimisation	-	-	1.4
<b>Pro Forma EBITDA</b>	<b>(0.6)</b>	<b>7.7</b>	<b>6.8</b>

# Pro forma income statement adjustments FY19 Actual vs Prospectus

Investor pack   Pro forma income statement adjustments	Actuals	Prospectus	Var.\$
Statutory total revenue	136.4	136.0	0.5
Reclassification of loss recoveries	-	-	-
<b>Pro forma total revenue</b>	<b>136.4</b>	<b>136.0</b>	<b>0.5</b>
Statutory NPAT	(24.7)	(16.9)	(7.8)
Impact of AASB9	-	-	-
Impact of AASB16	(0.4)	(0.4)	(0.0)
Public company costs	(0.7)	(0.5)	(0.3)
Offer costs	5.5	7.1	(1.6)
Executive remuneration	(0.4)	(0.4)	(0.0)
Funding optimisation	1.4	1.4	-
Fair value gains and losses	16.8	11.7	(5.1)
<b>Total pro forma adjustments</b>	<b>22.1</b>	<b>18.9</b>	<b>(3.3)</b>
Pro forma effective tax rate applied to Pro forma PBT	1.5	(3.4)	5.0
<b>Pro forma NPAT</b>	<b>(1.0)</b>	<b>(1.5)</b>	<b>0.4</b>
Statutory EBITDA	(0.8)	(3.3)	2.6
Impact of AASB9	-	-	-
Impact of AASB16	1.8	1.8	(0.0)
Public company costs	(0.7)	(0.5)	(0.3)
Offer costs	5.5	7.1	(1.6)
Executive remuneration	(0.4)	(0.4)	(0.0)
Funding optimisation	1.4	1.4	-
<b>Pro Forma EBITDA</b>	<b>6.8</b>	<b>6.1</b>	<b>0.7</b>

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