



prospa

FY20 Results

27 August 2020

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“Prospa’s support during the pandemic was just great, and better than my bank. My jewellery store is inside a hotel, which has been closed since April. Prospa put me on a reduced repayment plan, which was very helpful. I’m still able to do business with my customers but not face to face like I normally would.”

Maria, SA, Australia

Section 1

Overview & performance summary

Our Purpose

prospa

We are Australia's #1 online lender to small business,¹ disrupting a market segment that has traditionally been underserved



Greg Moshal
CEO and Co-Founder



Beau Bertoli
CRO and Co-Founder



Peter Loosmore
Interim Chief Financial Officer

Who we are

- Online small business lender
- Established in 2012, founders remain in the business
- Early mover with #1 position¹ and a scale advantage in a fragmented market
- Advanced technology platform with proprietary credit decision engine
- Headquartered in Sydney, Australia

What we do

- Mission: help small businesses to prosper
- Fast and flexible cash flow solutions
- Decisions and funding often by the next business day
- Leveraging our technology and data, and look for opportunities to innovate
- Operate a multi-channel distribution network

Why we exist

- Australian small businesses are underserved by traditional banks
- Product offering delivers to customer expectations of speed and service
- Technology and access to capital are enabling disruptors to meet these expectations

#1

in Australia¹

28,750

customers since inception²

\$1.6b+

loans originated since inception²

10,000+

Distribution Partners²

+77

Customer NPS³

64%

repeat business⁴

1. Prosipa is ranked #1 in Australia in the Non-bank Financial Services category on independent review site TrustPilot with a TrustScore of 4.9 and over 5,434 reviews as at 12 August 2020. Prosipa is ranked #1 in New Zealand in the Non-bank Financial Services category on independent review site TrustPilot with a TrustScore of 4.9 and over 546 reviews as at 12 August 2020.

2. Total unique customers in Australia and New Zealand since inception, as at 30 June 2020. Total active customers at 30 June 2020 is 13,342.

3. Net Promoter Score was in excess of +77 for FY20.

4. 64% represents the repeat rate for eligible customers only (where eligible customers are defined as not having defaulted on their Prosipa loan), based on the average monthly repeat rates for the 25-month period of 1 June 2015 to 30 June 2017. Cohorts originated after March 2017 are still in the process of seasoning and therefore excluded from this analysis.

FY20 Overview

Resilient performance during challenging times

prospa

Financial

Originations¹

\$450.9m -10.1%

Q1-3 \$429.0m +31.6%

Avg. Gross Loans

\$433.3m +35.7%

Revenue

\$142.1m +4.2%

Statutory EBITDA
(\$19.5m)

Excl. forward looking COVID
provision & loan receivable adj.

\$4.0m

Operating Cash Flow²

\$33.8m +100%

Unrestricted Cash

\$55.3m +90.7%

Funding Facilities

\$442.9m at 30 June

Unused Facilities

\$114.1m at 30 June

Operational

First warehouse facility
in NZ and further
diversification in AU

Maintained a
Net Promoter Score
in excess of +77

Two new credit products
introduced to market

1. Originations from all sources, including Small Business Loan, Line of Credit, Back to Business Loan, Back to Business Line and ProspaPay; and all geographies including Australia and New Zealand.
2. Cash flow is prior to loan write-offs.
3. All references to dollars in this document are in AUD unless otherwise indicated.
4. All percentage comparisons on this slide are comparisons to the same period in the prior corresponding year.

Prospa's response to COVID-19 challenges

Resilient business model supported by a prudent and active approach to managing the business during challenging times

Protecting the wellbeing of our People



- ✓ Focus on health, safety and wellbeing of employees
- ✓ BCP activated with 100% up time for 100% of team working remotely
- ✓ Talent retention program
- ✓ Q4 Employee engagement 86%¹

Supporting our customers



- ✓ Amendments to warehouse facilities completed to enhance ability to provide customers with support during COVID-19
- ✓ Flexible customer relief policy implemented
- ✓ Proactive customer outreach and automatic deferrals for sectors most impacted
- ✓ Customer rehabilitation strategy executed

Diversified funding



- ✓ Diverse range of local and international senior and junior funders
- ✓ Support to provide extended relief for customers
- ✓ \$90 million investment allocation under SFSF from AOFM²
- ✓ \$223 million allocation in SME Loan Guarantee Scheme

Balance sheet strength



- ✓ Strong liquidity position with \$55.3 million of unrestricted cash
- ✓ Overhead and employee cost reductions - tighter cost controls
- ✓ Conservative approach to credit loss provisions
- ✓ Financial Planning and Analysis function established to improve scenario planning and focus on yield management

1. Internal Pulse survey, 86% percent of Prosipa people would recommend Prosipa as a place to work.
2. 'SFSF' is the Structured Finance Support Fund and 'AOFM' is the Australian Office of Financial Management.



“Prospa really, really helped. It has gone a long way to helping us survive those hard days, especially when the revenue dropped to 0% just like that. The support from Prospa was way better than what my bank offered even though I had all my property fully mortgaged to them.

Shariff, Hawke’s Bay, NZ

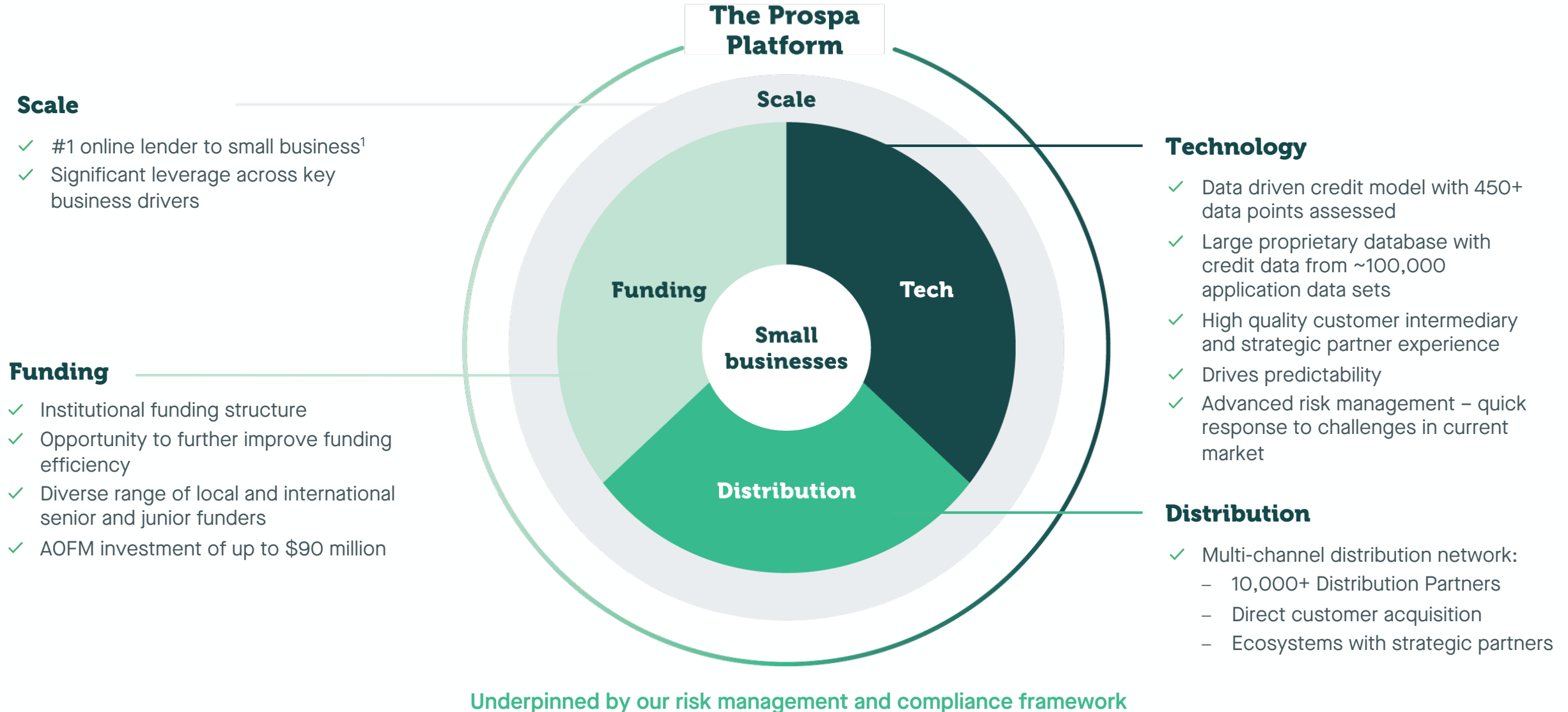
Section 2

Operational Update

A proven and resilient business model

Prospa's competitive advantage

prosipa



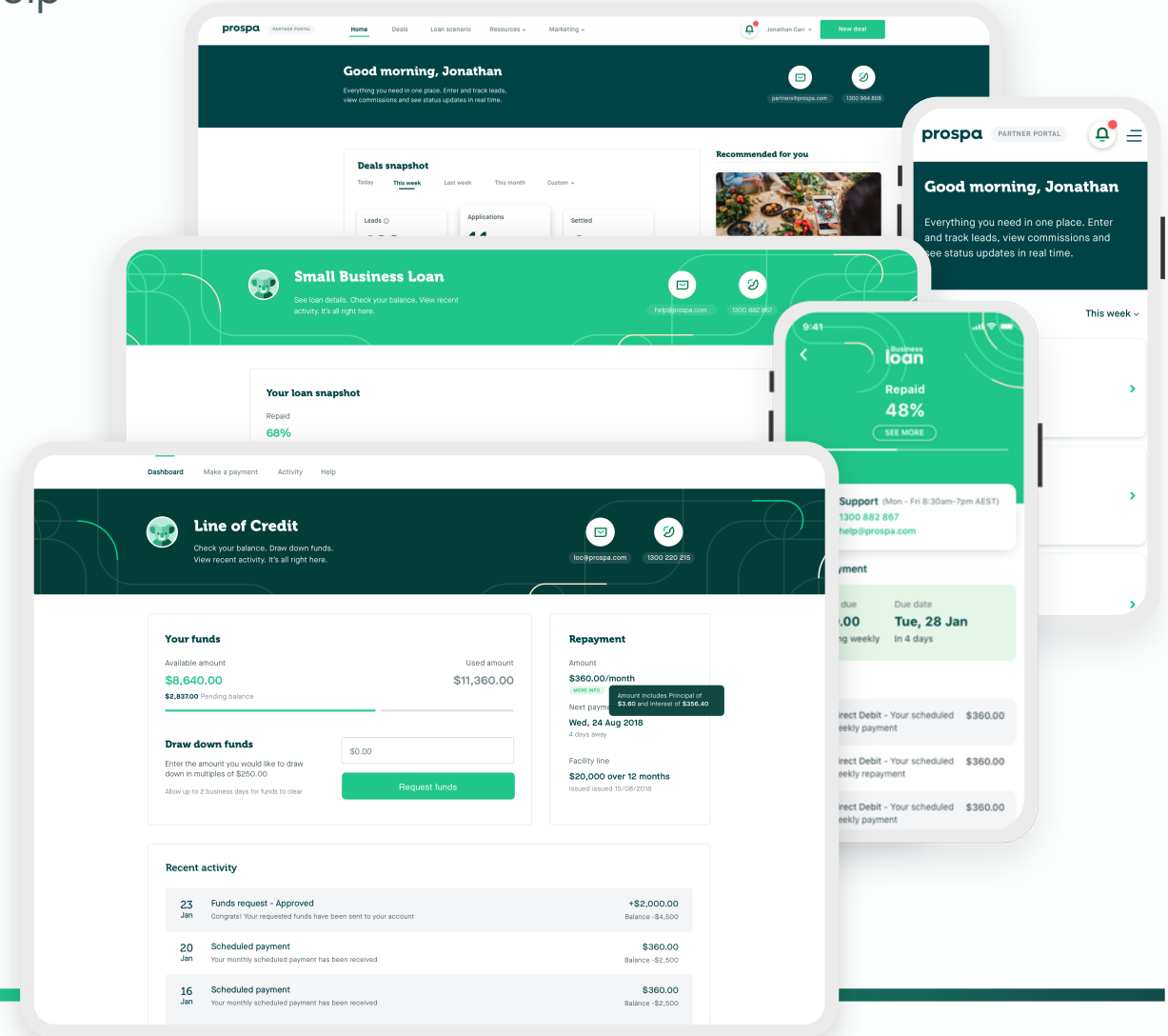
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Prospa: a cohesive small business focused platform

prospa

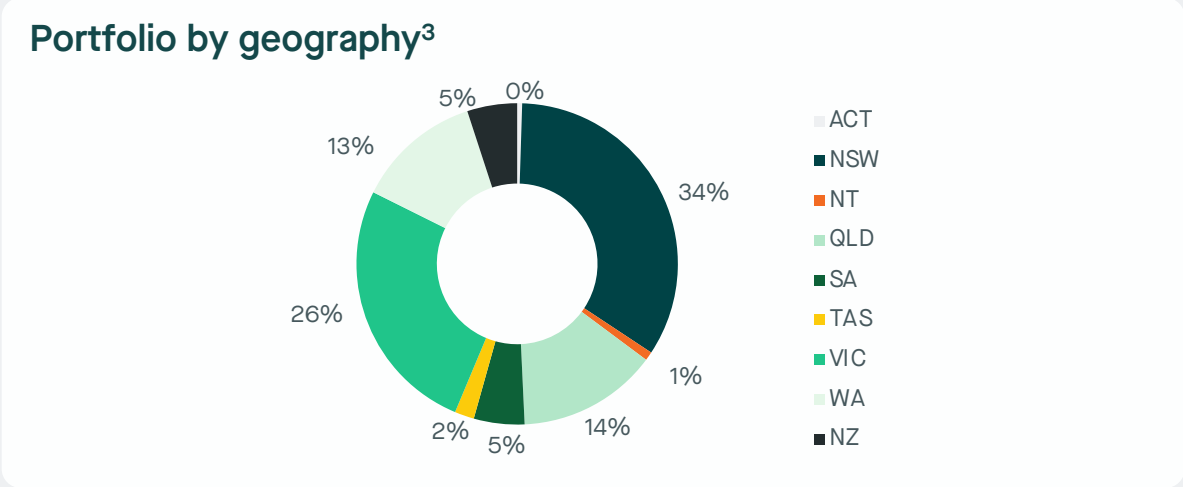
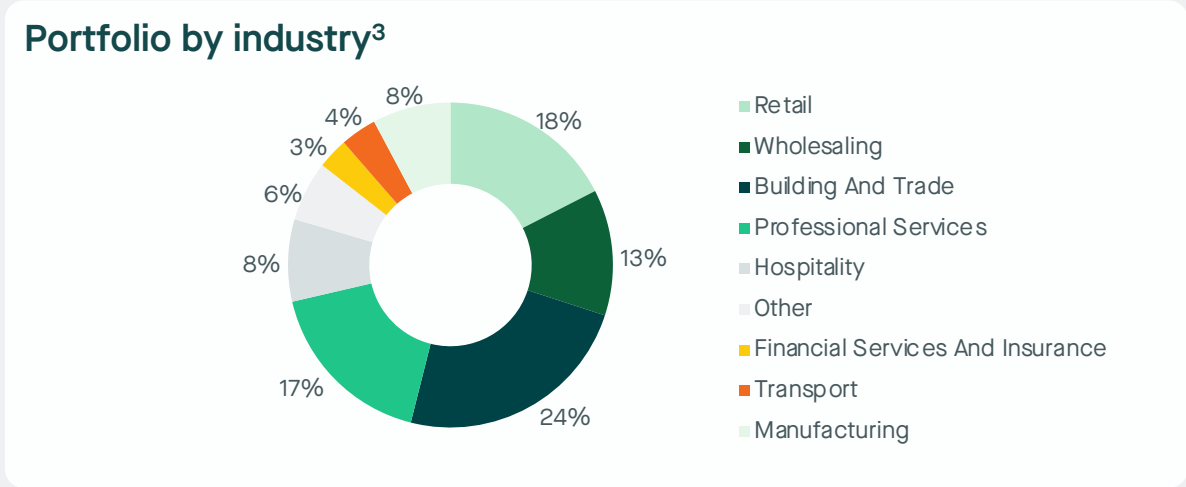
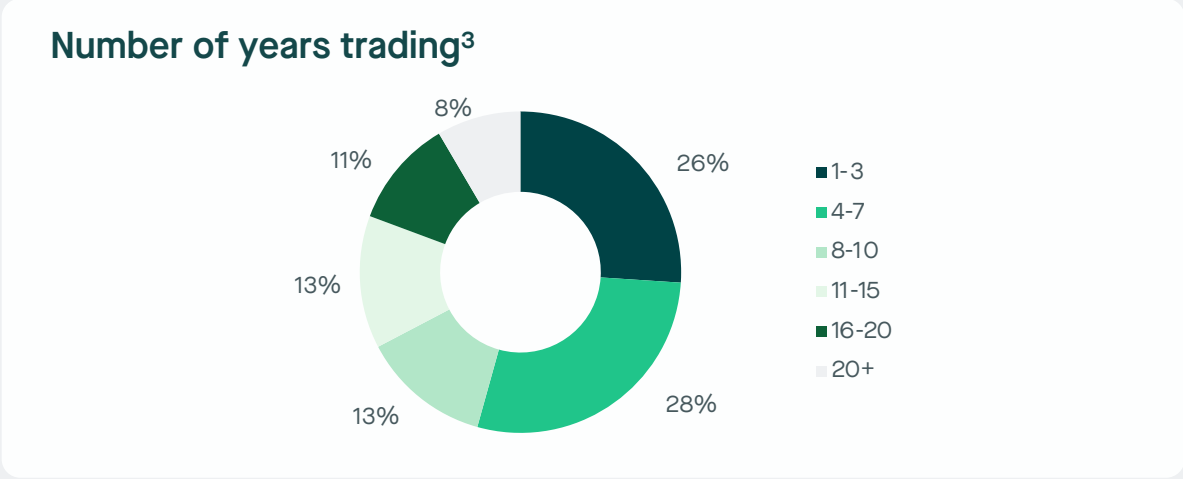
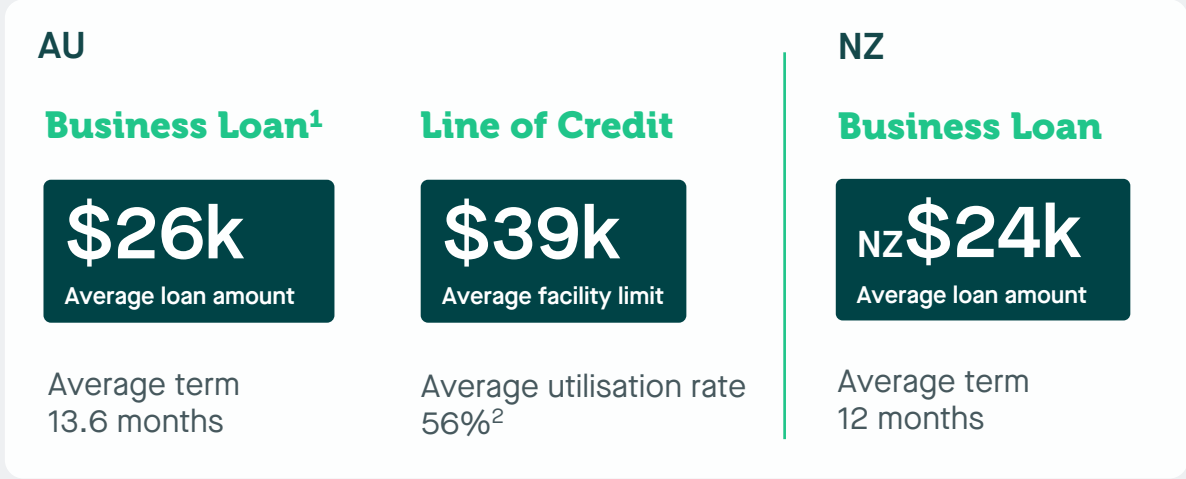
We build cashflow products and services that allow small businesses to GROW and RUN their businesses and help them PAY for goods and services

- AU** ✓ Small Business Loan from \$5k to \$300k with terms up to 36 months
 - ✓ A revolving Line of Credit facility up to \$100k, with a renewable 12 month term
 - ✓ Government Guaranteed Small Business Loan from \$5k to \$250k with terms up to 36 months until 30 September 2020
 - ✓ Government Guaranteed revolving Line of Credit facility up to \$100k, with terms up to 36 months. until 30 September 2020
 - ✓ Mobile App with Pay Anyone functionality
-
- NZ** ✓ Small Business Loan from NZ\$5k to NZ\$300k with terms up to 24 months



Portfolio is well diversified at 30 June 2020

Portfolio diversification supports risk management strategy

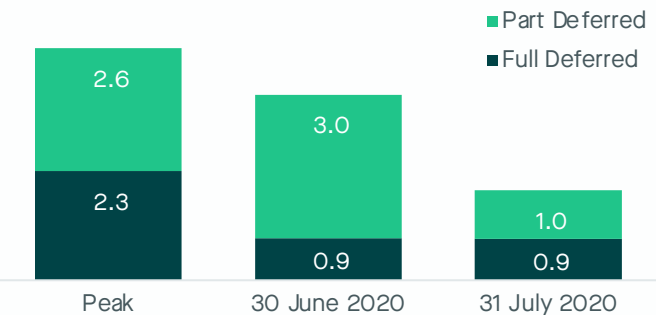


1. Average fresh capital originated, excluding re-financed amounts.
2. Utilisation rate is the active utilisation rate, which is the life to date amount used as a proportion of the active life to date total facility limit
3. All portfolio data includes Australia and New Zealand and is current as at 30 June 2020. Based on number of loans disbursed..

Customer support – what we’re seeing at 31 July 2020

With a strong cash position and supportive funding platform we are well positioned to provide proactive flexible COVID-19 relief with product solutions and deferred repayment options

COVID-related loan deferrals in Australia¹ (000's)

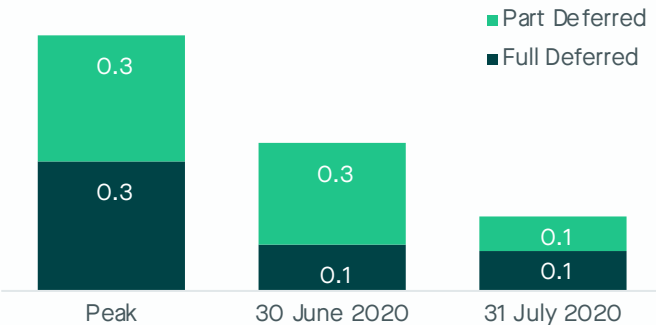


Full deferrals 7.6% of accounts down from 17.9% at 15th May (peak)

Part deferrals 8.9% of accounts down from 20.1% at 15th May (peak)

Additional support in VIC 247 accounts (14 net new)³

COVID-related loan deferrals in NZ² (000's)

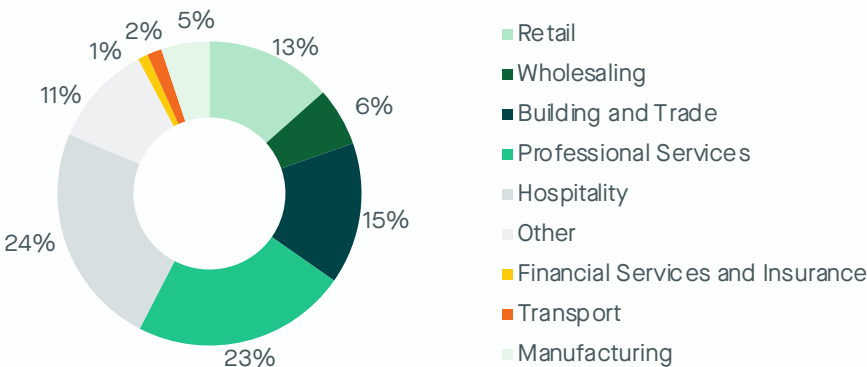


Full deferrals 7.7% of accounts down from 22.9% at 15th May (peak)

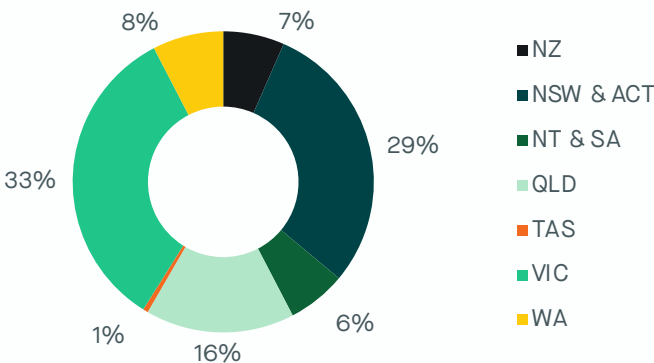
Part deferrals 6.6% of accounts down from 22.3% at 15th May (peak)

Additional support in NZ 14 accounts³

Deferrals by sector⁴



Deferrals by geography⁴

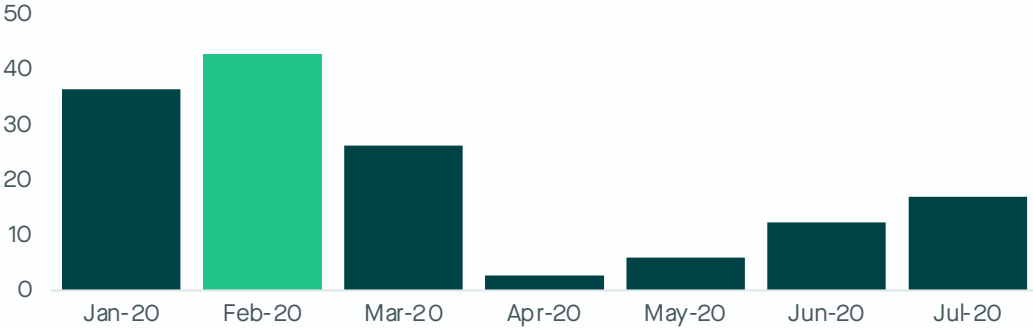


1. Proportion of customers by value in Australia only remaining on Full Deferral or Part Deferrals as at 31 July 2020.
2. Proportion of customers by value in New Zealand only remaining on Full Deferral or Part Deferrals as at 31 July 2020.
3. For the period 1 July – 20 August 2020.
4. Proportion of customers by value in Australia & New Zealand remaining on Full Deferral or Part Deferrals as at 31 July 2020.

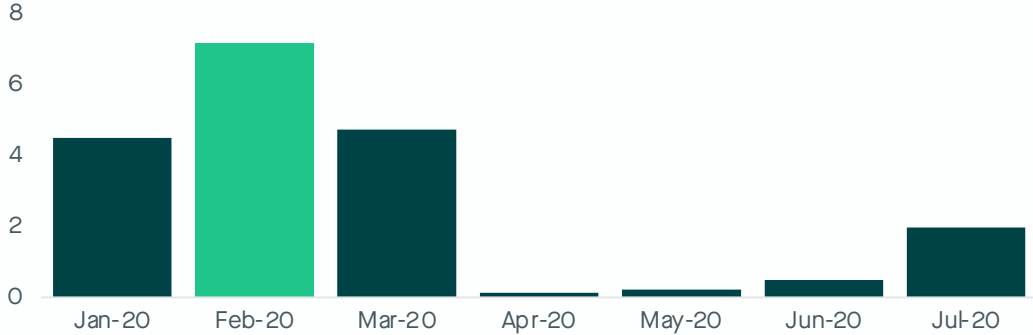
Customer demand – what we’re seeing at 31 July 2020

Prospa has chosen to adopt a sensible return to growth in lending volume, leveraging its strength in data and market intelligence

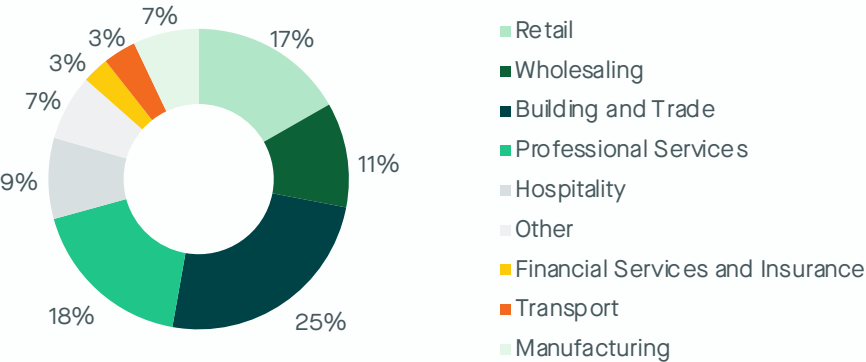
AUS Originations (\$m)¹



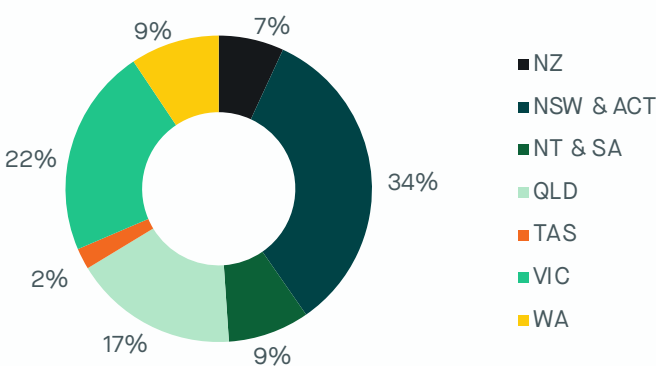
NZ Originations (\$m)²



New lending by sector (1 April – 31 July)³



New lending by geography (1 April – 31 July)³



1. New fresh capital originated in Australia only, across all products as at 31 July 2020.
2. New fresh capital originated in New Zealand only as at 31 July 2020. NZD converted to AUD at exchange rate of 0.9343.
3. New fresh capital originated in Australia & New Zealand including, across all products, as at 31 July 2020.



“We didn’t want to lose the momentum that we had in the business, so a short turnaround time and quick access to cash gave us the chance to grow and not miss out.”

Lorna, WA, Australia

Section 3

Financials, funding and credit

FY20 Headline Financial Result

Growth in originations and revenue from Q1-Q3 was offset by a deliberately restrained Q4 due to COVID-19

The statutory profit result includes a forward looking impairment provision to buffer against the potential impact of COVID-19

Operating cash flow and unrestricted cash was almost double the prior year, strengthening the balance sheet going into FY21

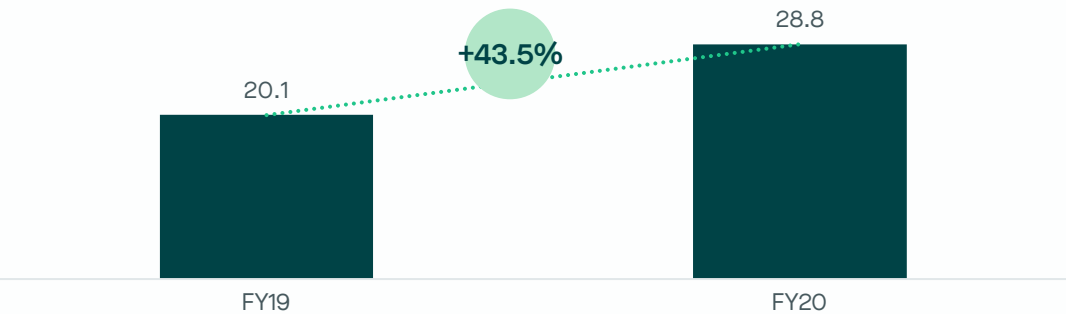
Headline financial result (\$m)	FY20	FY19	Var.	Var. %
Originations	450.9	501.7	(50.7)	(10.1%)
Total Revenue	142.1	136.4	5.7	4.2%
Net Revenue	132.8	127.9	4.9	3.9%
Total Operating Expenses	152.3	128.7	23.6	18.4%
Statutory EBITDA	(19.5)	(0.8)	(18.7)	
Statutory NPAT	(24.9)	(24.7)	(0.2)	(0.8%)
Operating Cash Flow	33.8	16.9	16.9	100.4%
Unrestricted Cash	55.3	29.0	26.3	90.7%

- ✓ Growth in originations from Q1-Q3 was offset by a deliberately restrained risk appetite in Q4 due to COVID-19
- ✓ Revenue growth of 4.2% was driven by higher originations in Q1-Q3, offset by a restrained Q4 with lower originations and deferred repayments due to COVID-19
- ✓ Total operating expense included additional forward looking COVID provision of \$18.0 million and a loan receivable adjustment of \$5.5 million
- ✓ Operating cash in-flow improved by \$16.9 million or 100.4% for the period demonstrating the strong underlying result excluding impairment expenses

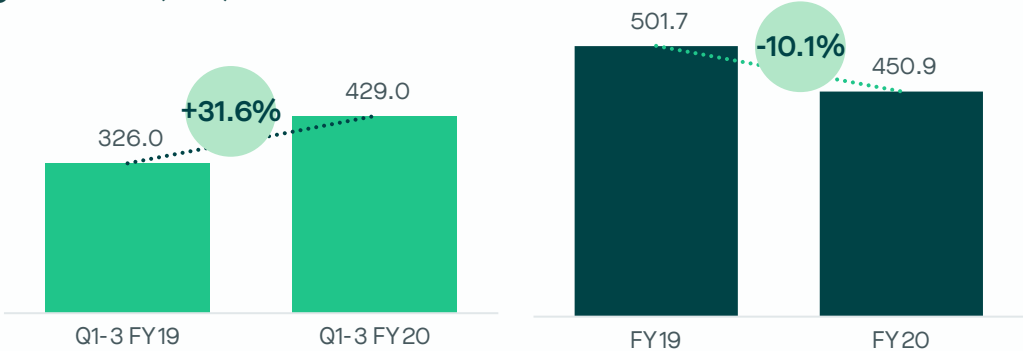
Volume metrics grew strongly in the first three quarters pre-COVID-19

A prudent approach to lending in the fourth quarter has softened the full year result

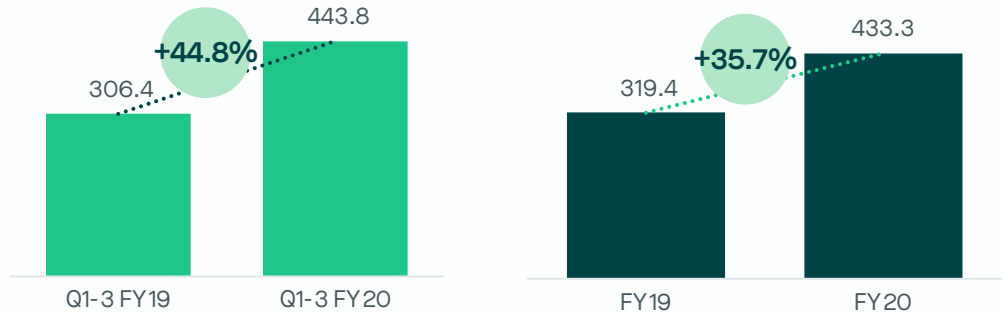
Customers (thousands)¹



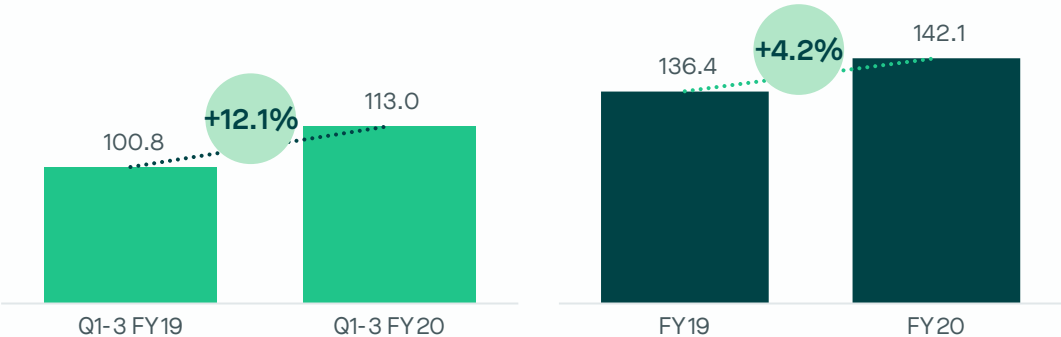
Originations (\$m)²



Average Gross Loans (\$m)



Revenue (\$m)

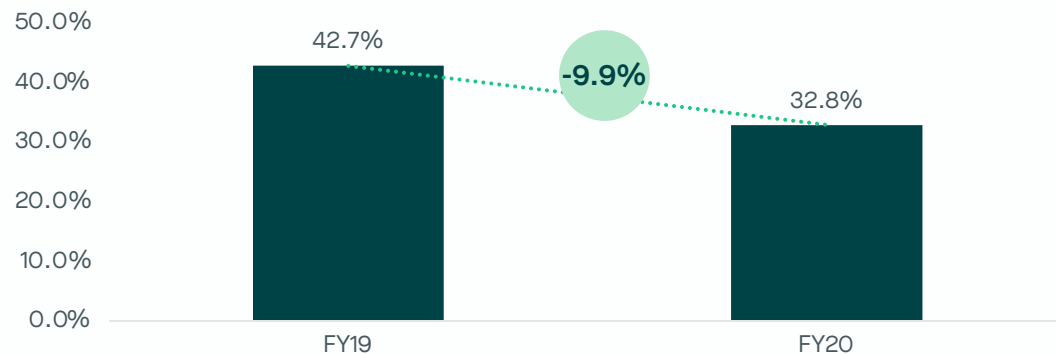


1. Total unique customers in Australia and New Zealand since inception. Active customers at 30 June 2020 is 13,342.
2. Originations from all sources, including Small Business Loan, Line of Credit, Back to Business Loan, Back to Business Line and ProsparPay; and all geographies including Australia and New Zealand.

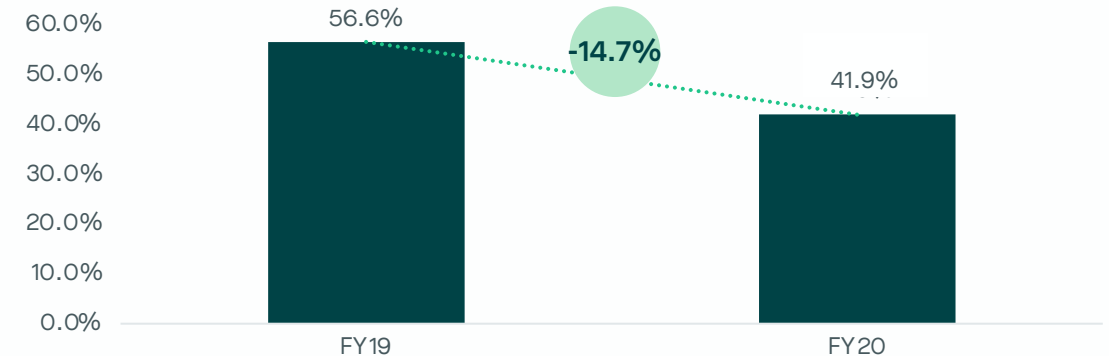
Active margin management

Despite the decline from FY19, an improving funding cost rate continues to offer strong net margin. The Group continues to actively manage portfolio yield relative to credit quality and repayment terms

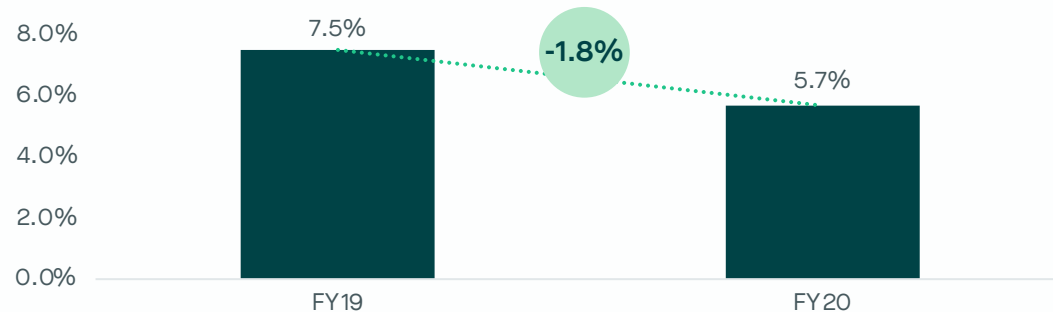
Realised portfolio yield¹ (%)



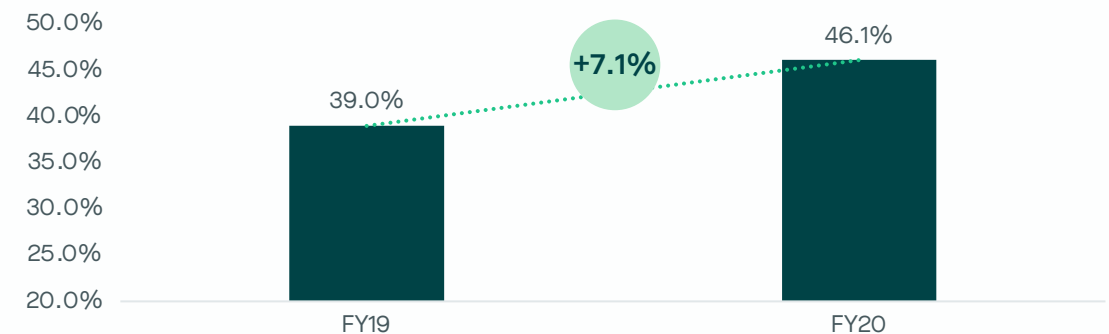
NIMAL as a % of revenue² (%)



Funding cost rate³ (%)



Premium risk grades⁴ (%)



1. Realised portfolio yield represents the interest and fee income earned during the period on the average portfolio balance during the period, annualised.
2. NIMAL as a % of revenue is equal to net interest margin after losses (total revenue minus transaction costs minus funding costs minus loan impairment) divided by total revenue.
3. Funding cost rate is equal to funding cost divided by average funding debt, annualised. Funding costs rate improvement benefitted by use of Prospa equity to fund junior notes pending third party funding.
4. Premium risk grades are the top three risk grades (in terms of credit quality) which were introduced into the business in May 2017.

FY20 Financial Result // Expenses

Higher costs from Q1-Q3 to support business growth was offset by cost reductions in Q4

STATUTORY P&L (\$m)	FY20	FY19	Var.	Var. %
Interest income	131.4	125.0	6.5	5.2%
Other income	10.6	11.4	(0.8)	(6.9%)
Total revenue	142.1	136.4	5.7	4.2%
1 Transaction costs	9.3	8.5	0.7	8.4%
Net revenue	132.8	127.9	4.9	3.9%
2 Funding Costs	20.4	20.1	0.3	1.4%
3 Sales & Marketing	30.4	27.1	3.3	12.1%
4 Product Development	10.7	9.4	1.3	14.2%
5 General & Administrative	38.0	41.5	(3.5)	(8.5%)
6 Loan Impairment	52.9	30.6	22.3	73.1%
Total Operating Expenses	152.3	128.7	23.7	18.4%
Statutory EBITDA	(19.5)	(0.8)	(18.8)	

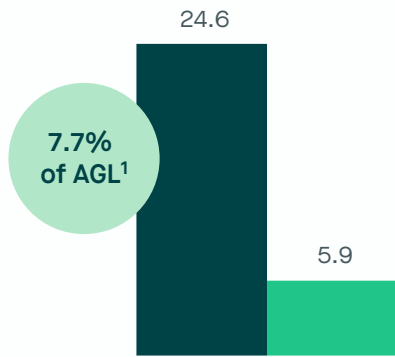
- Higher transaction costs reflecting growth in originations in FY20
- Higher funding costs were driven by higher average funding debt over the period offset by a lower weighted average funding rate of 5.7% compared to 7.5% in FY19
- Sales and Marketing expense increased 12.1% to support the 31.6% increase in originations from Q1-Q3, offset by lower costs in Q4
- Product development expense increased by 14.2% to support product and technology enhancements as well as the launch of new products (Line of Credit product in October 2019 and two new Back to Business credit products in May 2020)
- General and Administrative expense reduced by 8.5% mainly due to IPO related costs incurred in FY19 offset by higher insurance costs in FY20
- Refer following slide for the impairment expense breakdown

Included in the FY20 profit result was a benefit of \$1.4 million from the Australian Government Jobkeeper Payment Subsidy, and \$1.5 million of restructuring cost relating to cost reduction initiatives undertaken in April 2020

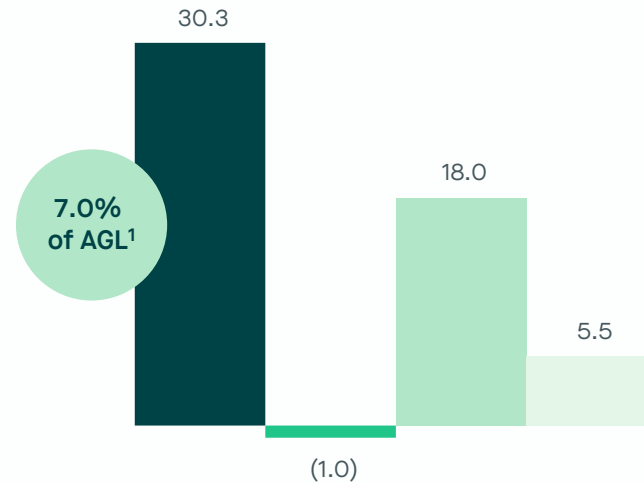
Impairment Expense

Excluding forward looking COVID provision and loan receivable adjustment, bad debts written off as a percentage of average gross loans improved in FY20, reflecting better credit quality in the book leading into COVID-19

FY19 Total Impairment Expense \$30.6m



FY20 Total Impairment Expense \$52.9m



■ Net Bad Debt Expense³ ■ Impairment Provision Expense ■ COVID-19 Provision Expense ■ Loan Receivable Adjustment

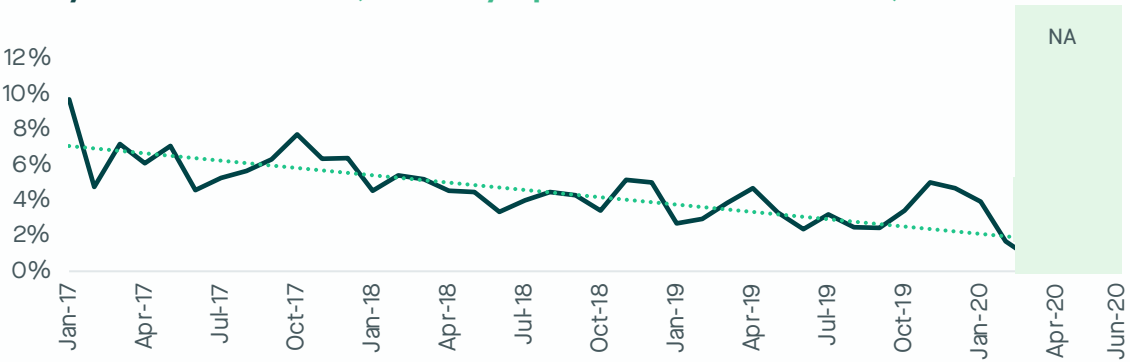
- ✓ FY20 net bad debt expense (excluding forward looking COVID provision and loan receivable adjustment) was \$30.3 million, equal to 7.0% of average gross loans for the period. This compares to \$24.6 million, 7.7% of average gross loans in FY19
- ✓ FY20 total impairment expense is \$52.9 million (FY19: \$30.6 million²)
- ✓ FY20 includes an \$18.0 million forward looking provision to take into account the impact of COVID-19
- ✓ The FY20 net movement in the total impairment provision is \$17.0 million (FY19: \$5.9 million)
- ✓ FY20 also includes a one-off \$5.5 million loan receivable adjustment as a result of a comprehensive review of the existing loan receivable balances
- ✓ As at 30 June 2020, the impairment provision on the balance sheet was \$41.4 million (11.1% of gross loans) compared to a provision as at 30 June 2019 of \$24.5 million (6.1% of gross loans)

1. AGL is Average Gross Loans for the 12 month period.
2. There may be inconsistencies in some numbers in the FY19 Total Impairment Expense breakdown due to rounding.
3. Inclusive of Gross Bad Debt Expense offset by Loss Recoveries received in the period

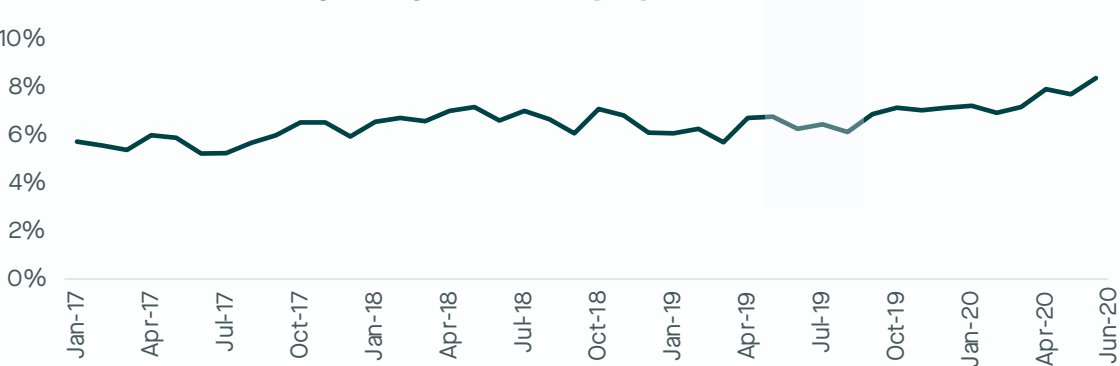
Improving loss performance leading into COVID-19

While early loss indicators showed improvement leading into COVID-19, the substantial provision taken allows for the potential future impact of COVID-19

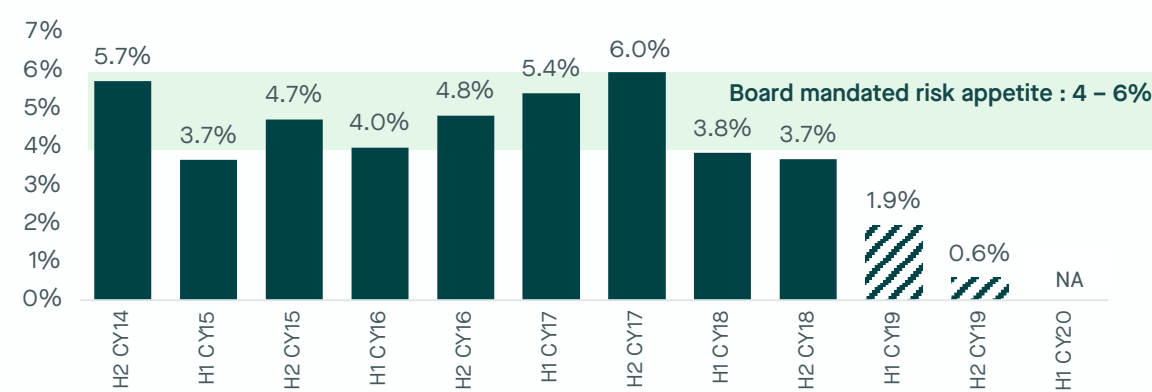
Early loss indicator¹ (30+ days past due at 4 months)



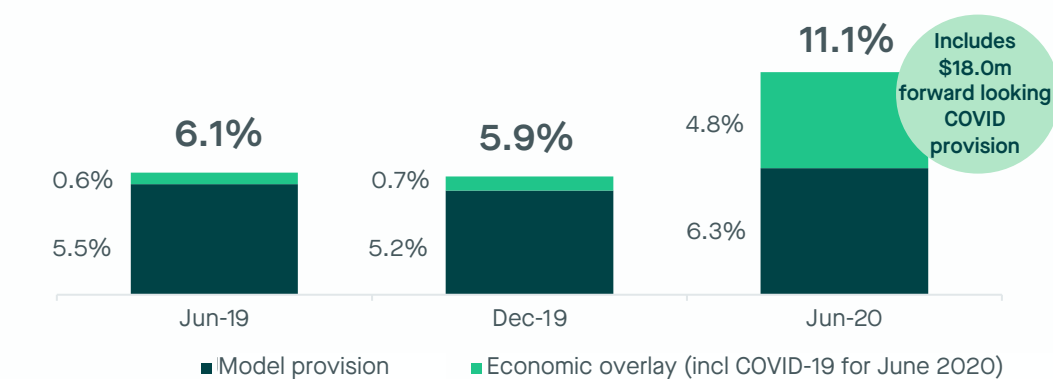
Coincidental delinquency¹ (90+ days past due)



Stable static loss rate²



Provision rate³



1. Data for the period 1 March to 30 June is not meaningful due to COVID related deferrals.

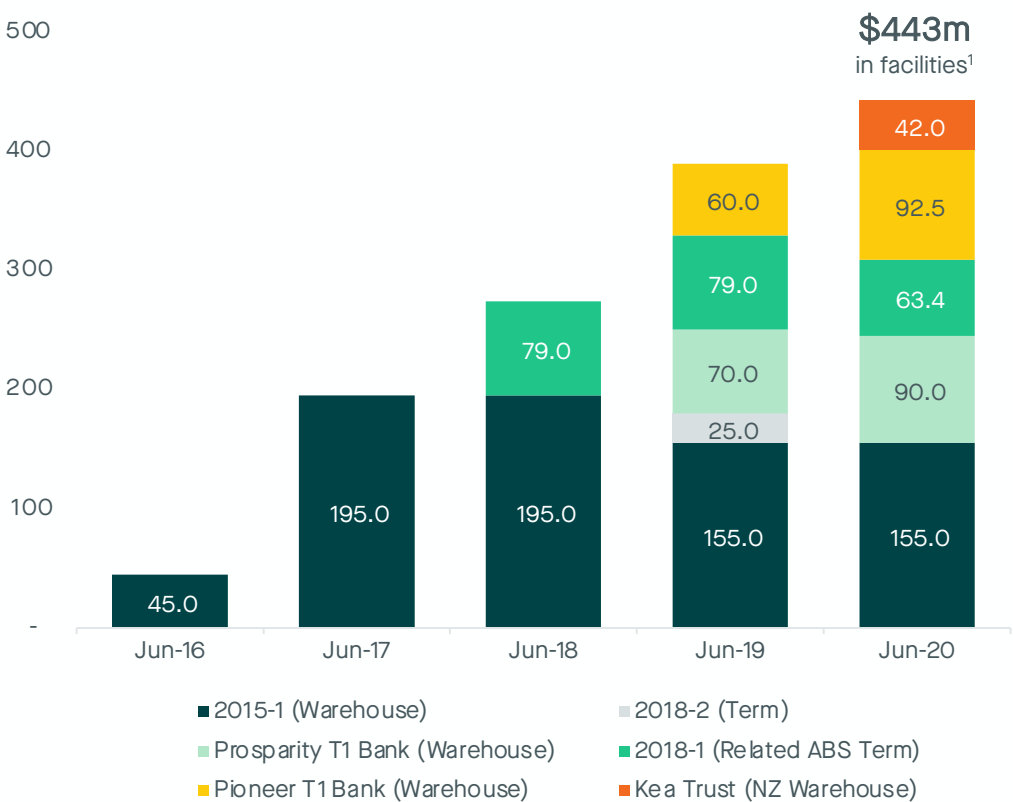
2. Static loss rate net of recoveries as at 30 June 2020 for the Australian small business loan product. Banded columns reflect cohorts which are still seasoning. H2 CY19 and H1 CY20 cohorts too early to demonstrate material loss data including taking into account the impact of COVID deferrals. FY19 results static loss rates: H2 CY14: 5.8%; H1 CY15: 3.8%; H2 CY15: 4.9%; H1 CY16: 4.4%; H2 CY16: 5.4%; H1 CY17: 5.6%; H2 CY17: 5.5%; H1 CY18: 1.2%; H2 CY18: 1.2%.

3. Provision rate as at 30 June 2020 includes additional 4.8% forward looking provision to take into account the potential economic impact of COVID-19. On an underlying basis, provision at 6.3%.

Funding platform enhanced

Continued access to diversified funding options, reducing risk and optimising cost of funds

Funding Facilities (\$m)



- ✓ \$114.1 million of unused facilities as at 30 June 2020
- ✓ These are standalone facilities with no corporate covenants linked to share price or earnings
- ✓ Prospa has no corporate debt
- ✓ Our 3 main Australian warehouses have a revolving period ending Dec 2021, Feb 2022 and May 2022 respectively
- ✓ The NZ warehouse has a revolving period ending August 2022
- ✓ Amendments to warehouse facilities completed to enhance ability to provide customers with support during COVID-19
- ✓ On 6 August 2020 an additional limit of \$63 million (out of maximum \$90 million approved) AOFM funding was allocated to Prospa warehouse facilities
- ✓ Completed first New Zealand funding line (NZ\$45 million)
- ✓ Completed junior notes into Prosperity trust (A\$20 million) and Pioneer Trust (A\$32.5 million)
- ✓ 2018-2 Trust repaid in full and Prospa elected to end the substitution period for 2018-1 Trust

1. Available third party facilities as at 30 June 2020. New Zealand trust facility converted to AUD at exchange rate of 0.9343.

Statutory Balance Sheet

Strong cash and balance sheet position to see through COVID-19

	Jun-20	Jun-19
Cash and cash equivalents	110.3	69.8
Loan receivables	332.2	379.9
Deferred tax asset	10.9	8.8
Property, plant and equipment	1.5	2.4
Intangible assets	7.8	6.6
Right of Use Asset	6.8	-
Other assets	3.7	4.8
Total assets	473.2	472.3
Trade and other payables	6.1	6.7
Employee benefits	2.6	4.1
Funding debt	326.8	311.5
Lease liabilities	8.7	-
Total liabilities	344.2	322.3
Net assets	129.0	150.0
Issued Capital	610.7	610.0
Reserves	(427.9)	(431.4)
Retained earnings	(53.7)	(28.5)
Total equity	129.0	150.0

- ✓ **Cash and cash equivalents** at \$110.3 million of which \$55.0 million is restricted (2019: \$41.6 million)
- ✓ Strong growth in unrestricted cash to \$55.3 million (2019: \$29.0 million)
- ✓ **Loan receivables** lower than 2019 at \$332.2 million (2019: \$379.9 million) following reduced originations and reduced customer repayments in Q4 as a result of COVID-19
- ✓ **Loan receivables** include \$41.4 million allowance for expected credit losses (2019: \$24.5 million) after taking into account an \$18.0 million provision to recognise the impact of COVID-19
- ✓ **Right-of-use asset** and **Lease liabilities** were recognised in FY20 on adoption of AASB16 *Leases*
- ✓ **Funding debt** includes increased weighting to Tier 1 bank facilities. As at 30 June 2020, \$442.9 million in available third-party facilities including unused facilities of \$114.1 million
- ✓ **Total equity** at \$129.0 million (2019: \$150.0 million) after adjustment on adoption of *AASB 16 Leases*, share-based payments reserve movements and total comprehensive loss for the year

Statutory Cash Flows

Overall cash conversion remained strong demonstrating the solid underlying result excluding impairment

12 months to 30 June 2020 (\$m)	FY20	FY19
Finance income received	131.2	124.9
Other income received	9.1	7.4
Interest and other finance costs paid	(21.9)	(23.3)
Payments to suppliers and employees	(86.0)	(83.5)
Income taxes paid	0.3	(8.6)
JobKeeper payments received	1.1	0.0
Operating cash flow	33.8	16.9
Net increase in loans to customers	(3.3)	(151.8)
Capital expenditure (PP&E)	(0.3)	(1.8)
Capital expenditure (intangibles)	(4.3)	(3.6)
Other investing	0.0	(0.3)
Investing cash flow	(7.9)	(157.5)
Proceeds from borrowings	105.8	179.1
Repayment of borrowings	(90.4)	(61.1)
Repayment of finance leases	(1.4)	0.0
Payments for buybacks	0.0	(1.7)
Proceeds from IPO (net of transaction costs)	0.0	57.6
Proceeds from conversion of warrants and options	0.7	2.1
Financing cash flow	14.6	176.0
Net cash flow	40.5	35.4

- ✓ Operating cash in-flow of \$33.8 million driven by higher cash income, lower cash funding costs and lower cash taxes in the period
- ✓ Net increase in loans advanced to customers reflects loans disbursed to customers net of principal collected
- ✓ Ongoing investment in capitalised development spend (intangibles) to continue building out product set and geographic footprint
- ✓ Warehouse facilities drawn reflects the addition of two new funding facilities in the period
- ✓ Overall, net cash increased in the period by \$40.5 million



"You want someone to have a look at your business and say I think we can do it or I don't think we can do it. I couldn't believe how quick the turnaround was. I was really impressed."

Andrew, VIC, Australia

Section 4

Outlook

Well placed to navigate ongoing uncertainty

prospa

Prudent management with the flexibility to respond to challenges

Customer focus



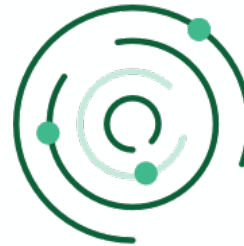
- ✓ Appropriately adjusting credit risk assessment
- ✓ Supporting customers through proactive segmentation and collections strategies
- ✓ Strengthening long term relationships with customers and maintaining a high Net Promoter Score
- ✓ Strong scalable go-to-market capability

Enhanced processes and systems



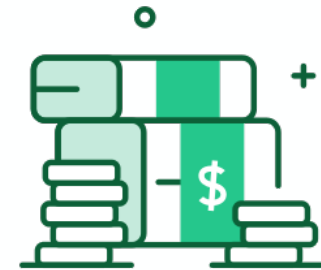
- ✓ Strong governance and risk mitigation focus
- ✓ Processes and systems have been tested and enhanced
- ✓ Risk assessment matrix for COVID-19
- ✓ Increased cyber security controls

Data & insights



- ✓ Regular monitoring and analysis of customer cash flow data
- ✓ Proprietary Credit Decision Engine is continually recalibrated to align to the economic conditions
- ✓ Data and insights used to proactively support customers and to manage credit risk

Financial strength



- ✓ Strong liquidity position with \$55.3 million of unrestricted cash
- ✓ No corporate debt
- ✓ Overhead and employee cost reductions - tighter cost controls
- ✓ Conservative approach to credit loss provisions
- ✓ Supportive funding partners including Government through AOFG

Prospa is in a strong position

- Prospa has come through the initial COVID challenges:
 - in a **strong financial position**
 - the **business model** has been tested and proven in challenging economic conditions
 - the **funding platform** has been enhanced, and
 - **customer relationships** have been strengthened
- Leading industry knowledge and insights into the small business economy is a distinct advantage
- Clear priorities for the immediate term to manage through ongoing uncertainty
- Well positioned to navigate the challenges ahead and the recovery phase as it develops, with positive trends already emerging

Prospa's core priorities

AU/NZ leadership



Maintain our leadership role in Australia and focus on achieving same in NZ. Selectively invest in brand, customer acquisition and distribution partner marketing

Customer acquisition



Identify and target customer sectors and geographies where Prospa has the best opportunity to grow loan originations

Solid funding platform



Continue to focus on funding relationships and diversification to support Prospa's customers

Data analysis



Proactively monitoring for potential impacts on risk appetite and customer demand, and growing our data insights and underwriting capability

**Thank you
and
questions**



Section 5

Additional information

We're continuing to help small businesses in challenging times

Past research² shows Prospa's lending supports small businesses so they can stay in business, and create jobs and wealth.

prospa

2.82m

Small businesses
in AU and NZ¹

Every \$1m of
Prospa lending
results in \$4m in
Australian GDP
and 57 FTE jobs
annually²

\$1.6b

Prospa lending
as at 30 June
2020²



\$6.4b

Impact on GDP²



91,200+

FTE jobs maintained²

//

"We were able to get our nurses on the road to help treat our patients. We didn't want to borrow from family and friends and ask them to take on that risk. A short turnaround time and quick access to cash gave us the chance to not miss out."

Lorna, WA (Health)



//

"Because of the COVID crisis, all the aquatic centres were shut, so a lot of the centres called us and asked if we could refurbish this or fix that in the time-frame. When we have four or five jobs hitting at once, we could have \$100,000 or \$200,000 worth of tiles to pay for upfront. So we used the funding for material and that's enabled us to take on a few more jobs, because you can't keep floating on fresh air."

Andrew, WA (Building & Trade)



1. ABS 8165 June 2019 (released in February 2020); and "Small Business in New Zealand" Ministry of Business, Innovation & Employment.

2. Using Prospa lending to 30 June 2020. Source: RFI Group and The Centre for International Economics: "The Economic Impact of Prospa Lending to Small Business" (January 2019), commissioned by Prospa.

Focus on corporate governance and risk mitigation



Credit

- ✓ Portfolio segmentation
- ✓ Collections strategy
- ✓ Underwriting framework
- ✓ Govt Guaranteed products / new risk settings



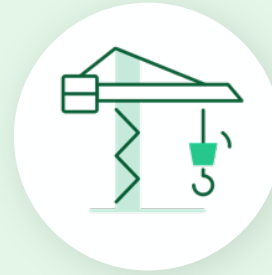
Legal & Regulatory

- ✓ Root cause analysis and solutioning for all complaints
- ✓ New Complaints KPI
- ✓ Disclosure Committee and additional continuous disclosure training
- ✓ Collections and hardship policy review
- ✓ Consumer Data Right and Accredited Data Recipient engagement for Open Banking
- ✓ Industry Association advocacy



Cyber Security

- ✓ Risk register audit and treatment plan review
- ✓ ISO 27001 audit
- ✓ Increased security thresholds and testing
- ✓ Privacy internal audit
- ✓ Web application testing
- ✓ Offboarding remote workers



Operational

- ✓ COVID-19 risk assessment matrix
- ✓ Health & safety protocols implemented
- ✓ Flexible return to the office plan
- ✓ Employee engagement plan



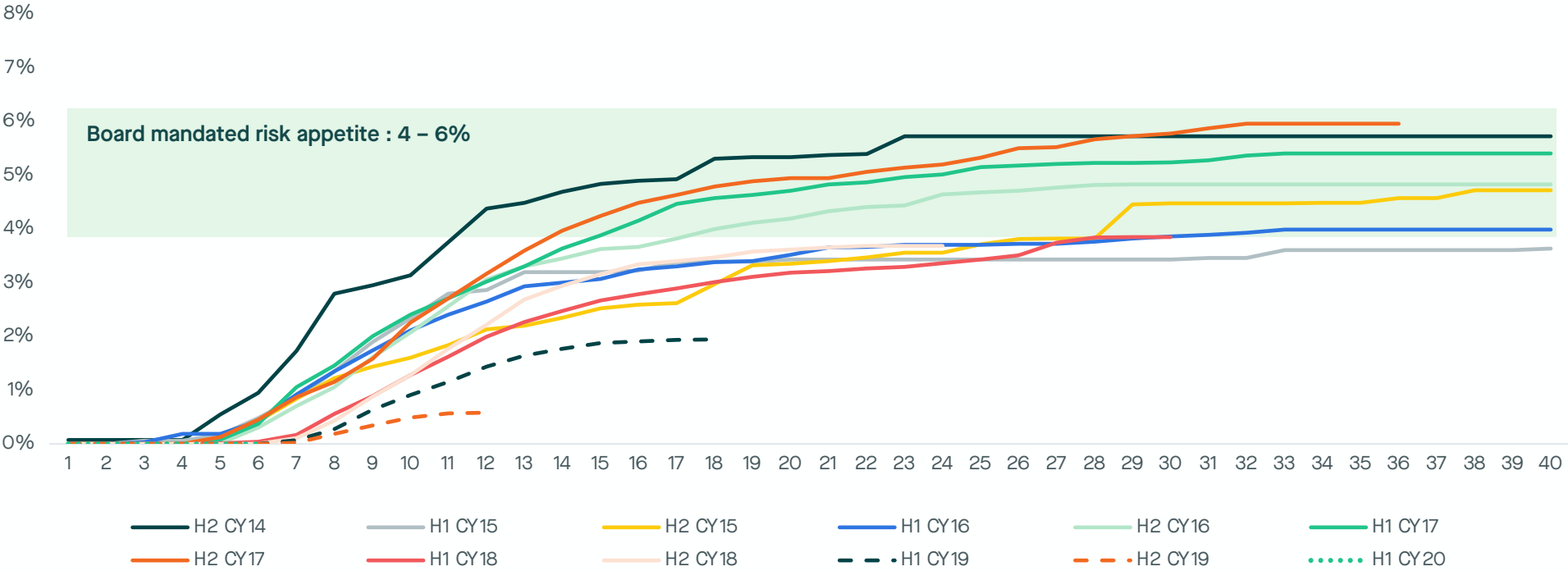
Strategic

- ✓ Review of strategic priorities
- ✓ Focus on supporting customers under stress
- ✓ Market research and intelligence
- ✓ Increased internal comms
- ✓ Talent retention plan

Static loss rates remain within Board mandated

4-6% loss rate at 30 June 2020

Australia static loss rate by half yearly cohort



1. Static loss rates net of loss recoveries as a percentage of the original gross originated loan amount. This is aggregated by half yearly cohort of originated loans and presented monthly since the date of the original origination. Data represents the Australia Small Business Loan portfolio as at 30 June 2020.

FY20 Statutory Profit & Loss

STATUTORY P&L	FY20	FY19	Var.	Var. %
Originations	450.9	501.7	(50.7)	(10.1%)
Interest income	131.4	125.0	6.5	5.2%
Other income	10.6	11.4	(0.8)	(6.9%)
Total revenue	142.1	136.4	5.7	4.2%
Transaction costs	9.3	8.5	0.7	8.4%
Net revenue	132.8	127.9	4.9	3.9%
Funding Costs	20.4	20.1	0.3	1.4%
Sales & Marketing	30.4	27.1	3.3	12.1%
Product Development	10.7	9.4	1.3	14.2%
General & Administrative	38.0	41.5	(3.5)	(8.5%)
Loan Impairment	52.9	30.6	22.3	73.1%
Total Operating Expenses	152.3	128.7	23.7	18.4%
EBITDA	(19.5)	(0.8)	(18.7)	nm
Depreciation	3.2	1.0	2.3	235.5%
Amortisation	3.1	2.7	0.4	14.9%
EBIT	(25.8)	(4.4)	(21.4)	nm
Interest on corporate debt	0.5	2.1	(1.6)	(74.5%)
Fair Value	0.1	12.4	(12.3)	(99.0%)
Unwind of embedded derivative		4.4	(4.4)	(100.0%)
PBT	(26.4)	(23.3)	(3.1)	(13.4%)
Tax expense	(1.5)	1.4	(2.9)	(205.4%)
NPAT	(24.9)	(24.7)	(0.2)	(0.8%)

Key Metrics

Metric	FY20	FY19
Loan book		
Originations	450.9	501.7
Gross loans (period end)	373.7	411.8
Average gross loans	433.3	319.4
Realised Portfolio Yield	32.8%	42.7%
Premium Risk Grades	46.1%	39.0%
NIMAL as a % of Revenue (%)	41.9%	56.6%
Funding		
Funding cost rate	5.7%	7.5%
Average funding debt	357.6	249.3
Productivity metrics		
Sales & Marketing cost to Total revenue	21.4%	19.9%
General & Administration cost to Total revenue	26.7%	30.4%
Composition of loan impairment		
Impairment Expense: Net bad debt expense (excl. one off adjustment)	30.3	24.6
Impairment Expense: Provision movement (excl. one off adjustment)	(1.0)	5.9
Impairment Expense: COVID-19 Provision Expense	18.0	
Impairment Expense: Loan Receivable Adjustment	5.5	
Provision rate	11.1%	6.1%
Net Bad Debt Expense as a % of Average Gross Loans	7.0%	7.7%

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Thank you

