



ESG eCommerce
company serving US
credit-challenged
consumers

3Q21 UPDATE
OCTOBER 2021



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Zebit is a proven ESG eCommerce company with a clear path to scale and profitability

Disruptive ESG Company

- Break the cycle of debt from predatory product financing options impacting ~120 million US consumers¹
- Become the most trusted and frequented eCommerce brand and credit solution for our consumer segment
- Transparent and strong value proposition with no interest, hidden fees or penalties

Proven Business Model

- Only eCommerce merchant with a proprietary credit solution to serve target market
- Superior 6-month product financing
- Proven and highly differentiated credit underwriting
- Reward positive repayment behaviour with increased credit
- Limited / negligible competition

Compelling Investment Thesis

- Multibillion-dollar market, with rapid penetration and high growth
- 5-year investment in proprietary risk modeling that provides deep technology moat
- Heavy monetization of customer acquisition, capturing large share of wallet with 80% repeat buying
- Increasing annual spend and contribution margin per order as customers age
- Long-term founder / operators with track record of scaling businesses

¹ Per Industry Overview found on page 36 of the Zebit Prospectus

Zebit is committed to changing the lives of millions of US consumers

74%

US population
lives pay-check to
pay-check

~120M

US consumers do
not qualify for
mainstream credit

47%

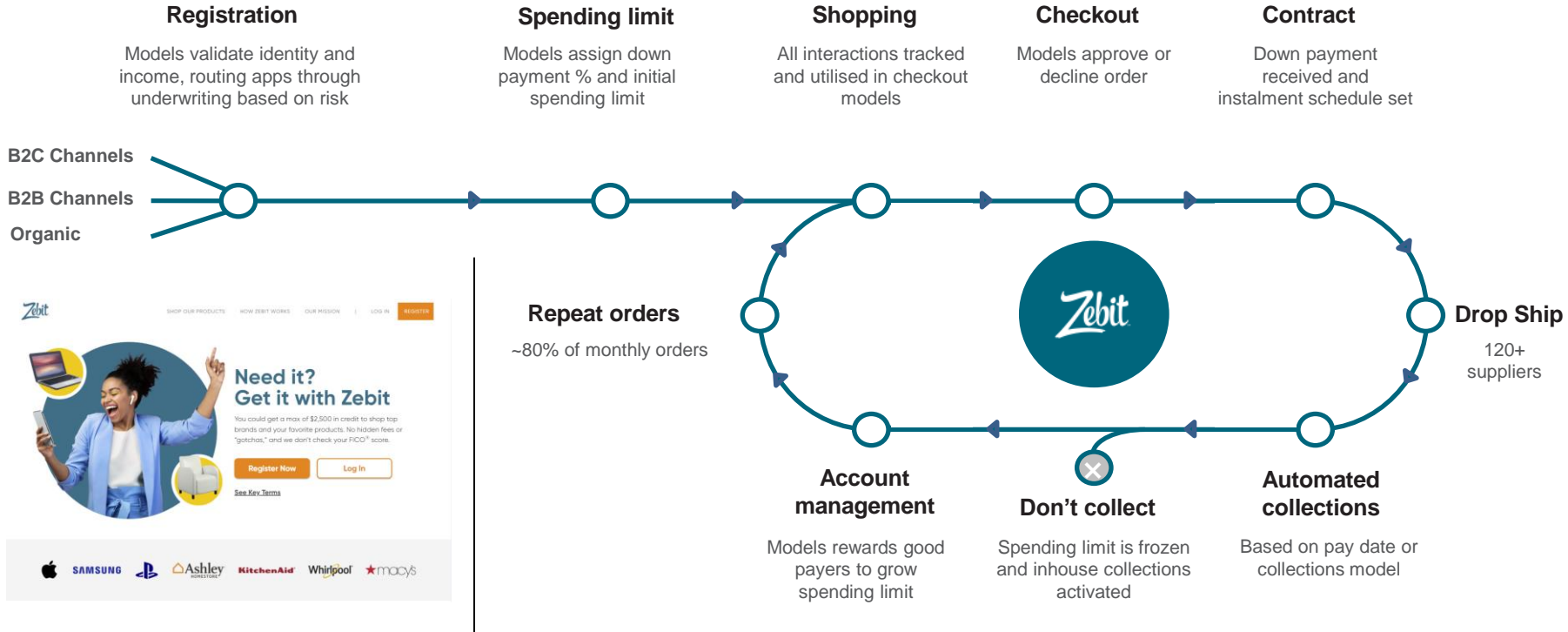
Of US adults
have impaired or
no FICO score

US\$255B²

Interest, fees and
penalties paid

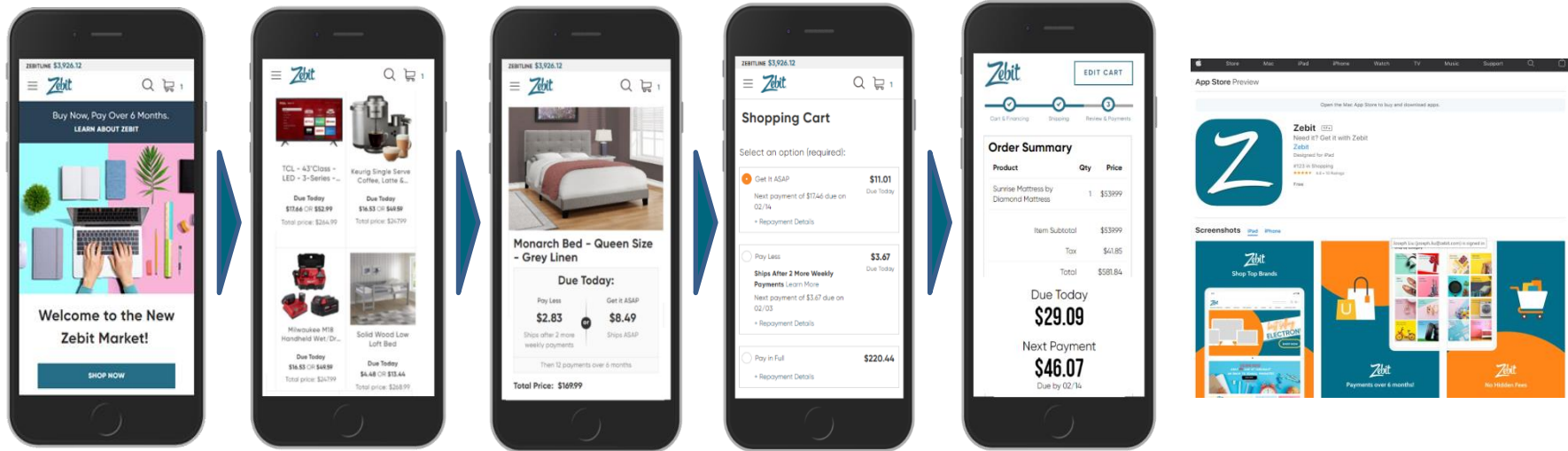
- Draconian financing alternatives with limited product selection and high total cost of ownership:
 - ✓ Rent-to-Own / Lease-to-Own
 - ✓ Payday Loans (single payment credit)
 - ✓ Short-term instalment loans
- Products are “structured to fail” and trap consumers in a cycle of debt with interest, fees, and penalties
- Minimal innovation to develop new operating models
- Industry is poised for disruption

Zebit offers online shopping governed by proprietary risk models at registration, checkout, and account management



Customers shop over 170K+ products across 25 categories

Over 90% of customers shop by mobile device or via Zebit's new mobile app in the Apple and Google stores



3Q21 Results



3Q21 demonstrated strong underlying performance³, with significant traction in expanding customer acquisition and deepening product assortment

Revenue
US\$29.1M
vs US\$15.3M
90% growth over
PCP

Bad Debts⁴
13.8%
underlying 3Q
performance

**~157K new
registrants**
366% growth
over PCP

**+50K new
products added**
**>170K total
active products**

Additional Highlights

- Launched 1st mobile app at the end of September in Apple and Google Play stores, recording over 42K downloads by mid-October
- Executed nine additional strategic supplier contracts with access to ~50K new products starting in 4Q across higher margin categories
- Signed a premier LTL (less than truck load) freight provider to deliver larger and higher margin products, such as furniture, directly into customers' homes
- Augmented credit underwriting by incorporating new alternative credit variables into machine learning risk models; implemented new fraud-prevention technology at registration
- Begin reporting payment performance data in 4Q (i.e., data furnishing) on accounts to one of the largest alternative credit bureaus in the US that will impact consumers' alternative (non-FICO) credit scores and could motivate them to make customers to pay on time

³3Q21 underlying performance is based on an initial Bad Debts Provision for the orders months within the quarter. It is important to note that the initial Bad Debts Provision for any order month is the estimate of Bad Debts that Zebit expects to take for historical revenue vintages with a positive underlying Accounts Receivable balance. The initial provision is estimated utilising forecasts provided by Zebit's data science team on a monthly basis and is adjusted for actual Bad Debts and any recoveries related to payments received after the receivable has been written off. Bad Debts Provision is not a static number at any point in time, as it is influenced by new revenue months, potential adjustments from prior periods, and offsets related to recoveries of written-off debt and other factors. In short, 3Q underlying performance is an estimate subtracting out the prior period adjustments allocated to the quarter from 1H21.

⁴Bad Debts Provision is the estimate of Bad debts that Zebit expects to take for historical revenue vintages with a positive underlying Accounts Receivable balance. The initial provision is estimated utilising forecasts provided by Zebit's data science team on a monthly basis and is adjusted for actual Bad Debts and any recoveries related to payments received after the receivable has been written-off. Bad Debts Provision is not a static number at any point in time, as it is influenced by new revenue months, potential adjustments from prior periods, and offsets related to recoveries of written-off debt and other factors

3Q21 key performance metrics

All figures below are shown in US\$

Key Metrics US\$ Millions (unaudited)	3Q21 With Adjustments	3Q21 Underlying Performance	3Q20 Actual	3Q21 With Adjustments vs 3Q20 ⁷	3Q21 Underlying vs 3Q20
Revenue	\$29.1M	\$29.1M	\$15.3M	90%	90%
Bad Debts	21.8%	13.8%	6.3%	15.5 points	7.5 points
Contribution Margin ^{5,6}	3.4%	11.5%	22.0%	18.6 points	(10.5) points
Net Income	(\$8.6M)	(\$6.3M)	(\$334K)	2,477%	1,777%

- As noted in Zebit's Half Year Results and Appendix 4D, the Company estimated that a prior period adjustment of US\$500K - US\$1.5M would be booked in 3Q21 for 1H21 order months that had aged over 3 months at the time of the estimate
- The estimate only covered 1Q21 orders, given no additional information was present at that time to estimate an adjustment for 2Q21 orders
- Zebit has now booked a US\$1.5M prior period adjustment for 1Q21 orders and a US\$827K adjustment for April and May orders

⁵Contribution Margin is Gross Margin less Bad Debts Provision.

⁶Gross Margin is the dollar margin, reflected as a percentage, between the price at which Zebit sources a product and the price Zebit charges its consumer for the product including shipping margin and all dropship fees and adjustments.

⁷Quarterly YoY comparisons of revenue, Contribution Margin, Bad Debts, and other key metrics for FY20 to FY21 will be biased. From 1Q20 to 3Q20, Zebit was capital constrained ahead of its IPO resulting in management taking steps to dampen demand during that period. This was accomplished by raising all customer down payments at checkout to collect more money upfront, thereby automatically lowering bad debts. Other actions included increasing product prices, reducing product selection to a set of high margin items, and driving revenue from high value, lower risk customers. During this time, Zebit also minimised investment in acquiring new customers. The cumulative result produced more cash, historic low bad debts, and higher contribution margin compared to any prior period since the Company's inception

YTD key performance metrics

All figures below are shown in US\$

Key Metrics US\$ Millions (unaudited)	2021 (1Q-3Q)	2020 (1Q-3Q)	YoY Change
Revenue	\$85.2M	\$43.5M	96%
Bad Debts	16.2%	11.6%	4.6% points
Contribution Margin	9.3%	15.8%	(6.5%) points
Net Income	(\$15.9M)	(\$5.0M)	(\$10.9M)

- On a full year basis for CY21 the Company expects the following:⁸
 - ✓ Bad Debts to be 15.0%-16.0%
 - ✓ Contribution Margin of 9.5%-10.5%
 - ✓ GPAPA%⁸ (Contribution Margin less marketing acquisition Cost as a percent of revenue) between 2.0%-3.0%

⁸Estimates are based on internal Company forecasting scenarios that take into consideration marketing acquisition targeting, Gross Margin on expected product sales, and revised underwriting of customers at registration and checkout. These are estimates based on forward assumptions of what consumers will buy from Zebit on a monthly basis and the respective risk of the transactions.

⁹GPAPA% is defined as Gross Profit After Paid Acquisition and is calculated as Contribution Margin less marketing acquisition costs as a percent of revenue.

The Company has revised its revenue guidance for CY21 between US\$118M-US\$123M, which represents 35% - 40% growth on CY20

- The strategic decision to pursue high-growth (35%-40% pa) vs hyper-growth (60-71% pa) is expected to generate increased Gross Margin, Contribution Margin, and GPAPA% and provide a more sustainable growth path toward profitability
- This is a deliberate decision to leverage the strong recurring annual revenue from tenured customers that generate a higher average Contribution Margin per order, while layering in new customer revenue with controlled marketing spend starting in November and continuing into CY22

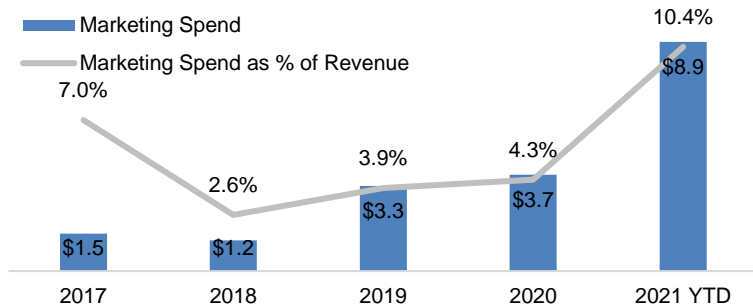
	CY21 Revised Guidance aligned with pre-COVID performance	
Revenue	US\$118M-US\$123M	
Bad Debts	15.0%-16.0%	Starting Nov-21 into CY22 12.0%-13.5%
Contribution Margin	9.5%-10.5%	12%-14%
GPAPA%	2.0%-3.0%	7.0%-8.5%



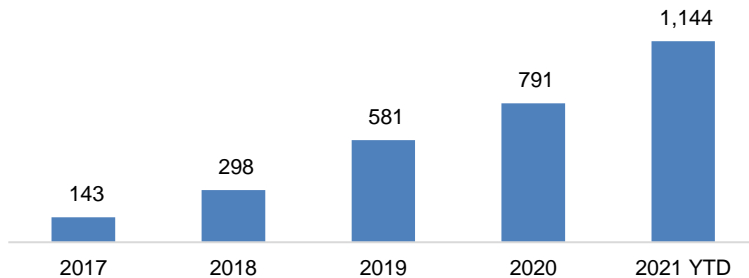
YTD Metrics

Invested in new acquisition channels to position the business for high growth

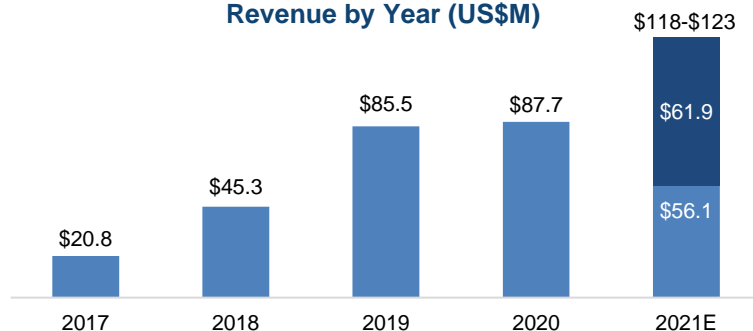
Direct Marketing Spend (US\$M)



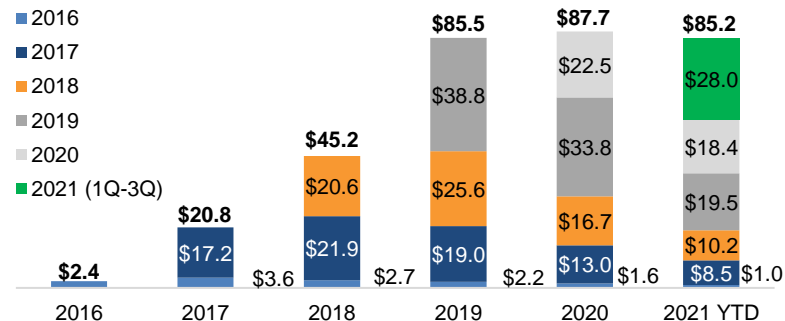
Cumulative Registered Users (000's)



Revenue by Year (US\$M)

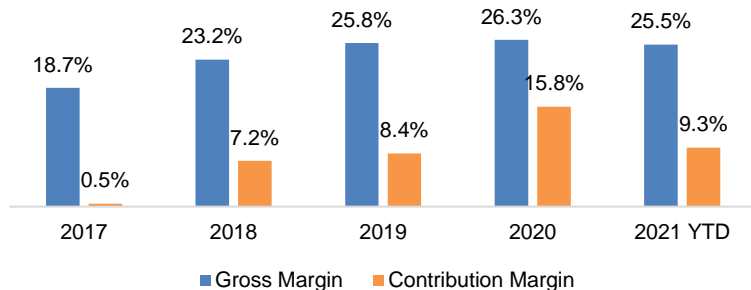


Sales by Registration Cohort (US\$M)



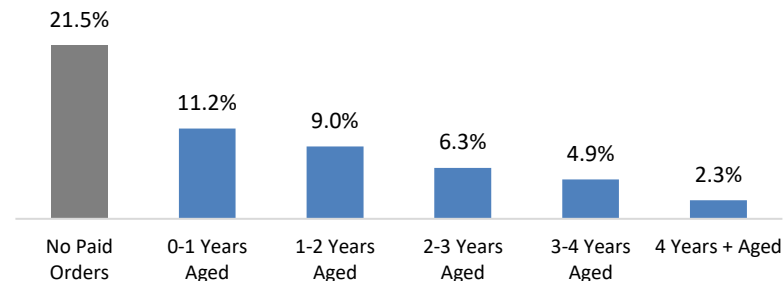
Tenured customers are a key component of revenue and have higher profit as they age over time

Gross Margin and Contribution Margin

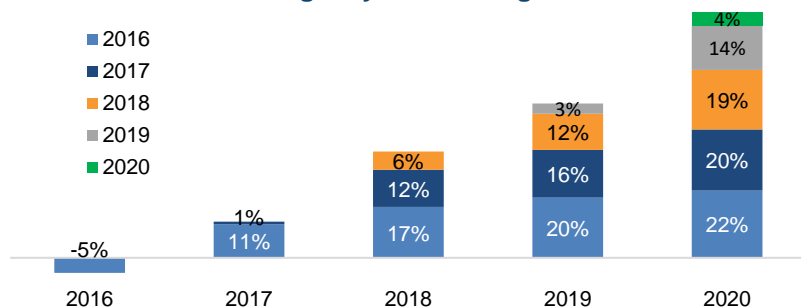


Mature Order Bad Debt Since Inception

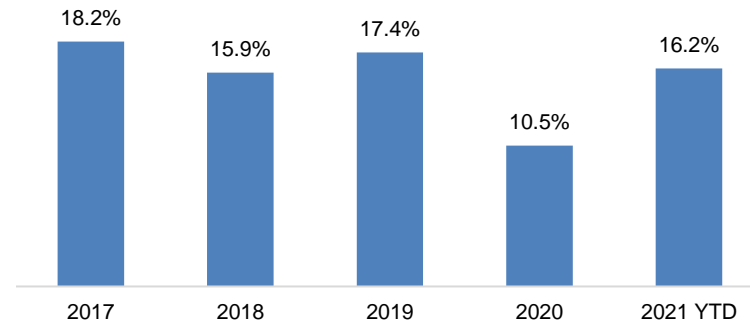
(through Dec 2020)



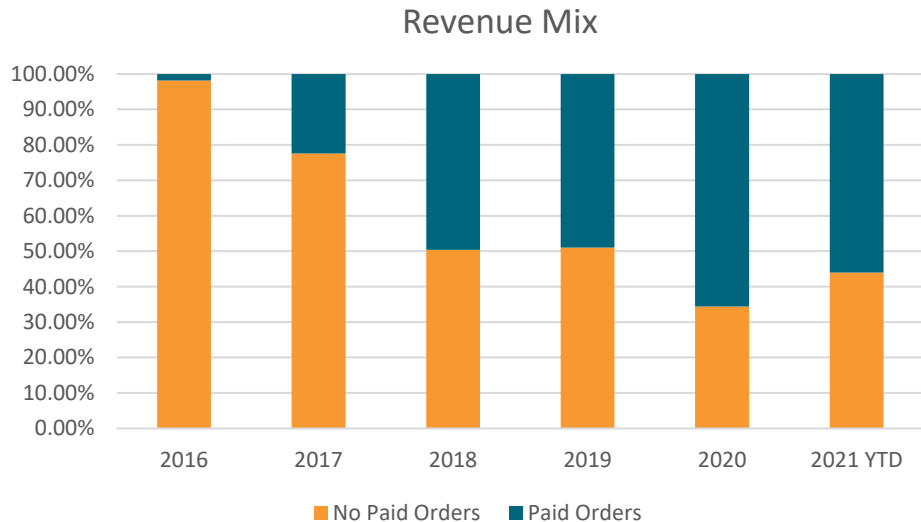
Contribution Margin by Year of Registration Date



Bad Debts as a Percent of Revenue



Revised outlook focuses on leveraging recurring revenue from tenured customers, while layering in new customers, to create stronger operating metrics



- High-growth, risk-adjusted approach focuses on layering in new customers YoY to control the mix and enhance GPAPA%
- By leveraging recurring revenue from tenured customers with paid off orders, the overall revenue mix is de-risked
- This approach correlates to the revised guidance for CY21 and sets the Company on a sustainable path toward profitability

Adjusted growth rate is expected to generate a higher GPAPA%

		No Paid Off Orders	Customers w/Paid Off Orders ¹⁰		Blended
			<2 Years Seasoned	>2 Years Seasoned	
Revenue					
Less					
COGS	+ Revenue	100.0%	100.0%	100.0%	100.0%
=	- COGS (assumed same)	74.0%	74.0%	74.0%	74.0%
Gross Margin	= Gross Margin (assumed same)	26.0%	26.0%	26.0%	26.0%
Less	- Bad Debts (average CY20)	20.6%	8.6%	5.4%	12.2%
Bad Debts	= Contribution Margin before Marketing	5.4%	17.4%	20.7%	13.9%
=	- Marketing Costs	18.3%	0.0%	0.0%	6.4%
Contribution Margin before Marketing	= GPAPA%	-12.9%	17.4%	20.7%	7.4%
Less					
Marketing Costs					
=					
GPAPA%					
\$-weighted Revenue Mix		35%	45%	20%	

¹⁰The example above uses CY20 fully matured orders and assumes the general Gross Margin achieved in the year applies to all customer cohorts. Bad Debts are the actual averages for the customer cohorts and are tied back to the actual order months.

Outlook



Growth focused on selective customer acquisition, eCommerce optimisation, expanded product assortment, and improved credit quality

Driver



Selective Customer Acquisition

- Focus on channels that deliver better credit quality
- Expand B2B partnerships
- Leverage new Mobile app

Action

Benefit

- ✓ Market leading revenue growth
- ✓ Lower bad debts
- ✓ Improved operating metrics



eCommerce Optimisation

- New email retention marketing platform
- Refer-a-friend program
- Merchandising

- ✓ Improved customer experience and engagement
- ✓ Drive repeat usage
- ✓ Drive improved operating leverage



Expanded Product Assortment

- Expand core assortment
- Onboard new vendors
- Expand LTL provider

- ✓ Improve customer engagement, retention, annual spend and LTV
- ✓ Drive margin improvement



Credit Data and Modeling

- First payment default model at registration
- Fraud prevention
- Account management
- Data furnishing

- ✓ Optimising near-term collections
- ✓ Reduce bad debts
- ✓ Increase spending limits for high quality customers

Outlook

	CY21 Revised Guidance aligned with pre-COVID performance	
Revenue	US\$118M-US\$123M (35%-40% YoY growth)	Starting Nov-21 into CY22
Bad Debts	15.0%-16.0%	12.0%-13.5%
Contribution Margin	9.5%-10.5%	12%-14%
GPAPA%	2.0%-3.0%	7.0%-8.5%

Summary

- ESG company driving real social change
- Attractive double digit contribution margins
- Focus on improved underwriting to improve operating margins and profitability
- Targeting revenue growth that is market leading for eCommerce peers
- Capital light and efficient business model
- 5+ years IP development/investment to create genuine technology asset
- Repeated customer usage of 80% driving lower bad debts, and increasing contribution margins and lifetime value
- Proven founder-led management team and board skilled in eCommerce, lending, and credit risk



THANK YOU

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