

prospa

2021 Annual General Meeting

Wednesday 24 November 2021, 11am AEDT

Prospa Group Limited

Board of Directors

Greg Ruddock ●
Non-Executive Director

Avi Eyal
Non-Executive
Director

Greg Moshal ●
CEO &
Executive Director

● **Mary Ploughman**
Independent
Non-Executive
Director

● **Gail Pemberton AO**
Chairman

● **Fiona Trafford-Walker**
Non-Executive Director

● **Beau Bertoli**
Chief Revenue Officer &
Executive Director





Chairman's Address

Gail Pemberton AO

FY21 Highlights

Originations

\$484m

FY20: \$448m +8%

Prospa recorded its highest ever quarterly originations of **\$183m** in Q4 FY21

Revenue¹

\$118m

FY20: \$142m (17%)

Strong quarterly momentum in revenue growth through FY21 despite COVID-19

Operating cash flow

\$35m

FY20: \$34m +3%

\$39.8m of unrestricted cash available to support long-term growth

Closing gross loans

\$427m

FY20: \$374m +14%

Within 10% of the all-time high achieved prior to COVID-19

EBITDA²

\$375k

FY20: (\$15.8m) +\$16.2m

Significant EBITDA growth over FY20 with resilient GP margin³ of **80%**

Realised portfolio yield⁴

32.7%

FY20: 32.8%

Portfolio yield maintained in conjunction with increased originations

1. All references to Revenue in this document represent Total Revenue before transactions costs.

2. All references to EBITDA in this document represent Earnings Before Corporate Interest, Tax, Depreciation and Amortisation, Share-Based Payments and Fair Value movements.

3. All references to Gross Profit in this document is calculated as Total Revenue less Funding Costs less Transaction Costs. Refer page 14 for more detail.

4. All references to Realised portfolio yield in this document represents the interest (excluding transaction costs) and fee income earned during the period on the average portfolio balance during the respective period, annualised.

Strengthening the business and investing for the future



Investing for growth

- ✓ Launch of Prospa Plus Small Business Loans
- ✓ Investment in sales and marketing to capitalise on recovering economy
- ✓ On track to deliver Prospa Business Account next year



Technology and funding

- ✓ Smarter, faster credit decision engine that incorporates learnings
- ✓ Enhanced capabilities to deliver on our strategic growth
- ✓ ABS of \$200 million



People

- ✓ Great Place to Work
- ✓ Experienced management team



Chief Executive Presentation

Greg Moshal

ANZ's leading online lender to small business¹

\$2.1b+

loans originated since inception²

80+

NPS Score³

230+

employees³

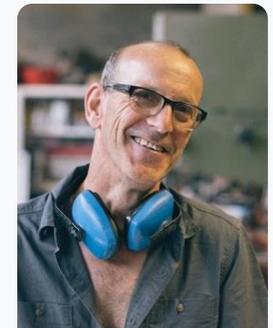
34k+

customers since inception³

10,000

distribution partners³

1. In the Non-bank Financial Services category, Prospa is the #1 ranked online small business lender in Australia and New Zealand on independent review site TrustPilot with a TrustScore of 4.9 and over 6,200 reviews in Australia and a TrustScore of 4.9 and over 800 reviews in New Zealand as at 30 June 2021.
2. All references to Originations in this document are from all sources, including Small Business Loan, Line of Credit (including undrawn amounts), Back to Business Loan, Back to Business Line (including undrawn amounts) and ProspaPay in Australia and New Zealand, unless otherwise indicated. Small retrospective changes in origination figures may occur as result of back dated cancellations or modifications to support customer outcomes.
3. As at 30 June 2021



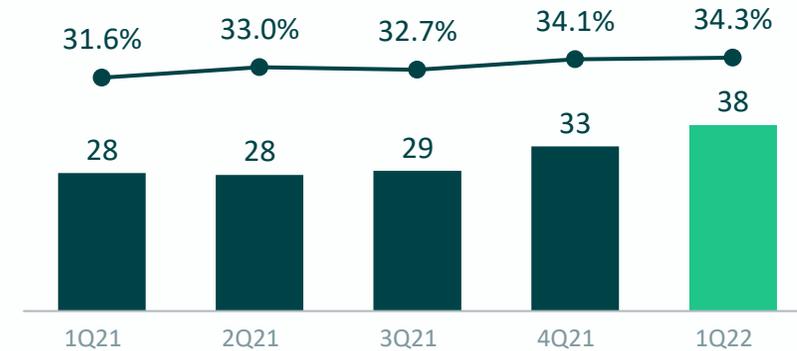
Strong financial performance underpinned by enhanced funding platform

Quarterly originations (\$m)¹



Strong originations of \$128.5 million, up a significant 61.9% on 1Q21

Quarterly revenue (\$m) and portfolio yield (%)



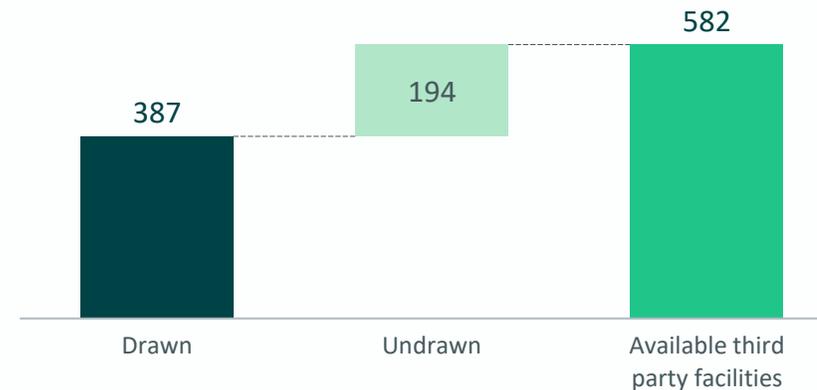
Active management of portfolio yield relative to credit quality

Quarterly closing gross loans (\$m)



Closing Gross Loans of \$442m within 7% of Prospa's all-time high

Drawn and undrawn third-party facilities (\$m)²

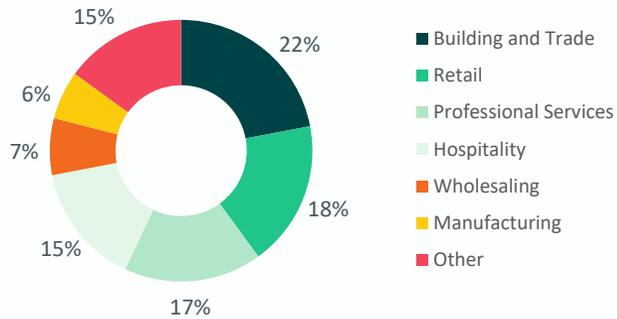


Strong balance sheet with no corporate debt and a solid funding platform

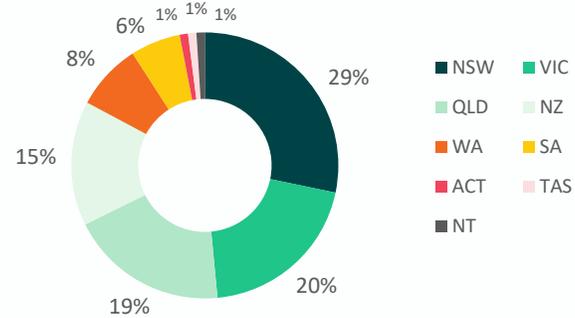
1. Small retrospective changes in origination figures may occur due to backdated cancellations or modifications to support customer outcomes.
 2. Available third-party facilities at end of corresponding period. New Zealand trust facility converted to AUD at end of corresponding period.

Well diversified portfolio to successfully mitigate risk

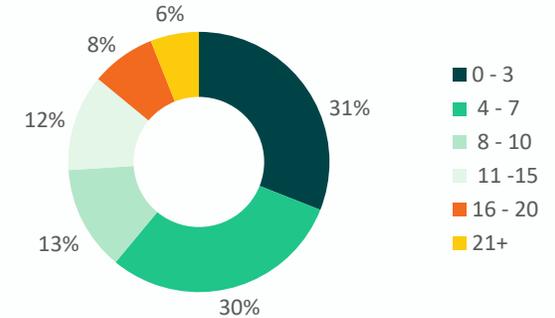
Portfolio by industry¹



Portfolio by geography¹



Number of years trading²



Stable static loss rate⁴



1. As per Financial Statements, note 21.
 2. Based on the weighted average principal receivables balance as at 30/06/2021.
 3. Refers to delinquency data across Prospa's Australian Small Business Loans (i.e. excludes Line of Credit) and references point-in-time information at 6-month intervals.
 4. Static loss rate net of recoveries as at 30 June 2021 for the Australian small business loan product. Banded columns reflect cohorts which are still seasoning. FY20 and FY21 cohorts too early to demonstrate material loss data including taking into account the impact of COVID-19 deferrals.

Addressing the needs of an evolving market to capture opportunities for growth

Current market



Increased digitisation of financial solutions expected by customers



Opportunities within the evolving financial market



Demand for funding expected with SME bounce back

Opportunities for Prospa



\$28bn

Value of additional credit required by SMEs in last 12 months¹



Potential Market Expansion

- Payments
- Financial software

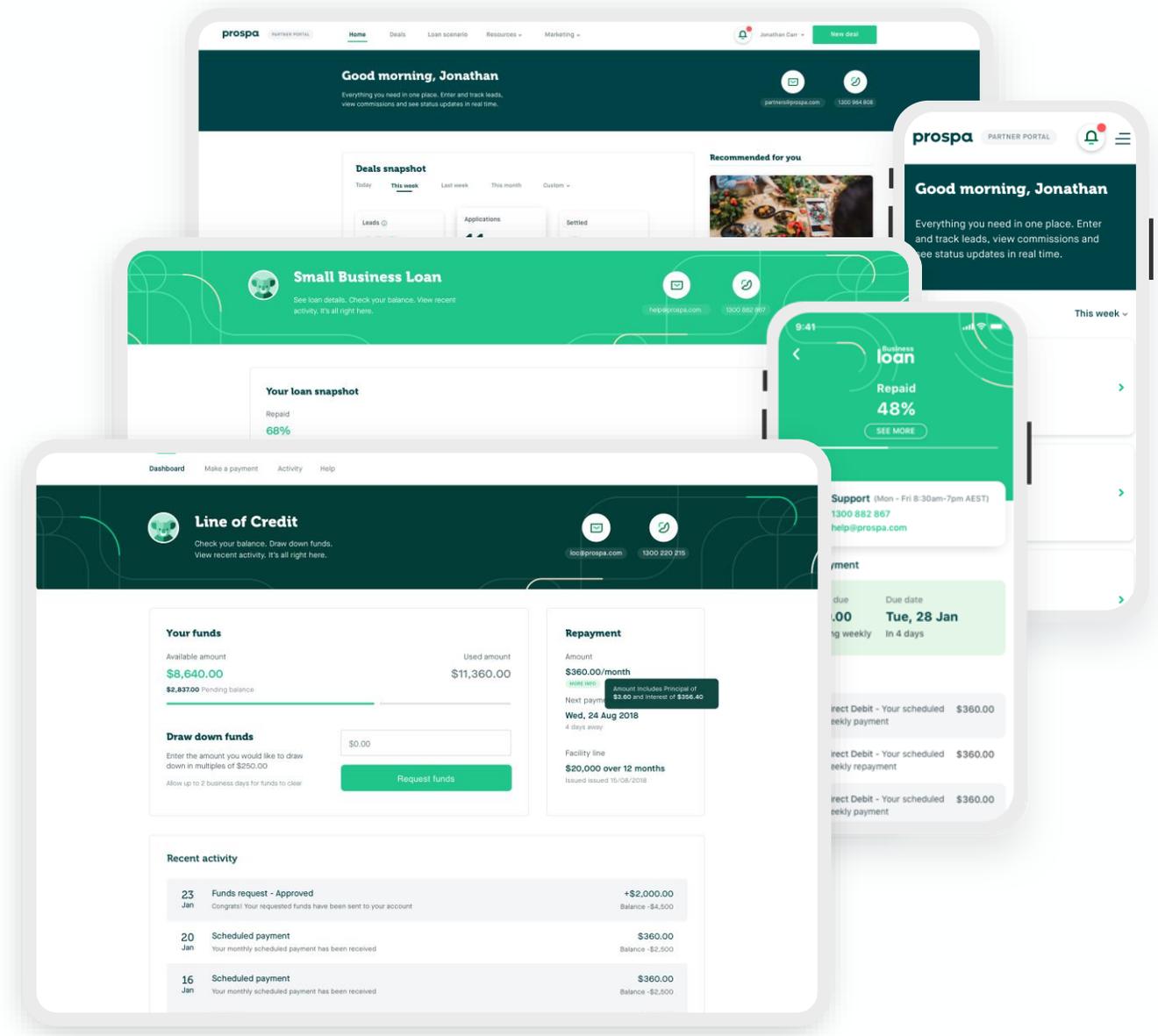
Scaling our funding solutions to solve the ongoing need for capital

Loans

-  Small Business Loans
-  **NEW** Prospa Plus Small Business Loans ANZ

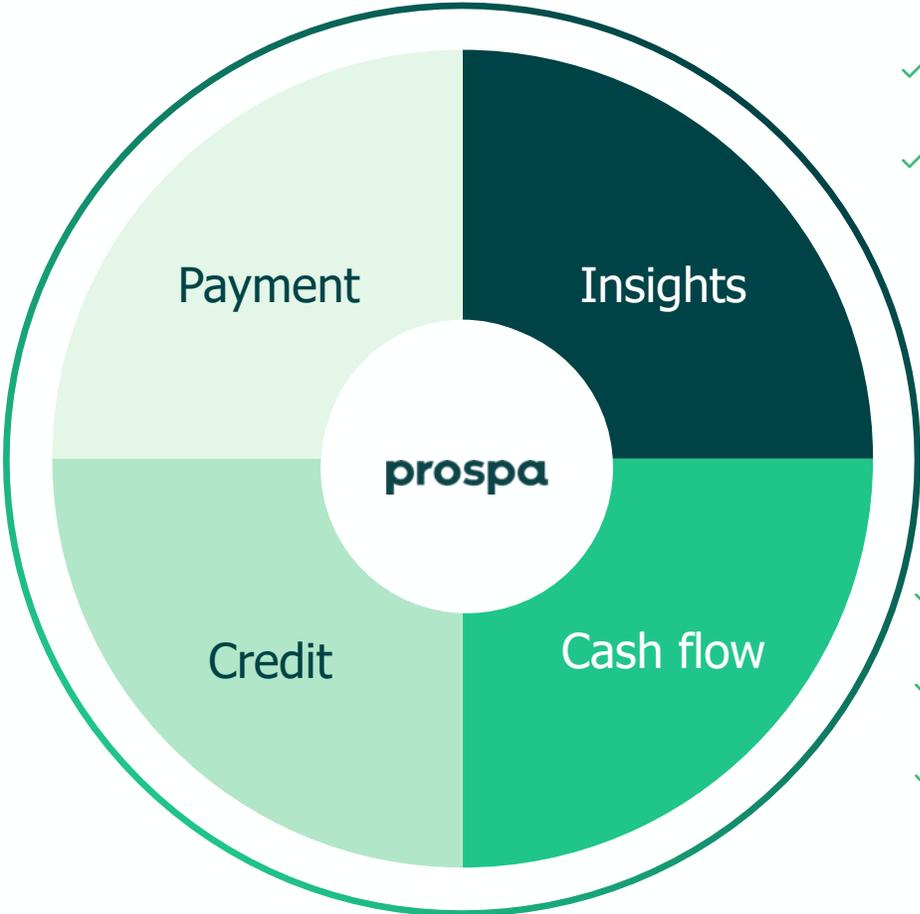
Line of Credit

-  Australia
-  **NEW** New Zealand



Future state

A cohesive platform that makes Prospa digitally indispensable to SMEs – helping them grow, run and pay

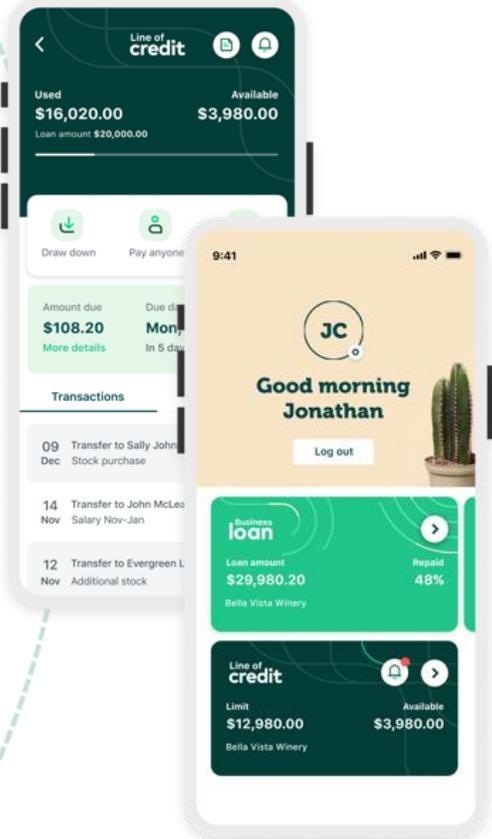


- ✓ Enable customers to pay for goods and services
- ✓ Manage daily expenses, bills and accounts payable

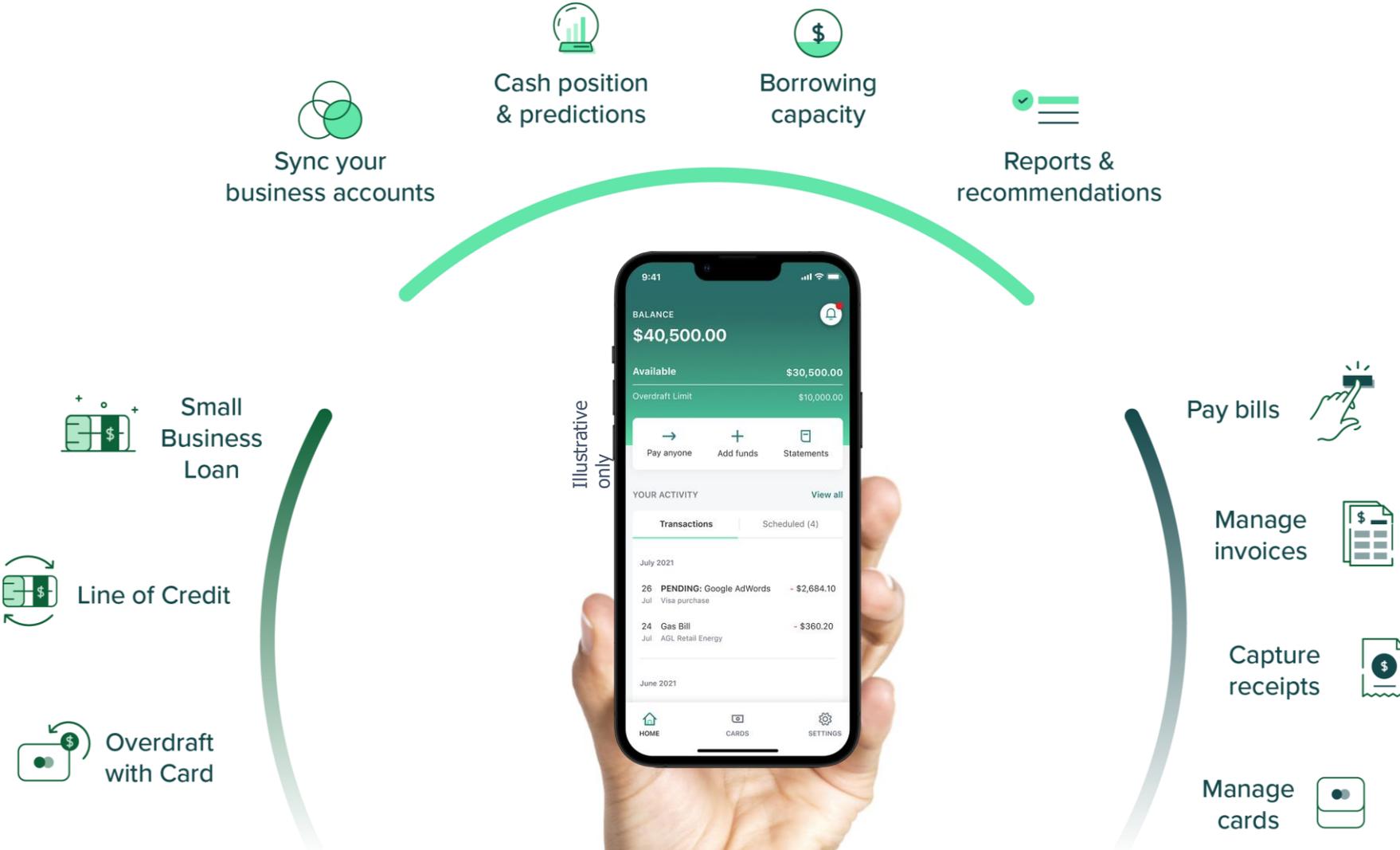
- ✓ Fund growth opportunities
- ✓ Re-stock, re-hire, upgrade equipment

- ✓ Identify challenges and opportunities
- ✓ Smarter, data-driven decisions

- ✓ Improve cash flow management
- ✓ Manage shortfalls and surplus
- ✓ Understand cash position and projections

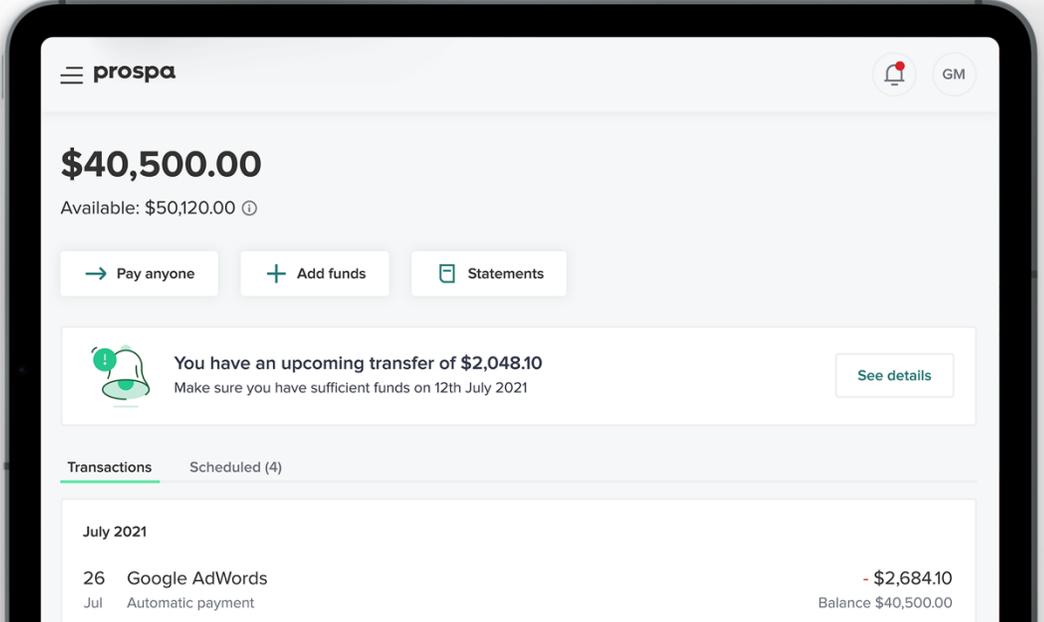
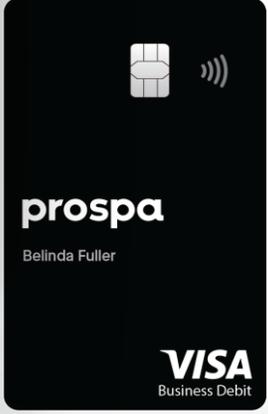
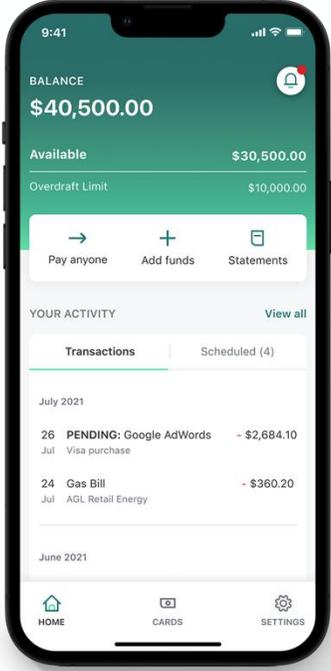


Products to deliver growth and expansion within the SME market



Prospa's All-in-One Business Account

-  Transaction account
-  Visa business card
-  Credit products
-  Invoicing
-  Bill pay
-  Expense Management



Growth delivered through integrated suite of solutions



Scale existing products

Strengthen Prospa's funding products by increasing the capabilities of our technology to further automation



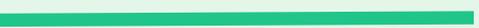
Expand through new solutions

New innovative product solutions to enhance customer engagement, cross-sell solutions and extend active customer lifetime to lower cost to serve



Reach new markets

New products and solutions to meet the needs of more SMEs and expand our market



Conclusion

Resolutions

A. Consideration of Financial statements and reports

“To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Directors’ Report, the Remuneration Report and the Auditor’s Report for that financial year.”

Note: This item of ordinary business is for discussion only and is not a resolution.

B.

Items for approval

Resolution 1 Adoption of Remuneration Report

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 30 June 2021.”

Resolution 1

Adoption of Remuneration Report

	Votes	Holder	Percentage
For	63,644,672	26	81.32%
Open	9,710,384	8	12.41%
Against	4,906,520	14	6.27%
Total Available Votes	78,261,576		

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Resolution 2

Election of Mary Ploughman as Director



“
That Mary Ploughman, a Director appointed as an additional Director and holding office until the next General Meeting of the Company after her appointment in accordance with the Company’s Constitution and ASX Listing Rule 14.4, be elected as a Director of the Company, effective immediately.

Vote results

Resolution 2

Election of Mary Ploughman as Director



	Votes	Holders	Percentage
For	78,160,224	38	99.87%
Open	91,288	8	.12%
Against	12,454	2	.02%
Total Available Votes	78,263,966		

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Resolution 3

ASX Listing Rule 7.1A approval of Future Issue of Securities

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Vote results

Resolution 3
ASX Listing Rule 7.1A
approval of Future
Issue of Securities

	Votes	Holder	Percentage
For	78,174,928	32	99.9%
Open	10,144	8	.01%
Against	70,444	8	.09%
Total Available Votes	78,255,516		

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“

That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 1,500,000 Fully Paid Ordinary Shares issues on 1 March 2021 and 33,069 Full Paid Ordinary Shares issues on 26 August 2021 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.

Resolution 4

Ratification of prior issue of Share into Trust for Employee Incentive Plan

Resolution 4

Ratification of prior issue of Share into Trust for Employee Incentive Plan

	Votes	Holder	Percentage
For	78,149,256	30	99.85%
Open	9,144	7	.01%
Against	108,343	13	.14%
Total Available Votes	78,266,743		

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Resolution 5

Ratification of prior issue Performance Rights for Employee Incentive Plan

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 168,669 Performance Rights issues on 15 March 2021 and 120,060 Performance Rights issues on 7 September 2021 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Resolution 5

Ratification of prior issue Performance Rights for Employee Incentive Plan

	Votes	Holder	Percentage
For	78,145,256	29	99.85%
Open	9,144	7	.01%
Against	108,343	13	.14%
Total Available Votes	78,262,743		

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 500,000 Options issued on 30 March 2021 and 252,320 Options issued on 7 September 2021 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”

Resolution 6

Ratification of prior issue of options

Vote results

Resolution 6

Ratification of prior issue of options

	Votes	Holders	Percentage
For	78,151,743	29	99.86%
Open	9,144	7	.01%
Against	100,629	12	.13%
Total Available Votes	78,261,516		

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Resolution 7

Approval of Issue of Incentive Securities to Greg Moshal Chief Executive Officer and Executive Director of the Company

“That, for the purpose of section 208 of the Corporations Act, ASX Listing Rule 10.14. and for all other purposes, the Shareholders of the Company approve the issue and allotment of 1,029,487 Unlisted Options under the Equity Incentive Plan to Greg Moshal, Chief Executive Officer and Executive Director of the Company, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting”

Resolution 7

Approval of Issue of Incentive Securities to Greg Moshal Chief Executive Officer and Executive Director of the Company

	Votes	Holders	Percentage
For	68,380,420	20	87.42%
Open	9,710,384	8	12.41%
Against	131,139	21	.17%
Total Available Votes	78,221,943		

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“

That, for the purpose of section 208 of the Corporations Act, ASX Listing Rule 10.14. and for all other purposes, the Shareholders of the Company approve the issue and allotment of 1,029,487 Unlisted Options under the Equity Incentive Plan to Beau Bertoli, Chief Revenue Officer and Executive Director of the Company, and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting”

Resolution 8

Approval of Issue of Incentive Securities to Beau Bertoli Chief Revenue Officer and Executive Director of the Company

Resolution 8

Approval of Issue of Incentive Securities to Beau Bertoli Chief Revenue Officer and Executive Director of the Company

	Votes	Holder	Percentage
For	68,330,420	19	87.35%
Open	9,710,384	8	12.41%
Against	181,139	22	.23%
Total Available Votes	78,221,943		

Any other
business?

prospa

Thank you