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## **2Q22 Trading Update: Strong growth in originations and increased scalability in technology platform deliver a record EBITDA of c. \$9million<sup>1</sup> for 1HY22**

Prosopa Group Limited (ASX: PGL) ("Prosopa" or "Company" or "Group") is pleased to provide a trading update for the quarter ended 31 December 2021 ("2Q22"), with results driven by increasing demand for credit during continued economic recovery.

### **Highlights include:<sup>2</sup>**

- Record quarterly originations of \$186.6 million, up 85.3% on the prior corresponding period ("pcp") (2Q21: \$100.7 million) and 1HY22 originations of \$315.1 million, up 75.0% on pcp (1HY21: \$180.7 million).
- Closing Gross Loanbook increased to a record of \$514.6 million, up 16.4% on prior quarter (1Q22: \$442.2 million).
- 1HY22 EBITDA of c. \$9 million<sup>1</sup> on pcp (1HY21: \$4.1 million), driven by the growth in originations and scalability of the underlying technology platform.
- Overall growth was supported by Prosopa's robust balance sheet and funding platform, with \$580.6 million<sup>3</sup> in available third-party facilities (\$105.1 million in available undrawn facilities) and \$110.5 million of cash (\$62.4 million is unrestricted).
- Total active customers increased to a 2021 calendar year high of ~13,200, with a continued Net Promoter Score of over 80.

### **2Q22 performance**

Prosopa's leading technology platform continues to deliver record originations and revenue as the economies of Australia and New Zealand continue to recover. Small business loans represented 80.5% of originations during the quarter (\$150.3 million), up 71.1% on pcp (2Q21: \$87.8 million). There was also higher demand for Prosopa's Line of Credit, comprising 19.5% (\$36.4 million) of total originations. The New Zealand business continues to contribute significantly to Group performance in 2Q22, delivering originations of \$28.3 million, up 57.0% on pcp (2Q21: \$18.0 million).

Closing gross loans for the quarter eclipsed \$500 million, reaching an all-time high of \$514.6 million, up 16.4% on the prior quarter and 8.2% higher than the previous record for Prosopa (February 2020: \$475.4 million) with a yield of 34% for 1HY22 (1HY21: 32%). Average Gross Loans of \$469.2 million increased by 7.4% on the prior quarter (1Q22: \$436.7 million). Total revenue for 1HY22 was \$78.5 million up 41% on pcp (1HY21: \$55.8 million)<sup>4</sup>.

Prosopa's technology continues to provide enhanced operating leverage. The strong performance in originations, cost control, improvements in credit performance and the recovering economy are expected to deliver an 1HY22 EBITDA of c.\$9 million<sup>1</sup>.

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<sup>1</sup> Un-audited

<sup>2</sup> Note all figures in AUD unless otherwise specified.

<sup>3</sup> NZD converted at RBA exchange rate 0.941 as at 31 December 2021.

<sup>4</sup> Revenue does not include transaction costs

## Quarterly key metrics

Financial and operational performance (\$m) <sup>1</sup>	1Q21 Results	2Q21 Results	3Q21 Results	4Q21 Results	1Q22 Results	2Q22 Results	% Change from prior quarter	% Change on 2Q21
Total originations (Aus & NZ) <sup>2</sup>	79.3	100.7	120.8	182.5	128.5	186.6	45.2%	85.3%
Originations excluding AU Government Guarantee Scheme (GGS) and NZ Business Finance Guarantee Scheme (BFGS)	22.4	98.6	120.8	166.9	128.5	186.6	45.2%	89.2%
Active Customers (000s) <sup>3</sup>	11.8	11.3	11.0	11.9	12.2	13.2	8.2%	16.8%
Closing Gross Loans	338.5	341.7	367.9	427.1	442.2	514.6	116.4%	50.6%

1. Unaudited management accounts. Quarterly totals may not add up precisely due to rounding.

2. Originations from 29 April to 6 October 2020 include lending under the GGS, which ended in September 2020. Originations from 1 April 2021 include lending under the BFGS, which ended on 30 June 2021. Small retrospective changes in origination figures may occur due to backdated cancellations or modifications to support customer outcomes.

3. Total active customers at the end of each reported period.

Total active customers increased to a 2021 high of ~13,200, up ~900 on September 2021, a testament to the overall streamlining of the customer experience. The business maintains a Net Promoter Score of 80+, reflecting the relentless focus on customer needs.

Prospa's unique credit decision engine dynamically updates proprietary customer and industry data to reflect changing trading conditions, enabling the Company to better manage risk and increase the velocity of credit decisions. Prospa remains within its Board mandated loss rate of 4-6%.

As at 31 December 2021, the Group had \$580.6 million in available third-party facilities (\$105.1 million in available undrawn facilities) and \$110.5 million of cash (of which \$62.4 million is unrestricted). Prospa remains well-capitalised to support growth and continues to invest in developing existing and future technologies and products.

Following the successful launch of Prospa Plus Business Loans in October 2021, the Company is on track to deliver on its strategy to attract and engage with a greater scope of customers with the Business Transaction Account undergoing trials in preparation for launch in Q3 2022.

### Greg Moshal, Co-Founder and Chief Executive Officer, said:

*"We are proud of the Company's outstanding achievements over the period. Prospa surpassed quarterly records for originations within six months, increased our active customers to 13,200 and achieved a closing loan book that exceeds \$514 million."*

*"Our unwavering commitment to keep small businesses moving through our award-winning products has helped thousands of SMEs close the funding gap and seize opportunities during a time of continued economic recovery. We continue to be impressed by the resilience of our small business customers. Prospa's achievements have been possible through the power of our technology capabilities and credit decision engine, investments that"*

have helped us streamline the customer experience, which have translated directly into robust results for FY22 year-to-date.

*“The Company’s momentum highlights our ability to go from strength to strength. With our existing products, combined with the imminent launch of Prospa’s Business Transaction Account in Australia and expanding our New Zealand product base to include Line of Credit, Prospa will play an even bigger role in supporting small businesses with day-to-day payments, transactions, insights and growth.”*

**Ross Aucutt, Chief Financial Officer, said:**

*“Prospa’s financial performance in the first half was ahead of expectations, including a very pleasing EBITDA of c.\$9 million. With an unrestricted cash position of \$62 million, we are in a great position to execute our strategic growth plans.”*

This announcement has been authorised for release by the Board.

**For further information contact:**

Company Secretary	Media and Investor Relations
<b>Nicole Johnschwager</b> General Counsel and Company Secretary  Email: <a href="mailto:nicole.i@prospa.com">nicole.i@prospa.com</a>	<b>Sharon Chang</b> Corporate Communications Manager  Email: <a href="mailto:sharon.chang@prospa.com">sharon.chang@prospa.com</a>

## About Prospa

Prospa Group Limited (ASX: PGL) is a financial technology company and a leading provider of cash flow products and services that help small businesses to grow and prosper. Headquartered in Sydney, the Company operates across Australia and New Zealand and employs more than 230 people.

Prospa builds cash flow products and services that allow small businesses to grow and run their businesses and help them pay for goods and services through a single app.

Prospa’s unique, purpose-built credit decision engine quickly assesses small business credit applications using proprietary technology and analytics to deliver fast and informed credit decisions and approvals, with high levels of risk controls in place.

The Company has been recognised as the MFAA National Fintech Lender of the Year four years in a row. Prospa was also recertified as one of Australia’s Great Places to Work in 2021.