

A smiling male carpenter with a beard, wearing a blue and yellow plaid shirt over a grey t-shirt, safety glasses on his head, red earplugs in his ears, and a yellow tool belt. He is wearing blue and yellow work gloves and is leaning on a wooden workbench in a workshop filled with stacks of wood.

prospa

2020 Annual General Meeting

11.00am AEDT Tuesday 24 November 2020
Prospa Group Limited

Your Board

prospa

Greg Moshal ●
Chief Executive Officer &
Executive Director

● **Greg Ruddock**
Non Executive Director

● **Avi Eyal**
Non Executive Director

● **Gail Pemberton AO**
Chairman

Beau Bertoli ●
Chief Revenue Officer &
Executive Director

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



Chairman's Address

Gail Pemberton AO

FY20

in review

prospa

\$450.9m

Loans originated¹

-10.1%

Q1-3 \$429.0m **+31.6%**

\$142.1m

Revenue

+4.2%

(\$19.5m)

Statutory EBITDA

Excl. forward looking COVID provision
& loan receivable adj. **\$4.0m**

#1

In Australia²

13,342

Active customers³

\$1.6b+

Loans originated
since inception

+77

Customer
NPS⁴

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. Prospa 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 5,844 reviews as at 17 November 2020. Prospa 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 667 reviews as at 17 November.
3. Total active customers at 30 June 2020 is 13,342
4. Net Promoter Score was in excess of +77 for FY20



Chief Executive Presentation

Greg Moshal

Prospa: a cohesive small business focused platform

We allow small businesses to GROW and RUN their businesses and help them PAY for goods and services

#1

in AU and NZ¹

64%

repeat business²

10,000+

Distribution Partners

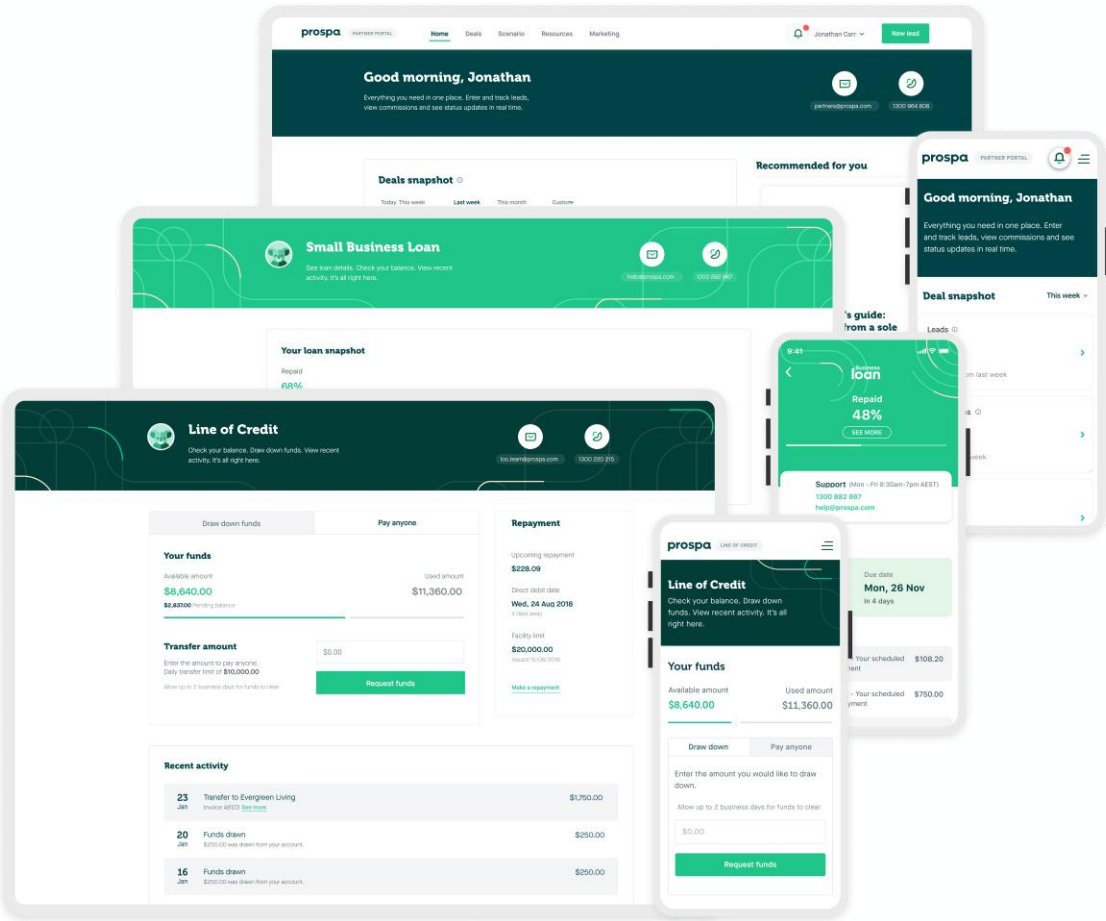
CASHFLOW PRODUCTS

\$5-\$300k

small business loans, 36 months

\$100k

revolving Line of Credit, 12 month



1. Prospa 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 5,844 reviews as at 17 November 2020. Prospa 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 667 reviews as at 17 November.

2. 64% represents the repeat rate for eligible customers only (where eligible customers are defined as not having defaulted on their Prospa 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: Prospa's response to COVID-19 challenges

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



Protected the wellbeing of our People



Supported our customers



Diversified our funding



Balance sheet strength



“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, New Zealand

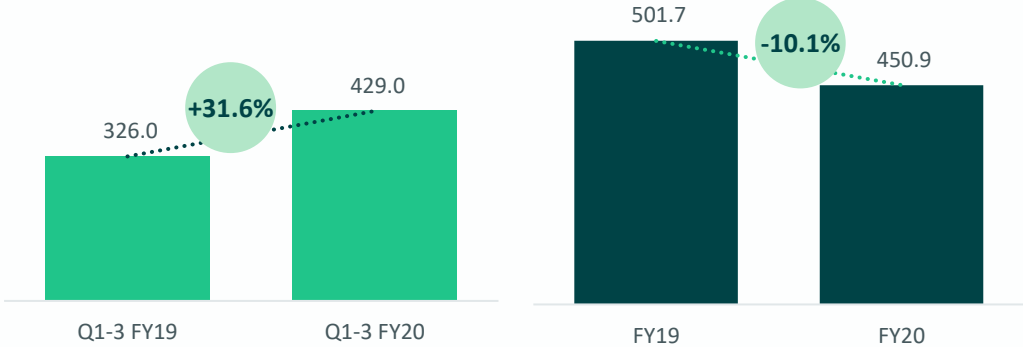
Volume metrics grew strongly in the first three quarters pre-COVID-19

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

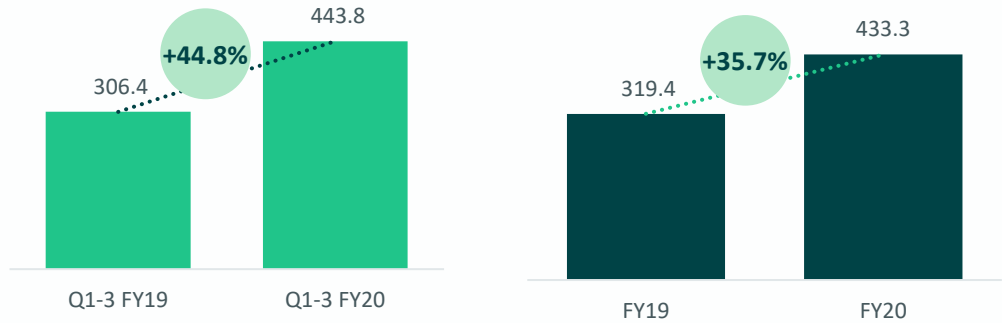
Active Customers (thousands)¹



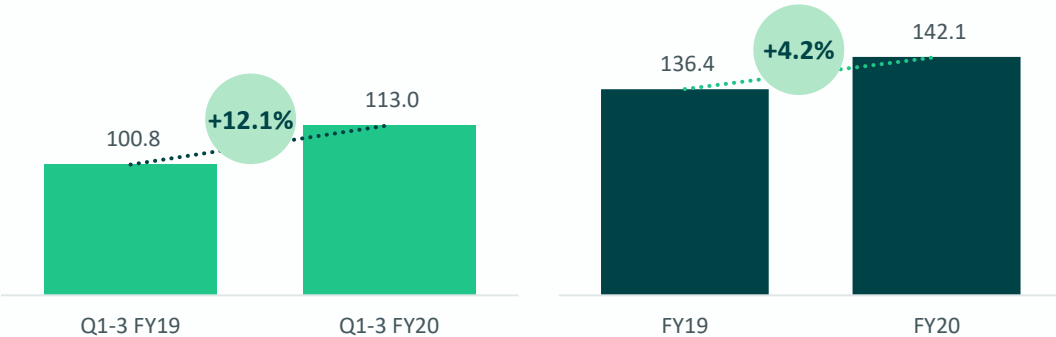
Originations (\$m)²



Average Gross Loans (\$m)



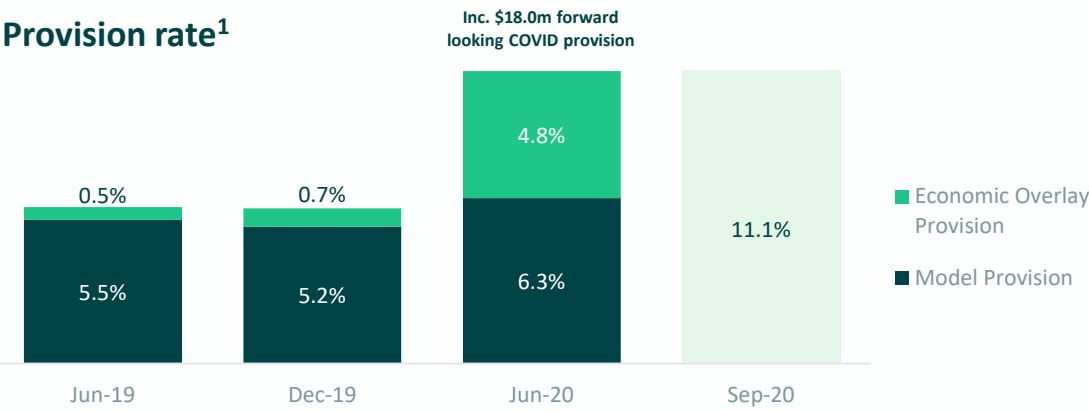
Revenue (\$m)



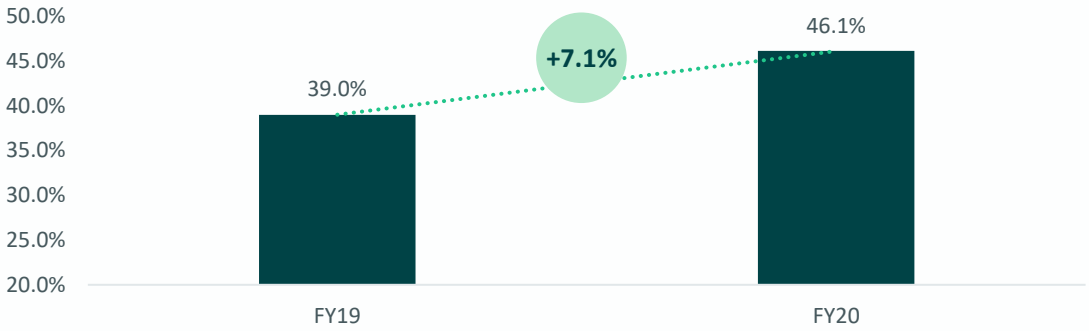
1. Total active customers at 30 June 2020 is 13,342.
 2. Originations from all sources, including Small Business Loan, Line of Credit, Back to Business Loan, Back to Business Line and ProspaPay; and all geographies including Australia and New Zealand.

Proactively managing credit risk

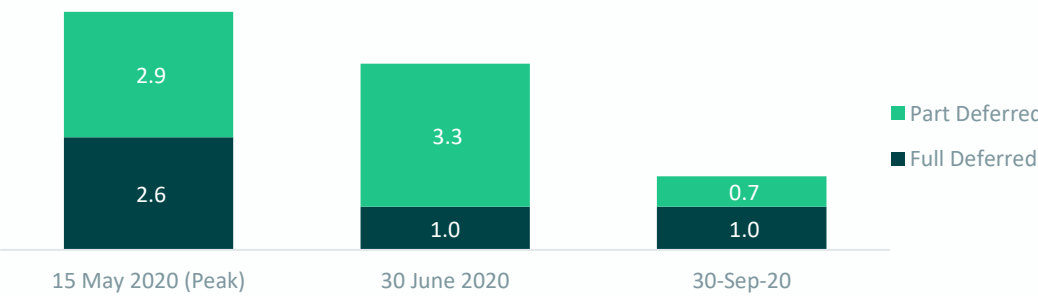
Provision rate¹



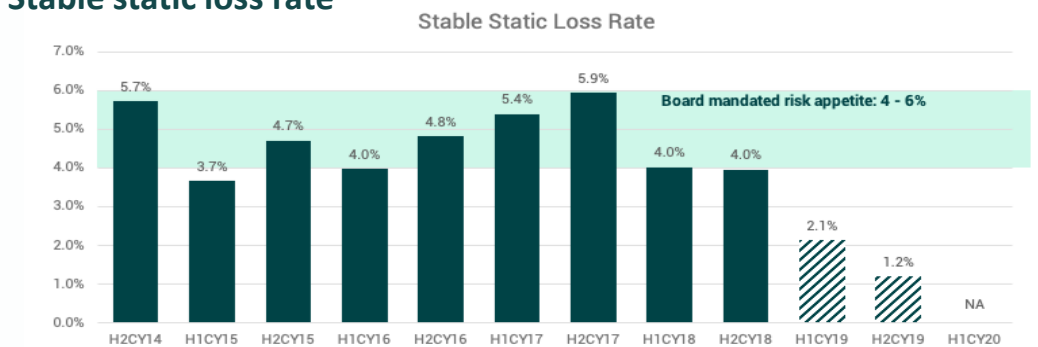
Premium risk grades² (%)



70% reduction in COVID-related loan deferrals (000's)³



Stable static loss rate⁴



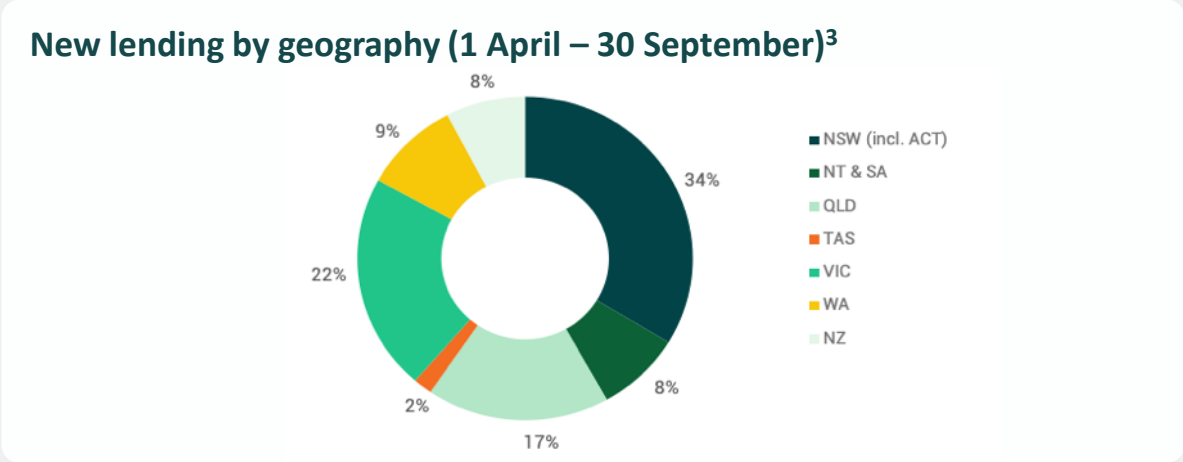
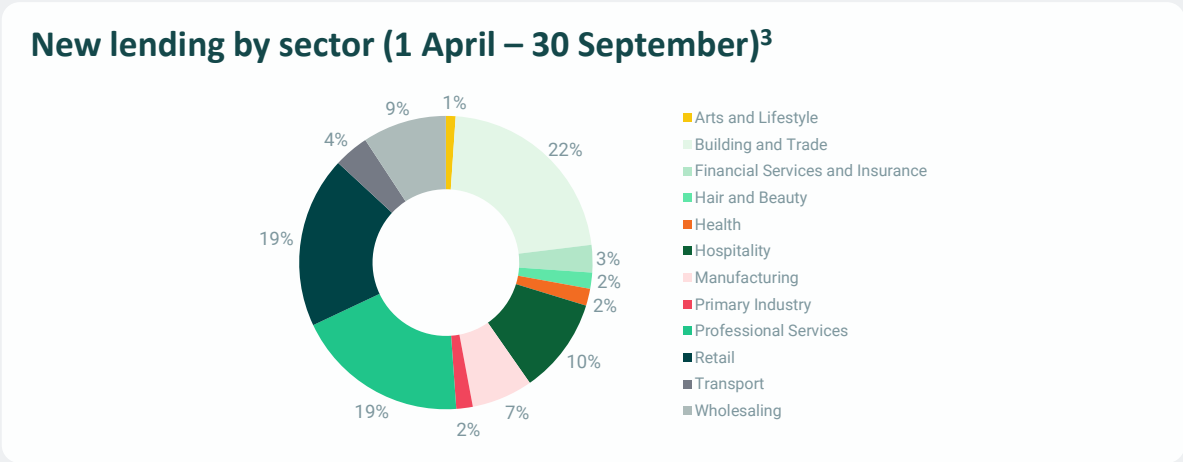
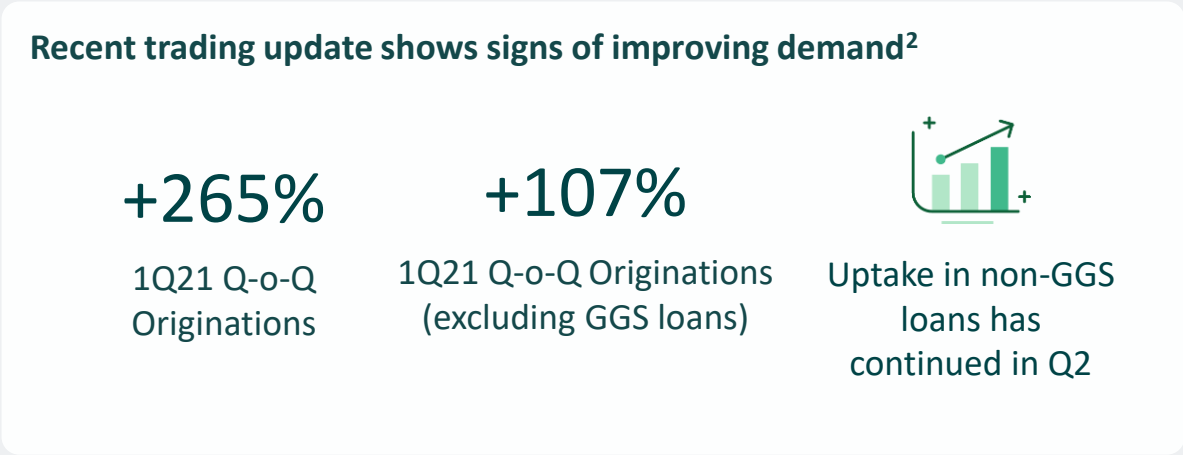
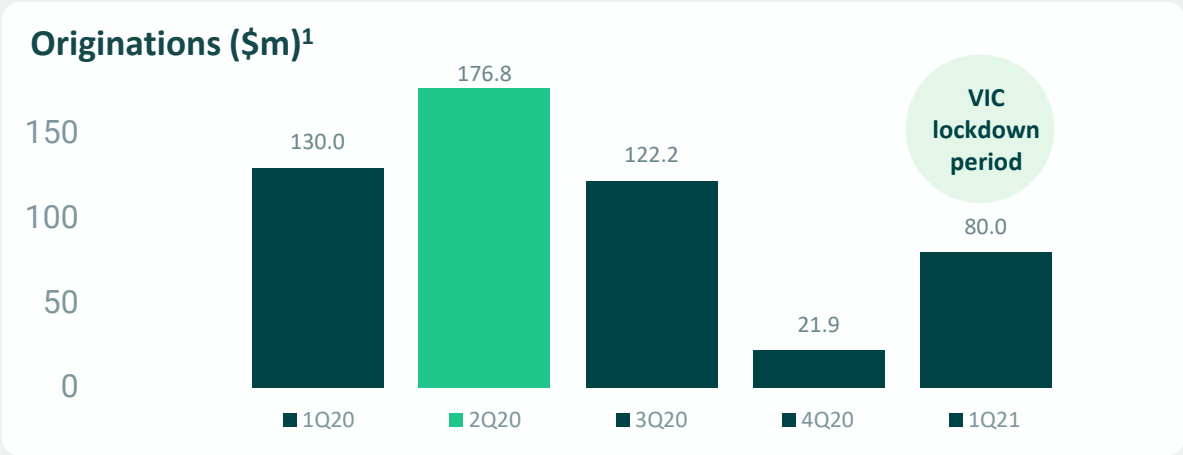
1. Provision rate as at 30 June 2020 includes additional 4.8% forward looking provision to take into account the potential economic impact of COVID-19. On an underlying basis, provision at 6.3%.

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

3. Proportion of customers by value in Australia in NZ only remaining on Full Deferral or Part Deferrals as at 30 September.

4. 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: 2.9%; H2 CY18: 1.2%.

Faster than expected recovery and the emergence of strategic opportunities

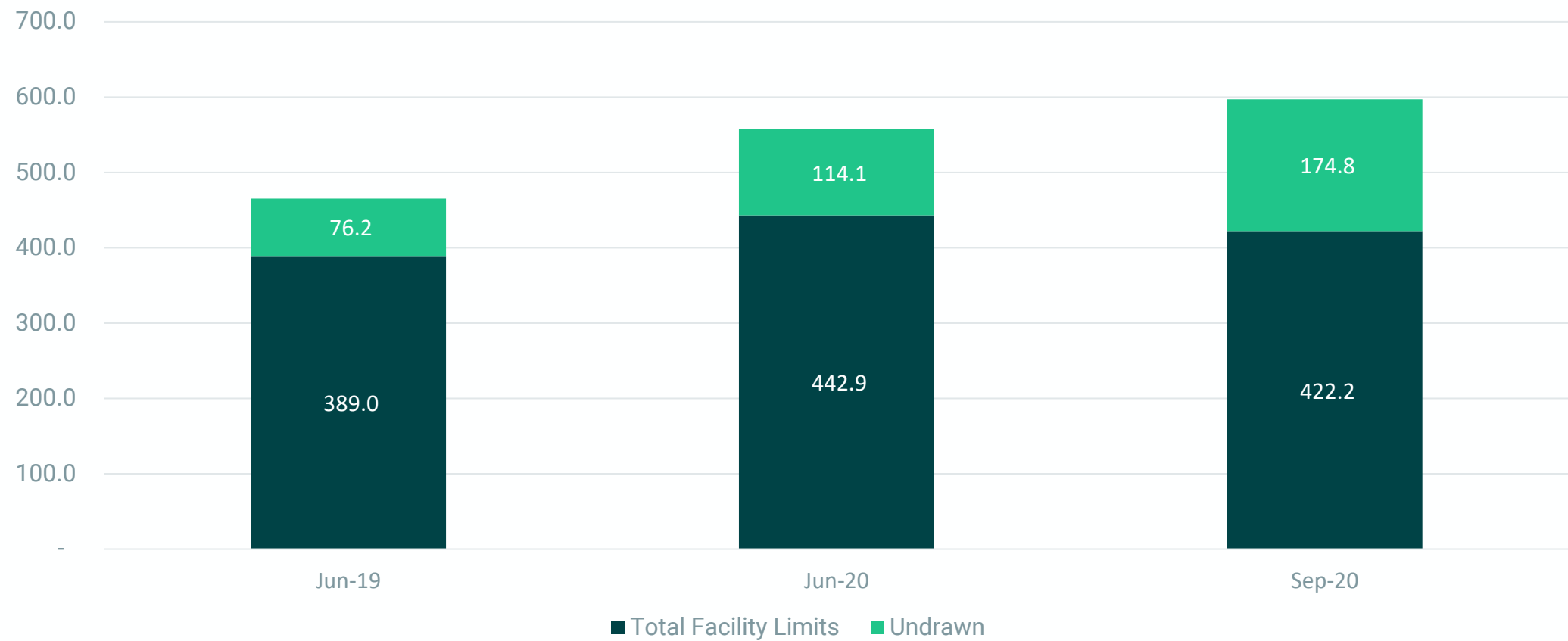


1. From May to September 2020, originations include lending under the GGS which ended in September 2020.
2. As per the 1Q21 update provided 29 October 2020.
3. New fresh capital originated in Australia & New Zealand including, across all products, as at 30 September 2020.

Well funded for the future

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

Funding Facilities (\$m)



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

Prospa is in a strong position

Resilient business model, further strengthened



**Strong
financial position**



**Business model tested
and proven**



**Funding
platform enhanced**



**Customer
relationships
strengthened**



“It was part of the 10-year plan to add the retail side, but the opportunity came much sooner than that... There were only two or three weeks between making that call to Prospa, getting the warehouse space, doing the full fit-out and opening shop. Without Prospa there’s no way we would have been in a position to expand our business like we have.”

Nadine, Queensland, Australia

Executing our strategy has **three broad phases**, beginning with strong foundations

Foundations

Strengthen the core business and create on-going capacity to invest in our technology and capabilities we need for the future

Accelerate

Accelerate product innovation and customer engagement in Australia and New Zealand

Expand

Leverage data and strong engagement to meet more of our customers needs, extend our ability to scale new products, and expand our market

— Conclusion

Resolutions

A. Consideration of Financial statements and reports

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



“

“To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors’ Report, the Remuneration Report and the Auditor’s Report for that financial year.”



B.

Items for approval

Resolution 1 Adoption of Remuneration Report

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 2020.”

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

Resolution 1

Adoption of Remuneration Report

	Votes	Holders	Percentage
For	73,556,651	39	99.78%
Open	53,097	7	0.07%
Against	109,795	20	0.15%
Total Available Votes	73,719,543		

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

Resolution 2

Re-election of Beau Bertoli as Director



“

That Beau Bertoli, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.5, and being eligible offers himself for re-election as a Director of the Company, effective immediately.

Vote results

Resolution 2

Re-election of Beau Bertoli as Director



	Votes	Holders	Percentage
For	100,985,572	55	99.90%
Open	53,097	7	0.05%
Against	43,692	8	0.04%
Total Available Votes	101,082,361		

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

Resolution 3

Re-election of Greg Ruddock as Director



“

“That Greg Ruddock, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.5, and being eligible offers himself for re-election as a Director of the Company, effective immediately.”

Vote results

Resolution 3

Re-election of Greg Ruddock as Director



	Votes	Holders	Percentage
For	109,633,916	53	98.96%
Open	1,105,463	9	1.00%
Against	44,222	9	0.04%
Total Available Votes	110,783,601		

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

Resolution 4

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 4
 ASX Listing Rule 7.1A
 approval of future
 issue of securities

	Votes	Holders	Percentage
For	110,512,210	45	99.74%
Open	56,497	8	0.05%
Against	228,054	19	0.21%
Total Available Votes	110,796,761		

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

Resolution 5

Ratification of prior issue of performance rights

“

That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 324,088 Performance Rights issued on 13 April 2020 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 5

Ratification of prior
issue of performance
rights

	Votes	Holders	Percentage
For	110,566,194	40	99.79%
Open	59,997	9	0.05%
Against	169,570	25	0.15%
Total Available Votes	110,795,761		

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

Resolution 6

Ratification of prior issue of options

“

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 4,695,000 Options issued on 14 April 2020 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 6

Ratification of prior
issue of options

	Votes	Holders	Percentage
For	110,566,194	40	99.79%
Open	56,597	8	0.05%
Against	172,970	26	0.16%
Total Available Votes	110,795,761		

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

Resolution 7

Ratification of prior issue of performance rights

“

That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 222,280 Performance Rights issued on 13 July 2020 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 7

Ratification of prior issue of performance rights

	Votes	Holders	Percentage
For	110,566,194	40	99.79%
Open	75,352	9	0.07%
Against	154,215	25	0.14%
Total Available Votes	110,795,761		

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 Fully Paid Ordinary Shares issued on 31 July 2020 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

Ratification of prior issue of shares

Vote results

Resolution 8

Ratification of prior issue of shares

	Votes	Holders	Percentage
For	110,566,194	40	99.79%
Open	56,597	8	0.05%
Against	172,970	26	0.16%
Total Available Votes	110,795,761		

Any other
business?

Thank you
prospa

