



## 2022 Annual General Meeting

**Wednesday 9 November 2022, 3pm AEDT**  
**Prospa Group Limited (“PGL”)**

# Board of Directors



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

**Greg Moshal**  
CEO & Executive Director

**Gail Pemberton AO**  
Chairman & Independent  
Non-Executive Director

**Avi Eyal**  
Non-Executive Director

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

**Mary Ploughman**  
Independent  
Non-Executive Director

Originations

**\$732.8m****+52%**

FY21: \$483.4m

Closing Gross Loans

**\$701.3m****+64%**

FY21: \$427.1m

Realised Portfolio Yield<sup>1</sup>**34.1%****+1.4 pts**

FY21: 32.7%

Revenue<sup>2</sup>**\$178.3m****+51%**

FY21: \$117.7m

Operating Cash Flow<sup>3</sup>**\$58.8m****+78%**

FY21: \$33.1m

EBITDA<sup>4</sup>**\$12.1m****+2274%**

FY21: \$0.5m

**16K+**  
customers**80+**  
NPS

1. All references to Realised Portfolio Yield in this document represent Revenue divided by Average Gross Loans, annualised.

2. All references to Revenue in this document represent Total income before transactions costs. All monetary figures are expressed in AUD terms unless otherwise specified.

3. FY21 Operating Cash Flow was previously reported as \$34.8m, with the movement being due to a \$1.7m reclassification from Operating Cash Flow to Investing Cash Flow

4. All references to EBITDA in this document represent Earnings before interest on lease liabilities, tax, depreciation and amortisation, share-based payments, and FX Gain/Loss. FY21 EBITDA was previously reported as \$0.4m, with the \$0.1m increase arising from the exclusion of FX Gain/Loss from EBITDA.

# Well positioned as the leading online lender in a growing small business market

Despite uncertain market conditions, including rising inflation, tight labour market and supply chain challenges, small business continues to invest in their future

Prospa's significant growth in the small business credit space reflects a highly engaged customer base

**>97%**

of AU businesses are small businesses in size and turnover

**34%**

increase in small business registrations for ABNs in 2021 vs 2019

**>50%**

of originations are repeat and return customers

**81%**

of AU small businesses are anticipating growth over the next 12 mths<sup>1</sup>

**42%**

of AU small businesses are forecasting revenue growth in the next 12 mths, at an average of 23%<sup>1</sup>

**1 in 4**

business owners intend to borrow for their next phase of growth<sup>1</sup>



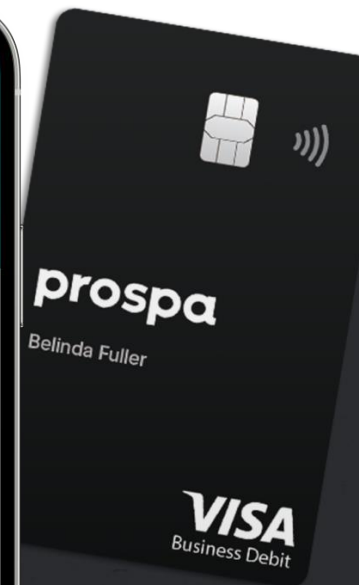
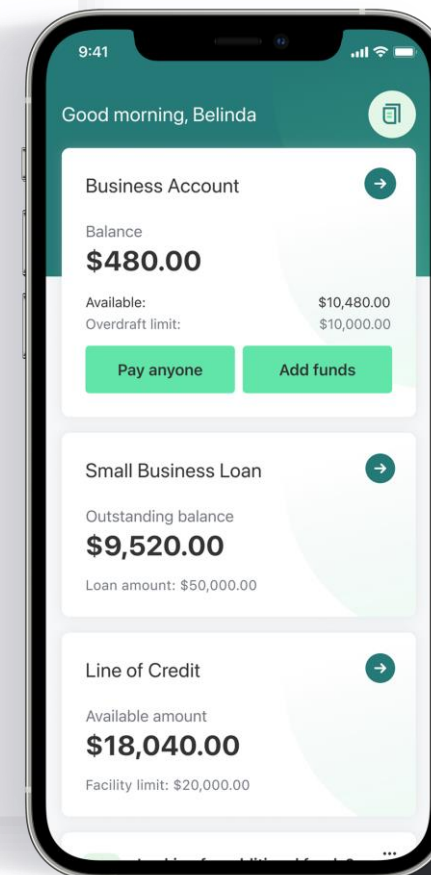


# Technology investment underpins our value proposition

prospa

## Delivered in FY22

- ✓ Prospa Plus Business Loans across ANZ
- ✓ Line of Credit in New Zealand
- ✓ Core technology upgraded to deliver Line of Credit in NZ
- ✓ Business Account trial completed with existing customers
- ✓ Business Account with Visa Business Debit Card now available
- ✓ New mobile app provides single view of all credit products and Prospa's Business Account



prospa

# Our people & values-based culture

- GPTW certification
- Work180 recognition
- ESG program
- 10 year anniversary
- Employee Engagement / Hybrid ways of working

Great  
Place  
To  
Work®







# Chief Executive Presentation

Greg Moshal

# Expansion of product suite to drive growth on track

## Small Business Loan

- ✓ \$5K – \$150K
- ✓ Term of 3 – 24 months

## Prospera Plus Business Loan

- ✓ \$150K – \$500K
- ✓ Term of up to 36 months

## Line of Credit

- ✓ \$2K – \$150K facility
- ✓ 24 month term with option to renew
- ✓ Customers only pay interest on the funds they use

## Business Account (live)

- ✓ Business transaction account
- ✓ Visa Business Debit Card

AU

**\$40.7K**

Average business loan amount<sup>1</sup>

**9.3%**

Growth in average amount vs FY21

**\$53.1K**

Average facility limit

**15.3%**

Growth in average facility limit vs FY21

NZ

**\$44.1K**

Average business loan amount<sup>1</sup>

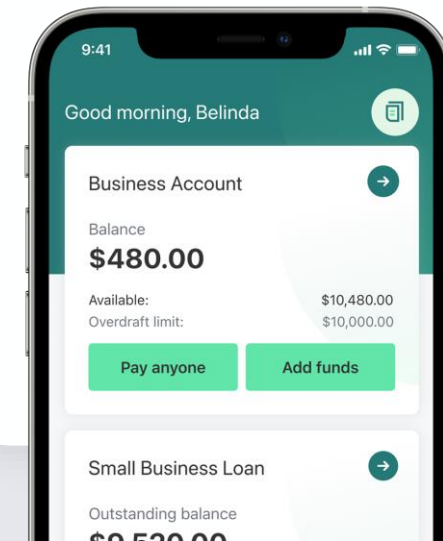
**39.6%**

Growth in average amount vs FY21

Line of Credit was launched to New Zealand small business in July 2022

## Upcoming features:

- Overdraft
- BillPay
- Invoicing



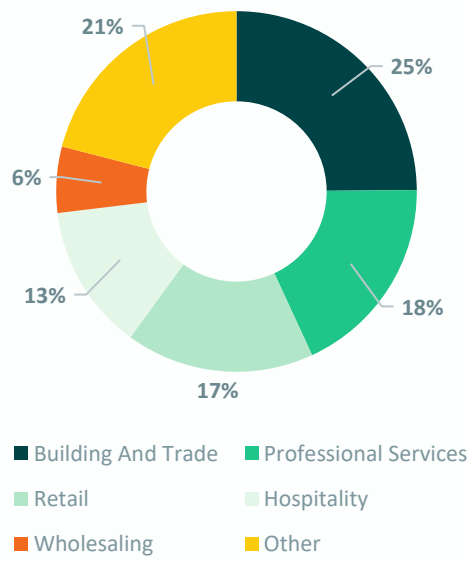
1. Average fresh capital originated, excluding re-financed amounts. NZ expressed in NZD terms.



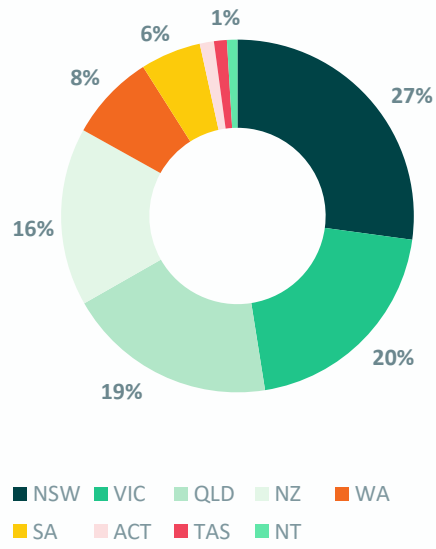
# Diversified and flexible portfolio to mitigate risks and target growth sectors

- Prospa’s proprietary Credit Decision Engine enables real-time dynamic risk profiling
- Specifically target sectors and geographies based on changing market conditions and customer needs

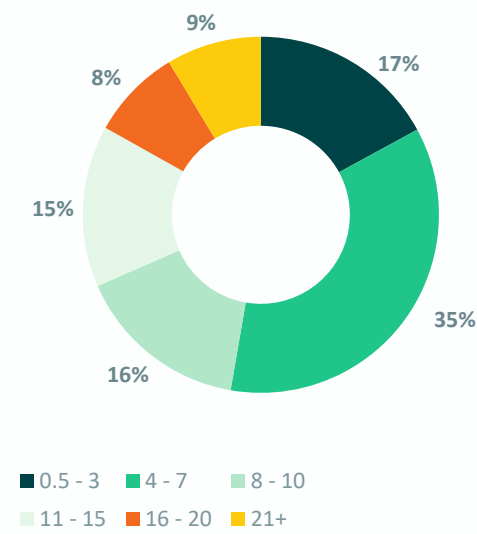
Portfolio by industry<sup>1</sup>



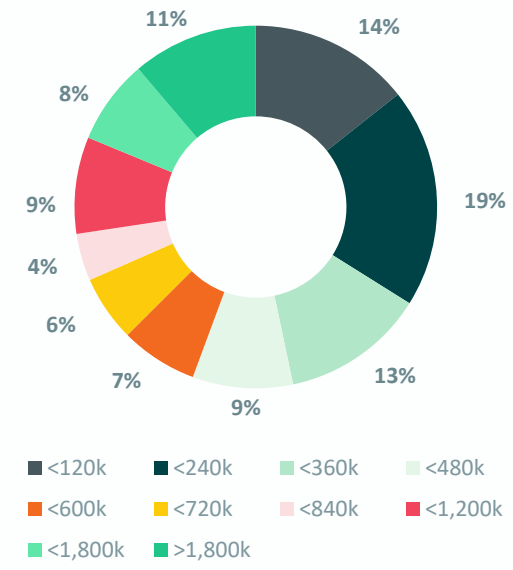
Portfolio by geography<sup>1</sup>



Number of years trading<sup>1</sup>



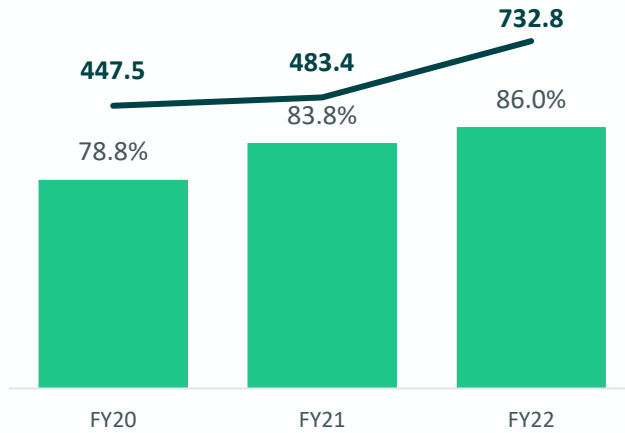
Customer by annual turnover<sup>1</sup>



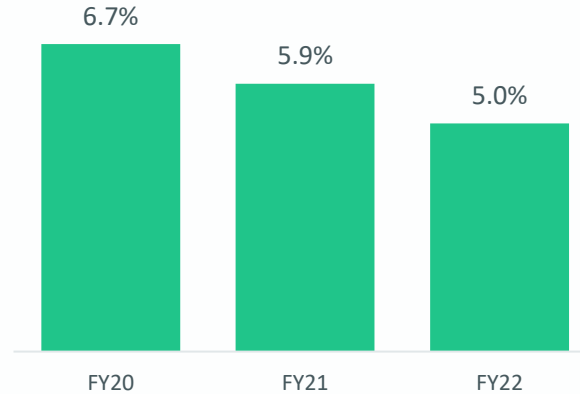
1. Based on the principal receivables balance as at 30/6/2022.

# Continued strong margins with higher yield and lower cost of funds well placed for future interest rate rises

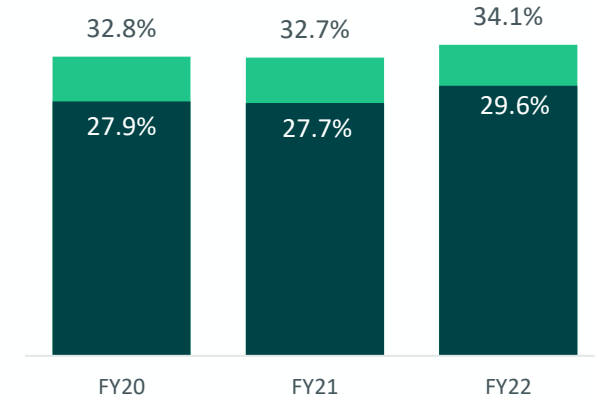
Gross Profit Margin (%)<sup>1</sup> and Originations (\$m)



Funding Cost Rate (%)<sup>2</sup>



Portfolio Yield (%) and NIM (%)<sup>3</sup>



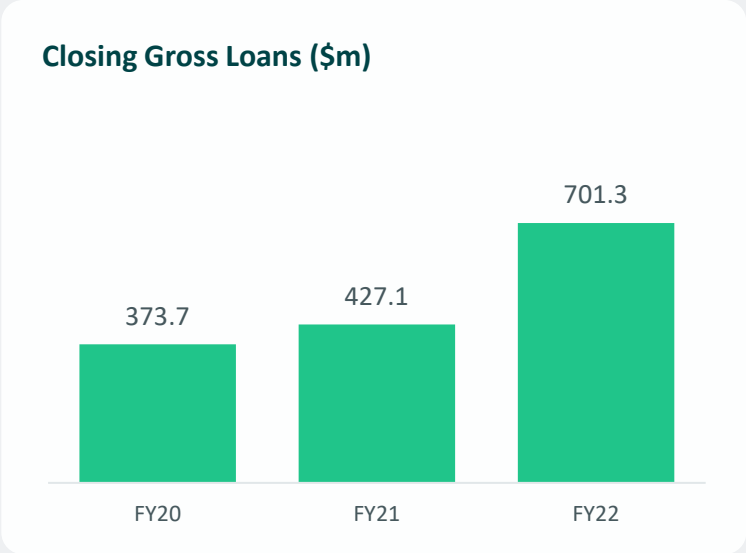
- Originations of \$732.8m, a strong increase of 52% on prior corresponding period (pcp)
- Further margin improvement also achieved in FY22
- Demand from small business continues with June 2022 recording the highest ever month of originations at \$104.6m. July was also a strong month at \$66m in a traditionally slow period (July 21: \$41.8m)

- Optimised funding cost improvements with a 0.9 percentage point reduction, reflecting improved margins in existing facilities and the impact of the inaugural \$200m term ABS issued in Sep 2021
- The improved margins will partially offset some base rate increases

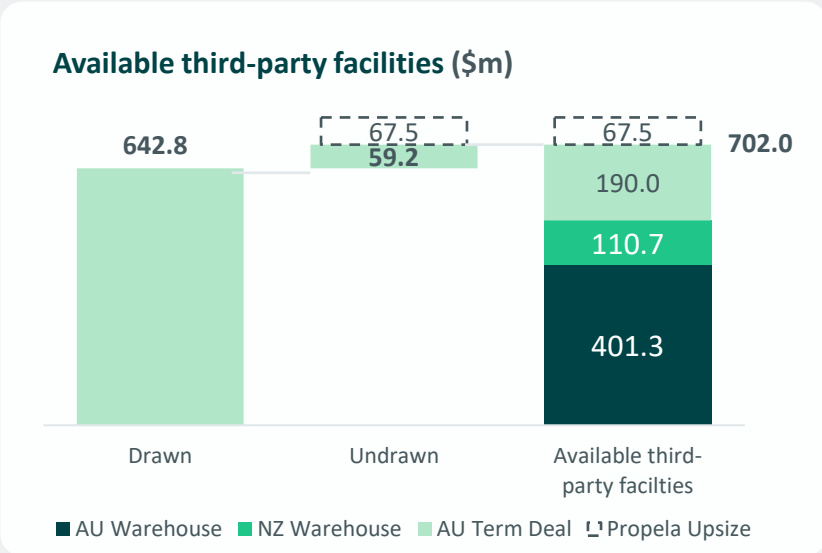
- Strong yield management has been a focus for the business with 34.1% portfolio yield achieved in FY22, up 1.4 percentage points from FY21
- Maintained an attractive Net Interest Margin (NIM) of 29.6% in a rising rate environment, with both yield increasing and cost of funds reducing

1. Gross Profit Margin is equal to Gross Profit / Total Revenue.  
 2. Funding Cost Rate is equal to Funding Costs / Average Funding Debt.  
 3. NIM is equal to (Total Revenue – Funding Costs) / Average Gross Loans.

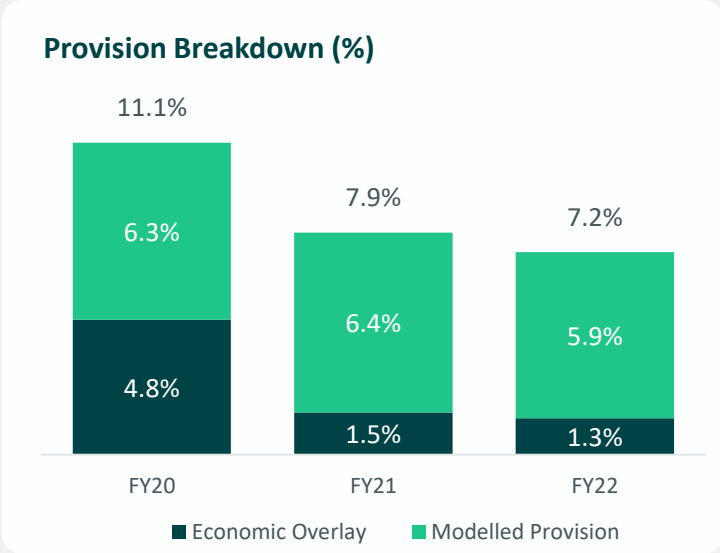
# High quality loan book growth supported by strong funding facilities



- Closing gross loans of \$701.3m, a significant increase of 64.2% on pc
- Book growth supported by a longer average term of ~20 months
- NZ closing gross loans are AUD \$114.6m vs \$65.7m in FY21



- \$702.0m of available third-party facilities as at 30 June 2022 (FY21: \$458.6m)
- On 1 July 2022, the Propela Trust's facility limit was expanded from \$67.5m to \$135m to support future book growth in Australia, increasing the undrawn capacity to \$126.6m
- Three main Australian warehouses have a revolving period, which ends in May 2024, Sep 2024, and Mar 2025. Two NZ warehouses have a revolving period ending Aug 2024 and Sep 2024
- Prosopa has no corporate debt



- Overall Credit provisioning of 7.2% for FY22, down from 7.9% in FY21
- Focus remains on maintaining the credit quality of the loan book
- Static loss rates remain within the Board mandated 4-6% range

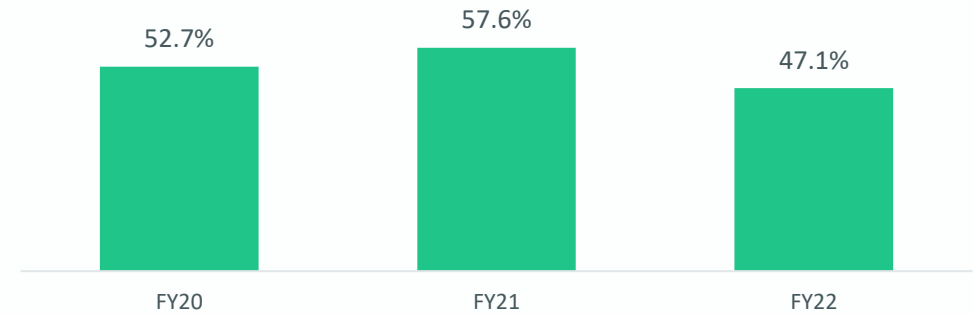
1. Percentage of Closing Gross Loans with 90+ Day Arrears



# Cost management demonstrating scale and operating leverage potential

- ✓ General and Administration (G&A) cost has showed a modest increase with only a 3.1% increase from FY21, demonstrating the scale potential of the business as we grow further
- ✓ Sales and Marketing (S&M) cost increased 31.6%, while originations grew by 52%, representing operating leverage of 1.6x in sales and marketing
- ✓ Product and Product Development (P&D) cost increased 45.0% in the year, largely to support future growth through the scaling of existing products, as well as developing new products such as the Line of Credit launch in NZ and recently launched Business Account

Employee and Operating Expenses (% of Revenue)<sup>1</sup>



Employee and Operating Expenses (\$m)<sup>1</sup>



1. Employee and Operating Expenses excluding benefit from JobKeeper payments. Totals may not add up precisely due to rounding.

# Proven resilience to adapt to evolving market conditions

- ✓ The RBA continues to increase cash rates to levels not seen in more than a decade (May, June, July, August, September, and October 2022), with rates anticipated to rise further throughout FY23
- ✓ Despite rising interest rates, small business credit demand remains strong
- ✓ No change to the Board mandated static loss rate of between 4-6%
- ✓ Continues to be a favourable environment for Prosopa to capture a greater share of small businesses with good credit quality in what is a highly fragmented market

## Focus areas



Margin  
protection



Static  
loss rate



Funding  
efficiencies



Cost  
management

# Driving growth with profit

Our growth strategy is to leverage our products to expand reach and drive efficiencies

## In FY23<sup>1</sup>:

- ✓ Prospa expects strong demand for credit from small business owners across all key industries in Australia and New Zealand
- ✓ Existing products will scale within the Australian and New Zealand addressable market
- ✓ Yield to remain relatively stable and credit risk outcomes to remain within the Board target <sup>2</sup>
- ✓ Commitment to continue our investment in technology to introduce new products and enhance Prospa's value proposition



**Increase customer acquisition**



**Additional revenue growth from a larger base of customers**



**Further operating leverage from increased scale**



**Increase life-time value with more engaging products**



1. The uncertain economic environment may change some of these expectations including a deterioration in demand or credit performance.  
 2. The Board mandated static loss rate target is 4-6% over the life of cohorts.



# 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 2022 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

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 2022.”

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	64,368,985	17	86.15%
Open	5,838,450	4	7.81%
Against	4,512,025	10	6.04%
Total Available Votes	74,719,460		

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

## Resolution 2

### Re-election of Gail Pemberton as Director



“That Gail Pemberton, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.4 and being eligible, offers herself for re-election as a Director of the Company, effective immediately.”

Vote results

# Resolution 2

## Re-election of Gail Pemberton as Director



	Votes	Holders	Percentage
For	105,448,274	29	94.17%
Open	5,841,850	5	5.22%
Against	686,614	8	0.61%
Total Available Votes	111,976,738		

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

## Resolution 3

### Re-election of Fiona Trafford-Walker as Director



“That Fiona Trafford-Walker, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.4 and being eligible, offers herself for re-election as a Director of the Company, effective immediately.”

# Resolution 3

## Re-election of Fiona Trafford-Walker as Director



	Votes	Holders	Percentage
For	105,400,300	27	94.13%
Open	5,889,824	7	5.26%
Against	686,614	8	0.61%
Total Available Votes	111,976,738		



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

## Resolution 4

### Re-election of Aviad Eyal as Director



“That Aviad Eyal, a Director who retires by rotation in accordance with the Company’s Constitution and ASX Listing Rule 14.4 and being eligible, offers himself for re-election as a Director of the Company, effective immediately.”

Vote results

# Resolution 4

## Re-election of Aviad Eyal as Director



	Votes	Holders	Percentage
For	104,324,048	27	93.17%
Open	5,841,990	6	5.22%
Against	1,804,570	10	1.61%
Total Available Votes	111,970,608		

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

## Resolution 5

### 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 the Notice of Meeting.”

Vote results

Resolution 5

ASX Listing Rule 7.1A

approval of Future

Issue of Securities

	Votes	Holders	Percentage
For	105,513,446	28	94.22%
Open	5,845,110	7	5.22%
Against	624,846	7	0.56%
Total Available Votes	111,983,402		

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

## Resolution 6

### Ratification of Prior Issue of 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 191,052 Performance Rights issued on 28 February 2022 and 65,123 Performance Rights issued on 29 August 2022 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”

Vote results

Resolution 6

Ratification of  
Prior Issue of  
Performance  
Rights for Employee  
Incentive Plan

	Votes	Holders	Percentage
For	104,939,182	29	94.66%
Open	5,838,450	4	5.27%
Against	81,149	10	0.07%
Total Available Votes	110,858,781		



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

## Resolution 7

### 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 641,026 Options issued on 1 December 2021 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.”

Vote results

# Resolution 7

## Ratification of Prior Issue of Options

	Votes	Holders	Percentage
For	104,927,632	29	94.64%
Open	5,841,850	5	5.27%
Against	98,258	9	0.09%
Total Available Votes	110,867,740		

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

## Resolution 8

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

“

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 528,150 Performance Rights 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 the Notice of Meeting.”

# Resolution 8

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

	Votes	Holders	Percentage
For	70,450,992	18	81.77%
Open	15,543,090	6	18.04%
Against	163,403	16	0.19%
Total Available Votes	86,157,485		

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

## Resolution 9

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 528,150 Performance Rights 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 the Notice of Meeting.”

# Resolution 9

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

	Votes	Holders	Percentage
For	95,152,092	18	94.06%
Open	5,841,990	6	5.78%
Against	163,403	16	0.16%
Total Available Votes	101,157,485		



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

## Resolution 10

**Approval of Issue of NED  
Incentive Securities to  
Gail Pemberton,  
Non-Executive Director of the  
Company**

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 459,571 Unlisted Options under the Equity Incentive Plan to Gail Pemberton, Non-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.”

Vote results

# Resolution 10

Approval of Issue of NED  
Incentive Securities to Gail  
Pemberton,  
Non-Executive Director  
of the Company

	Votes	Holders	Percentage
For	99,480,074	14	90.03%
Open	5,841,850	5	5.29%
Against	5,175,055	20	4.68%
Total Available Votes	110,496,979		

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

## Resolution 11

**Approval of Issue of NED  
Incentive Securities to  
Mary Ploughman,  
Non-Executive Director  
of the Company**

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 293,615 Unlisted Options under the Equity Incentive Plan to Mary Ploughman, Non-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.”

Vote results

Resolution 11

Approval of Issue of NED  
Incentive Securities to  
Mary Ploughman,  
Non-Executive Director  
of the Company

	Votes	Holders	Percentage
For	97,422,400	15	89.84%
Open	5,841,850	5	5.39%
Against	5,175,055	20	4.77%
Total Available Votes	108,439,305		

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

## Resolution 12

**Approval of Issue of NED  
Incentive Securities to Fiona  
Trafford-Walker, Non-Executive  
Director  
of the Company**

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 319,147 Unlisted Options under the Equity Incentive Plan to Fiona Trafford-Walker, Non-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 12

Approval of Issue of NED  
Incentive Securities to Fiona  
Trafford-Walker, Non-Executive  
Director  
of the Company

	Votes	Holders	Percentage
For	99,793,961	14	90.06%
Open	5,841,850	5	5.27%
Against	5,175,055	20	4.67%
Total Available Votes	110,810,866		



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

## Resolution 13

**Approval of Issue of NED  
Incentive Securities to Aviad  
Eyal, Non-Executive Director of  
the Company**

“

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 255,317 Unlisted Options under the Equity Incentive Plan to Aviad Eyal, Non-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 13

Approval of Issue of NED  
Incentive Securities to Aviad  
Eyal, Non-Executive Director of  
the Company

	Votes	Holders	Percentage
For	96,310,130	13	88.82%
Open	5,841,990	6	5.39%
Against	6,280,711	21	5.79%
Total Available Votes	108,432,831		

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“

“That, for the purposes of section 136 of the Corporations Act and for all other purposes, approval is given that the Constitution of the Company is amended in the manner set out in the Explanatory Statement, with effect from the conclusion of the meeting.”

## Resolution 14

### Amendment to Constitution

Vote results

# Resolution 14

## Amendment to Constitution

	Votes	Holders	Percentage
For	97,610,788	25	87.19%
Open	5,841,850	5	5.21%
Against	8,503,851	9	7.60%
Total Available Votes	111,956,489		

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“

“That, for the purposes of Section 648G of the Corporations Act and for all other purposes, approval be given for the Company to renew the proportional takeover provisions in its Constitution, effective immediately.”

## Resolution 15

### Renewal of Proportional Takeover Provisions

Vote results

Resolution 15  
Renewal of Proportional  
Takeover Provisions

	Votes	Holders	Percentage
For	106,090,280	31	94.74%
Open	5,841,850	5	5.22%
Against	47,762	6	0.04%
Total Available Votes	111,979,892		

Any other business?

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Thank you