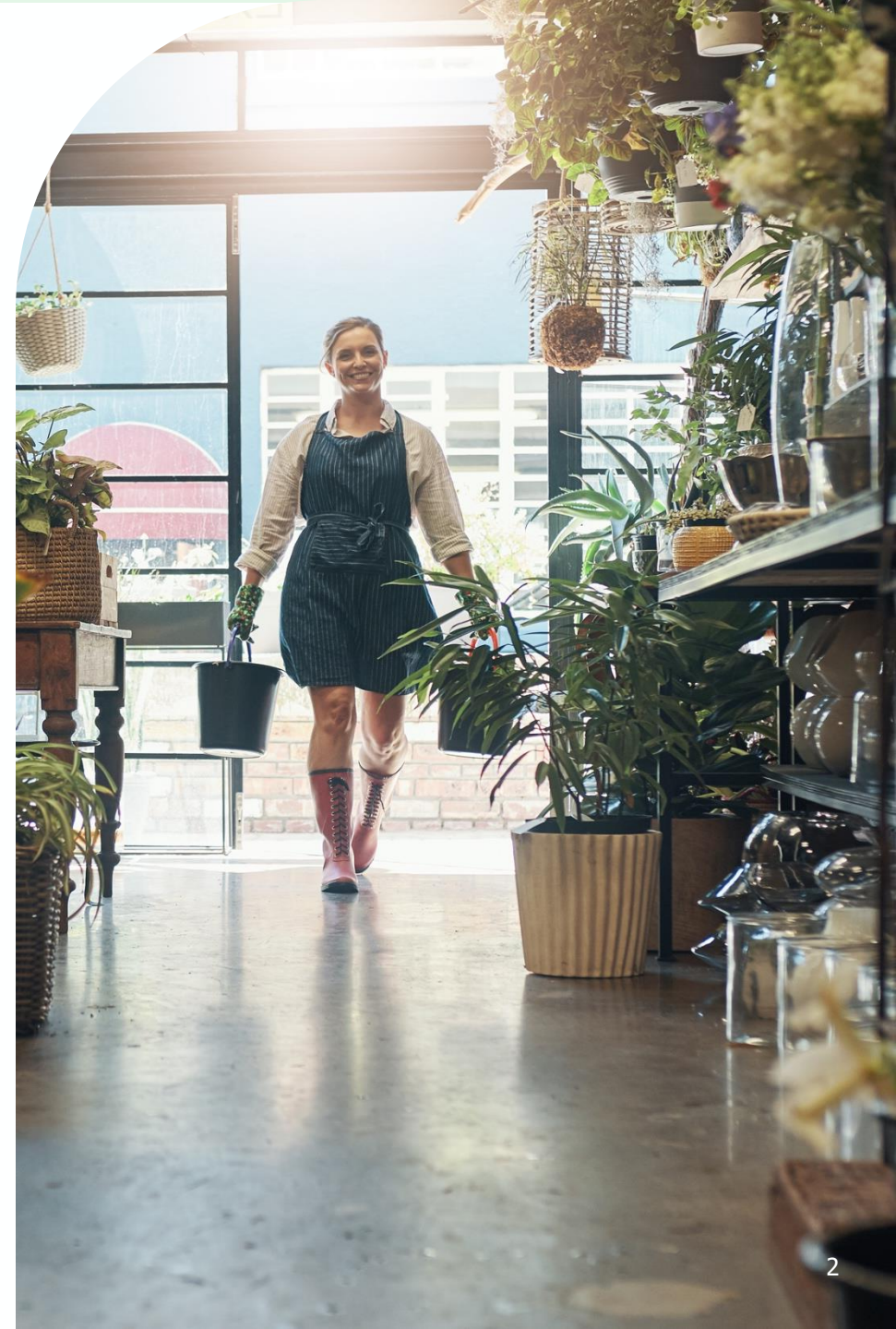


# prospa

Investor Day – 21 October 2021

**Our purpose**

is to keep  
small business  
moving



ANZ's leading  
online lender to  
small business<sup>1</sup>

**\$2.1b+**

loans originated  
since inception<sup>2</sup>

**80+**

NPS Score<sup>3</sup>

**230+**

employees<sup>3</sup>

**34k+**

customers  
since inception<sup>3</sup>

**10,000**

distribution partners<sup>3</sup>

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



# Our products

## Loans

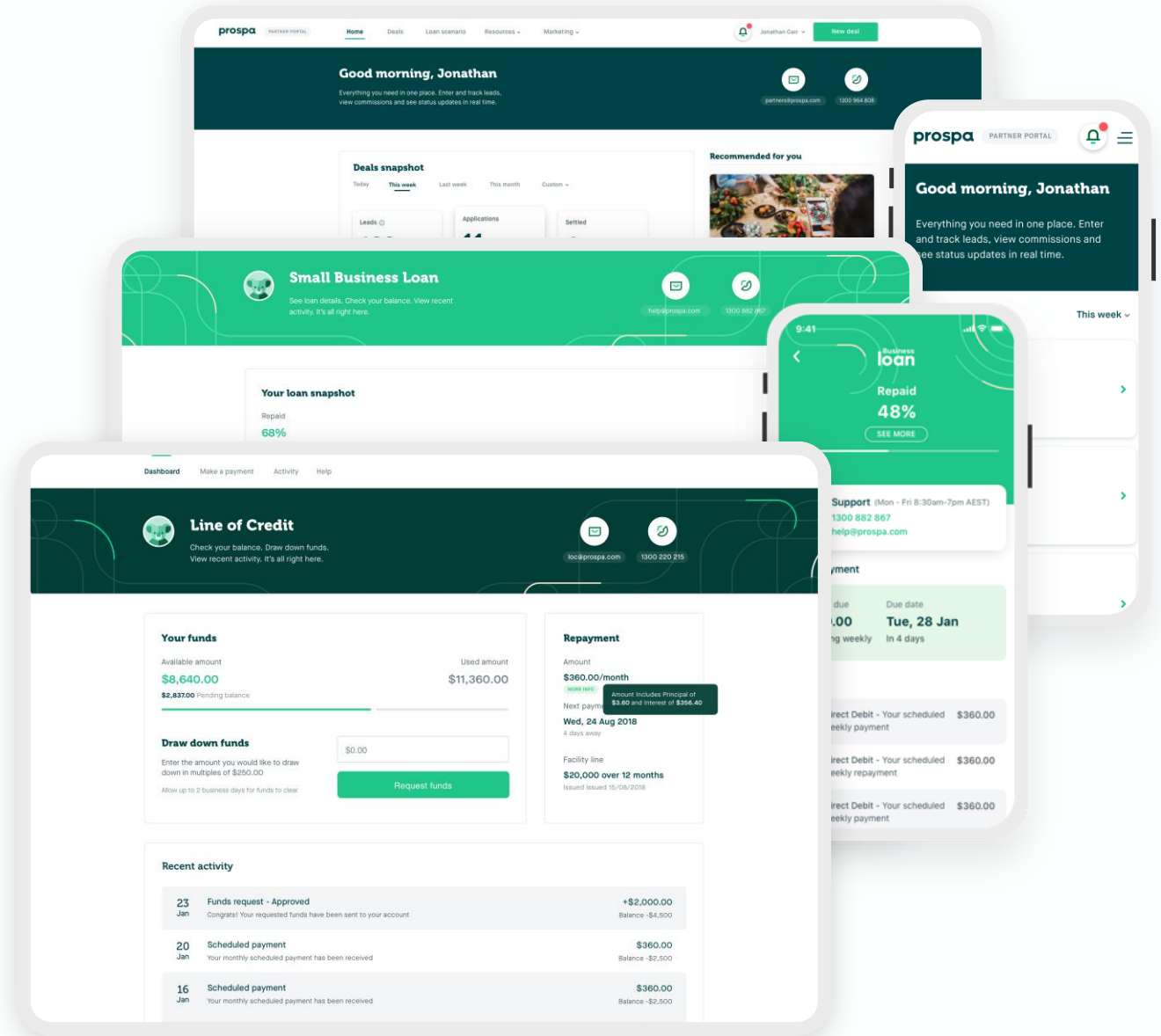
 Small Business Loans

 **NEW** Prospa Plus  
Small Business Loans ANZ

## Line of Credit

 Australia

 **NEW** New Zealand



# Changing customer expectations

## Evolving market

## SME bounceback

# Product & innovation

---

# The challenge



Too many time consuming and manual tasks



Difficult to understand and manage complete cash flow picture



Lengthy credit applications and low approval rates in a segment underserved by traditional banks

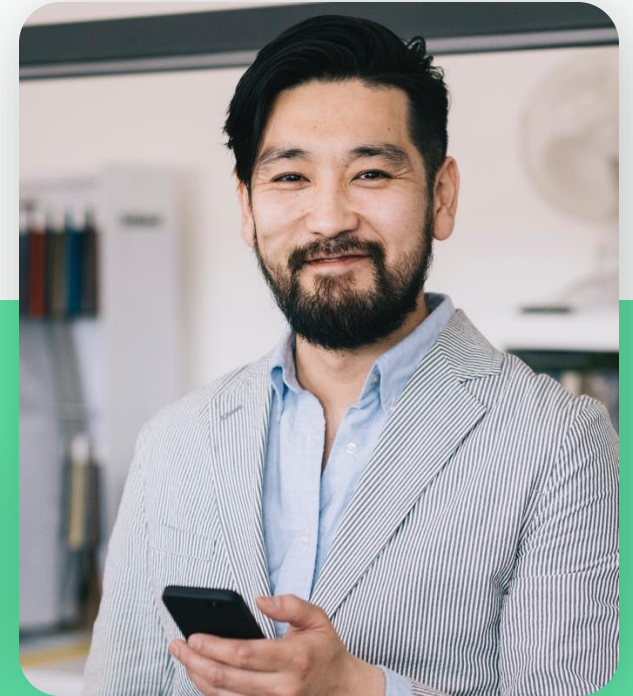
“I got into business to do what I love, not all the admin parts.”



# Business owners are open to change

**67%**

Seek a business app that details all accounts and assists with invoice creation, tracking & management



**59%**

Desire a business account with an overdraft facility

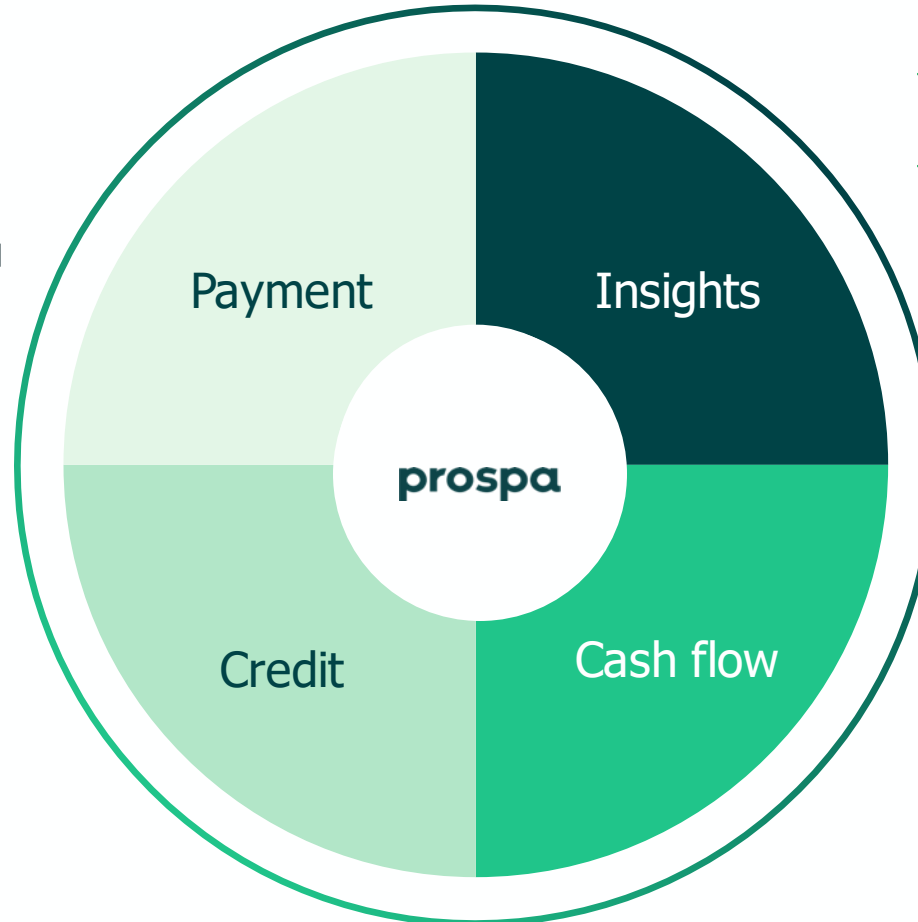


# Future state

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

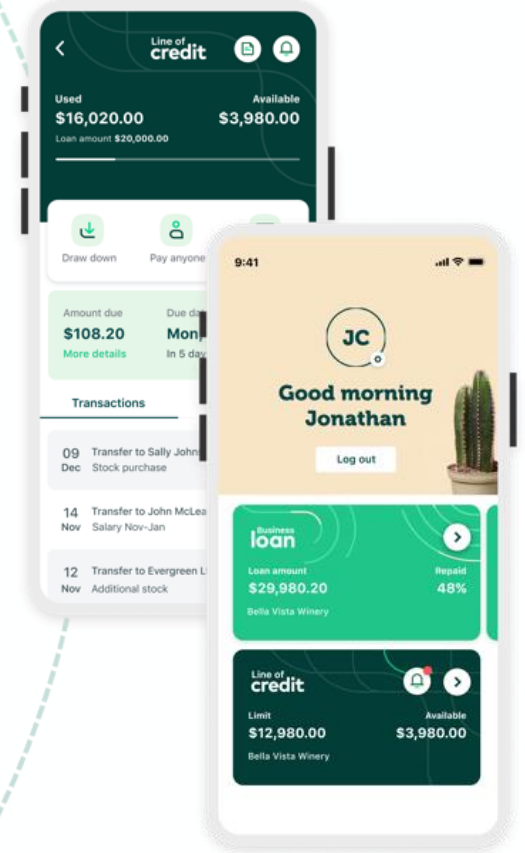
- ✓ Enable customers to pay for goods and services
- ✓ Manage daily expenses, bills and accounts payable

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









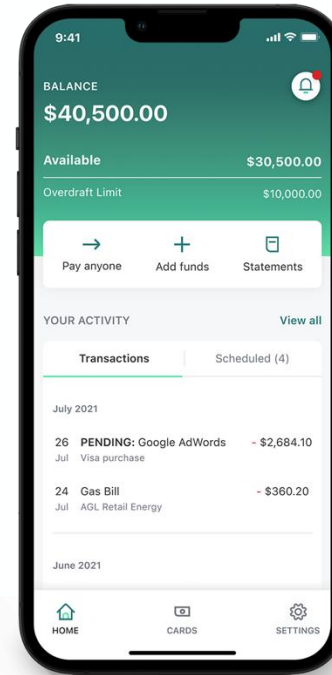
- ✓ Identify challenges and opportunities
- ✓ Smarter, data-driven decisions

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

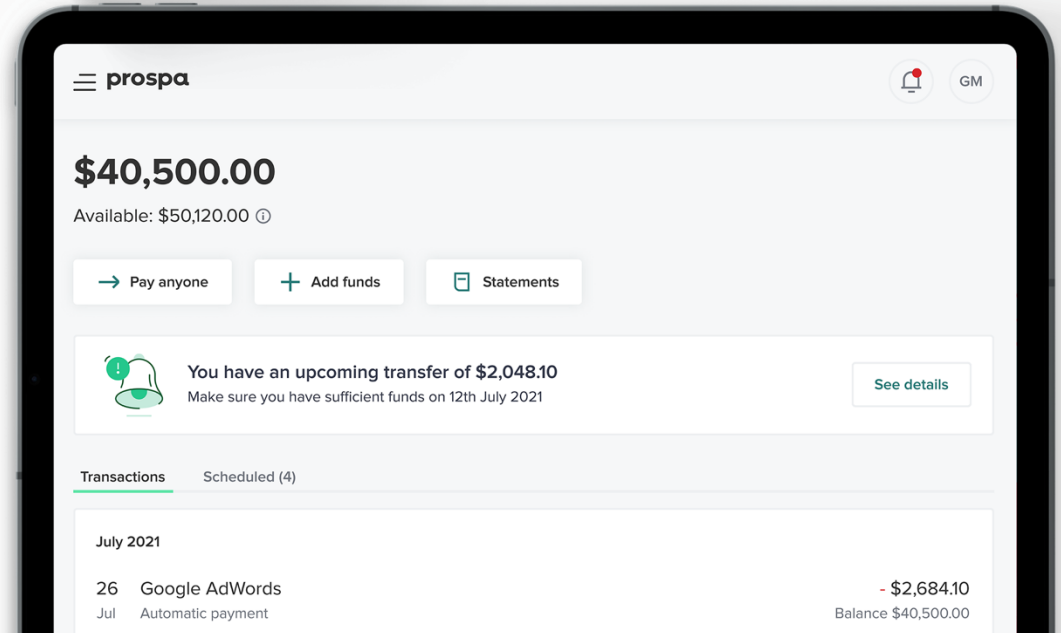
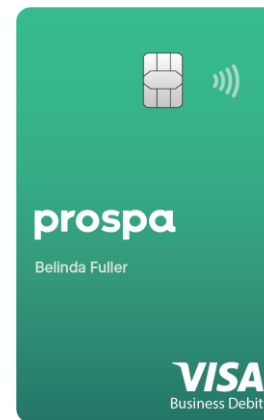
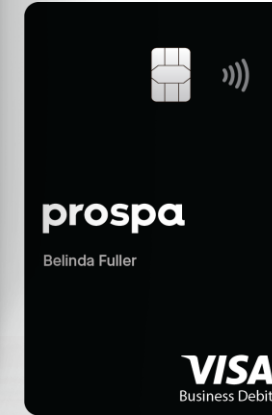


# Prospa's All-in-One Business Account





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

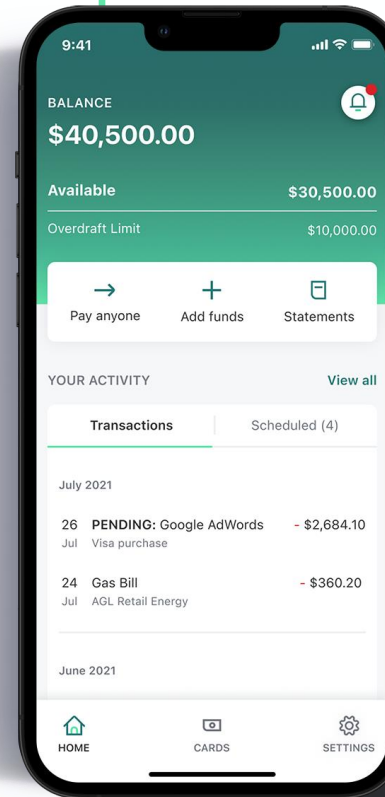


Illustrative only

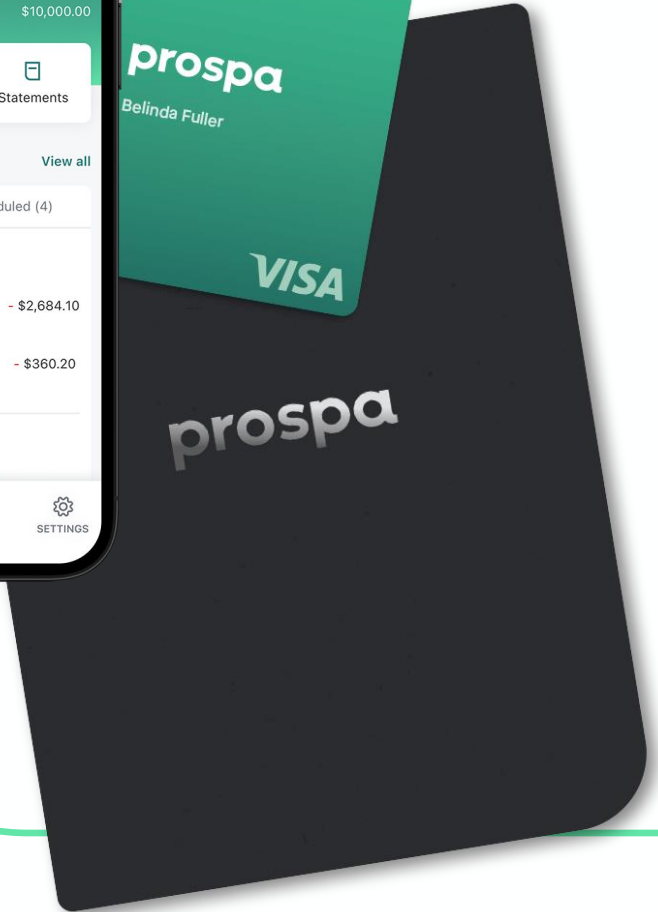


# Prospa's transaction account

-  Deposit funds
-  Make and receive payments instantly
-  Manage your account online 24/7
-  No account fees



Illustrative only



# Visa business card



Use anywhere Visa  
is accepted worldwide



No foreign exchange fees



Digital and physical



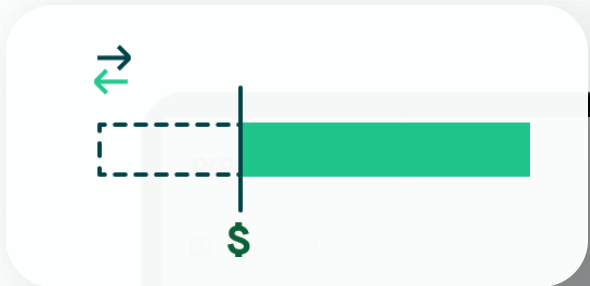
# Overdraft facility



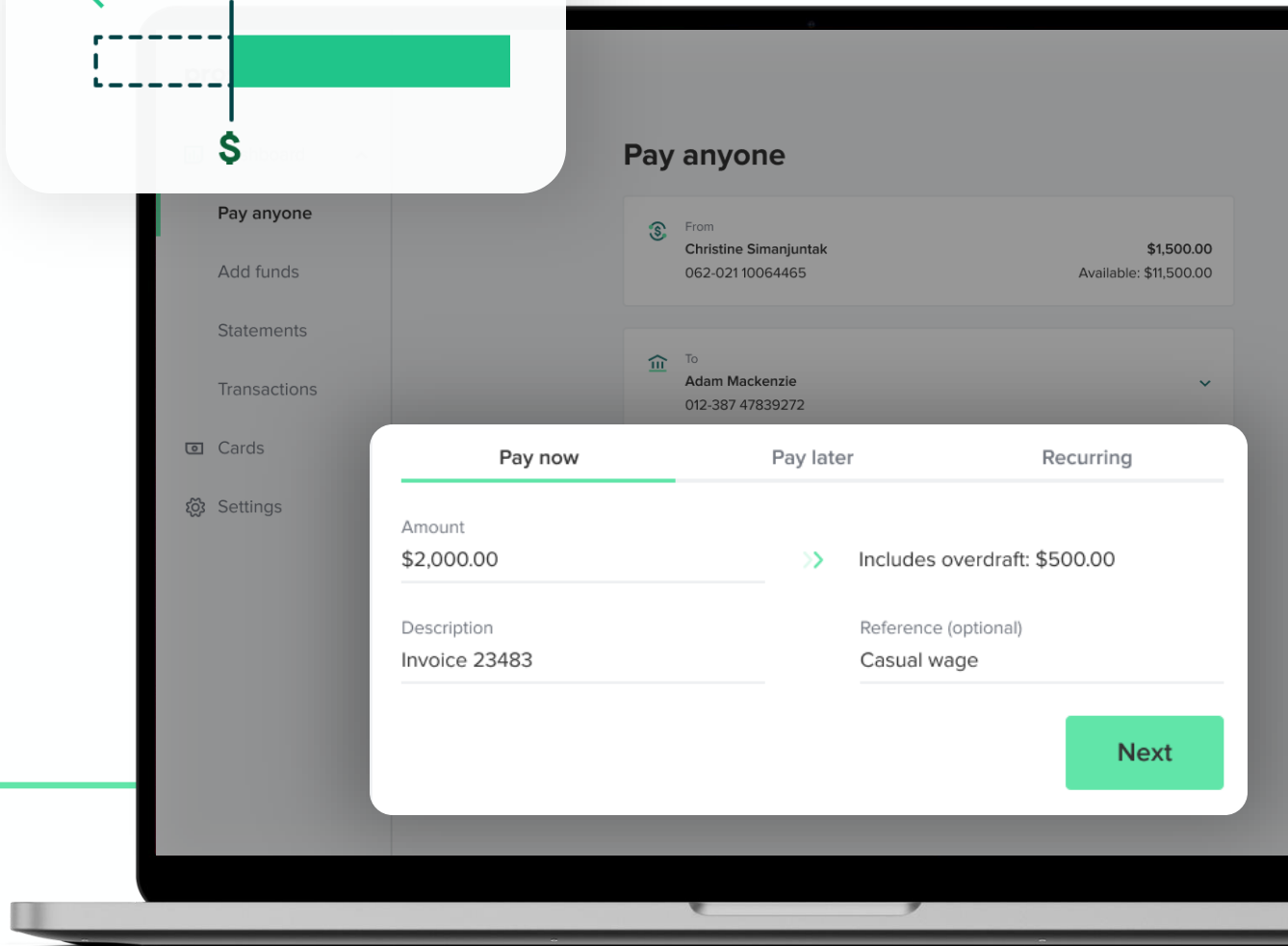
Conveniently built into the transaction account



Quick approval for immediate access of up to \$100K



Illustrative only



# Invoicing

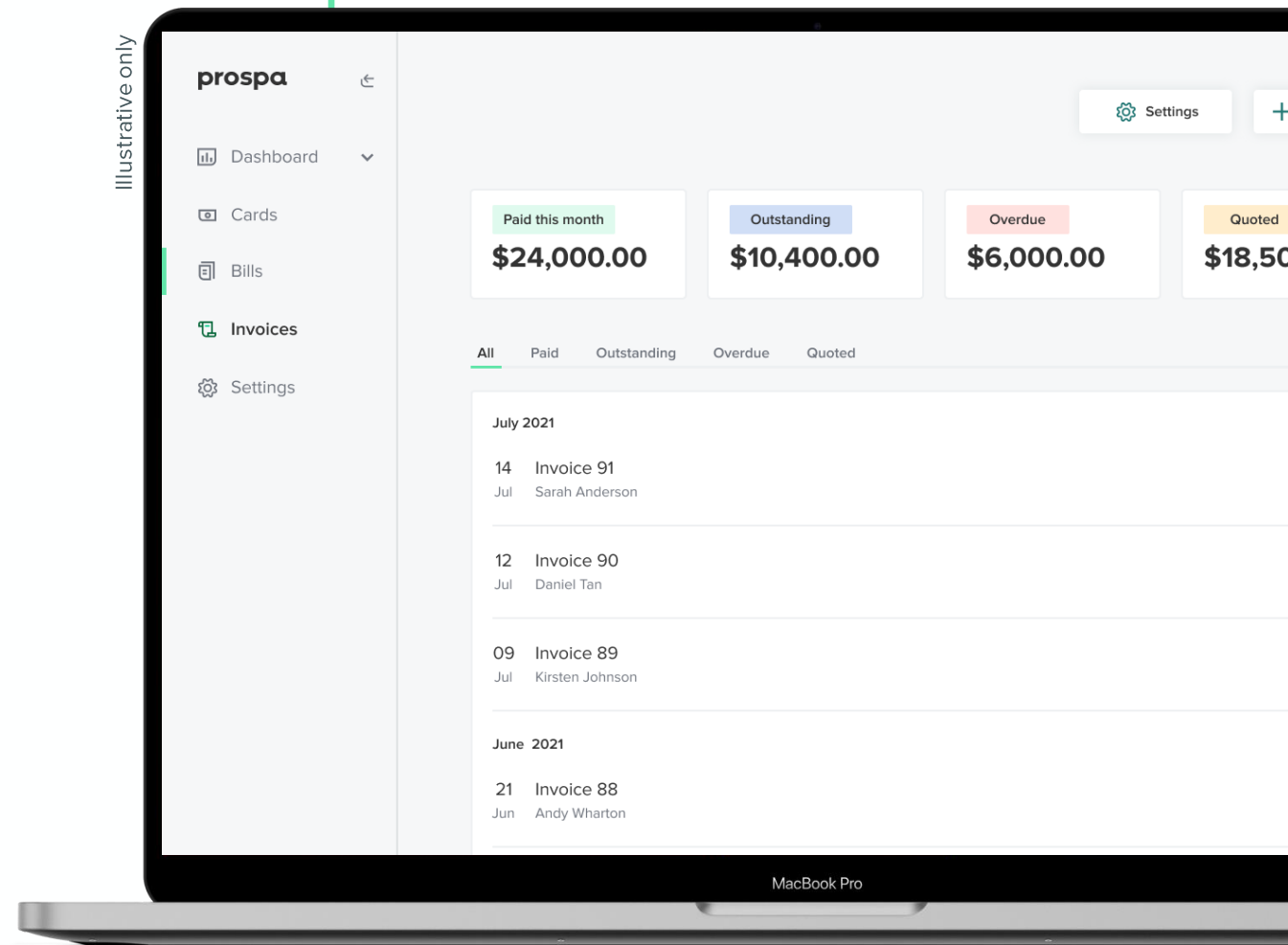


Create, send  
and track invoices



Automated reminders  
and reconciliation

Illustrative only



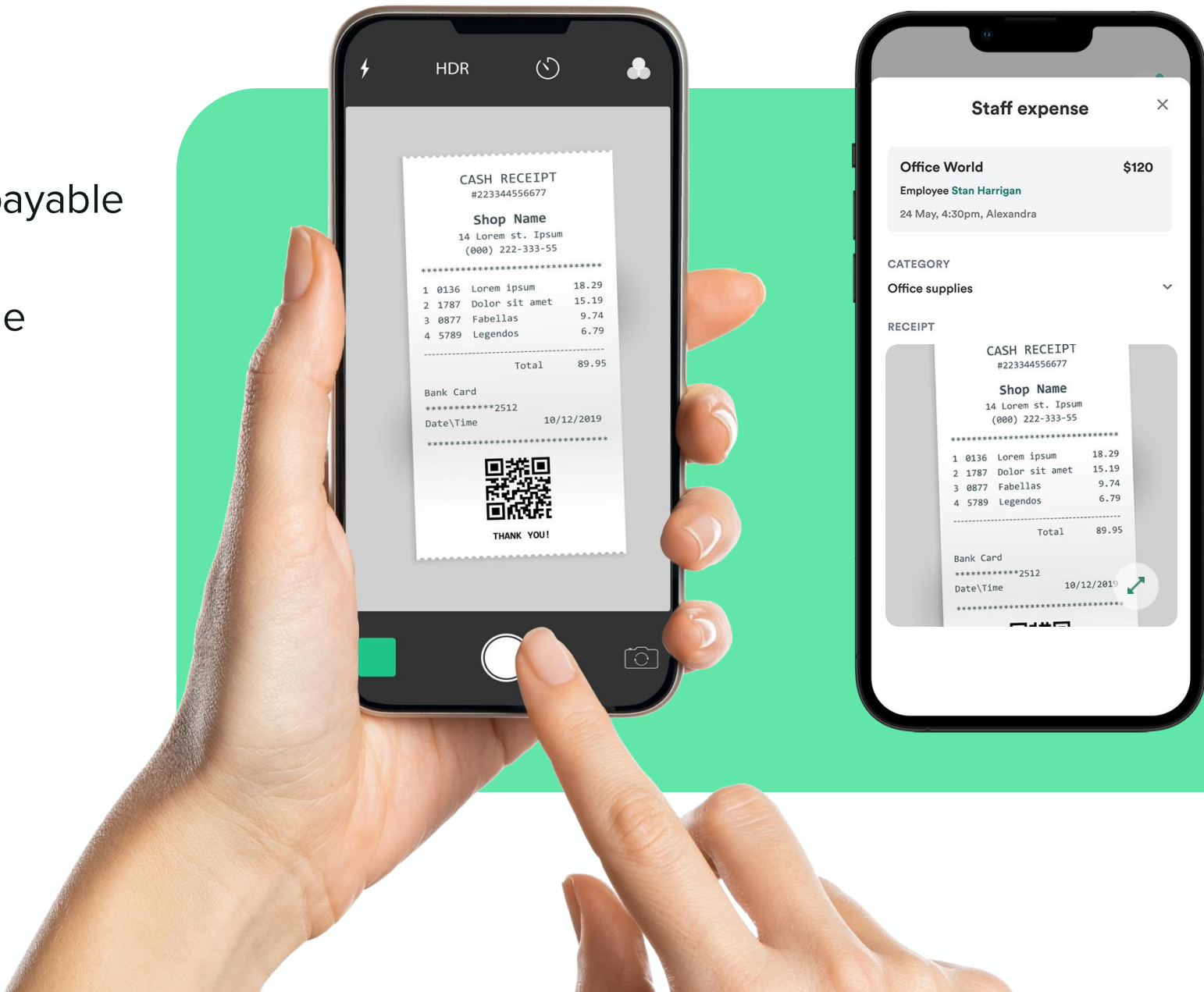
# Bill pay



Automating accounts payable







Scheduling bills payable

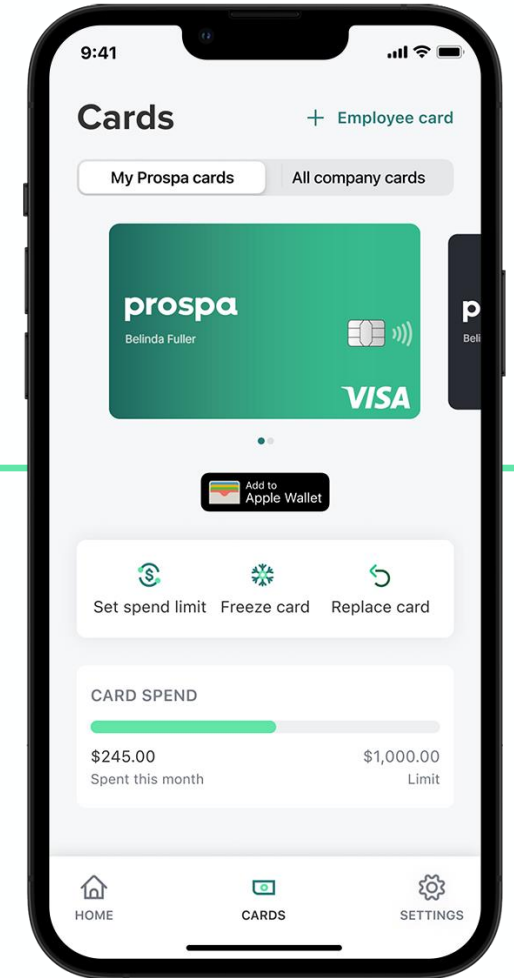
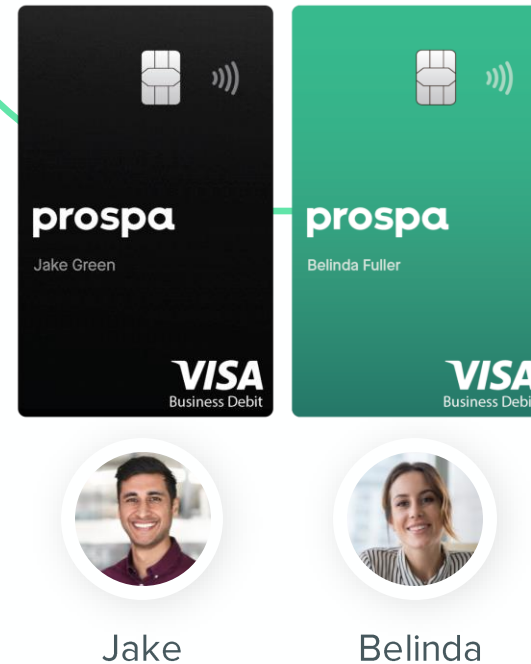


Illustrative only

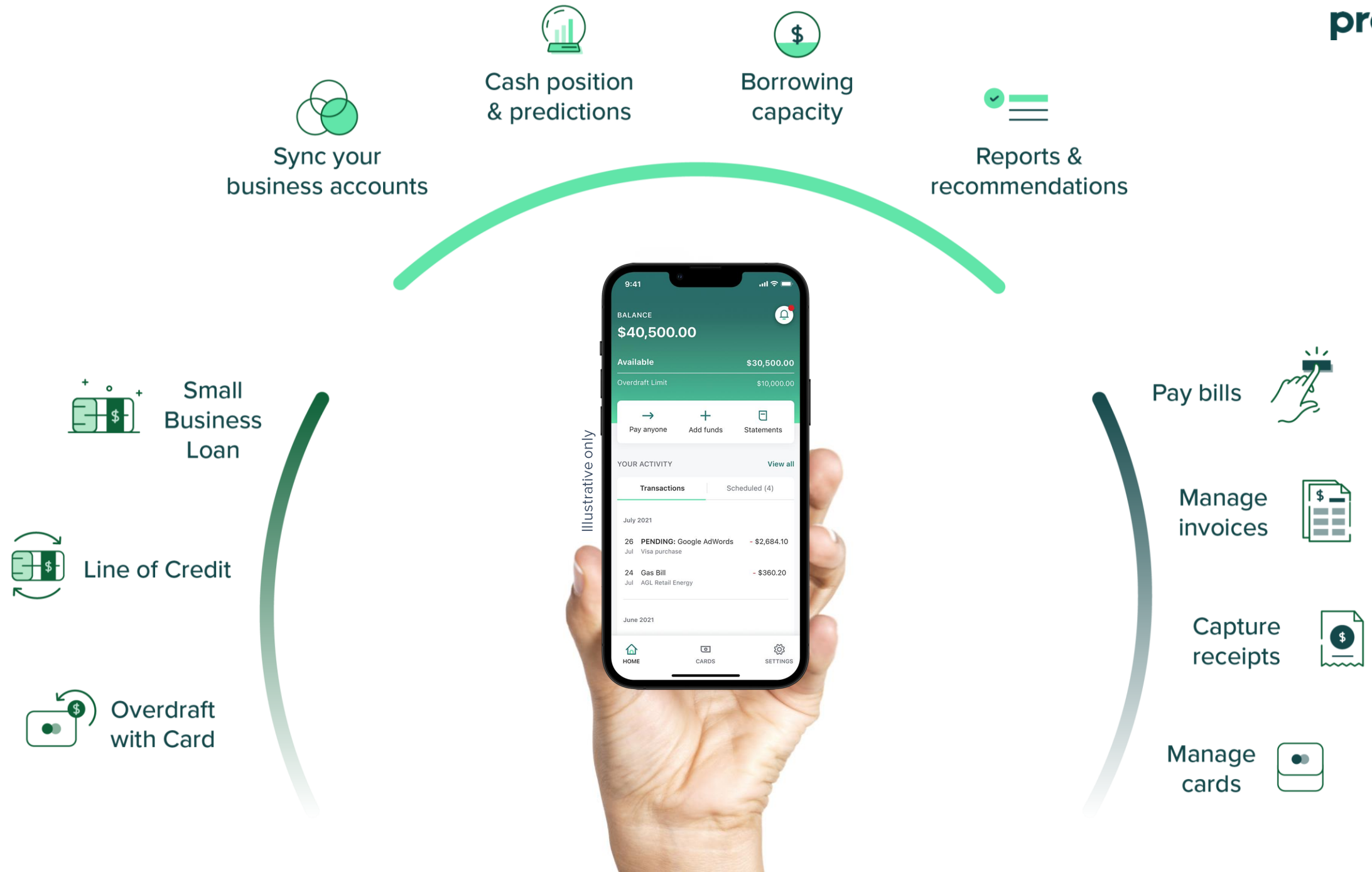


# Expense management

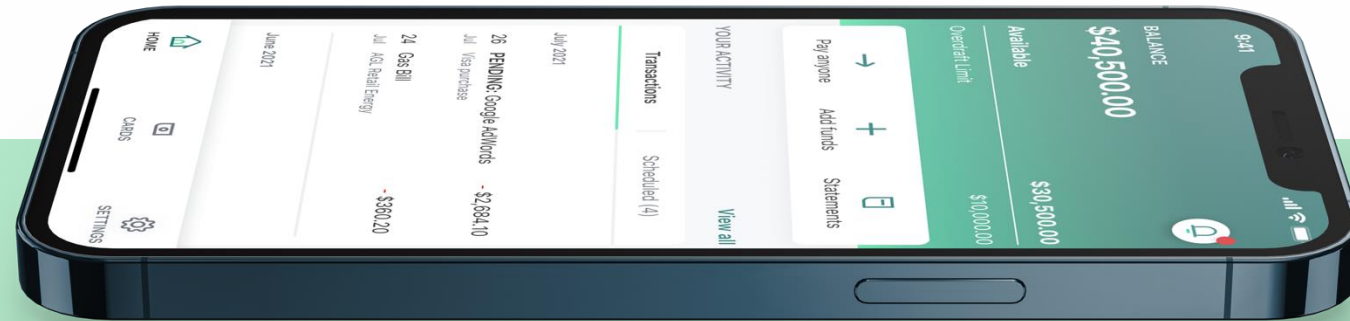
-  Monitor company expenses
-  Issue employee cards
-  Set budgets
-  Match receipts



Illustrative only



From 'in the moment'  
to **indispensable**



# Opportunities

---

# Small Business the backbone of the economy

AU



**2.4m**

small businesses  
in Australia



**44%**

of Australian workforce



**35%**

of Australia's GDP

NZ



**530,000**

small businesses  
in New Zealand



**29%**

Of New Zealand Jobs



**28%**

of New Zealand's GDP

# Market opportunity



**\$97.0bn**

Value of credit received by SMEs in last 12 months<sup>1</sup>



**\$28bn**

Value of additional credit required by SMEs in last 12 months<sup>1</sup>



**Potential Market Expansion**

- Payments
- Financial software

# Our Value Proposition



## #1

online lender to  
small business<sup>1</sup>



## 50%+

repeat customers



## New product

Enhance customer  
engagement

Diversify revenue

1. In the Non-bank Financial Services category, Prospera 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.



# Our multi channel sales approach

Intermediaries	Enterprise + Platforms	Digital + Affiliates	Existing Customers
Finance mortgage brokers + aggregators	Cloud accounting	Digital/Direct performance	All sources, all products
Accountants	Platform market places	ISOs	
Insurance Brokers	Inventory management	Affiliates	
Suppliers + Inventory Management	B2B Enterprise Programs		

Underpinned by brand, marketing & partnerships that influence customer attitudes and behaviour

# Our technology will power success



Technology driving  
product innovation



Smarter, faster  
credit decision  
engine



Data collection  
and analysis

# Drivers for growth



Scale existing products



Expand through new solutions



Reach new markets

# Our Business Model

---

# Strong long-term economic model



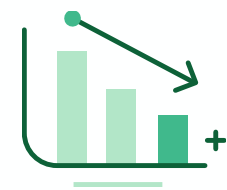
Customer  
growth



Average  
customer  
lifetime value



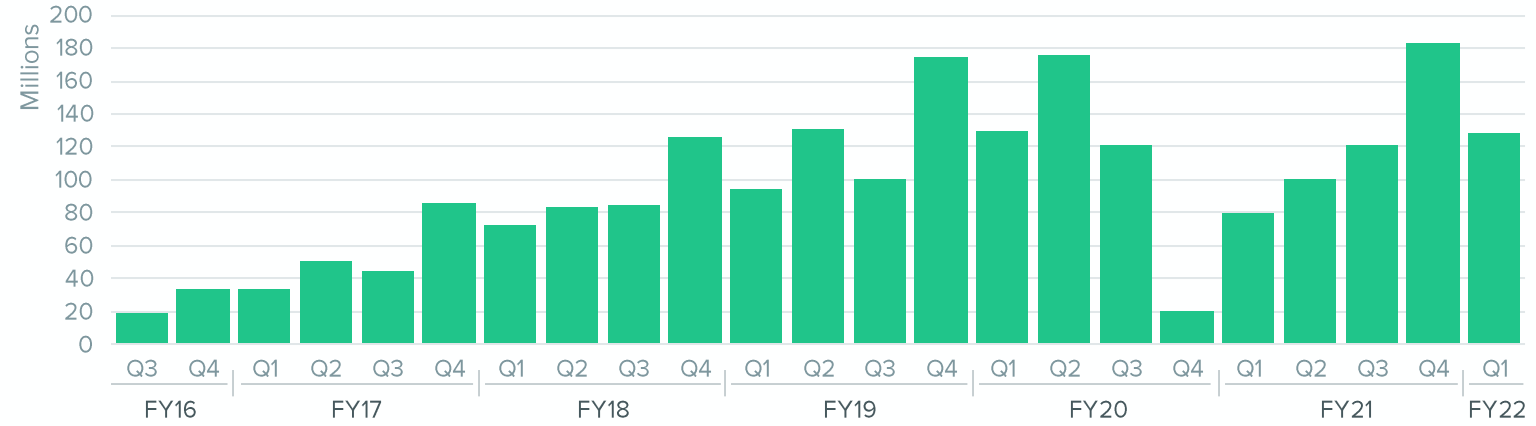
Directly  
attributable  
costs



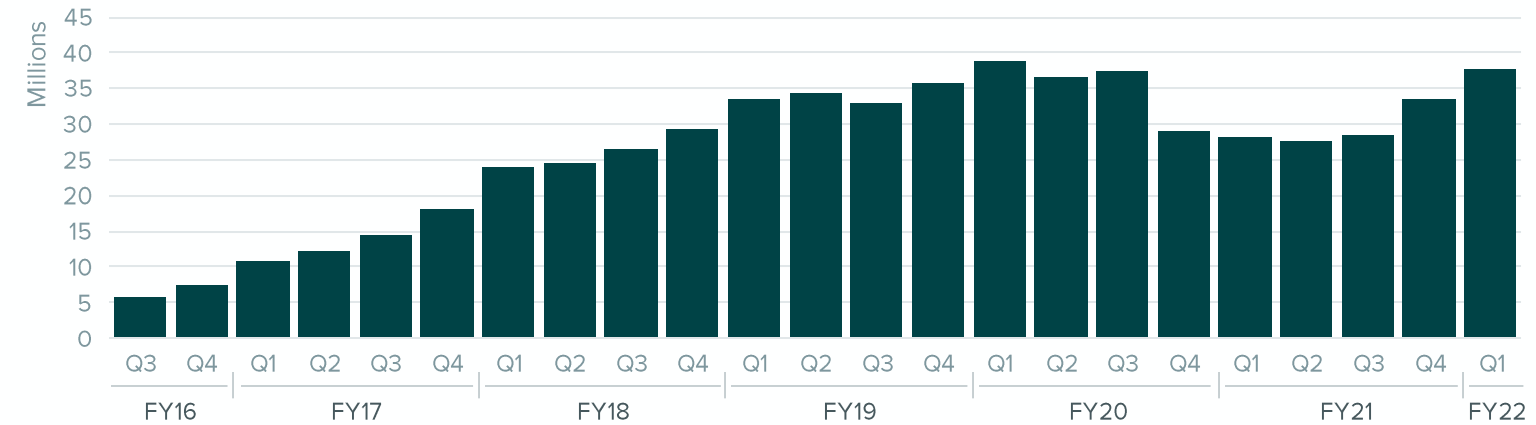
OPEX  
scalability

Strong growth  
profile underpinned  
by strategic  
investment in platform

Originations<sup>1</sup> +40% 5 year CAGR<sup>3</sup>



Revenue<sup>2</sup> +37% 5 year CAGR<sup>3</sup>



1. Originations 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 ProspePay in Australia and New Zealand, unless otherwise indicated.  
2. Total revenue before transaction costs.  
3. 5 year CAGR from FY16 to FY21

# Product economics continue to improve with time

## Small business loan

	CY18	FY21	Change over 3 years
Avg loan size & term	\$28,832 (12mth)	\$35,965 (16mth)	↑ \$7,133
\$ Revenue	\$7,500	\$9,200	↑ \$1,700
Attributable costs <sup>1</sup>	\$4,300	\$5,300	↑ \$1,000
Contribution margin	\$3,200	\$3,900	↑ \$700
# renewals	2.7x	2.9x	↑ 7%

## Line of credit / overdraft (per 24 month period)

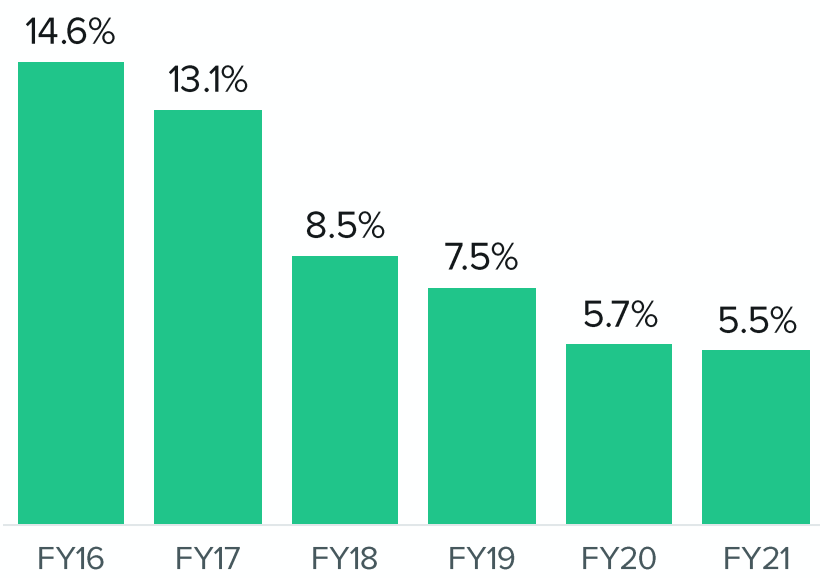
	FY21
Avg facility size	\$46,000, 50% drawn on avg
\$ Revenue	\$13,900
Attributable costs <sup>1</sup>	\$7,000
Contribution margin	\$6,900
# renewals (expected)	At least 1x

1. Attributable costs include cost of funds, transaction costs including external and internal commissions, marketing costs and loan impairment.

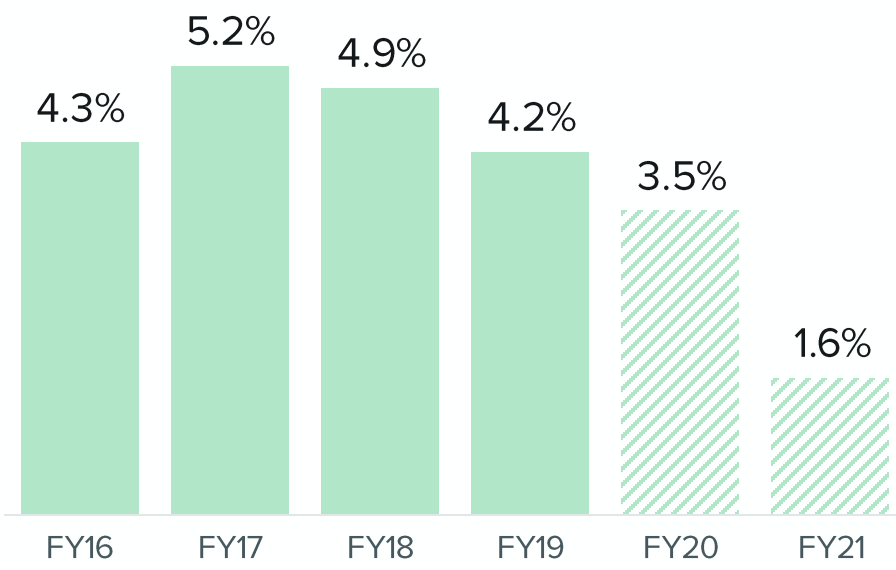


# Funding costs decrease with stable static loss

Funding Cost Rate<sup>1</sup>



Static Loss Rate<sup>2</sup>



1. Funding cost rate is equal to funding costs divided by average third party funding debt

2. Static loss rate net of recoveries as at 30 September 2021 for the Australian small business loan product and Government Guarantee Scheme loan products. 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.

3. Banded columns reflect cohorts which are still seasoning.

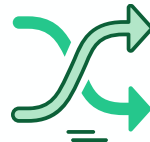
Integrated suite  
of digital products  
expected to drive  
active customer  
lifetime and slower  
OPEX growth



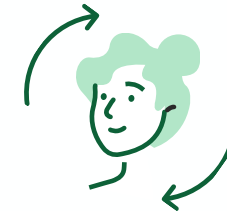
Increased  
automation driving  
scalability



New product  
innovation  
increasing active  
customer lifetime

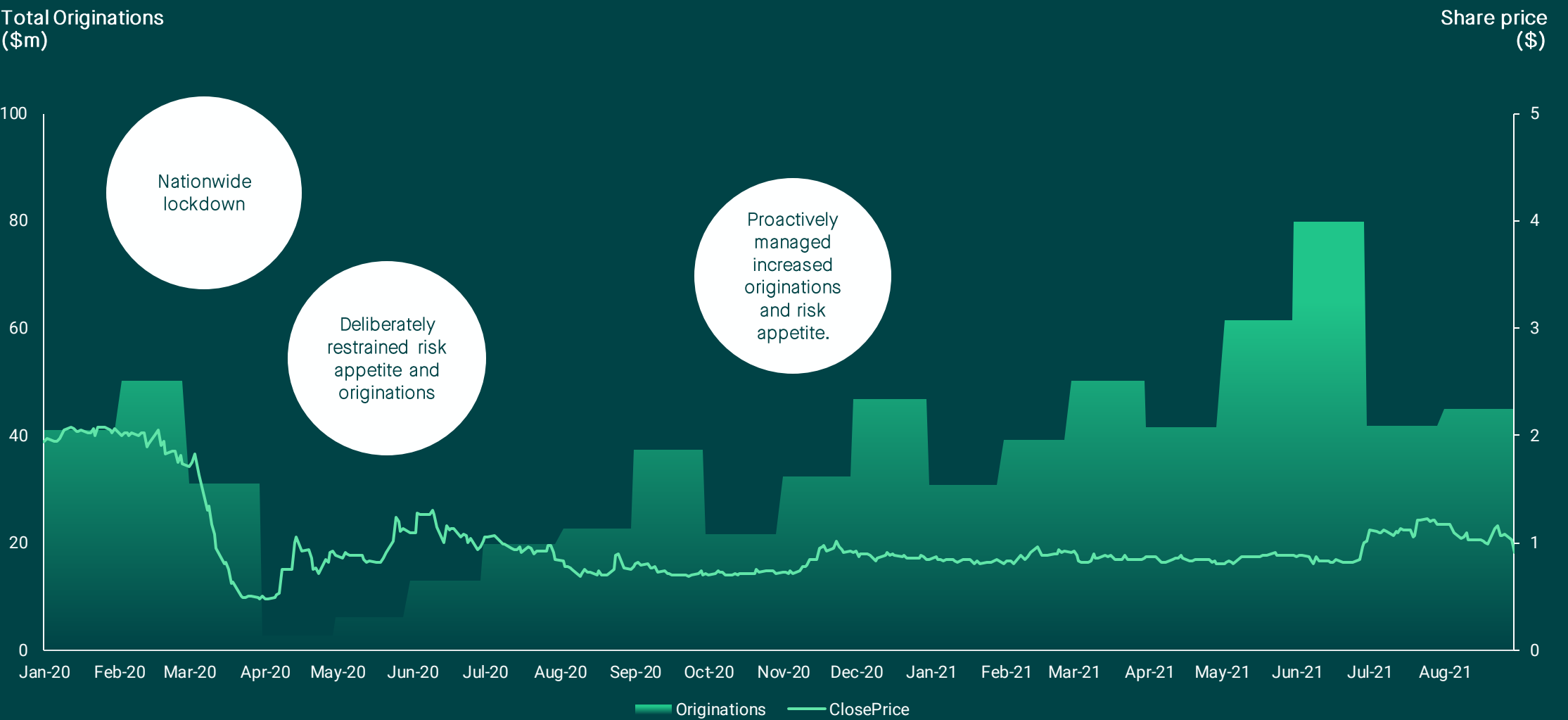


Cross-selling  
products for optimal  
share of wallet

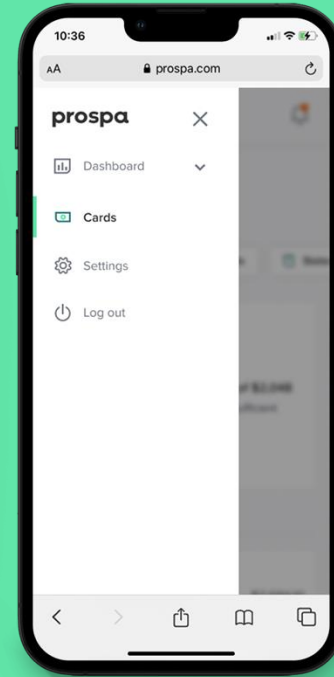
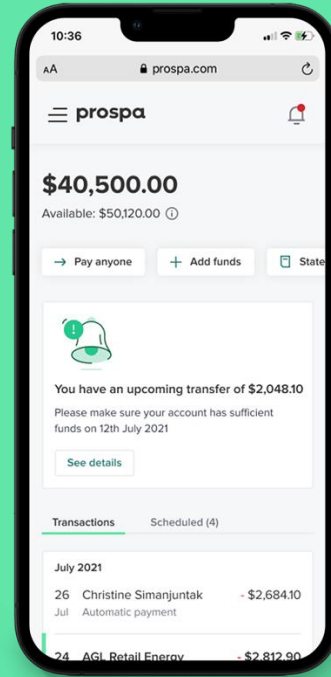
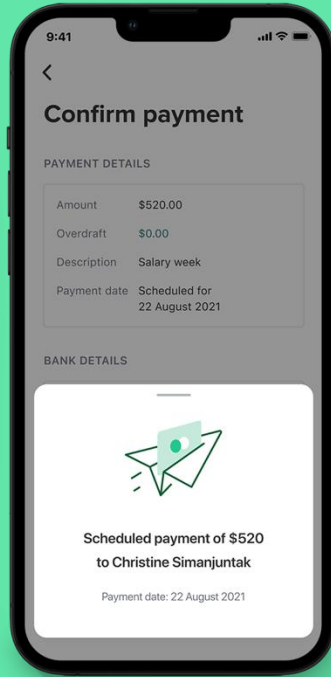
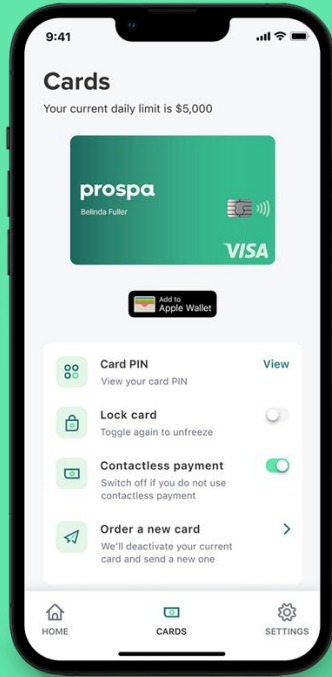
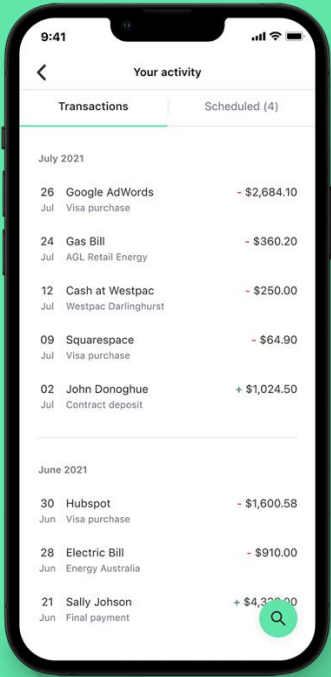


Increasing repeat  
customers with  
lower cost to serve

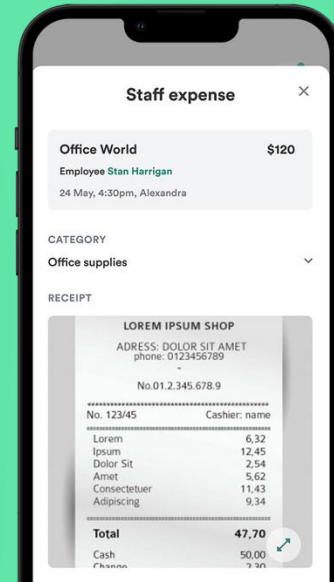
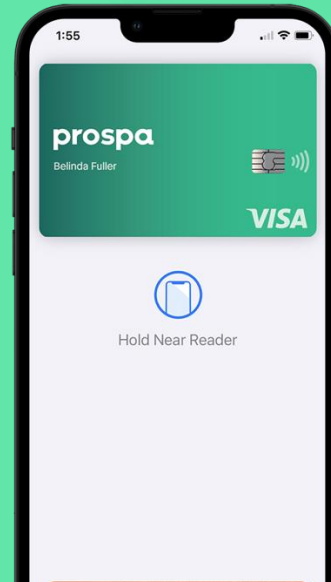
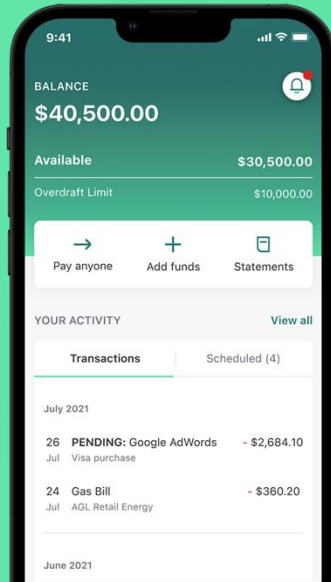
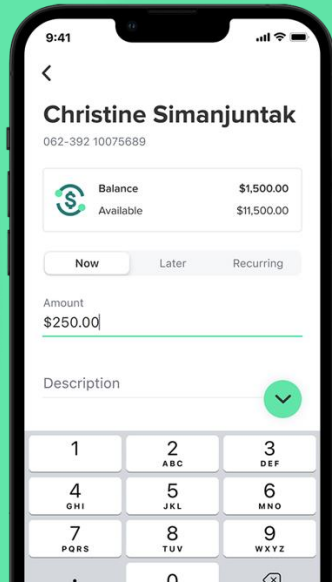
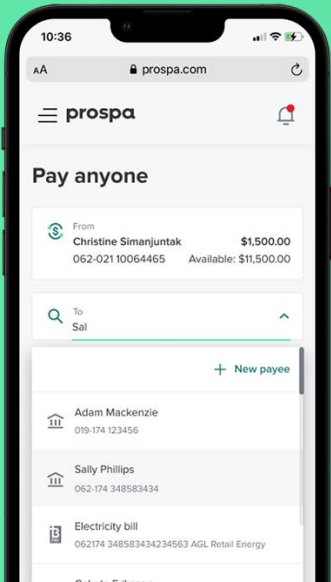
# Untapped potential in shareholder value



Source: IRESS as of close 31 August 2021



Illustrative only



# Q&A

Got a question?

# Important Notice and Disclaimer

The material in this presentation has been prepared by Prospa Group Limited (PGL) and is general background information about Prospa's (PGL and its subsidiaries) activities and is current at the date of the presentation, 21 October 2021.

This presentation may contain statements that are, or may be deemed to be, forward looking statements. Such statements can generally be identified by the use of words such as "believe", "estimate", "plan", "target", "project", "anticipate", "expect", "intend", "likely", "may", "will", "could" or "should" and similar expressions. Indications of strategy, plans, objectives, targets, goals, future events or intentions are also forward looking statements.

You should not place undue reliance on such forward-looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of PGL or any of its related entities which may cause actual results to differ materially from those expressed or implied in such statements.

No representation or warranty, express or implied, is made as to the accuracy, reliability, adequacy or completeness of the information contained in this presentation.

Past performance information in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

The information in the presentation is given for informational purposes only, is in summary form and does not purport to be complete. It is intended to be read by a professional analyst audience in conjunction with PGL's other announcements to ASX. It is not intended to be relied upon as advice to current shareholders, investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular shareholder or investor. No representation is made as to the accuracy, completeness or reliability of the presentation.

The views expressed in this presentation may contain information that has been derived from publicly available sources that have not been independent verified. No representation or warranty, express or implied, is made as to the accuracy, reliability, adequacy or completeness of the information. Market share information is based on management estimates except where explicitly identified.

To the maximum extent permitted by law, PGL and any person involved in the preparation of this presentation disclaim all liability and responsibility (including without limitation, any liability arising from fault or negligence) for any direct or indirect loss or damage which may arise or be suffered through use or reliance on anything contained in, or omitted from, this presentation.

PGL is not obliged to, and does not represent that it will, update the presentation for future developments. All currency figures are in Australian dollars unless otherwise stated. Totals may not add up precisely due to rounding.

# prospa

Thank you