Prospa Group Limited

Appendix 4D
Half-year Report

Company details

Name of entity:	Prospa Group Limited
ABN:	13 625 648 722
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

The information contained in the half-year report should be read in conjunction with the Prospa Group Limited ("Prospa", the "Group" or the "Company") annual financial statements for the year ended 30 June 2021.

Results for announcement to the market

Statutory Results summary

	31 December 2021 $'000	31 December 2020 $'000	Change $'000	Change %
Total income	73,228	52,170	21,058	40%
Profit/(loss) after income tax attributable to the owners of Prospa Group Limited	5,395	(3,243)	8,638	266%
Total comprehensive income/(loss) for the period attributable to the owners of Prospa Group Limited	6,949	(3,191)	10,140	318%

Net tangible assets

	31 December 2021 Cents	30 June 2021 Cents
Net tangible assets per ordinary security	65.29	63.24

Right-of-use assets have been included in the net tangible asset calculation.

Control gained over entities

On 30 August 2021, the Group established a new warehouse structure in New Zealand, the Prospa Kea Series 2021-2, to support the ongoing rapid growth of the New Zealand portfolio. Prospa Group Limited has a 100% interest in the Prospa Kea Series 2021-2.

On 15 September 2021, Prospa established the PROSPArous Trust 2021-1, a $200 million Term Asset-Backed Security issuance in the public markets, secured on Small Business Loans and Line of Credit products.

Dividends

The Group has not paid nor proposes to pay dividends for the half-year ended 31 December 2021 (year ended 30 June 2021: $nil).

Details of associates and joint venture entities

The Group has not engaged in the acquisition or disposal of associates, nor has it engaged in any joint ventures for the half-year ended 31 December 2021 or the previous corresponding period.

Review conclusion

This report is based on the financial statements for the half-year ended 31 December 2021. The financial statements have been subject to review by an independent auditor, and the review is not subject to qualification.

Signed

Greg Moshal
Director and Chief Executive Officer

Gail Pemberton AO
Independent Director and Chairman

15 February 2022
Sydney

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Half Year Report

31 December 2021

Prospa Group Limited
ACN 625 648 722

Contents

Performance Highlights

$2.4b

in funding deployed since inception[1]

13,200+

Active customers

80+ NPS

World class Net Promoter Score[2]

#1

#1 Online lender to small business in Australia and New Zealand[3]

National winner

Fintech Lender of the Year
NSW/ACT, QLD, SA/NT, VIC/TAS & WA
MFAA Excellence Awards 2021

1. Originations from all sources, including Small Business Loan, Line of Credit (including undrawn amounts) across all geographies include Australia and New Zealand.
2. Net Promoter Score was in excess of 80+ for the period 1 July – 31 December 2021.
3. 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.
4. Total revenue is before transactions costs.
5. Earnings Before Corporate Interest, Tax, Depreciation and Amortisation, Share-Based Payments and Fair Value movements.
6. Realised portfolio yield represents the interest (excluding transaction costs) and fee income earned during the period on the average portfolio balance during the respective period, annualised.

Originations[1]

$315.1m

1HY21 $180.1m +75%

Closing Gross Loans

$514.6m

1HY21 $341.7m +51%

Revenue[4]

$78.5m

1HY21 $55.8m +41%

Operating Cash Flow

$25.4m

1HY21 $13.0m +95%

EBITDA[5]

$9.6m

1HY21 $4.1m +134%

Realised portfolio yield[6]

34.3%

1HY21 32.5% +1.8%

Due to COVID-19 travel and on-site photography restrictions, stock images are in use.

Directors' Report

For the half-year ended
31 December 2021

”

About nine months ago,
a Prospa Small Business Loan
afforded me the freedom to think
bigger about my position as CEO.

Aiden Omnet,
Adens Tyres, NZ

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group") consisting of Prospa Group Limited ("Prospa" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were Directors of Prospa Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Aviad Eyal

Beaumont Bertoli

Fiona Trafford-Walker

Gail Pemberton (Chairman)

Gregory Moshal

Gregory Ruddock (Resigned 24th November 2021)

Mary Ploughman

Review of operations

Principal Activities

Since 2012, Prospa has become Australia and New Zealand's #1 online lender to small business. The Company was listed on the Australian Securities Exchange in 2019.

Investments in cloud-based, data-rich and API-enabled technologies have empowered Prospa to deliver seamless customer experiences to small business owners across Australia since 2012 and New Zealand from 2018. Prospa has supported small business by:

- Delivering over $2.4 billion in loans to small business to date;
- Supporting more than 37,000 unique small business customers since inception; and
- Facilitating referrals and customer acquisitions from a network of more than 12,000 distribution partners, including finance brokers, aggregator networks, online affiliates, accountants and other advisers.

Prospa has made access to credit easier and faster for small business through a range of funding solutions. The Company's founding product, the Small Business Loan, is an amortising fixed-term loan that provides up to $500,000 and flexible repayments to support business owners' cashflow. The Line of Credit product is a re-drawable facility of up to $150,000, which can be utilised for short-term cash flow needs or unplanned expenses.

In line with the Company's vision to change the way small business owners experience finance, Prospa has continued to scale existing solutions with a focus on enriching the customer experience through a broader range of products. In 1H22, the Company launched Prospa Plus Business Loans, offering up to $500,000 to higher credit quality small to medium enterprises ("SME"). There has been strong uptake of this product, indicating a growing need for fast approval lending to this vital segment of small business. Prospa is on track to roll out its Line of Credit product into the New Zealand market in 2H22. In Australia, the Company will launch its new and innovative all-in-one Business Account in 2H22. Prospa is also focused on further accelerating and automating its credit approval processes and customer interactions to provide a seamless and efficient digital qualification journey, continually enhancing the customer experience.

The purpose-built and proprietary Credit Decision Engine ("CDE") enables fast approvals and adoption of dynamic risk-based pricing, where interest rates associated with a facility are based on credit risk assessments for individual customers. Prospa's CDE allows the business to quickly evaluate opportunities and potential risks across the portfolio enabling static loss rates to remain within the Board mandated 4% to 6% tolerance range.

The Net Promoter Score for the 1H22 period remained strong at 80+ and Prospa ranked as the #1 online lender to small business in the Non-bank Financial Services category in both Australia and New Zealand on independent review site TrustPilot.

Financial Overview

Significant growth over the past half-year for both Australia and New Zealand saw the Group's originations increase to $315.1 million for the period, an all-time high. This represented an increase of 75.1% on the prior corresponding period ("pcp") (1H21: $180.1 million[1]). Importantly, 52.2% or $164.6 million of these total originations were derived from repeat or returning customers, representing a materially lower acquisition cost than new customers.

Total revenue before transaction costs was $78.5 million for the half-year, a 40.7% increase on pcp (1H21: $55.8 million). Building on the significant momentum achieved through another period of record originations, revenue also reached an all-time high, surpassing the previous record observed pre-pandemic.

Total funding costs increased to $11.2 million in 1H22, an increase of 37.1% on pcp (1H21: $8.1 million). The growth was driven by higher average funding debt for the period (1H22: $404.0 million, 1H21: $283.4 million). The funding cost rate remained comparable to the pcp at 5.5% (1H21: 5.4%).

Net cashflow from operating activities increased to a sizable $25.4 million in 1H22, compared to $13.0 million pcp, driven by increased revenue and improved operating efficiency.

Net profit before tax was $4.9 million, up $7.1 million on the $2.2 million net loss recorded pcp.

Loan Impairment and Operating Expenses

Prospa's CDE has been enhanced with extensive data and industry insights captured throughout the half-year. With an improving outlook in the small business sector and a relative reduction in credit-impaired loans in the portfolio, the total coverage for expected credit losses as a percentage of receivables decreased to 6.5% as at 31 December 2021 (30 June 2021: 7.9%). The impact of this provision rate reduction was partly offset by an increase in the provision required due to the significant growth in receivables resulting in a net provision decrease of $0.3 million in the half-year to 31 December 2021. The impairment provision decreased to $33.4 million (30 June 2021: $33.7 million).

Included in gross loan receivables as at 31 December 2021 was $36.4 million (30 June 2021: $29.0 million) related to COVID-19 loans previously deferred. Of that, $5.6 million are credit-impaired (30 June 2021: $7.6 million). Prospa continues to work with those remaining customers on a case-by-case basis through the Company's standard collections process. Expected losses from this group are adequately covered within the Group's allowance for expected credit losses.

Total loan impairment expense was $14.7 million, an increase of 35.2% on pcp (1H21: $10.9 million). This includes receivables written off (net of recoveries) of $15.1 million (1H21: $16.9 million).

Employee expenses of $21.1 million increased by $4.6 million (28.3%) on pcp (1H21: $16.5 million), noting that the 1H21 result included $2.7 million expense benefit from the Federal government's JobKeeper subsidy. Excluding the JobKeeper subsidy, employee expenses increased $2.0 million (10.3%) mainly due to increased investment in product and technology resources.

Other operating expenses increased by $4.1 million (32.6%) on pcp to $16.6 million (1H21: $12.5 million). This was mainly as a result of increased marketing and sales expenses to drive the record originations in the period, combined with an increase in technology-related spend as the Company prepares to scale and launch new products into the market.

The Company is well positioned for ongoing improvement in operating leverage with revenue and book growth exceeding the growth in employee and operating expenses. As a proportion of revenue, employee and operating expenses decreased to 48.0%[2], down from 56.8%[2] pcp during the half-year.

Cash and Capital Management

Prospa boasts a strong balance sheet and funding platform, positioning the Group well to support business growth momentum. Prospa has no corporate debt and has committed funding lines from diverse domestic and international senior and mezzanine funders.

Cash and cash equivalents at 31 December 2021 were $110.5 million, an increase of $30.1 million from 30 June 2021. Importantly, this includes unrestricted cash of $62.4 million, up 57.0% on the 30 June 2021 balance.

1 Small retrospective changes in origination figures may occur due to backdated cancellations or modifications to support customer outcomes.
2 Operating expenses exclude JobKeeper payments here.

As at 31 December 2021, Prospa had $580.7 million in available third-party facilities, including $105.1 million in available undrawn facilities.

On 9 September 2021, Prospa launched the PROSPArous Trust 2021-1, the inaugural public asset-backed securitisation ("ABS") of $200 million issued to wholesale investors. The ABS transaction was oversubscribed and attracted strong demand from large local and international investors. The level of demand resulted in competitive pricing. This ABS transaction is the first of its kind in Australia and is an example of Prospa's desire to be an innovator in Australia's securitisation market. The transaction resulted in a day one weighted average margin of 2.34% p.a., which will lead to an overall reduction in our marginal funding costs going forward. The transaction also released capital for investment in future growth.

During the half-year, Prospa also established the Kea 2021-2 warehouse facility in New Zealand to fund Small Business Loans and Line of Credit Facilities. The three-year committed facility has a capacity of NZ$63.0 million and is designed to scale up to NZ$126.0 million over time as Prospa continues to expand its New Zealand operations. This new warehouse facility replaced the existing Kea Trust 2019-1, which had a capacity of NZ$35.0 million and represents a net increase of NZ$28.0 million in funding capacity in New Zealand.

To minimise the effects of potential interest rate rises, Prospa has deployed specific financial derivative instruments to hedge its risk exposures. Prospa holds interest rate cap contracts with Authorised Deposit-taking Institutions. For the half-year to 31 December 2021, this resulted in a fair value gain of $1.3 million net of tax (pcp: nil) in other comprehensive income and a financial asset of $1.9 million at the period end. See Notes 12, 16 and 18 in the financial report for more information.

Post balance date events

On 15 February 2022, the Board approved a share buy-back scheme of up to 10% of the Group's issued share capital to commence in 2H22. The buy-back is expected to remain in place for a period of up to twelve months.

Other than the proposed share buy-back, there has not been any matter or circumstance occurring subsequent to 31 December 2021 that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporation's Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Greg Moshal Director and Chief Executive Officer	Gail Pemberton AO Independent Director and Chairman

15 February 2022
Sydney

Auditor’s Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney, NSW 2000
Australia

Tel: +61 2 9322 7000
www.deloitte.com.au

15 February 2022

The Board of Directors
Prospa Group Limited
Level 1, 4-16 Yurong Street
SYDNEY, NSW 2000

Dear Board Members

Auditor’s Independence Declaration to Prospa Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Prospa Group Limited and its controlled entities.

As lead audit partner for the review of the half year financial report of Prospa Group Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Heather Baister
Partner
Chartered Accountants

Fina
Repo

For the half-year ended
31 December 2021

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Condensed consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2021

	Note	Consolidated half-year ended 31 December 2021 $'000	31 December 2020 $'000
Income			
Interest income	4	66,713	49,148
Other income	5	6,515	3,022
Total income		73,228	52,170
Funding costs	6	(11,172)	(8,146)
Gross profit		62,056	44,024
Expenditure			
Loan impairment expense	7	(14,739)	(10,902)
Employee expenses	8	(21,117)	(16,466)
Operating expenses	8	(16,582)	(12,476)
Share-based payments	23	(1,242)	(3,241)
Depreciation		(1,346)	(1,422)
Amortisation		(1,990)	(1,496)
Interest on lease liabilities	6	(173)	(248)
Total expenditure		(57,189)	(46,251)
Profit/(loss) before income tax benefit/(expense)		4,867	(2,227)
Income tax benefit/(expense)	9	528	(1,016)
Profit/(loss) after income tax benefit/(expense) for the half-year attributable to the owners of Prospa Group Limited		5,395	(3,243)
Other comprehensive income, net of income tax			
Foreign currency translation		210	52
Fair value gain on cash flow hedge	18	550	–
Fair value gain on on cost of hedging	18	794	–
Other comprehensive income for the half-year, net of income tax		1,554	52
Total comprehensive income/(loss) for the half-year attributable to the owners of Prospa Group Limited		6,949	(3,191)
		Cents	Cents
Basic earnings per share		3.31	(2.32)
Diluted earnings per share		3.31	(2.32)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

As at 31 December 2021

	Note	Consolidated 31 December 2021 $'000	30 June 2021 $'000
Assets			
Cash and cash equivalents	10	110,481	80,377
Loan receivables	11	481,171	393,425
Bank deposits		1,095	1,095
Other financial assets	12	1,920	-
Prepayments and other assets		3,071	2,452
Property, plant and equipment	13	356	728
Right-of-use assets	14	8,964	4,959
Intangible assets	15	12,333	7,213
Deferred tax assets		14,198	14,261
Total assets		633,589	504,510
Liabilities			
Trade and other payables		8,933	7,763
Lease liabilities	14	10,641	6,732
Borrowings	16	473,622	359,889
Income tax		114	–
Employee benefits		6,258	5,611
Total liabilities		499,568	379,995
Net assets		134,021	124,515
Equity			
Issued capital	17	612,233	610,919
Reserves	18	(419,678)	(422,475)
Accumulated losses		(58,534)	(63,929)
Total equity		134,021	124,515

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the half-year ended 31 December 2021

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2020	610,651	(427,193)	(54,435)	129,023
Loss after income tax expense for the half-year	–	–	(3,243)	(3,243)
Foreign currency translation	–	52	–	52
Total comprehensive (loss)/income for the half-year	–	52	(3,243)	(3,191)
Share-based payment transactions:				
Share-based payments	–	3,241	–	3,241
Share repurchase	(5)	–	–	(5)
Conversion of options	17	–	–	17
Balance at 31 December 2020	**610,663**	**(423,900)**	**(57,678)**	**129,085**

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021	610,919	(422,475)	(63,929)	124,515
Profit after income tax benefit for the half-year	–	–	5,735	5,735
Fair value gain on cash flow hedge, net of tax	–	550	–	550
Fair value gain on cost of hedging, net of tax	–	794	–	794
Foreign currency translation	–	210	–	210
Total comprehensive income for the half-year	–	1,213	5,395	6,949
Share-based payment transactions:				
Share-based payments	–	1,243	–	1,243
Conversion of options	1,314	–	–	1,314
Balance at 31 December 2021	**612,233**	**(419,678)**	**(58,534)**	**134,021**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

For the half-year ended 31 December 2021

	Note	Consolidated half-year ended	
		31 December 2021 $'000	31 December 2020 $'000
Cash flows from operating activities			
Interest income received		73,241	48,364
Other income received		6,133	3,286
Interest paid		(12,013)	(8,685)
Payments to suppliers and employees		(42,007)	(33,286)
Income tax refunded		–	425
JobKeeper payments received		–	2,936
Net cash from operating activities		25,354	13,040
Cash flows from investing activities			
Net (increase)/decrease in loans advanced to customers		(102,616)	19,449
Payments for intangibles		(7,110)	(1,908)
Net cash (used in)/from investing activities		(109,726)	17,541
Cash flows from financing activities			
Proceeds from borrowings		250,031	69,421
Repayment of borrowings		(135,726)	(98,505)
Principal repayment of lease liabilities		(1,143)	(965)
Proceeds from exercise of share options	23	1,314	17
Payments for share repurchase		–	(5)
Net cash from/(used in) financing activities		114,476	(30,037)
Net increase in cash and cash equivalents		30,104	544
Cash and cash equivalents at the beginning of the financial half-year		80,377	110,319
Cash and cash equivalents at the end of the financial half-year		110,481	110,863

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2021

1. Significant accounting policies

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

The financial statements cover Prospa Group Limited as a Group consisting of Prospa Group Limited and the entities it controlled at the end of, or during, the half-year.

The principal accounting policies adopted are consistent with those of the previous period.

Basis of preparation

These financial statements cover Prospa Group Limited as a consolidated entity and incorporate the assets and liabilities of all subsidiaries of Prospa Group Limited (the "Company" or "parent entity") as at 31 December 2021 and the results of all subsidiaries and trusts for the half-year then ended. Prospa Group Limited and its subsidiaries and trusts together are referred to in these financial statements as the "Group" or "Prospa".

These interim financial statements do not include all the notes of the type normally included within the annual financial statements. Accordingly, they cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial statements ("Annual Financial Report"). It is recommended that the interim financial statements be read in conjunction with the Group's Annual Financial Report for the year ended 30 June 2021 and considered together with any public announcements made by the Group during the half-year ended 31 December 2021 and up to the date of this report.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of certain financial instruments and loans and other receivables are measured at amortised cost.

The financial statements are presented in Australian dollars, Prospa's functional and presentation currency.

Comparatives are consistently presented with current period disclosures.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Going concern

The financial statements of the Group have been prepared on a going concern basis. The Board of Directors have assessed the Group's ability to continue as a going concern and are satisfied the Group has the resources to continue for the foreseeable future and pay debts as they fall due.

In making this assessment, the Group has considered the following key factors:

- Budget and cash flow forecasts have been prepared, that extend beyond 28 February 2023. These demonstrate the Group will have access to sufficient liquid resources to meet forecast operational expenditure and loan originations over that period;
- The Group has access to unrestricted cash of $62.4 million as at 31 December 2021 (30 June 2021: $39.8 million); and
- The Group has $580.7 million in available third-party facilities at 31 December 2021 (30 June 2021: $458.6 million) including unused facilities of $105.1 million at 31 December 2021 (30 June 2021: $97.2 million).

Management and the Board are satisfied the Group will continue as a going concern. This conclusion is based on the items described above, including sufficient cash headroom, the ongoing support of the Group's funding partners, and the actions taken during the calendar year ended 31 December 2021 to reduce operating expenses.

Impact of COVID-19

The emergence of the COVID-19 pandemic during 2020 had a significant economic impact as many restrictions were imposed on both individuals and businesses to limit the spread of the virus. The impact of the pandemic has resulted in increased uncertainty and judgement in relation to critical accounting assumptions and estimates. Whilst the specific areas of judgement noted under critical accounting estimates in Note 2 will not change, the impact of COVID-19 has resulted in the application of further judgement within some of the areas identified.

The Group has assessed the effects of COVID-19 in preparing its financial statements and sets out the key financial statement areas impacted below.

Expected credit loss ("ECL")

The impact of the COVID-19 pandemic on the Group's expected credit loss estimates is disclosed and further explained in Note 11.

Coronavirus SME Guarantee Scheme

The Group is an approved Participating Lender to the current Coronavirus SME Guarantee Scheme. Under this scheme, the Group has a Government-backed guarantee of 50% against the outstanding balance on eligible products.

Business Finance Guarantee Scheme

In addition, the Group is an approved Lender to the New Zealand Government's Business Finance Guarantee Scheme ("BFGS"). Under the BFGS, the Group has a Government-backed guarantee of up to 80% against the outstanding balance of eligible products.

ECLs in relation to eligible products under these schemes are calculated using the methodology outlined in Note 11 and where appropriate, are reduced to reflect the component covered by the Guaranteed portion.

AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*

JobKeeper Payment

In March 2020, the Government announced a temporary wage subsidy program to support businesses affected by COVID-19. The Group was an eligible recipient of JobKeeper and JobKeeper extension 1 and received the subsidy during the year ended 30 June 2021. The subsidy was recognised in profit or loss by reducing employee expenses and reducing capital expenditure where eligible employee expenses are treated as an addition to software development (Note 15) according to AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. For the half-year ended 31 December 2021, the Group recorded $nil benefit under the JobKeeper Payment scheme (half-year ended 31 December 2020: $3.2 million). For the half-year ended 31 December 2020, this was reflected in the financial statements by reducing employee expenses by $2.7 million and reducing additions to software development by $0.5 million to reflect the benefits of the scheme received and receivable. No other government support was received in the six-month period to 31 December 2021.

Adoption of new and revised Accounting Standards

There were no applicable new and amended accounting standards, which were effective as of 1 July 2021.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the use of judgements, estimates and assumptions, which, by definition, will seldom equal the actual results.

Judgements, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent reporting periods are discussed below.

Revenue recognition

The Group recognises revenue on loan receivables using the effective interest rate method (in accordance with AASB 9), based on estimated future cash receipts over the expected life of the financial asset. In making its judgement of the timing and amount of estimated future cashflows and expected life of the loan receivables balance, the Group has considered the historical repayment pattern of the loan receivables on a product portfolio basis.

These estimates require judgement and are reviewed on an ongoing basis. Where required, appropriate adjustments to recognition of revenue will be made in future reporting periods.

Allowance for expected credit losses

The allowance for ECL assessment requires a degree of estimation and judgement and is modelled using assumptions concerning the ECL, including the evaluation of significant increases in credit risk since initial recognition, recent loss experience, historical collection rates and forward-looking information and assessment of default. In the prior and current periods, the Group also considered the impact of COVID-19 in measuring ECL. The actual credit losses in future years may be higher or lower.

Allowance for expected credit losses is further discussed in Note 11.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date they are granted, the probability of both market and non-market conditions being met and the likelihood of employees meeting tenure conditions.

The fair value is determined by using either the Monte Carlo simulation approach or the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Share-based payments are further discussed in Note 23.

Recovery of deferred tax assets

Deferred tax assets are recognised for temporary deductible differences and unused tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Group assesses the extent to which deferred tax assets will be recoverable in the short term by comparing forecast taxable profits to existing deferred tax assets and unused tax losses.

Deferred tax assets are further discussed in Note 9.

Impairment of non-financial assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Consistent with the Group's accounting policies and relevant Australian Accounting Standards, the Group has considered impairment indicators arising as of 31 December 2021. No impairment indicators were identified.

3. Operating segments

The Group's operations consist primarily of the provision of loans to small businesses in Australia and New Zealand. The Group has considered the requirements of AASB 8 *Operating Segments* and assessed that the Group has one operating segment, representing the consolidated results, as this is the only segment that meets the requirements of AASB 8.

4. Interest income

	Consolidated half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Interest income on lending portfolio	71,959	52,733
Transaction costs (amortisation of transaction costs in line with the effective interest rate method)	(5,246)	(3,585)
	66,713	49,148

5. Other income

	Consolidated half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Fee income	6,480	2,941
Bank interest	35	81
	6,515	3,022

Fee income is comprised of late fees (recognised for services transferred at a point in time) and subscription fees (recognised for services transferred over time).

6. Interest expense

The total interest expense, as calculated using the effective interest rate method, is set out below:

	Consolidated half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Funding costs	11,172	8,146
Interest on lease liabilities	173	248
	11,345	8,394

Interest on lease liabilities is recognised in accordance with AASB 16 *Leases*.

7. Loan Impairment expense

The loan impairment expense reported in the statement of profit or loss and other comprehensive income is comprised of the following key items.

	Consolidated half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Receivables written-off during the half-year as bad debts	22,650	17,507
Net movement in provision	(290)	(5,906)
Recoveries	(7,552)	(634)
Difference due to exchange rate variance	(69)	(65)
	14,739	10,902

8. Expenditure

Employee Expenses

	Consolidated half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Employee expenses	21,117	19,144
JobKeeper benefit	–	(2,678)
	21,117	16,466

Operating Expenses

	Consolidated half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
General and administration expense	5,391	5,026
Sales and marketing expense	7,543	4,633
IT expense	3,648	2,817
	16,582	12,476

9. Income tax

	Consolidated half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Amounts recognised in profit or loss		
Current tax		
Current year	(32)	172
Adjustment recognised for prior periods	–	–
Deferred tax		
Origination and reversal of temporary differences	(496)	844
Adjustment recognised for prior periods	–	–
Aggregate income tax (benefit)/expense	**(528)**	**1,016**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	4,867	(2,227)
Tax at the statutory tax rate of 30%	1,460	(668)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	13	11
Share-based payments	373	972
Other non-deductible/(taxable) items	110	(14)
Previously unrecognised deferred tax assets brought to account	(337)	(734)
Deferred tax assets not brought to account – unused losses	–	1,449
Application of carried forward tax losses	(2,147)	–
Income tax (benefit)/expense	**(528)**	**1,016**
Amounts credited directly to equity		
Current income tax related to foreign currency translation	146	–
Deferred tax related to cashflow hedge	236	–
Deferred tax related to cost of hedging	340	–
Total Income tax related to items credited directly to equity	**722**	**–**

Deferred tax assets relating to unused losses and temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The Group has considered the extent to which its unused tax losses will be recoverable in the short term. Based on this review, it was determined that a deferred tax asset shall not be recognised in relation to the Group's unused tax losses. As at 31 December 2021, the Group has cumulative unused tax losses of $15.1 million (30 June 2021: $22.3 million), equating to a future tax benefit of $4.5 million (30 June 2021: $6.7 million).

10. Cash and cash equivalents

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Cash and cash equivalents – unrestricted	62,400	39,757
Cash and cash equivalents – restricted	48,081	40,620
	110,481	80,377

Restricted cash is held by the Securitisation Trusts and whilst the cash held in the Securitisation Trust is not available to settle the liabilities of the Group, it is available to:

- Purchase further receivables originated by the Group at any time (i.e., recycle cash);
- Pay down the warehouse facility in the relevant trust; and
- Distribute each month any excess income to the residual income unit holder after paying interest and fee expenses.

11. Loan receivables

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Current		
Loan receivables	122,658	188,290
Less: Allowance for expected credit losses	(7,964)	(14,856)
	114,694	173,434
Non-current		
Loan receivables	391,923	238,835
Less: Allowance for expected credit losses	(25,446)	(18,844)
	366,477	219,991
Total		
Loan receivables	514,581	427,125
Less: Allowance for expected credit losses	(33,410)	(33,700)
	481,171	393,425

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk for the Group is concentrated in loan receivables.

The Group provides short term loans to companies in the small business sector and has a framework and supporting policies for managing credit risk associated with its lending activities. The framework and policies encompass all stages of the credit cycle – origination, evaluation, approval, documentation, settlement, ongoing administration and collection activities. The Group has established criteria for making lending decisions, which can vary by industry segment, past credit performance and loan purpose. When establishing credit risk appetite and ongoing monitoring of exposure to credit risk, the Group focuses on key financial risk ratios, including interest coverage, debt serviceability and balance sheet structure.

When providing finance, the Group obtains security by way of personal guarantees from the borrower's directors if the borrower is a company. If the global exposure limit of the customer is greater than $150,000, the Group will also obtain a charge over assets from the borrower and guarantor. For loan receivables greater than $10,000 where the account exceeds 30 days past due, a caveat may be lodged against the guarantor.

The Group is an approved Participating Lender to the current Coronavirus SME Guarantee Scheme in Australia. Under this Scheme, the Group has a Government-backed guarantee of 50% against the outstanding balance of eligible products. As at 31 December 2021, loan receivables under the Scheme of $0.8 million were credit-impaired (30 June 2021: $1.6 million).

In addition, the Group is an approved Lender to the New Zealand Government's Business Finance Guarantee Scheme ("BFGS"). Under the BFGS, the Group has a Government-backed guarantee of up to 80% against the outstanding balance of eligible products. As at 31 December 2021, loan receivables under the BFGS of $nil were credit-impaired (30 June 2021: $nil).

The associated Expected Credit Loss ("ECL") for these products is adjusted to reflect the guaranteed portion of the outstanding receivable.

The maximum exposure to credit risk at the reporting date to financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group has credit commitments of $79.2 million as at 31 December 2021 in undrawn Line of Credit facilities (30 June 2021: $64.6 million). The ECL in relation to these undrawn facilities is $2.0 million as at 31 December 2021 (30 June 2021: $0.9 million).

The Group's customers are grouped into categories of similar risk using two proprietary categories of Premium and Non-premium, with Premium including customers with lower credit risk. These categories are created by analysing similar risk characteristics that have historically predicted when an account is likely to go into default. Customers grouped according to these predictive characteristics are assigned a Probability of Default ("PD") and a Loss Given Default ("LGD") relative to their category. The credit quality of these categories is based on a combination of behavioural factors, delinquency trends and PD estimates.

Model stages

Under AASB 9, a three-stage approach is applied to measuring expected credit losses based on credit migration between the stages.

Stage 1	Financial assets that have not had a significant increase in credit risk since initial recognition. For these assets, 12 months of expected credit losses are recognised. There is a rebuttable presumption that stage 1 assets comprise loans less than or equal to 30 days past due.
Stage 2	Financial assets that have experienced a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised.
Stage 3	Financial assets that have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised.

The following tables summarise loan receivables by stage and by risk category.

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Premium – 31 December 2021				
Loan receivables	220,471	8,842	2,024	231,337
Allowance for expected credit losses	(6,194)	(658)	(1,368)	(8,220)
	214,277	**8,184**	**656**	**223,117**
Non-premium – 31 December 2021				
Loan receivables	250,767	21,949	10,528	283,244
Allowance for expected credit losses	(12,877)	(4,722)	(7,591)	(25,190)
	237,890	**17,227**	**2,937**	**258,054**
Total – 31 December 2021				
Loan receivables	471,227	30,802	12,552	514,581
Allowance for expected credit losses	(19,071)	(5,380)	(8,959)	(33,410)
	452,156	**25,422**	**3,593**	**481,171**

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Premium – 30 June 2021				
Loan receivables	172,581	3,895	3,091	179,567
Allowance for expected credit losses	(5,265)	(973)	(2,300)	(8,538)
	167,316	**2,922**	**791**	**171,029**
Non-premium – 30 June 2021				
Loan receivables	220,535	15,231	11,792	247,558
Allowance for expected credit losses	(12,178)	(5,035)	(7,949)	(25,162)
	208,357	**10,196**	**3,843**	**222,396**
Total – 30 June 2021				
Loan receivables	393,116	19,126	14,883	427,125
Allowance for expected credit losses	(17,443)	(6,008)	(10,249)	(33,700)
	375,673	**13,118**	**4,634**	**393,425**

The following tables illustrate the movement in loan receivables.

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Opening loan receivable balance (1 July 2021)	393,116	19,126	14,883	427,125
Transfers				
Transfers from Stage 1 to Stage 2	(27,669)	27,669	-	–
Transfers from Stage 1 to Stage 3	(11,262)	-	11,262	–
Transfers from Stage 2 to Stage 1	1,022	(1,022)	-	–
Transfers from Stage 2 to Stage 3	-	(9,021)	9,021	–
Transfers from Stage 3 to Stage 1	99	-	(99)	–
Transfers from Stage 3 to Stage 2	-	369	(369)	–
Repayments made	(225,347)	(6,699)	(22)	(232,068)
Loans originated	340,969	-	-	340,969
Net movement in accrued interest and fees	299	380	526	1,205
Receivables written off during the half-year as bad debts	-	–	(22,650)	(22,650)
Closing loan receivable balance (31 December 2021)	**471,227**	**30,802**	**12,552**	**514,581**

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Opening loan receivable balance (1 July 2020)	318,669	23,784	31,229	373,682
Transfers				
Transfers from Stage 1 to Stage 2	(18,824)	18,824	–	–
Transfers from Stage 1 to Stage 3	(20,067)	–	20,067	–
Transfers from Stage 2 to Stage 1	1,528	(1,528)	–	–
Transfers from Stage 2 to Stage 3	–	(7,307)	7,307	–
Transfers from Stage 3 to Stage 1	22	–	(22)	–
Transfers from Stage 3 to Stage 2	–	16	(16)	–
Repayments made	(362,635)	(14,698)	(3,264)	(380,597)
Loans originated	472,675	–	–	472,675
Net movement in accrued interest and fees	1,748	35	(50)	1,733
Receivables written off during the year as bad debts	–	–	(40,368)	(40,368)
Closing loan receivable balance (30 June 2021)	**393,116**	**19,126**	**14,883**	**427,125**

Allowance for expected credit loss

Credit risk arising from the financial assets of the Group is limited to the carrying value of cash and cash equivalents, loan receivables and financial derivatives. The Group's maximum exposure to credit risk, excluding the value of any collateral or other security at balance sheet date, is the carrying amount disclosed in the consolidated statement of financial position and notes to the financial statements plus any undrawn customer facilities. The Group's credit risk on cash and cash equivalents is limited and has been determined not to be material. The counterparties are major Australian and international banks with favourable credit ratings assigned by international credit rating agencies.

Loan receivable balances and portfolio performance are monitored on an ongoing basis. The Group establishes an allowance for loan impairment that represents its estimate of expected future losses in respect of loan receivables.

The movement in the Group's allowance for expected credit losses is detailed below.

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Opening allowance for expected credit losses (1 July 2021)	17,443	6,008	10,249	33,700
Transfers				
Transfer from Stage 1 to Stage 2	(815)	815	–	–
Transfer from Stage 1 to Stage 3	(332)	–	332	–
Transfer from Stage 2 to Stage 1	167	(167)	–	–
Transfer from Stage 2 to Stage 3	–	(1,476)	1,476	–
Transfer from Stage 3 to Stage 1	69	–	(69)	–
Transfer from Stage 3 to Stage 2	–	260	(260)	–
Provisions recognised during the half-year in profit or loss	2,539	(60)	19,881	22,360
Receivables written off during the half-year as bad debts	–	–	(22,650)	(22,650)
Closing allowance for expected credit losses (31 December 2021)	**19,071**	**5,380**	**8,959**	**33,410**

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Opening allowance for expected credit losses (1 July 2020)	19,400	6,146	15,898	41,444
Transfer from Stage 1 to Stage 2	(553)	553	–	–
Transfer from Stage 1 to Stage 3	(589)	–	589	–
Transfer from Stage 2 to Stage 1	457	(457)	–	–
Transfer from Stage 2 to Stage 3	–	(2,186)	2,186	–
Transfer from Stage 3 to Stage 1	15	–	(15)	–
Transfer from Stage 3 to Stage 2	–	11	(11)	–
Provisions recognised during the year in profit or loss	(1,287)	1,941	31,970	32,624
Receivables written off during the year as bad debts	–	–	(40,368)	(40,368)
Closing allowance for expected credit losses (30 June 2021)	**17,443**	**6,008**	**10,249**	**33,700**

The allowance for expected credit losses for loan receivables as a percentage of receivables has decreased from 7.9% of the gross receivables balance as at 30 June 2021 to 6.5% as at 31 December 2021.

Measurement of expected credit loss

The Group uses a three-stage approach ECL model to calculate expected credit losses for loan receivables. The ECL is measured by calculating the probability-weighted estimates of cash shortfalls over the expected life of the instrument.

The expected credit loss model considers three main parameters, which are:

- Probability of default ("PD"): the likelihood that a customer will default over a given time frame;
- Loss given default ("LGD"): the magnitude of the expected credit loss in the event of default; and
- Exposure at default ("EAD"): the estimated outstanding balance of the loan receivable at the time of default.

Internally developed statistical models are used to derive these parameters based on historical portfolio information. The measurement of expected credit losses is a function of the probability of default, the loss given default and the exposure at default.

PD is calculated by assessing the probability of loan receivables progressing through successive stages of delinquency through to write-off. The LGD is estimated using historical loss rates as adjusted for relevant and supportable factors for individual exposures, such as the customer's credit rating. EAD is modelled as a regression problem, using only contracts that have defaulted and is calculated using the credit conversion factor.

Various other factors and forward-looking information are considered when calculating PD, LGD and EAD. Considerations include the potential for default due to economic conditions (for example, COVID-19) and the credit quality of the loan receivable.

Expected life

In considering the lifetime time frame for expected credit losses in stages 2 and 3, the standard generally requires use of the remaining contractual life adjusted where appropriate for prepayments, extension and other options. For revolving lines of credit that include both a drawn and undrawn component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to the contractual notice period. For these facilities, estimated lifetime is based on historical behaviour.

Significant Increase in Credit Risk ("SICR")

The Group considers a combination of qualitative and quantitative information when assessing whether a financial instrument has experienced a significant increase in credit risk. This includes:

- Loan receivables that are greater than 30 days past due (Stage 1 to Stage 2 transfer); and
- Collection status. For example, loan receivables with modified repayment terms, such as temporary full or partial payment deferrals or restructured loans (Stage 1 to Stage 2 transfer).

Credit-impaired financial assets (Stage 3)

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- A breach of contract, such as default or being more than 90 days past due;
- Significant financial difficulty of the customer; or
- It is probable that the customer will enter bankruptcy, liquidation or other financial re-organisation.

Included in gross loan receivables as at 31 December 2021 is $36.4 million (30 June 2021: $29.0 million) related to COVID-19 loans previously deferred. Of that, $5.6 million are credit-impaired (30 June 2021: $7.6 million). Prospa continues to work with those remaining customers on a case-by-case basis through the Company's standard collections process. Expected losses from this group are adequately covered within the Group's allowance for expected credit losses.

Macroeconomic scenarios

Expected credit losses are a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Group has a process for incorporating forward-looking economic scenarios and determining the probability weightings assigned to each scenario in determining the overall ECL. The Group prepared a base, upside and downside scenario based on economic variables relevant to the respective jurisdictions of the customer, either Australia or New Zealand. Further information on each of these scenarios is described below. The Group has incorporated this into the overall allowance for expected credit losses using an economic overlay described in more detail below.

Economic overlay

In addition to the standard modelled provision as at 31 December 2021 of 5.4% (30 June 2021: 6.4%), the Group has set aside an economic overlay of 1.1% (30 June 2021: 1.5%) as a forward-looking provision to arrive at a total expected credit loss as a percentage of receivables of 6.5% (30 June 2021: 7.9%).

The total forward looking provision is determined by performing economic stress testing on the Group's customer base. In making this assessment, the loan receivables portfolio was segmented into different risk categories against which the customer's capacity to pay and the expected recovery period could be assessed.

At a macroeconomic level, the economies in Australia and New Zealand are recovering well from lockdowns, gross domestic product is forecast to return to its pre-pandemic trend in 2023, and consumer price inflation has increased. Furthermore, interstate and international borders are open or are planning to open. As such, the Group has updated its scenarios; removing the reliance on a national lockdown downside scenario and using a high inflation, high consumption upside scenario, and low inflation, low consumption downside scenario.

In addition to the PD, LGD and EAD inputs described above, a range of other observable data points including but not limited to credit risk grade, recent dishonours, days past due, total arrears, Equifax Individual Report score and industry classification were captured in the Group's assessment. To the observed default data, consideration of forward-looking economic information is applied so as to appropriately reflect the difference between economic conditions over the period of historic observation, current economic conditions and the Group's view of economic conditions over the expected lives of the receivables.

The resulting model provides an analysis of expected credit losses under three alternative macroeconomic scenarios. In arriving at the reported economic overlay, a probability-weighted outcome of each macroeconomic scenario was considered by the Group.

The definitions of each scenario and the weighting applied have been revised from 30 June 2021 as more recent data became available. The definitions of forward-looking economic scenarios as at 30 June 2021 have been updated to reflect the current economy whilst also forming a basis for future stress testing. The following tables provide an overview of the scenarios considered at 31 December 2021 and 30 June 2021.

31 December 2021

Scenario	Weighting	Expectation
Upside	5%	This scenario reflects an economy with stronger household consumption and higher inflation driven by stronger wealth effects and reduced uncertainty related to positive health outcomes.
Baseline	80%	This scenario is considered the most likely macroeconomic outcome. The baseline scenario contemplates that inflationary pressures will persist for the next twelve months due to strong demand and ongoing capacity constraints and return to levels consistent with targets beyond that horizon. This assumes gross domestic product is forecast to return to its pre-pandemic trend in 2023.
Downside	15%	This scenario is the most conservative and reflects the less likely but more severe negative macroeconomic conditions of lower inflation and lower household consumption, leading to lower economic activity.

30 June 2021

Scenario	Weighting	Expectation
Upside	5%	This scenario reflects an economy that has recovered to pre-COVID-19 levels, for example international and domestic borders have opened, and supply chains are back to normal.
Baseline	70%	This scenario is considered the most likely macroeconomic outcome. The baseline scenario contemplates that business performance (bench-marked against revenue performance) continues to operate at the most current stable level. This assumes that recoveries remain stabilised for most businesses and select locations and that no material Government imposed restrictions are introduced.
Downside	25%	This scenario is the most conservative and is included to consider the impact of less likely but more severe negative macroeconomic conditions.

Write-off policy

The Group writes off loan receivables in whole or in part when there is no longer any reasonable expectation of recovery. Indicators that there is no longer a reasonable expectation of recovery include when the loan is more than 180 days past due or where enforcement activity has ceased due to significant deterioration in collection status, for example, customers impacted by bankruptcy or liquidation. The Group's expectation of recovery was reassessed during the year ended 30 June 2021 which resulted in a stricter and more timely application of the policy.

During the half-year ended 31 December 2021, loan receivables of $6.2 million (30 June 2021: $4.7 million) were written off but remain subject to enforcement activity by the Group.

Loan receivables classification

The portfolio of loan receivables to which the Group is exposed is well diversified across industries, geographies, and customers. Therefore, the Group does not have material credit risk exposure to any single debtor or group of debtors under the loan portfolio contracts entered into by the Group.

The following table provides an analysis of the Group's loan receivables by Prospa defined industry classification.

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Art and Lifestyle	9,239	7,906
Building and Trade	119,853	94,698
Financial Services	15,303	12,680
Hair and Beauty	14,469	12,511
Health	14,554	11,171
Hospitality	68,488	63,700
Manufacturing	30,565	25,744
Professional Services	90,759	74,221
Retail	92,648	76,216
Transport	16,264	13,423
Wholesale	34,535	28,785
Other	7,904	6,070
	514,581	**427,125**

The Group's loan receivables can also be analysed by geography as follows.

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Australian Capital Territory	6,898	5,822
New South Wales	133,623	121,476
Northern Territory	4,952	4,877
Queensland	98,766	79,078
South Australia	33,935	25,607
Tasmania	7,121	5,641
Victoria	101,815	84,566
Western Australia	43,931	34,162
New Zealand	83,540	65,896
	514,581	**427,125**

Modification of financial assets

The Group sometimes modifies the contractual agreement in respect of loan receivables provided to customers due to commercial renegotiations, or for financially distressed customers, to maximise recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. The Group has assessed loans restructured during the period and determined that no material modification gain or loss arose.

12. Other financial assets

Accounting policy

The Group seeks to minimise the effects of interest rate risks by using derivative financial instruments to hedge risk exposures. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain hedging instruments, which includes derivatives in respect of interest rate risk, as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge value is largely reflective of the hedged item.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e., excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. As the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss, in the same line as the recognised hedged item.

Cost of hedging

The cost of hedging reflects the gain or loss on the portion excluded from the designated hedging instrument that relates to the time value option of the interest rate cap contract. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses on cash flow hedges.

Hedge accounting is discontinued when:

- the Group revokes the hedging relationship;
- the hedging instrument expires or is sold, terminated, or exercised; or
- the Group no longer qualifies for hedge accounting.

Any cumulative gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

See Note 16 for further details on interest rate cap contracts.

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Derivative financial asset – Interest rate cap	1,920	–

The fair value of the interest rate cap was determined based on the regression analysis valuation technique and is classified under level 2 fair value hierarchy.

13. Property, plant and equipment

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Plant and equipment – at cost	4,457	4,457
Less: Accumulated depreciation	(4,101)	(3,729)
	356	728

14. Leases

Amounts recognised in the consolidated statement of financial position

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Right-of-use assets		
At cost	13,854	8,802
Less: accumulated depreciation	(4,890)	(3,843)
	8,964	4,959
Lease liabilities		
Current	2,357	2,375
Non-current	8,284	4,357
	10,641	6,732

In October 2021, the Group entered into a lease modification on the current Head Office premises resulting in a revised incremental borrowing rate of 2.7%, and revised term of 4 years. This resulted in a $5.1 million adjustment to the right-of-use asset and lease liability.

Amounts recognised in profit or loss

	Consolidated half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Depreciation		
Right-of-use-assets	1,046	948
Interest expense		
Interest on lease liabilities	173	248

15. Intangible assets

Capitalised costs are predominantly incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate. The increase in software development in the half-year relates to the Group's increased investment in technology and new products.

	Consolidated	
	31 December 2021 $'000	**30 June 2021 $'000**
Website – at cost	820	820
Less: Accumulated amortisation	(820)	(813)
	–	7
Software acquired – at cost	394	394
Less: Accumulated amortisation	(394)	(378)
	–	16
Software development (in-house) – at cost	25,937	18,827
Less: Accumulated amortisation	(13,604)	(11,637)
	12,333	7,190
	12,333	**7,213**

16. Borrowings

The Group's business operations are funded by a combination of securitisation trust notes (warehouse facilities and term facilities), cash and contributed equity.

	Consolidated	
	31 December 2021 $'000	**30 June 2021 $'000**
Current		
Securitisation trust notes	36,969	47,430
Add: interest payable on trusts	278	171
Less: unamortised transaction costs on trusts	(856)	(1,048)
	36,391	46,553
Non-current		
Securitisation trust notes	438,668	313,902
Less: unamortised transaction costs on trusts	(1,437)	(566)
	437,231	313,336
Total borrowings	**473,622**	**359,889**

The movement in the Group's borrowings during the half-year is further analysed below.

	30 June 2021	Cash flows	Non-cash movements	31 December 2021
Securitisation trust notes	361,332	114,305	–	475,637
Add: interest payable on trusts	171	–	107	278
Less: unamortised transaction costs on trusts	(1,614)	(1,517)	838	(2,293)
	359,889	**112,788**	**945**	**473,622**

	30 June 2020	Cash flows	Non-cash movements	31 December 2020
Securitisation trust notes	328,845	(29,084)	–	299,761
Add: interest payable on trusts	50	–	60	110
Less: unamortised transaction costs on trusts	(2,106)	(367)	552	(1,921)
	326,789	**(29,451)**	**612**	**297,950**

Non-cash movements relate to the amortisation of transaction costs on trusts. In accordance with the effective interest rate method, the cash flow in relation to the initial expenditure is captured within interest and other finance costs paid within the condensed consolidated statement of cash flows and the condensed consolidated statement of profit or loss.

The amounts due and payable on the secured debt facilities within the next 12 months are disclosed as current based on the amortisation profile of the underlying loan receivables.

Securitisation trust notes

As at 31 December 2021, the Group had seven securitisation warehouses, and one Term ABS with a twelve-month revolving feature in place, as a part of its Asset-Backed securitisation program. The Group regularly sells its loan receivables to these securitisation trust warehouses and the ABS. The trusts are consolidated as the Group:

i. Is exposed to, or has rights to, variable equity returns in its capacity as the residual unit holder (or beneficiary as the case may be) of these trusts;

ii. in its capacity as the originator of loan receivables and the servicer of these loans on behalf of the trusts, can impact the variable returns; and

iii. is the sole subscriber to the Seller Notes issued by the trusts. These Seller Notes go towards maintaining the minimum equity contribution subordination buffer and funding non-conforming receivables. In addition to the Seller Notes, the Group's asset-backed securitisation program includes multiple classes of Notes including Class A, Class B and Class C Notes that carry a floating interest rate. The notes are secured on a limited recourse basis on the receivables within the Trusts. The facilities under the program have different expiry dates ranging from March 2022 to December 2026. The Group is currently in discussions to roll-over the facility that expires in March 2022. Excluding this facility, there are adequate unused facilities available.

Key events which took place in relation to the Group's borrowings during the half-year ended 31 December 2021 are outlined below.

- On 30 August 2021, the Group established a new funding structure in New Zealand, the Prospa Kea Series 2021-2, to support the ongoing rapid growth of the New Zealand portfolio. Prospa Group Limited has a 100% interest in the Prospa Kea Series 2021-2.
- On 15 September 2021, Prospa established the PROSPArous Trust 2021-1, a $200 million Term ABS issuance in the public markets, secured on both Small Business Loans and Line of Credit products. This is the first public ABS issuance of its kind in Australia.

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings in relation to the securitisation warehouses is summarised below.

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Loan Receivables	487,710	399,916

The amount recognised above represents the carrying value of loan receivables held by the Group's Securitisation Trusts. This excludes loan receivables totalling $26.9 million held by Prospa Advance Pty Ltd as at 31 December 2021 (30 June 2021: $27.2 million) and represents the gross loan receivable before provisions for expected credit losses.

Financing arrangements

The Group had access to the following third-party facilities at the reporting date.

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Total facilities		
Securitisation trusts	580,711	458,550
Used		
Securitisation trusts	475,637	361,332
Unused		
Securitisation trusts	105,074	97,218

Funding costs

The borrowings related to trusts are linked to both fixed and floating interest rates. The weighted average funding cost for the half-year ended 31 December 2021 was 5.5% (31 December 2020: 5.4%).

Interest rate risk

The Group is exposed to interest rate risk because the Group borrows funds at both fixed and floating interest rates. The interest payable under the non-recourse funding arrangements are linked to variable Benchmark Rates (in Australia, either BBSW or BBSY and in New Zealand the Bank Bill Market ("BKBM") rate). The Group manages the risk where necessary using interest rate cap contracts held with other independent financial institutions with a credit rating of A3 or higher. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Interest rate cap

To reduce the risk of changing interest rates associated with the Group's borrowings, Prospa holds an interest rate cap contract. This derivative financial instrument is initially measured at fair value with changes in fair value recognised in other comprehensive income.

See Note 12 and Note 18 for further details.

Contract	Start Date	End Date	Principal	Hedging Ratio	Risk being hedged
Interest Rate Cap	15 September 2021	15 June 2024	190,000,000	1:1	Hedging movement in cash flow due to movement in Base interest rate.

17. Equity – issued capital

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 $'000	30 June 2021 $'000
Ordinary Shares – fully paid	163,131,914	162,926,570	612,233	610,919
Treasury Shares – fully paid	1,490,657	1,560,302	–	–
	164,622,571	164,486,872	612,233	610,919

Treasury shares

Where the Group reacquires its own equity instruments these are presented within Treasury Shares. These are recognised at cost and deducted from equity. Treasury shares are shares issued to the Employee Share Trust which are pending allocation under the Group's long-term incentive plan (Note 23). Treasury Shares may be transferred to an employee at such time as the employee exercises options or an employee's rights convert. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

18. Equity – reserves

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Foreign currency reserve	(39)	(250)
Share option reserve	11,261	10,019
Re-organisation reserve	(432,244)	(432,244)
Cash flow hedge reserve, net of tax	550	–
Cost of hedging reserve, net of tax	794	–
	(419,678)	(422,475)

Cash flow hedge reserve is shown net of tax expense of $0.2 million. Cost of hedging reserve is shown net of tax expense of $0.4 million. See Note 9 for further tax expense detail.

19. Fair value of financial instruments

Financial instruments recognised in the consolidated statement of financial position include cash, client receivables, payables, borrowings and derivatives.

The Group has considered all financial assets and liabilities that are not carried at fair value to determine whether the carrying value is an accurate reflection of fair value. The directors consider that due to the short-term nature and/or the variable rate arrangement of the borrowings, the carrying amounts of financial assets and financial liabilities are a reasonable approximation of their fair values.

20. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2021 or 30 June 2021.

21. Commitments

The following table summarises the operating lease commitments of the Group.

	Consolidated	
	31 December 2021 $'000	30 June 2021 $'000
Operating lease commitments – computer equipment		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	304	254
One to five years	351	238
Total minimum lease payments – computer equipment	655	492

22. Interests in subsidiaries

On 12 August 2021, Prospa announced the mandate for the PROSPArous Trust 2021-1, a $200 million Term ABS issuance in the public markets, including both Small Business Loans and Line of Credit products. This was established on 15 September 2021.

On 30 August 2021, the Group established a new funding structure in New Zealand, the Prospa Kea Series 2021-2, to support the ongoing rapid growth of the New Zealand portfolio. Prospa Group Limited has a 100% interest in the Prospa Kea Series 2021-2.

During the half-year ended 31 December 2021, the Group took the decision that the Prospa Trust Series 2015-1 would not be extended and closed out the series. The Trust's third-party notes were fully repaid on 15 September 2021. The termination deed of the Trust was effected on 11 November 2021.

23. Share-based payments

In 2018, Prospa established the Equity Incentive Plan Rules, under which the following plans were created - Executive Incentive Plan ("EIP"), an Employee Equity Plan ("EEP") and a Non-Executive Director Equity Plan ("NEDEP"). This supplemented the Group's existing long-term incentive plan ("LTIP").

In FY21, the Board commenced a review of the Group's remuneration strategy in light of the changed business and market circumstances since Prospa listed on the Australian Stock Exchange in 2019. A remuneration framework was developed that more appropriately aligns to shareholders, incentivises the firm's senior leaders, and builds on Prospa's strong employee shareholder culture.

During the reporting period ending 31 December 2021, the following changes were made following a review of Prospa's remuneration framework as detailed in the FY21 Annual Report:

- Share options were granted under the EIP (rather than Performance Rights); and
- The Employee LTI Plan ("ELP") was created under the Equity Incentive Plan Rules and offers of Performance Rights were made to certain employees.

Additionally, the Board determined to discontinue making offers under the EEP, and the legacy LTIP was suspended.

Total expense arising from share-based payment transactions for the half-year ended 31 December 2021 was $1.2 million (31 December 2020: $3.2 million).

Share options

LTIP

The LTIP enabled the Group to offer eligible employees options to subscribe for shares in the Company. The Group has previously provided Loan Shares to certain employees, which involve purchasing shares in the Company, funded by loans from the Company. However, since 2017, the Group has ceased to offer new Loan Shares, with existing loan shares now in runoff.

The LTIP requires the holder to remain in employment for options to vest. There are a number of key performance indicators covering both financial and non-financial measures.

During the half-year ended 31 December 2021:

- No options were granted under the LTIP;
- 4,099,405 options were cancelled or forfeited;
- 25,545 options were exercised and converted to shares for consideration of $0.02 million; and
- 186,017 options were exercised through net settlement with 44,100 converted shares.

During the year ended 30 June 2021:

- 500,000 options were granted with an exercise price ranging from $0.93 to $1.07;
- 2,606,052 options were cancelled or forfeited; and
- 420,773 options were exercised and converted to shares for consideration of $0.2 million.

EIP

The EIP was created to assist in the motivation, reward and retention of key employees and has been designed to align with the interests of Shareholders. The EIP requires the holder to remain in employment for options to vest and in some tranches has performance conditions subject to Absolute Total Shareholder Return over the vesting period.

During the half-year ended 31 December 2021:

- 5,467,903 options were granted with an exercise price ranging from $0.89 to $0.96;
- No options were cancelled or forfeited; and
- No options were exercised and converted to shares.

No rights or options were granted, exercised or forfeited under the EIP during the year ended 30 June 2021.

Performance rights

NEDEP

The NEDEP allows non-executive directors to acquire rights, in lieu of some of their cash Board fees. The NEDEP is not subject to any performance or service conditions, and the rights have an exercise price of $nil.

No rights were granted under the NEDEP during the half-year ended 31 December 2021 (30 June 2021: nil).

EEP

The EEP was created to assist in the motivation, reward and retention of employees who do not participate in the EIP.

Performance conditions in relation to these rights are determined by the Board and are linked to both Group and individual performance. These are tested over a one-year performance period, which is linked to the Company's annual and half-yearly reporting periods.

Following testing of the performance conditions and the end of the performance period, any rights that remain on foot will vest as follows.

- 50% after one year on the day following the release of the Company's full year audited results (or the day falling 6 months after, as applicable) for the relevant financial year: and
- 50% after one year on the day following the release of the Company's full year audited results (or the day falling 6 months after, as applicable) for the subsequent financial year.

Vesting is also subject to continued employment until vesting date.

Rights under the EEP are issued for nil consideration and have no exercise price. During the half-year ended 31 December 2021:

- 120,060 performance rights were granted; and
- 90,174 performance rights were cancelled or forfeited.

During the year ended 30 June 2021:

- 457,087 performance rights were granted; and
- 181,013 performance rights were cancelled or forfeited.

Details of performance rights granted under the EEP during the half-year ended 31 December 2021 are outlined below.

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
12/08/2019	n/a	n/a	276,719	–	(135,699)	(13,601)	127,419
13/01/2020	n/a	n/a	130,905	–	–	(29,120)	101,785
13/07/2020	n/a	n/a	155,177	–	–	(20,970)	134,207
15/03/2021	n/a	n/a	168,669	–	–	(22,195)	146,474
07/09/2021	n/a	n/a	–	120,060	–	(4,288)	115,772

Details of performance rights granted under the EEP during the year ended 30 June 2021 are outlined below.

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
12/08/2019	n/a	n/a	262,173	66,138	–	(51,592)	276,719
13/01/2020	n/a	n/a	193,223	–	–	(62,318)	130,905
13/07/2020	n/a	n/a	–	222,280	–	(67,103)	155,177
15/03/2021	n/a	n/a	–	168,669	–	–	168,669

ELP

The ELP was launched in October 2021 and replaces the EEP. Performance conditions in relation to these rights are determined by the Board and are linked to individual performance.

Following testing of the performance conditions and the end of the performance period, any rights that remain on foot will vest.

The following rights will convert to shares over a three-year period, vesting annually in thirds, subject to individual performance and continued employment.

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
22/10/2021	n/a	n/a	–	1,957,723	–	(62,480)	1,895,243

The following rights will convert to shares over a three-year period with 25% vesting after year 1, 25% vesting after 2 years and 50% vesting after 3 years, subject to individual performance and continued employment.

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
22/10/2021	n/a	n/a	–	3,260,437	–	(374,883)	2,885,554

No rights were granted, exercised or forfeited under the ELP during the year ended 30 June 2021.

24. Events after the reporting period

On 15 February 2022, the Board approved a share buy-back scheme of up to 10% of the Group's issued share capital to commence in 2H22. The buy-back is expected to remain in place for a period of up to twelve months.

Other than the proposed share buy-back, there has not been any matter or circumstance occurring subsequent to 31 December 2021 that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Directors' Declaration

For the half-year ended 31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Greg Moshal
Director and Chief Executive Officer

Gail Pemberton AO
Independent Director and Chairman

15 February 2022
Sydney

Auditor's Report

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We were able to help our suppliers with their payments that then inadvertently helped us continue our relationship with those top-quality suppliers to keep us moving forward.

Joshua Abou-chedid
Crazy Nona Pizza Pasta Bar, NSW, Australia

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the Directors of Prospa Group Limited

Conclusion

We have reviewed the half-year financial report of Prospa Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2021, the consolidated condensed statement of profit or loss and other comprehensive income, the consolidated condensed statement of cash flows and the consolidated condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 16 to 41.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DELOITTE TOUCHE TOHMATSU

Heather Baister
Partner
Chartered Accountants

Sydney, 15 February 2022

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Corporate Information

Company Secretary

Ms Nicole Johnschwager

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Share Registry

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680 George Street
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Telephone: 1300 554 474

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Stock Exchange (ASX). The Company was admitted to the official list of the ASX on 11 June 2019 (ASX: PGL).

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Solicitors

Herbert Smith Freehills
161 Castlereagh Street
Sydney NSW 2000

Website

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Prospa Group Limited
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