

**NEED IT. GET IT.**

**Zebit**<sup>TM</sup>

**FY20 RESULTS**

This presentation is authorised for release on the ASX by the Board | 26 February 2021

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*CEO Message*



*Business Overview*



*Operating Performance*



*Financial Overview*



*Growth Outlook*

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# Message From Co-founder And CEO, Marc Schneider



## Big Social Mission



- Break the cycle of debt from predatory product financing options impacting 120m U.S. consumers
- Become the most trusted and frequented eCommerce brand and credit solution

## Proven Operating Model



- Custom eCommerce and BNPL product offering
- Superior 6-month consumer credit solution with no hidden fees / penalties
- Proven differentiated credit underwriting
- Reward positive repayment behavior with increased credit
- Limited / negligible competition from legacy financiers / BNPL

## Compelling Investment Thesis



- Disrupt multibillion-dollar market
- Rapid penetration and growth
- Operating model with deep and defensible technology moats
- 4-year head start in proprietary credit risk modeling
- Capture large share of wallet with heavy repeat buying, lowering bad debts
- Long term founder / operators with track record of scaling businesses

# Zebit Presented An Aggressive Prospectus Forecast To Investors At IPO And Outperformed Along Key Metrics

Revenue

**US\$87.7m**

vs US\$82.2m forecast

✓ Beat Prospectus

Bad debt provision

**10.5%**

vs 14.9% forecast

✓ Beat Prospectus

Contribution margin

**15.8%**

vs 12.3% forecast

✓ Beat Prospectus

Ave. monthly spend

**US\$410**

vs US\$375 forecast

✓ Beat Prospectus

Cumulative registered  
users

**791k**

vs 807k forecast

✓ ~ in line forecast

EBITDA

**(US\$3.7m)**

vs (US\$7.6m) forecast

✓ Beat Prospectus



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# Zebit Is An Ecommerce Company Offering U.S. Credit-challenged Consumers A One-stop Shopping Experience Coupled With The Ability To Pay Over 6 Months

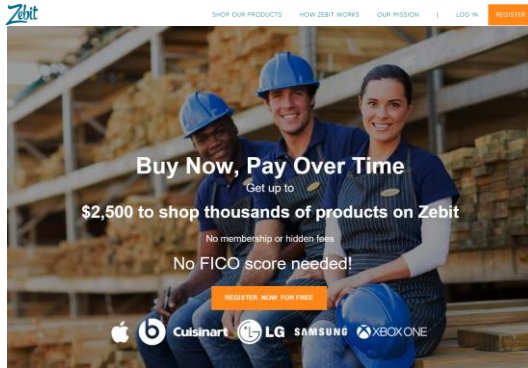
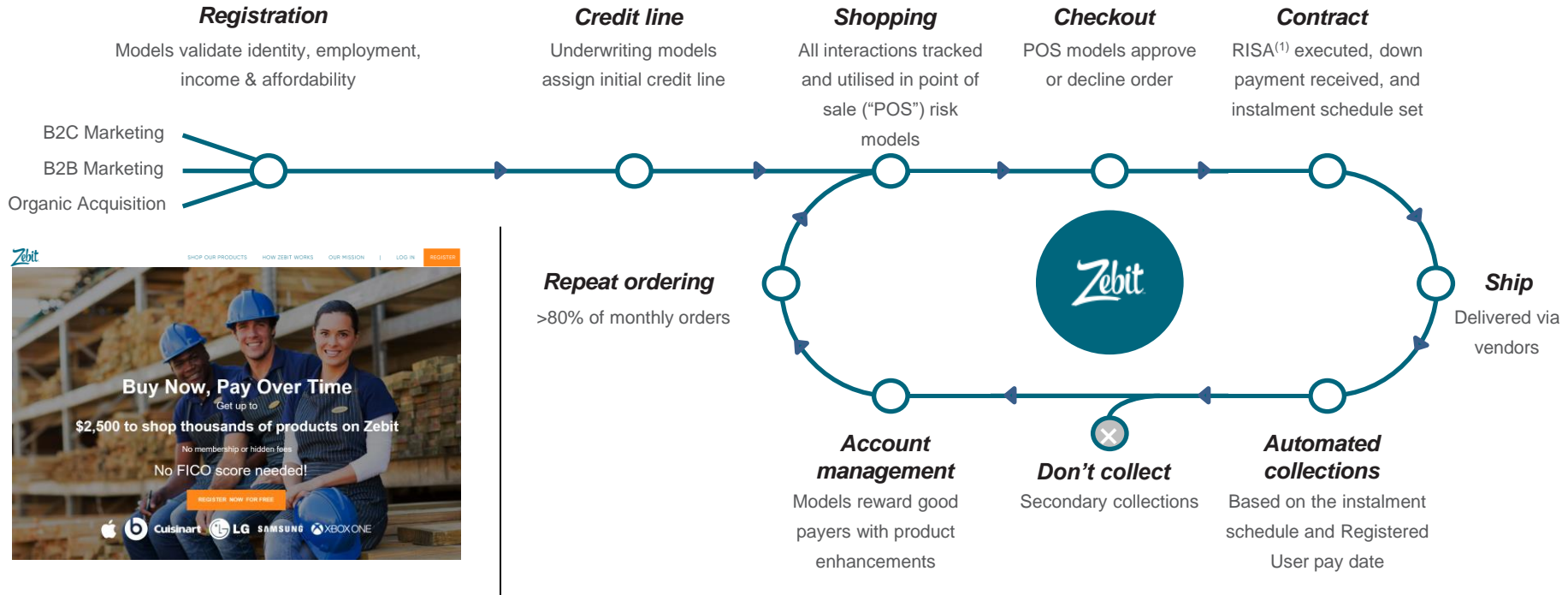
## Track Record of Sustained Growth and Operational Execution

- Founded in late 2015, launched in 2016, HQ in San Diego County, CA
- Raised ~US\$75M in equity capital
- Experienced team skilled in eCommerce, lending, credit risk, and disruptive market models
- History of growth and operational execution against forecast

## Massive U.S. Market Composed of Legacy Players and Ripe for Disruption

- ~47% of U.S. adults have an impaired or no credit score
- ~74% of the population lives paycheck-paycheck
- Multibillion dollar market comprised of ~120M consumers excluded from mainstream credit
- Limited competition other than high cost predatory product financing alternatives
- Industry is ripe for disruption

# Zebit Offers A Fast Online Registration To Shopping Experience With Multiple Risk Assessment Points And Real-time POS Underwriting

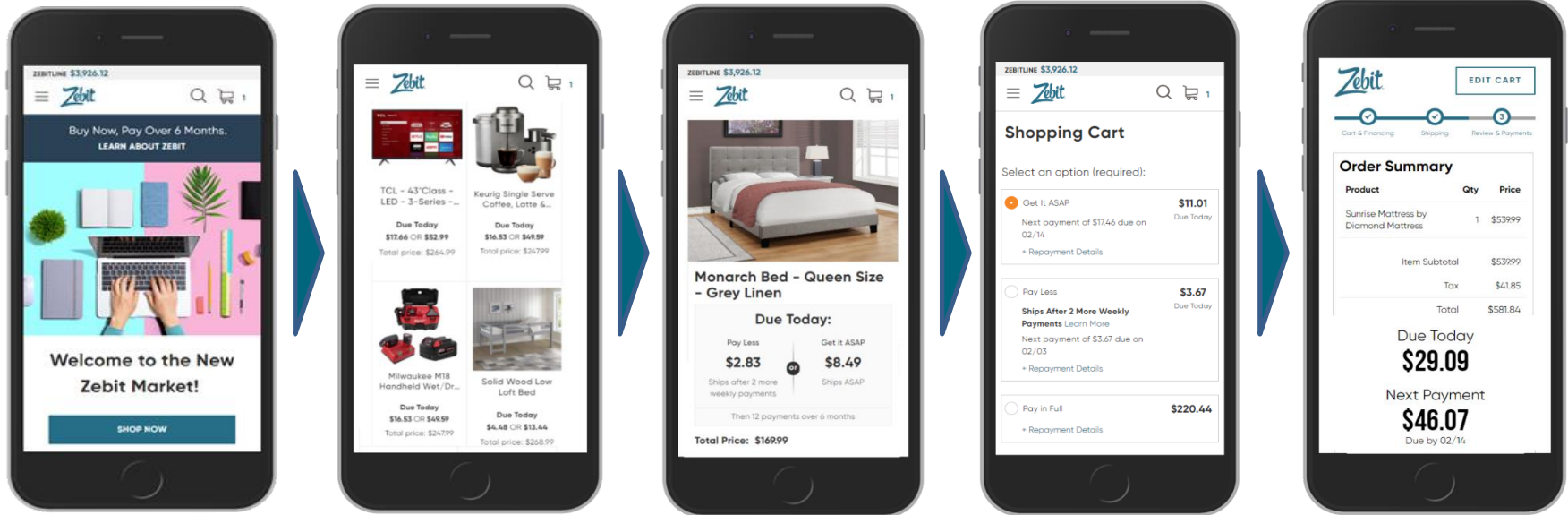


1. Retail instalment sales agreement ("RISA")



# Customers Shop Over 90,000 Active Products Across 25 Product Verticals, With 90%+ Customers Shopping By Mobile Device

## Fast online registration to shopping experience

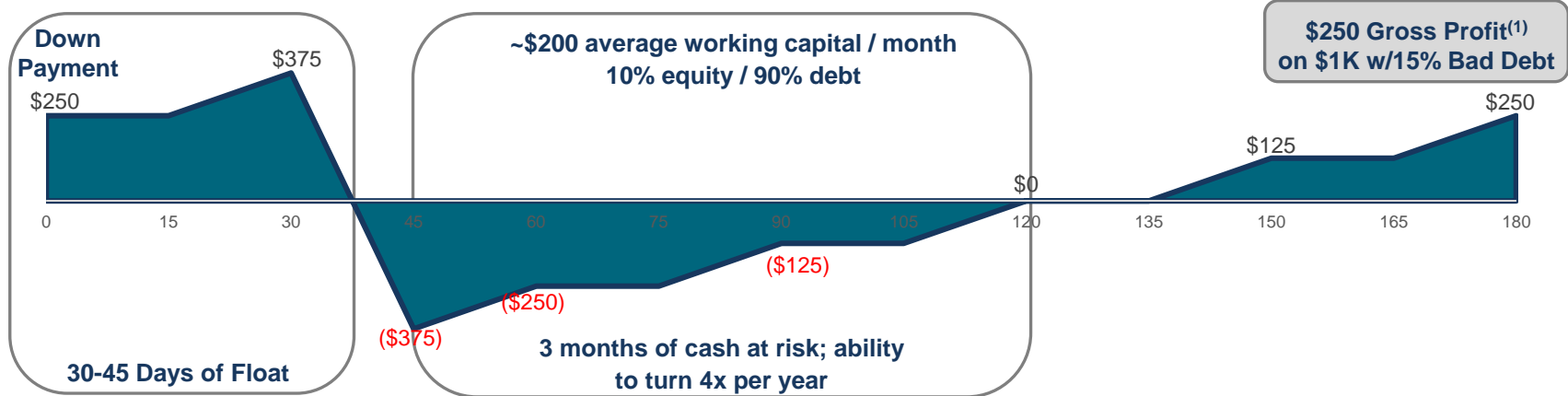


# Zebit Generates >1,000% Equity IRR Per \$1k Order

- Customers pay 14.5% to 35% down payment at checkout, then the order ships
- Remaining portion is financed in equal instalments over 6 months based on pay frequency
- Net 30-45 day terms with suppliers
- Debt facility covers 90% of the remaining COGS
- Results in approximately 3 months of working capital risk

**Example: US\$1,000 @ 25% Down Payment**

**>1,000% Equity IRR per transaction**



1. Capital management example assumes 25% Gross Margin and 15% Bad Debt.



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## Zebit Outperformed IPO Prospectus Forecast

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✓ Beat Prospectus

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EBITDA

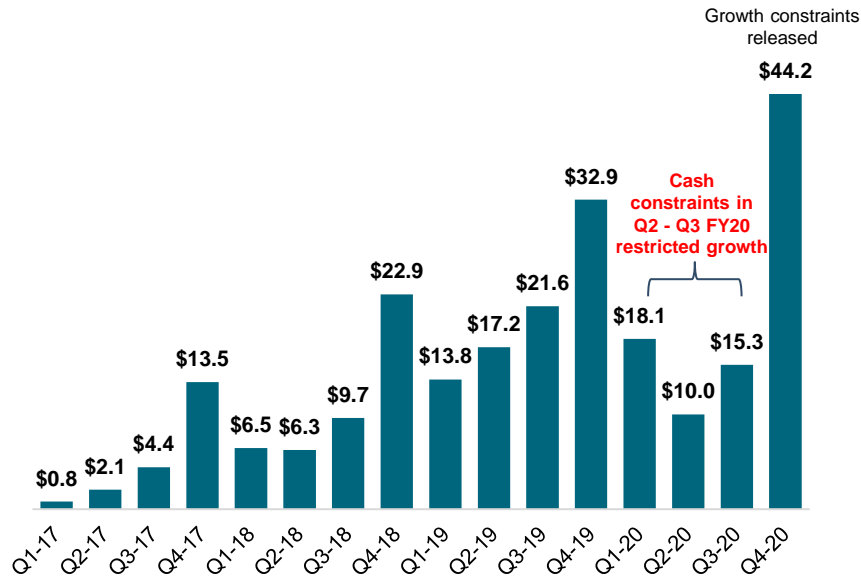
**(US\$3.7m)**

vs (US\$7.6m) forecast

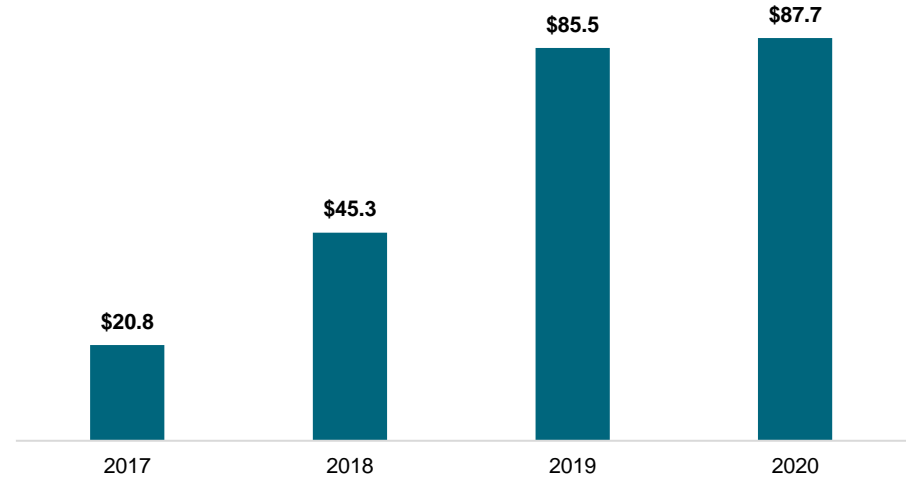
✓ Beat Prospectus

# Zebit Outperformed Prospectus Forecast And Exceeded FY19 Results

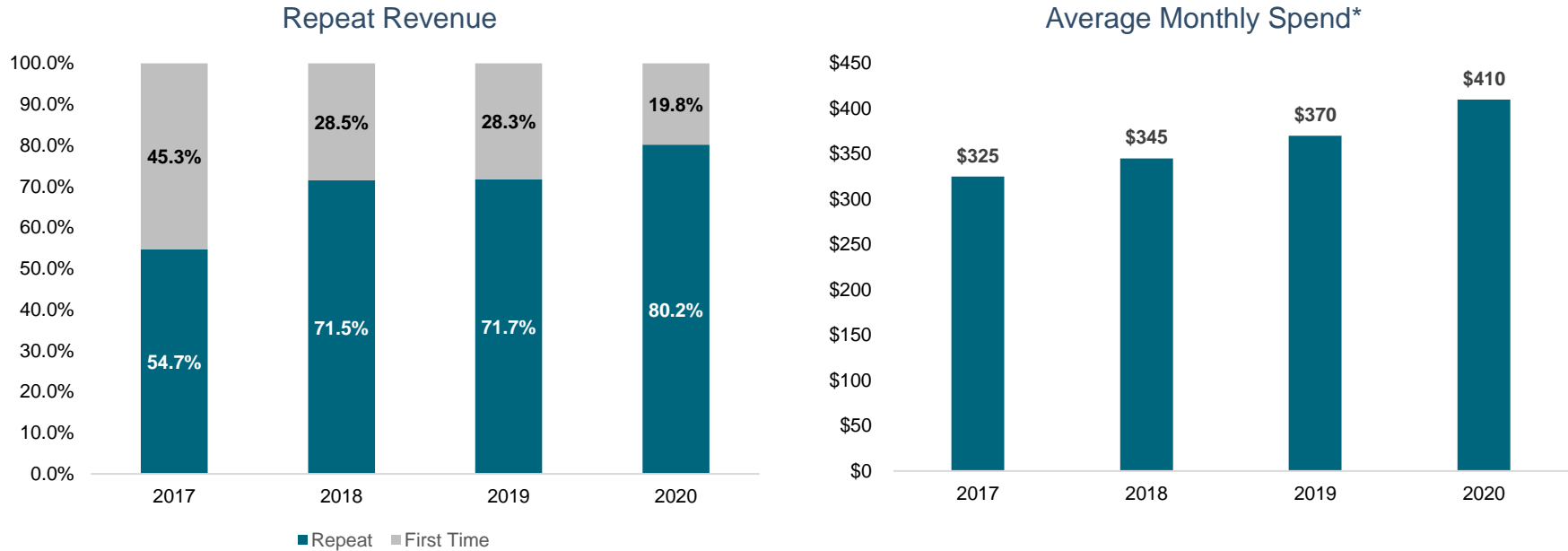
## Quarterly Revenue (US\$m)



## Annual Revenue (US\$m)



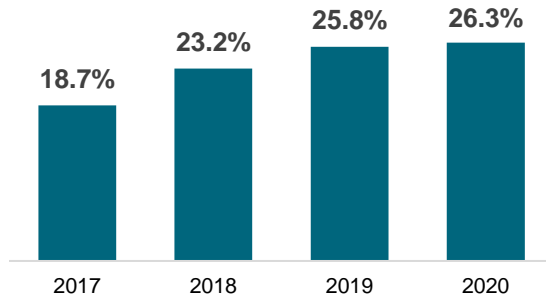
# Heavy Repeat Buying Generates Revenue And LTV While Lowering Bad Debts ...



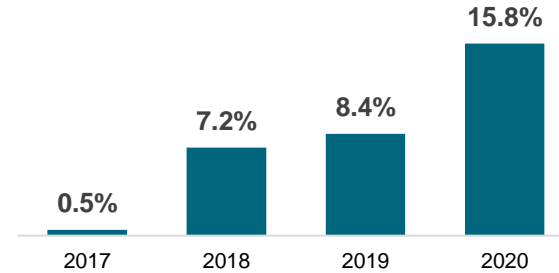
\*Average Monthly Spend per Active Customer is calculated as the average order value multiplied by the average number of orders per month made by an active customer

## ... Which Is Demonstrated Across Key Metrics

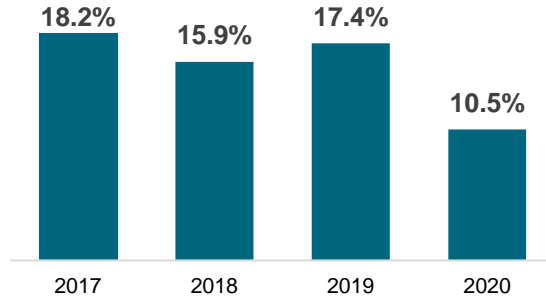
### Gross Margin



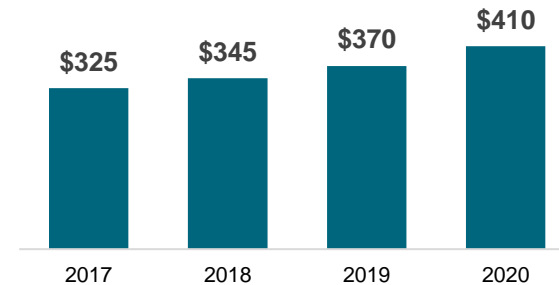
### Contribution Margin



### Bad Debts



### Avg. Monthly Spend per Active Customer (US\$)



\*\*Contribution Margin\*\* is Gross Margin less Bad Debt Reserve. "Gross Margin" is the dollar margin, reflected as a percentage, between the price at which Zebit sources a product and the price Zebit charges its customer for the product including shipping margin and all dropship fees and adjustments. "Bad Debt Reserve" is the proportion of bad debt Zebit expects to take for historical outstanding sales. Refer to Section 6.2.4 of Zebit's prospectus for further information. Average Monthly Spend per Active Customer is calculated as the average order value multiplied by the average number of orders per month made by an active customer



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# Income Statement

US\$'000s	2020A	2019A	% Change v 2019A	Prospectus 2020F <sup>1</sup>	% Change v Prospectus 2020F
Revenue	87,651	85,485	2.5%	82,155	6.7%
Cost of sales	(64,639)	(63,459)	(1.9%)	(59,785)	(8.1%)
<b>Gross profit</b>	<b>23,012</b>	<b>22,026</b>	<b>4.5%</b>	<b>22,370</b>	<b>2.9%</b>
Bad Debt Expense	(9,194)	(14,878)	38.2%	(12,238)	24.9%
Variable Expenses	(2,928)	(3,996)	26.7%	(3,175)	7.8%
Marketing Expenses	(3,393)	(3,313)	(2.4%)	(2,954)	(14.9%)
Employee Expenses	(6,988)	(7,071)	1.2%	(6,937)	(0.7%)
General and Administrative Expenses	(4,211)	(3,570)	(18.0%)	(4,671)	9.8%
<b>Operating expenses</b>	<b>(26,714)</b>	<b>(32,828)</b>	<b>18.6%</b>	<b>(29,975)</b>	<b>10.9%</b>
<b>Operating profit/(loss)</b>	<b>(3,702)</b>	<b>(10,802)</b>	<b>65.7%</b>	<b>(7,605)</b>	<b>51.3%</b>
Other Income	10	225	nm	3	nm
Other Expense	-	-	nm	-	nm
<b>Other income/(expense)</b>	<b>10</b>	<b>225</b>	<b>nm</b>	<b>3</b>	<b>nm</b>
<b>EBITDA</b>	<b>(3,692)</b>	<b>(10,577)</b>	<b>65.1%</b>	<b>(7,602)</b>	<b>51.4%</b>
Depreciation and Amortization	(528)	(356)	(48.3%)	(519)	(1.7%)
<b>EBIT</b>	<b>(4,220)</b>	<b>(10,933)</b>	<b>61.4%</b>	<b>(8,121)</b>	<b>48.0%</b>
Net Interest Income / (Expense)	(3,172)	(1,447)	(119.2%)	(3,132)	(1.2%)
<b>Profit/(loss) before tax</b>	<b>(7,392)</b>	<b>(12,380)</b>	<b>40.3%</b>	<b>(11,253)</b>	<b>34.3%</b>
Income/state tax expense	(22)	(17)	nm	(11)	nm
<b>Total comprehensive income</b>	<b>(7,414)</b>	<b>(12,397)</b>	<b>40.2%</b>	<b>(11,264)</b>	<b>34.2%</b>

<sup>1</sup>Statutory forecast per the IPO Prospectus  
"nm" = not meaningful calculation

## Commentary

- Revenue, bad debt expense, EBITDA and net loss well ahead of Prospectus forecast
- Revenue driven by increased marketing spend, increased average monthly spend per customer and strong repeat revenue in FY20
  - ✓ Repeat revenue 80% of total revenue
  - ✓ Zebit expects first time buyers to account for a larger percentage of revenue in FY21 as the Company continues to spend increased amounts of marketing dollars on new registrations
  - ✓ Average monthly spend increased from \$370 in 2019 to \$410 in 2020, an increase of \$40 or 11%
- Bad debt decrease due to better-than-expected credit performance as the Company launched new risk models and managed shopping limits and down payments at checkout closely

# Cash Flow

US\$'000s	2020A	2019A	% Change v 2019A	Prospectus 2020F <sup>1</sup>	% Change v Prospectus 2020F
<b>Cash flows from operating activities:</b>					
Net loss	(7,414)	(12,397)	40.2%	(11,264)	34.2%
Allowance for doubtful accounts	9,194	14,878	(38.2%)	12,238	(24.9%)
Other non-cash items	3,760	1,154	225.8%	1,756	114.1%
Change in working capital	(15,420)	(22,311)	30.9%	(12,975)	(18.8%)
<b>Net cash (used in) provided by operating activities</b>	<b>(9,880)</b>	<b>(18,676)</b>	<b>47.1%</b>	<b>(10,246)</b>	<b>3.6%</b>
<b>Cash flows from investing activities:</b>					
Other CapEx	(13)	(7)	(85.7%)	0	nm
Capitalized costs	(267)	(1,119)	76.1%	(322)	17.1%
<b>Net cash (used in) provided by investing activities</b>	<b>(280)</b>	<b>(1,126)</b>	<b>75.1%</b>	<b>(322)</b>	<b>13.0%</b>
<b>Cash flows from financing activities:</b>					
Proceeds from / (repayments of) borrowings net of issuance costs	4,848	12,535	(61.3%)	25	nm
Proceeds from issuance or exercise of stock, warrants, and stock options net of issuance costs	20,994	5,046	316.1%	26,466	(20.7%)
<b>Net cash (used in) provided by financing activities</b>	<b>25,842</b>	<b>17,581</b>	<b>47.0%</b>	<b>26,491</b>	<b>(2.4%)</b>
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>15,682</b>	<b>(2,221)</b>	<b>806.1%</b>	<b>15,923</b>	<b>(1.5%)</b>
Cash, cash equivalents and restricted cash at beginning of period	6,905	9,126	(24.3%)	6,905	0.0%
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>22,587</b>	<b>6,905</b>	<b>227.1%</b>	<b>22,828</b>	<b>(1.1%)</b>

<sup>1</sup>"nm" = not meaningful calculation

## Commentary

- Operating cash flow of (\$9.9m) reflected lower than forecast net loss, mostly offset by a higher change in working capital versus prospectus forecast, to support the higher sales activity
- Proceeds from borrowings includes issuance of convertible notes \$9.1M 2019A and \$1.3M 2020A. The remaining difference represents the net change year over year of the PPP and primary credit facility
- Within "Cash flows from investing activities" there was a reclassification of the convertible note conversion at IPO in the actual FY20A results vs Prospectus FY20F

# Balance Sheet

US\$'000s	2020	2019
<b>Assets</b>		
Cash and cash equivalents	22,437	6,515
Accounts receivable	28,568	21,117
Other current assets	2,554	1,661
<b>Total current assets</b>	<b>53,559</b>	<b>29,293</b>
Fixed assets	594	981
Other non-current assets <sup>1</sup>	483	550
Intangibles	697	1,170
<b>Total non-current assets</b>	<b>1,774</b>	<b>2,701</b>
<b>Total assets</b>	<b>55,333</b>	<b>31,994</b>
<b>Liabilities</b>		
Accounts payable	7,423	5,082
Accrued liabilities	3,055	3,062
Convertible Notes	-	4,121
Short term borrowings	768	259
Other current liabilities	463	372
<b>Total current liabilities</b>	<b>11,709</b>	<b>12,896</b>
Long-term liabilities and borrowings	15,639	12,656
<b>Total non-current liabilities</b>	<b>15,639</b>	<b>12,656</b>
<b>Total liabilities</b>	<b>27,348</b>	<b>25,552</b>
<b>Equity</b>		
Common stock	91,605	14,153
Preferred stock	-	49,364
Stock compensation	1,798	929
Accumulated deficit	(58,004)	(45,607)
Net Income	(7,414)	(12,397)
<b>Total equity</b>	<b>27,985</b>	<b>6,442</b>

<sup>1</sup>Includes \$150k of restricted cash

## Commentary

- Increase in cash and cash equivalents represents IPO proceeds
- Increase in short term borrowings due to PPP Loan ("Paycheck Protection Program") received in May 2020
- Increase in accounts receivables and long-term liabilities due to growth through key holiday shopping season
- Long-term credit facility with Bastion recently increased from \$15M to \$35M in late Feb-21, which the Company expects will fully fund the accounts receivable growth through Q2-FY22.



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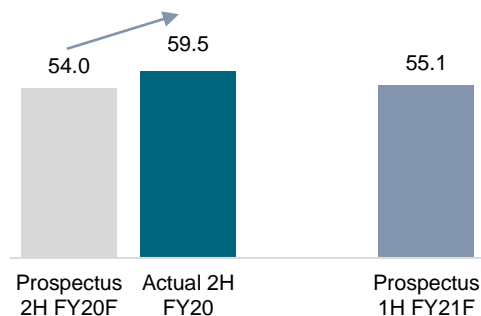
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# Zebit H1-FY21 Guidance From Prospectus

\$'000s	Prospectus 1H FY21F <sup>1</sup>
Revenue	55,094
Cost of sales	(39,891)
<b>Gross profit</b>	<b>15,203</b>
Bad Debt Expense	(7,882)
Variable Expenses	(2,505)
Marketing Expenses	(4,172)
Employee Expenses	(3,962)
General and Administrative Expenses	(2,621)
<b>Operating expenses</b>	<b>(21,142)</b>
<b>Operating profit/(loss)</b>	<b>(5,939)</b>
Other Income	-
Other Expense	-
<b>Other income/(expense)</b>	<b>-</b>
<b>EBITDA</b>	<b>(5,939)</b>
Depreciation and Amortization	(253)
<b>EBIT</b>	<b>(6,192)</b>
Net Interest Income / (Expense)	(1,082)
<b>Profit/(loss) before tax</b>	<b>(7,274)</b>
Income/state tax expense	(7)
<b>Total comprehensive income</b>	<b>(7,281)</b>

## Revenue Guidance



**Zebit CEO Marc Schneider:**  
*"We have exceeded our Prospectus Forecast for FY20 and 2H20, and reiterate our confidence in achieving HY21 Prospectus Forecast"*

<sup>1</sup>Statutory forecast per the IPO Prospectus

## 2021 Roadmap Focuses On Scaling The “Core”, Driving More Optimisations Across The Business



### New Strategic Hires

- COO
- CPO
- Other



### Customer Acquisition

- Implement B2B affiliate platform and expand partnerships



### Optimisation

- Optimise registration and underwriting flow to maximize approvals



### Credit Data

- Test and incorporate new data sources



### Modeling

- Iterate on machine learning models to drive more granularity into credit loss control



### Price Testing & Enriched Assortment

- Optimise price testing, deepen product assortment, and extend transportation methods

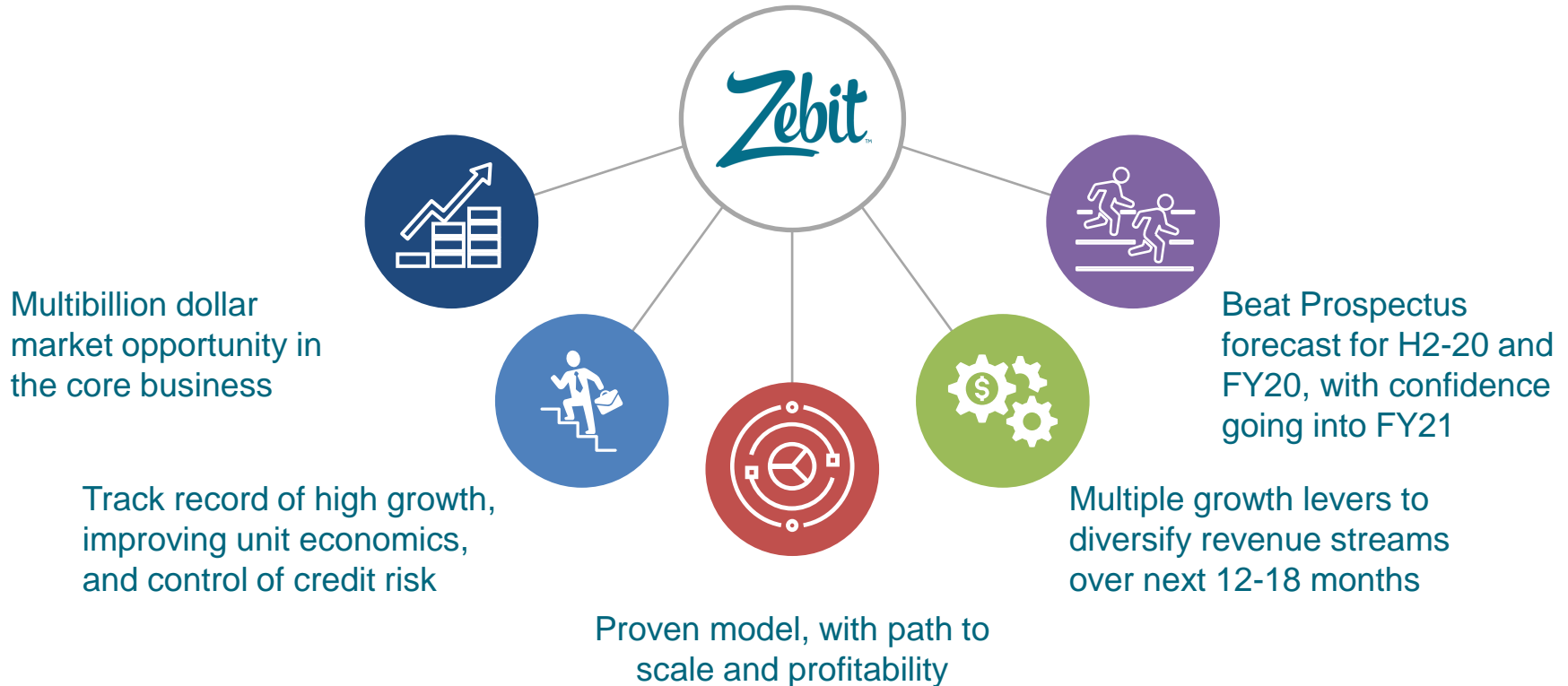
- *Evaluating* Pilot Zebit for prime credit customers



- Board Director AICD Governance Training



## In Summary, Zebit Provides A Compelling Investment Case



THANK YOU

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