



marmalade

Marmalade is solving a big problem

B2B payments¹ are broken² and have never been fixed³

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¹Invoices provided with terms represent one of the biggest market opportunities domestically and globally (>\$4 trillion of accounts receivable are owing at any point in time).

²Cash flow is the leading cause of SMB failure. Invoices create structural cash flow stress and financial instability - which isn't solved with 'another loan'.

³While there are thousands of lenders, no one has built a payment service dedicated to invoices to solve this problem without leaving an SMB in a riskier position. Until now.

Our mission

To be the world's best way
for SMBs to get paid.

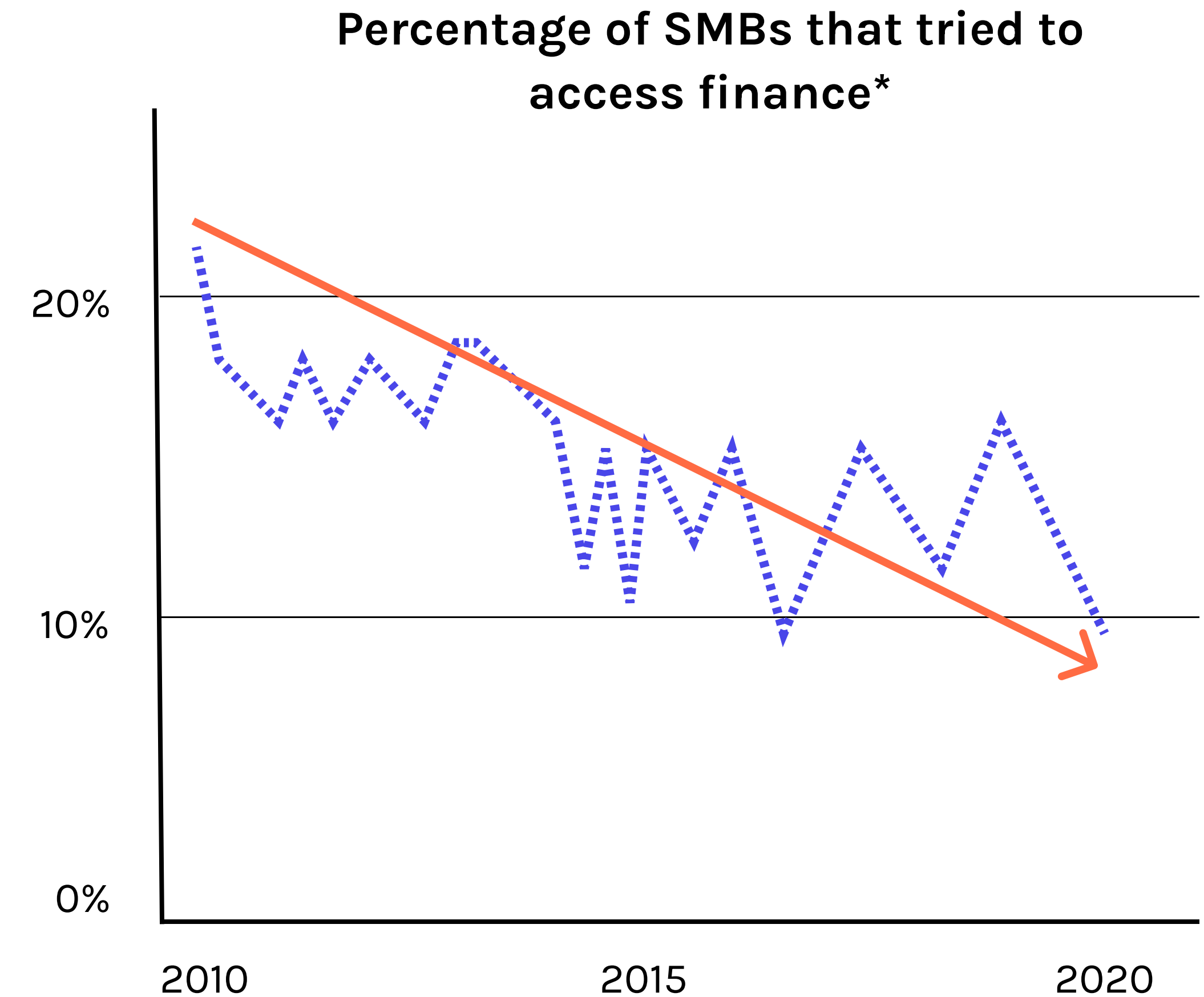
Our Solution

A frictionless B2B
payment method that
supports net term
invoicing while
eliminating risk and cash
flow issues for SMBs

We're not another lender...

Marmalade is a payment service, visible to both sides of the transaction.

Debt is an increasingly undesirable method to solve cash flow problems as it creates new risk and cost for SMEs



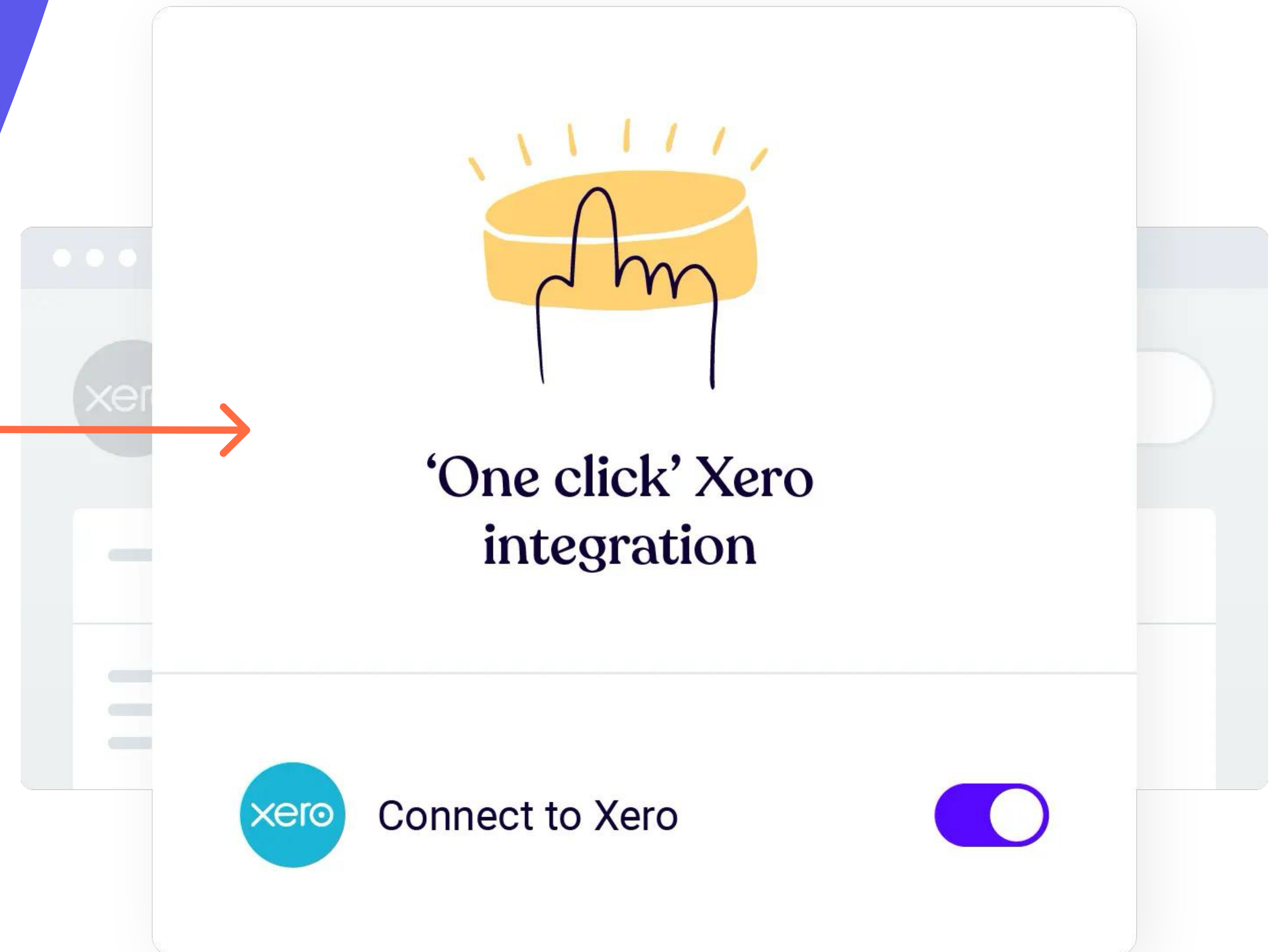
*Source: RBA

How Payment on Demand works

1. CONNECT



Supplier signs up and instantly connects their cloud invoicing and accounting software

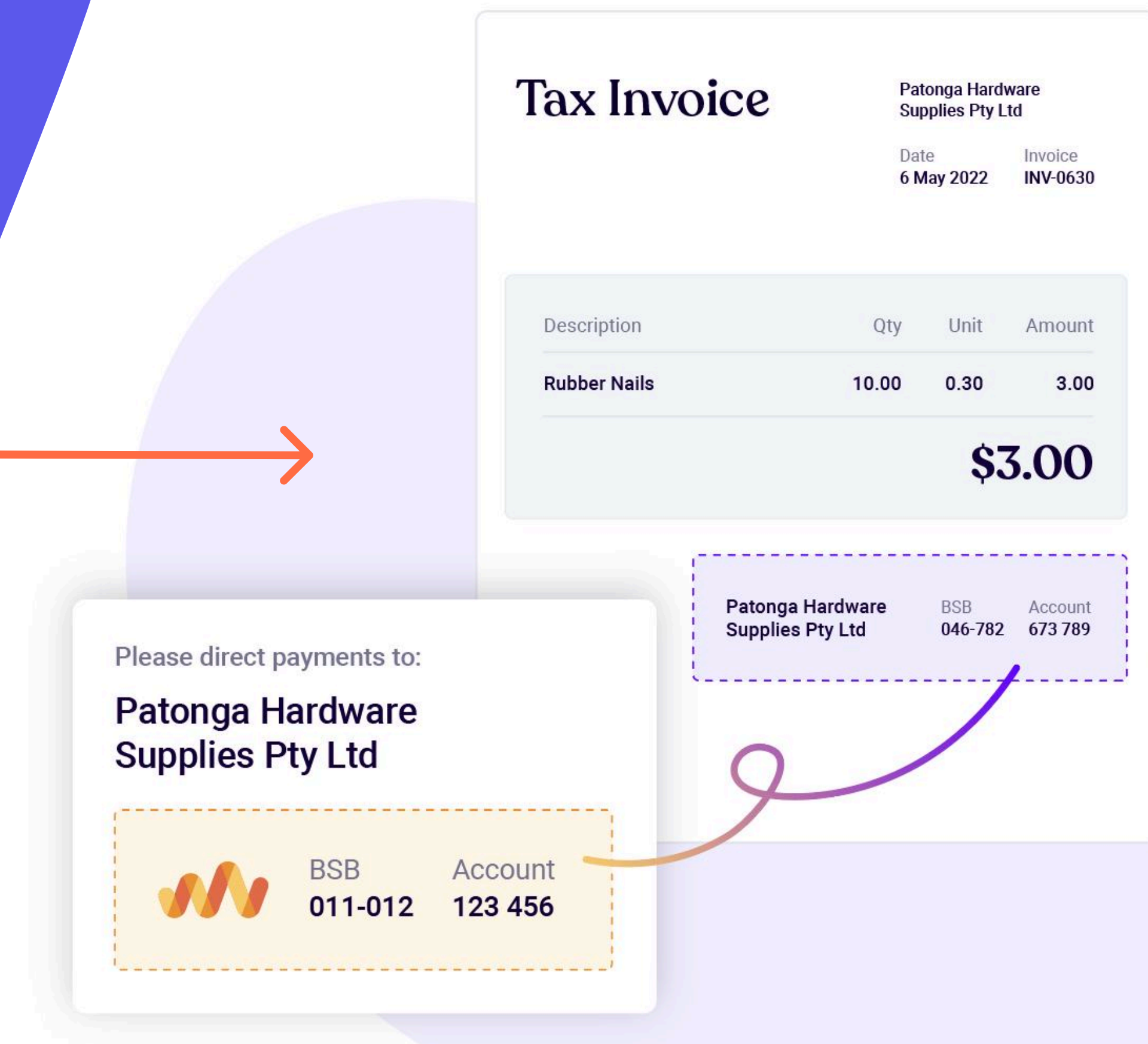


How Payment on Demand works

2. INVOICE CUSTOMERS



Supplier issues invoices as usual with the same payment terms and methods using new Marmalade-issued payment details





How Payment on Demand works

3. GET PAID INSTANTLY




Supplier receives full payment of the invoice instantly, their customer pays as usual according to their payment terms

Cash-in Available limit **\$22,000.00**   **Matthew Slade**
Patonga Hardware supplies

Eligible Invoices: **4** Eligible Invoices amount: **\$16,000.00**

☒ 'One click' cash-in enabled

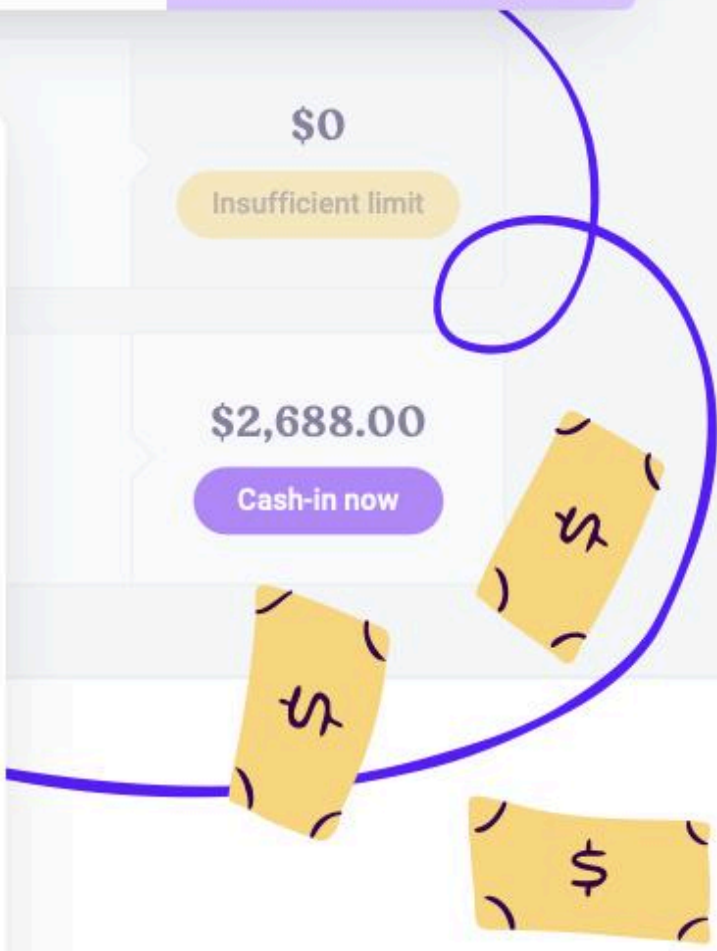
Amount	Cash-in fee	Client	Due	Net Amount	Action
\$2,000.00	\$80.00 (4%)	Client Pro Projects	Due 19 Aug 2022	\$1,920.00	Cash-in now
\$10,000.00	\$350.00 (3.5%)	Client Luxe Interiors	Due 26 Apr 2021	\$9,650.00	Cash-in now
\$22,500.00				\$0	Insufficient limit
\$2,800.00				\$2,688.00	Cash-in now



Cash-in successful

You will receive the funds in **1 DAY**

Invoice total	\$10,000.00
Cash-in fee	\$350.00 (3.5%)
One business day payout	\$9,650.00



Business model



Marmalade payments are radically simpler, frictionless for payers, and risk-free for suppliers

	Finance, Factoring, Working Capital Products	B2B Buy Now Pay Later and AR Software	Marmalade
100% of the Invoice amount paid without recourse, debt or risk	✗	✓	✓
Seamless integration with existing payment terms, behaviours and processes	✗	✗	✓
Frictionless for Payers with no signups, applications or fees	✓	✗	✓

Differentiation from competitors

Lenders are modular (they can be swapped in and out seamlessly) and suffer from commodisation, causing them to compete on price and experience short customer lifetimes. While solving SMB cash flow problems is a huge market opportunity, lenders have failed to generate meaningful value from it.

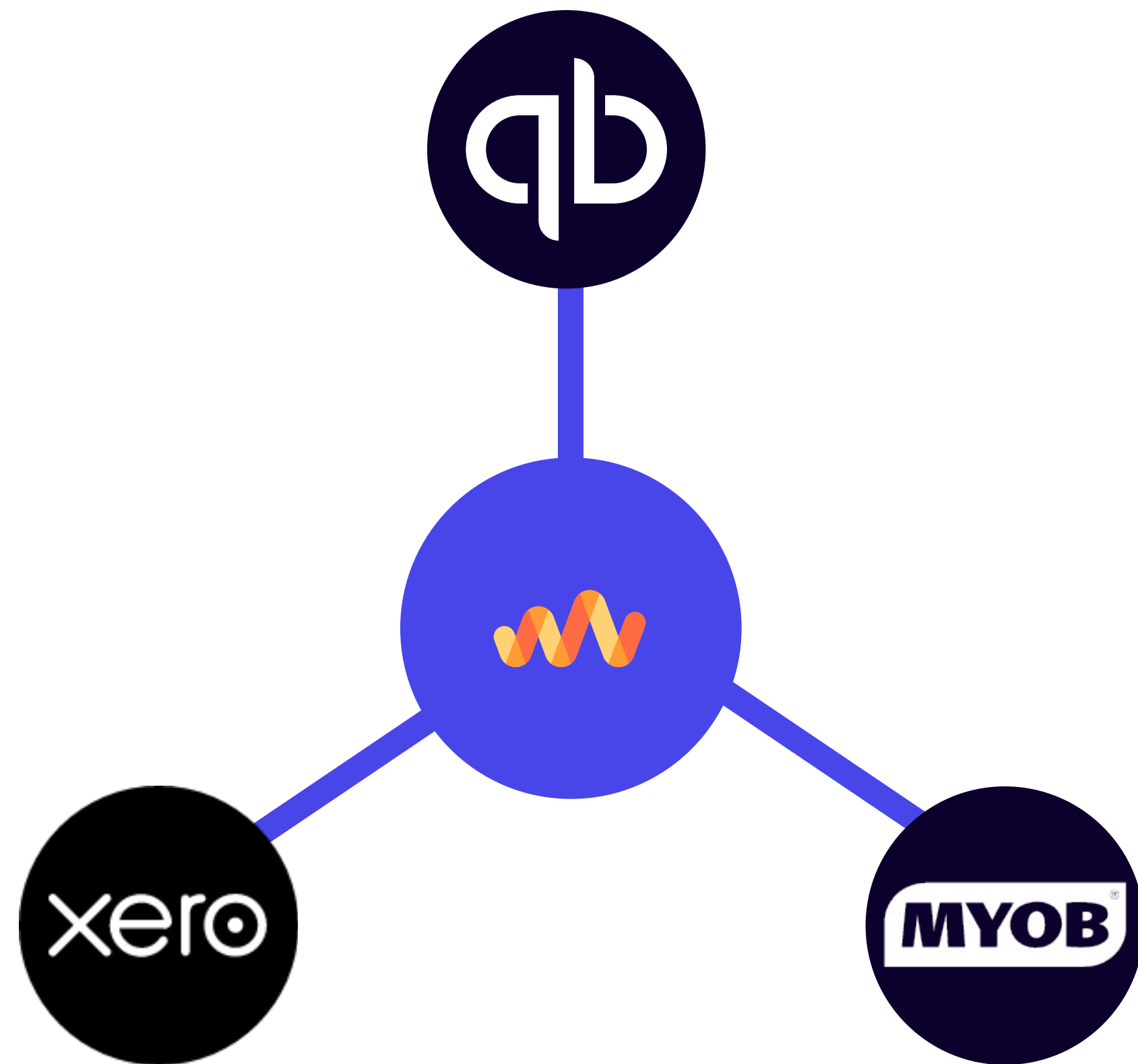
As Joseph Healy (Judo Bank Founder and CEO) acknowledges,

“A loan from Judo, once banked, is no different from a loan from any other bank.”¹

As a payment service, Marmalade is integrated into daily business operations and an embedded feature of an SMB's cash flow - leading to longer and larger customer lifetime value.

¹ The Australian Business Review, Judo Bank sees resilient business growth, upgrades margins, 1 May 2023

Integrating with invoicing software as a Payment Method creates defensible customer acquisition channels



Referral Partnerships

Partners promote Marmalade as a recommended invoice payment method, not a finance product

Native Integrations

Integrated into the customer admin as a pre-provisioned and pre-approved payment method, not a modular finance product

Definitions

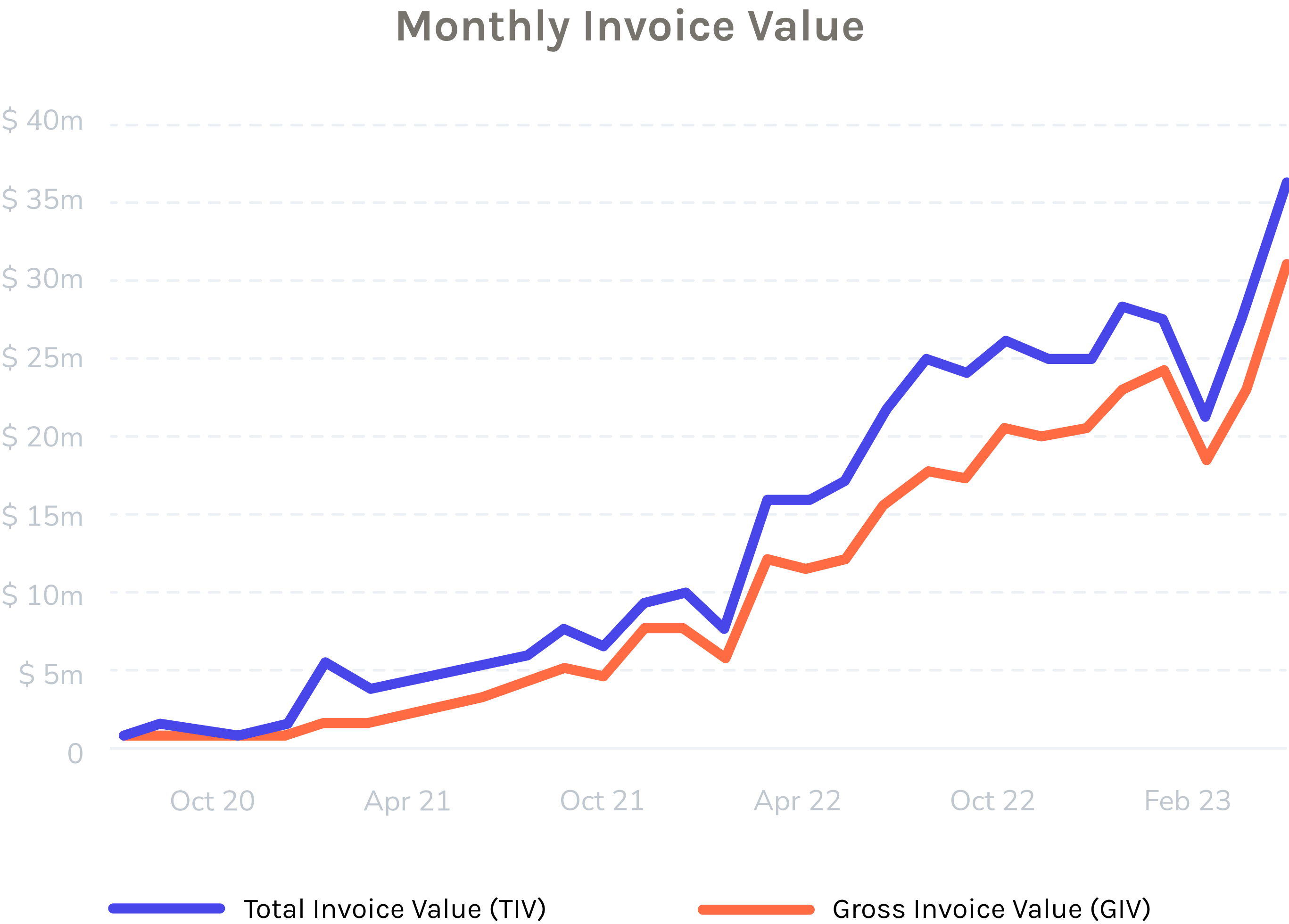
Active Supplier	A Supplier who in the last 30 days has issued an invoice with Marmalade as the payment service
Total Invoice Value (TIV)	Total value of invoices created by Active Suppliers
Gross Invoice Value (GIV)	The value of invoices with Marmalade payment details created by Active Suppliers
Gross Cashed-in Value (GCV)	The value of invoices cashed-in by Active Suppliers
Gross Payment Value (GPV)	The value of payments received by Marmalade and matched to an invoice

Marmalade at the centre

Since commencing operations in Oct-20, volumes have grown exponentially.

Annual invoice volume flowing over platform is now at ~\$400m, up 183%+ yoy

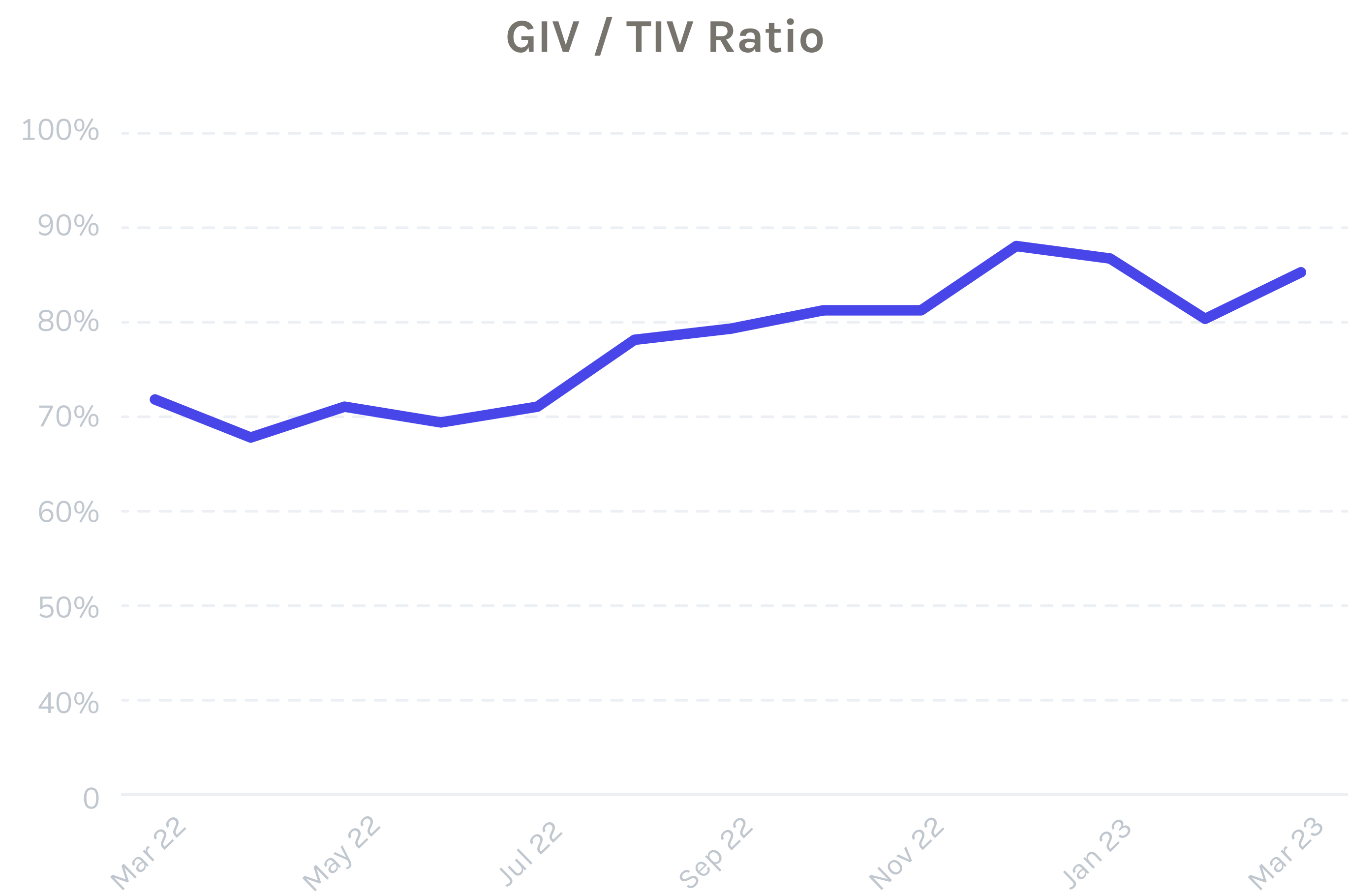
With 114 Active Suppliers, we have barely scratched the surface... in Australia...



Marmalade at the centre

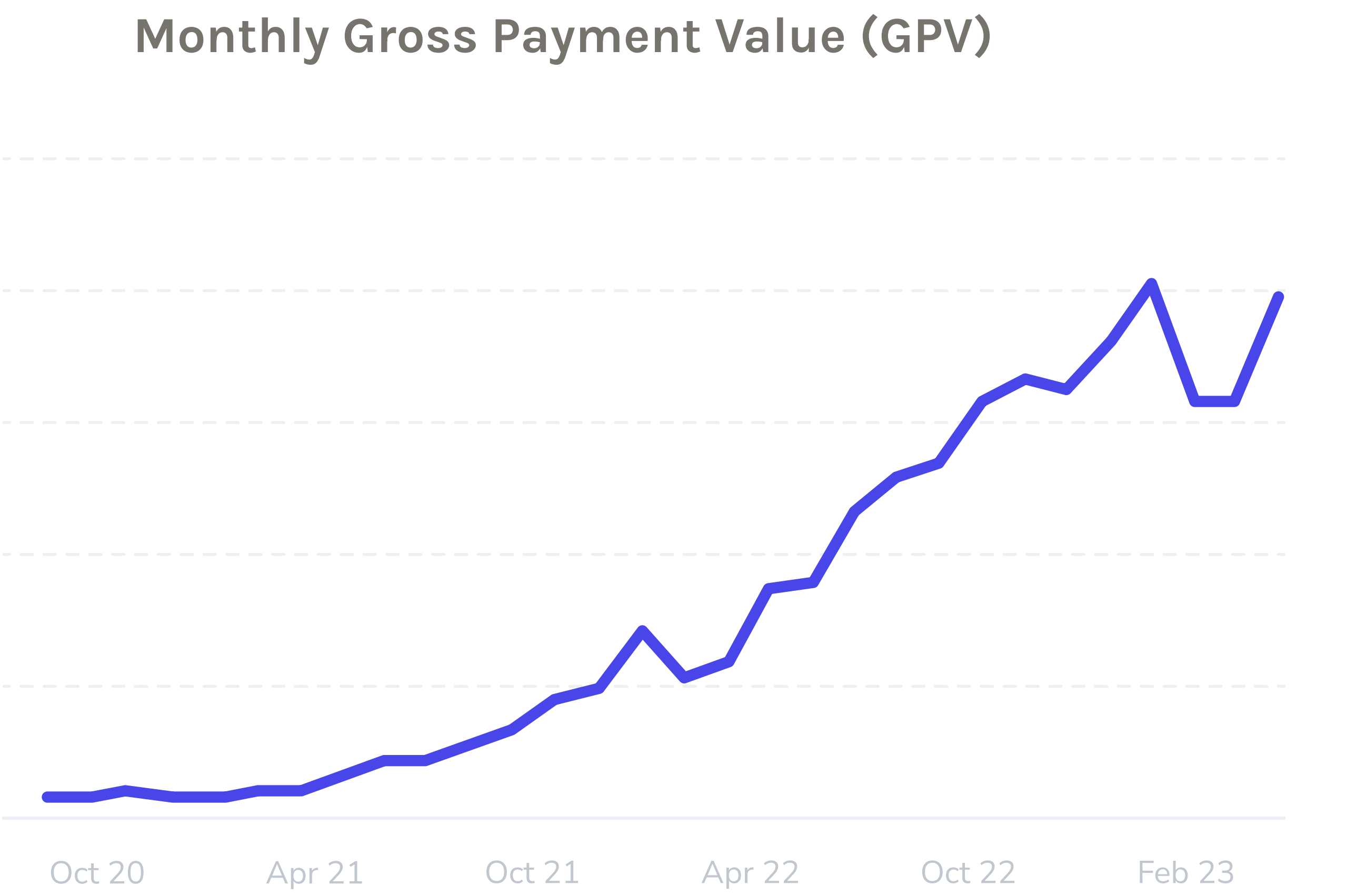
GIV / TIV ratio measures the proportion of invoices sent using Marmalade versus the total volume of invoices.

This metric is strong and growing, showing that Marmalade is the preferred way to send invoices.



Marmalade at the centre

With monthly payment volume (GPV) tracking the exponential growth of invoice volume, Marmalade is increasingly at the centre of SMB operations and the heart of SMB cash flow.

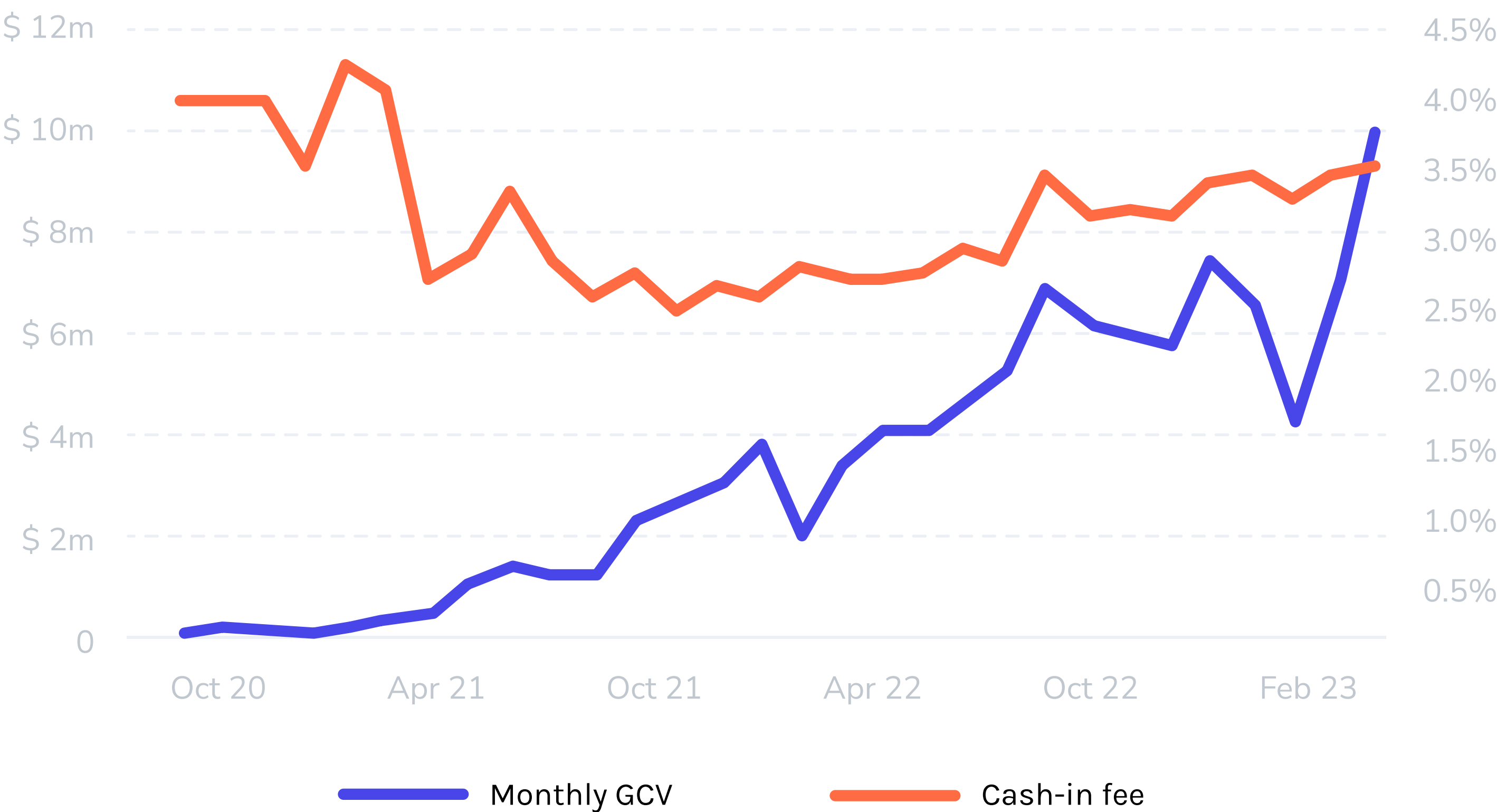


Building defensible value in a large TAM

We are solving SMB's greatest problem with a differentiated service - building **durable value**.

Annualised revenue of +\$4m is outstripping volume growth as the cash-in fee blends higher.

Unlike B2C BNPL, there is no one for Marmalade to compete with at 'checkout'.



Building defensible value in a large TAM

Utilisation of Marmalade’s payment on demand (measured by GCV / GIV) is high. Suppliers are cashing-in ~30% of their monthly turnover.



Our economics are powerful

Revenue

- Cash-in fee is dynamic, calculated on the payment and invoice data we see - allowing Marmalade to price efficiently whilst also mitigating our exposure to interest rate risk.
- In late FY21, we took on a large Supplier with strategic pricing which blended the cash-in fee lower over FY22. As the volumes of Suppliers without strategic pricing grew, the cash-in fee has blended higher over FY23.

		FY21	FY22	FYTD23	Target
Cash-in fee	% of GCV	3.27%	2.76%	3.39%	3.90%
<u>Direct Costs</u>					
Transaction Processing Costs	% of GCV	(0.54%)	(0.53%)	(0.50%)	(0.20%)
Bad Debts	% of GCV	(0.90%)	(0.87%)	(0.42%)	(0.20%)
Financing Costs	% of GCV	-	-	-	(0.50%)
Gross Profit	% of GCV	1.84%	1.37%	2.46%	3.00%
Gross Profit (% of Revenue)	% of Revenue	56.2%	49.4%	72.7%	76.9%

FYTD23 is for the period 1 July 22 - 31 March 23

Our economics are powerful

Direct Costs

Transaction Processing Costs

- As we have grown and struck new partnerships the revenue share rate has reduced.
- There will be further material reductions in FY24, as we implement renegotiated fee structures.

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Our economics are powerful

Direct Costs

Bad Debts

- The development of proprietary risk technology over FY22 has driven a material improvement in bad debt expense in FY23. As further iterations to these risk systems are delivered, we expect continued improvement.
- Low average value of a cashed-in invoice (~\$3,000) diversifies our risk exposure.
- Trade credit insurance was implemented in Mar-23, which will further protect the Group and drive the bad debt rate toward the medium term target of 20bps.

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Our economics are powerful

Direct Costs

Financing Costs

- Short tenor (~40 days) limits our exposure to interest rate risk as it allows Marmalade to rapidly reprice and also reduces the proportion of funding costs to revenue.
- The Group has signed terms for debt funding (to be implemented Jul-23), which will introduce financing costs and drive efficiency in shareholder capital.

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Our economics are powerful

Gross Profit

- Variable pricing protects our Gross Profit
- Short tenor drives velocity of capital
- Generating world-leading returns on capital of 25-30% p.a. (after all direct costs)

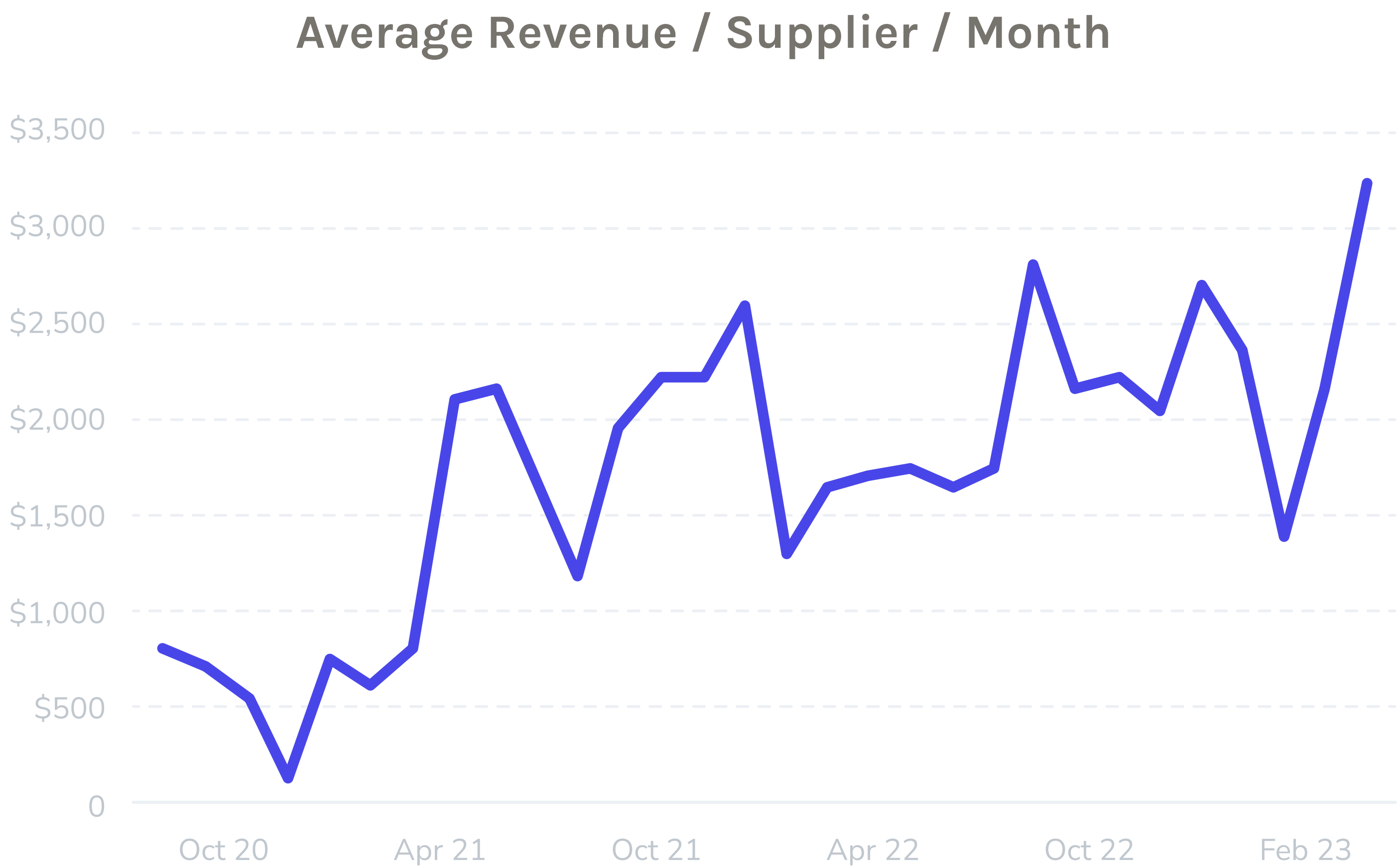
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LTV and Scale

We're earning more from Suppliers as they spend longer on the platform.

Annual revenue retention >100%

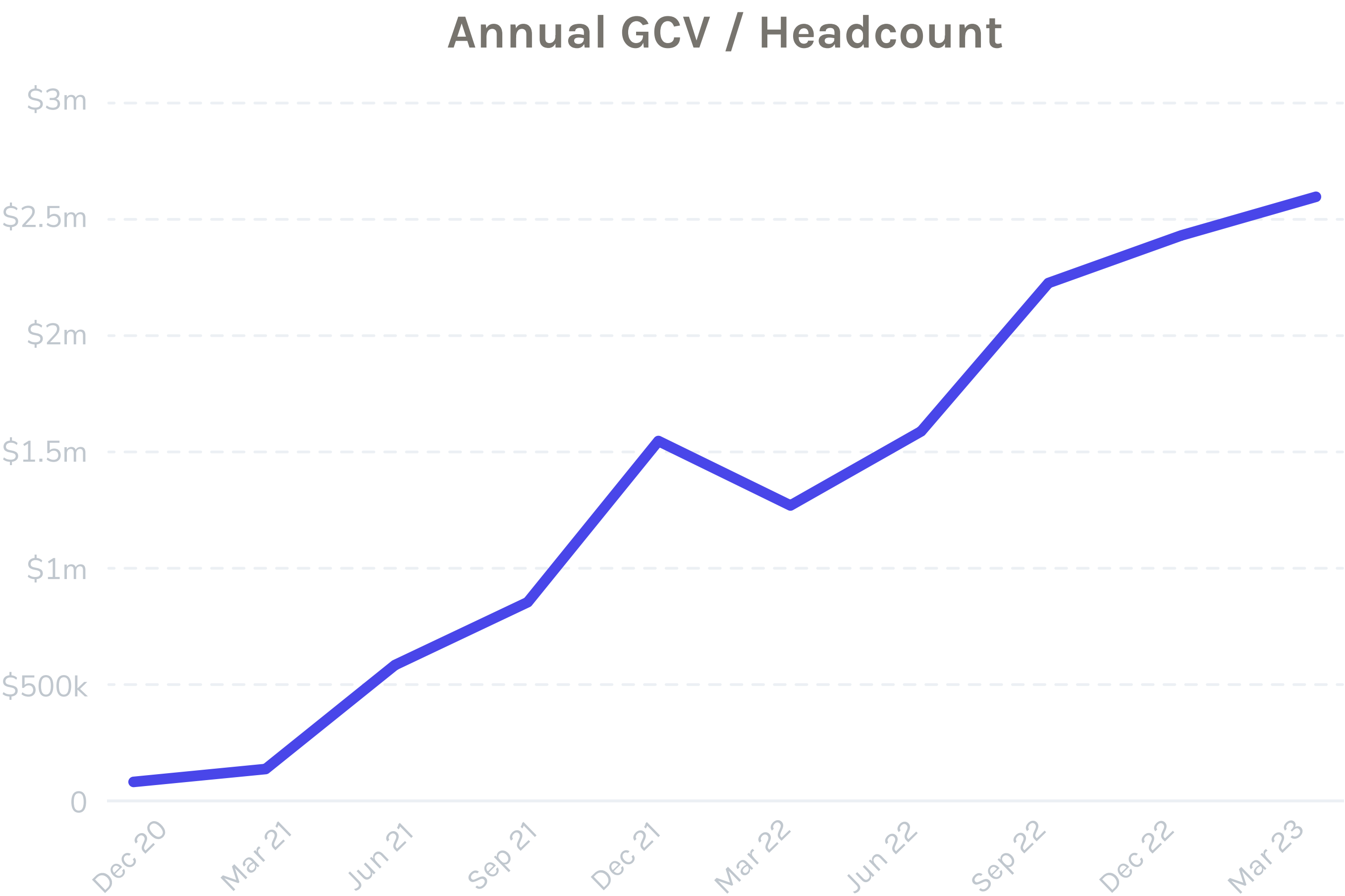


LTV and Scale

Technology development not only enables real-time risk decisioning, but it is also driving improved operational efficiency - more GCV being managed by each FTE.

Seasonally weak March quarter showed continued improvement in 2023.

Expect further strong gains in operating leverage in June-23 quarter.



Leadership

Our founders' extensive expertise and experience with Risk, Technology, Finance and Payments informs our strategy and approach



Luke Trickett

Co-founder & CEO

Luke is founder of the public equities fund, Blue Stamp Company, which he has led and managed for more than 12 years. He has also been a small business owner for over 20 years



David Whiteman

Co-founder & COO

David is the founding Director of Product at Afterpay, a previous CEO and founder and has held a number of senior Product & Growth roles in high growth startups & scaleups



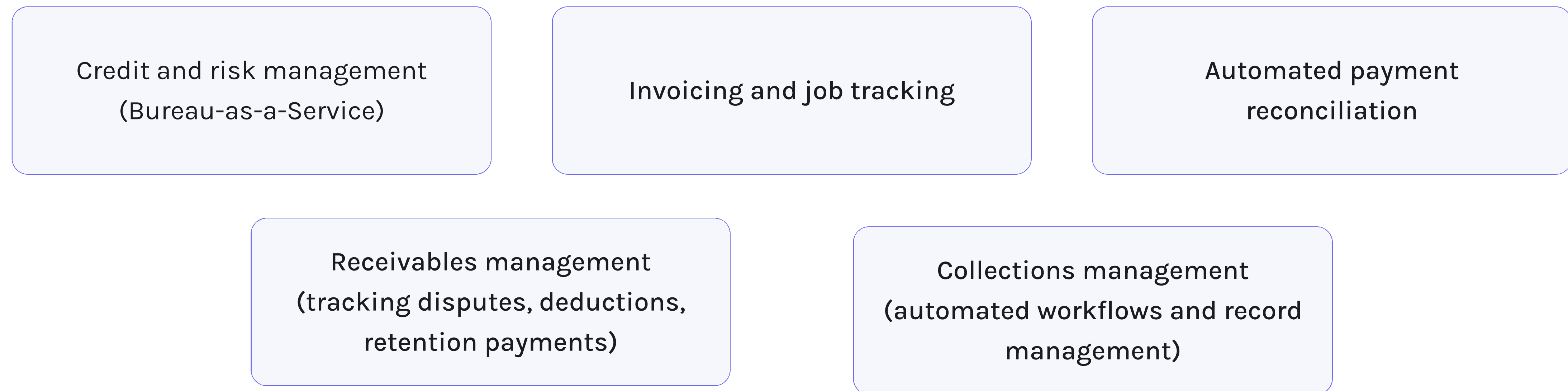
Richard Johnson

Co-founder & CRO

Richard was previously the Head of Data & Analytics at Afterpay, and has extensive experience in Credit, Fraud and Analytics roles in the Finance industry

Product Opportunity

From the position of an integrated payment service, there are opportunities to expand our product to provide additional value and services to the Supplier, through:



Marmalade is currently building these services for its own internal need. When made available to Suppliers, could help drive acquisition and engagement or lead to additional revenue opportunities, with SaaS economics.

Product Opportunity

This model of starting with payments and then bundling additional software services is well developed and a proven path for significant value creation in the B2C landscape, as shown by:



shopify

stripe

toast

lightspeed

Yet, not a single person is focused on doing the same for the equally as large B2B market.

Until now.

Investment Opportunity

Solving the SMB cash flow problem from the perspective of payments, not only leaves Suppliers in a stronger financial position, but it also integrates Marmalade into their operations, driving lower churn and higher lifetime values.

The size of the market, short tenor and dynamic cash-in fee combined with inbuilt organic growth mechanics, create the opportunity for Marmalade to be the largest financial service business in the world.

We have the product and are demonstrating the value.

Led by Luke, Richard and David, we have the team in place to make Marmalade ubiquitous in Australia and in time, globally.

We're now looking for a new institutional shareholder to join us and help make that a reality.



Thank you!



“The days of waiting up to 60 or 90 days to be paid are over. Marmalade turns invoices into cash whenever I need it and has removed cash flow stress from my business forever!”



Steele Ryan
Thor Building Products



"Marmalade has had a huge impact on our business. It allows us to take on the bigger jobs as we can be confident we'll have the cash-flow to purchase product up-front and pay our staff that might have been a risk otherwise."



Dale Missen
OzPave



“Marmalade has been amazing for us. We get paid faster than ever and it has taken the stress out of chasing invoices. We’re now able to take on bigger commercial jobs and get paid straight away, typically we would have been waiting 60+ days”



Pete Maidment
Brush Masters Brisbane



Xero App Store

Marmalade

★★★★★ 5.0



There were a couple of problems in our business and marmalade solved our problem. The thing is, instead of being stuck in a cash flow headlock, marmalade unlocks it and allows us to hit growth quicker.

Great product, even better team. Do yourself a favour and implement it in your business.



Game Changer

It has been fantastic working with the Marmalade team to move our practice across. We can use Marmalade instead of Stripe and have access to cash the next day and a back office collections team if we need. Have been super impressed so far and can't wait for the next set of enhancements that will take on GoCardless more directly.