

monify

Pitch deck

For debt and equity raising purposes

09.09.2019

Riga, Latvia

Executive summary

Monify is an innovative fintech start-up from Latvia that provides the fastest online loans to SME (small to medium enterprises) in Baltics & Poland. Main product is non-collateral business loan with maximum amount 100'000 EUR with APR of 60% and personal guarantee from owner. Key advantage is offer in 60 minutes. Monify has grown by 269 % in 2018 and is making 210'000 EUR MRR. Monify is looking for debt & equity financing to secure growing demand from customers and increase the loan portfolio.

- Company launched in July-2017 and is operational for 25 months
- Co-founder and CFO has 5 years experience in SME lending
- Total volume lent: 13 million EUR
- Current outstanding loan portfolio 4,8 million EUR
- MRR: 210'000 EUR per month (interest, commission, prolongation and late fee)
- ARR: 2'520'000 EUR
- Profitability: EBIT 56'000 EUR per month (for last 4 months)
- Debtors performance: 6.7% 90+days accruals on vintages
- Employees: 16 across 5 countries
- Countries operating: Latvia, Lithuania, Estonia, Poland
- Current funding: 3 million EUR from series A investor, 2.3 million EUR from P2P platforms

General information

Company name: AS Monify

Registration country: Latvia

Registration date: 27.07.2017

Registration number: 40203083863. VAT nr. LV40203083863

Registered share capital: 1'000'000 EUR

Address (legal and physical): 36 Dzirnavu iela, LV-1010, Riga, Latvia

Member of the board: Arturs Geisari, with full signature rights

Number of employees: 16

Type of business: B2B lending

Operating in: 4 countries — Estonia, Latvia, Lithuania and Poland

Websites: www.monify.io, www.monify.lv, www.monify.lt, www.monify.pl

VISION

Instant and affordable business funding
available 24/7/365 to every entrepreneur, at
any stage, at any part of the world.

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MISSION “BLACK BOX”

To change DNA of lending by deploying latest technology advancements, scoring algorithms, big data analysis, machine learning, process automation; by exploiting vast area of open markets and scaling possibilities; by providing solutions that fits evolving older generation and upcoming newer generation of entrepreneurs; by changing perception of lending; by challenging entrepreneurs to push their development and reach higher margins. We call it mission Black Box. Our state-of-art technology will be operating throughout all the world, automated, from one place. Inside the Black Box.

OBJECTIVES

1. To earn 40% per year on shareholding capital
2. Have 1 million unique & paying customers
3. Successfully pursue the “Black box” mission

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Problem

Lack of access to money for SMEs



SME waits weeks to get term sheet from a bank



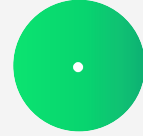
SME need to supply dozen of papers



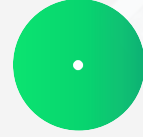
SME need to prove that it does not need funding

Solution

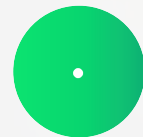
Fast access to money for SMEs



Quick answer: offer\rejection in 60 minutes



Simple application: automatic transfer of 12-months bank statement via API



We understand and fund companies that are in quick funding need

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How It Works

An SME needs fast financing

1

2

3

4

Send bank
statement

Evaluation

Offer or
rejection

E-sign agreement

Get up to 100'000 EUR

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Product



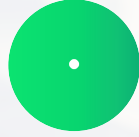
Uncollateralized online
business loans to small-
medium enterprise



First time 50'000 EUR
Maximum up to 100'000 EUR



Online offer



Offer in 60 minutes



Short maturities (1-6
months)

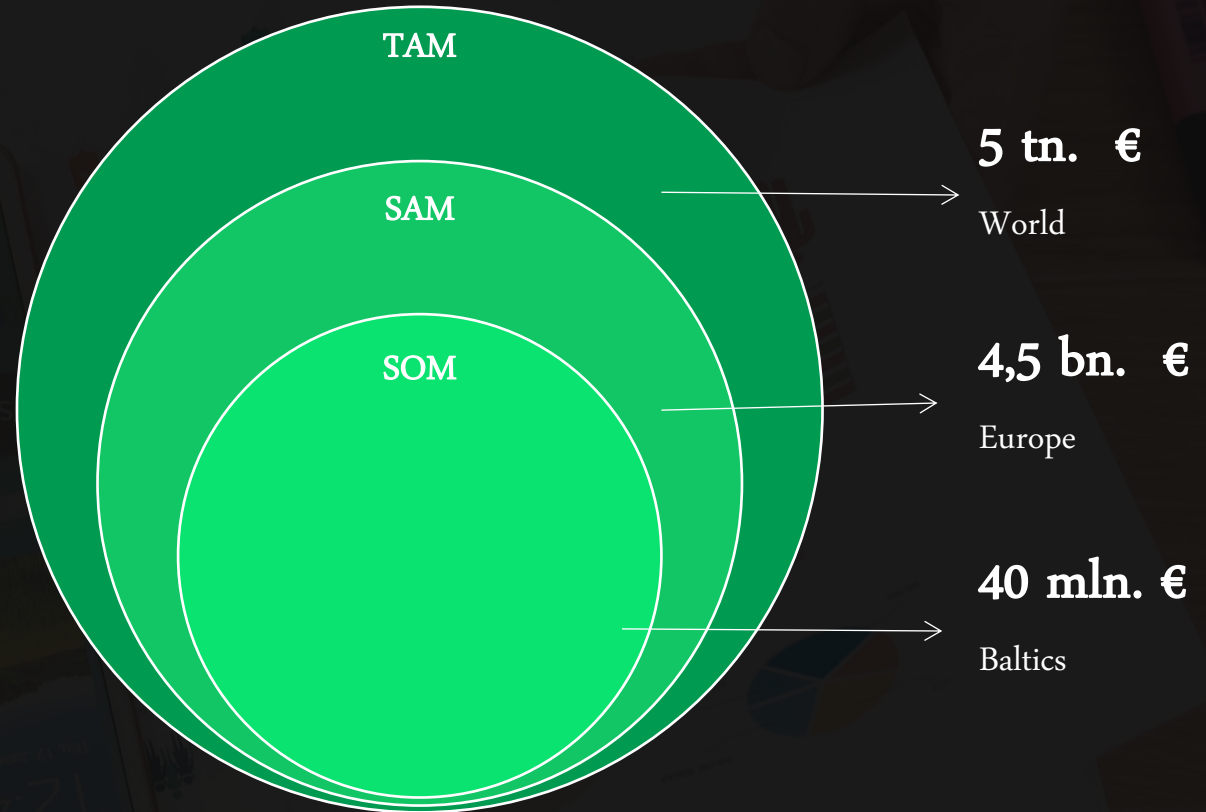


Collateral: owners personal guarantee

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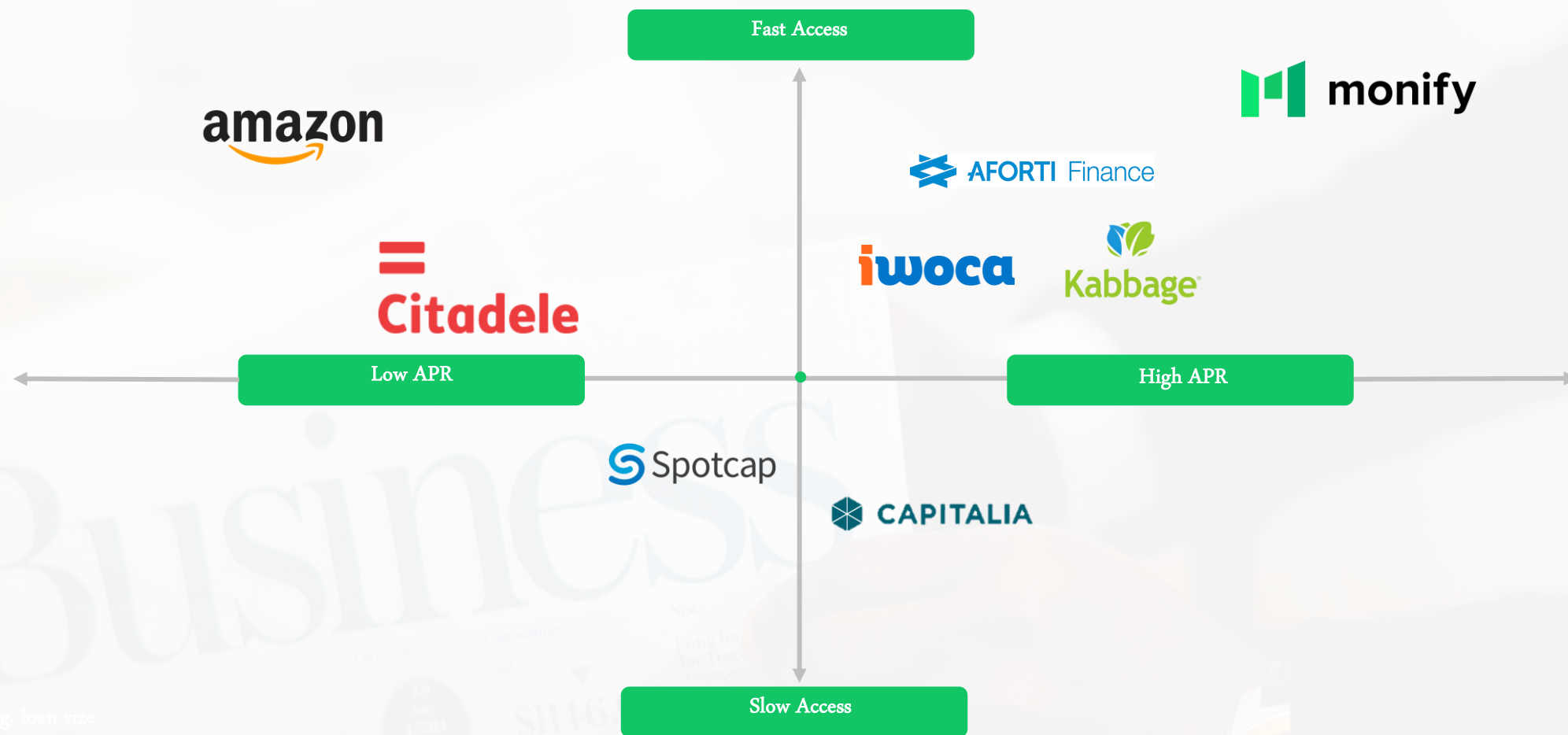
Monify market size



€/year

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Global Competition



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Business Model



Annual percentage
rate (APR) – 36%
to 84%

Average loan in portfolio:

23.000 EUR

Average monthly interest rate:

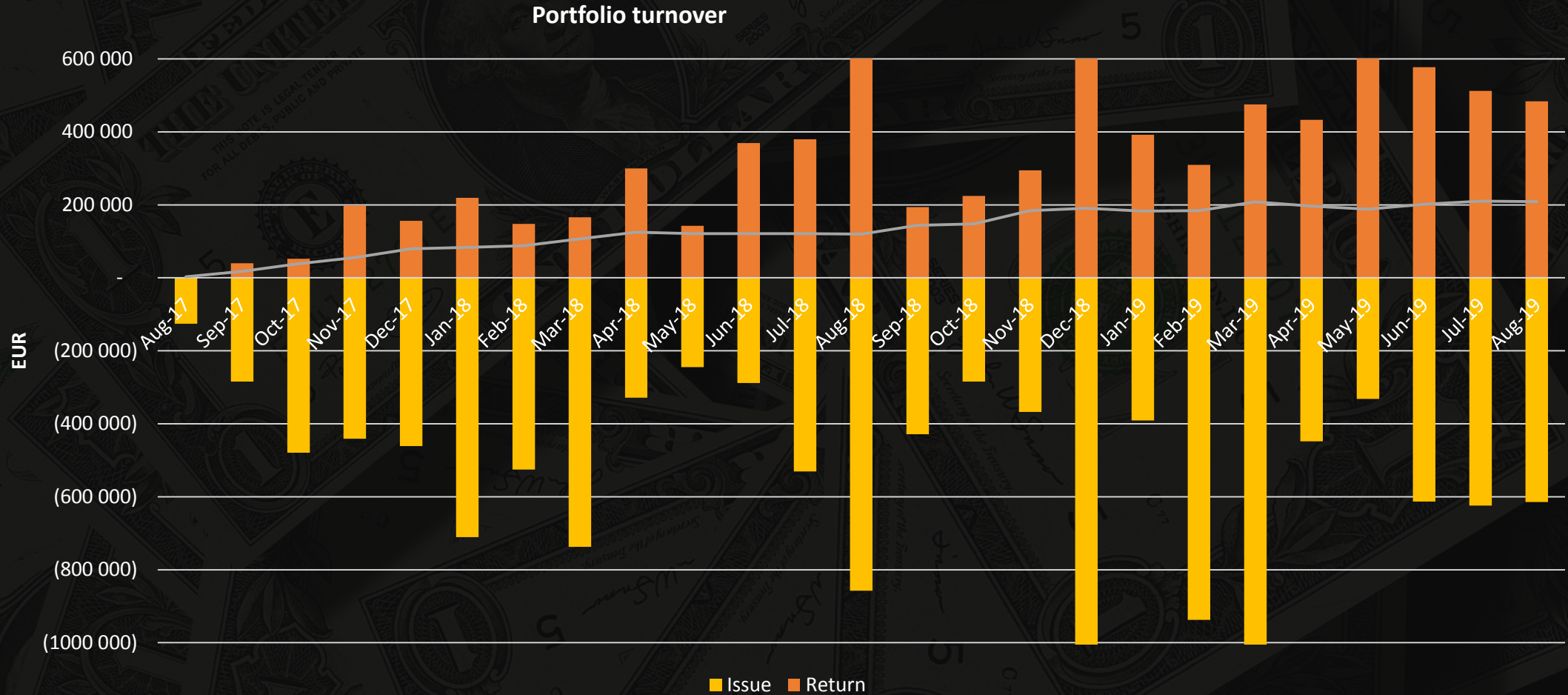
4,3%>

Average loan term:

6 months

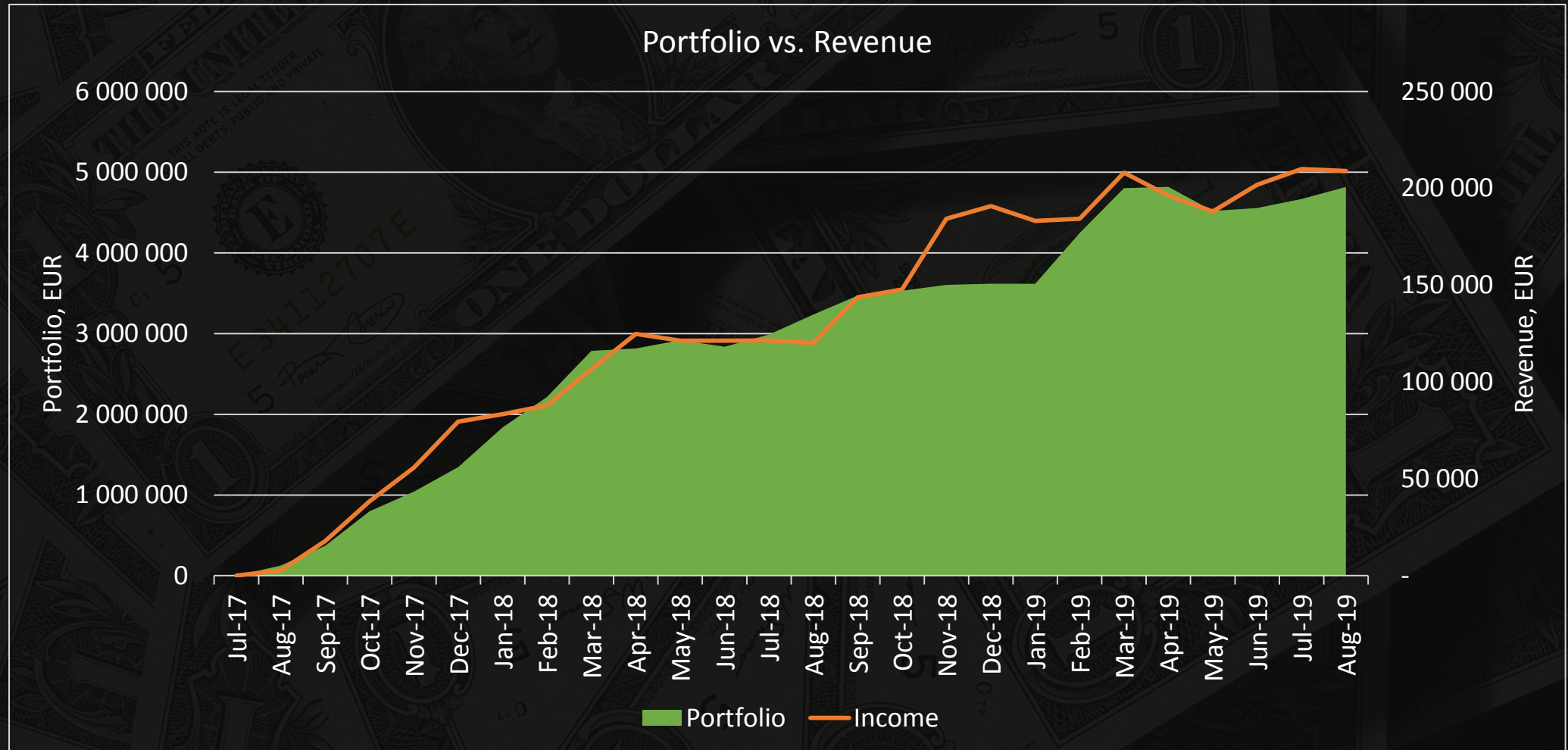
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Lending volumes



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Traction



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Partners

Business partners



Banks



Funding partners



Risk-assessment model (1)

- The model was developed in-house with help of world-wide renowned SME risk-assessment model expertes
- Risk evaluation is semi-automatic, meaning that risk-evaluation is made automatically, and our risk-analyst double checks the date and presses "few" buttons to make an offer
- The evaluation model is built on multi-factor mathematical model basis, which takes into account all historically significant statistical data from more than 15 000 application
- The evaluation process starts with 83 "autofail factors", which are simple one or few factor formulas.
- If client passes "autofail factors", the system then evaluates clients risk class from 1 to 10 (10 being the most risky) using our base risk model.
- Base risk model consists from 12 variables, each of them having their own statistical weight in overall risk class determination.
- Variables include financial indicators and their slopes, companies and its owner credit histories, companies existing tax debt and such.
- After risk class has been determined an offer can be made based on risk class, companies turnover and term the client wants loan for. Offer consists from loan amount, interest rate, issue commission and loan term.
- The model is very flexible and can be adjusted or changed anytime if any of its factors has been outdated, statistical analysis shows factor is ineffective or global economic situation in market has changed.

Risk-assessment model (2)

Feed-in data

- Main data source is bank statement of company for last 12 months, in PDF/CSV/XML format
- Financial, legal and credit history data is obtained from several local credit registers by API
- AML questionnaire, general questionnaire filled by the SME

Specifics

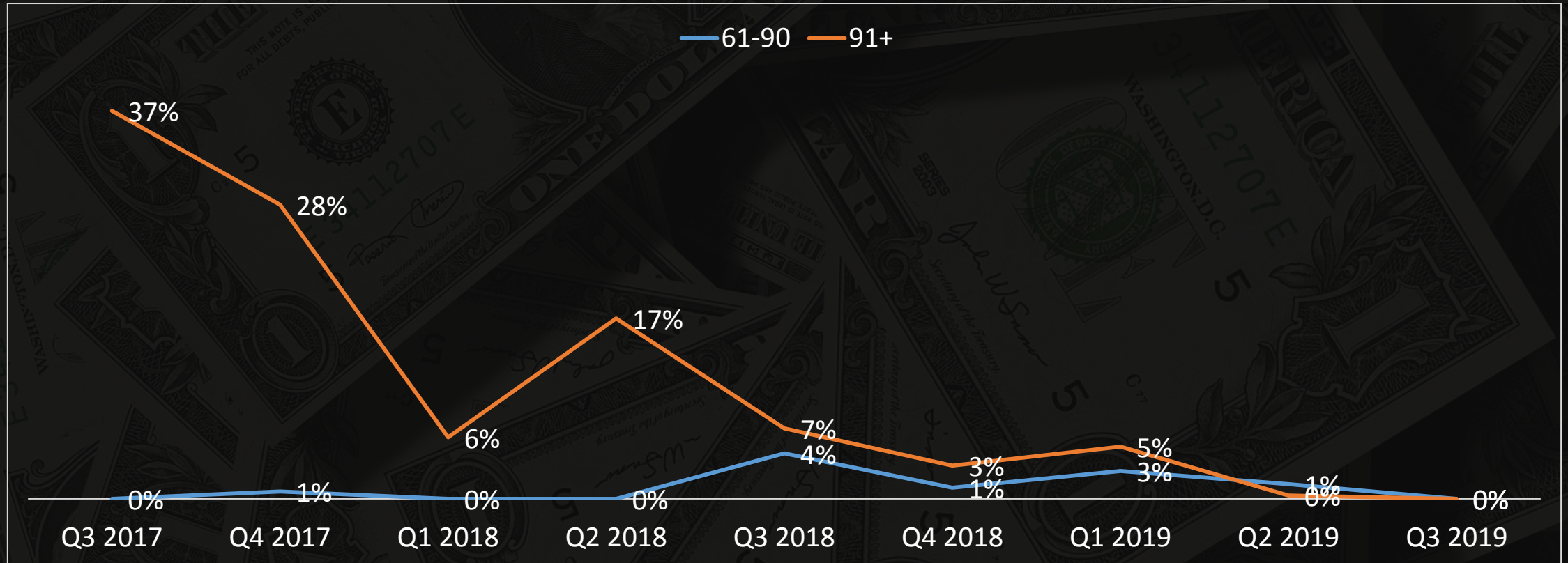
- Bank statement is checked for fraud
- Risk-model is adapted for each country
- Model is adjusted on monthly basis
- Model estimates probability of default

Automation

- Bank statement parsing, categorisation, analysis
- Data source connection with API
- Scoring model automation and 80% case automatic decision-making, with 20% cases left for full manual review

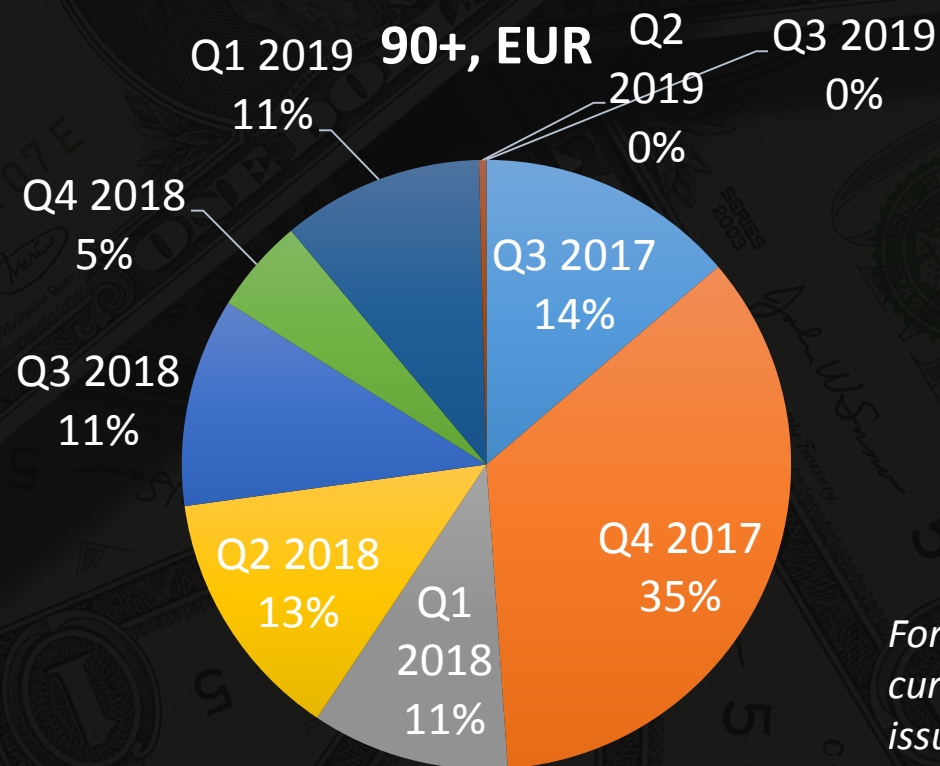
Vintage Analysis (1)

Vintage analysis showing how many of loans issued in certain quarter are late, as of today



Vintage Analysis (2)

90+ days late portfolio split by the quarters, when loans were issued



For example, out of all 90+days late loans in current loan portfolio, 11% of loans were issued in Q1 2019.

IT

Our automated IT system has been developed internally, and updated continuously during 2 years.

Functionality

- Web-cabinet for borrower to be able to apply for a loan, answer all questions, sign agreement and get funding fully online
- Bank statement parsing. 50+ banks parsed in Baltics and Kontomatik integrated in Poland
- Contracts and prolongation. Automatic loan and guarantee generation in 4 countries, 4 languages for several different products. Additionally, automation of agreement prolongation and restructuring
- Schedule. Automatic schedule generation for each loan agreement.
- Cash-flow. Incoming-outgoing Monify cash-flow management by importing and categorization of bank statement
- LMS. Loan management system, where all loan agreement data is stored. In the same place, all application and deal data is being held.
- Risk-assessment. Integration with data-bases, scoring-model constructor, automated scoring model
- API – integrations with 3rd parties

System characteristics

- Loan-management-system stack: php-7.2, Symfony 3.4, PostgreSQL, mongoDB, RabbitMQ, ElasticSearch, React 15.6 (edited)
- Website stack: October CMS (edited); Services: AWS, AZURE

Debt collection (1)

- Debt collection process is organised mostly in-house, with specific tasks outsourced to partners
- Soft, middle and hard collection processes are maintained to ensure growing pressure and maximum recovery rate from late payers.
- Automatic and semi-automatic tools are used to send notifications, make calls, visit and process trial cases.
- In parallel to notifications, soft collection calls are made to assess and understand the reasoning behind late payments. Calls are made by Sales team personnel, who possess the necessary language skills.
- If soft collection process doesn't persuade the client to settle the debt in 30 days, then restructure and extension tools are used.
- Physical search or clients and visits of later debts grants renewed contact information and a personal approach to client issues to return client to the non-late portfolio. This search is done by four external service providers – private consultants. These consultants have at least 5 years of experience in field collection and people search. Before providing private services of locating debtors, these people have worked in their respective governmental law enforcement forces, f.e. counterintelligence, police, army, etc.

Debt collection (2)

Personnell

- 2 people in-house, working on hard cases
- 4 field-collectors, one in each country
- 2 lawyers with experience in debt-collection; expolice investigator
- 4 sales managers performing soft-collection

Legality

- Loan agreement + personal guarantee in all loans. Solidary responsibility
- Latvian Arbitraty court in all 4 countries
- Agreements signed with e-signature/1EUR. Both cases solid-proved in court.
- Model estimates probability of default

Results

- 55% recovery rate in 2019 (23% in 2018)
- 7 court cases won out of 7.
- Execution lists and real estate arrestet of guarantors in Latvia, Estonia, Spain
- 2 criminal cases against guarantors started, 2 pending

Legalities

Monify is a registered legal entity in Latvia. Registration date 27.07.2017. Reg. Nr. 40203083863

Registration form – joint-stock company – AS or ”akciju sabiedriba” in Latvian language

Share capital: 1 million EUR

Regulation:

- Monify is a financial institution by EU laws, but since no specific laws are regulating this type of business in Latvia, no specific licence is needed. For this, Monify received official answer from Baltic and Poland regulators.
- Monify is in B2B lending business, but since for each loan agreement there is a personal guarantee from owner (physical person), Monify has obtained official answer from PTAC (customer right protection) that Monify does not need specific license for such case.
- Since 01.01.2019 Monify is a subject of Latvian AML law. Since then, has enhanced internal AML policies and procedures and on 30.08.2019 has successfully passed Latvian State-Revenue-Service AML audit.

Corporate Structure

UBO

Bolat Itegulov

Artur Geisari

Nikita Manija

Shareholders

SIA ITG Group
reg. nr. 40103888880

SIA Geisari Holding,
reg. nr. 40203073329

80%

15%

5%

AS Monify
reg. nr. 40103888880

Council

Bolat Itegulov

Nikita Manija

Natalja Geisari

Board

Artur Geisari

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The Team



Artur Geisari
Co-founder, Visionary, CFO

5 years in SME lending
7 years in debt financing
12 years in financial consultancy



Nikita Manija
Co-founder, board member

4 years as CEO at asset management. 20
million EUR under management
6 years in real estate development



Vlad Yermakov
CEO

11 years at Dukascopy Bank, Switzerland.
Head of International Business Development
Vice President at Blue Orange Bank

The Team



Klāvs Gipters
Head of debt collection

2 years experience COO in Mogo Finance
5 years experience in debt collection. CDO in Sergel.



Janis Plume
Head of risk assessment

5 years experience at Luminor. SME deal manager
1 year at AS Privatbank, senior credit analyst

And rest of great Monify team

Head of accounting
Accounting assistant
Financial controller
2 Financial analysts
IT product owner
2 full-stacks
4 sales managers
Administrator

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Funding offer - debt

Amount: minimum 200'000 EUR. Target 5'000'000 EUR loan.

Term: starting from 6 months. Target 2 years.

Type of funding: loan

Loan repayment: bullet

Interest rate payment: monthly

Legal formation: loan agreement with JSC Monify (Latvian entity)

Guarantees: current loan book. Commercial pledge possibly for bigger amounts

Interest rate: 12% per annum. Target 8%

Funding will be used for:

Lending money to SMEs, with average ticket of 20'000 EUR and term of up to 6 months.

Funding offer - equity

Pre-money valuation: 8'000'000 EUR

Shares offered: 30%

Investment amount: 2'400'000 EUR

Looking for: strategic investor, understanding lending and fintech

Funding will be used to increase share capital, to raise debt and grow portfolio up to 20 million EUR.

By reaching 20 million EUR portfolio, Monify will yield yearly 5 million EUR pre-tax profit.

For 30% shares it will give 1.5 million EUR potential yearly dividends.

Contact me

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• www.monify.io

4 countries

16 employees

15000+ applications

600+ customers

13m EUR volume lent

269% growth in 2018