Management Update for Investors

June 2021

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Business Update and Investment Strategy 2021

Spain

- We launched the new Ibancar website with good early results that we will continue to monitor and fine tune. We are continuing to increase the number of leads being acquired from affiliates as well as direct traffic and we plan to continue growing at a controlled pace so that we can maintain our historically low NPL ratio.
- We are researching the auto finance market and structuring a “rent to buy” product that we will distribute through car dealers. We will target the same type of borrower and car so as to remain in the market segment that we know well.
- We have postponed the development of an offline (POS) distribution channel due to the current workload and good volume of online leads. Establishing an physical POS network remains an important part of our growth plan and we will pick this up again in Q4 2021 or Q1 2022.

International

- **Mexico**:
  - We have finished our market research and mystery shopping and identified the strengths and weaknesses of the competing players in the car title market. The broad conclusion is that there are no remote lenders in the car title market and as a result none offer the same day, 100% online loans that Ibancar offers in Spain.
  - All Mexican lenders require the installation of a GPS in the car so it looks like none can escape the car title niche as we have been able to do in Spain.
  - Our CEO will be moving to Mexico in late July to work with our local advisor Andres Aboumrad to develop a legal product structure as well as collateral recovery procedures before the incorporation of a subsidiary at the end of Q3 or start of Q4.
  - We have been talking to debt funding partners including P2P marketplaces, institutional funds and family offices in order to be able to start lending in Mexico in 2021.

- **UK**:
  - We have developed a loan product for the UK market with a very positive legal opinion and can start the regulatory approval process required to launch at any time. As our focus is on Mexico at the moment (where there is no regulatory barrier to entry) we will pick up the UK project as soon as we have sufficient time and resources to do so. UK regulatory approval can take up to 12 months.

Funding

- **Debt**:
  - In July we expect to sign contracts and implement our debt facility allowing us to fund our loans through a bankruptcy remote Special Purpose Vehicle aimed at European institutional investors. The facility has been seeded by an institutional investor with €2m and will increase to at least €10m. Other investors will be joining from a minimum investment of €1m.
  - We will continue using a limited number of selected P2P marketplaces where there is strong investor demand for Ibancar loans. Our European P2P partners have also expressed an interest in offering Mexican Ibancar loans to their investor base.

- **Equity**:
  - In Q3 we will be preparing for a small equity or convertible raise of €1m to fund international expansion and the development of new products. This raise will be a bridge to our Series B round that will take place late in 2022 or early 2023 as we prepare to enter the next markets.

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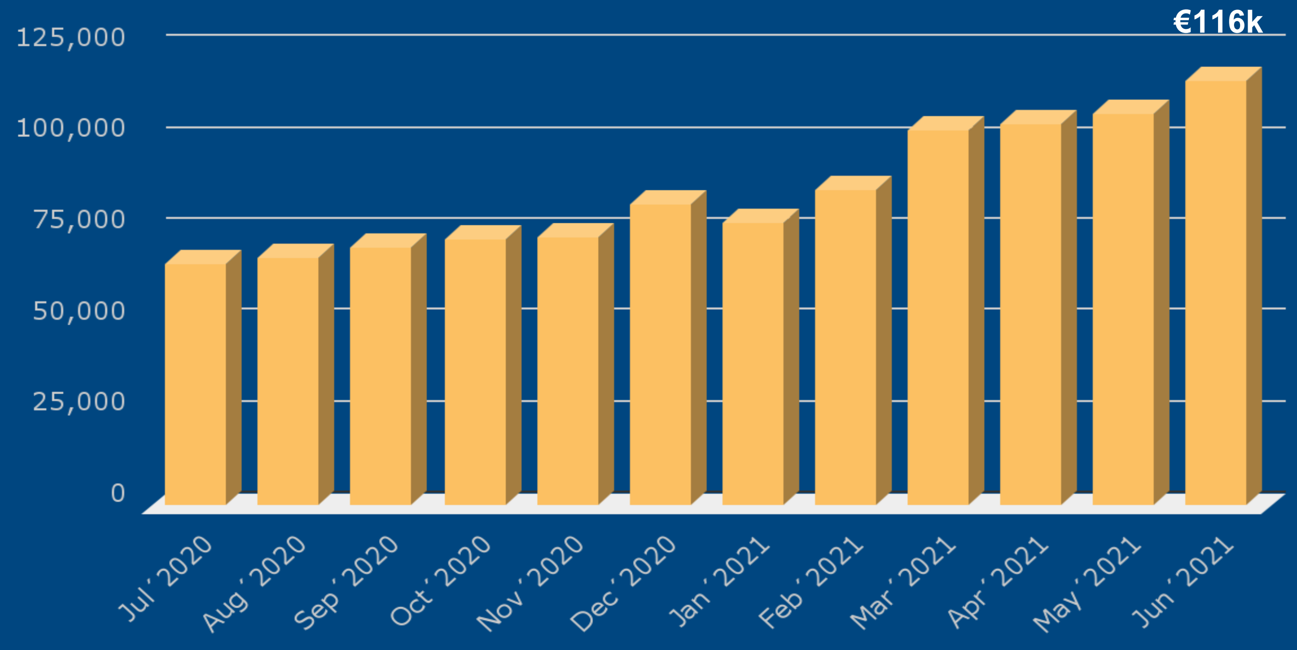
June Business Performance

- Lending revenue €116,374
- Total Revenue €116,374
- Contribution Margin €69,093 or 59%
- Net Profit: -€16,833
- Adjusted Net Profit: -€9,135

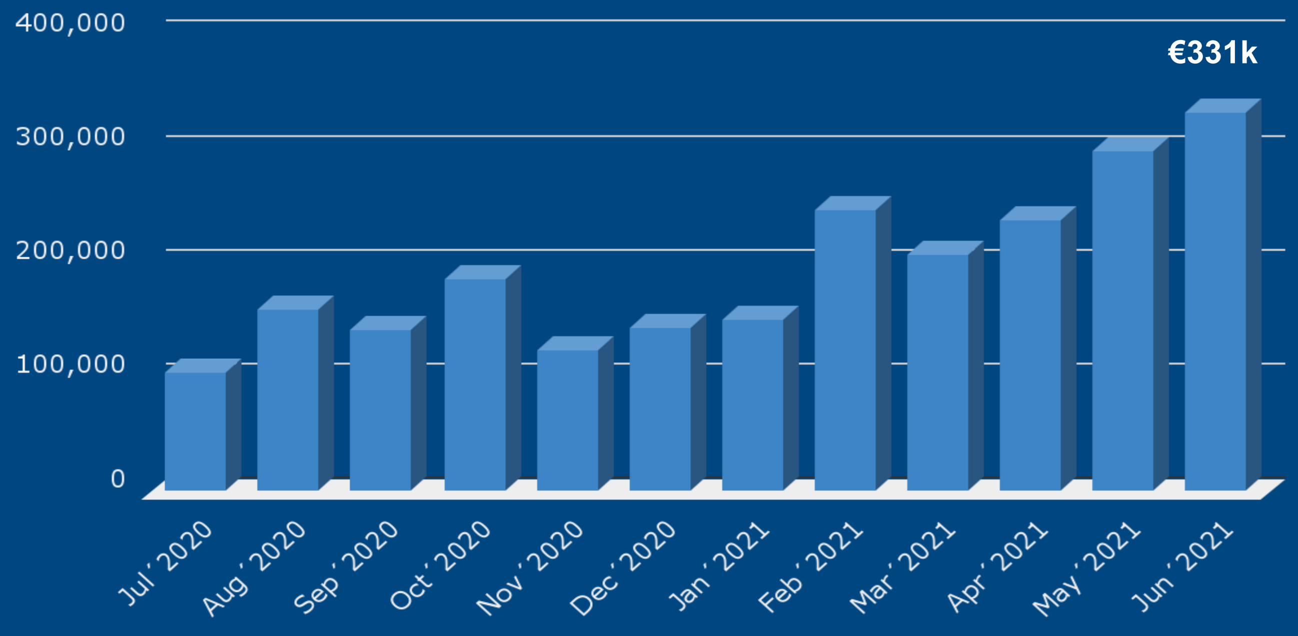
Loan Book Performance

- Asset book closed the month at €2,252,403
- Loan book composed of 911 active loans at a total LTV of 42%
- NPLs at end of June were 3.0% vs 2.7% in May
- NPL capital was €67,852 which represented 25 cases
- Rolling 12 month capital recovery on NPLs, after impairments, is at 79%

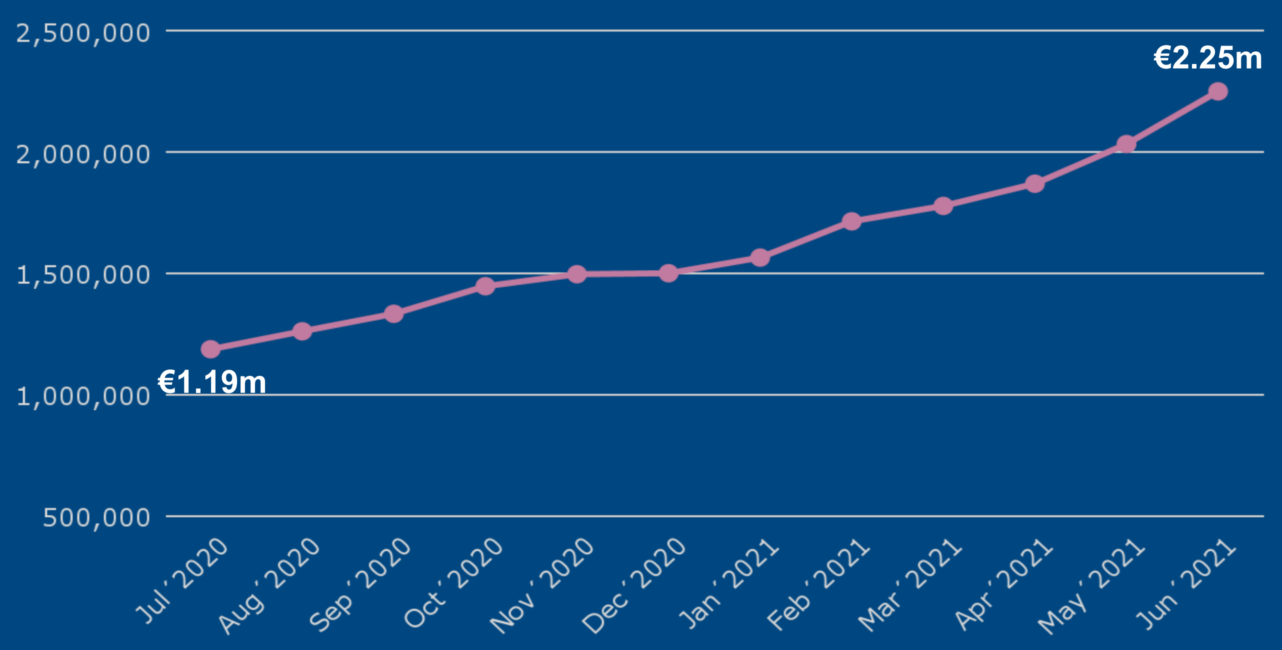
Lending Revenue



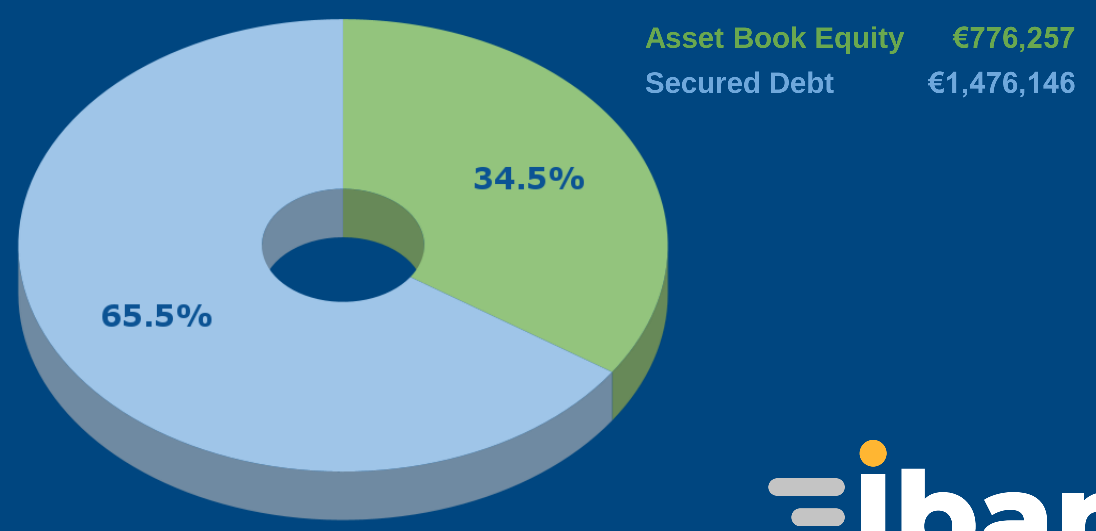
Origination



Asset Book (Loans + Cars)



Loan Book Leverage



Risk Management

In June we continued to see the growth in lead volume reach Underwriting as **a record 266 cases were reviewed**. This is 21% more than the previous month and the monthly approval rate was stable at 51%.

Both the average loan size and the LTV decreased slightly in June compared to May, to €2,900 and 40% respectively.

One notable increase was in the number of cases we rejected because the borrower had no income which jumped from 20% in May to 25% this month:

- 47% were declined due to a pre-existing lien or charge against the car
- 25% were declined because the borrower had no income
- 15% were rejected by our scoring model
- 13% were rejected due to fraud or other documentation problems.

We continue to meet our objective of making underwriting decisions within hours of receiving the completed application and 84% of cases are completed same day. Despite the increase in volume and speed we are successfully maintaining the quality of our loan book.
In the coming months we will continue to implement new tools to automate some of the manual checks and we will be implementing a new fraud identification system offered by ASNEF-Equifax.

Collections

As we grow we continue to maintain our high collection rate and also managed to keep our NPL levels stable. Payment holidays and prepayments were lower than in May which is a good sign for revenue and book growth.

In June we also started **developing a system to identify distressed borrowers and offer them restructuring before they potentially become NPLs** (Preventive Restructuring) and we will continue to develop this over the coming months before hard coding it into our loan management system.

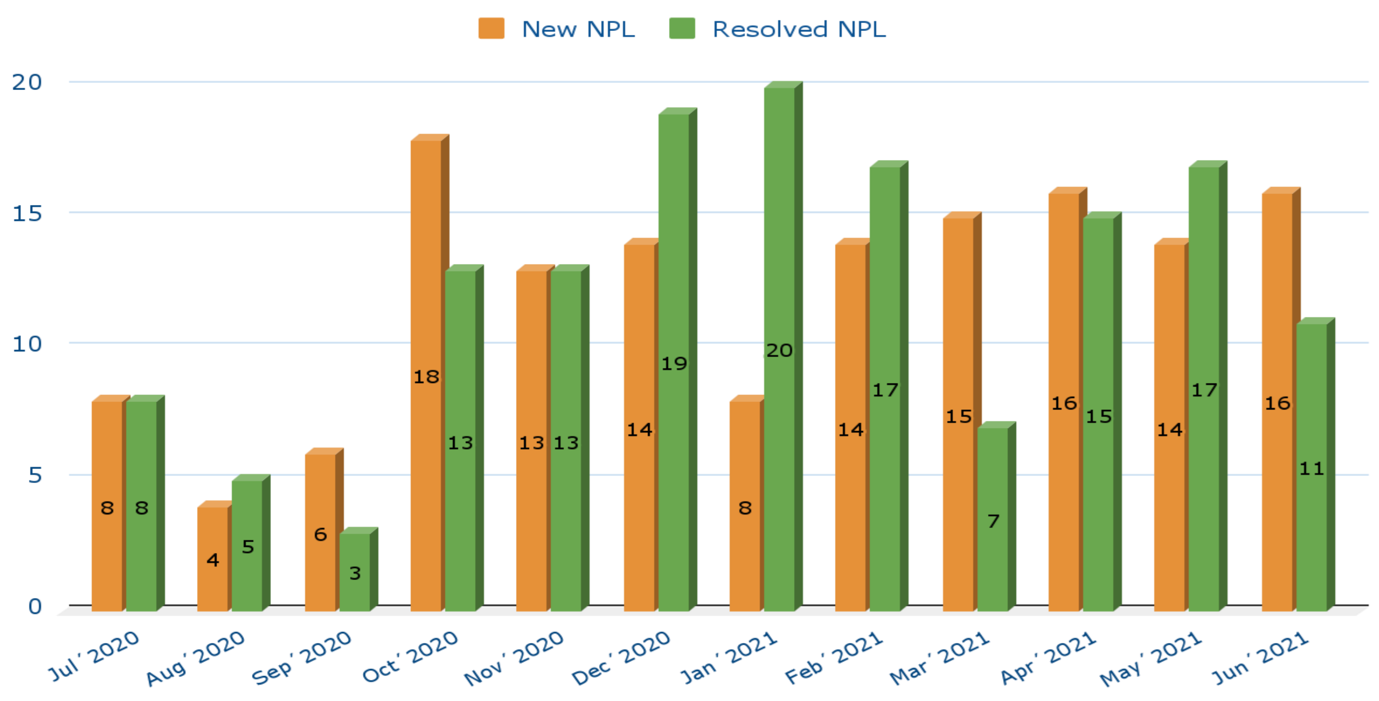
Installments	Number	%
Received	734	88.2%
Prepayments	15	1.8%
Unpaid Not Late	58	7.0%
Unpaid Late	9	1.1%
New NPLs	16	1.9%

ASSET BOOK 31/06/2021	€2,252,403	100.0%
Performing Loans	€2,104,607	93.5%
Non Performing Loans	€67,852	3.0%
Cars Pending Recovery	€63,902	2.8%
Cars Pending Sale	€16,042	0.7%

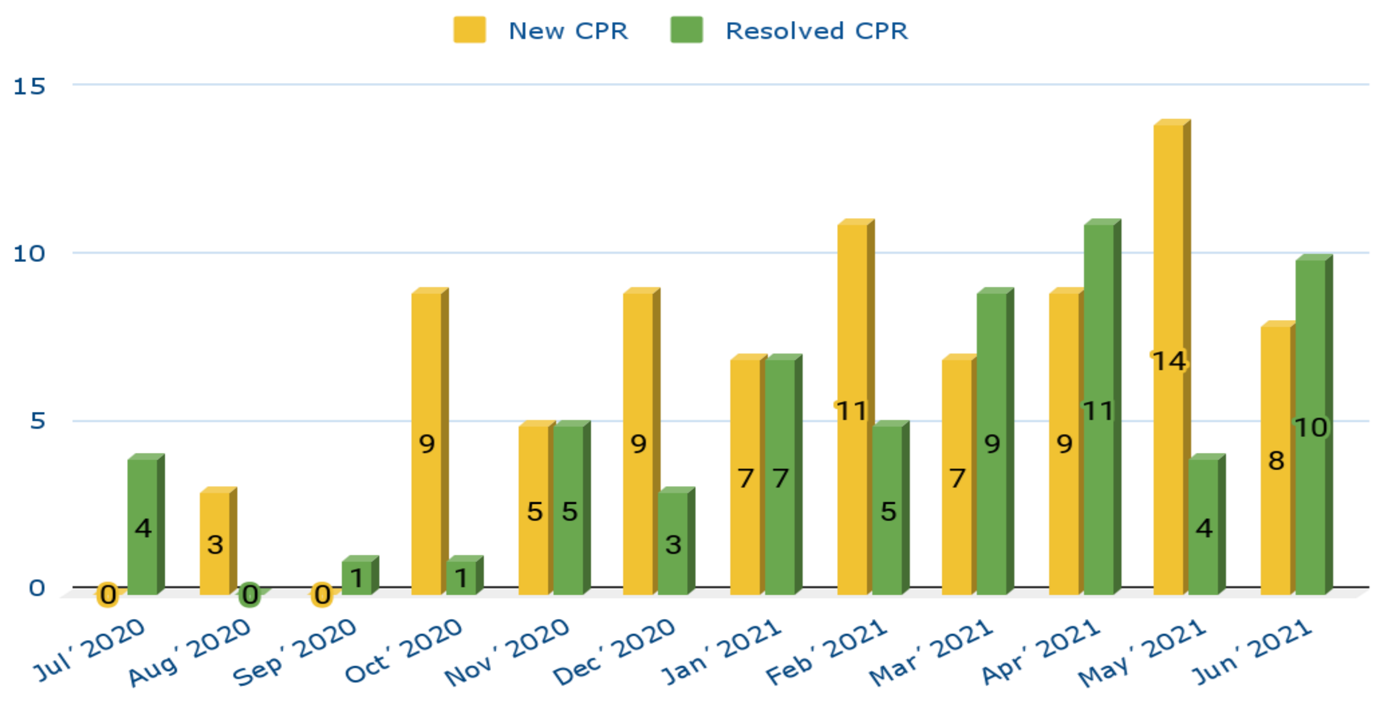
Legal & Recoveries

In June our team recovered four vehicles that are all pending auction. The performance of the legal and logistics teams remains very good and they succeeding in negotiating restructurings, recovering cars and continuing to work on old impairments, some of which we expect to be reversed.
Year to date more than 80% of NPLs are successfully restructured.

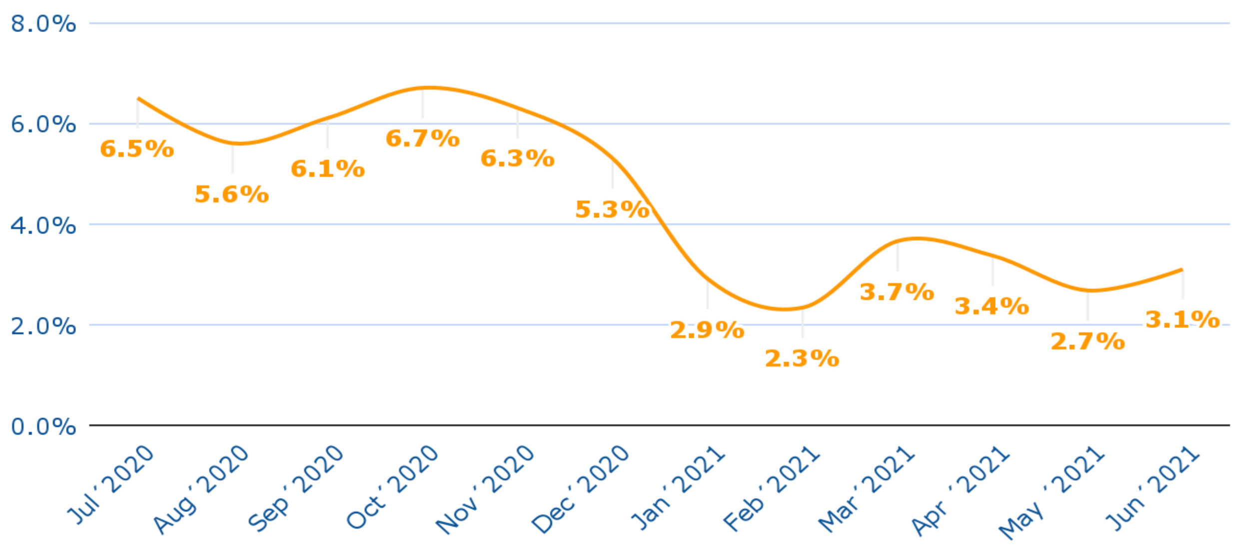
Non Performing Loans



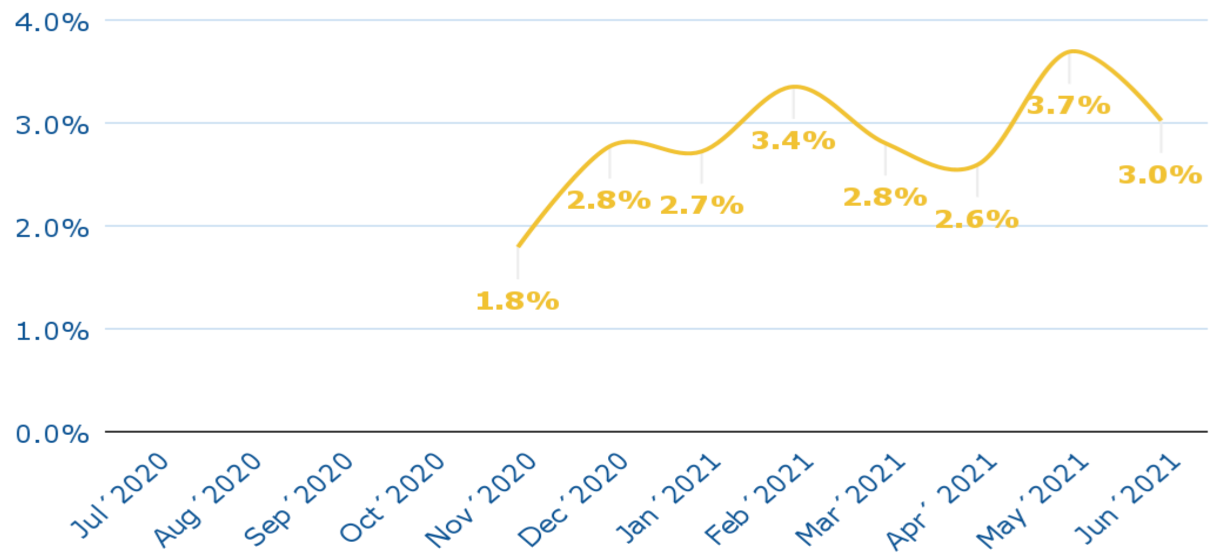
Cars Pending Recovery



NPL Evolution



CPR Evolution



Financials Q2 2021 & H1 2021

Profit & Loss00	Actuals	Plan	vs Plan	Actuals	YoY	Actuals	Plan	vs Plan
€'000	Q2´21	Q2´21	€	Q2´20	€	H1´21	H1´21	H1´21
Lending Revenue	328	340	(11)	149	180	595	593	2
Cars Sales Revenue	28	0	28	9	19	44	0	44
Other Income	0	0	0	1	(0)	1	0	1
Total Revenue	**357**	**340**	**17**	**158**	**198**	**641**	**593**	**48**
Impairments	(20)	(21)	1	0	(20)	(18)	(21)	3
Cars Purchase Costs	(18)	0	(18)	(7)	(11)	(29)	0	(29)
Funding Costs	(43)	(43)	0	(31)	(12)	(80)	(78)	(3)
CAC	(53)	(54)	1	(14)	(39)	(90)	(90)	0
Operating Costs	(22)	(10)	(13)	(11)	(11)	(43)	(18)	(25)
Contribution Margin	***199***	***211***	***(12)***	***95***	***104***	***381***	***386***	***(5)***
Contribution Margin %	*56%*	*62%*	*(6%)*	*60%*	*(4%)*	*59%*	*65%*	*(6%)*
Staff Costs	(180)	(183)	2	(80)	(100)	(360)	(362)	2
Infrastructure and Admin.	(16)	(28)	12	(11)	(5)	(33)	(54)	21
External Services	(7)	(17)	10	(6)	(2)	(13)	(33)	20
Other Expenses	(20)	(8)	(12)	(22)	2	(32)	(15)	(17)
Overhead Costs	(223)	(235)	13	(118)	(105)	(439)	(464)	26
Operating Profit	***(24)***	***(24)***	***1***	***(23)***	***(1)***	***(58)***	***(78)***	***21***
Depreciation & Amort.	(8)	(9)	1	(2)	(6)	(13)	(12)	(1)
Financial Activity	(3)	0	(3)	(13)	10	(4)	(20)	16
Profit Before Tax	***(35)***	***(33)***	***(2)***	***(38)***	***3***	***(75)***	***(110)***	***35***
Income Tax expense	0	0	0	0	0	0	0	0
Net Profit/(Loss)	***(35)***	***(33)***	***(2)***	***(38)***	***3***	***(75)***	***(110)***	***35***
Net Profit/(Loss) %	*(10%)*	*(10%)*	*(0%)*	*(24%)*	*14%*	*(12%)*	*(19%)*	*7%*

KPIs	Actuals	Plan	vs Plan	Actuals	YoY	Actuals	Plan	vs Plan
	Q2´21	Q2´21	€	Q2´20	€	H1´21	H1´21	H1´21
Gross Issuance	866	878	(12)	128	738	1,471	1,463	8
Asset Book	2,252	2,446	(193)	1,156	1,096	2,252	2,446	(193)
Total Debt	1,476	1,810	(334)	1,066	410	1,476	1,810	(334)
Debt to Asset Book	*65.5%*	*74.0%*	*(8.5%)*	*92.2%*	*(26.7%)*	*65.5%*	*74.0%*	*(8.5%)*
Available Cash	629	602	26	135	493	629	602	26

Q2 revenue was €357k, higher than plan by €17k or 5% due to higher interest revenue and the sale of 6 cars.

Contribution margin finished at €199k or 56%, which is slightly below plan.

Overhead costs and financial expenses were 5% better than plan showing a consistent cost discipline over time.

Net Profit in Q2 was -€35k, **which is on plan**.

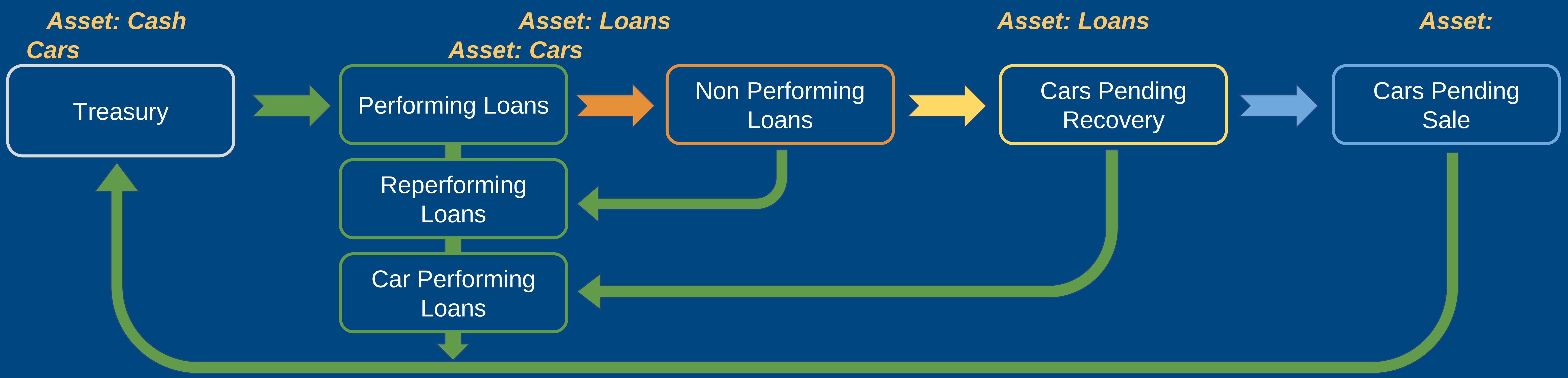
Asset Book ended 8% below plan at **€2.3m** due to higher early repayments and a lower average loan size.

Debt to asset book ratio is below plan at **66%** and available **cash balance** finished better than plan at **€629k**

Confirming our profitable growth path, **H1-2021 ended with a strong contribution margin of 56%**, lower expenditures than plan and a **37% better Net Profit.**

Addendum: Loan Book Management Flow

In November we introduced new asset based capital tracking to follow capital buckets in real time. The flow of capital through our lending, collection and recovery process is now broken down and managed as follows:



- **Performing Loan** - has never become non performing
- **Reperforming Loan** - non performing loan with a “debt payment agreement” that was restructured prior to title change
- **Car Performing Loan** - non performing loan with a “debt payment agreement” that was restructured after title change and we retain title until repaid
- **Non Performing Loan** - more than 30 days overdue payment, we have started the title change process
- **Cars Pending Recovery** - non performing loan cancelled when the car title change became effective, we have title but not possession
- **Cars Pending Sale** - we have title and possession, the car is available for auction and will generate a profit or a loss

Thank you for your interest in Ibancar

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