



Newsletter / Management Report

December 2021

Ibancar had an exceptional year in 2021, successfully deploying the equity raised in 2020 and hitting all growth targets ahead of plan. Our business has scaled on the solid foundations established by the team and, being profitable, we are very well positioned to enter this next phase during which our growth will be driven more by the strategic decisions we take with regards to products, markets and partnerships.

We closed the year with sector leading growth figures despite all the COVID disruption with (year on year) **monthly origination growth of 226%, lending revenue growth of 143% and loan book growth of 167%**. In addition to the strong growth the business ended the year with **positive P&L of €50k which was €100k ahead of plan**. This strong bottom line performance was underpinned by the discipline and control with which the team delivered the business plan.

Not only has the P&L and balance sheet grown but the team has also evolved significantly, delivering organizational and efficiency improvements in every area and continuing to show an entrepreneurial level of commitment to the business at all levels.

Despite significant achievements of 2021 we now have to focus on the coming year, one in which we will face bigger challenges that will again require disciplined and committed management. The key scaling projects for 2022 will be:

- Analyze all our business processes in order to keep making efficiency gains (lead conversion, speed of service, NPL management, productivity)
- Continue to build the IT infrastructure to support the Ibancar of the future
- Develop and test new asset based lending products in Spain
- Take our digital car lending model to new countries

We have reached this phase of our development pretty much organically, with very little outside help, but we know that our next steps will require more resources and expertise than are currently available to us. Our evolution has to start by adapting how we think about growth and taking Ibancar to the next level will require more than just capital - the business needs (at least) two things now:

(1) capital and (2) the right strategic partner(s) for equity and debt funding, marketing and distribution, new product development and tech.

Our focus during Q1 2022 will be on finding these potential partners and determining the best growth strategy.

Our asset based lending model has outperformed its peers and we have validated and taken it to profitability much faster and earlier than most other online lenders. Everything is in place to take our business to the next level and we are looking forward to another very exciting year, one that will again transform Ibancar.

DECEMBER HIGHLIGHTS	
Origination	€465,714
Lending Revenue	€200,030
Total Revenue	€205,694
P&L	€53,878

ASSET BOOK	€4,001,319	100%
Performing Loans	€3,741,791	93.5%
Non Performing Loans	€101,847	2.5%
Car Pending Recovery	€145,896	3.6%
Car Pending Sale	€11,785	0.3%

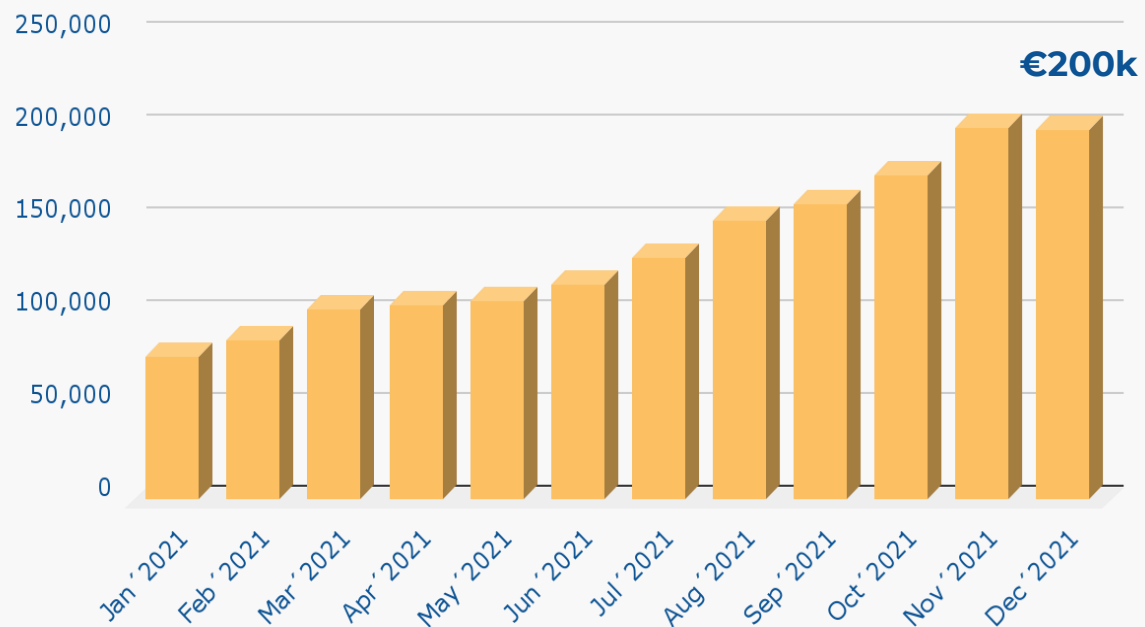
December Business Performance: Continuing to grow profitably

- Car sales revenue €5,598
- Lending revenue €200,030
- Total Revenue €205,694
- Contribution Margin €133,645 or 65%
- Net Profit: €53,878

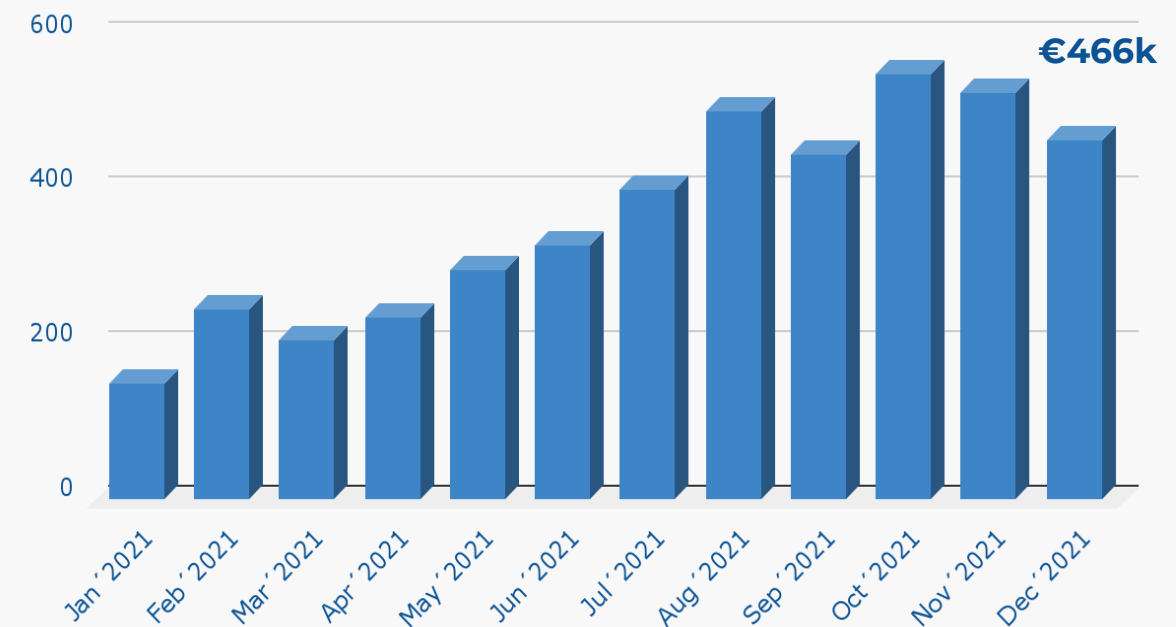
Efficient capital management and stable loan book performance

- Asset book closed the month at €4,001,319
- Loan book composed of 1,598 active loans
- The loan book LTV is currently 43%
- NPLs at end of December were 2.5% vs 2.3% in November
- NPL capital was €101,847 which represented only 35 loans
- Rolling 12 month capital recovery on NPLs, after impairments, is 102%

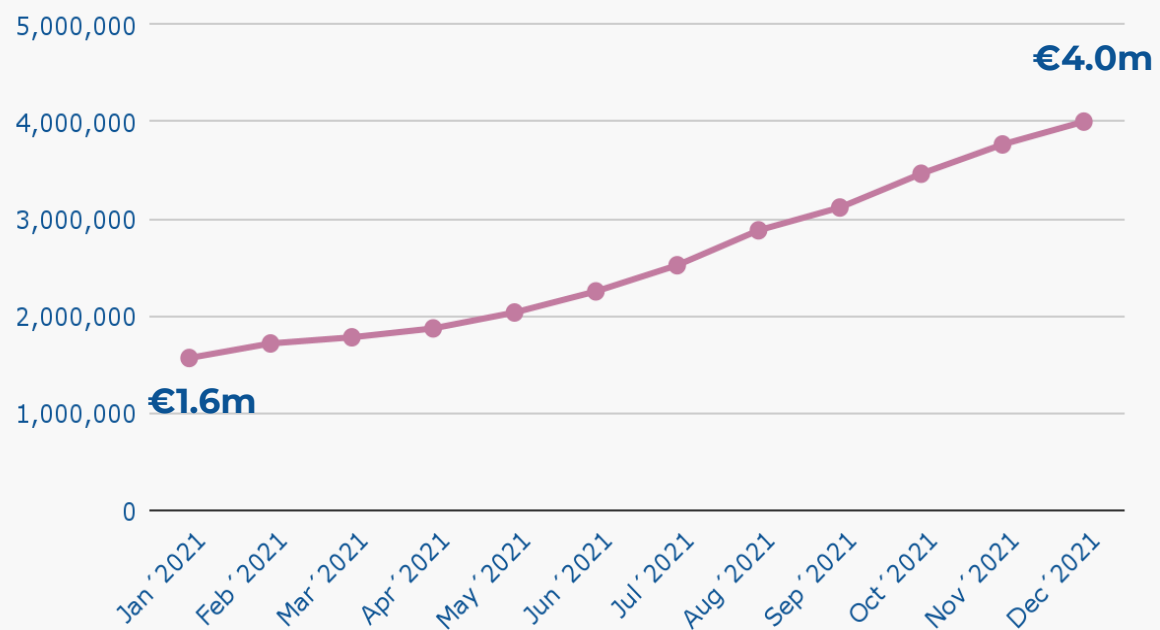
Lending Revenue



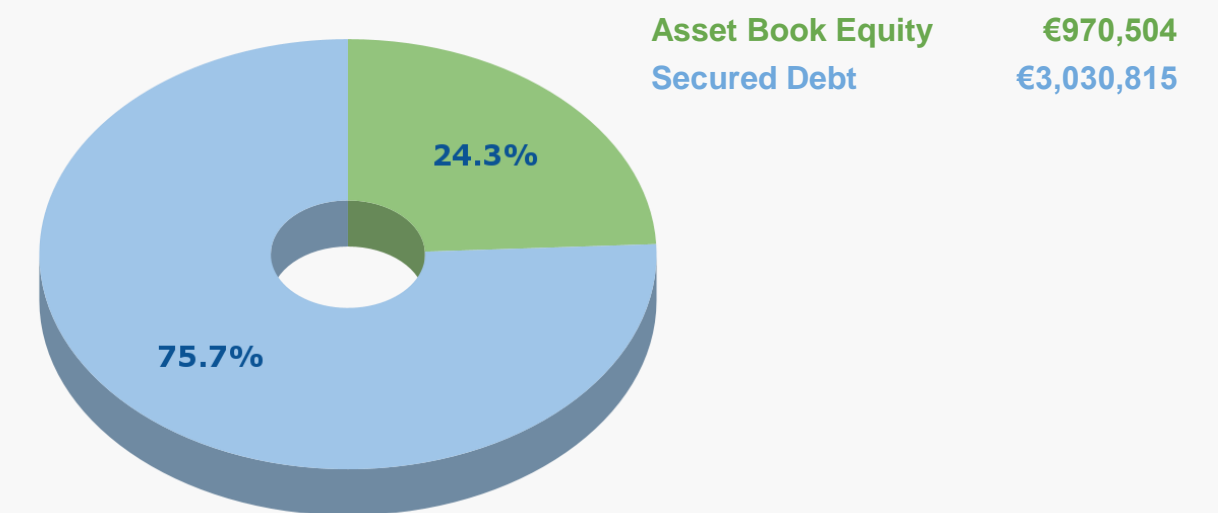
Origination



Asset Book (Loans + Cars)



Loan Book Leverage





Underwriting

In the month of December underwriting approved 56% of the reviewed leads which is the highest figure of the year but with the launch of new products we expect to take underwriting approval beyond 60%.

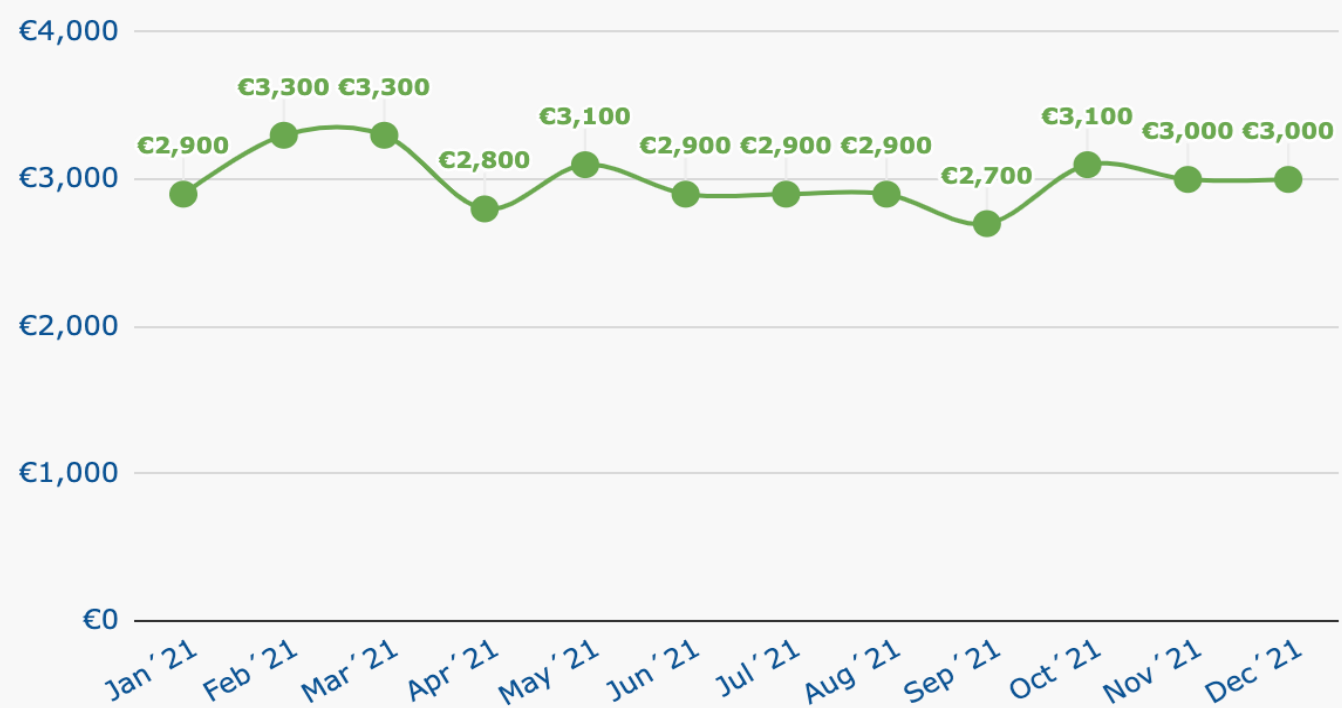
The number of applications reviewed was lower than November due to the holiday shortened month. The average loan size remains unchanged at €3,000 and the average LTV was up slightly at 46%.

After the excellent performance of the loan book in 2021, with impairments below 2%, we are starting to review our UW criteria in order to take more risk and convert more leads. We aim to increase the average LTV progressively and also improve our conversion rate by valuing cars more accurately. Another project is to give feedback to potential borrowers if their car has an outstanding (outdated) lien so that they can have this removed and Ibancar can offer them a loan.

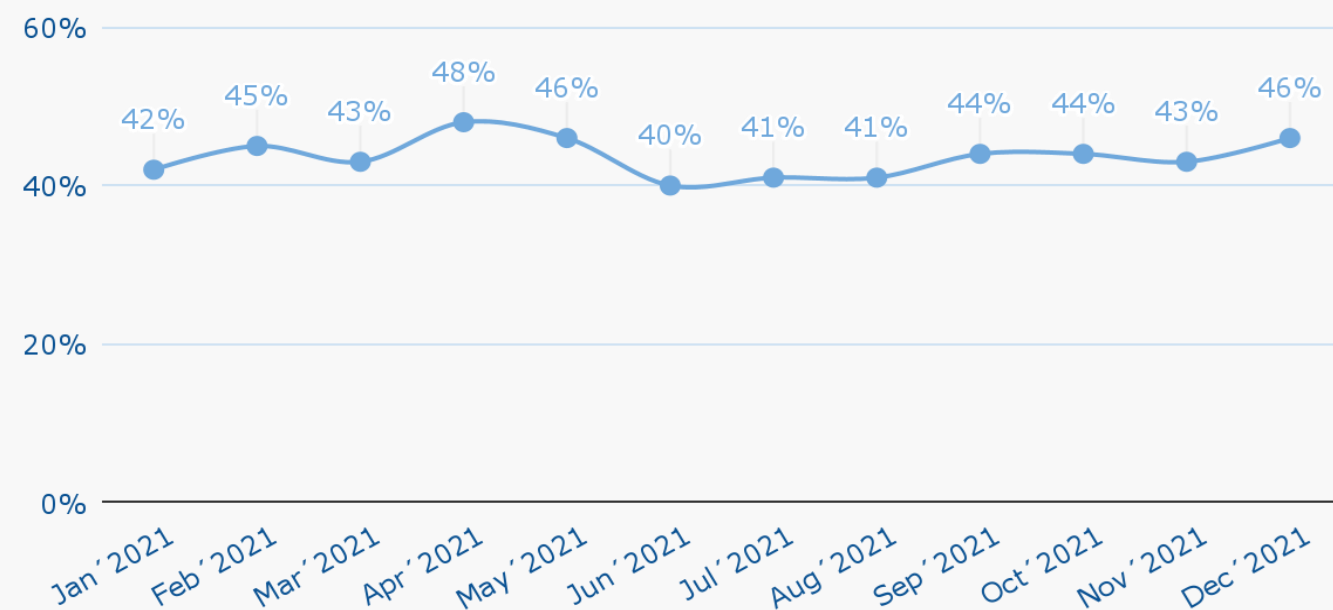
Throughout December UW scored communicated a credit decision to 99% of cases on the same day that documentation was received.

Our main project for 2022 is to move to a fully automated underwriting process that will incorporate artificial intelligence into the scanning and evaluating documentation as well as the identification and valuation of cars on the basis of photographs.

Average Loan



Average LTV



Financials FY2021 *(provisional)*

Profit & Loss €'000	Actuals					Plan FY2021	Actuals FY2020
	Q1 '21	Q2 '21	Q3 '21	Q4 '21	FY2021		
Lending Revenue	267	328	440	576	1,611	1,612	752
Cars Sales Revenue	17	28	69	39	152	113	121
Other Income	1	0	1	0	3	3	5
Total Revenue	285	357	510	615	1,766	1,727	877
Impairments	2	(20)	(7)	(2)	(27)	(89)	(15)
Cars Purchase Costs	(11)	(18)	(33)	(14)	(76)	(62)	(81)
Funding Costs	(37)	(43)	(55)	(75)	(211)	(207)	(115)
CAC	(36)	(53)	(96)	(97)	(282)	(285)	(94)
Direct Operating Costs	(21)	(22)	(26)	(29)	(98)	(98)	(67)
Contribution Margin	182	199	293	397	1,072	986	505
Contribution Margin %	64%	56%	58%	65%	61%	57%	58%
Overhead Costs	(216)	(223)	(261)	(298)	(997)	(999)	(634)
Operating Profit	(34)	(24)	33	99	75	(12)	(129)
Depreciation & Amortization	(5)	(8)	(7)	(11)	(31)	(32)	(12)
Financial Activity	(1)	(3)	(3)	14	8	(8)	(134)
Profit Before Tax	(40)	(35)	23	103	51	(52)	(275)
Income Tax expense	0	0	0	0	0	0	45
Net Profit/(Loss)	(40)	(35)	23	103	51	(52)	(230)
Net Profit/(Loss) %	(14%)	(10%)	4%	17%	3%	(3%)	(26%)

KPIs	Actuals					Plan FY2021	Actuals FY2020
	Q1 '21	Q2 '21	Q3 '21	Q4 '21	FY2021		
Origination	605	866	1,354	1,546	4,371	4,328	1,378
Asset Book	1,779	2,252	3,116	4,001	4,001	4,059	1,501
Total Debt	1,350	1,476	2,021	3,031	3,031	2,755	1,125
Debt to Asset Book	75.9%	65.5%	64.9%	75.7%	75.7%	67.9%	75.0%
Available Cash	941	629	352	660	660	259	1,082

Ibancar finished 2021 with a **record revenue of €1.8m and P&L profitable at €51k.**

Contribution margin outperformed at 61%, due to an excellent risk performance with impairments at only 1.6% of Revenue.

Funding, CAC and direct operating costs finished on plan.

Overheads costs decreased YoY as a % of revenue, showing an efficient and conscious growth path.

Net Profit was at €51k or 3%, which is much better than plan.

Asset Book ended on plan and **2.7x higher on a YoY basis at €4.0m**
Debt to asset book ratio is at **76%** and available **cash balance** ended better than plan at **€660k.**

Thank you for your interest in Ibancar

