

IPF Digital

A profitable consumer finance business with significant growth prospects

May 2023



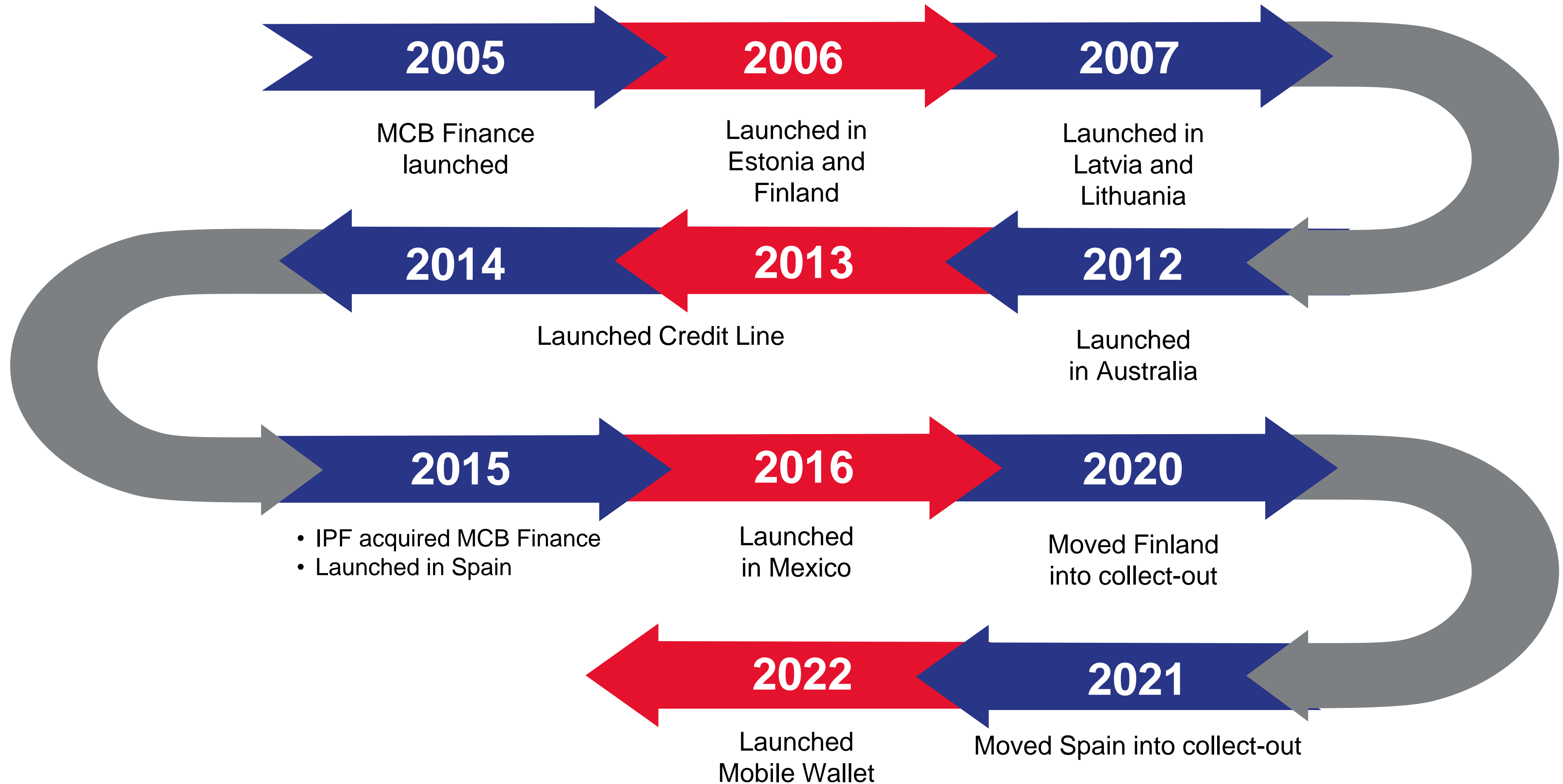
IPF Digital – a fast growing consumer fintech business that is profitable



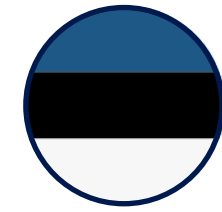
- Established since 2005
- 234,000 customers
- £211m lending portfolio
- 400 dedicated employees working in a hub and spoke model
- Award-winning culture
- Actively building a better world through financial inclusion in an increasingly digital world in 6 markets



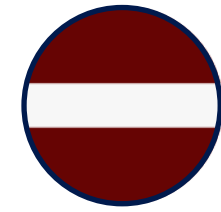
IPF Digital – growing, adaptable and resilient



Operating in six international markets with strong growth potential



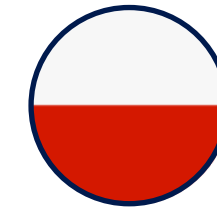
Estonia



Latvia



Lithuania



Poland



Australia



Mexico

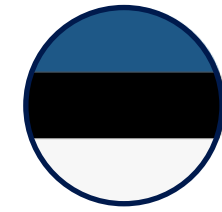
Population (m)	1.3	1.9	2.8	37.8	25.7	126.7
GDP per capita (£ '000)	22	17	19	14	48	8
Working population ('000)	703	957	1479	18,519	13,807	56,994
IPF Digital customers ('000)	21	34	24	65	19	72
% of working population using IPF Digital products	2.9%	3.5%	1.6%	0.4%	0.1%	0.1%

Source: Population, working population, GDP – Worldbank.org

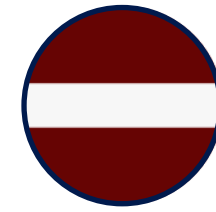
We work with regulators and participate actively in industry associations to help drive better regulation principles



IPF Digital EMI license



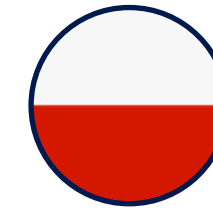
Estonia



Latvia



Lithuania



Poland



Australia



Mexico

Regulators



Industry association participation



Cost cap

APR cap
45.93%

TCC cap
0.07%
per day

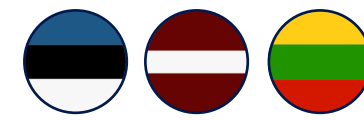
TCC cap 75% pa
interest + 0.04%
fees

TCC cap 10% pa
interest + 10% fees

Annual Cost
Rate 48%

-

Our primary competitors are non-bank financial institutions (NBFIs)



Baltics



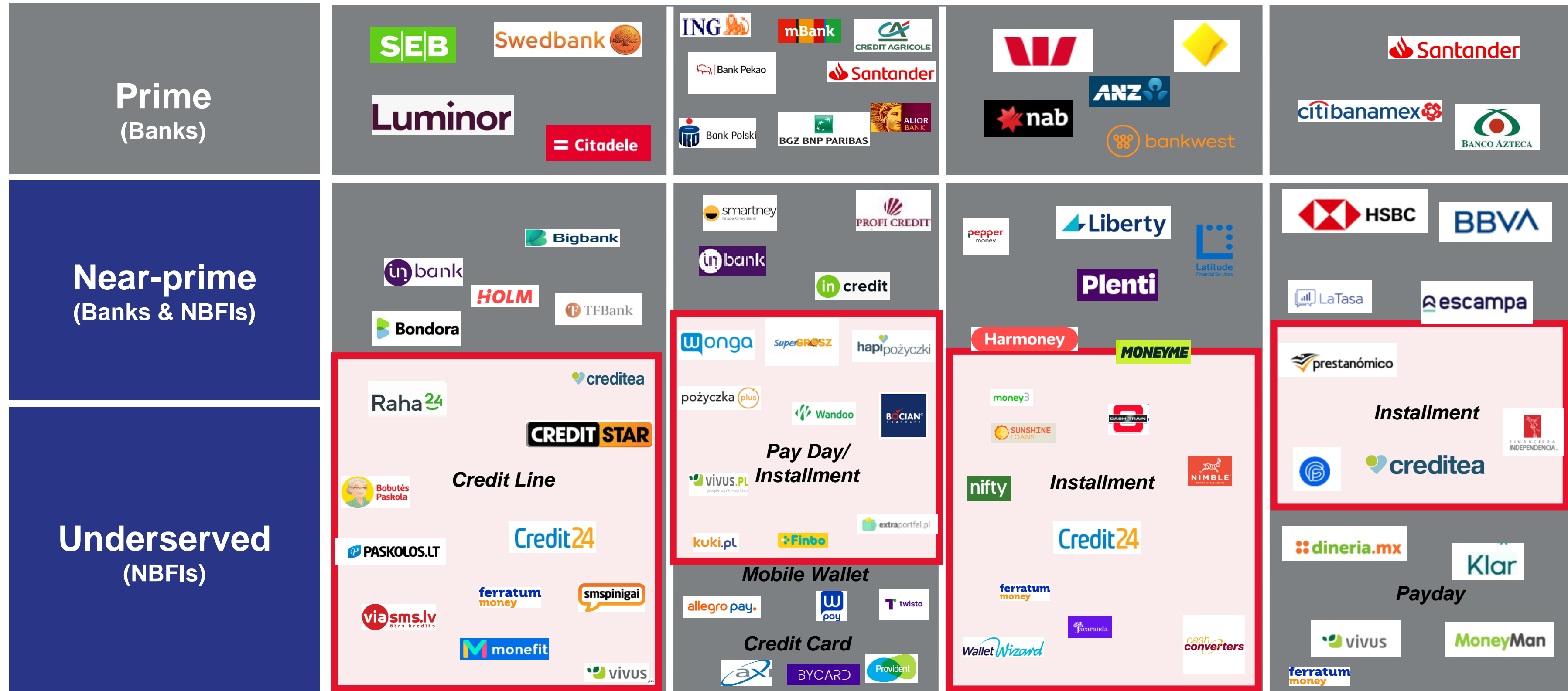
Poland



Australia



Mexico



We serve customers who prefer to take credit online and repay remotely

Demographics

- Low to mid income
- Generally younger
44% 18-35 years old
- Secondary / vocational education
- Single
- Rent
- Full-time worker



Behavioral

- Mobile first
- Valuing time and convenience



Core need

Extra finances to make ends meet or to cover unexpected expenses

Psychographic

- Avid news readers
- Media, entertainment and TV lovers
- Food and dining enthusiasts

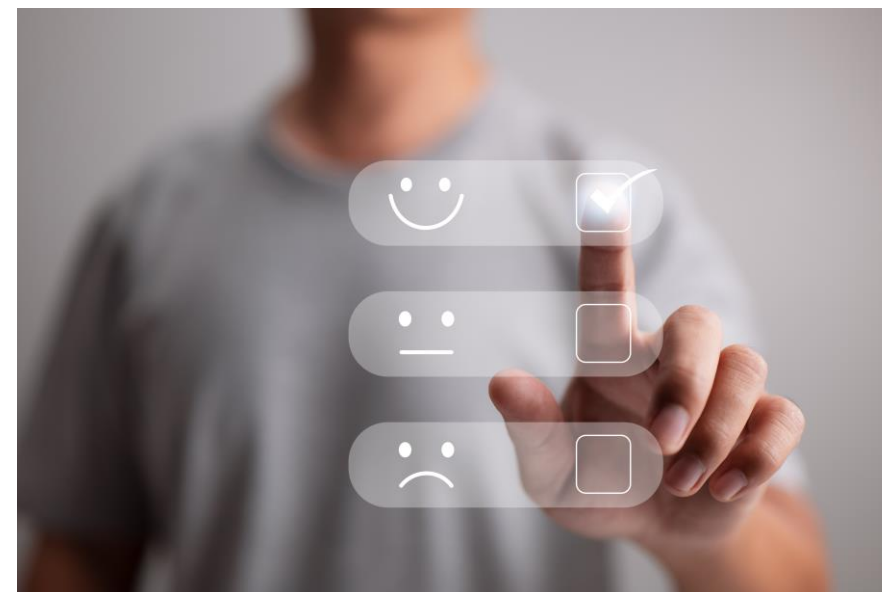
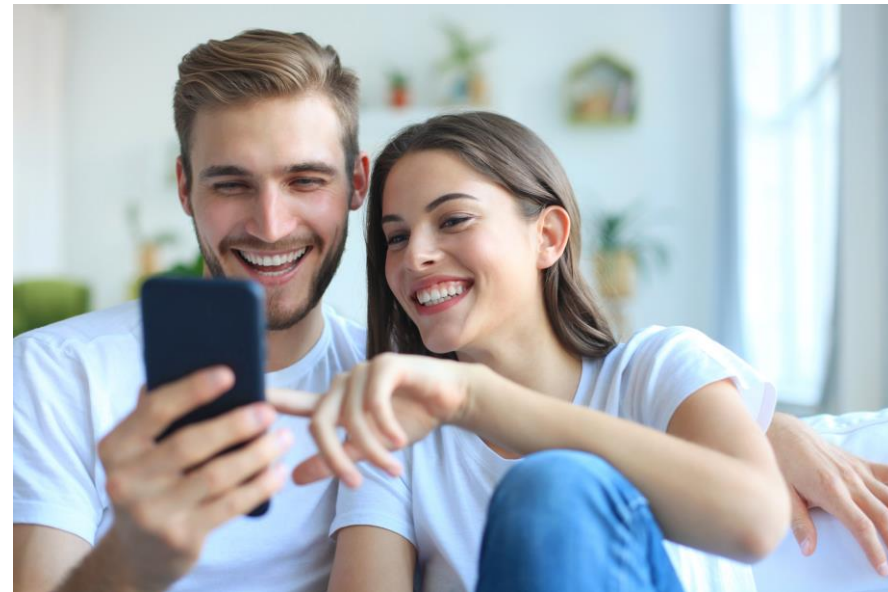


Geographic

- Mostly located in large cities in our markets



Three key consumer trends influencing digital lending



Trend	Increased mobile penetration	Increased customer expectations	Security concerns
Our response	<ul style="list-style-type: none">• Mobile Wallet• Customer journeys designed for best mobile experience• Customer acquisition through digital channels <p>84% Mobile traffic share</p>	<ul style="list-style-type: none">• Automated and seamless onboarding experience• Transparent and customer-centric product terms and conditions <p>66 Customer NPS</p>	<ul style="list-style-type: none">• State-of-the-art solutions to verify and identify customers and to acquire sensitive data needed for responsible and robust credit underwriting decisions

Instalment loans

- Personal loan
- Fixed term from **3-48 months**
- Typical loan **£1150**
- Loan transferred direct to customer's account
- Equal monthly repayments

30% of lending portfolio

Credit Line

- Revolving, flexible digital credit, similar to a credit card
- Set credit limit with simple draw down anytime
- Flexible monthly repayments
- Limit: up to £6000
- Term from 14-60 months
- Average loan size: £400 - £2000
- Interest rate:
 - Europe and Australia: 38-56%
 - Mexico: 115%

70% of lending portfolio

Credit Line – a much better fit for the lifestyle of the younger generation



Customer benefits

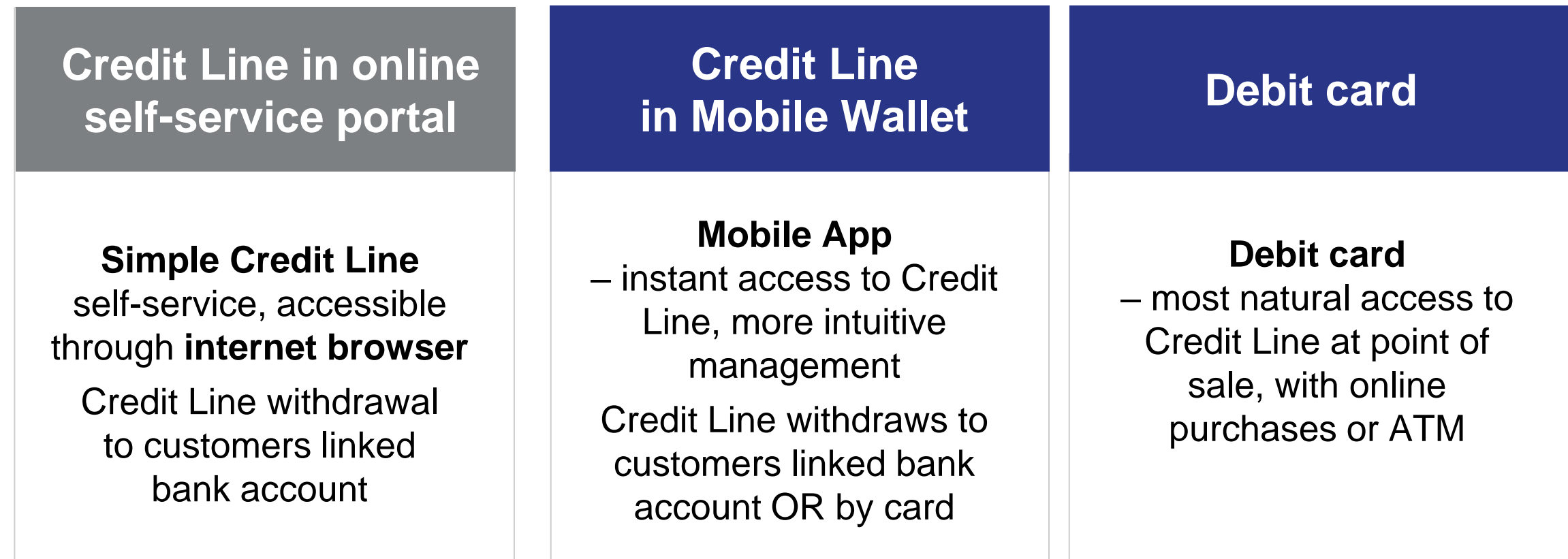
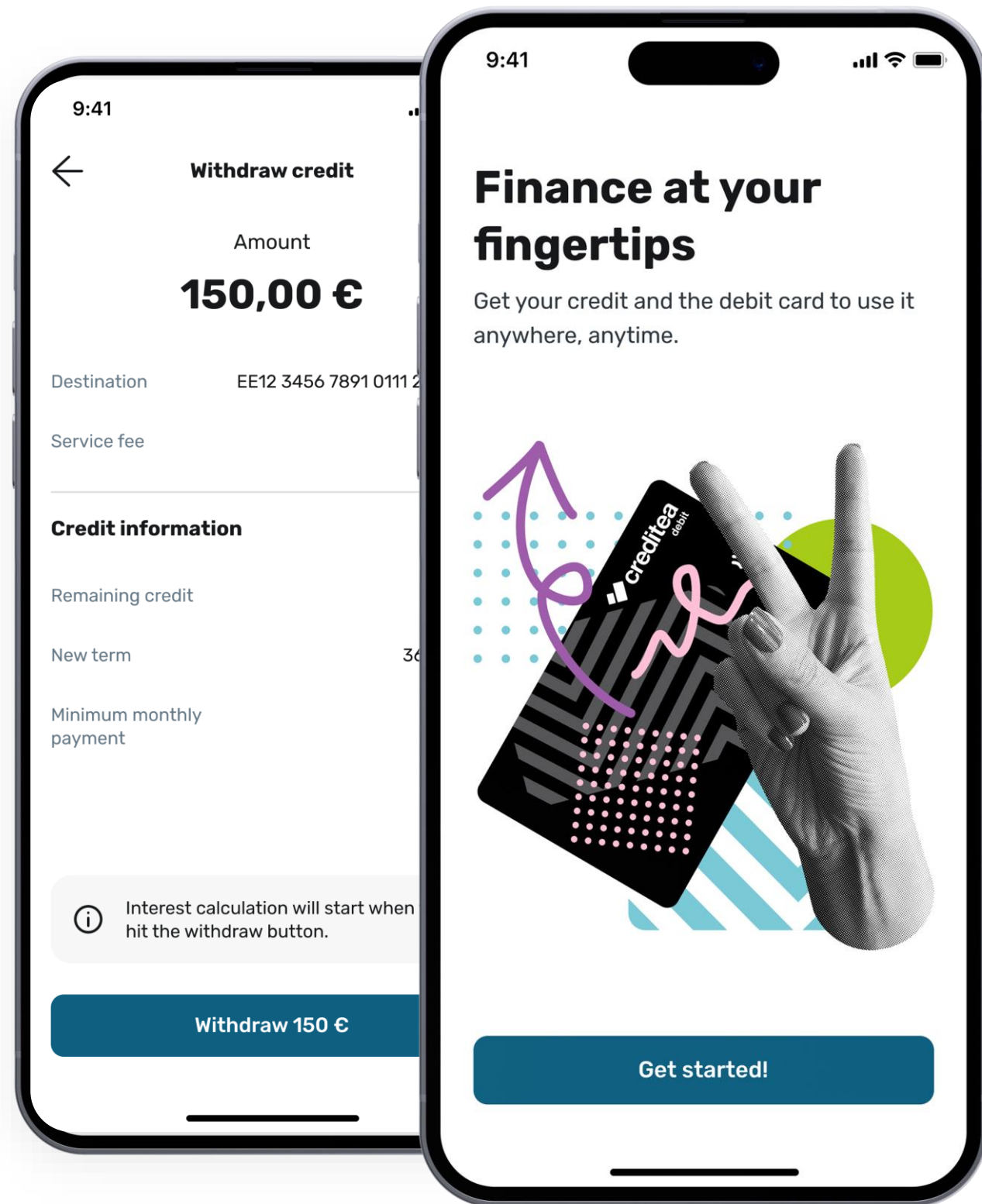
- More **control** – credit limit can be used instantly to cover unexpected needs
- More flexibility – customers can pay minimum-monthly-payment or opt to pay back sooner
- Better customer experience – apply once, use indefinitely
- Suitable for typical installment loan use case

IPF Digital benefits

- Repeat lending throughout the customer lifecycle via draws and upgrades
- Longer customer relationship results in higher customer lifetime value
- Lower customer acquisition costs as contract runs indefinitely
- Credit Line in Australia and Mexico is a key differentiator wherer installment lending is standard

Mobile Wallet is the platform of the future

Harnessing the mobile trend while differentiating us from competition with superior customer experience



IPF Digital benefits

- Earn additional revenues
- Framework to “plug-in” new lending products
- Quick and efficient value-added-services roadmap delivery

Transparency and a great user experience is at the heart of Mobile Wallet



Our hub and spoke model ensures scalability and efficiency

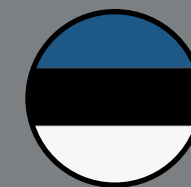
HUB: Smart central services

- Credit risk, collections and fraud
- Customer relationship management (CRM)
- Digital marketing
- Data analytics
- Loan processing and payments for markets
- Technology
- Finance
- Legal and compliance
- People services

Smart central services



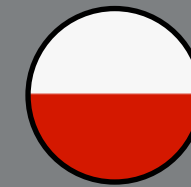
Australia



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Latvia



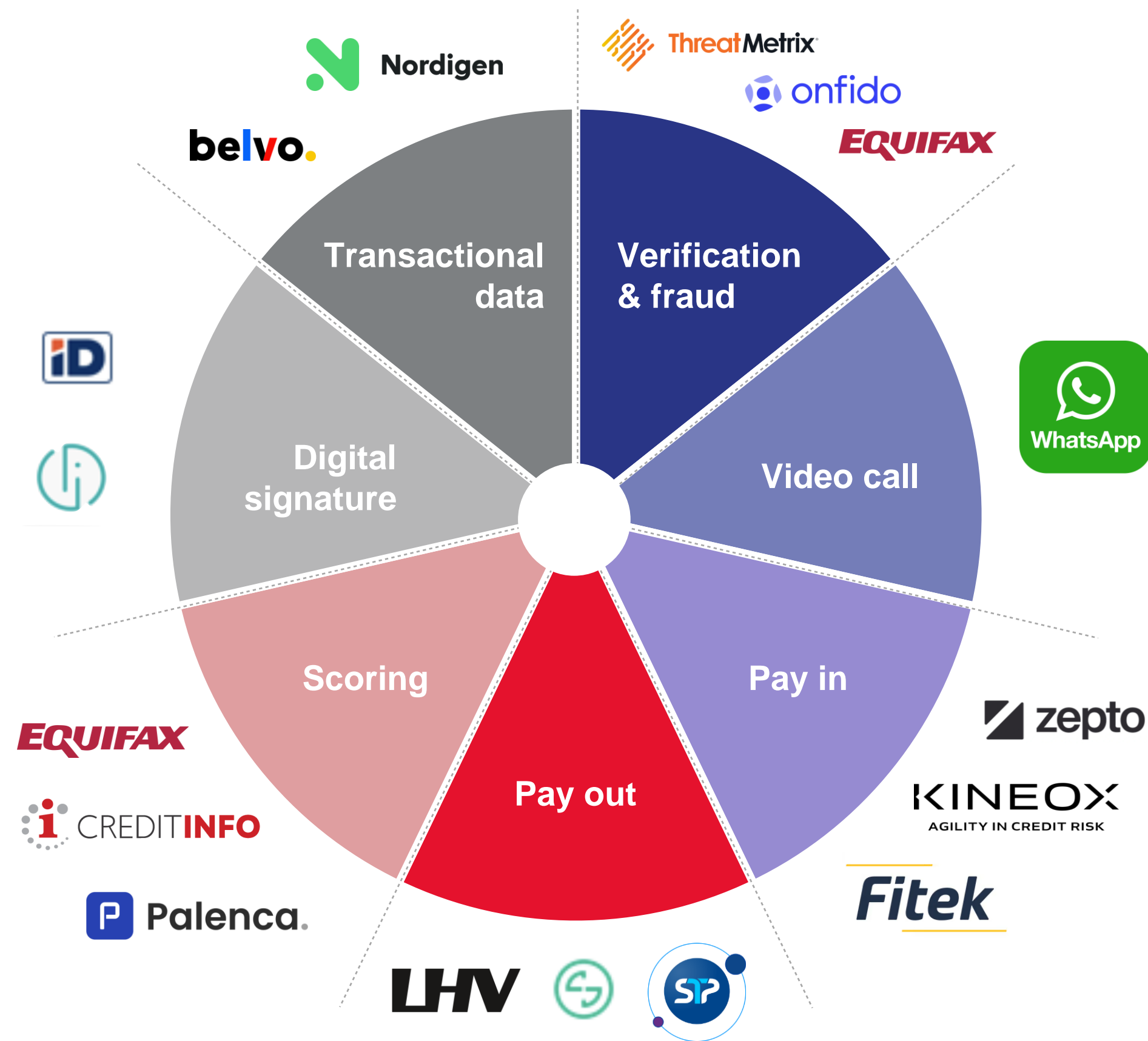
Lithuania

Spokes: market teams

Local execution on:

- sales and marketing
- credit underwriting
- collection
- customer service

Leading-edge tools and data sources to ensure high quality and responsible lending



Automated decisions in our credit process to drive efficiencies and support scale based on alternative and traditional data

- **Alternative:** leading edge tools harnessing open banking data (Nordigen, Belvo), customer device data (Threatmetrix), digital identity and customer ID data
- **Traditional:** Credit bureaus, public records data

Customer centric collections processes



Customer centric

- Processes depend on customer characteristics: credit score, past payment behaviour
- Various payment methods: wire, direct debit, card payment, app payment gates, pay-by-link
- Various communication channels: SMS, e-mail, letter, Mobile Wallet app, Robocall, phone call



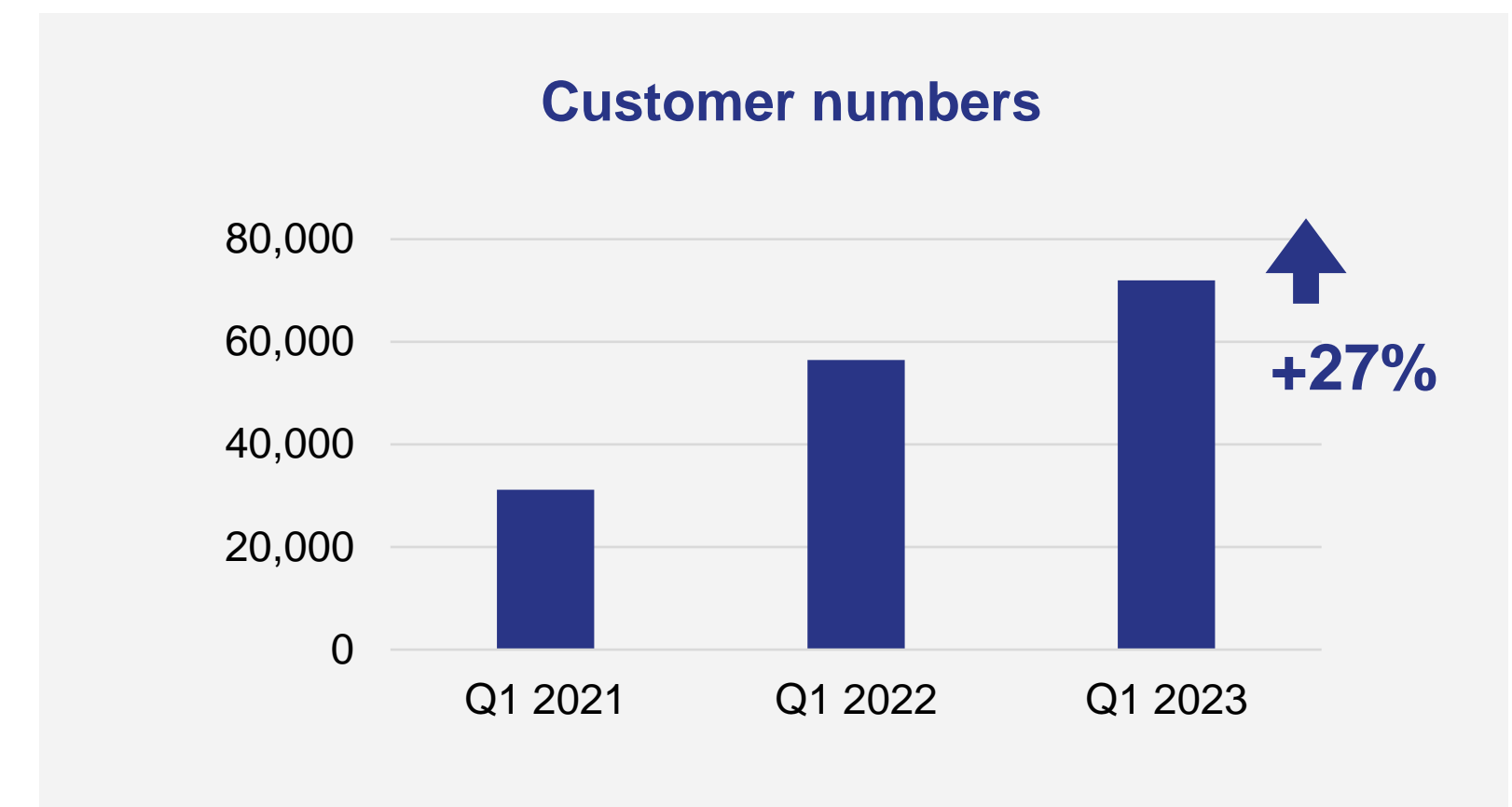
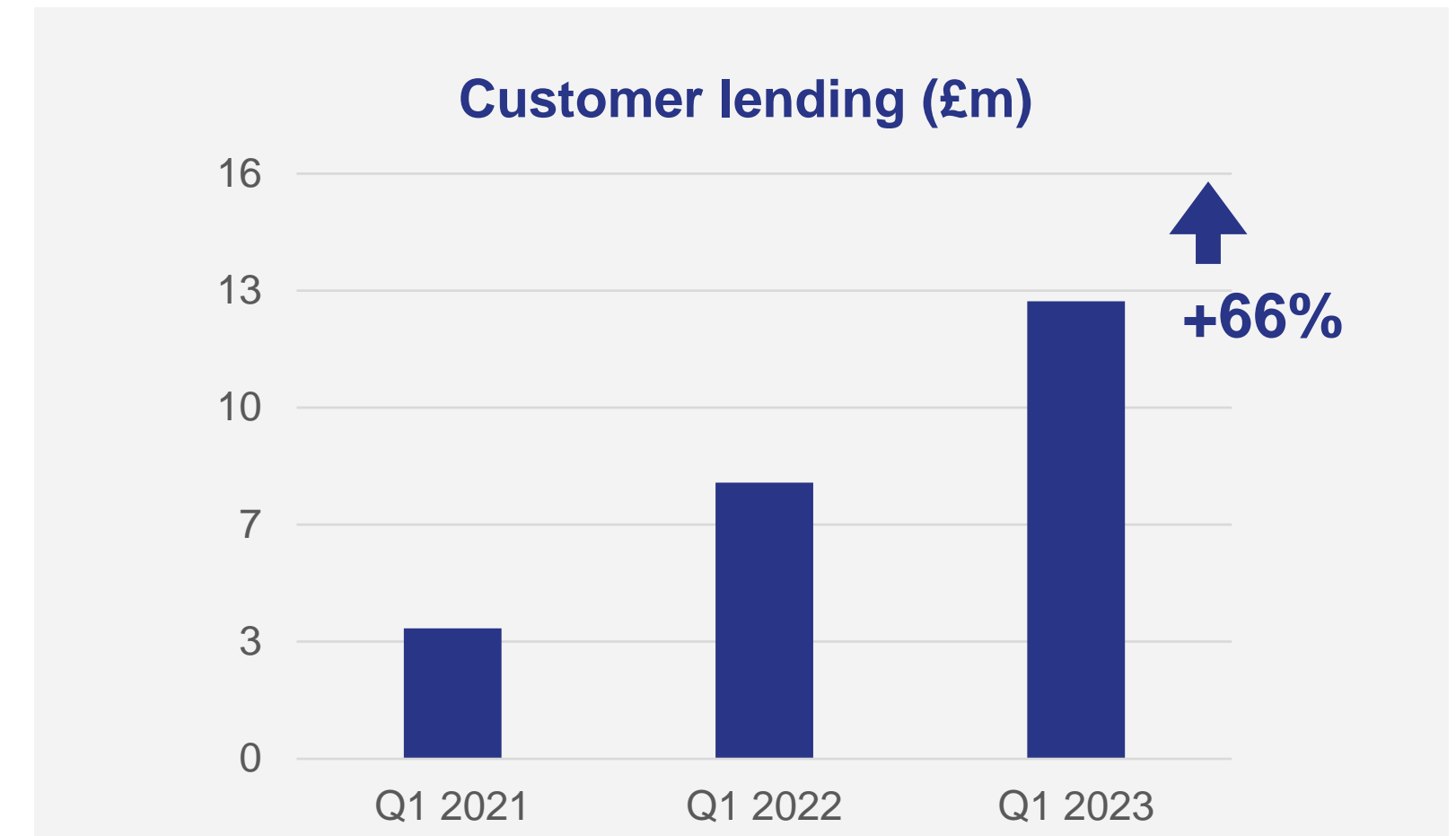
Results focused

- Champion challenger approach
- Regular calls monitoring and on-site due diligence
- High-quality standards

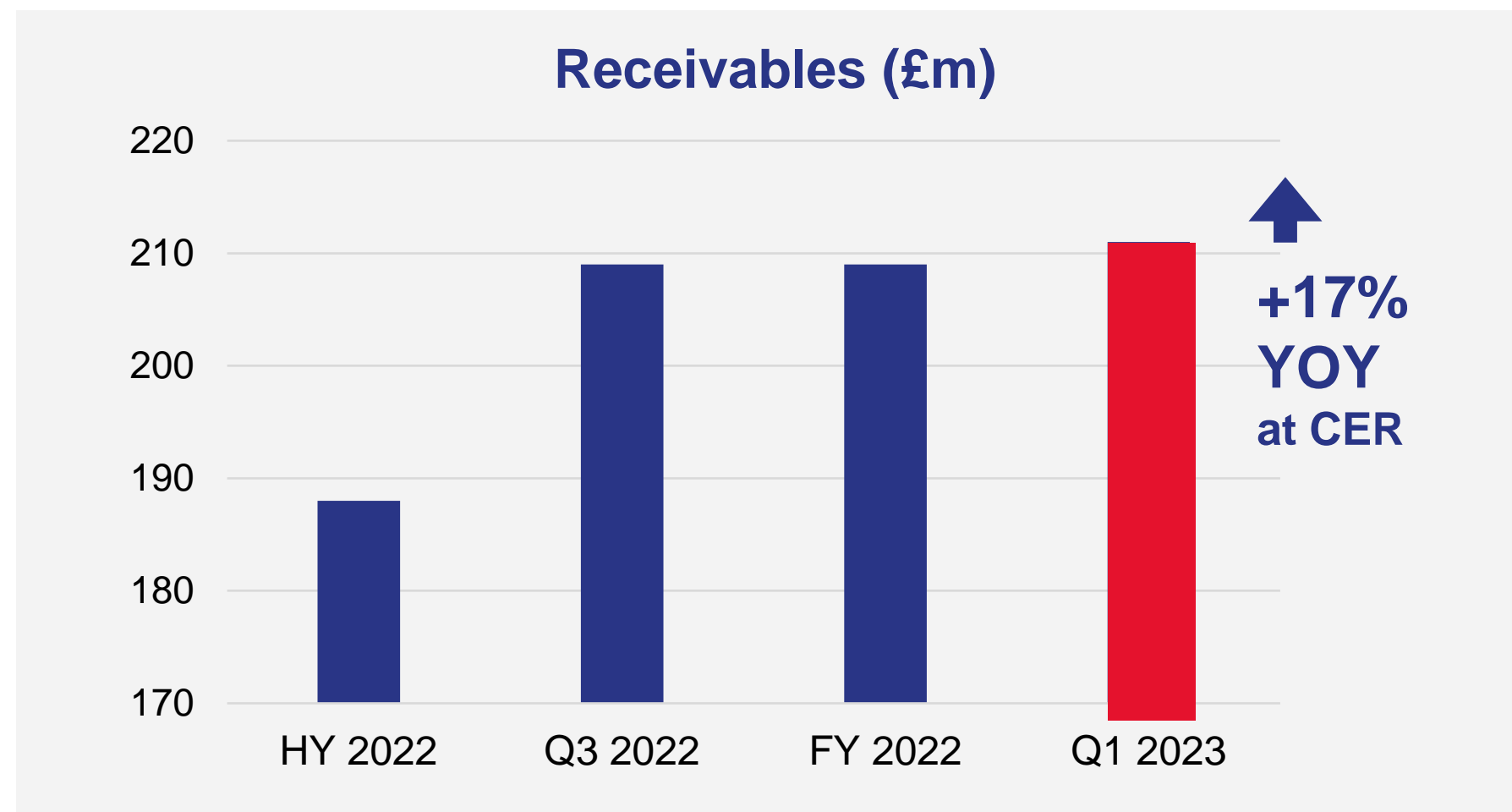
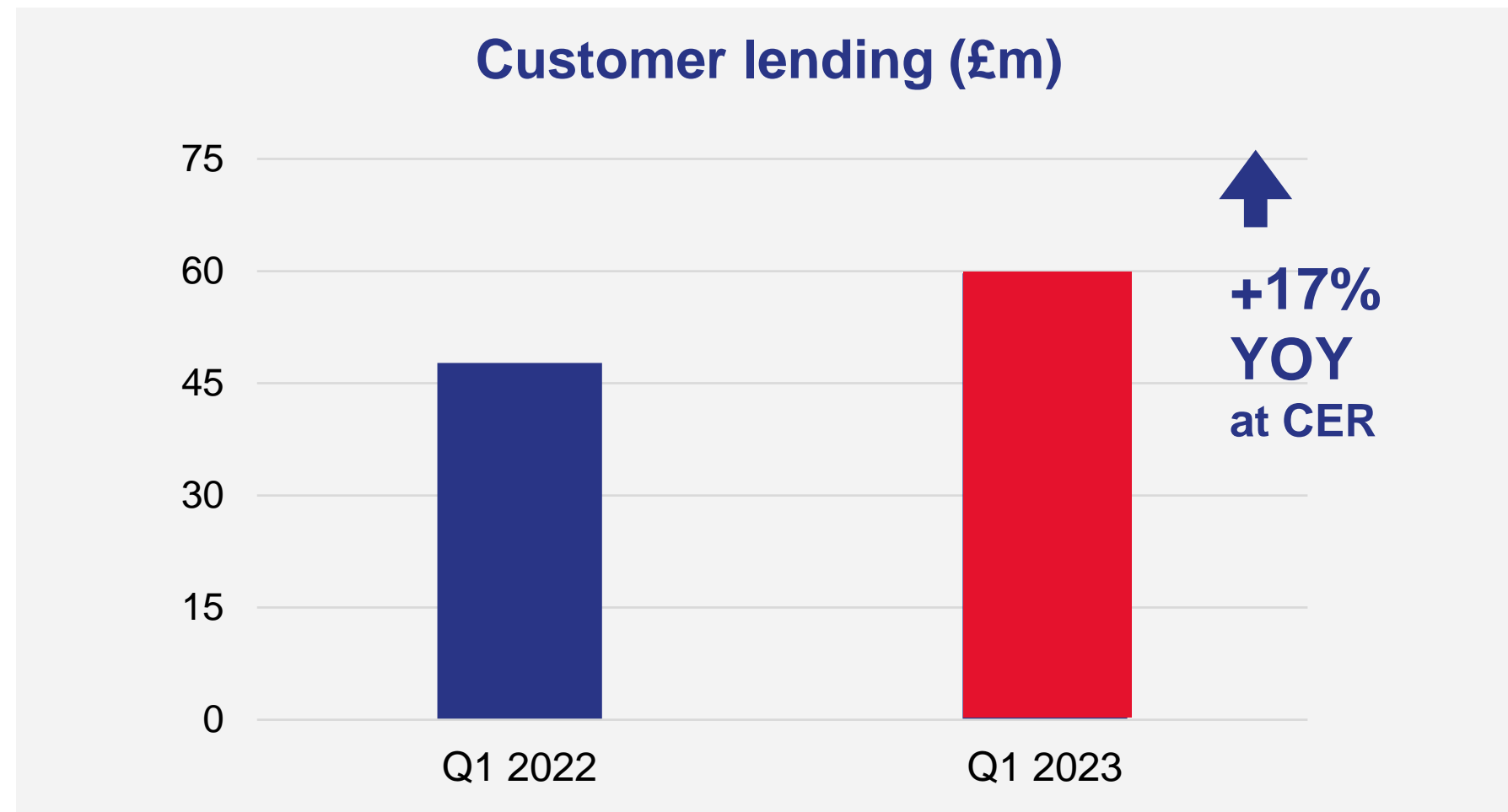
Spotlight on Mexico – in position to deliver strong returns



- Significant growth opportunity
- 15th largest world economy and 2nd largest in Latin America
- 127m population with 1% annual growth
- Low bank account penetration (~1/3)
- Large, underserved target segment - >20m people
- Developing financial services landscape; 38% domestic credit penetration to GDP



IPF Digital - rebuilding to gain scale post-Covid



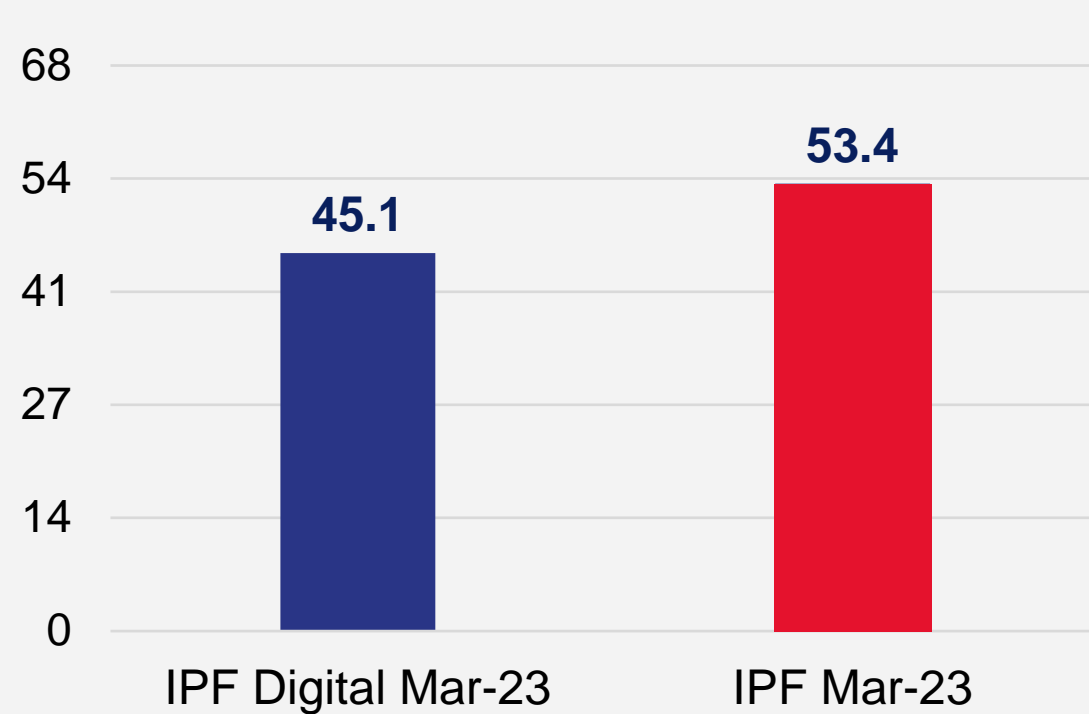
- Very positive growth momentum
- Strong customer lending growth of 17%
- Rebuilding scale with receivables growth of 17% YOY to £211m at CER
- Serving 234,000 customers, up 4%* YOY
- Mexico and Australia stand-out performances and Baltics delivering good growth

* Excluding Finland and Spain

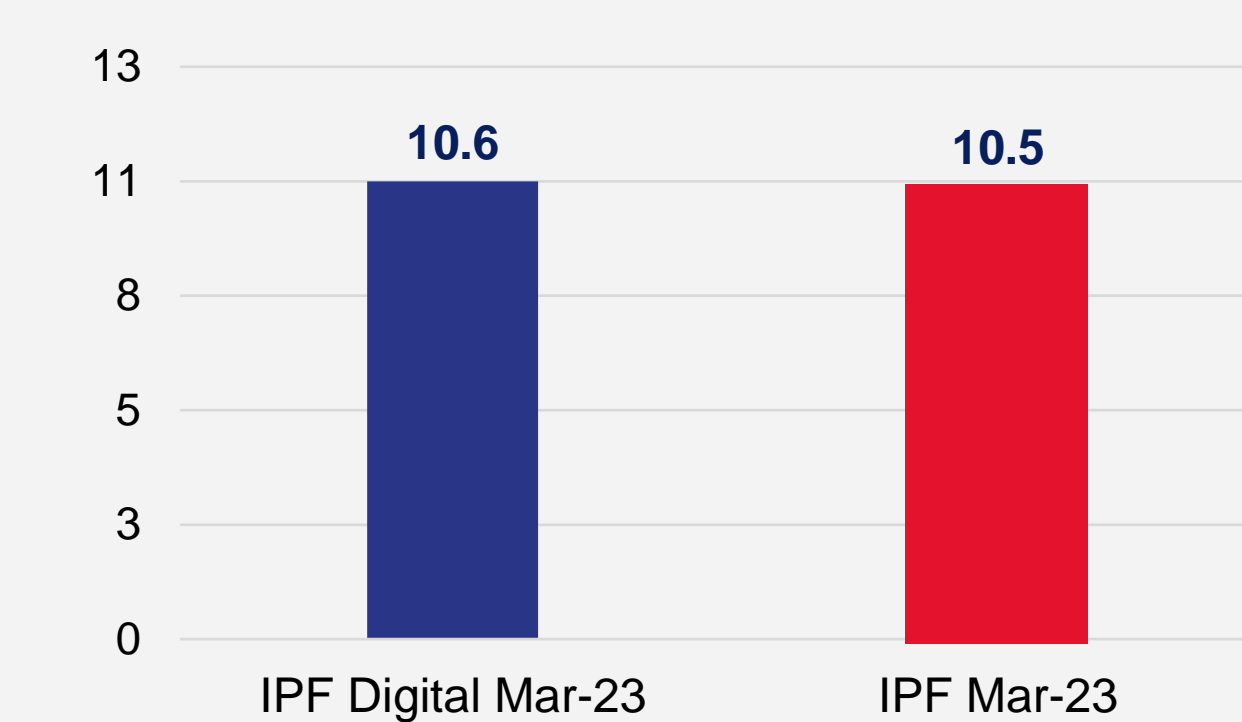
Focused on delivering target returns of 15% RORE by 2025



Annualised revenue yield

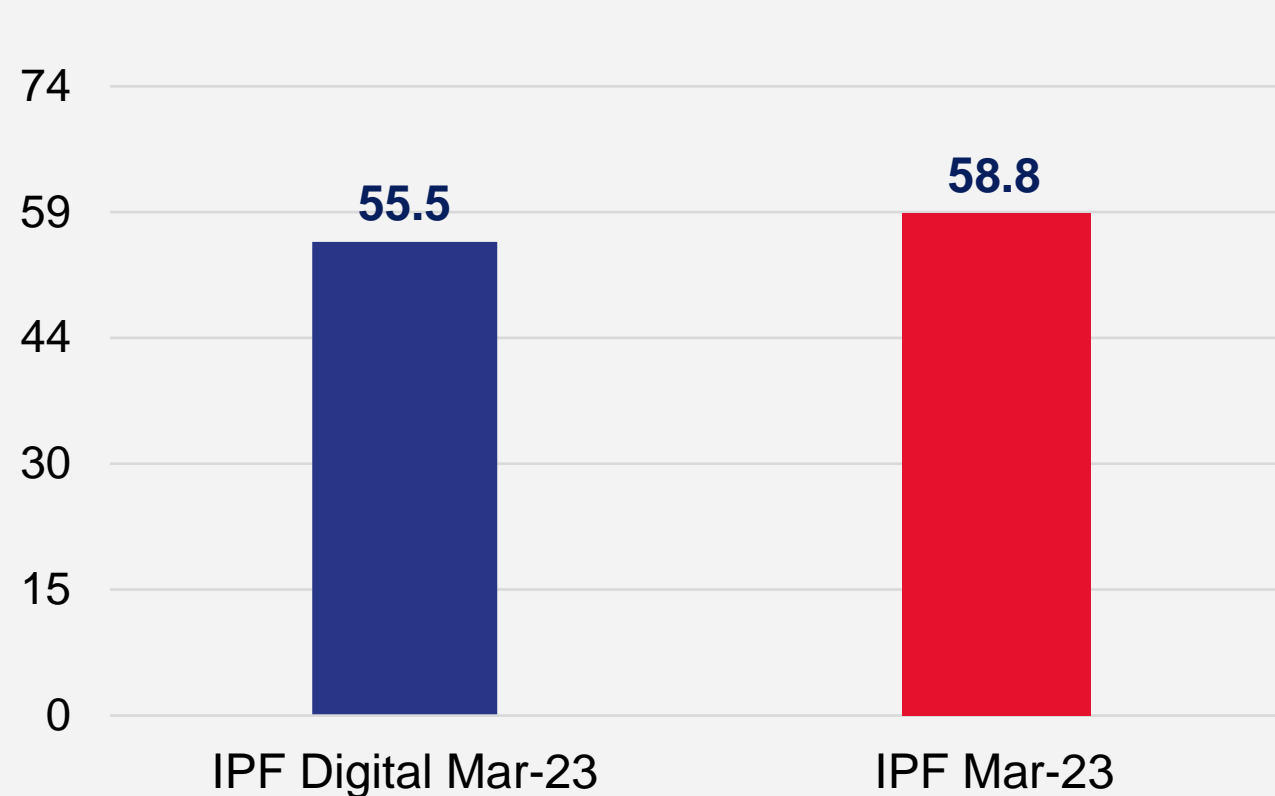


Annualised impairment rate

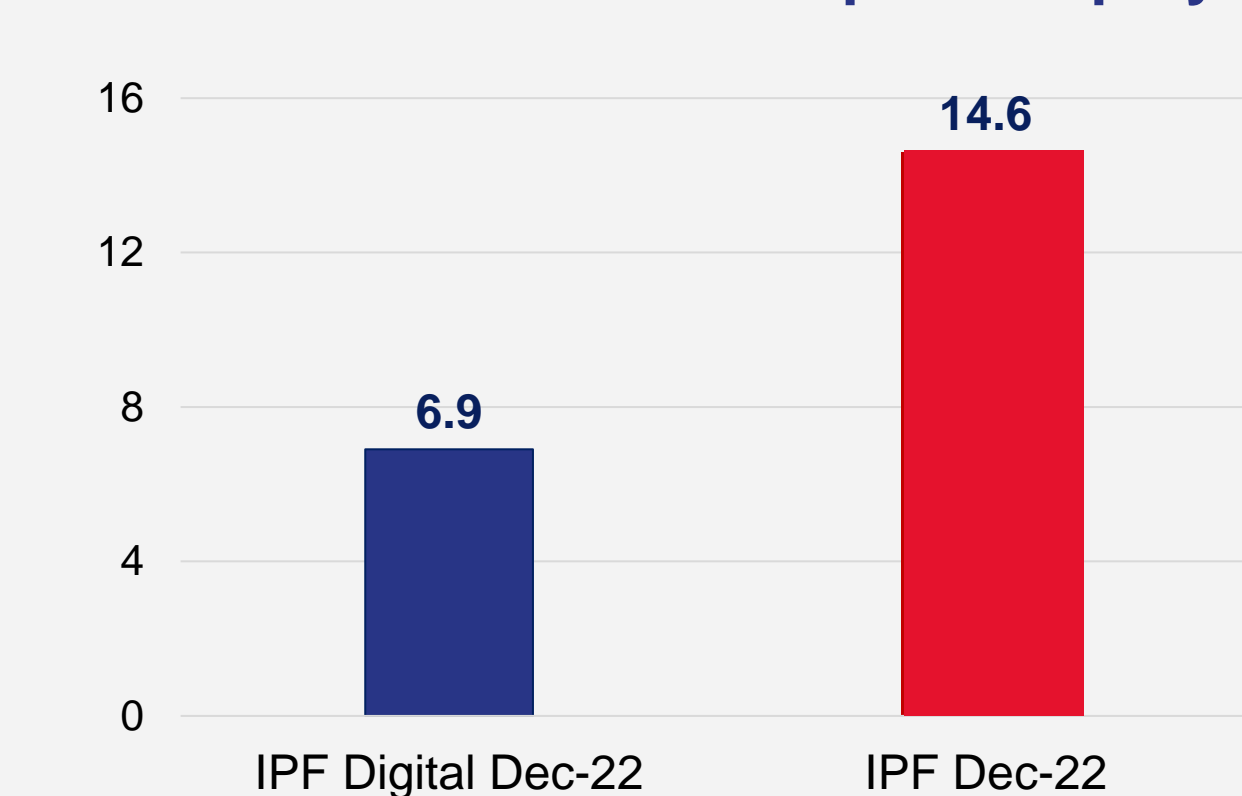


- Annualised revenue yield increased by 18% YOY
- Impairment rate stable despite rapid growth
- Cost growth significantly lower than inflation
- RORE approaching Group target

Annualised cost-income ratio



Annualised return on required equity*



*Based on an Equity to Receivables of 40%

5 reasons why IPF Digital is successful



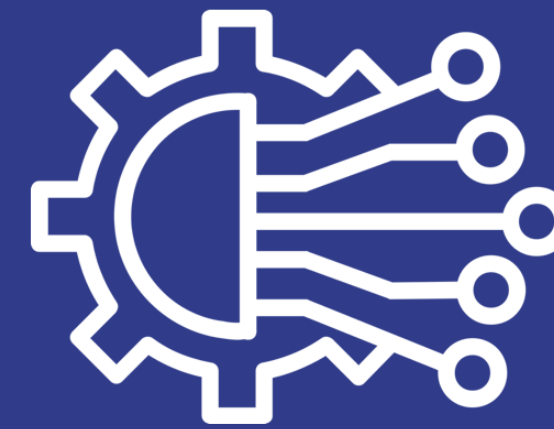
**Strong
brands**



**World-class
expertise**



**Investments
in credit
decisioning**



**Advanced
technology
stack**



**Great
products**

Profitable digital consumer finance business with great growth prospects



Harnessing the full potential from capabilities already in place:

Launch new capabilities to broaden our reach and utilising the potential of our customer base:

Capture **Mexico** and **Australia** market potential

Grow **Mobile Wallet** to attract the next generation of customers

Launch new **Retail Partnerships**

Launch **Value Added Services (VAS)**

Strong focus on cost and yield

Customer centric product offering

Scalable operations and modern technology

Experienced team

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