



LEGAL REPRESENTATIVE'S REPORT 2022

Dear Shareholders,

In compliance with the bylaws and in accordance with current legal regulations, I am submitting the Management Report related to Juancho Te Presta S.A.S. activities (hereinafter the "**Company**") for the period ending on December 31, 2022, for your consideration and approval. This report includes the activities carried out during the year and presents the main occurrences, accomplishments, and results for this period.

The Company's financial statements accompany this report.

Activities Carried Out in 2022

The FinTech sector in Colombia has continued to establish itself as a key player in terms of financial inclusion and developing the "people's economy." The new government has explicitly said that *"...illegal lending operations show the banking sector's inability to touch the people's economy¹: it's a question of millions of people being able to produce in both rural areas and the city. The financial sector barely connects these worlds, which have been affected by illegal lending and similar activities, which have financed at interest rates of 20% daily. Minimal amounts of production and marketing. What businesses can they create if that's a money laundering operation? This implies that the emergence of illegal lending operations is due to the financial sector's inability to touch the rural and people's economies; there's an inroad to be made, to be built."*

As a result, companies like **Juancho Te Presta** have been taking a share of the market away from regulated and traditional providers within the banking sector, increasing coverage and participation in the market and the public's involvement in the financial system in general.

These processes have been consolidated through the technological leverage used by FinTechs or their increasingly robust and reliable developments for simple tasks such as providing identity and background checks, digital signatures, endorsements, and 100% virtual processes, among other automated and systematized elements.

As we have commented in previous years, part of the answer to this continues to be the development of "new platforms" that allow companies to integrate into a service ecosystem.

¹ President Gustavo Petro: <https://www.larepublica.co/finanzas/la-propuesta-financiera-es-que-los-bancos-financien-la-produccion-para-crear-riqueza-3429329>





Before analyzing our financial position, I would like to return to our business thesis, which envisions turning JuanchoTePresta.com into the best FinTech lender in Colombia and the region. It can be summed up as:

- ✓ Women are a better credit risk than men;
- ✓ Young people need a first loan opportunity;
- ✓ Businesses need to extend credit to customers (and they need help in e-commerce) to reactivate;
- ✓ Investors want profitable alternative assets;
- ✓ People are willing to pay for our "digital loans" due to their flexibility, ease, and speed.

During these 3 years of operation, we have validated each of these premises, confirming that JuanchoTePresta.com continues strategically positioning itself as one of the most revolutionary, innovative, and inclusive FinTech companies.

We are also continuing with our vision of becoming a contextual financial platform where we can integrate products and services in the future through *Banking-as-a-Service* (BAAS) models². The financial industry is rapidly moving towards "contextual finances". Contextual banking is a way to offer personalized financial services tailored to each client's specific needs at any given time, almost always supported by the information shared through open banking.

Contextual banking integrates with other digital services, such as mobile apps and virtual assistants, to deliver a fluid and seamless user experience. For example, a mobile banking app may offer personalized savings tips based on the user's spending patterns (Integration).

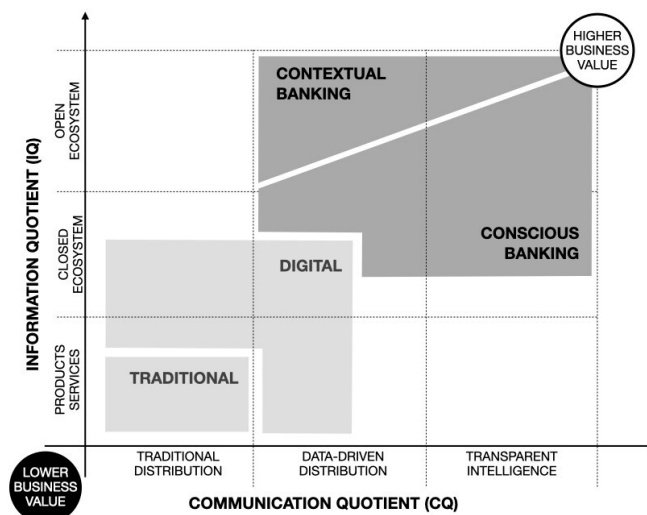
Contextual banking uses automation technologies such as artificial intelligence and automatic learning to process large amounts of data and deliver fast and accurate financial solutions (Machine Learning).

In short, contextual banking³ is an innovative way to offer personalized financial services tailored to each client's specific needs. Equally important is the concept of "conscious banking", in which the traditional value chain of how to "sell financial services" is broken, switching from an "output" model to an "outcomes" model: results, and not means.

² <https://thebankingscene.com/opinions/the-future-of-banking-platform-economies-and-the-road-to-reinvention>

³ Paolo Sironi; "Banks and FinTech on Platform Economies":
<https://www.linkedin.com/posts/theptions banks-and-fintech-on-platform-economies-activity-6871512838758768640-fcDj/>





The Company also remains strong in its organizational mantras:

We believe in people.

- We are their first experience with medium and long-term loans so they can build a credit history and move forward.

We believe in their dreams.

- We help our clients fulfill them, like a friend that DOES give them a loan.

We do NOT believe in gender justice (in lending).

- Women have better terms on our loans, given that they pay better.

POS lending ⁴ and integration at the time of purchase.

- Exploring revenue-sharing models as a growth strategy with business partners,

Excellence in our portfolio.

- To attract funding that allows us to continue growing exponentially.

To accomplish this, our 2022 focus was based on five strategic objectives (OKRs):

1. To have the best portfolio underwriting and management to be THE go-to for FinTech investment.
2. Design an innovative business architecture to ensure profitable growth.
3. Ensure profitability and cost optimization to continue our exponential growth.

⁴ Integration at the point of sale (finance embedded in businesses).





4. Be a relevant player in POS lending with a revolutionary offer that increases the sales of commercial allies.
5. Be the standard for digital loans, eliminating friction from our experience.

These goals remain in place for 2023-2024, in which we remain focused on achieving excellence within our industry.

Moving on to the 2022 figures, we disbursed 13,902 loans worth \$26,543,210,404 COP, although the initial budget was 15,000 disbursements. This translates into a 93% execution rate.

Fulfillment was mainly impacted by the uncertainty that accompanied the market following political changes, devaluation of COP vs USD, and the impact on demand due to inflation, and reduced access to funding in the last quarter. Commercial allies were equally affected in terms of placement figures and their expectations.

The general deterioration of the market is evident in the origination funnel (many people in arrears that we rejected) which decreased our approval rate. However, interest in the product remains, with an average user registration percentage of 21% annually. There were 1.5 million unique visitors, which converted into 321,513 signups in our database, surpassing half a million in total today.

The proportion of women remains higher than men in total disbursements.

- Below are the origination tables and graphs (origination funnel).

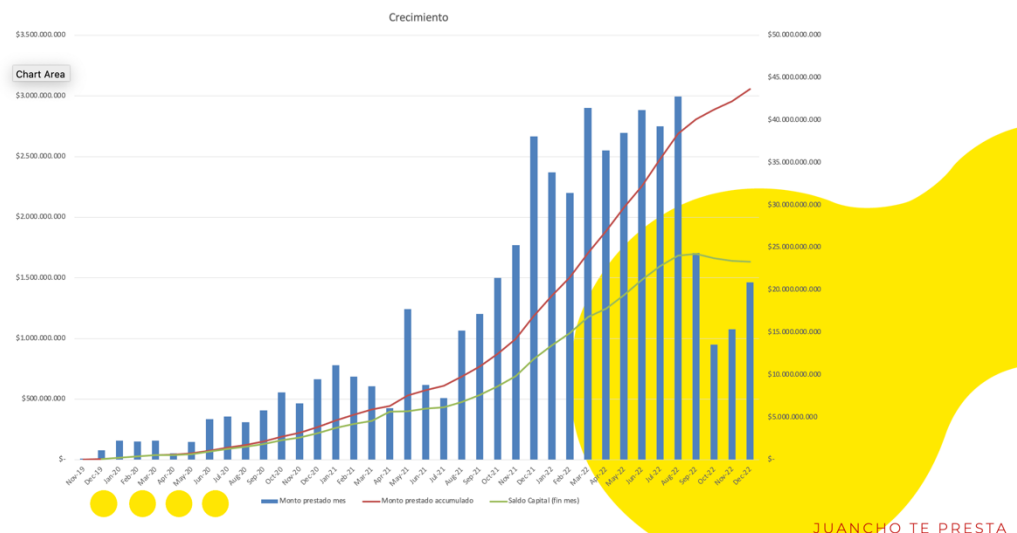
MÉTRICAS DEL EMBUDO ORIGINACIÓN 2022

Métrica	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre	Consolidado año
Visitantes	223,400	289,200	394,200	343,000	399,600	433,500	323,400	250,200	107,100	53,868	108,100	174,000	3,099,568
Visitantes únicos (Unique users)	116,900	156,800	205,600	179,000	196,200	193,900	153,300	114,300	45,106	22,625	50,305	87,300	1,521,336
Registros (sign ups)	28,549	30,221	34,638	30,283	39,580	43,975	34,485	28,301	12,120	5,253	13,484	20,624	321,513
% Registros (signups)	24.4%	19.3%	16.8%	16.9%	20.2%	22.7%	22.5%	24.8%	26.9%	23.2%	26.8%	23.6%	21.1%
Solicitudes sin finalizar (unfinished applications)	5,651	60,400	7,179	6,170	8,390	10,082	7,337	5,508	2,075	744	2,356	4,297	120,189
Solicitudes (Finished applications)	21,516	22,518	25,986	22,826	29,447	31,966	25,441	21,546	9,498	4,290	10,298	15,341	240,673
% Solicitudes (applications)	75.4%	74.8%	75.0%	75.4%	74.4%	72.7%	73.8%	76.1%	78.4%	81.7%	76.4%	74.4%	74.9%
% sin finalizar	19.8%	199.9%	20.7%	20.4%	21.2%	22.9%	21.3%	19.5%	17.1%	14.2%	17.5%	20.8%	37.4%
Aprobado (Approved)	2,937	2,845	3,265	2,876	3,407	3,749	2,700	2,478	937	338	636	828	26,996
Rechazado (Rejected)	18,759	19,843	22,840	20,135	26,250	28,600	23,833	20,143	9,091	4,047	9,364	14,989	217,894
% Aprobación (Approval)	13.7%	12.6%	12.6%	12.6%	11.6%	11.7%	10.6%	11.5%	9.9%	7.9%	6.2%	5.4%	11.22%
% In process	79%	79%	79%	76%	78%	80%	80%	70%	70%	66%	58%	58%	-
Promedio diario en predeembolso (Daily average in predebursement)	67	66	76	81	77	102	93	105	60	32	43	36	-
Desembolsados (Disbursed)	1,301	1,223	1,550	1,352	1,401	1,551	1,430	1,650	852	389	519	684	13,902
% Desembolsados / solicitudes	6.05%	5.43%	5.96%	5.92%	4.76%	4.85%	5.62%	7.66%	8.97%	9.07%	5.04%	4.46%	5.8%
% Desembolsos / Aprobaciones	44.3%	43.0%	47.5%	47.0%	41.1%	41.4%	53.0%	66.6%	90.9%	115.1%	81.6%	82.6%	51.5%

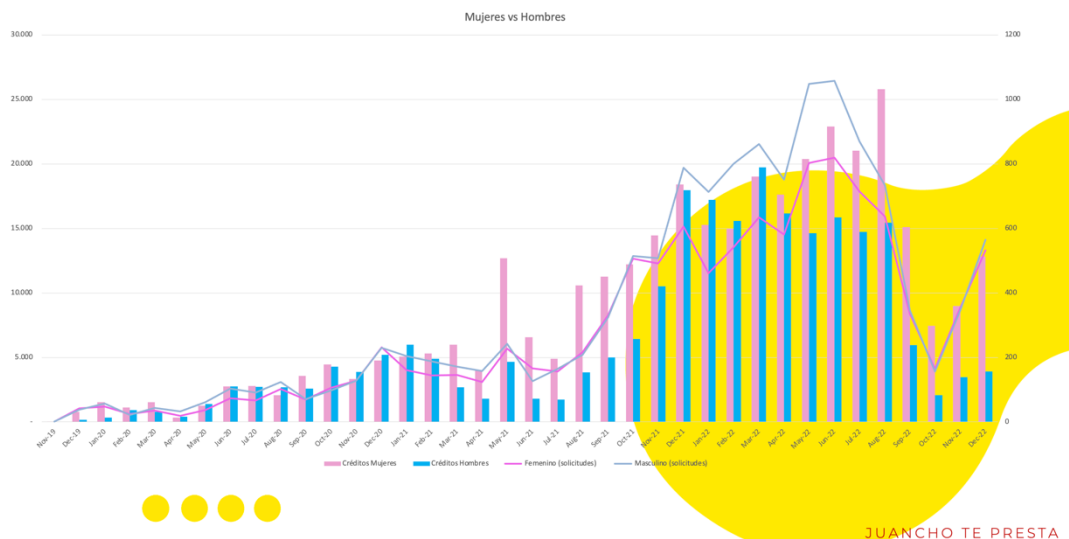




MÉTRICAS DEL ORIGINACIÓN 2022



HOMBRES VS MUJERES



Our Company's most significant achievements in 2022 were:

- We closed our first Pre-Series A for USD 500,000 at a Company valuation of USD 10 million.
- We obtained 12.75 billion pesos in local funding and two disbursements with the Almavest impact fund of New York, www.almavest.com, for USD 2M.





- We activated a second portfolio purchase platform P20 (GetIncome).
- We obtained USD 2M funding coverage on 85%, mitigating exchange risks.
- We had 94% growth in disbursements compared to 2021.
- We disbursed 1,139 second loans.
- We raised \$997,060,710 for the execution of payroll-deductible loans.
- We achieved 95% satisfaction and an average service level of 89% in 2022.
- We improved the Identity and Fraud Validation process by reducing friction to 25%.
- We increased the execution of payroll-deductible loans by 4x compared to 2021 as a collection alternative for clients in arrears.
- We linked a new endorsement provider as a second surety.
- We implemented Adminfo and "Lili" collection software as a virtual portfolio assistant, serving 12,339 users.
- We linked two new pre-court collection agencies.
- We created the internal HR department to improve human talent selection and retention.
- We implemented our BI and analytics system to continue being a "data-driven organization".
- We hired DECEVAL as a clearinghouse for promissory notes.
- We had more than 1.5 million new user visits to our website.
- Organic channels were in the double digits for the first time, reaching an estimated 18% of 2022 disbursements.
- Dependence on individual traffic sources was reduced. Today, no acquisition channel contributes more than 35% of disbursements at JTP.
- We were the first personal loan FinTech to receive the Colombia FinTech **FinTrust seal**.
- We were the first Colombian Company to obtain zero carbon footprint certification via an NFT issued by MintZero.

2023

The scenario for 2023 is very challenging based on the possible global recession scenario, the expected economic slowdown in Colombia, and the ongoing difficulties with global market instability due to the Russia and Ukraine conflict. The interest rate increase in Colombia, which translates into higher costs for personal loans and funding, hints at a need for extreme caution when it comes to origination in 2023.

Although it is very early to predict a behavior or trend with certainty, the preceding seems related to a change in the economic cycle between emerging powers and economies. This is the product of i) an emerging boom in commodities in which Colombia is particularly strong in oil and coal but that the current government wants to limit, and ii) a slowdown in the powerhouse economies, the result of growing inflation and the heating up and overestimation of their stock markets, which inhibits foreign investors who seek to allocate their investments in countries such as Colombia given the regulatory instability that looms with changes to labor, pensions, and health.





In this sense, taking these elements or economic variables into account for 2023, in addition to the specific plans in commercial terms, we consider the following objectives within a prudential framework:

The goal for 2023 is to disburse another 15,000 loans or \$30,000,000,000 COP, of which we would seek 10-15% in revenue share models with commercial allies that are also contributing funding to continue consolidating ourselves as a relevant player in Colombia's credit market.

Legal Status and Litigation

The legal representative can confirm that, to date, there are no pending lawsuits, claims, or processes, nor any major contingent obligation of which the Company is a part that could eventually affect it, with the cut-off date on December 31, 2022.

Financial Position (figures in millions)⁵

- **Comprehensive Income Statement.**

For the year ending on December 31, 2022, the Company showed assets worth \$31.087MM and liabilities worth \$27.927MM. Gross revenue was \$20.161MM, and administrative expenses came to \$2.56MM.

The net result after other income, non-operating expenses, and taxes was a loss of \$558MM. It is important to note that an EBITDA of \$2.673 was reached with a margin of 13.3% (compared to revenue). This was achieved despite a very challenging last quarter in which control was intensified over costs and expenses to meet the budget.

The Company's total gross revenue was \$20.161MM (including income for third-party guarantors), highlighting a 448% growth compared to 2021, representing a significant increase for the year in question. Within the year's variations, we find growth and decreases in income and costs, which are directly affected by the placement and collection level over the year.

Most of this revenue comes from the Company's regular or operational activities, where interest and platform-use services are predominantly located.

For its part, the Company's costs showed an annual growth of 204%, with funding and advertising being the main areas in terms of this growth. Advertising is one of the main drivers for attracting customers, occupying 12.95% of 2022's total cost structure. Facebook and Google are two of the most important providers of digital trends and brand recall.

⁵ Based on administrative reports, not in the accounting/tax reports.





On the other hand, there was an administrative expense increase of 119%, a behavior directly associated with the Company's growth in 2022. This is characteristic in startups with accelerated growth, where administrative expenses seem to take slightly longer to stabilize because their growth does not make it possible to generate synergies and efficiencies as quickly as other types of companies. One of these factors is the headcount, which went from 16 employees to 27 due to the Company's exponential (sustainable) growth.

Unlike 2021, the Company managed to maintain a positive operating margin, demonstrating its ability to control its cost structure for earning revenue.

Based on sustainable growth and cost and expense controls, the operation's growth also demanded a 69% increase in headcount, going from 16 employees to 27 by the end of 2022. The above stems from the (controlled) exponential growth of loan originations and new commercial alliances. The FinTech industry is a knowledge industry, and as such, the team is the main asset found in these companies.

- **Financial Position**

On the statement of financial position contents, the following is concluded:

- a. During the period from January 1 to December 31, 2022, the Company had an accounts receivable increase of \$13.432MM, equivalent to 115%, reflecting the growth and high competitiveness in the placement market while also adhering to our objectives of combating the illegal lending agencies that afflict Colombian society so much.
- b. The value of assets increased by \$14.873MM with a variation of 92% compared to 2021, reflecting the high levels of investment the Company has in its brand, platform, and advertising.
- c. \$167MM was invested during 2022 to make office adaptations, and \$2.065MM was allocated for platform development, advertising, and foreign exchange coverage for 2022.
- d. Regarding this, the capital structure at the end of the year was as follows:

Concepto	Monto
Capital suscrito y pagado	\$ 159,00
Prima en colocación de acciones	\$ 5.886,00
Resultado del ejercicio anterior	-\$ 2.327,00
Pérdida del ejercicio	-\$ 558,00
Total patrimonio	\$ 3.160,00





- e. Regarding liabilities, the Company's debts are mainly concentrated on funding, which is natural for JTP. Leverage occurred through financing with either individuals or legal entities, where there was greater growth compared to 2021, consistent with the quantity and amounts of loans disbursed. It is also important to highlight that in 2022 the Company entered into a partnership with ALMAVEST (a US firm that uses innovative technology to provide debt financing to companies with a positive social impact). As such, the Company's liabilities are distributed as follows:

Concepto	Monto	%
Fondeo	\$ 28.263	101,21%
Impuestos	\$ 128	0,46%
Acreedores comerciales	\$ 426	1,53%
Otros	-\$ 891	-3,19%
Total pasivos	\$ 27.926,00	100,00%

The Company's primary foreign relationship is with Almayest. It consists of a debt obligation of USD 2M, amortized over four years. In terms of projection, we expect the fund mentioned above to continue its funding in 2023, increasing the Company's leverage. These operations are of vital importance for growth in terms of loan origination.

To date, the Company has not made any investments in domestic or foreign companies.

- **Administrative Status**

There were no changes to administrative management. The directors of the Company remain in their positions.

- **Events After the 2022 Fiscal Year**

Between the end of the last fiscal year and the date this report was prepared, in other words, March 23, 2023, there have been no significant situations worth mentioning in this report.

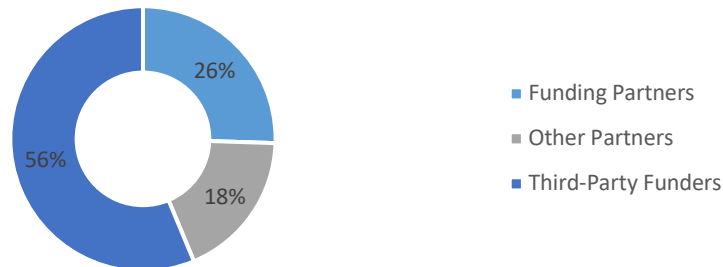
- **Operations with Administrators and Shareholders**

During the last fiscal year, between January 1, 2022, and December 31, 2022, there were operations between the Company and its administrators, as well as between the Company and its shareholders, framed within the resource funding to leverage Juancho Te Presta's operation.





JUANCHO TE PRESTA FUNDING 2022

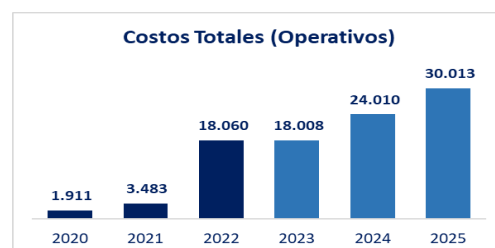
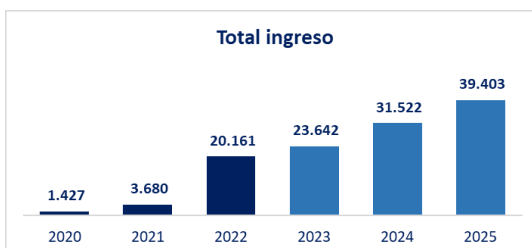


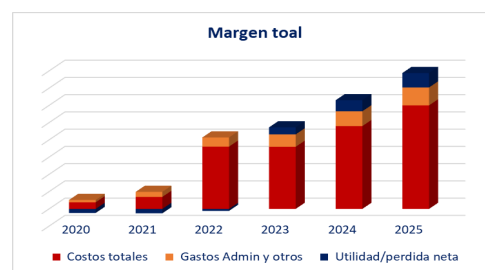
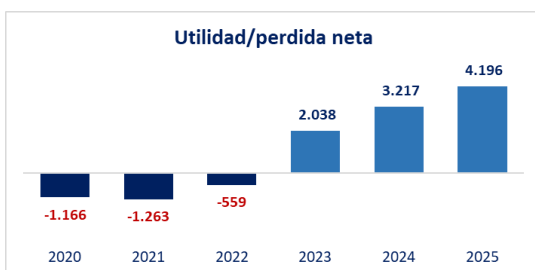
- **2023-2024-2025 Projections**

The Company has defined a conservative budget for 2023 based on macroeconomic projections and the challenges of accessing various forms of leverage, partly due to high interest rates. Additionally, inflation's impact on Colombian households is leading the Company to direct its efforts toward protecting the portfolio. Therefore, responsible and sustainable growth is one of our main premises for 2023 and the following years.

To achieve the above, the projection is to make 15,000 new disbursements for 2023 with an expected income of \$23.642MM, representing a growth of 8.1% compared to 2022. We also expect to maintain our online operating costs vs. 2022, with a decrease of -0.3%, to reach an operating profit of \$5.634MM. Another corporate strategy is to control administrative expenses, which we expect to result in growth proportionally lower than the operating profit growth, to eventually close with a net profit of approximately \$2.038MM.

As we can see in the following graphs, and considering a projection of 15,000 disbursements for 2023, 20,000 for 2024, and 25,000 for 2025, the Company will reach and surpass the break-even point and generate profits.





- **Financial Statements**

It is important to note that at the end of 2021, the Company decided to present Financial Statements in two ways: 1) Administrative Statements and 2) Accounting or Fiscal Statements.

In this report, the referenced figures pertain to the Administrative Statements, which provide a more complete view of the business. The difference is primarily that the accounting information includes the deferred tax, which is not included in the administrative reports. They also take third-party (guarantors) income and costs into account.

- **Objectives**

It is expected that over the year, a series of projects will materialize that aim to strengthen and consolidate the Company's position and equity so that the level of profits expected by shareholders will be achieved in the near future.

- **Accounting Aspects**

The financial statements submitted for the Company shareholders' consideration, study, and discussion are a part of this report.

- **Intellectual Property and Copyright**

Under the provisions of current regulations, it was reported that the Company had performed the steps and activities for meeting the requirements that govern areas related to intellectual





property and copyright. The Company has therefore complied with the regulations on intellectual property and copyright.

- **Labor Obligations and Social Security**

In addition, it is reported to the General Shareholders' Meeting that the Company is currently in compliance with all of its labor obligations and is up to date with all Social Security entities.

- **Free Movement of Invoices**

Pursuant to the second paragraph of Article 86, Law 1676 of 2013, it is certified that the Company has not hindered the free movement of invoices issued by sellers or suppliers.

Finally, it is hereby certified that in compliance with the provisions contained in Law 222 of 1995, a copy of this management report was delivered promptly to the Company's accountant and tax auditor to verify that the report agrees with the financial statements.

- **Regulations and Obligations**

It is important to highlight that the Company complies with all current regulations, resolutions, decrees, and laws related to the Company's development.

In compliance with the Substantive Labor Code, social security system, and parafiscal contributions, as well as all else related to wages, were paid in full and within the legal time frame, with no malfeasance in this regard.

Regarding taxes, taxes to which the Company was subject in 2022 were filed and paid on time. Among these, the Chamber of Commerce renewal, the industry and commerce tax return to the Municipality of Medellin, the income tax return and supplementary documents to the National Directorate of Taxes and Customs (DIAN), the VAT return, and at-the-source and self-employment withholding tax.

The Company complies with all current intellectual property and copyright use regulations.

Regarding compliance with IFRS standards, the Company has complied with the implementation process required by current regulations, and to date, the Company is free of judicial proceedings and attachments.

Pursuant to the second paragraph of Article 87, Law 1676 of 2013, it is reported to the shareholders that the Company has not hindered the free movement of invoices issued by sellers or suppliers. It is also reported that no extraordinary events have arisen since the end of the fiscal year that could affect the Company's normal functioning.





We hope that the shareholders will find this Management Report satisfactory.

Sincerely,

JUAN ESTEBAN SALDARRIAGA LONDOÑO
Legal Representative
Juancho Te Presta S.A.S.

