ibancar

Management Report

Q1 2023

CEO Summary

SUMMARY

Q1-23 and March was another record-breaking month for Ibancar, not just continuing to show sector leading performance but also proving again that growth in lending is compatible with both profitability and solid risk management.

Our revenue, which lags our loan book growth by approximately two months, was up more than 20% month on month to almost €600k and this is a direct result of loan book growth coupled with the tech driven productivity improvements that have allowed us to manage more volume without a major increase in overheads.

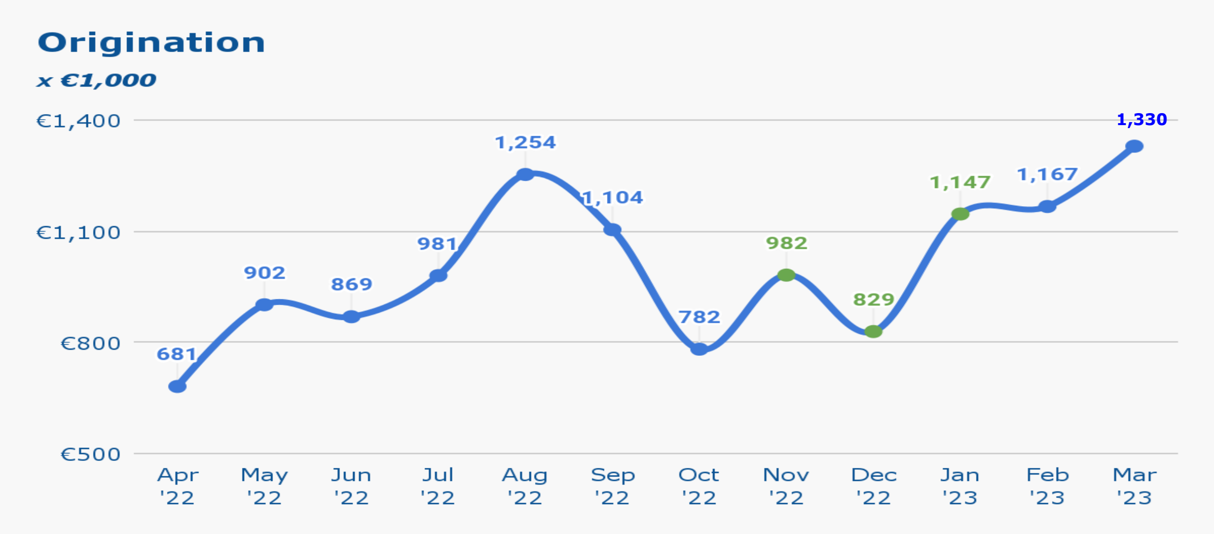
Ibancar exceeded all monthly targets, setting new records not just for revenue but also for origination (€1.33m), P&L (€66k) and operating cash flow (€94k), the latter being particularly important as it means we are generating organic equity which we can leverage 4x to fund growth without dilution.

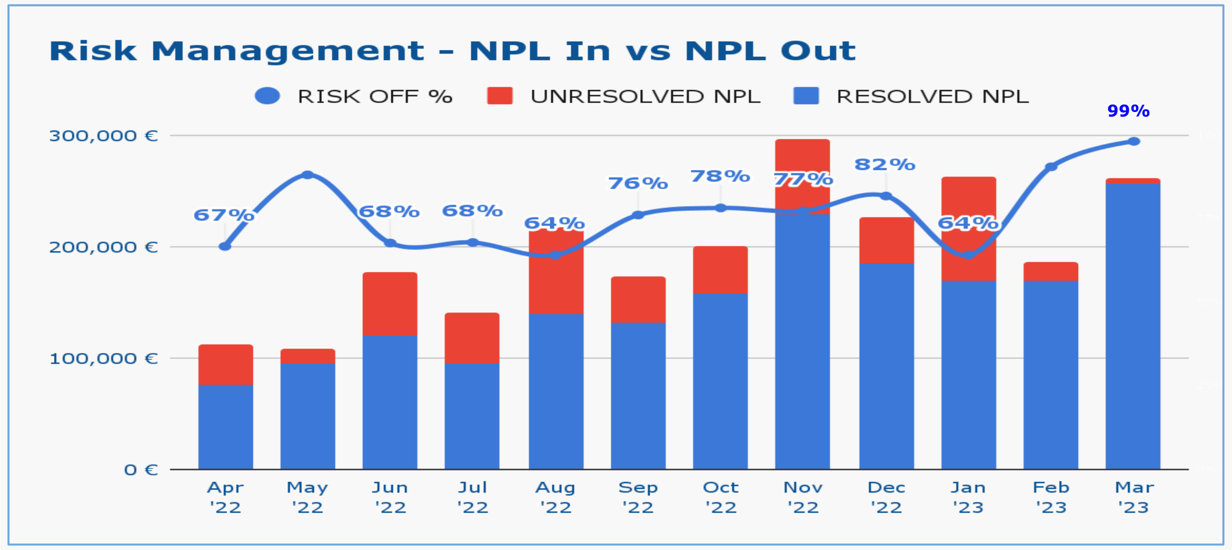
Credit performance tracked overall performance with impairments of just €36k, down from €49k and €54k in the previous months and we expect impairments to be a little lower in Q2. The servicing team also set a new record for resolving NPLs as the amount of resolved NPL capital came within 1% of matching the amount of new NPL capital, resulting in net new risk for the month of only €4.7k.

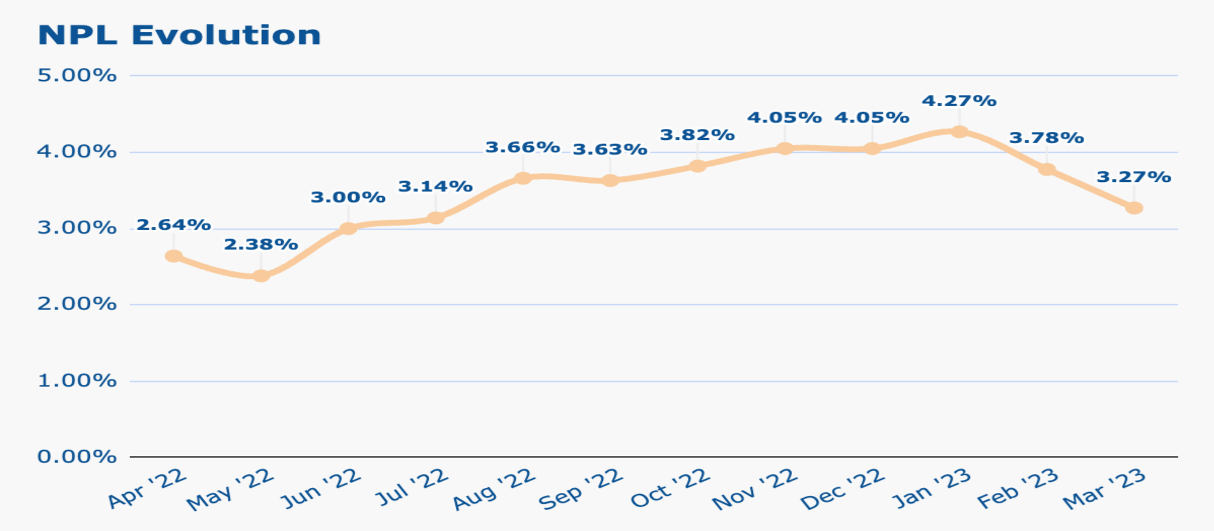
In total during Q1 we originated €3.7m in new loans adding just under €1.5m to the running book. We restructured or otherwise de-risked 85% of all new NPL cases meaning that, after impairments, we accumulated just €116k of net new risk (potential future impairments) and achieved a reduction in non performing loans to 3.27%. This NPL percentage is now lower than at the end of H1 2022 when the book was 40% lower.

Looking further ahead, and as we plan to expand both product offering and geographical presence, our focus will remain on technology, servicing efficiency and cash flow. We will continue to operate with the same strategy that led us to early profitability by developing most of our tech stack and building our servicing capability internally so that we remain a fully integrated, full service, balance sheet lender with minimal dependence on external providers.

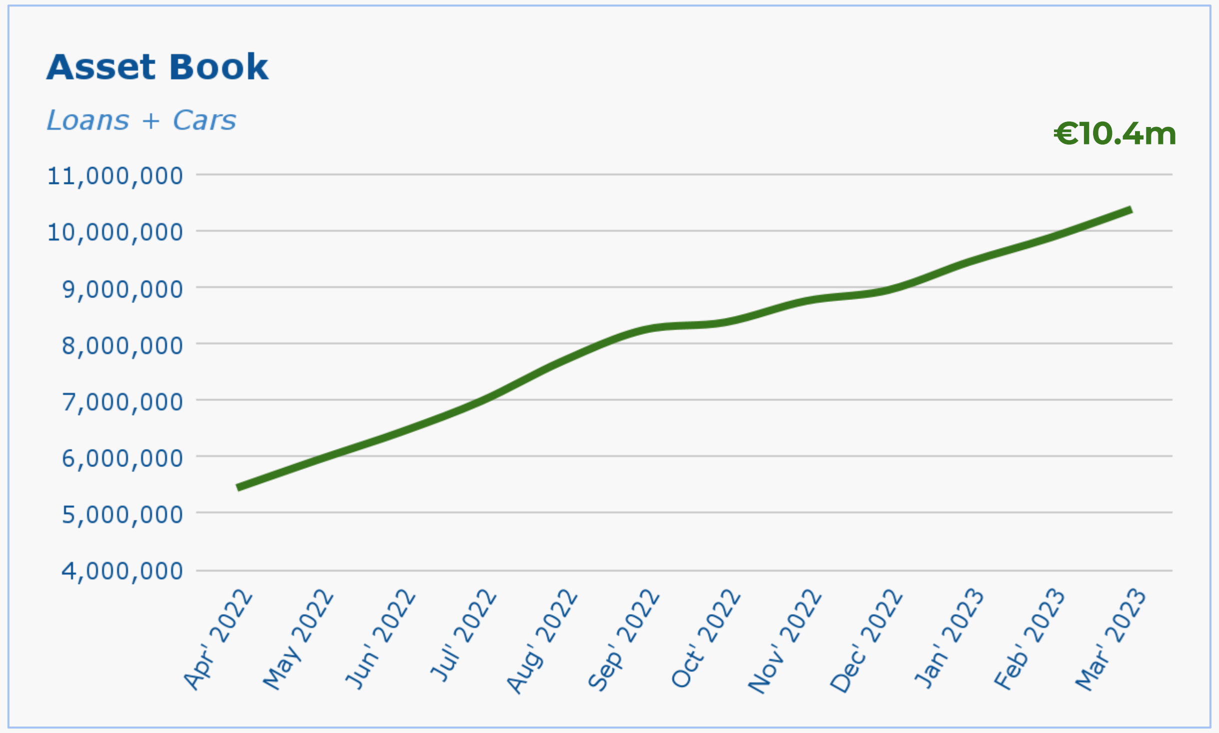
- ***Year on year revenue is up 2x and 25% better than plan***
- ***Performing loans were 92.3% of the book***
- ***Gross book yield in March was in excess of 5.5%***
- ***Loan book receivables exceed €19m***
- ***March contribution margin finished ahead of plan at 48%***
- ***Overheads as a % of revenue finished 20% better than plan***

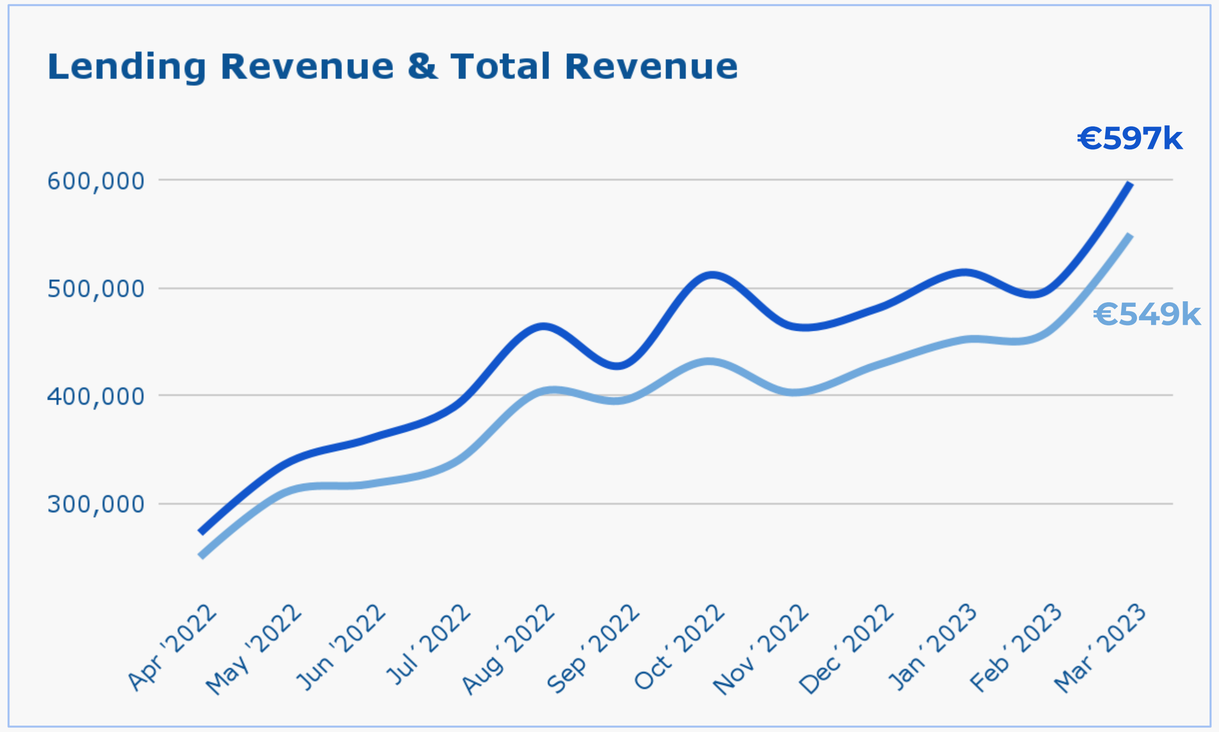


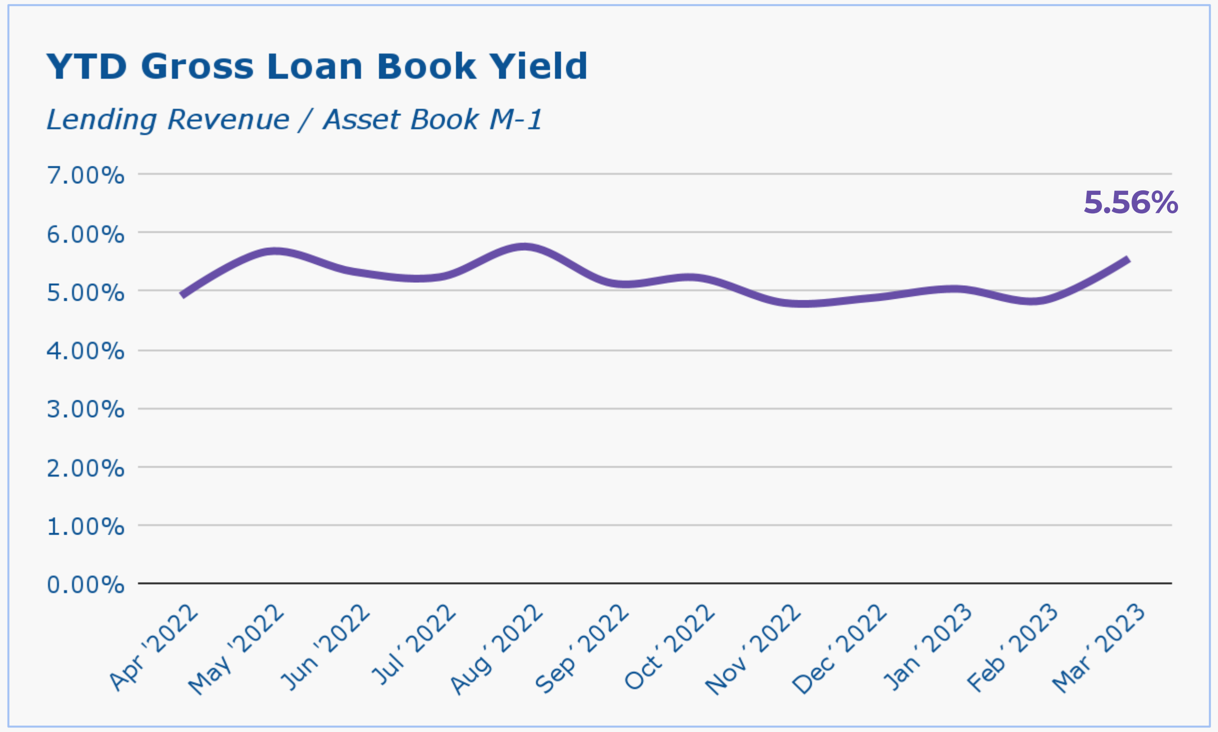




Business Performance







Loan Book

	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2022
Performing Loans	93.30%	93.90%	93.20%	93.20%	92.50%	92.40%	92.20%	91.70%	91.50%	91.50%	91.80%	92.30%
Non Performing Loans	2.60%	2.40%	3.00%	3.10%	3.60%	3.60%	3.80%	4.00%	4.00%	4.30%	3.80%	3.30%
Cars Pending Recovery	3.70%	3.40%	3.60%	3.10%	3.40%	3.20%	3.50%	3.70%	4.00%	3.90%	4.00%	4.00%
Cars Pending Sale	0.40%	0.30%	0.20%	0.60%	0.50%	0.80%	0.50%	0.60%	0.50%	0.30%	0.40%	0.40%

***Note**:*
In November 2021 we made legal changes to the loan agreement:
- *Elimination of collateral liens*
- *Reduction of late payment and prepayment fees to 1%*

Q1-23 Financials

Profit & Loss €'000	Actuals Jan´23	Actuals Feb´23	Actuals Mar´23	Actuals Q1´23	Plan Q1´23	Actuals Q1´22
Lending Revenue	451	458	549	1,459	1,395	699
Cars Sales Revenue	63	39	47	149	52	85
Other Income	0	0	1	1	0	0
Total Revenue	**514**	**497**	**597**	**1,608**	**1,447**	**785**
Impairments	-55	-44	-36	-135	-147	-22
Cars Purchase Costs	-51	-34	-35	-120	-36	-36
Funding Costs	-69	-83	-90	-242	-227	-103
CAC	-84	-83	-84	-251	-245	-154
Direct Operating Costs	-51	-56	-66	-173	-155	-45
Contribution Margin	***205***	***197***	***285***	***687***	***636***	***425***
Contribution Margin %	*40%*	*40%*	*48%*	*43%*	*44%*	*54%*
Overhead Costs	-167	-168	-200	-535	-560	-299
Operating Profit	***38***	***29***	***85***	***153***	***76***	***126***
Depreciation & Amortization	-9	-9	-9	-27	-32	-18
Financial Activity	-5	-1	-10	-15	-5	-17
Profit Before Tax	***24***	***20***	***66***	***110***	***40***	***91***
Profit Before Tax/(Loss) %	*5%*	*4%*	*11%*	*7%*	*3%*	*12%*

KPIs	Actuals Jan´23	Actuals Feb´23	Actuals Mar´23	Actuals Q1´23	Plan Q1´23	Actuals Q1´22
Origination	1,147	1,167	1,330	3,644	3,005	1,923
Asset Book	9,423	9,887	10,391	10,391	10,027	5,076
Total Debt	7,661	8,121	8,715	8,715	8,343	4,401
Debt to (Asset Book + Cash)	*77.8%*	*78.3%*	*78.2%*	*78.2%*	*76.5%*	*71.0%*
Cash Balance	429	491	755	755	880	1,126

- Ibancar finished Q1-23 better than plan and with 2x YoY revenue of €1.6m
- Contribution margin remains high and on plan at 43%, due to an excellent risk performance with gross impairments at only 8% of revenue
- Funding, CAC and direct operating costs as a % of revenue finished better than plan
- Overheads costs decreased 13% YoY as a % of revenue, showing an efficient and well managed growth path and despite incurring in +€30k of one-off expenses
- Profit Before Tax for Q1 finished better than plan at €110k or 7% of revenue
- Asset Book ended 2x higher on a YoY basis at €10.4m
- Cash Balance finished at €755k

If you wish to receive additional information on Ibancar please contact

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