



March 2021

# Forward Looking Information



- This presentation is intended for the purpose of providing information only and should not be construed as an offer or invitation to purchase and / or allocate securities of the Company
- The information contained in the presentation is presented in a summary for convenience only and does not constitute a basis for making an investment decision, recommendation or opinion and does not constitute a substitute for discretion or the collection and analysis of independent information on the part of any potential investor.
- This presentation includes forward looking information, as defined in the Securities Law, 1968. Such information includes, inter alia, forecasts, targets, assessments, estimates and other information relating to future events and / or matters, the realization of which is uncertain and not under the control of the Company ("Forward-Looking Information")
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- The forward looking forecasts and estimates are based on data and information held by the Company at the time of the presentation and the Company does not undertake to update and / or change any such forecast and / or assessment in order to reflect events and / or circumstances that will apply after the presentation.





## Significant Events and Trends During 2020



Equity loan for shares in Fintech UP-CAPITAL in the field of reverse factoring.

Another banking corporation provided a credit facility of NIS 10 million to the company.

private investors led by Mor Investment Fund invest in the company equity.

IBI Investment Fund exercised part of the option offered to it for conversion.

Sale of the main activity in the field of Biomed, for NIS 7 million \*.

Obtaining an extended creditor license also at a Erech finance company.

Increasing demand for credit and raising interest rates on loans and discounts.

A sharp increase in revenues and profitability of the non-bank credit sector.

\* The value of the recompense reflects the value as of December 31, 2020, as of mid-March 2021, the value is approximately NIS 12 million.



## UP - CAPITAL



Erech Finance is a partner in Up Capital Finance, an innovative and groundbreaking company in the field of Fintech.

Solution to the difficulties of cash flow of businesses using advanced technology.

Receipt of an irrevocable commitment from the recipient of the product / service to repay the invoice.

Distribution of a tender amongst the suppliers of the recipient of the product / service to advance the payment against the reduction of the amount in the original invoice.

Process management combines the "get to know the customer" step with the transfer of payments to the suppliers by digital means.

Unique and adapted technology to provide service in several languages and in a large number of countries. For more information: <https://upcapital.io/>



## KIARA – FINTECH



Erech Finance is a partner in Kiara Fintech, which offers credit services to e-commerce merchants.

A solution for merchants in the fields of e-commerce to finance and increase business activity.

Working capital loans and advance payments against transactions on platforms such as Amazon, e-Bay and such like, when the account in the digital asset constitutes part of the collateral.

The process combines "getting to know the customer" as a way of underwriting and approving the credit, which is effected by digital means.

Technology adapted to provide service in several languages and in a large number of countries. For more information: <https://maya.tase.co.il/reports/details/1357645>



## Results of activities of the non-bank financing sector



An increase in the Company's shareholders' equity in 2020 at a rate of approximately 250% compared to 2019.

An increase in the Company's profits from non-bank financing activities in 2020 at a rate of approximately 50% compared to 2019.

An increase in the Company's revenues of 53% during 2020 compared to the corresponding period last year.

Short-term payment - about 70% of the credit portfolio is repaid within 180 days.

Loan portfolio - mostly against collateral of a first lien on tangible assets such as: Real estate, vehicles, engineering equipment, shares in public companies, etc.

Despite the Corona virus pandemic crisis, the company managed to increase its credit sources, credit portfolio and credit margins during 2020.



## Forecast of an increase in equity and credit



The Company anticipates that the IBI - led institutions will convert the existing options and the options issued to them which will increase the Company's equity in 2021.

The company believes that the market conditions will allow the full exercising of option 9, which is expected to increase equity by an additional NIS 7 million.

As of December 31, 2020, the equity ratio to the company's balance sheet stands at 41.5% and is expected to be maintained in the near future at a rate of 35 - 40%.

The company is working to increase its credit portfolio by various means, including raising private bonds, acquisitions and collaborating with companies active in the field, with an emphasis on Fintech companies.

- Excludes activities expected following the agreement with Up-Capital and Fintech activities.
- This information is forward looking information as defined in the Securities Law, and is based on the Company's assessments as of the date of the presentation, the realization of which is uncertain.

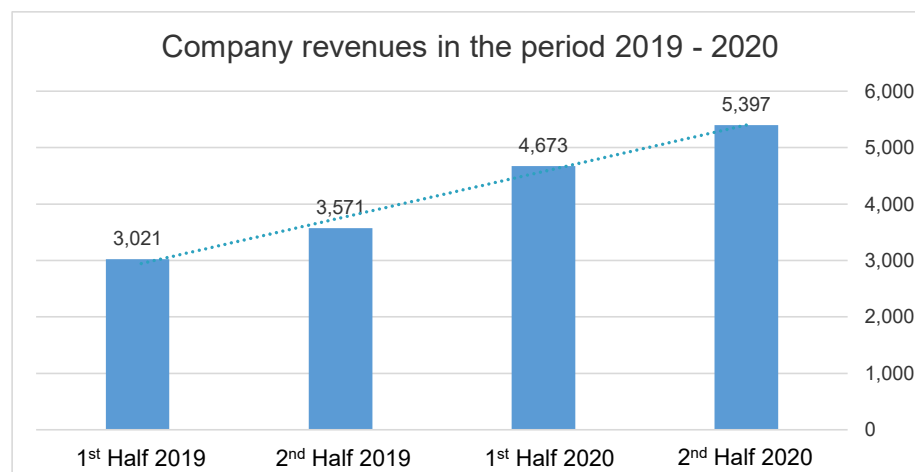
## Results of activities of the non-bank financing sector

### Results of the non-bank credit sector (thousands of NIS)

	2019	2020
	NIS Thousands	
Revenue from financing	6,592	10,070
Expenditure from financing	-1,949	-2,285
Provision for doubtful debts	-597	-1,375
<b>Revenue from Financing, Net</b>	<b>4,046</b>	<b>6,410</b>
Administration and General Expenses	-1,851	-2,740
Revenue (Expenditure) from financing	-6,707	248
<b>Profit (Loss) before Tax</b>	<b>-4,512</b>	<b>3,918</b>
Income tax	-175	-1,043
<b>Net Profit (Loss)</b>	<b>-4,687</b>	<b>2,875</b>

## Results of activities of the non-bank financing sector

The company increased its revenues by more than 50% compared to the corresponding period last year (in thousands of NIS)



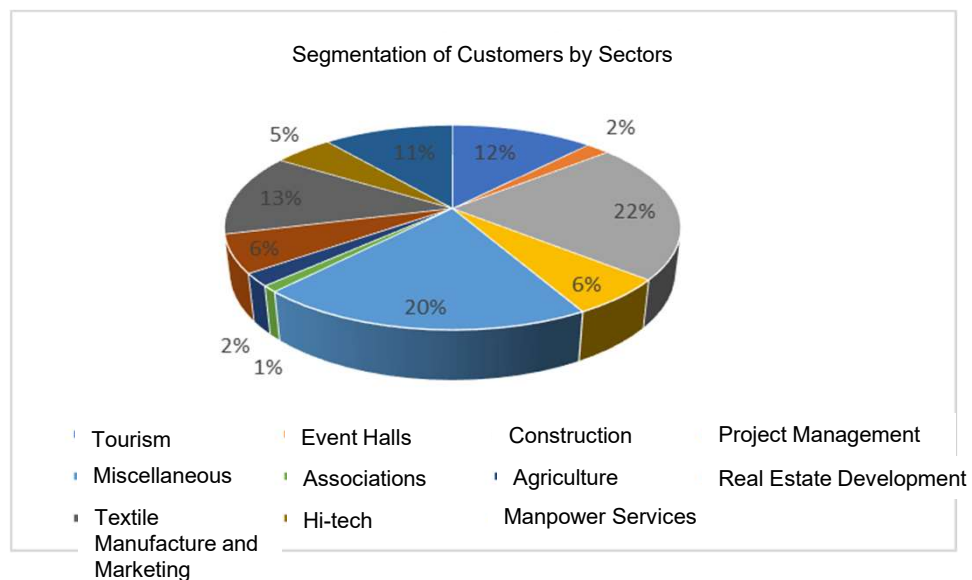
## Results of activities of the non-bank financing sector

### Customer credit days according to Settlement Times

Percentage of Total Portfolio	Amount in (NIS thousands)	Settlement Days
28%	15,416	1 - 30
16%	8,543	31 - 60
5%	2,792	61 - 90
20%	10,682	91 - 180
15%	8,295	181 - 365
16%	8,649	Over 1 year

## Results of activities of the non-bank financing sector

The company has a wide range of customers in various industries

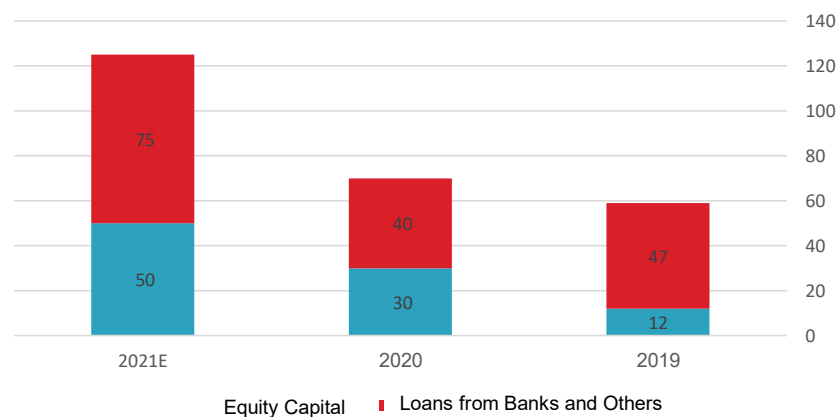


The company increased its equity from a capital of NIS 12 million to a capital of NIS 30 million

## Capital Strategy

Increase in equity, increase in credit from banks and institutions

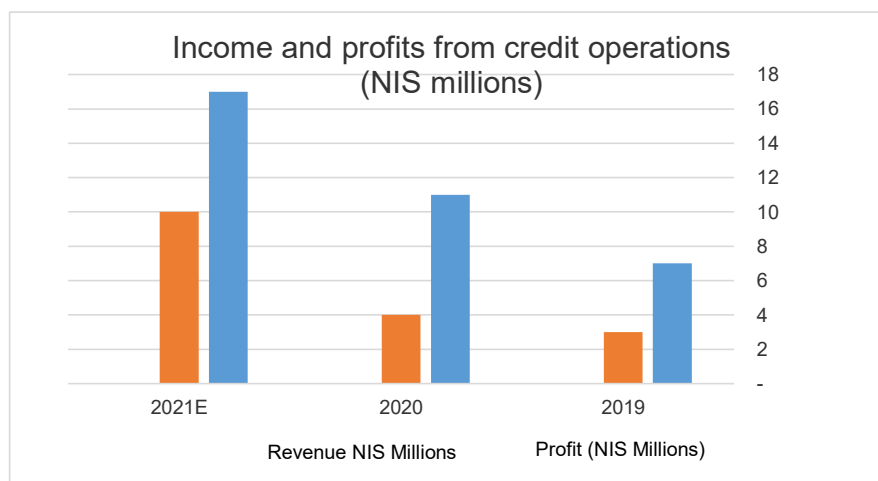
Sources of the credit portfolio (NIS million)



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Raising funding sources is expected to significantly increase the company's profitability

### Revenue and Profit Forecast \*



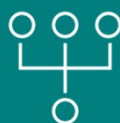
- Excludes expected activity following the agreement with Up Capital.
- This information is forward looking information as defined in the Securities Law, and is based on the Company's assessments as of the date of the presentation, the realization of which is uncertain.



Collaborations with other companies in the field of non-bank financing, focusing on companies with a technological advantage.



Raising Bonds from the public



Improving underwriting processes by digital means.



Leading the Fintech field for the purpose of leading the non-bank financing field



Focusing on diverse populations and with an emphasis on the ultra-Orthodox population



Diversifying financing options, reducing costs and continuing to raise cheaper sources of financing



Thank You