



ERECH

Erech Finance Cahalacha Ltd



August 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.
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Significant Events and trend in the first half of 2021



Signature on a NIS 50 million credit facility with Mor Investments.

The doubling of the facility in a banking corporation to NIS 20 million.

I.B.I. has exercised an option and converted the balance of the bond into shares

A number of significant bodies have converted their share of the options.

A sharp increase in revenues and in profitability in the non-banking credit segment.

An increase in demand for credit and an increase in the interest rate on loans and factoring.

The Company is expanding its operations in the Fintech field through Up-Capital and Kiara.

Conversion of some of the Next Gen into shares, and the recording of a significant gain.

The operating results in the non-banking finance segment



An increase of approximately 50% in the Company's shareholders' equity in the H-1/2021 by comparison with the year 2020.

An increase of approximately 26% in the Company's pre-tax profits from non-banking financing operations in the first half of 2021 by comparison with the H-1/2021 .

An increase of 28% in the Company's revenues in the H-1/2021, by comparison with the comparative period in the previous year

A short-term tenor – approximately 77% of the credit portfolio is settled within 120 days and approximately 94% is settled within one year.

The loans portfolio – most of the portfolio is collateralized by first ranking liens on tangible assets, such as: real estate, motor vehicles, engineering equipment, shares in public companies and etc.

Despite the ongoing Corona crisis, the Company has succeeded in increasing its sources of credit, the credit portfolio and the credit margins during the first half of 2021.



I.B.I. Investment House has exercised the option and converted the bond into shares in the Company.

Signature on a credit facility of up to NIS 50 million, which is expected to increase the company's operations and its shareholders' equity significantly.

As of June 30, 2021, the ratio of the Company's shareholders' equity to total assets stands at 52% and is not expected to fall below 35% - 40% in the near future.

The Company is taking action to increase its credit portfolio, by various means, included a private issue of bonds, acquisitions and collaborating with companies in the field, with an emphasis on Fintech companies.

- Excludes activities expected following the agreement with Up-Capital and Fintech activities.
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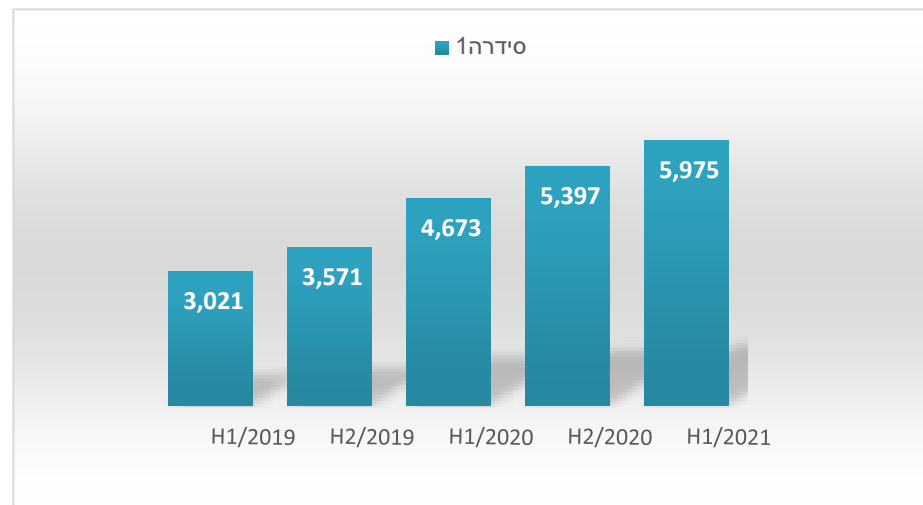
Results in the non-banking finance segment

	H-1/2021	H-2/2020	H-1/2020	H-2/2019	H-1/2019
	(in NIS thousands)				
Income from the provision of credit to customers	5,975	5,397	4,673	3,571	3,021
Cost of the provision of credit to customers	-1,242	-1,130	-1,155	-1,090	-859
Provision for doubtful debts	-686	-158	-1,217	-597	-
Financing income, net	4,047	4,109	2,301	1,884	2,162
Administrative and general expenses	-2,013	-1,409	-1,332	-986	-865
Financing income (expenses)	989	-1,175	1,423	-1,963	-4,744
Segmental income (loss) before taxes on income	3,023	1,526	2,393	-1,065	-3,447

Operating results in the non-banking finance segment

The Company has increased its revenues continuously and consistently period on period (in NIS thousands)

The Company's revenues in the years 2019 - 2021



Operating results in the non-banking finance segment

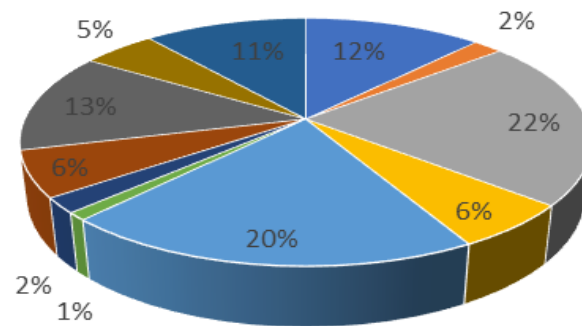
Credit days for customers analyzed by settlement times

% of Total Portfolio	Amount in (NIS thousands)	Settlement Days
34%	20,641	1 - 30
16%	9,599	31 - 60
15%	9,440	61 - 90
29%	17,608	91 - 180
6%	3,772	181 - 365
0%	86	Over 1 year

Operating results in the non-banking finance segment

The Company has a wide range of customers in various sectors of the economy

Analysis of the recipients of the credit by sector



Tourism

Event Halls

Construction

Project Management

Miscellaneous

Associations

Agriculture

Real Estate Development

Textile
Manufacture and
Marketing

Hi-tech

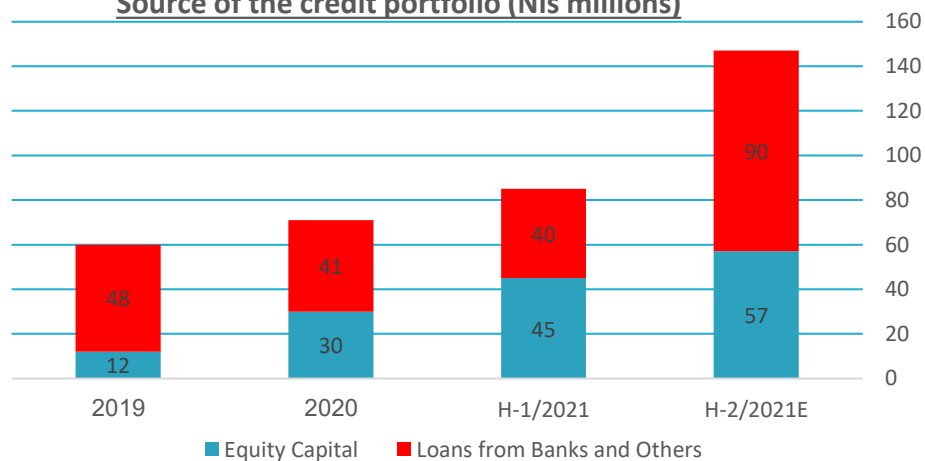
Manpower Services

The Company has increased its shareholders' equity by 50% in the first half of 2021

Capital Strategy

Increase in equity, increase in credit from banks and institutions

Source of the credit portfolio (Nis millions)

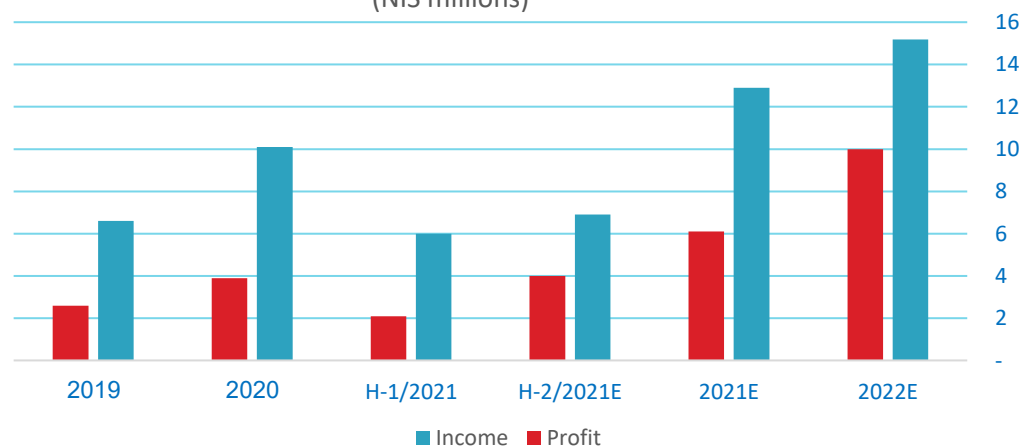


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Raising funding sources is expected to significantly increase the company's profitability

Revenue and Profit Forecast *

Income and profits from credit operations
(NIS millions)



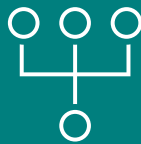
- Excludes expected activity following the agreement with Up Capital.
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Collaborations with other companies in the field of non-bank financing, focusing on companies with a technological advantage.



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