



IOU Financial

# Corporate Presentation

June 2023

 TSX-V: IOU  
 OTC: IOU.FF

# Forward-Looking Statements



Certain information set forth in this presentation may contain forward-looking statements. Forward-looking statements are statements, other than statements of historical fact, that address or discuss activities, events or developments that IOU Financial expects or anticipates may occur in the future. These forward-looking statements can be identified by the use of words such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. These forward-looking statements reflect management's current views and are based on certain assumptions including assumptions as to future economic conditions and courses of action, as well as other factors management believes are appropriate in the circumstances. Such forward-looking statements are subject to risks and uncertainties and no assurance can be given that any of the events anticipated by such statements will occur or, if they do occur, what benefit IOU Financial will derive from them.

A number of factors could cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements, including, but not limited to risks inherent in growing a new business, dependence on third-party service providers, competition, regulatory risk, dependence on key personnel, risks related to rapid growth of IOU Financial, security and confidentiality risk, risk related to inability to attract borrowers and lenders, technological development risk, IT disruptions, maintenance of client relationships, litigation risk, volatility of stock price, and other factors that are beyond its control.

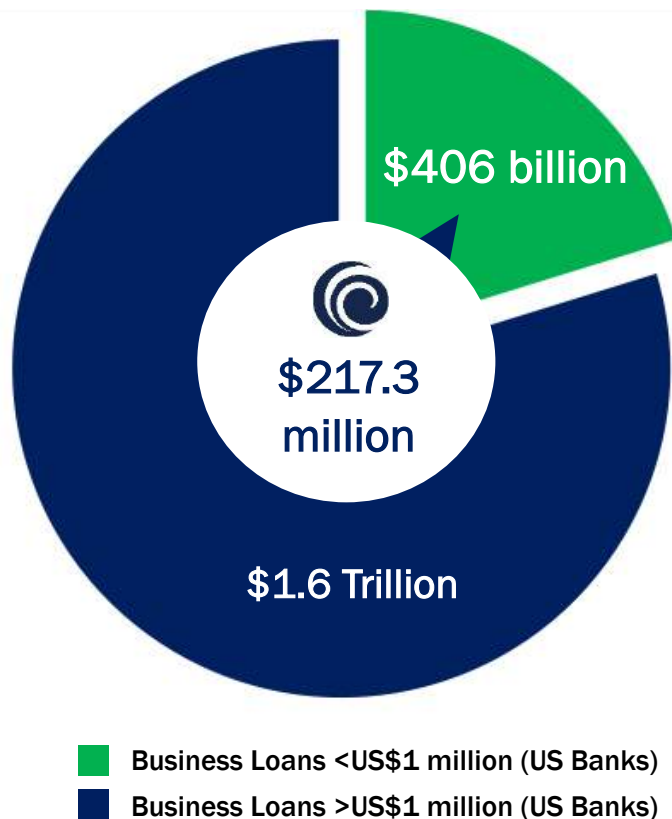
Additional information concerning these and other factors can be found beginning on page 16 under the heading "Risks and Uncertainties" in IOU Financial's FY 2022 MD&A dated April 25, 2023, which is available under IOU Financial's profile on SEDAR at [www.sedar.com](http://www.sedar.com). IOU Financial does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

**Please note that all dollar amounts are in CAD except where indicated.**

# A Growing Opportunity



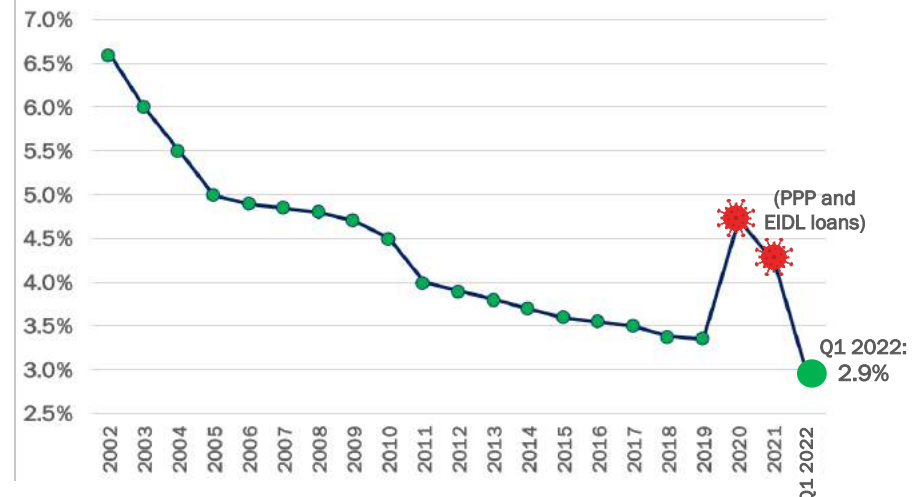
## Total US bank Commercial & Industrial Loans



US C&I loan portfolio (balances) as reported by the FDIC as of December 31, 2021.  
IOU Loans Under Management as of Dec 31, 2022.

**Banks have been reducing their exposure to SMB lending for 20 years.**

## Small business loans as a share of total US bank loans



Source: FDIC reports on US depository institutions. (<https://www7.fdic.gov>)

# Why IOU?



Small businesses need capital to grow,  
but banks are slow and are reducing their exposure to small businesses.

IOU Financial is a leading alternative lender that delivers growth capital to small businesses...  
**very efficiently:** the *IOU360* platform has reduced the small business lending process  
from weeks or months to one that **can be completed in minutes and funded within hours.**

IOU Financial brings innovation and integrity to fuel the growth of small business!



## Fast

Our online application takes only minutes, and businesses can receive funding in as little as 24 hours.



## Consistent

With fixed daily, weekly, or biweekly payments your clients can stay focused on their business.



## Trustworthy

We want to get to know each business so we can advise in the best way possible. Thousands of small businesses already trust us to help with their financing needs.



## Responsible

Our credit expertise and proprietary *IOU360* technology ensure each merchant's cashflow is not stressed with a loan. Your client's profitable growth is our main objective. <sup>4</sup>

# Vision, Mission & Purpose



**VISION**

Dominate the premium broker distribution space with trust, transparency and product leadership.



**MISSION**

Leverage technology and experience to accelerate the delivery of innovative funding solutions.



**PURPOSE**

**Fuel  
the growth of  
Small Business.**



## Typical borrowers

### Who?

Retail (Grocery, pharmacy, medical clinics...)

Construction (Developers, HVAC installers, plumbing...)

Wholesale (Suppliers)



### Why IOU Financial?

Many small business owners get funded and renew with IOU because of the SPEED.

Others are simply unable to obtain a bank loan due to a lack of accounting documentation and/or lendable collateral.

## Typical loan

Principal Amount:  
US\$156,000

Interest and Fees:  
US\$43,000

Term: 12 Months

Payments: Weekly

### What for?

Typical “use of funds” include:

- Purchase new equipment
- Add inventory
- Increase workforce
- Invest in business expansion or marketing efforts.

# A Trusted Brand



## What our brokers say:

*Delighted*



So far, the best approvals we had from anybody all year long. I am thoroughly impressed with the patience and diligence from my team over at IOU. - Eddie



High level of communication. Efficient process and IOU made it simple and easy for the business owners. - Tim

**100/100**

30-day cumulative



Our rep goes above and beyond to make sure our clients are heard. Hard to find in this industry nowadays. We look forward to funding more and more in the future. - Anthony

## What our clients say:



**Great company**

Great company. Used them for many years and over 15 loans. They are the easiest to work with and best rates. Can't say enough good things.



**Best in the business**

Best in the business. Honest people in a sea of sharks. Highly recommend.



**The team at IOU performed above...**

The team at IOU performed above expectations! I will definitely do business with them again

**4.8/5**

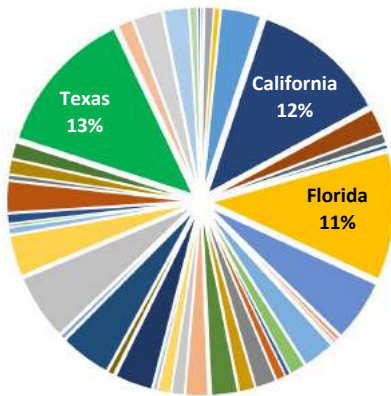
Overall score

# A Diversified Risk Portfolio

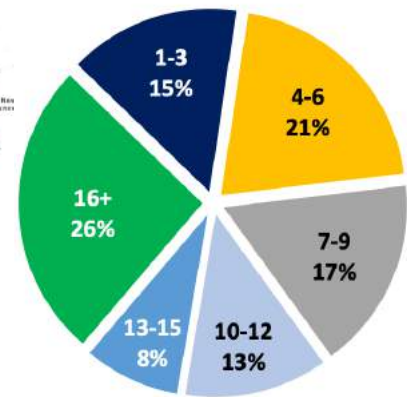


## IOU's client base represents a diverse range of small businesses:

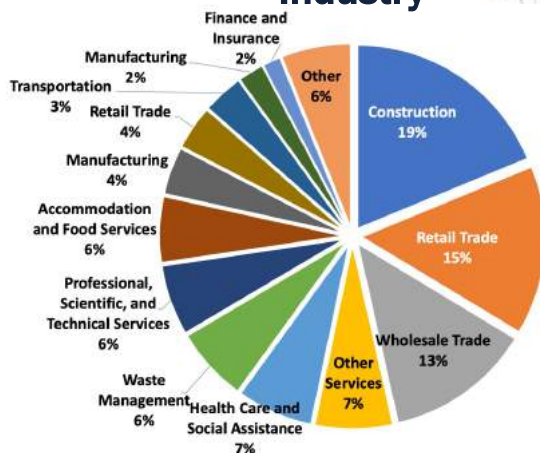
State



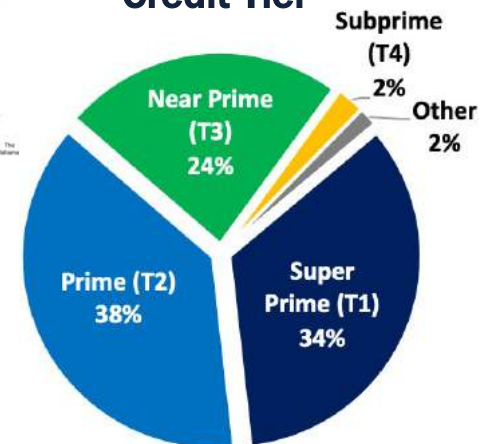
Years in Business



Industry



Credit Tier

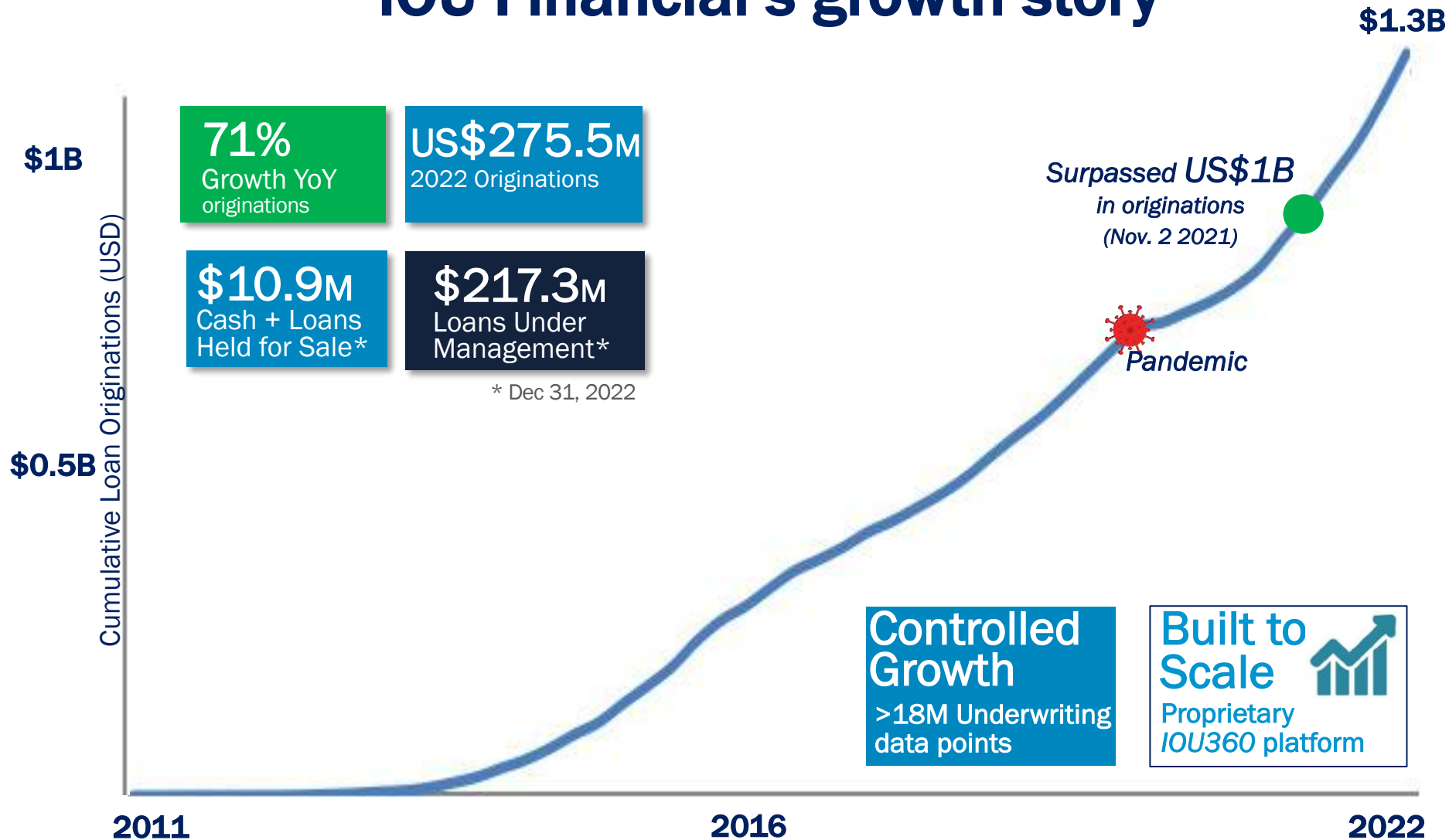


All chart data based on IOU Financial Loan Originations (volume) for the period Jan 2018 through March 2022.  
Map data based on Loans Under Management (LUM) as of May 31, 2022.

# FY2022 Highlights



## IOU Financial's growth story



# Performance Highlights



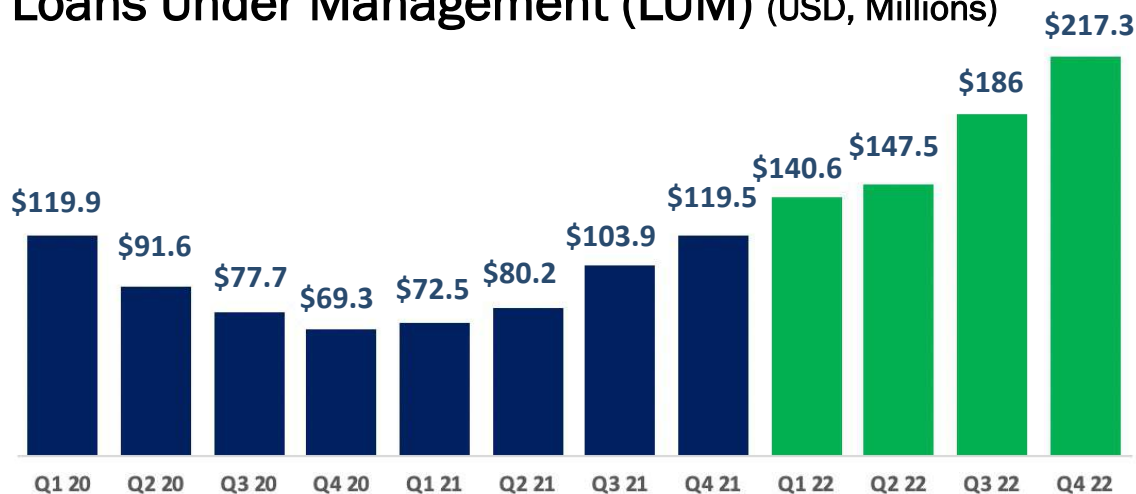
## Loan Originations (USD, Millions)



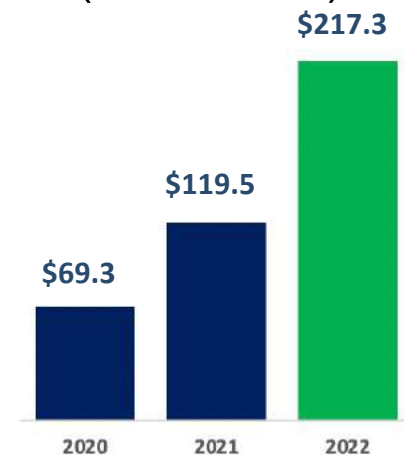
71% increase in originations  
(2022 vs. 2021)



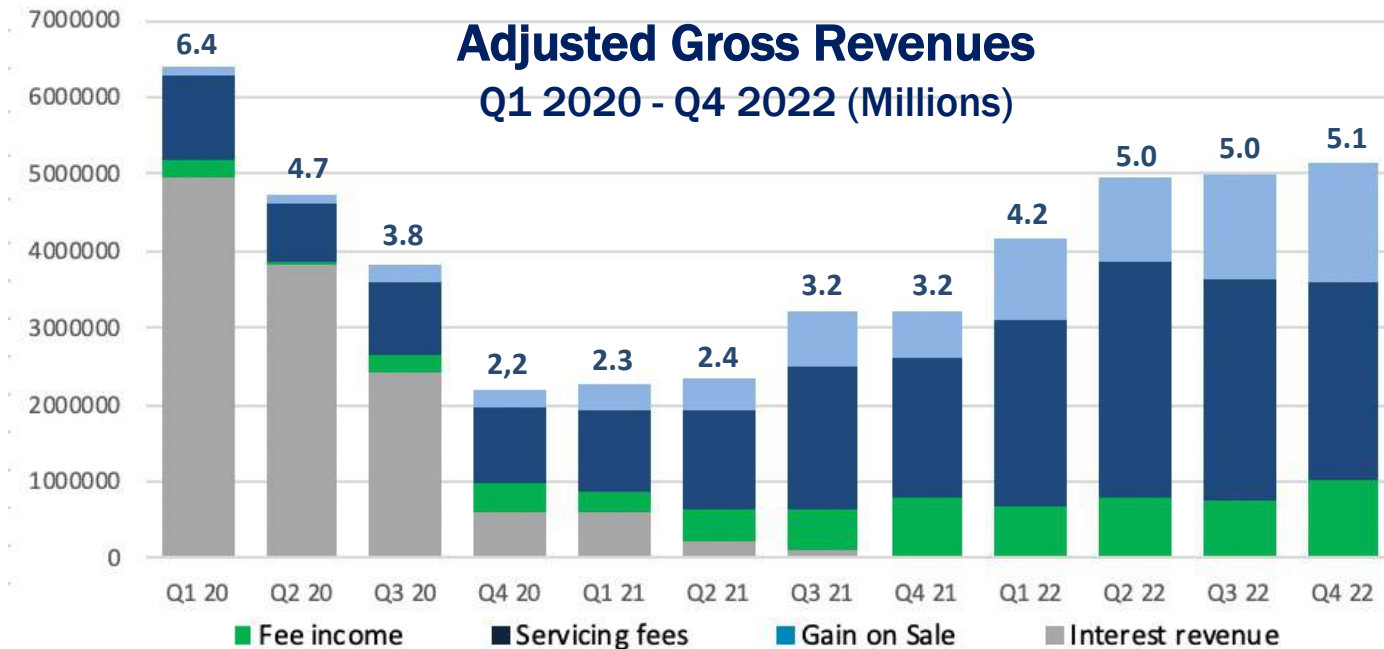
## Loans Under Management (LUM) (USD, Millions)



82% increase in LUM  
(2022 vs. 2021)



# Performance Highlights



**Total Adjusted Gross Revenues** increased 73.7% in 2022, driven by significant growth in originations. (Interest revenue has virtually disappeared as a result of the shift to a marketplace strategy in 2021)



**Fee Income** increased from \$2.0 million to \$3.2 million, primarily driven by referral fees generated by ZING Funding (IOU's retail channel) and origination growth.



**Servicing Fees** earned increased from \$6.0 million to \$11 million from LUM growth. Servicing fees were negatively impacted in Q4 from portfolio deterioration due to macro-economic developments.



**Gain on Sale** increased from \$2.1 million to \$5.0 million, driven by the growth in originations

# Focus on Originations Growth



Investing in future growth opportunities based on three strategic pillars:



## PROPRIETARY TECHNOLOGY

IOU Financial continues to invest in developing its proprietary IOU360 platform to connect Brokers, Merchants, Investors and internal stakeholders in real time – and enabling 100% of loan operations and surveillance.



## PRODUCT INNOVATION

IOU introduced The Cash-Back Loan and 24-Month Loan in 2022 and is committed to introducing innovative loan products that meet the needs of a diverse range of small business owners.



## WHOLESALE & RETAIL DISTRIBUTION

IOU continues to expand its wholesale (IOU Financial) and retail (ZING Funding) distribution strategies to maximize its exposure to the economic recovery through both channels.

# The IOU360 technology future ecosystem



## Brokers

- Interactive dashboard prioritizes loan applications.
- IOU's unique *QuickSubmit™* tool for drag-and-drop applications.

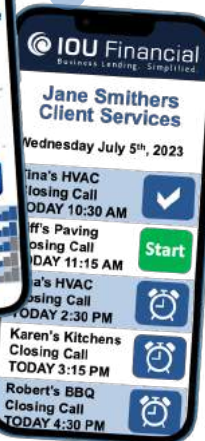
## Merchants

- Real time loan status, renewals, documents, checklists, customer support.
- Data-driven & seasonal push notifications to drive retention goals.
- Cash transfer options; prepaid debit cards.



## IOU Team Members

- Workflow automation for all teams.
- Agility for product, pricing, reporting.
- Prioritization of tasks based on performance algorithms.
- Automated approvals of up to 1/3 of applications based on historical data.
- Gamification of tasks, incentives, rewards.





Stock symbol	TSX-V: IOU
Shares outstanding	105.5M
Options	10.2M
Fully diluted	115.7M
Insider ownership	40.8M
Basic insider ownership (%)	38.6%
Cash	\$4.2M
Convertible debentures (par value)	\$4.5M
Loans held for sale	\$6.7M
Servicing assets	\$3.3M
Service Fee Receivables	\$5.9M
Loans Under Management	\$217.3M
Market capitalization	\$13.7M

# Adjusted Gross Revenue Reconciliation



Fiscal Year	2022	2021
<b>Total Gross Revenue (IFRS)</b>	<b>\$ 19,140,091</b>	<b>\$ 12,918,068</b>
Amortization of servicing assets	10,186,195	5,177,397
Servicing assets recognized	(10,083,592)	(7,018,006)
<b>Adjusted Gross Revenue</b>	<b>\$ 19,242,694</b>	<b>\$ 11,077,458</b>

We use adjusted gross revenue as a measure of financial performance and believe it useful to investors as it removes components of revenue that are non-cash in nature for the periods presented, as these items influence operating results depending on the timing and amount of loan sales to investors

# Your Senior Management Team



**IOU Financial is backed by an experienced team of dedicated professionals committed to innovation and integrity.**



**Robert Gloer**  
President & CEO



**Danny O'Keefe**  
Chief Financial Officer



**Stevie Award winner**  
2021, 2022 and 2023  
(American Business Awards)



**Jeff Turner**  
EVP Risk Mitigation



**Madeline Wade**  
EVP Operations



**Carl Brabander**  
EVP Strategy



(2021, 2022 and 2023)

# CEO's Letter to Shareholders



**Robert Gloer**  
President and CEO

Dear Fellow Shareholders,

When Phil Marleau and I co-founded IOU Financial in 2008 we made innovation and integrity the cornerstones of everything we built. Coming out of the Great Recession small businesses were ready to rebuild but were finding it challenging to secure growth capital from traditional lending institutions. And knowing that small businesses create nearly half of all new job opportunities in America meant that helping small businesses played an important role in creating opportunities at the community level across the country. So, we built IOU Financial with real purpose: to fuel the growth of small business.

As an early pioneer of the Alternative Lending industry, IOU Financial was very well equipped to survive the COVID-19 pandemic and continue supporting small businesses during very challenging times. But we also used the opportunity to chart a new course for scalable growth. Our investments in technology, product innovation and retail and wholesale channels helped fuel the strongest 3-year growth period in the history of the Company. Along the way we have broken many all-time company records for monthly, quarterly and annual originations and in Q4 of 2021 we surpassed US\$1 billion in cumulative originations. During each of these past 3 years we have also won a Stevie© Award for Achievement in Finance and have been named one of the Best Places to Work in Fintech by American Banker.

This team delivered on its 2022 commitments to shareholders despite having to tighten up our risk selection and pricing models starting in the second half of 2022. We remain laser-focused on achieving even greater levels of scalability and growth in the months and years ahead.

I am incredibly proud of the entire IOU Financial team for our ability to deliver while adapting to changing market conditions. Current macro-economic headwinds still present an ongoing challenge in the first half of 2023 but I am convinced there has never been a more exciting time to be involved in our industry, and I look forward to providing quarterly updates on our progress.

Here's to fueling the growth of small business!

A handwritten signature in blue ink, appearing to read 'R. Gloer', written over a light blue horizontal line.





**IOU Financial**

# Annual General Meeting

For more information,  
please contact:

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