

# Triterras Inc.

A Leading Platform for Global Trade and Trade Finance

Nasdaq GM: TRIT, TRITW

**Investor Presentation**  
**January 18, 2021**



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# Overview

Triterras Fintech is a leading trade and trade finance fintech company



- Potentially transformative digital marketplace for trade and trade finance
- Solves mission critical problems for its clients
- Generates fee income on trade and financing transaction volume from platform users

## Early Commercial Success

- \$11.5 billion in total transaction volume since June 2019 launch
- FY20E: \$10.3B trade and trade finance volume and \$32.9 M net income
- Diversified business with no single customer group contributing >9.9% of total revenue<sup>(2)</sup>

## A Growth Story

- Compelling opportunity to address the \$1.5 trillion annual shortfall in trade finance
- Comprehensive and complementary management action plans
- Transaction volume, EBITDA, net income projected to grow more rapidly than the peer group

# Introduction to Trade and Trade Finance

## International Commodity Traders - Who They Are and What They Do

### International Commodity Trade

- Physical commodities (e.g., wheat, food oils) are bought and sold internationally and shipped across the seas
- Producers (sellers) need consumers (buyers)
- Cross border/cross ocean transactions; 150–180-day cycle

### Seller's issues:

- Locating best/timely international buyers, ocean cargo & logistics, securing payment as early as possible

### Buyer's issues:

- ID sellers, logistics, validating quantity and quality, payment as late as possible to match their cash conversion cycle

### Physical Commodity Traders Fill the Void and Facilitate/Enable Transactions

### Commodity Traders

1. Link Buyers and Sellers
2. Arrange all shipping, logistics, customs, port fees, etc.
3. Solve the two-sided payment problem with "Trade Finance"



**Our customer focus: the SME Trader (Small and Medium Sized Enterprise)**

# What is Trade Finance?

## Sources and Terms



### Payment Terms

Trader pays seller at (or before) shipment  
Trader collects from buyer on or after delivery (~120-150 days)

### Trader's Sources of Trade Finance Funds

Good (but limited): Cash in their bank account  
Better: Letter of Credit (most SME traders need to back them with cash in account)  
Best: Borrowing for financial leverage

### Trader Trade Finance Borrowing Model

10% - 15% cash down payment on loan  
85% - 90% borrowed from trade finance lender  
Possible trade credit insurance to protect against SME buyer payment default

**Trade Finance is a \$40 trillion business providing the financing for international trade<sup>(1)</sup>**

# Triterras Fintech Massive Opportunities

## \$1.5T Shortage in Trade Finance for SME Traders

- WTO Projection<sup>1</sup>; some post-Covid estimates \$2.0 to \$2.25 trillion<sup>2</sup>
- Banks have exited trade finance space for SME traders
  - Basel III & IV capital reserve requirements for trade finance loans
  - Same overhead cost for \$1M and \$100M loan

## Traders - Offline Trade Processes Costly & Inefficient

- Archaic process essentially unchanged over 200 years
- Paper intensive, error prone, costly, susceptible to transaction delays
- Lack of counterpart trust and need to mitigate risk and fraud
- Desperately needed trade finance

## Alternative Lenders – Efficient Client Access

- SME trade finance loans estimated yield of 8%-13% yield for lenders
- Most lenders lack network of high quality, qualified borrowers and infrastructure to expand trade finance portfolio
- A need to streamline origination process and reduce overhead costs of managing small loans with 180-day tenor

<sup>1</sup>[https://www.wto.org/english/res\\_e/statis\\_e/wts2018\\_e/wts2018\\_e.pdf](https://www.wto.org/english/res_e/statis_e/wts2018_e/wts2018_e.pdf)

<sup>2</sup>[How much of the \\$1.5trn trade finance gap can tech bridge? - TFX News](#)

# The Kratos Platform



# Revolutionary Digital Marketplaces

Synergize Multiple Ecosystems



	Transaction Ecosystem	Financial Ecosystem	Delivery Ecosystem
Amazon	✓		✓
eBay	✓	✓ (PayPal)	
<b><u>Kratos by Triterras</u></b>			
	Trade Discovery Module (Traders)	Trade Finance Module (Lenders)	Logistics Module (Ship owners, operators, brokers)
		Credit Insurance Module (Insurance Broker)	
	Risk Management Module		
		Payment Gateway (Planned)	
		Supply Chain Finance (Planned)	

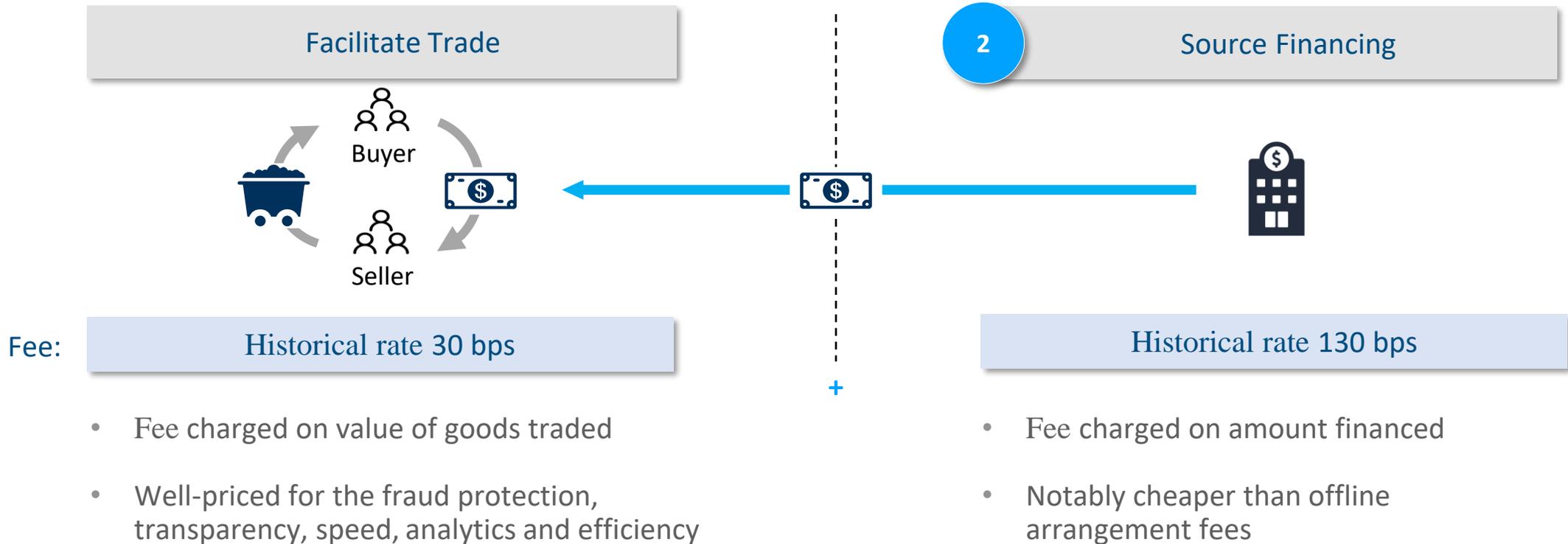
# Key Business Model

Five Modules Driving Two Revenue Streams



Module: Trade Discovery & Risk Management

Trade Finance



Communities Served: Traders (Commodity Buyers & Sellers)

Traders Seeking Trade Finance  
Fundors Seeking Borrowers

# Kratos Value and Benefits

Kratos Delivers Profitability, Risk Abatement, Cycle Time Reduction and **Previously Unavailable Access** to Lenders, Borrowers, Credit Insurers and Logistics Providers

## TRADERS/BORROWERS

### Increased Growth and Profitability

- Alternative sources of trade finance
- Reduced trade finance origination fees
- Reduced trade cycle times
- Reduced back office/fixed costs
- Common data set = efficiencies
- Simplified and increased access to credit insurers, logistics providers
- Prequalified access to new traders
- Fraud prevention and risk mitigation tools

## LENDERS

### Increased Growth and Profitability

- Reduced admin and back office costs
- Access to higher yielding SME space estimated at 8%-13% yields
- Highly prequalified trader applications
- Effortless new customer access
- Risk mitigation and fraud prevention tools
- Customization available
- No lender fees

## CREDIT INSURERS

### Increased Client access and application efficiency

- New clients
- Systematized application process

## LOGISTICS PROVIDERS

### New client access, efficiency, growth

- Complete RFQ's
- Consolidated communications



	Transaction Ecosystem	Financial Ecosystem	Delivery Ecosystem
	Trade Discovery Module (Traders)	Trade Finance/Ins Modules (Lenders)	Logistics Module (Ship owners, operators, brokers)
Successful Outcomes	<ul style="list-style-type: none"> <li>Increased # of Traders</li> <li>Increased Avg. Volume/Trader</li> </ul>	<ul style="list-style-type: none"> <li>Increased # of Lenders</li> <li>Increased Lending Volume</li> </ul>	<ul style="list-style-type: none"> <li>Increase # of providers</li> <li>Trader referral of brokers</li> </ul>
Network Effect	Referral Incentive Program	Attracts New Traders Grows Trader Volume	Grows Trader Volume
Organizational	Biz Dev Organizational Expansion; Separate Client Care Commercial Organization		
Platform Plans		Supply Chain Finance	
		Payment Gateways	
Potential Future Platform Additions	Gen II Technology M&A	Credit Insurance Phase 2 New Finance Structures Blockchain Payment Gtwy	Logistics Phase 2
Non-Organic Growth	Accretive, strategic M&A projects		

# Competition

Kratos Platform is Uniquely Positioned

## **Kratos is the only trade and trade finance platform that:**

- Caters to the SME trader and the smaller average transaction size
- Brings new liquidity to the SME trader ecosystem through alternative non-bank lenders
- Is focused on commodity trading in emerging markets where there is strong trade finance demand and relatively higher lender yield.
- Provides early-stage transaction accounts receivable financing
- Democratizes the trader contact with potential lenders
- Multi dimensional to include a credit insurance and logistics marketplaces
- Leverages one data set across multiple ecosystems

## **Other platforms exist, but they are not our competition**

- Many backed by bank consortiums, the very same banks exiting SME trade finance.
- Typically bank to client proprietary relationships
- Prevalance of letter of credit. financing to large, strong balance sheet clients.
- Large client/ large transaction focus e.g., Oil and Gas \$80 M minimum
- Strong focus on developed markets and traditional supply chain finance

# Financial Highlights

(\$ in millions)	FY19 <sup>(1)</sup>	2020 Update		FY20E
		First Half <sup>(2)</sup>	Q3 Estimates <sup>(2)</sup>	
<b>Trade &amp; Trade Finance Volume Summary</b>				
Trade Volume	\$3,614.6	\$4,100.0	\$1,870.0	\$7,779.1
Trade Finance Volume	179.1	877.0	878.0	2,541.3
<b>Trade &amp; Trade Finance Volume</b>	<b>\$3,793.7</b>	<b>\$4,977.0</b>	<b>\$2,748.0</b>	<b>\$10,320.5</b>
<b>Revenue Build-Up</b>				
<b>Trade Volume</b>	<b>\$3,614.6</b>	<b>\$4,100.0</b>		<b>\$7,779.1</b>
Trade Fee	0.40%	0.30%		0.30%
<b>Trade Fees</b>	<b>\$14.5</b>	<b>\$12.3</b>		<b>\$23.3</b>
<b>Trade Finance Volume</b>	<b>\$179.1</b>	<b>\$877.0</b>		<b>\$2,541.3</b>
Trade Finance Fee	1.32%	1.30%		1.30%
<b>Trade Finance Fees</b>	<b>\$2.4</b>	<b>\$11.4</b>		<b>\$33.0</b>
<b>License Fees &amp; Other</b>	<b>\$0.1</b>	<b>\$0.0</b>		<b>\$0.3</b>
<b>Income Statement Highlights</b>				
<b>Total Revenue</b>	<b>\$16.9</b>	<b>\$23.7</b>	<b>\$17.0</b>	<b>\$56.6</b>
Expenses <sup>(3)</sup>	(1.7)	(6.4)		(16.8)
<b>EBITDA</b>	<b>\$15.2</b>	<b>\$17.3</b>		<b>\$39.8</b>
<i>EBITDA Margin</i>	<i>89.9%</i>	<i>73.1%</i>		<i>70.3%</i>
<b>Net Income</b>	<b>\$13.6</b>	<b>\$14.2</b>	<b>\$10.0</b>	<b>\$32.9</b>

Note: FY19 average annual trade volume per trader equal to ~\$92 million

Note: Representative of pro forma financial projection model for FY20. Projections reflected in SEC filings.

Note: Triterras has a February fiscal year-end. FY19 is representative of the 12 months ending of February 29, 2020

1) FY19 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). KPMG are the company's auditors

2) YTD representative of the 6 months ending August 2020. Q3 estimates have not been reviewed by the Company's auditors.

3) Excludes depreciation, amortization and net finance costs

4) EBITDA Reconciliation reflected on Slide 15 (Appendix)

# Appendix

## EBITDA Reconciliation

	Six months ended August 31, 2020	Six months ended August 31, 2019	Year ended February 29, 2020	Period from January 11, 2018 (date of incorporation) to February 28, 2019
	(US\$)			
Profit/(Loss) for the year/period	\$14,208,051	\$ 510,241	\$ 13,580,791	\$ (2,211,507)
Depreciation	13,802	642	1,284	1,071
Amortization	599,781	1,548	9,172	—
Net finance costs/ (income)	70,357	(1,389)	1,475	8,649
Income tax expense	3,017,443	104,956	1,592,549	—
<b>EBITDA*</b>	<b>\$17,909,434</b>	<b>\$ 615,998</b>	<b>\$ 15,185,271</b>	<b>\$ (2,201,787)</b>

# Management

Owner managed business with deep expertise in technology, risk management and scaling businesses



**Srinivas Koneru**  
Founder, Chairman, & CEO

BS, Mechanical Engineering  
BMS College of Engineering,  
Bangalore

- Over 35 years of professional experience
- Co-founded Atlanta-based IT development and services company in 2005; grew to \$80 million in revenue, exited in 2010
- Multiple entrepreneurial initiatives spanning many industries
- US Citizen



**John Galani**  
Chief Operating Officer

MS Cass Business School BA,  
Brunel University

- Over 20 years in trade, trade finance and building platforms
- Natural resource, financial and transportation management expertise as an MD at Delta Trading, Centurion European Capital and Phoenix Vision Mgmt
- Operated and financed internet B2B shipping platform
- UK Resident



**Alvin Tan**  
Chief Financial Officer

B. Comm, Curtin University of  
Technology

- Certified Public Accountant
- Over 20 years as Group CFO and Financial Controller at leading commodity trading firms – Cargill, Golden Agri Resources, Musim Mas
- Singapore Resident



**James H. Groh, Sr.**  
Executive VP

BS, Engineering, Cornell  
MBA, Finance, RIT

- C-suite Corporate Management and Board experience
- Managed the going public process for 20+ companies
- Previously held FINRA Series 7, 63, and 24 licenses
- US Citizen

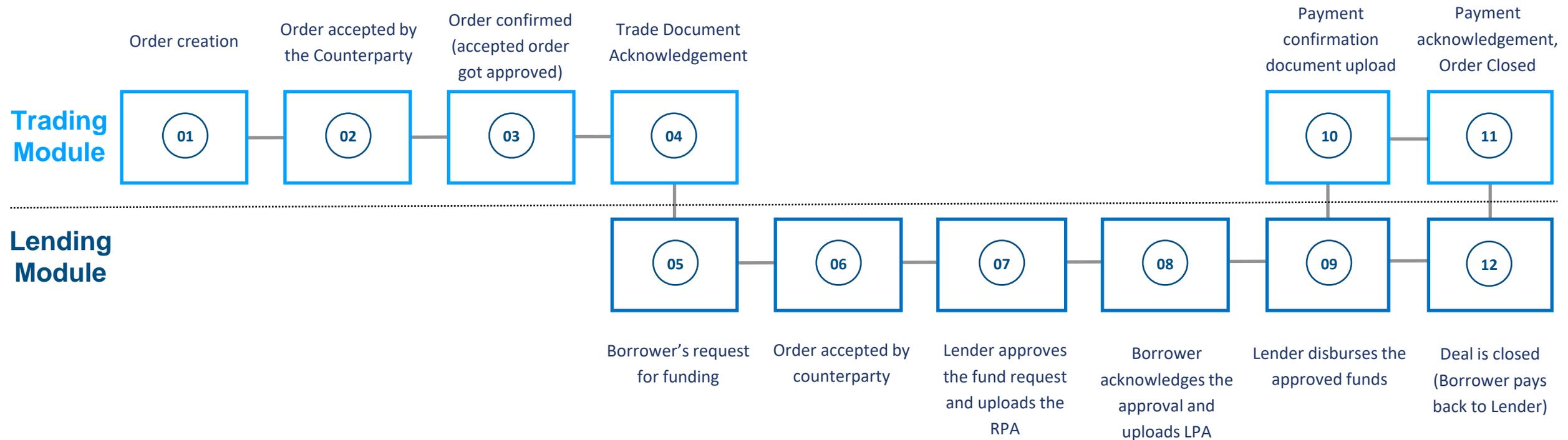
# Kratos History and Milestones

2010	<ul style="list-style-type: none"><li>• CEO successfully exits 2<sup>nd</sup> tech business</li><li>• CEO funds creation of a trading business, a physical commodity trader</li></ul>
2017	<ul style="list-style-type: none"><li>• The trading business grows to over \$2 Billion in commodity transactions</li><li>• Informed by detailed functional knowledge of trade and trade finance, CEO launches the design and development of Kratos platform</li></ul>
2018	<ul style="list-style-type: none"><li>• Triterras Fintech founded as the entity to complete development and launch of Kratos</li></ul>
2019	<ul style="list-style-type: none"><li>• June 2019: Kratos launched with a critical mass of trade volume</li><li>• FY 2019 (ends Feb. 2020): \$3.7 billion trade volume</li></ul>
2020	<ul style="list-style-type: none"><li>• February 2020: Trade Finance module launched</li><li>• August 2020: 6-month results - \$5B trade and trade finance volume and \$17M EBITDA</li></ul>

# Building Receivables Docs on the KRATOS™ Blockchain

Links to the blockchain make all steps in the process verifiable and immutable

- KRATOS™ links 12 steps of a trade finance transaction to the blockchain; 6 times for a trade transaction
- It is the immutability and security of blockchain which is critical to adoption of any platform





**Bank-Grade KYC/AML**  
Bank-grade background checks to verify client details and enhance security and compliance



**Digital Contracts**  
Trade documents are digitized and stored in blockchain to ensure transparency and efficiency and reduce the chances of document alteration



**Dashboards**  
Customizable data visualization via modular dashboard to support strategic decision-making and provide actionable insights



**User Permissions Control**  
Role-based and/or user-based permissions are assigned to individuals to specify what actions can be performed



**Notification System**  
System notifications through the platform and email are in place to update users on their transactions



**Chat Functionality**  
Communicate directly with counterparts and lenders in your network and access chat history for easy reference