Plus500 R&D THEMES

R&D

INFRASTRUCUTRE
Security | Delivery

PRODUCT
Best in Class
Online Trading Platform

REGULATION
Apply Best Practices
30K FEET TECHNICAL OVERVIEW

Trading Machine

- Data
  - ML | Marketing | BI

- Server

- Client Platforms
  - iOS | Android | Web

Cloud

Payment Processing | Feeds | More
INFRASTRUCTURE OVERVIEW

- World leading infrastructure providers:
  - Rackspace Managed Hosting – Provider for over half of the Fortune 100
  - Verizon’s Edgecast Delivery Network

- Robust
- Scalable
- Fast
- Secure
PRODUCT UPDATE

- Added over 100 CFD Instruments since 2017:
  Xiaomi was available and traded the platform within minutes from the IPO

- Economic Calendar in the website and platform

- One Click Registration with Google / Facebook

- Advanced Client Communication System
  - Focused communication and retention campaigns
  - Personalized communication
  - Auditable

- ML Based app store rating triggering
REGULATION UPDATE

- Implemented MiFID II / MiFIR rules
- Implemented GDPR compliance
- Implemented ESMA CFD Rules
- Implemented Elective Professional Trading Accounts
OUTLOOK

- Focus on the high frequency high volume traders and keep it simple

- Bring more value to users:
  - Best in class mobile charts
  - Decision supporting features
  - Education Platform

- Mobile Web app providing instant experience

- New appealing CFD instruments:
  - More options CFDs
  - Leveraged CFDs

- Support business expansion to new markets

- Hire the best people!
ONLINE MARKETING

- Marketing Machine - Data Driven Marketing

- Google as main channel

- Bing as source for high quality users

- Social Facebook, Twitter & Instagram - strong online presence

- YouTube - Video can bring performance

- New Channels:
  - Apple Search Ads
  - ASO & SEO
  - Social: Snapchat, Pinterest
MARKETING PARTNERSHIPS

- Best Affiliates Program
  - High ROI
  - Long term relationships
  - High growth potential
  - Comparison sites

- Offline
  - Atlético Madrid & Brumbies Sponsorships
  - TV, Newspapers & Outdoor
STUDIO Watch!
## #1 Spain CFD Broker
## #1 Germany CFD Broker
## #1 UK CFD Broker

By total number of client relationships. Investment Trends 2018 UK, Germany and Spain CFD & FX Reports

### Annual growth rate (number of active traders) - International comparison

<table>
<thead>
<tr>
<th>Country/Currency</th>
<th>Growth Rate</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain CFD/FX</td>
<td>39%</td>
<td>(May 17 - Mar 18)</td>
</tr>
<tr>
<td>Germany CFD/FX</td>
<td>23%</td>
<td>(Apr 17 - Mar 18)</td>
</tr>
<tr>
<td>UK FSB/CFD/FX</td>
<td>11%</td>
<td>(Jun 17 - May 18)</td>
</tr>
<tr>
<td>Singapore CFD</td>
<td>6%</td>
<td>(Aug 16 - Oct 17)</td>
</tr>
<tr>
<td>Singapore FX</td>
<td>0%</td>
<td>(Aug 16 - Oct 17)</td>
</tr>
<tr>
<td>HK FX</td>
<td>0%</td>
<td>(Dec 16 - Dec 17)</td>
</tr>
<tr>
<td>Aus CFD</td>
<td>-6%</td>
<td>(May 16 - May 17)</td>
</tr>
<tr>
<td>Aus FX</td>
<td>-7%</td>
<td>(Dec 16 - Jul 17)</td>
</tr>
<tr>
<td>France CFD</td>
<td>-8%</td>
<td>(Jun 16 - Jul 17)</td>
</tr>
<tr>
<td>US FX</td>
<td>-19%</td>
<td>(Jun 16 - Aug 17)</td>
</tr>
</tbody>
</table>

Growth in Active reals - H1 YOY

Spain: 78%
Germany: 230%
UK: 83%
Australia: 366%
CUSTOMER VALUE INCREASES OVER TIME

AVG. RETURN FOR ACTIVE CUSTOMERS AT FIRST 3 MONTHS

Registration date

- 2016 Q1: $508
- 2016 Q2: $368
- 2016 Q3: $268
- 2016 Q4: $346
- 2017 Q1: $370
- 2017 Q2: $562
- 2017 Q3: $824
- 2017 Q4: $186
- 2018 Q1: $906
- 2018 Q2: $956
Q2’s Revenues by Customer Age

Revenues in Q2'18
MITIGATION OF COMPETITION

- Bids Optimization

- Leverage the leadership position: Plus500 is #1 CFD platform in UK, Germany & Spain

- Innovative ads

> CTR has increased by 60%
COMPETITION

Competition increased over April to June - “Bids Battle” on “Plus500” search term
RETENTION CAMPAIGNS

You’re almost there – 3 final steps to get started

Continue Your Journey
Follow these 3 simple steps to kickstart your trading experience with Plus500:

- Submit Short Questionnaire
  To understand if CFD trading is appropriate for you.

- Verify Your Account
  Validate your personal details directly from the platform.

- Make Your First Deposit
  We don’t charge any deposit or trading commissions.

Get Started

Don’t settle for anything less - Trade with Spain’s No.1 CFD Platform!

Proud to Be Spain’s Leading CFD Platform
Now’s the time to join the millions of people around the world who have chosen to trade with Plus500, and who are enjoying the many benefits we have to offer.

Get Started

Can you capitalise on the Turkish lira crisis?

Trade With The Trend
Amid the Turkish Financial Crisis, We’ve Added Two New TRY Pairs

Turkey’s lira is in the spotlight for many traders as it undergoes a period of extreme volatility, losing 20% of its value against the US dollar on Friday, and close to 50% since the start of the year. Due to the increased demand, we have now added two more Turkish lira forex pairs: GBP/TRY and TRY/JPY.

Trade USD/TRY
SINGAPORE

- Increase traffic in all channels while Reg/Real conversion continues to improve
- Adding Offline activity on TV
WHAT’S NEXT?

- We keep ruling Online

- High Focus on Retention - Engine for improving conversion & LTV

- Expanding Affiliates & Media Buying Capabilities
Plus500 GROUP COMPLIANCE

The principles

- Support growth responsibly
- If it is not simple, it simply won’t be
- Focus on the same to make a better difference
- Organisational knowledge centre

Triangular Communication Scheme
Plus500 GROUP COMPLIANCE

The principles (cont.)

- Support growth responsibly
  - enable business initiatives within the parameter
  - balance between regulation and business

- If it is not simple, it simply won’t be
  - simple procedures, processes and policies
  - simple requirements = simple solutions
Plus500 GROUP COMPLIANCE

The principles (cont.)

- Focus on the same to make a better difference
  - learn from peer experience
  - solutions transferring

- Organisational knowledge centre
  - HQ as knowledge centre
  - central data repository
  - Group level project management

Triangular Communication Scheme

Group Compliance

Regulated Subsidiary

Peers
Plus500 GROUP COMPLIANCE

- 2018 Main Regulatory Projects
  - MiFID II
  - GDPR
  - ESMA Intervention Measures
  - Elective Professional Clients
ESMA PRODUCT INTERVENTION MEASURES

5 main restrictions on CFDs are in effect since 1 August 2018

- Negative Balance Protection
- 50% account based margin close-out rule
- No incentives
- New reduced margin levels:
  - 1:30 on major forex
  - 1:20 on major equity indices, minor forex, gold
  - 1:10 on minor equity indices, commodities
  - 1:5 on shares or others
  - 1:2 on cryptocurrencies
ESMA PRODUCT INTERVENTION MEASURES

5 main restrictions on CFDs are in effect since 1 August 2018 (cont.)

- New standardized risk warnings:
  - Long version (website)
  - Short version (banners, mobile apps, emails)
EPC COMPLIANCE DEVELOPMENTS

Enhancing our customer due diligence process following ESMA’s Q&A

- **Qualitative test** – pass Appropriateness or Knowledge + Experience

- **Quantitative test**
  - documents requirement
  - conflicts resolution (with the qualitative test)
  - Further information requirements

EPC video
GDPR IN Plus500

**Transparency** – updated privacy and cookie policies

**Consent** – collecting consents for targeted marketing – complying with the highest standard
GDPR IN Plus500 (cont.)

- **Data subjects requests** – implemented a fully automated requests submission system, as well as an operational workflow to handle such requests (extended to all operators)

- **Legal Documents** – documenting, registering and amending contracts. Constantly monitoring our compliance status

- **Training sessions**
MAIN RESPONSIBILITIES

- Customer application verifications
- Customer service
- Backoffice
- Payment processing
- Anti Fraud
- Content & Creative
- HR
- IT helpdesk
- Global group administration
Operations

CUSTOMER VERIFICATIONS - EIC

- Verify customers KYC details (identity and address)
- Use of multiple providers for optimization
- Enabled for customer from 12 countries (Main markets)
- Fully monitored from compliance perspective
EIC SUCCESS RATE

Fully Verified
Partly Verified
Documents required
CUSTOMER VERIFICATIONS

- Manual verification of documents:
  - Operated from three different locations for full efficiency and scalability
  - Median review time of documents in Q2 2018: 2.55 minutes

- Photo ID auto approval mechanism is implemented to assist during workloads
  - Pay methods verifications:
    - Automatically using API where possible
    - Pay methods documents review and verifications - PCI environment
PAYMENTS PROCESSING - SUPPORTED PAY METHODS
PAYMENTS PROCESSING

- Fully self developed cashier and processing mechanism
- Integrated to many payment processors for optimization
- Moved to tokenization methodology
- Second CC processing retrial with a different provider to increase success rates
- Domestic processing to reduce costs where possible
- Implemented PayPal’s one click solution
- Smart transaction route to reduce costs
- Improved the bank transfers funds allocations process
PAYMENTS PROCESSING

Pay Methods deposit amount based distribution

- Credit Cards: 63%
- Wallets: 23%
- Other: 10%
- Bank transfer: 4%
PAYMENTS PROCESSING

% Processing costs of deposits amount - CC (2016-2018)
PAYMENTS PROCESSING

% Processing costs of Deposit amount

Operations
WITHDRAWALS PROCESSING

- Auto approve withdrawals to speed withdrawals handling times while reducing risks
- Daily manual approval of withdrawals with higher AML/Fraud risk
- Dedicated transactions support team to provide immediate answers to customers in payments processing related issues - New
WITHDRAWALS PROCESSING

Withdrawal average handling time (hours)


Operations

44
ANTI FRAUD

- Trust levels (system limits) mechanism

- Suspicious activity monitoring:
  - Monitoring reports
  - Escalation from AML and backoffice
  - Anti Fraud alerts

- Hedge abusing:
  - Automated system monitoring.
  - Daily reports

- Chargebacks >>
ANTI FRAUD - CHARGEBACKS

Industry Averages for Chargeback Ratios

Financial services industry average chargeback ratio: 0.65%

Source: https://chargebacks911.com/chargeback-stats-2017/
ANTI FRAUD - CHARGEBACKS

Plus500 group average chargeback ratio across all credit card processors:

<table>
<thead>
<tr>
<th>Average - all processors</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>Yearly Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0.32%</td>
<td>0.22%</td>
<td>0.11%</td>
<td>0.11%</td>
<td>0.08%</td>
<td>0.37%</td>
<td>0.21%</td>
<td>0.20%</td>
<td>0.18%</td>
<td>0.34%</td>
<td>0.11%</td>
<td>0.15%</td>
<td>0.20%</td>
</tr>
<tr>
<td>2018</td>
<td>0.23%</td>
<td>0.28%</td>
<td>0.16%</td>
<td>0.16%</td>
<td>0.05%</td>
<td>0.27%</td>
<td>0.15%</td>
<td>0.16%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.18%</td>
</tr>
</tbody>
</table>
ANTI FRAUD

Fraudsters ratio of reals 2017-2018

- 2017-Qtr1: 0.92%
- 2017-Qtr2: 0.49%
- 2017-Qtr3: 0.55%
- 2017-Qtr4: 0.29%
- 2018-Qtr1: 0.36%
- 2018-Qtr2: 0.48%
- 2018-Qtr3: 0.28%
CUSTOMER SERVICE

Native customer support in 16 languages over chat and email:

- English
- German
- Dutch
- Italian
- Spanish
- Chinese
- Norwegian
- French
- Czech
- Polish
- Arabic
- Hebrew
- Danish
- Portuguese
- Slovakian
- Bulgarian
CUSTOMER SERVICE

- Email support is available in the above languages 24/7 and chat during day shifts

- Chat support is available 24/7 for the main languages (English, French, Italian, German, Spanish, Dutch)

- Proactive chat team - Engage customers when needed to enhance service provided

- Average customer satisfaction rate of 85.7% (H1 2018)

- Median response times of 8 minutes (Q2 2018) over the email, Improvement of 57% compared to Q2 2017
CUSTOMER SERVICE

Average waiting time for chat in Sec (H1 2018)

January: 45, February: 28, March: 22, April: 33, May: 2, June: 1
## FOS COMPLAINTS

<table>
<thead>
<tr>
<th>Period</th>
<th>Complaints</th>
<th>Active customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2017</td>
<td>49</td>
<td>112,317</td>
</tr>
<tr>
<td>H2 2017</td>
<td>60</td>
<td>263,624</td>
</tr>
<tr>
<td>H1 2018</td>
<td>51</td>
<td>248,564</td>
</tr>
</tbody>
</table>
OPERATIONS IN NEW MARKETS

- Market research
- Localization
- Local and popular payment methods
- Onboarding and KYC design
- Operational processes
- Staff and administration
- Training
- Go live
The Presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities of the Company, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract whatsoever relating to any securities.

The Presentation is being made, supplied and directed only at persons in member states of the European Economic Area who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC, as amended) and, additionally in the United Kingdom, to those qualified investors who (a) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (investment professionals) or (b) fall within Article 49(2)(a) to (d) of that Order (high net worth companies, unincorporated associations etc) (all such persons being “Relevant Persons”). Any person who is not a Relevant Person may not attend the Presentation and should not act or rely on this document or any of its contents. Any investment or investment activity to which the Presentation relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The Presentation is provided for general information only and does not purport to contain all the information that may be required to evaluate the Company. The information in the Presentation is provided as at the date of the Presentation (unless stated otherwise) and is subject to updating, completion, revision and further verification. No reliance may be placed for any purpose whatever on the information or opinions contained or expressed in the Presentation or on the accuracy, completeness or fairness of such information and opinions.

To the extent permitted by law or regulation, no undertaking, representation or warranty or other assurance, express or implied, is made or given by or on behalf of the Company or any respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings or any of their respective directors, officers, partners, employees, agents, affiliates, representatives or advisors, or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in the Presentation. Save in the case of fraud, no responsibility or liability is accepted by any person for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred, however arising, directly or indirectly, from any use of, as a result of the reliance on, or otherwise in connection with, the Presentation. In addition, no duty of care or otherwise is owed by any such person to recipients of the Presentation or any other person in relation to the Presentation.

Nothing in the Presentation is, or should be relied on as, a promise or representation as to the future. The Presentation includes certain statements, estimates and projections provided by the Company in relation to strategies, plans, intentions, expectations, objectives and anticipated future performance of the Company and its subsidiaries. By their nature, such statements, estimates and projections involve risk and uncertainty since they are based on various assumptions made by the Company concerning anticipated results which may or may not prove to be correct and because they may relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company’s ability to control or predict. No representations or warranties of any kind are made by any person as to the accuracy of such statements, estimates or projections, or that any of the events expressed or implied in any such statements, estimates or projections will actually occur. The Company is not under any obligation, and expressly disclaims any intention, to update or revise any such statements, estimates or projections. No statement in the Presentation is intended as a profit forecast or a profit estimate.

The Presentation is confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by its recipients to any other person for any purpose, other than with the consent of the Company.

The Presentation does not constitute or form part of an offer or invitation to issue or sell, or the solicitation of an offer to subscribe or purchase, any securities to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful, and, in particular, is not for distribution in or into Australia, Canada, Israel, Japan, the Republic of South Africa or the United States.