



MOGO INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED SEPTEMBER 30, 2024

DATED: NOVEMBER 6, 2024



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is current as of November 6, 2024, and presents an analysis of the financial condition of Mogo Inc. and its subsidiaries (collectively referred to as "Mogo" or the "Company") as at and for the three and nine months ended September 30, 2024 compared with the corresponding periods in the prior year. This MD&A should be read in conjunction with the Company's interim condensed consolidated financial statements and the related notes thereto for the three and nine months ended September 30, 2024. The financial information presented in this MD&A is derived from our interim condensed consolidated financial statements prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board. The Company was continued under the Business Corporations Act (British Columbia) on June 21, 2019, in connection with the business combination with Mogo Finance Technology Inc. ("Mogo Finance"). The transaction was accounted for as a business combination, with Mogo Finance as the accounting acquirer. Accordingly, the consolidated financial statements and this MD&A reflect the continuing financial statements of Mogo Finance.

This MD&A is the responsibility of management. The board of directors of Mogo (the "Board") has approved this MD&A after receiving the recommendation of the Company's Audit Committee, which is comprised exclusively of independent directors, and the Company's Disclosure Committee.

Unless otherwise noted or the context indicates otherwise "we", "us", "our", the "Company" or "Mogo" refer to Mogo Inc. and its direct and indirect subsidiaries. The Company presents its consolidated financial statements in Canadian dollars. Amounts in this MD&A are stated in Canadian dollars unless otherwise indicated.

This MD&A may refer to trademarks, trade names and material which are subject to copyright, which are protected under applicable intellectual property laws and are the property of Mogo. Solely for convenience, our trademarks, trade names and copyrighted material referred to in this MD&A may appear without the ® or © symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, trade names and copyrights. All other trade-marks used in this MD&A are the property of their respective owners.

The Company's continuous disclosure materials, including interim filings, audited annual consolidated financial statements, annual information form and annual report on Form 20-F can be found on SEDAR+ at www.sedarplus.com, with the Company's filings with the United States Securities and Exchange Commission at www.sec.gov, and on the Company's website at www.mogo.ca.

This MD&A makes reference to certain non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. These measures are provided as additional information to complement the IFRS financial measures contained herein by providing further metrics to understand the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS financial measures, including adjusted EBITDA, adjusted net loss and cash provided by (used in) operating activities before investment in gross loans receivable, to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also use non-IFRS financial measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements. See "Key Performance Indicators" and "Non-IFRS Financial Measures".



Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements that relate to the Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "outlook", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to the Company's expectations (including our financial outlook) regarding its revenue, expenses and operations, key performance indicators, provision for loan losses (net of recoveries), anticipated cash needs and its need for additional financing, completion of announced transactions, funding costs, ability to extend or refinance any outstanding amounts under the Company's credit facility, ability to protect, maintain and enforce its intellectual property, plans for and timing of expansion of its product and services, future growth plans, ability to attract new members and develop and maintain existing customers, ability to attract and retain personnel, expectations with respect to advancement of its product offering, competitive position and the regulatory environment in which the Company operates, anticipated trends and challenges in the Company's business and the markets in which it operates, third-party claims of infringement or violation of, or other conflicts with, intellectual property rights, the resolution of any legal matters, and the acceptance by the Company's consumers and the marketplace of new technologies and solutions.

Forward-looking statements, including our financial outlook, are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Our financial outlook is intended to provide further insight into our expectations for results in 2024 and may not be appropriate for other purposes. This outlook involves numerous assumptions, particularly around member growth and take up of products and services, and we believe it is prepared on a reasonable basis reflecting management's best estimates and judgements. However, given the inherent risks, uncertainties and assumptions, any investors or other users of this document should not place undue reliance on these forward-looking statements.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors that are discussed in greater detail in the "Risk Factors" section of the Company's current annual information form available at www.sedarplus.com and at www.sec.gov, which risk factors are incorporated herein by reference.

The forward-looking statements made in this MD&A relate only to events or information as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this MD&A, including the occurrence of unanticipated events. An investor should read this MD&A with the understanding that our actual future results may be materially different from what we expect.

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Company Overview

Mogo, one of Canada's leading digital finance companies, is empowering its members with simple digital solutions to help them build wealth and achieve financial freedom. Mogo's stock trading app, MogoTrade, offers Canadians a simple way to invest while making a positive impact with every investment. Together with Moka, Mogo's wholly-owned subsidiary bringing automated, fully-managed flat-fee investing to Canadians, they form the heart of Mogo's digital wealth platform. Mogo also offers digital loans and mortgages. Through Mogo's wholly-owned subsidiary, Carta Worldwide, we also offer a digital payments platform that powers next-generation card programs for both established global corporations and innovative fintech companies in Europe and Canada. To learn more, please visit mogo.ca.

Mission

Mogo's mission is to make it simple and engaging for Canadians to achieve financial freedom while also making the world a better place.

The following key corporate changes, transactions and material contracts are referred to, and assist in understanding this MD&A:

Business Developments

- In Q3 2024, Mogo continued its strong product improvement velocity with 15 app update releases to its wealth offerings, including the following:
 - AI - launched a new co-pilot tool that enables Mogo users to easily access the latest information and data on companies they are researching directly from the app.
 - Educational content – launched a new in-app educational content series designed to help investors improve their investing knowledge, skills and abilities.
 - Intelligent Investing – developed and began rolling out a new positioning strategy around “Intelligent Investing” to stand in direct opposition to the status quo.
- In July 2024, Mogo announced an exclusive partnership with Thomas Lee and FS Insight LLC ("FSI"), a market-leading, independent research firm within Fundstrat Global Advisors, to provide members of the Company's digital wealth platform, Mogo and Moka, with exclusive access to research and related products and services produced by FSI. Mogo and Moka users will have access to exclusive interviews and webinars produced by FSI as well as a broad array of subscription-based research.
- In June 2024, Mogo announced a new strategic partnership with Postmedia Network Inc. ("Postmedia"), Canada's largest news media company, to create a go-to educational wealth content channel for Canadians. This new partnership will leverage Postmedia's reach of approximately 17.8 million Canadians each month. As part of this partnership Mogo issued 500,000 warrants to Postmedia.
- In March 2024, the Company announced the launch of Moka.ai, the next generation of its wealth-building app with significant updates and enhancements designed to help the next generation of Canadians get on a real path to becoming millionaires and achieving financial freedom.
- In February 2024, Mogo completed a strategic agreement to transition to Snowflake as the sole data warehouse for its wealth and lending platforms. This aligns with Mogo's objective to deploy new Artificial Intelligence (AI) applications in wealth.
- On July 10, 2023, Mogo announced the closing of the previously announced business combination (the "**WonderFi Transaction**") between Coinsquare Ltd. ("**Coinsquare**"), CoinSmart Financial Inc., and WonderFi Technologies Inc. (TSX: WNDR) ("**WonderFi**"). Before the execution of the transaction, Mogo received 1.4 million shares of FRNT Financial Inc and 0.1 million shares of Mogo from Coinsquare. Pursuant to the WonderFi Transaction, Mogo exchanged its 12.5 million shares in Coinsquare for 87.0 million shares of WonderFi. As at September 30,



2024, Mogo was the largest shareholder of WonderFi, the only fully regulated crypto exchange in Canada, with a 13% ownership interest.

- As of September 30, 2024, the Company has repurchased 1,119,094 common shares since June 2022, representing 4.6% of the Company's current outstanding common shares under its share buyback program on NASDAQ and its normal course issuer bid on the Toronto Stock Exchange. The Company currently has 24.5 million common shares issued and outstanding.
- Mogo's digital payment solutions business, Carta Worldwide, processed just under \$3.0 billion of payments volume in Q3 2024 which was up 23% compared to Q3 2023.
- In Q3 2024, the Company's assets under management were \$409 million which is a 22% increase year-over-year.

Financial Highlights

- Q3 2024 revenue of \$17.7 million, increased 9% over the prior year, reflecting the third consecutive quarter of year over year growth in the Company's primary business lines of wealth, payments and lending.
- Net loss improved to a loss of \$8.1 million in Q3 2024 compared with a net loss of \$9.5 million in Q3 2023.
- Q3 2024 gross profit of \$11.9 million (67.3% margin), an increase of \$0.5 million compared to \$11.4 million (70.4% margin) in Q3 2023.
- Total operating expenses for Q3 2024 were \$12.3 million, compared to \$12.2 million Q3 2023.
- Adjusted EBITDA⁽¹⁾ was \$2.1 million in Q3 2024, compared with an adjusted EBITDA of \$2.1 million in Q3 2023.
- Adjusted net loss⁽²⁾ was \$0.5 million in Q3 2024 compared to \$0.5 million in Q3 2023.
- Cash flow from operating activities before investment in gross loans receivable⁽¹⁾ was positive for the eighth consecutive quarter, reaching \$4.8 million in Q3 2024, an 84% increase over Q3 2023.
- Cash flow from operating activities was \$1.5 million in Q3 2024, compared to cash used in operating activities of \$4.2 million in Q3 2023.
- Ended Q3 2024 with cash, marketable securities and investment portfolio of \$36.2 million. This included combined cash and restricted cash of \$12.4 million, marketable securities of \$12.5 million and investment portfolio of \$11.3 million.

(1) For more information regarding our use of these non-IFRS measures and, where applicable, a reconciliation to the most comparable IFRS measure, see "Non-IFRS Financial Measures".

(2) Adjusted net loss was redefined in the period to exclude the impact of depreciation and amortization. Historical comparatives have also been restated as a result of the change in definition see "Non-IFRS Financial Measures" for additional details.



Financial Outlook

The outlook that follows supersedes all prior financial outlook statements made by Mogo, constitutes forward-looking information within the meaning of applicable securities laws, and is based on a number of assumptions and subject to a number of risks. Actual results could vary materially as a result of numerous factors, including certain risk factors, many of which are beyond Mogo's control. Please refer to page 4 for more information on forward-looking statements.

- For Fiscal 2024 Mogo is now expecting:
 - o Subscription and services revenue growth of approximately 10% for the full year.
 - o Adjusted EBITDA⁽¹⁾ guidance of \$6.0 to \$7.0 million in Fiscal 2024, an increase from previous guidance of \$5.0 to \$6.0 million.
- Mogo also introduced Fiscal 2025 targets:
 - o High-single-digit subscription and services revenue growth, driving modest overall revenue growth.
 - o Adjusted EBITDA of \$10.0 to \$12.0 million.
 - o Mogo expects for the first time to generate positive adjusted net income ⁽¹⁾ for the year.

(1) Adjusted EBITDA and adjusted net income (loss) are non-IFRS measures. Management has not reconciled these forward-looking non-IFRS measure to their most directly comparable IFRS measure, net loss before tax. This is because the Company cannot predict with reasonable certainty and without unreasonable efforts the ultimate outcome of certain IFRS components of such reconciliations due to market-related assumptions that are not within our control as well as certain legal or advisory costs, tax costs or other costs that may arise. For these reasons, management is unable to assess the probable significance of the unavailable information, which could materially impact the amount of the future directly comparable IFRS measures.



Financial Performance Review

The following provides insight on the Company's financial performance by illustrating and providing commentary on its key performance indicators and operating results.

Key Performance Indicators

The key performance indicators that we use to manage our business and evaluate our financial results and operating performance consist of: Mogo members, revenue, subscription and services revenue, net (loss) income, net cash used in operating activities, adjusted EBITDA⁽¹⁾, adjusted net loss⁽¹⁾ and cash provided by (used in) operating activities before investment in gross loans receivable⁽¹⁾. We evaluate our performance by comparing our actual results to prior period results.

The tables below provide the summary of key performance indicators for the applicable reported periods:

	As at		Change %
	September 30, 2024	September 30, 2023	
Key Business Metrics			
Mogo Members (000s)	2,168	2,077	4%

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
IFRS Measures						
Revenue	\$17,685	\$16,180	9%	\$53,163	\$48,064	11%
Subscription and services revenue	10,689	9,519	12%	31,816	28,598	11%
Net loss	(8,112)	(9,504)	(15)%	(24,073)	(26,396)	(9)%
Net cash provided by (used in) operating activities	1,530	(4,154)	(137)%	(1,809)	(6,967)	(74)%
Other Key Performance Indicators⁽¹⁾						
Adjusted EBITDA	2,147	2,066	4%	4,566	4,928	(7)%
Adjusted net loss	(540)	(451)	20%	(3,615)	(2,653)	36%
Cash provided by operations before investment in gross loans receivable	4,830	2,619	84%	10,421	4,813	117%

(1) For more information regarding our use of these non-IFRS measures and, where applicable, a reconciliation to the most comparable IFRS measure, see "Non-IFRS Financial Measures".



Mogo members⁽¹⁾

Our total member base grew to 2,168,000 members as at September 30, 2024, from 2,077,000 members as at September 30, 2023, representing an increase of approximately 4% or 91,000 net members. From Q2 2024, net members increased by 22,000 in Q3 2024. The growth in our member base reflects the continued adoption of our products by new members.

Revenue

Three months ended Q3 2024 vs Q3 2023

Total revenue increased to \$17.7 million for the three months ended September 30, 2024 compared to \$16.2 million in the same period last year. This represents year over year growth in each of the Company's primary business lines of wealth, payments, and lending. The increase is primarily due to higher revenue from subscription-related offerings, increased transactional processing revenue, and higher gross receivables driving increased interest revenue.

Nine months ended Q3 2024 vs Q3 2023

Total revenue increased by 11% to \$53.2 million for the nine months ended September 30, 2024 compared to \$48.1 million in the same period last year, this increase is attributable to the same reasons noted above.

Subscription and services revenue

Three months ended Q3 2024 vs Q3 2023

Subscription and services revenue increased by 12% to \$10.7 million for the three months ended September 30, 2024 compared to \$9.5 million in the same period last year. This was driven by an increase in the Company's wealth and payments revenues, as well as other subscription related products. Higher average recurring revenue per user in the Company's wealth products, and overall increases in payments processing volume contributed to this revenue growth.

Nine months ended Q3 2024 vs Q3 2023

Subscription and services revenue increased by 11% to \$31.8 million for the nine months ended September 30, 2024 compared to \$28.6 million in the same period last year, this increase is attributable to the same reasons noted above.

(1) For more information regarding our use of these non-IFRS measures and, where applicable, a reconciliation to the most comparable IFRS measure, see "Non-IFRS Financial Measures".

**Net income (loss)**Three months ended Q3 2024 vs Q3 2023

Net loss was \$8.1 million for the three months ended September 30, 2024, which is a decrease in net loss of \$1.4 million compared to net loss of \$9.5 million in the same period last year. The decrease in net loss is primarily due to the increase in revenue noted above, as well as a decrease in other non-operating expenses.

Nine months ended Q3 2024 vs Q3 2023

Net loss was \$24.1 million for the nine months ended September 30, 2024 compared to \$26.4 million which is a decrease in net loss of \$2.3 million. The net improvement is driven primarily by higher 2023 losses on equity-accounted investments and other non-operating expenses, partially offset by higher revaluation losses in the current period. Specifically, there was \$12.5 million of non-operating losses related to revaluation in the current period compared to \$4.0 million revaluation loss in the prior period. Losses on investment accounted for using the equity method amounted to \$8.3 million, compared to \$nil in the current year.

Net cash provided by (used in) operating activitiesThree months ended Q3 2024 vs Q3 2023

Net cash provided by operating activities was \$1.5 million for the three months ended September 30, 2024, which is an improvement of \$5.7 million compared to net cash used in operating activities \$4.2 million in the same period last year. The change was primarily due to an increase in revenues, lower net issuance of loans receivable, and more efficient working capital management in the current period.

Nine months ended Q3 2024 vs Q3 2023

Net cash used in operating activities was \$1.8 million for the nine months ended September 30, 2024 which is a decrease of \$5.2 million compared to \$7.0 million in the same period last year. The decrease was primarily due to an increase in revenues and more efficient working capital management in the current period.

Adjusted EBITDA⁽¹⁾Three months ended Q3 2024 vs Q3 2023

Adjusted EBITDA was \$2.1 million for the three months ended September 30, 2024, which is consistent with the same period last year. Adjusted EBITDA in the current period was driven by higher revenues in each of our core business segments of wealth, payments, and lending, offset by slightly higher operating expenses including incremental temporary costs that are being incurred on our previously announced transition to Oracle Cloud Infrastructure ("OCI").

Nine months ended Q3 2024 vs Q3 2023

Adjusted EBITDA was \$4.6 million for the nine months ended September 30, 2024, which is a \$0.3 million decrease compared to \$4.9 million in the same period last year. Adjusted EBITDA in the current period was impacted by slightly higher expenditures compared to the same period last year, which helped to drive overall revenue improvement of 11% compared to Q3 2023.

(1) For more information regarding our use of these non-IFRS measures and, where applicable, a reconciliation to the most comparable IFRS measure, see "Non-IFRS Financial Measures".



Adjusted net loss⁽¹⁾

Three months ended Q3 2024 vs Q3 2023

Adjusted net loss was \$0.5 million for the three months ended September 30, 2024, which is consistent with an adjusted net loss of \$0.5 million in the same period last year.

Nine months ended Q3 2024 vs Q3 2023

Adjusted net loss was \$3.6 million for the nine months ended September 30, 2024, which is a \$0.9 million increase compared to an adjusted net loss of \$2.7 million in the same period last year, this increase is due to slightly higher expenditures to help drive overall revenue improvement, as well as higher credit facility expense compared to the same period last year.

Cash provided by (used in) operating activities before investment in gross loans receivable⁽¹⁾

Three months ended Q3 2024 vs Q3 2023

Cash provided by operating activities before investment in gross loans receivable was \$4.8 million for the three months ended September 30, 2024, which is a \$2.2 million improvement compared to \$2.6 million in the same period last year. This change was primarily due to an increase in revenues and more efficient working capital management in the current period.

Nine months ended Q3 2024 vs Q3 2023

Cash provided by operating activities before investment in gross loans receivable was \$10.4 million for the nine months ended September 30, 2024, which is a \$5.6 million improvement compared to \$4.8 million in the same period last year. The improvement was primarily attributed to the same reasons noted above.

(1) For more information regarding our use of these non-IFRS measures and, where applicable, a reconciliation to the most comparable IFRS measure, see "Non-IFRS Financial Measures".



Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS financial measures. Adjusted EBITDA, adjusted net loss and cash provided by (used in) operating activities before investment in gross loans receivable are non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

We use non-IFRS financial measures to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers.

Our management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements. These non-IFRS financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results under IFRS. There are a number of limitations related to the use of non-IFRS financial measures versus their nearest IFRS equivalents. Investors are encouraged to review our financial statements and disclosures in their entirety and are cautioned not to put undue reliance on any non-IFRS financial measure and view it in conjunction with the most comparable IFRS financial measures. In evaluating these non-IFRS financial measures, readers should be aware that in the future we will continue to incur expenses similar to those adjusted in these non-IFRS financial measures.

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure that we calculate as net (loss) income before tax excluding depreciation and amortization, stock-based compensation, credit facility interest expense, debenture and other financing expense, accretion related to debentures, share of (gain) loss in investment accounted for using the equity method, revaluation (gain) loss, impairment of investment accounted for using the equity method, impairment of goodwill, and other non-operating expense. Adjusted EBITDA is a measure used by management and the Board to understand and evaluate our core operating performance and trends.

The following table presents a reconciliation of adjusted EBITDA to net (loss) income before tax, the most comparable IFRS financial measure, for each of the periods indicated:

(\$000s)

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net loss before tax	\$(8,192)	\$(9,627)	\$(24,330)	\$(26,717)
Depreciation and amortization	1,966	2,105	6,426	6,682
Stock-based compensation	579	804	1,724	1,898
Credit facility interest expense	1,726	1,521	5,114	4,469
Debenture and other financing expense	791	768	2,550	2,377
Accretion related to debentures	170	228	517	735
Share of loss in investment accounted for using the equity method	—	—	—	8,267
Revaluation loss	5,284	5,480	12,497	3,972
Other non-operating (income) expense	(177)	787	68	3,245
Adjusted EBITDA	2,147	2,066	4,566	4,928

**Adjusted net loss**

Adjusted net loss is a non-IFRS financial measure that we calculate as net loss before tax excluding stock-based compensation, depreciation and amortization, share of (gain) loss in investment accounted for using equity method, revaluation loss, impairment of investment accounted for using the equity method, impairment of goodwill, and other non-operating expense. This measure differs from adjusted EBITDA in that adjusted net loss includes credit facility interest expense, and debenture and other financing expense, and thus comprises more elements of the Company's overall net profit or loss. Adjusted net loss is a measure used by management and the Board to evaluate the Company's core financial performance.

The following table presents a reconciliation of adjusted net loss to net (loss) income before tax, the most comparable IFRS financial measure, for each of the periods indicated:

(\$000s)

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net loss before tax	\$(8,192)	\$(9,627)	\$(24,330)	\$(26,717)
Stock-based compensation	579	804	1,724	1,898
Depreciation and amortization	1,966	2,105	6,426	6,682
Share of loss in investment accounted for using the equity method	—	—	—	8,267
Revaluation loss	5,284	5,480	12,497	3,972
Other non-operating (income) expense	(177)	787	68	3,245
Adjusted net loss	(540)	(451)	(3,615)	(2,653)

***Cash provided by operating activities before investment in gross loans receivable***

Cash provided by (used in) operating activities before investment in gross loans receivable is a non-IFRS financial measure that we calculate as cash used in operating activities, less net issuance of loans receivables. The Company requires net cash outflows in order to grow its gross loans receivable, which in turn generates future growth in interest revenue. These net cash outflows are presented within the operating activities section of the consolidated statement of cash flows, whereas the economic benefits are realized over the longer term. Consequently, we consider cash provided by operating activities before investment in gross loans receivable to be a useful measure in understanding the cash flow trends inherent to our existing scale of operations, by separating out the portion of cash flows related to investment in portfolio growth.

The following table presents a reconciliation of cash provided by operating activities before investment in gross loans receivable, the most comparable IFRS financial measure, for each of the periods indicated:

(\$000s)

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net cash provided by (used in) operating activities	\$1,530	\$(4,154)	\$(1,809)	\$(6,967)
Net issuance of loans receivable	(3,300)	(6,773)	(12,230)	(11,780)
Cash provided by operations before investment in gross loans receivable	4,830	2,619	10,421	4,813

Mogo members

Mogo members is not a financial measure. Mogo members refers to the number of individuals who have signed up for one or more of our products and services including: MogoMoney, MogoMortgage, MogoTrade, Moka services, our premium account subscription offerings, unique content, or events. People cease to be Mogo members if they do not use any of our products or services for 12 months and have a deactivated account. Reported Mogo members may overstate the number of unique individuals who actively use our products and services within a 12-month period, as one individual may register for multiple accounts whether inadvertently or in a fraudulent attempt. Customers are Mogo members who have accessed one of our revenue generating products, including MogoMoney, MogoMortgage, MogoTrade, Moka services and our premium account subscription offerings. Management believes that the size of our Mogo member base is one of the key drivers of the Company's future performance. Our goal is to continue to grow and monetize our member base as we build our digital financial platform, launch new products and strive to build the largest digital financial brand in Canada.



Results of Operations

The following table sets forth a summary of our results of operations for the three and nine months ended September 30, 2024:

(\$000s, except per share amounts)

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Total revenue	\$17,685	\$16,180	\$53,163	\$48,064
Cost of revenue	5,787	4,793	17,864	12,866
Gross profit	11,898	11,387	35,299	35,198
Technology and development	2,367	2,547	7,937	8,395
Marketing	982	954	3,223	2,239
Customer service and operations	2,867	2,593	8,355	8,226
General and administration	3,535	3,227	11,218	11,410
Stock-based compensation	579	804	1,724	1,898
Depreciation and amortization	1,966	2,105	6,426	6,682
Total operating expenses	12,296	12,230	38,883	38,850
Loss from operations	(398)	(843)	(3,584)	(3,652)
Credit facility interest expense	1,726	1,521	5,114	4,469
Debenture and other financing expense	791	768	2,550	2,377
Accretion related to debentures	170	228	517	735
Share of loss in investment accounted for using the equity method	—	—	—	8,267
Revaluation loss	5,284	5,480	12,497	3,972
Other non-operating (income) expense	(177)	787	68	3,245
	7,794	8,784	20,746	23,065
Net loss before tax	(8,192)	(9,627)	(24,330)	(26,717)
Income tax recovery	(80)	(123)	(257)	(321)
Net loss	(8,112)	(9,504)	(24,073)	(26,396)
Other comprehensive (loss) income:				
Foreign currency transaction reserve (loss) gain	(549)	21	(673)	(99)
Other comprehensive (loss) income	(549)	21	(673)	(99)
Total comprehensive loss	(8,661)	(9,483)	(24,746)	(26,495)
Adjusted EBITDA ⁽¹⁾	2,147	2,066	4,566	4,928
Adjusted net loss ⁽¹⁾	(540)	(451)	(3,615)	(2,653)
Basic income (loss) per share	(0.33)	(0.38)	(0.99)	(1.06)
Diluted income (loss) per share	(0.33)	(0.38)	(0.99)	(1.06)

(1) For more information regarding our use of these non-IFRS measures and, where applicable, a reconciliation to the most comparable IFRS measure, see “Non-IFRS Financial Measures”.



Key Income Statement Components

Total revenue

The following table summarizes total revenue for the three and nine months ended September 30, 2024:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
Subscription and services revenue	\$10,689	\$9,519	12%	\$31,816	\$28,598	11%
Interest revenue	6,996	6,661	5%	21,347	19,466	10%
Total revenue	17,685	16,180	9%	53,163	48,064	11%

Subscription and services revenue – represents Carta transaction processing revenue, Moka subscriptions, MogoMortgage brokerage commissions, premium account revenue, net loan protection premiums, partner lending fees, portfolio management fees, exempt market dealer commission revenue, referral fee revenue, FX revenue and other fees and charges.

Interest revenue – represents interest on our line of credit loan products.

Please refer to the “Key Performance Indicators” section for commentary on total revenue and subscription and services revenue.

Cost of revenue

The following table summarizes the cost of revenue for the three and nine months ended September 30, 2024:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
Provision for loan losses, net of recoveries	\$4,447	\$3,781	18%	\$13,443	\$9,345	44%
Transaction costs	1,340	1,012	32%	4,421	3,521	26%
Cost of revenue	5,787	4,793	21%	17,864	12,866	39%
As a percentage of total revenue	33%	30%		34%	27%	

Cost of revenue consists of provision for loan losses, net of recoveries, and transaction costs. Provision for loan losses, net of recoveries, represents the amounts charged against income during the period to maintain an adequate allowance for loan losses. Our allowance for loan losses represents our estimate of the expected credit losses (“ECL”) inherent in our portfolio and is based on various factors including the composition of the portfolio, delinquency levels, historical and current loan performance, expectations of future performance, and general economic conditions.

Transaction costs are expenses that relate directly to the onboarding and processing of new customers (excluding marketing), including expenses such as loan system transaction fees, transaction processing costs related to the Carta business and other transaction costs related to Moka and MogoTrade.

Cost of revenue was \$5.8 million for the three months ended September 30, 2024, an increase of \$1.0 million compared to the same period in the prior year. Cost of revenue was \$17.9 million for the nine months ended September 30, 2024, an increase of \$5.0 million compared to the same period last year.

Provision for loan losses, net of recoveries, has increased for the three and nine months ended September 30, 2024 compared to the same periods in the prior year. This increase is due primarily to a higher balance of gross loans receivable, changes in overall loan origination mix, and below average default rates in the comparative periods.



Transaction costs have increased for the three and nine months ended September 30, 2024 compared to the same period in the prior year, primarily due to the increase in revenue in the current period.

We believe we are adequately provisioned to absorb reasonably possible future material shocks to the loan book as a result of macroeconomic factors such as inflation and the interest rate environment. Please note that IFRS 9 requires the use of forward-looking indicators when measuring ECL, which can result in upfront recognition of expenses prior to any actual occurrence of a default event. We have applied a probability weighted approach in applying these forward-looking indicators to measure incremental ECL. This approach involved multiple stress scenarios and a range of potential outcomes. Factors considered in determining the range of ECL outcomes include varying degrees of possible length and severity of a recession, the effectiveness of collection strategies implemented to assist customers experiencing financial difficulty, and the level of loan protection insurance held by customers within our portfolio. We will continue to revisit assumptions under this methodology in upcoming quarters as economic conditions evolve.

Technology and development expenses

The following table provides the technology and development expenses for the three and nine months ended September 30, 2024:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
Technology and development	\$2,367	\$2,547	(7)%	\$7,937	\$8,395	(5)%
As a percentage of total revenue	13%	16%		15%	17%	

Technology and development expenses consist primarily of personnel and related costs of our product development, business intelligence, and information technology infrastructure employees. Associated expenses include hosting costs and software licenses, professional services, expenses related to the development of new products and technologies and maintenance of existing technology assets.

Technology and development expenses were \$2.4 million for the three months ended September 30, 2024, which is a \$0.1 million decrease compared to \$2.5 million in the same period last year. Technology and development expenses were \$7.9 million for the nine months ended September 30, 2024 which is a decrease of \$0.5 million compared to \$8.4 million in the same period last year. These decreases are primarily due to cost efficiency initiatives implemented from Q2 2023 onward, which were offset by the increased expense in Q2 2024 related to our transition to the OCI platform to support long-term growth.

We believe our investments into the development of our digital wealth platform will strengthen Mogo's product service offerings and drive long-term member and revenue growth.



Marketing expenses

The following table provides the marketing expenses for the three and nine months ended September 30, 2024:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
Marketing	\$982	\$954	3%	\$3,223	\$2,239	44%
As a percentage of total revenue	6%	6%		6%	5%	

Marketing expenses consist of salaries and personnel-related costs, direct marketing and advertising costs related to online and offline customer acquisition (paid search advertising, search engine optimization costs, and direct mail), public relations, promotional event programs and corporate communications.

Marketing expenses were \$1.0 million for the three months ended September 30, 2024, which is consistent with the same period last year. Marketing expenses were \$3.2 million for the nine months ended September 30, 2024, which is an increase of \$1.0 million compared to \$2.2 million in the same period last year. The Company increased marketing spend in the first half of 2024 compared to 2023 to help drive growth in subscription and services revenue, including wealth related products.

Customer service and operations expenses

The following table provides the customer service and operations (“CS&O”) expenses for the three and nine months ended September 30, 2024:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
Customer service and operations	\$2,867	\$2,593	11%	\$8,355	\$8,226	2%
As a percentage of total revenue	16%	16%		16%	17%	

CS&O expenses consist primarily of salaries and personnel-related costs for customer support, payment processing and collections employees. Associated expenses include third-party expenses related to credit data sources and collections.

CS&O expenses increased for the three and nine months ended September 30, 2024. The increase is primarily due to investments into supporting the customer experience and overall growth in users.



General and administration expenses

The following table provides the general and administration (“G&A”) expenses for the three and nine months ended September 30, 2024:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
General and administration	\$3,535	\$3,227	10%	\$11,218	\$11,410	(2)%
As a percentage of total revenue	20%	20%		21%	24%	

G&A expenses consist primarily of salary and personnel related costs for our corporate, finance and accounting, credit analysis, underwriting, legal and compliance, fraud detection and human resources employees. Additional expenses include consulting and professional fees, insurance, legal fees, occupancy costs, travel and other corporate expenses.

G&A expenses were \$3.5 million for the three months ended September 30, 2024, an increase of \$0.3 million compared to \$3.2 million in the same period last year, this increase is largely due to consulting costs related to the OCI transition.

G&A expenses decreased by \$0.2 million to \$11.2 million for the nine months ended September 30, 2024. The decrease is due to various cost efficiency initiatives implemented from Q2 2023 onward.

Stock-based compensation and depreciation and amortization

The following table summarizes the stock-based compensation and depreciation and amortization. Expenses for the three and nine months ended September 30, 2024 were as follows:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
Stock-based compensation	\$579	\$804	(28)%	\$1,724	\$1,898	(9)%
Depreciation and amortization	1,966	2,105	(7)%	6,426	6,682	(4)%
As a percentage of total revenue	14%	18%		15%	18%	

Stock-based compensation represents the fair value of stock options granted to employees and directors measured using the Black-Scholes valuation model and amortized over the vesting period of the options. Depreciation and amortization is principally related to the amortization of intangible assets relating to internally capitalized development costs related to our technology platform, and technology, licenses and customer relationships acquired in the acquisitions of Carta, Moka and Fortification in 2021. Stock-based compensation and depreciation and amortization are all non-cash expenses.

Stock-based compensation decreased to \$0.6 million in the three months ended September 30, 2024 compared to \$0.8 million in the same period last year. Stock-based compensation decreased to \$1.7 million in the nine months ended September 30, 2024 compared to \$1.9 million in the same period last year. The decrease in stock-based compensation is driven by the granting of fewer options in the current year.

Depreciation and amortization decreased to \$2.0 million in the three months ended September 30, 2024 compared to \$2.1 million in the same period last year. Depreciation and amortization decreased to \$6.4 million in the nine months ended September 30, 2024 compared to \$6.7 million in the same period last year. There was no significant additions to property plant and equipment compared to prior year, additionally investment in intangibles has remained stable resulting in a relatively consistent depreciation and amortization expense.



Credit facility interest expense

The following table provides a breakdown of credit facility interest expense for the three and nine months ended September 30, 2024:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
Credit facility interest expense	\$1,726	\$1,521	13%	\$5,114	\$4,469	14%
As a percentage of total revenue	10%	9%		10%	9%	

Credit facility interest expense relates to the costs incurred in connection with our Credit Facility. It includes interest expense and the amortization of deferred financing costs.

Credit facility interest expense increased for the three and nine months ended September 30, 2024 compared to the same period last year. The increase is due to additional advances on the Credit Facility and higher interest rates.

Other expenses (income)

The following table provides a breakdown of other expenses (income), excluding credit facility interest expense, by type for the three and nine months ended September 30, 2024:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
Debtore and other financing expense	\$791	\$768	3%	\$2,550	\$2,377	7%
Accretion related to debentures	170	228	(25)%	517	735	(30)%
Share of loss in investment accounted for using the equity method	—	—	n/a	—	8,267	(100)%
Revaluation loss	5,284	5,480	(4)%	12,497	3,972	215%
Other non-operating (income) expense	(177)	787	(122)%	68	3,245	(98)%
Total other expense	6,068	7,263	(16)%	15,632	18,596	(16)%
As a percentage of total revenue	34%	45%		29%	39%	

Total other expenses (income) were expense of \$6.1 million for the three months ended September 30, 2024, which is a decrease of \$1.2 million compared to an expense of \$7.3 million for the same period last year. The decrease was primarily driven by a decrease in other non-operating expenses in Q3 2023 related to restructuring which were not incurred into the current period ended September 30, 2024.

Total other expenses (income) were expense of \$15.6 million for the nine months ended September 30, 2024, which is a decrease of \$3.0 million compared to an expense of \$18.6 million or the same period last year. The decrease in total other expenses was primarily driven by a prior year loss in our Coinsquare investment accounted for under the equity method, of \$8.3 million which did not recur in 2024. This was offset by the revaluation loss of \$12.5 million recognized in 2024, compared to a loss of \$4.0 million in 2023. Other non-operating expenses decreased by \$3.2 million. Prior year expenses primarily consists of restructuring charges and impairment of assets related to the sublease of our Vancouver office. No such items were recognized in the current year.

Revaluation loss was \$5.3 million for the three months ended September 30, 2024 compared to \$5.5 million in the same period last year. Revaluation loss was \$12.5 million for the nine months ended September 30, 2024 compared to \$4.0 million in the same period last year. The variance is primarily attributable to a loss in investment portfolio and marketable securities of \$13.4 million in the current year, compared to \$4.0 million in the same period last year.



Management's Discussion and Analysis

Other non-operating income of \$0.2 million for the three months ended September 30, 2024 compared to other non-operating expense of \$0.8 million in the same period last year. Other non-operating expense decreased to \$0.07 million for the nine months ended September 30, 2024 compared to \$3.2 million in the same period last year. As discussed above, prior year expenses primarily consists of restructuring charges which were not incurred into the current period ended September 30, 2024.

Debenture and other financing expense primarily consists of interest expense related to our debentures and interest expense related to our lease liabilities resulting from the adoption of IFRS 16. Debenture and other financing expense increased for the three and nine months ended September 30, 2024 primarily due to increased interest expense and financing expenses.

**Other comprehensive (loss) income**

The following table provides a breakdown of other comprehensive income by type for the three and nine months ended September 30, 2024:

(\$000s, except percentages)

	Three months ended			Nine months ended		
	September 30, 2024	September 30, 2023	Change %	September 30, 2024	September 30, 2023	Change %
Foreign currency transaction reserve (loss) gain	(549)	21	(2714)%	(673)	(99)	580%
Other comprehensive (loss) income	(549)	21	(2714)%	(673)	(99)	580%

Total other comprehensive loss consisting of foreign currency translation reserve loss was \$0.5 million for the three months ended September 30, 2024 compared to other comprehensive income of \$0.02 million in the same period last year. These gains and losses are due to fluctuations in foreign currency exchange rates across the periods.

Total other comprehensive loss consisting of foreign currency translation reserve loss was \$0.7 million for the nine months ended September 30, 2024 compared to other comprehensive loss of \$0.1 million in the same period last year. These gains and losses are due to fluctuations in foreign currency exchange rates across the periods.

From the date of the acquisition of Carta in Q1 2021 and Moka in Q2 2021, the Company consolidates foreign operations with functional currencies that are different from the presentation currency of the Company's consolidated financial statements. The assets and liabilities of foreign operations are translated to CAD using exchange rates at the reporting date whilst their income and expenses are translated to CAD using average monthly exchange rates. Foreign currency differences arising are recognized in other comprehensive income.



Selected Quarterly Information

(\$000s, except per share amounts)

	2024			2023			2022	
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
Income Statement Highlights								
Total revenue	\$17,685	\$17,553	\$17,925	\$17,157	\$16,180	\$16,008	\$15,877	\$17,146
Loss from operations	(398)	(1,296)	(1,889)	(222)	(843)	(1,161)	(1,647)	(3,753)
Other (expenses) income, including taxes	(7,714)	(11,055)	(1,721)	8,733	(8,661)	(8,847)	(5,237)	(71,190)
Net (loss) income	(8,112)	(12,351)	(3,610)	8,511	(9,504)	(10,008)	(6,884)	(74,943)
Net (loss) income per common share (basic)	(0.33)	(0.51)	(0.15)	0.34	(0.38)	(0.39)	(0.27)	(2.97)
Net (loss) income per common share (fully diluted)	(0.33)	(0.51)	(0.15)	0.34	(0.38)	(0.39)	(0.27)	(2.97)
Non-IFRS Financial Measures⁽¹⁾								
Adjusted EBITDA	2,147	1,372	1,048	2,743	2,066	1,844	1,019	248
Adjusted net loss	(540)	(1,483)	(1,592)	(215)	(451)	(714)	(1,485)	(2,209)
Cash provided by (used in) operations before investment in gross loans receivable	4,830	3,777	1,815	4,676	2,619	2,129	67	457

(1) For more information regarding our use of these non-IFRS measures and, where applicable, a reconciliation to the most comparable IFRS measure, see “Non-IFRS Financial Measures”.

Key Quarterly Trends

Beginning in Q1 2023, revenues have generally trended upwards, representing a return to growth in the Company's primary business segments of wealth, payments, and lending. There was a decline between Q4 2022 and Q1 2023 as we exited certain sub-scale revenue streams.

Loss from operations decreased quarter over quarter from Q4 2022 to Q4 2023, with significant decreases in operating expenses while managing impact on revenue. Loss from operations increased in the first half of 2024 due to higher growth investment in our wealth and payments business segments. The Company also experiences seasonally higher expenses in Q1 compared to Q4 contributing to the increase in net loss. Loss from operations decreased in Q3 2024 as a result of the increase in revenues and efficiency improvements in the current period.

Other income (expenses), including taxes, resulted in losses in Q4 2022. In this 2022 period, broader equity and cryptocurrency market declines resulted in non-cash losses, including impairment charges on our goodwill, intangible assets, and investment in Coinsquare. In 2023, changes in other expenses primarily related to losses on investments and restructuring charges. In Q4 2023, there was a significant increase in other income primarily due to a revaluation gain on our investment in WonderFi. In Q2 and Q3 2024 we saw an increase in other expenses over Q1 primarily due to a revaluation loss on WonderFi.

Adjusted EBITDA improved steadily over 2022 and 2023, as we placed a significant emphasis on operating efficiency and margin improvement. Adjusted EBITDA was lower in Q1 and Q2 2024, as we shifted our balance back towards driving revenue growth while maintaining positive Adjusted EBITDA. Adjusted EBITDA increased further in Q3 2024 over Q2 2024, driven slightly by higher revenues in each of our core business segments of wealth, payments, and lending, and better operating efficiencies resulting in lower operating expenses.



Key Balance Sheet Components

The following table provides a summary of the key balance sheet components as at September 30, 2024 and December 31, 2023:

(\$000s)	As at	
	September 30, 2024	December 31, 2023
Cash and cash equivalent	\$9,765	\$16,133
Total assets	183,221	207,763
Total liabilities	112,625	114,039

Total assets decreased by \$24.6 million during the three and nine months ended September 30, 2024. The decrease is primarily attributable to non-cash losses including \$13.4 million of non-cash losses related to our marketable securities and investments.

Total liabilities decreased by \$1.4 million during the three and nine months ended September 30, 2024. The decrease is primarily due to a decrease in debentures.

Loans receivable

The following table provides a breakdown of loans receivable as at September 30, 2024 and December 31, 2023:

(\$000s)	As at	
	September 30, 2024	December 31, 2023
Gross loans receivable	\$74,236	\$74,272
Allowance for loan losses	(13,887)	(12,555)
Net loans receivable	60,349	61,717

The gross loans receivable portfolio was \$74.2 million as at September 30, 2024, which is a decrease of \$0.1 million compared to the balance as at December 31, 2023.

The following table provides a reconciliation of changes in our loan loss allowance for the year ended September 30, 2024 and the year ended December 31, 2023:

(\$000s)	As at	
	September 30, 2024	December 31, 2023
Allowance for loan losses, beginning of period	\$12,555	\$13,073
Provision for loan losses	13,449	13,778
Loans charged-off	(12,117)	(14,296)
Allowance for loan losses, end of period	13,887	12,555

The allowance for loan losses is reported on the Company's balance sheet and is netted against gross loans receivable to arrive at the net loans receivable. The allowance for loan losses represents our estimate of the ECL inherent in our loan portfolio. Refer to Note 4 of the interim condensed consolidated financial statements for a breakdown of gross loans receivable and allowance for loan losses by aging category based on their IFRS 9 ECL measurement stage. The Company assesses its allowance for loan losses at each reporting date. Changes in the provision for loan losses, net of recoveries, are recorded as a cost of revenue in the consolidated statements of operations and comprehensive income (loss).

The allowance for loan losses as a percentage of gross loans receivable increased to 18.7% as at September 30, 2024 from 16.9% as at December 31, 2023. This was driven by certain factors including seasonal delinquencies noted earlier in 2024 that were within the historical ranges expected by management, changes in loan origination mix, and the application of a higher macroeconomic provision factor compared to December 31, 2023.



The allowance methodology includes a factor in respect of potential future losses arising from macroeconomic indicators, which is a requirement under IFRS 9 to consider forward-looking indicators in determining the allowance. We believe that the related allowance is adequate to absorb reasonably possible changes to economic conditions that impact the loan book. It should be noted that this allowance has already been reflected in our provision for loan losses in the consolidated statements of operations and comprehensive income (loss). Refer to the "Cost of revenue" section above for further discussion on the provision for loan losses.

The Company reserves and charges off consumer loan amounts to the extent that there is no reasonable expectation of recovery once the loan or a portion of the loan has been classified as past due for more than 180 consecutive days. Recoveries on loan amounts previously charged off are credited against loans receivable and provision for loan losses when collected.

In the opinion of management, the Company has provided adequate allowances to absorb expected credit losses inherent in its loan portfolio based on available and relevant information affecting the loan portfolio at each balance sheet date. The Company cannot guarantee that delinquency and loss levels will correspond with the historical levels experienced and there is a risk that delinquency and loss rates could change significantly.

Transactions with Related Parties

Related party transactions during the three and nine months ended September 30, 2024 include transactions with debenture holders that incur interest. The related party debentures balance as at September 30, 2024 totaled \$0.3 million (September 30, 2023 – \$0.3 million). The debentures bear annual coupon interest of 8.0% (September 30, 2023 – 8.0%) with interest expense for the three and nine months ended September 30, 2024 totaling \$3,000 and \$11,000 respectively (September 30, 2023 – \$6,000 and \$18,000 respectively). The related parties involved in such transactions include shareholders, officers, directors, and management, close members of their families, or entities which are directly or indirectly controlled by close members of their families. The debentures are ongoing contractual obligations that are used to fund our corporate and operational activities.



Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that have, or are likely to have, a current or future material effect on our consolidated financial position, financial performance, liquidity, capital expenditures or capital resources.

Liquidity and Capital Resources

The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern, and to deploy capital to provide future investment return to its shareholders. A detailed description of the Company's approach to capital management and risk management policy for managing liquidity risk is outlined in Note 23 and Note 24 in the Company's annual consolidated financial statements for the year ended December 31, 2023. The Company has assessed that it has adequate resources to continue as a going concern for the foreseeable future, which management has defined as being at least the next 12 months. The Company monitors its cash position and cash flow on a regular basis, and may monetize certain marketable securities and investments in the next 12 months to reinforce its cash position, should management consider it necessary.

To date the Company has funded its lending and investing activities, expenses and losses primarily through the proceeds of its initial public offering which raised \$50 million in 2015, subsequent issuances of common shares of the Company, convertible debentures, warrants, prior private placements of preferred shares, placements of debentures, credit facilities, and cash from operating activities. The business combination between the Company and Mogo Finance in the second quarter of 2019 also added to the Company's capital resources and strengthened its financial position with an investment portfolio and marketable securities which the Company is actively seeking to monetize. Following investments made after the business combination, the value of Mogo's investments and marketable securities, including our investment in WonderFi, was \$23.8 million as at September 30, 2024.

We manage our liquidity by continuously monitoring revenues, expenses and cash flow compared to budget. Our principal cash requirements are for working capital, loan capital and investing activities. Our future financing requirements will depend on many factors including our growth rate, product development investments, increase in marketing activities, investment levels in our gross loans receivables, the macroeconomic conditions and its impact on loan performance, and potential mergers, strategic investments and acquisitions activity. Management expects that they will be able to refinance any outstanding amounts owing under the Credit Facility or our long-term debentures and may at times consider the issuance of shares in satisfaction of amounts owing under debentures, in each case as they become due and payable. The debentures are subordinated to the Credit Facility.

On November 6, 2023, due to the expiry of our previous short-form base shelf prospectus, we filed a new short-form base shelf prospectus with the securities commissions in each of the provinces and territories of Canada, except Quebec. This shelf prospectus allows Mogo to offer common shares, preferred shares, debt securities, and warrants to purchase common shares, preferred shares or debt securities up to an aggregate offering price of USD \$250,000,000 for the 25-month period after filing.

In order to support its growth strategy, the Company gives consideration to additional financing options including accessing the capital markets for additional equity or debt, monetization of our investment portfolio and marketable securities, increasing the amount of long-term debt outstanding or increasing availability under existing or new credit facilities.

Although we are not currently party to any material undisclosed agreement and do not have any understanding with any third parties with respect to potential material investments in, or material acquisitions of, businesses or technologies, we may enter into these types of arrangements in the future, which could also require us to seek additional equity or debt financing. Additional funds may not be available on terms favourable to us or at all.

In December 2021, we amended our Credit Facility. The amendments changed the effective interest rate from a maximum of 9% plus LIBOR to 8% plus LIBOR with no floor. In addition, the amendment increases the available loan capital from \$50 million to \$60 million and extends the maturity date by three years from July 2, 2022 to July 2, 2025. As of July 1, 2023, the Credit Facility's benchmark rate transitioned from the USD LIBOR benchmark rate to the Secured Overnight Financing Rate. In May 2024 the credit facility was amended to extend the maturity date to January 2, 2026.



Cash Flow Summary

The following table provides a summary of cash inflows and outflows by activity for the three and nine months ended September 30, 2024 and 2023:

(\$000s)

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Cash provided by operating activities before changes in working capital ⁽¹⁾	\$4,435	\$2,639	\$10,697	\$6,431
Other changes in working capital ⁽¹⁾	395	(20)	(276)	(1,618)
Cash provided by operating activities before changes in loans receivable	4,830	2,619	10,421	4,813
Cash invested in loans receivable	(3,300)	(6,773)	(12,230)	(11,780)
Cash provided by (used in) operating activities	1,530	(4,154)	(1,809)	(6,967)
Cash used in investing activities	(314)	(511)	(1,996)	(2,104)
Cash (used in) provided by financing activities	(1,460)	1,267	(2,541)	(2,443)
Effect of exchange rate fluctuations	(14)	20	(22)	(39)
Net decrease in cash for the period	(258)	(3,378)	(6,368)	(11,553)

(1) This is a non-IFRS measure. The above table includes a reconciliation to cash (used in) generated from operating activities which is the most comparable IFRS measure.

The reduction in the net decrease in cash for three and nine months ended September 30, 2024 against the comparative period was primarily due to improvements in operating efficiency and increased revenue in the current period.

Cash provided by (used in) operating activities

Our operating activities consist of our subscription and services revenue inflows, our cash operating and interest expense outflows, as well as the funding and servicing of our loan products, including the receipt of principal and interest payments from our loan customers, and payment of associated direct costs and receipt of associated fees.

Cash provided by operating activities before investment in gross loans receivables was \$4.8 million for the three months ended September 30, 2024, which is a \$2.2 million improvement compared to \$2.6 million in the same period last year. Cash provided by operating activities before investment in gross loans receivables was \$10.4 million for the nine months ended September 30, 2024, a \$5.6 million improvement compared to \$4.8 million in the same period last year. The change was primarily due to an increase in revenue and improvement in working capital management.

Cash invested in loans receivable was a \$3.3 million outflow in the three months ended September 30, 2024 compared to a \$6.8 million outflow in the same period last year. Management maintains complete discretion over the ability to manage this as either a usage of cash or an inflow of cash from period to period.

Cash provided by operating activities was \$1.5 million for the three months ended September 30, 2024, which is an improvement of \$5.7 million compared to net cash used in operating activities of \$4.2 million in the same period last year. The change was due to the reasons noted above.

Cash used in operating activities was \$1.8 million for the nine months ended September 30, 2024 which is an improvement of \$5.2 million compared to \$7.0 million in the same period last year. The improvement was primarily due to higher revenues, partially offset by an increase in the net issuance of loans receivable.

Other changes in working capital resulted in a \$0.4 million inflow in the three months ended September 30, 2024 compared to a \$0.02 million outflow in the same period last year. Other changes in working capital resulted in a \$0.3 million outflow in the nine months ended September 30, 2024, compared to a \$1.6 million in the same period in the prior year. The changes in cash flows due to working capital are primarily due to the timing of vendor payments.



Cash used in investing activities

Our investing activities consist primarily of capitalization of software development costs, purchases of property, equipment and software, investment and sale of our digital assets, cash invested in investment accounted for using the equity method, monetization of our investment portfolio, marketable securities and cash (invested) acquired in a business combination. The cash flow may vary from period to period due to the timing of the expansion of our operations, changes in employee headcount and the development cycles of our internal-use technology.

Cash used in investing activities in the three months ended September 30, 2024 was \$0.3 million compared to \$0.5 million in the same period last year. The decrease in cash used in investing activities is primarily due to inflows from the sale of marketable securities. Cash used in investing activities in the nine months ended September 30, 2024 was fairly consistent at \$2.0 million compared to \$2.1 million in the same period last year.

Cash provided by (used in) financing activities

Historically, our financing activities have consisted primarily of the issuance of our common shares, debentures, convertible debentures, and borrowings and repayments on our credit facilities.

Cash used in financing activities in the three months ended September 30, 2024 was \$1.5 million compared to cash provided by financing activities of \$1.3 million for the same period last year. The increase is due to \$2.3 million of draws on the Company's credit facility in prior period compared to \$0.8 million of repayments in the current period. Cash used in financing activities in the nine months ended September 30, 2024 was \$2.5 million compared to \$2.4 million for the same period last year. There were higher net debt repayments in the current period compared to the same period last year.



Contractual Obligations

The following table shows contractual obligations as at September 30, 2024. Management will continue to refinance any outstanding amounts owing under the Credit Facility or our long-term debentures as they become due and payable.

(\$000s)	2024	2025	2026	2027	2028	Thereafter
Commitments - operational						
Lease payments	307	1,240	1,255	835	247	390
Trade payables	4,955	—	—	—	—	—
Accrued wages and other expenses	19,772	—	—	—	—	—
Other purchase obligations	335	812	584	642	221	—
Interest – Credit Facility	1,842	6,363	—	—	—	—
Interest – Debentures	778	3,012	683	—	—	—
	<u>27,989</u>	<u>11,427</u>	<u>2,522</u>	<u>1,477</u>	<u>468</u>	<u>390</u>
Commitments – principal repayments						
Credit Facility	—	—	49,066	—	—	—
Debentures ⁽¹⁾	499	2,190	32,764	—	—	—
	<u>499</u>	<u>2,190</u>	<u>81,830</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total contractual obligations	28,488	13,617	84,352	1,477	468	390

Disclosure of Outstanding Shares

The authorized capital of Mogo consists of an unlimited number of common shares without par value and an unlimited number of preferred shares, issuable in one or more series. As of November 6, 2024, no preferred shares have been issued and the following common shares, and rights to acquire common shares were outstanding:

Class of Security	Number outstanding (in 000s) as at November 6, 2024
Common shares	24,472
Stock options	3,398
Restricted share units	-
Common share purchase warrants ⁽²⁾	1,788

- (1) The debenture principal repayments are payable in either cash or common shares of Mogo at Mogo's option. The number of common shares required to settle the principal repayments is variable based on the Company's share price at the repayment date. The debentures are subordinated to the Credit Facility which has the effect of extending the maturity date of the debentures to the later of contractual maturity or the maturity date of Credit Facility.
- (2) Common share purchase warrants include the 1,018,519 warrants accounted for as a derivative financial liability in Note 11 of the consolidated financial statements for the year ended September 30, 2024. These warrants expire in June 2025.



Risk Management

In the normal course of business, the Company is exposed to financial risk that arises from a number of sources. Management's involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Company, management takes steps to avoid undue concentrations of risk. The Company's significant risk and related policies are described further in the notes to the Company's annual consolidated financial statements for the year ended December 31, 2023 and interim condensed consolidated financial statements for the three and nine months ended September 30, 2024.

Other risks

As part of the Federal Budget released in March 2023, the Government of Canada announced its intention to amend section 347 of the Criminal Code and reduce the maximum allowable interest rate from 60% to 35% annual percentage rate ("APR"). On May 31, 2024, the governor general in council announced that the amendments to section 347 of the Criminal Code reducing the maximum criminal interest rate to 35 percent APR will be effective January 1, 2025. Agreements entered into before the coming into force date of January 1, 2025 will not be impacted, the new reduced rate will only be applicable to agreements entered into as of January 1, 2025. The Company intends to make necessary adjustments to product offerings to mitigate the impact of the lower rate.

As changes in our business environment or investment strategy occur, we may adjust our strategies to meet these changes, which may include restructuring a particular business or asset or refocusing on different sectors of our investment portfolio and marketable securities. In addition, external events, including changing technology, changing consumer patterns, changing market sentiment, and changes in macroeconomic condition, including the volatility and uncertainty in financial markets (including cryptocurrency markets), may impair the value of some or all of our assets or require us to take a charge against such assets, including our investment in WonderFi. When these changes or events occur, we may need to write down the value of certain assets or the overall value of our investment portfolio and marketable securities. We may also make investments in existing or new businesses in order to build on or diversify our investment portfolio and marketable securities. Some of these investments may have short-term returns that are negative or low and the ultimate prospects of those investments in our portfolio may be uncertain, volatile or may not develop at a rate that supports our level of investment. In any of these events, we may have significant charges associated with the write-down of assets or certain asset classes such as cryptocurrency or technology company investments.

Other risks facing our business, and that could cause actual results to differ materially from current expectations may include, but are not limited to, risks and uncertainties that are discussed in greater detail in the "Risk Factors" section of our current annual information form for the year ended December 31, 2023 and elsewhere in this MD&A.

Capital management

Our objective in managing our capital is financial stability and sufficient liquidity to increase shareholder value through organic growth and investment in technology, marketing and product development. Our senior management team is responsible for managing the capital through regular review of financial information to ensure sufficient resources are available to meet operating requirements and investments to support our growth strategy. The Board is responsible for overseeing this process. In order to maintain or adjust our capital structure, we may issue new shares, repurchase shares, approve special dividends, or issue debt.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amount of assets and liabilities, and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates. Estimates, assumptions, and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on a prospective basis beginning from the period in which they are revised.

Significant estimates and judgments include the determination of allowance for loan losses, fair value of privately held investments, impairment of investment in associate, and valuation of goodwill acquired in business combinations, which are described further in the notes to the Company's consolidated financial statements for the year ended December 31, 2023 and interim condensed consolidated financial statements for the three and nine months ended September 30, 2024.



Changes in Accounting Policies including Initial Adoption

Material accounting policies

The accounting policies are described in the Company's annual consolidated financial statements for the year ended December 31, 2023.

New and amended standards and interpretations

Certain new or amended standards and interpretations are expected to become effective on January 1, 2024 and beyond. There are no new standards, interpretations or amendments that are expected to have a material impact to the Company's consolidated financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures for the Company. The Company maintains a set of disclosure controls and procedures designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis. The CEO and CFO have evaluated the design of the Company's disclosure controls and procedures at the end of the quarter and based on the evaluation, the CEO and CFO have concluded that the disclosure controls and procedures are effectively designed.

Internal Controls over Financial Reporting

The Company's internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining adequate ICFR for the Company. Management, including the CEO and CFO, does not expect that the Company's ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation. The Company's management under the supervision of the CEO and CFO has evaluated the design of the Company's ICFR based on the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. During the three and nine months ended September 30, 2024, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.