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Apple, 2019



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**Q2 2019 Investor Presentation**

**August 2019**

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# Safe Harbour Statement

Forward-Looking Statements: This presentation contains forward-looking statements or forward looking information that relate to the Company’s current expectations and views of future events. In some cases, these forward-looking statements or forward-looking information can be identified by words or phrases such as “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 regarding its revenue (including loan interest), expenses and operations, key performance indicators, provision for loan losses (net of recoveries), delinquencies ratios, anticipated cash needs and the need for additional financing, funding costs, ability to extend or refinance any outstanding amounts under the Company’s credit facilities, ability to protect, maintain and enforce its intellectual property, plans for and timing of expansion of its products and services, future growth plans, ability to attract new members and develop and maintain existing members, 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 consumers and the marketplace of new technologies and solutions.

Forward-looking statements 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. Given these risks, uncertainties and assumptions, any investors or 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 for the year ended December 31, 2018, available at [www.sedar.com](http://www.sedar.com) and at [www.sec.gov](http://www.sec.gov), which risk factors are incorporated herein by reference, including but not limited to risks related to: our history of losses and our recent, rapid growth; our negative operating cash flow; disruptions in the credit markets may affect our ability to access additional capital through issuances of equity and debt securities; our new products and platform enhances do not achieve sufficient market acceptance; changes in the regulatory environment or in the way regulations are interpreted; security breaches of members’ confidential information; changes in economic conditions may increase member default rates; material changes to the interest rate charged to our members and paid to our lenders; the concentration of our debt funding sources and our ability to access additional capital from those sources; the early payment triggers and covenants under our credit facilities; factors affecting the development, acceptance and widespread use of cryptocurrency; the loss of banking and/or insurance services as a result of our cryptocurrency-related services; the price of our publicly traded securities becoming subject to wide price swings since the value of cryptocurrencies may be subject to pricing risk and wide swings in value; collection, processing, storage, use and disclosure of personal data and its related privacy considerations; protecting our intellectual property rights; claims by third parties for alleged infringement of their intellectual property rights; the use of open source software and any failure to comply with the terms of open source licenses; serious errors or defects in our software and cybersecurity risks; the adequacy of our allowance for loan losses; the reliability of our credit scoring model; access to reliable third party data; our risk management efforts; our operating risk and insurance coverage; our levels of indebtedness; our efforts to expand our market reach and product portfolio; our marketing efforts and ability to increase brand awareness; member complaints and negative publicity; misconduct and/or errors by our employees and third party service providers; our ability to collect payment and service the products we make available to our members; our reliance on data centers to deliver our services and any disruption thereof; competition in our industry; the reliability of information provided by members; our reliance on key personnel; competition for employees; preserving our corporate culture; risks related to litigation; earthquakes, fire, power outages, flood, and other catastrophic events, and interruption by man-made problems such as terrorism; volatility in the market price for our publicly traded securities; future sales of our securities by existing shareholders causing the market price for our publicly traded securities to fall; no cash dividends for the foreseeable future; our trading price and volume declining if analysts publish inaccurate or unfavourable research about us or our business; risks related to operating in the cryptocurrency industry. Although the forward-looking statements contained in this presentation are based upon what our management believes are reasonable assumptions, these risks, uncertainties, assumptions and other factors could cause our actual results, performance, achievements and experience to differ materially from our expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

The forward-looking statements made in this presentation relate only to events or information as of the date of this presentation 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 presentation, including the occurrence of unanticipated events.

An investor should read this presentation with the understanding that our actual future results may be materially different from what we expect.

This presentation may contain Future Oriented Financial Information (“FOFI”) within the meaning of applicable securities laws. The FOFI has been prepared by our management to provide an outlook of our activities and results and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions including the assumptions discussed under the heading “Forward-Looking Statements”. The actual results of our operations and the resulting financial results may vary from the amounts set forth herein, and such variation may be material. Our management believes that the FOFI has been prepared on a reasonable basis, reflecting management’s best estimates and judgments.

This presentation should be read together with our financial statements for the financial quarter ended June 30, 2019 and the notes thereto as well as our management’s discussion and analysis for the financial quarter ended June 30, 2019, all of which are available at [www.SEDAR.com](http://www.SEDAR.com) and [www.sec.gov](http://www.sec.gov).

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All figures are expressed in Canadian \$'s.

# Successful Execution

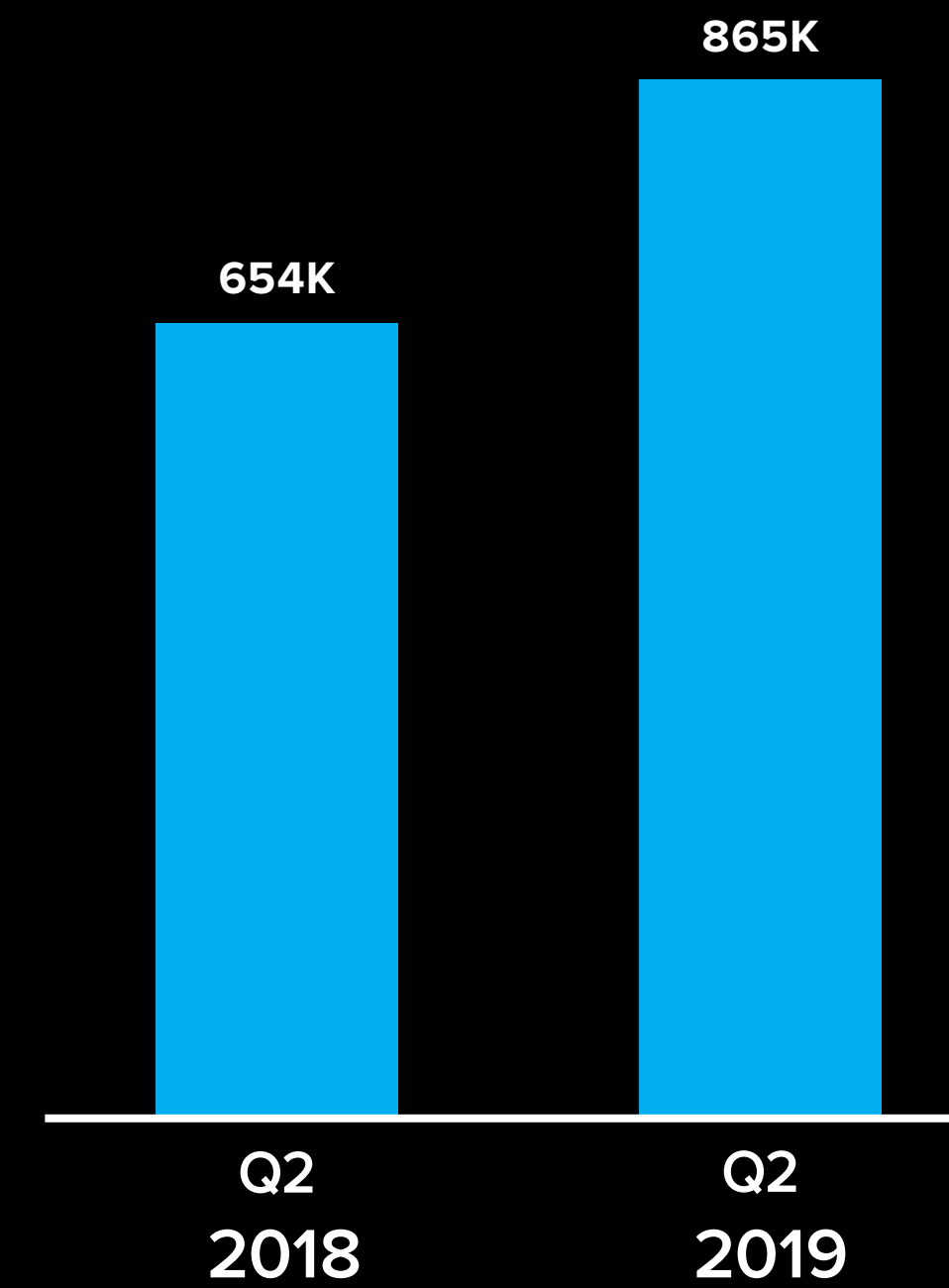
## Core Revenue

Up 40% yr/yr



## Members

Up 32% yr/yr





# The problem

The majority of Canadians are struggling to be financially healthy while relying on the banks as their primary financial provider.

**\$95B**

made by banks in  
pre-tax profits in 2017.

**42%**

of Canadians carry a balance  
on their credit card.<sup>1</sup>

**45%**

of Canadians are worried about  
having enough for retirement.<sup>2</sup>

**81%**

of Gen Z adults are  
stressed about money.<sup>3</sup>

**65%**

of Canadians want to improve  
their financial health in 2019.<sup>4</sup>

<sup>1</sup><https://www.creditcards.com/credit-card-news/canada-credit-card-debit-card-stats-international-1276.php>. <sup>2</sup><https://home.kpmg/content/dam/kpmg/ca/pdf/2018/12/me-mycanadianlife-mywallet-2018.pdf> <sup>3</sup><https://www.apa.org/news/press/releases/stress/2018/stress-gen-z.pdf>



# Shift from banking to financial health

There is a shift from transaction based banking to a holistic financial health solution.



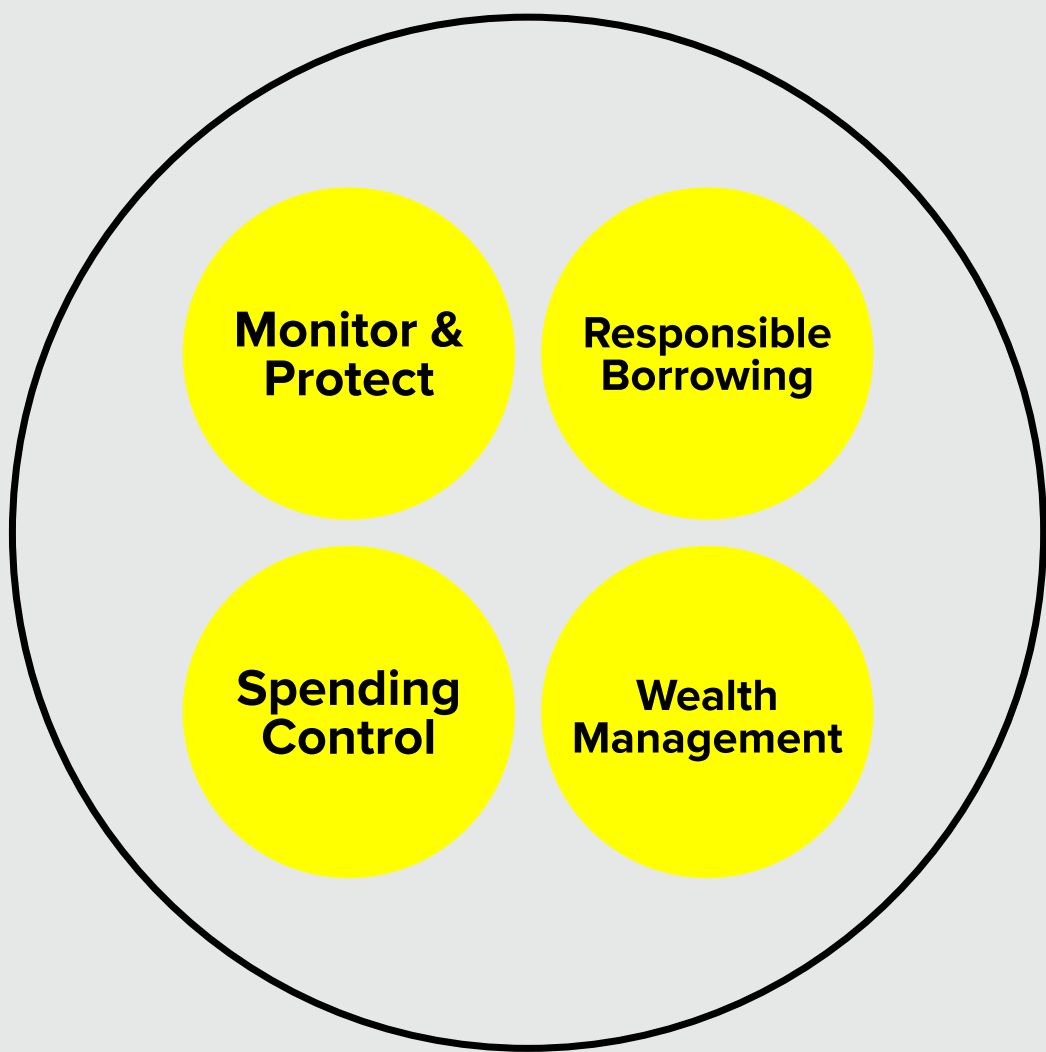
## Bundled

Transaction based



## Unbundling

Innovative products  
—  
Disruptive pricing  
—  
Single product focus



## Rebundling

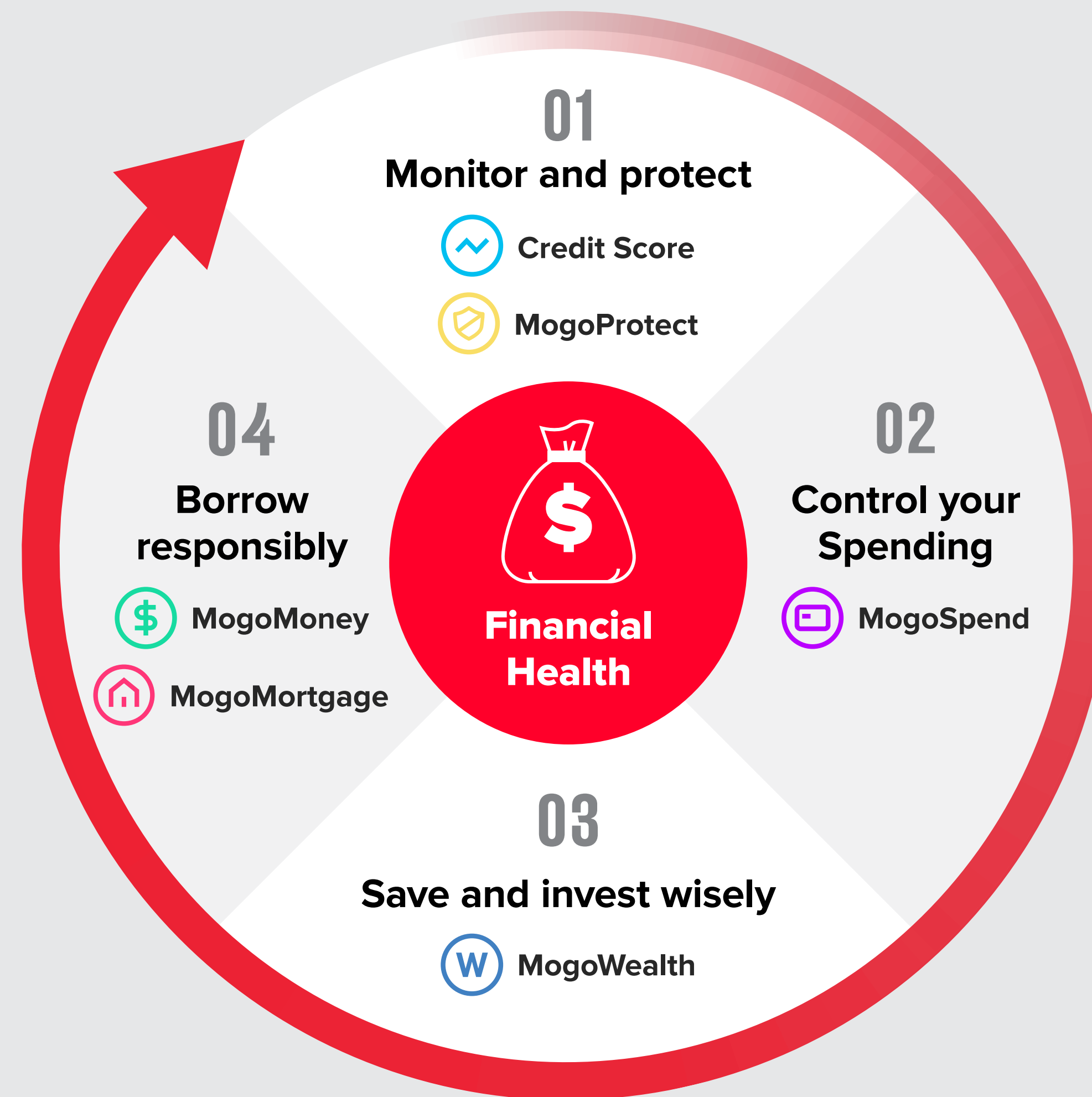
Holistic financial health solution  
—  
Multiple best-in-class products in one place

Mogo: a finance app  
that makes it easy  
and engaging to get  
financially fit

**BEST PRODUCTS**

**BEST EXPERIENCE**

**BEST VALUE**



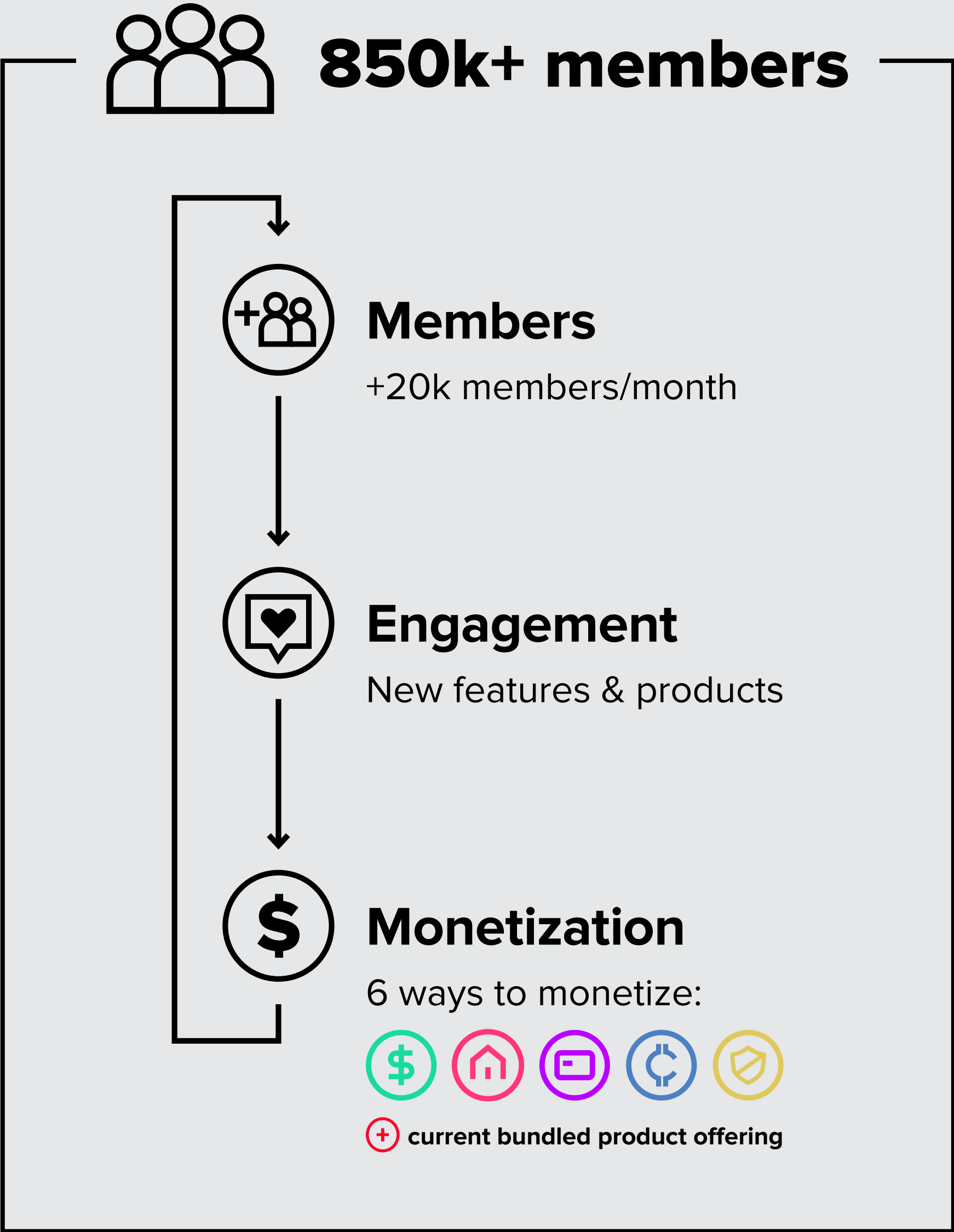
“Creating the right experiences, and then integrating around them to solve a job, is critical for competitive advantage. That's because while competitors may attempt to copy products, it's difficult for them to copy experiences that are well integrated into your company's processes.”

— Clayton Christensen, *Competing Against Luck* (2018)

MogoWealth is expected to launch in 2020.

# Mogo Ecosystem

Our performance is driven by the strength of our member base, member engagement, and our monetization of the ecosystem.



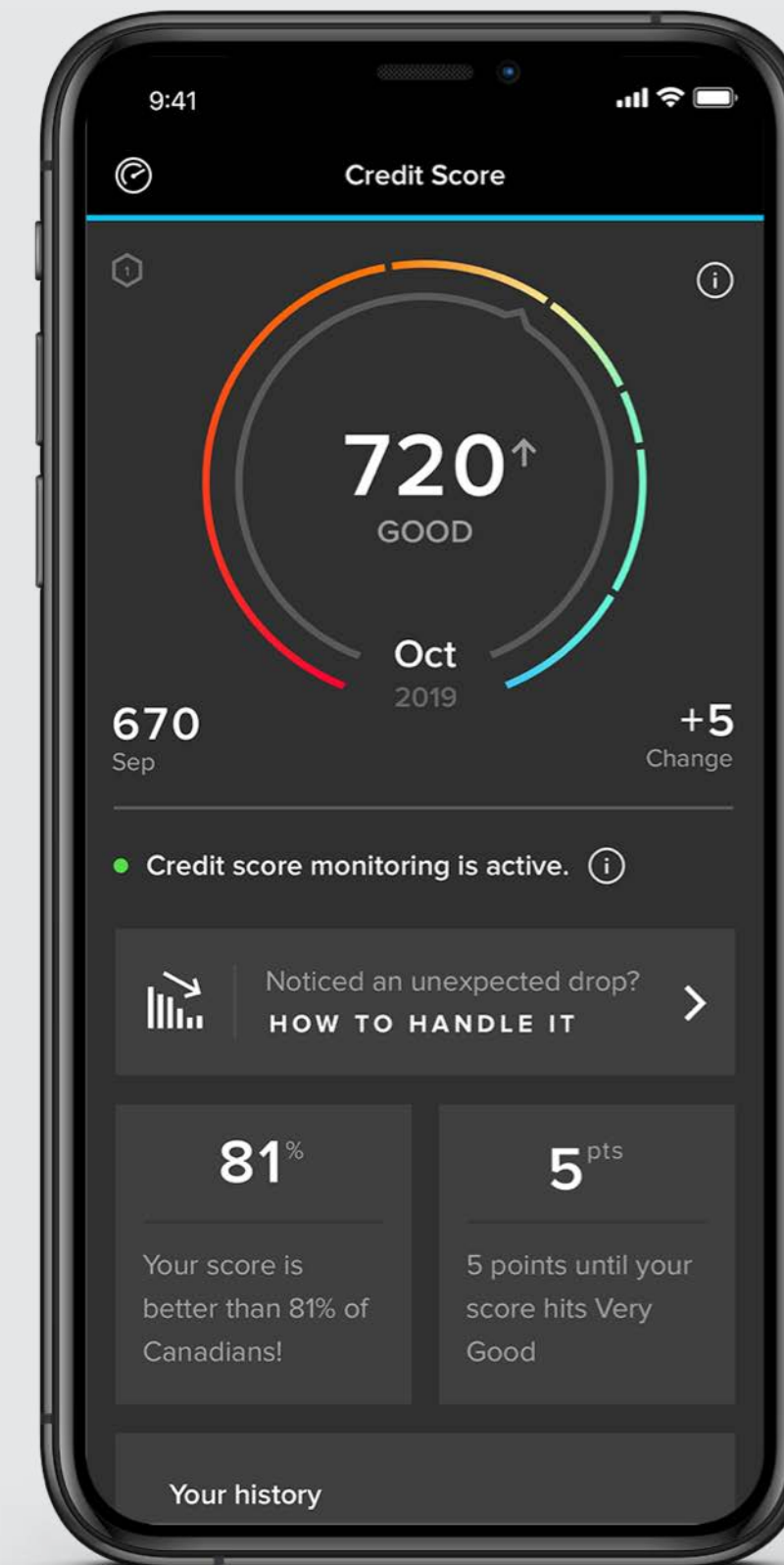
# 01 Monitor + Protect

 MogoProtect  Credit Score

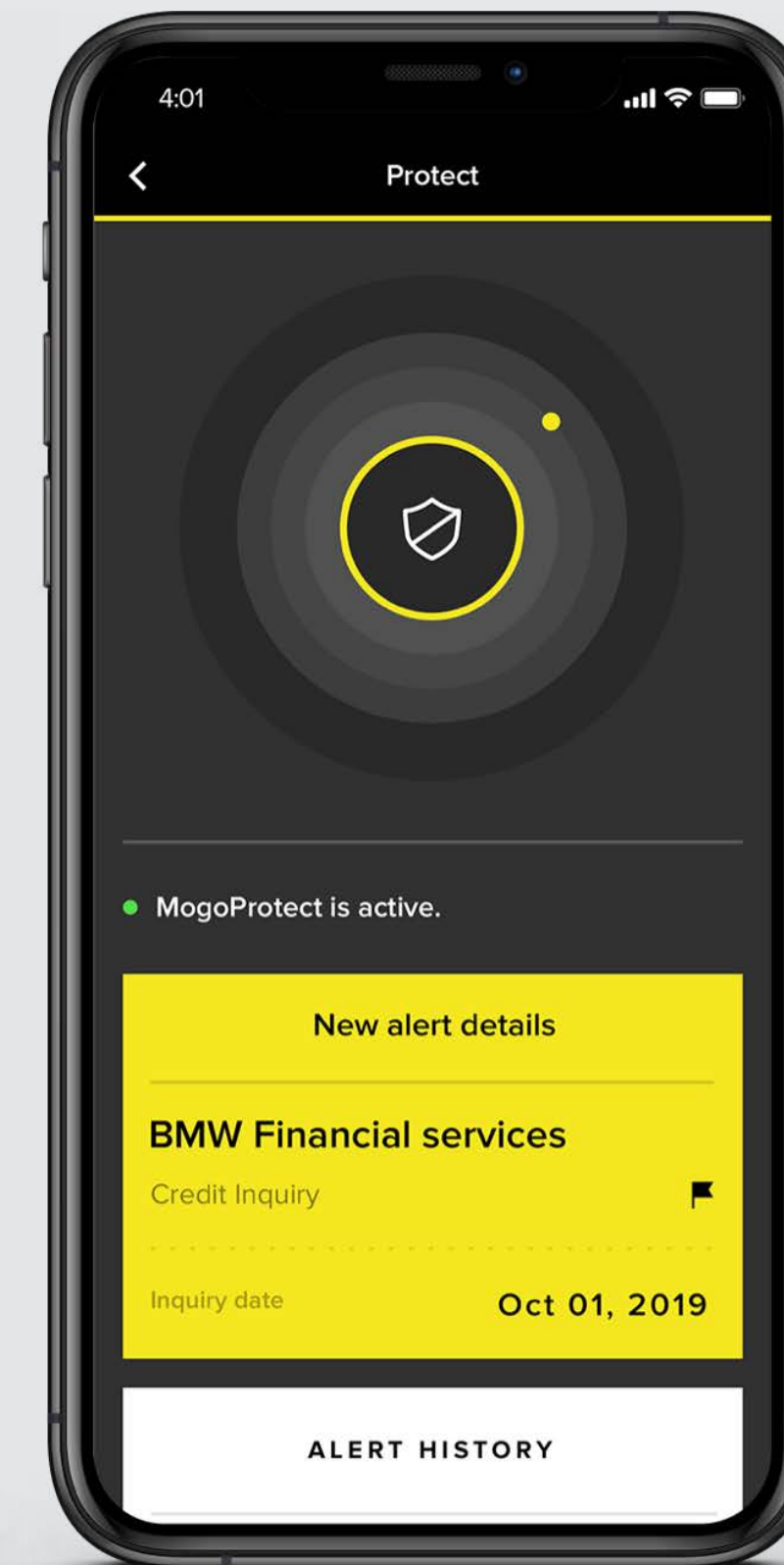


Mogo Economics

**\$8.99 monthly subscription fee**



Credit Score



ID Fraud Protection

**ID theft was ranked as the #1 consumer complaint from 2000 to 2015 with FTC in US**

<https://www.ftc.gov/news-events/press-releases/2015/02/identity-theft-tops-ftcs-consumer-complaint-categories-again-2014>



## 02 Control your spending



Member Growth



Monetization

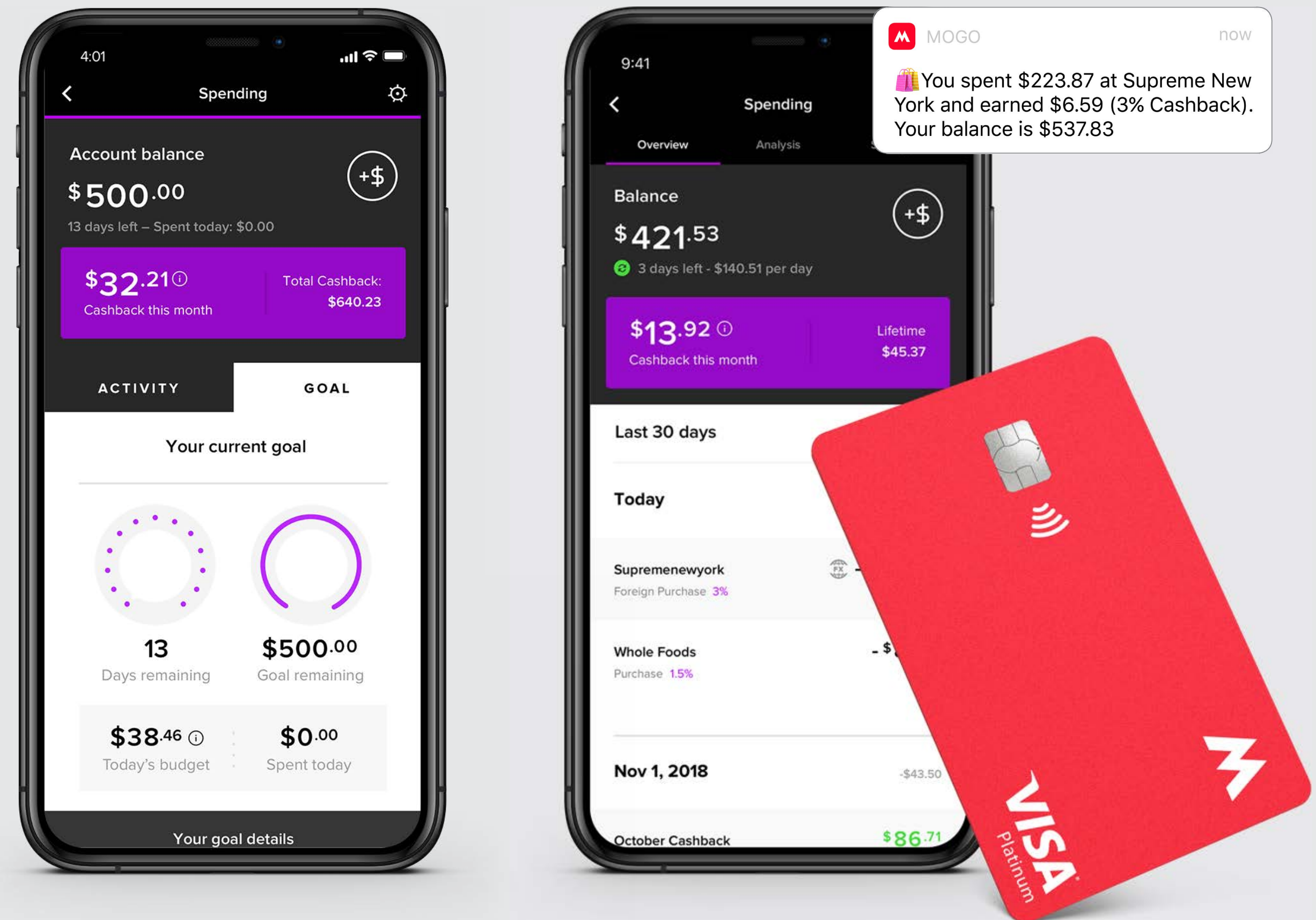


Engagement



Mogo Economics

Interchange revenue, daily active user engagement, valuable transaction data.



Better Spending with the MogoCard

40% of Canadians say they're spending more than they make

<https://www.bnnbloomberg.ca/personal-finance/video/nearly-40-of-canadians-in-debt-say-they-re-living-beyond-their-means-survey~1737268>

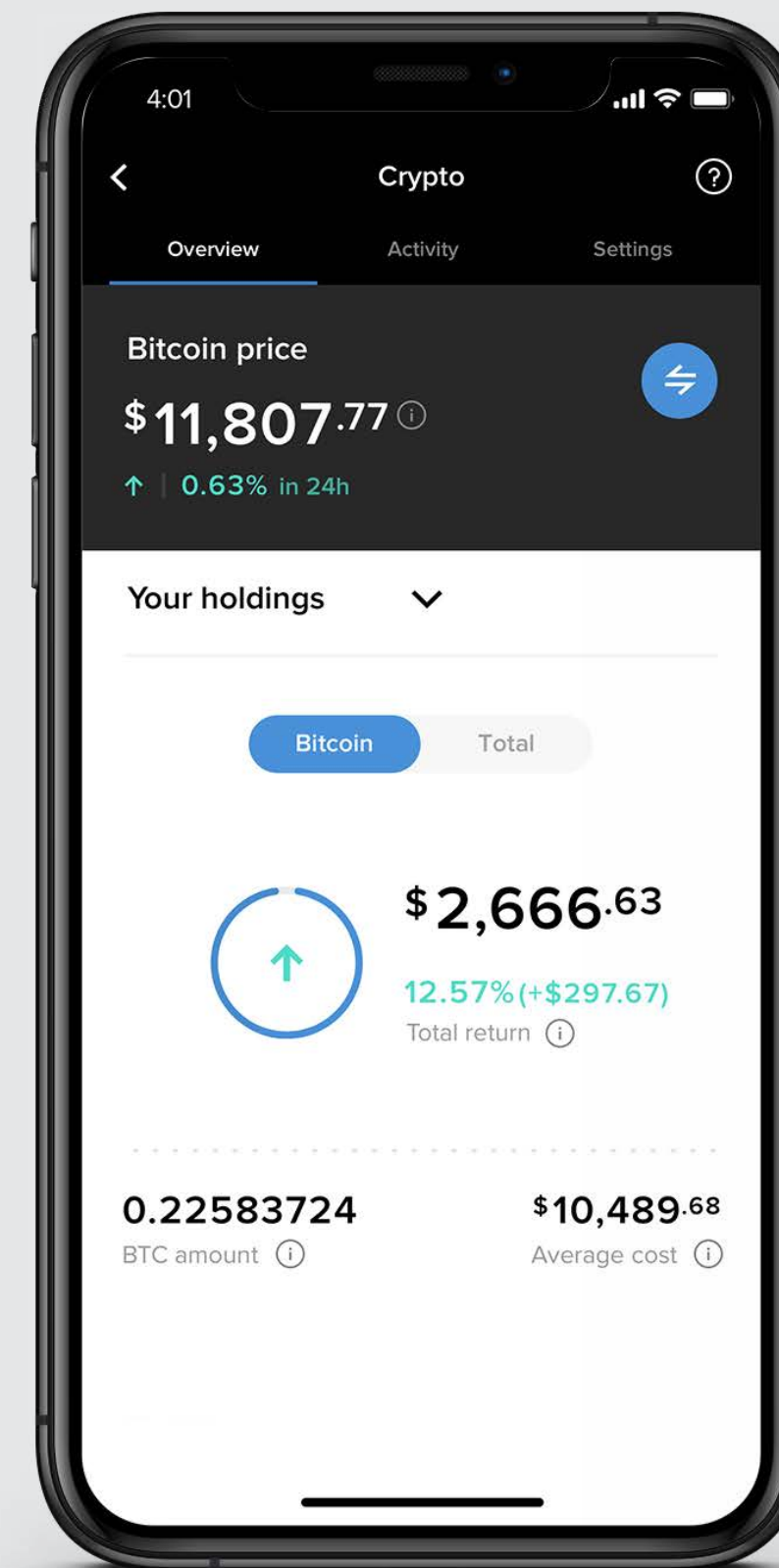
# 03 Save + invest wisely

MogoCrypto MogoWealth

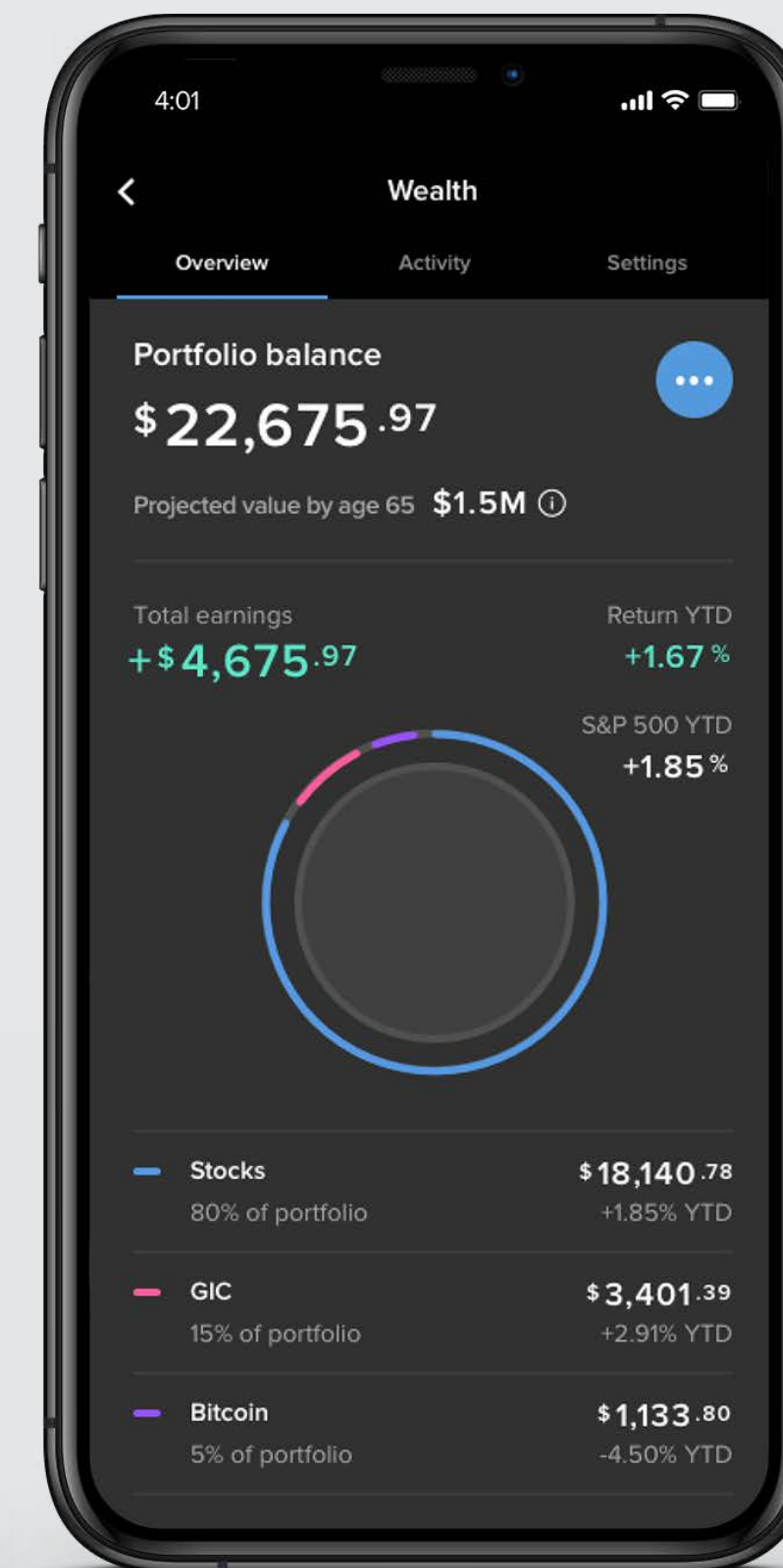


Mogo Economics

% AUM Recurring Revenue



Today: Buy and sell bitcoin



Future: Wealth Dashboard

82% of millennials don't have confidence in their investment knowledge.

<https://www.visualcapitalist.com/millennial-investing-habits/>



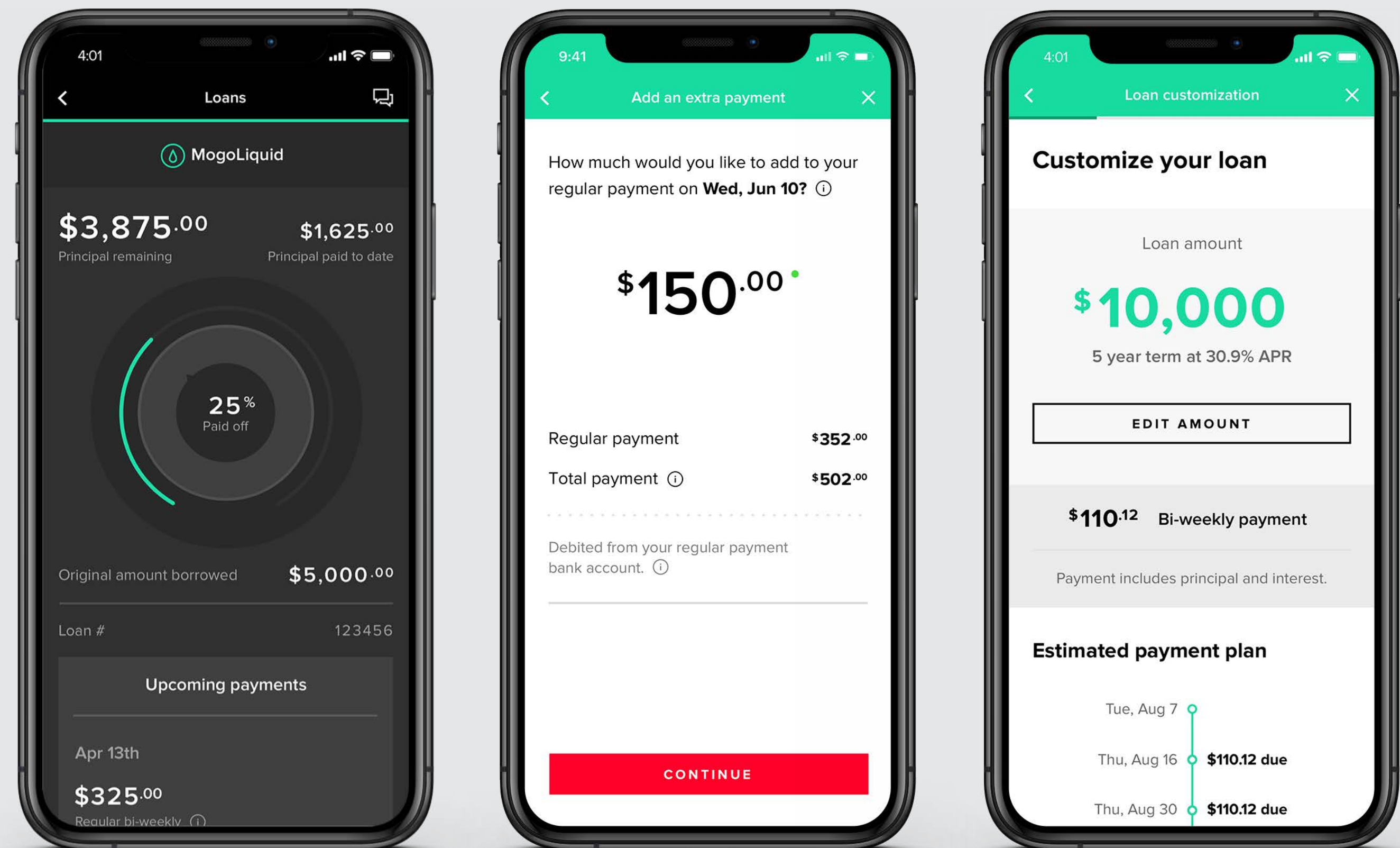
# 04 Borrow responsibly

 MogoMoney  MogoWealth



Mogo Economics

Recurring Interest Revenue,  
Origination & Recurring  
platform fees<sup>1</sup>

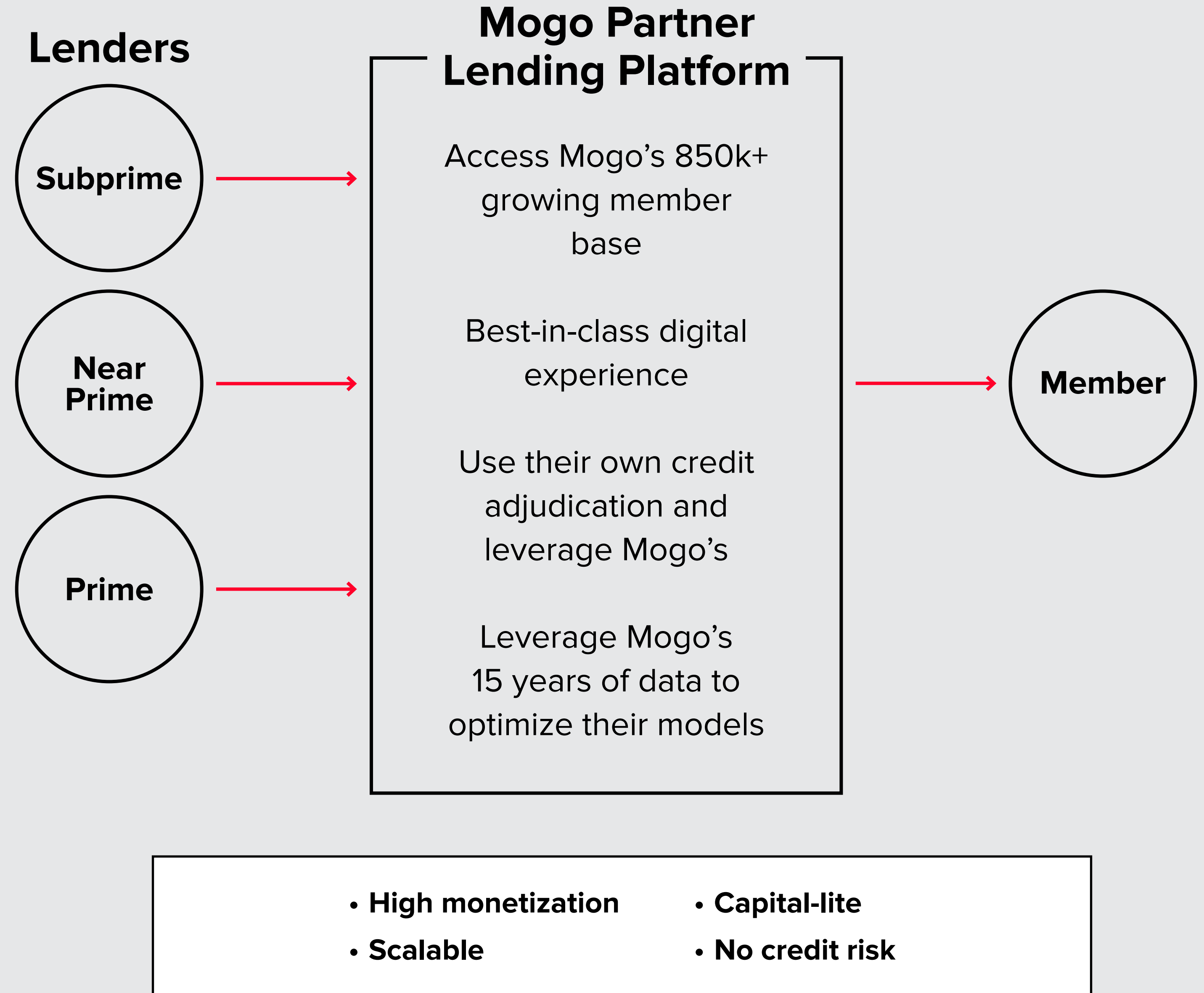


Unsecured consumer loans

Paying down debt is Canadians' top financial priority in 2019 and credit card debt as the top debt source

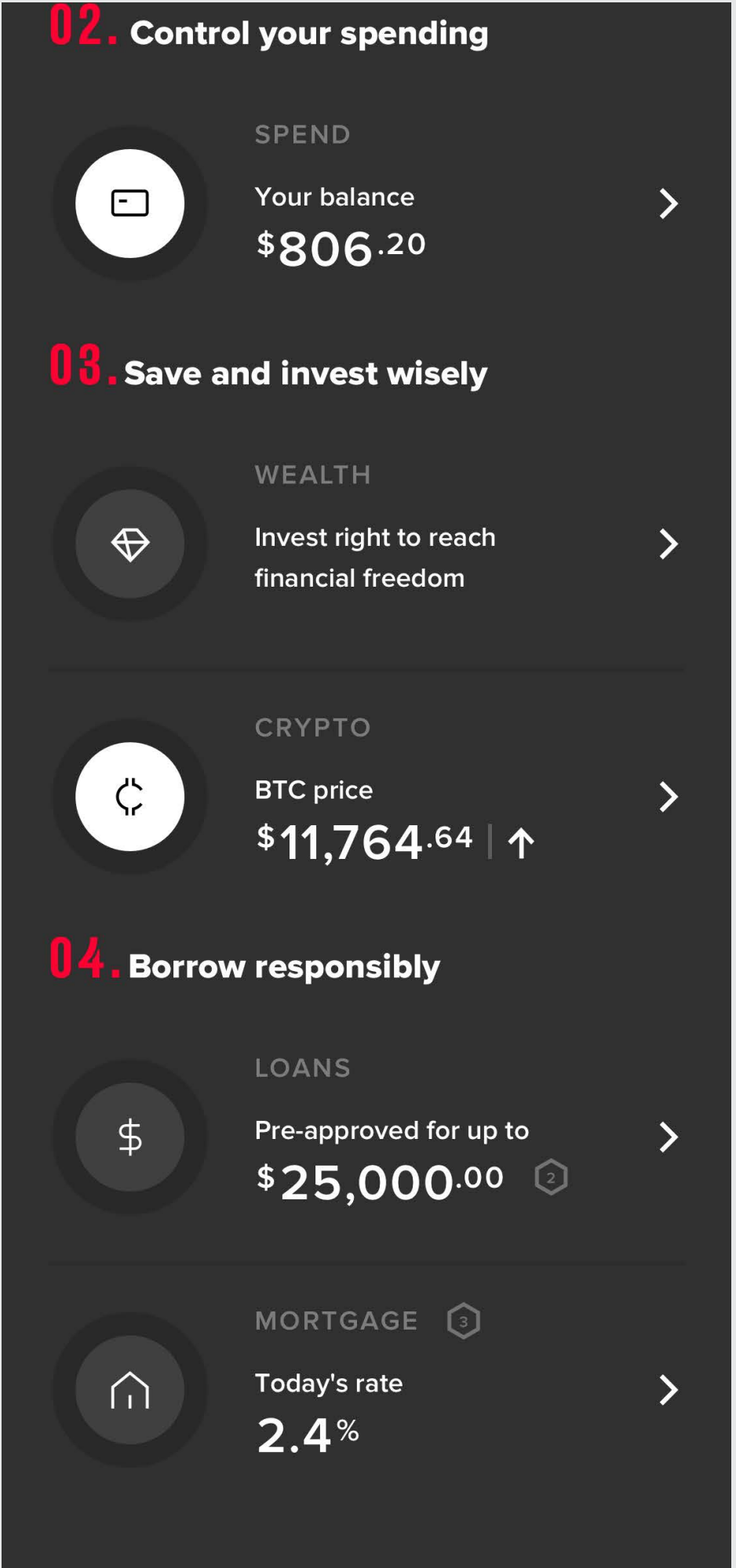
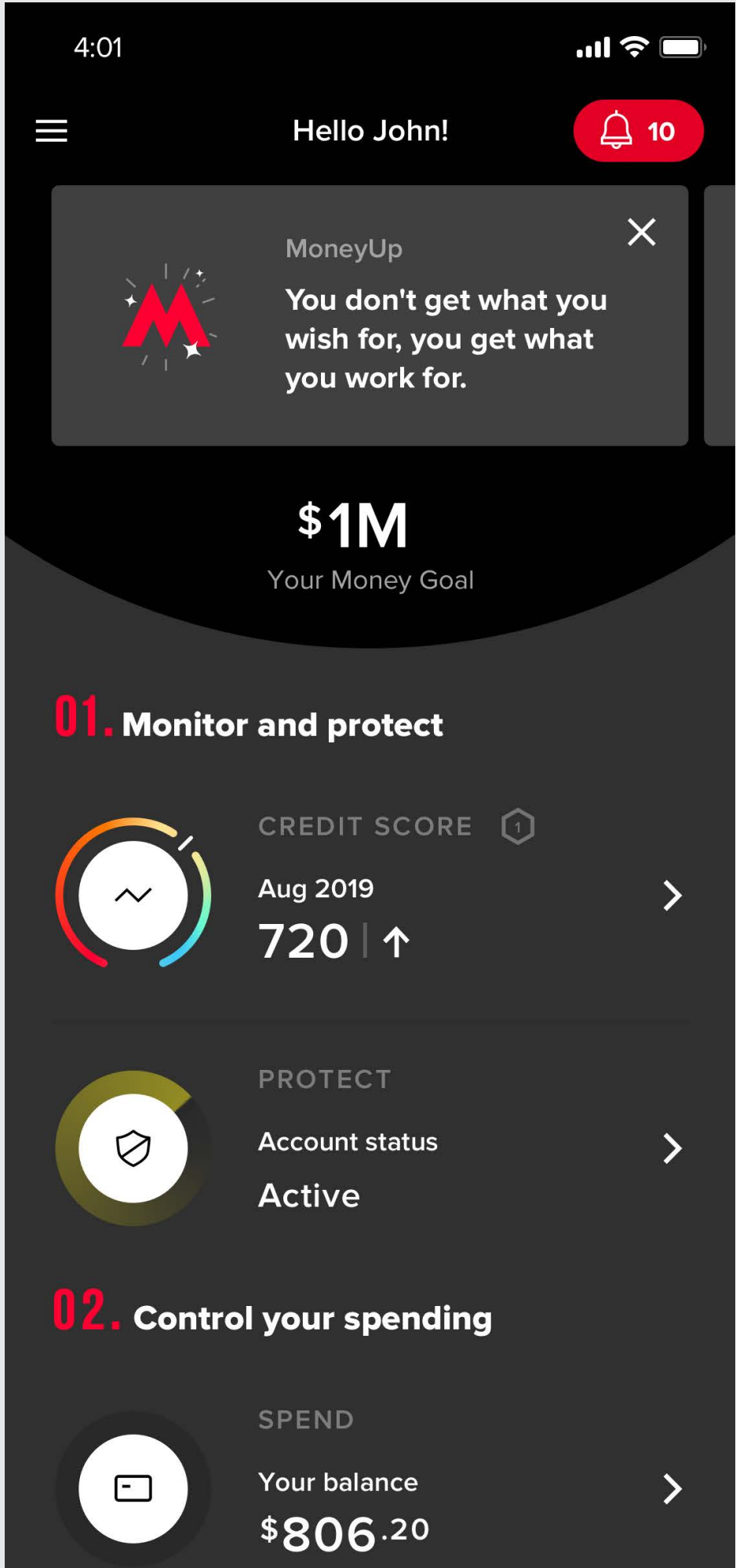
<https://www.newswire.ca/news-releases/canadians-say-paying-down-debt-is-their-top-financial-priority-in-2019-cibc-poll-703542692.html>

# Launch of Mogo's Partner Lending Platform



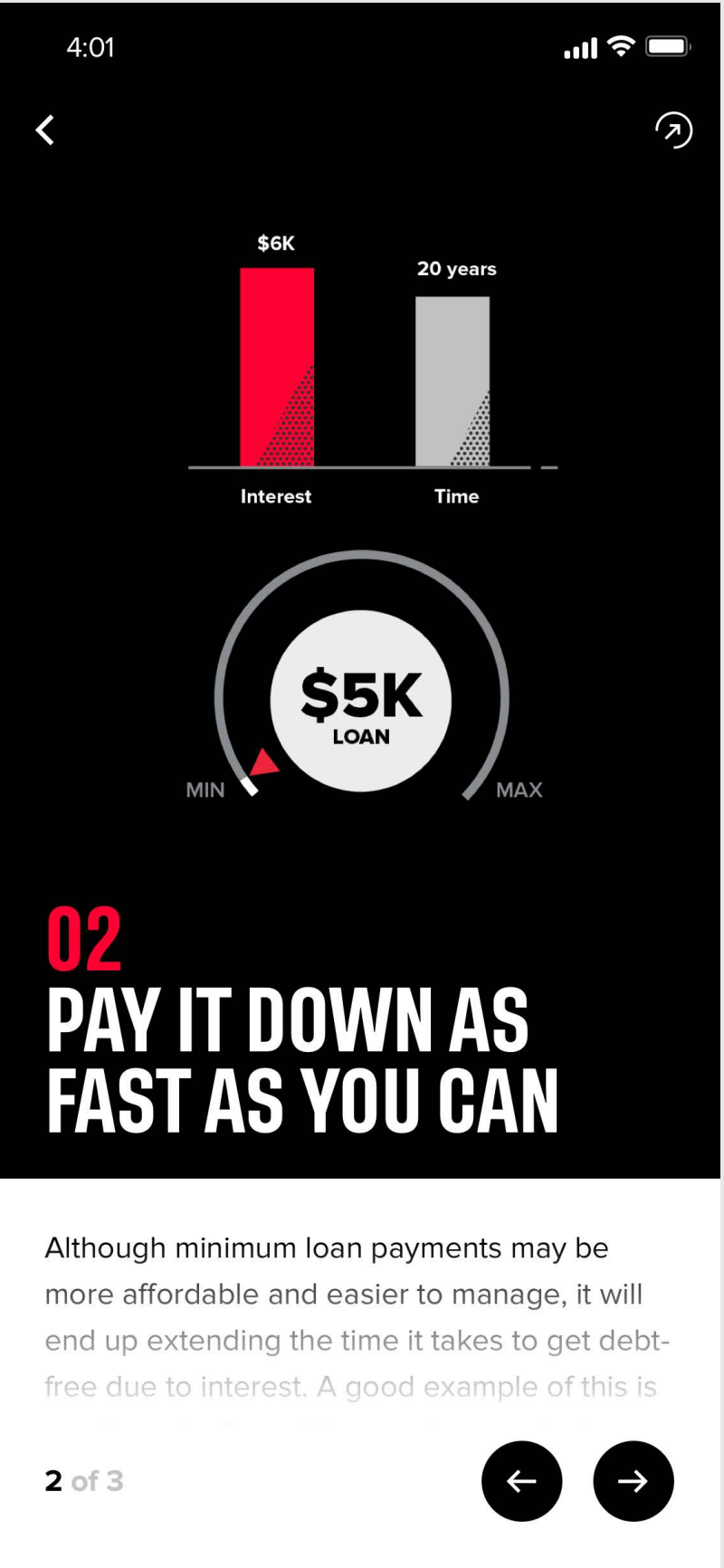
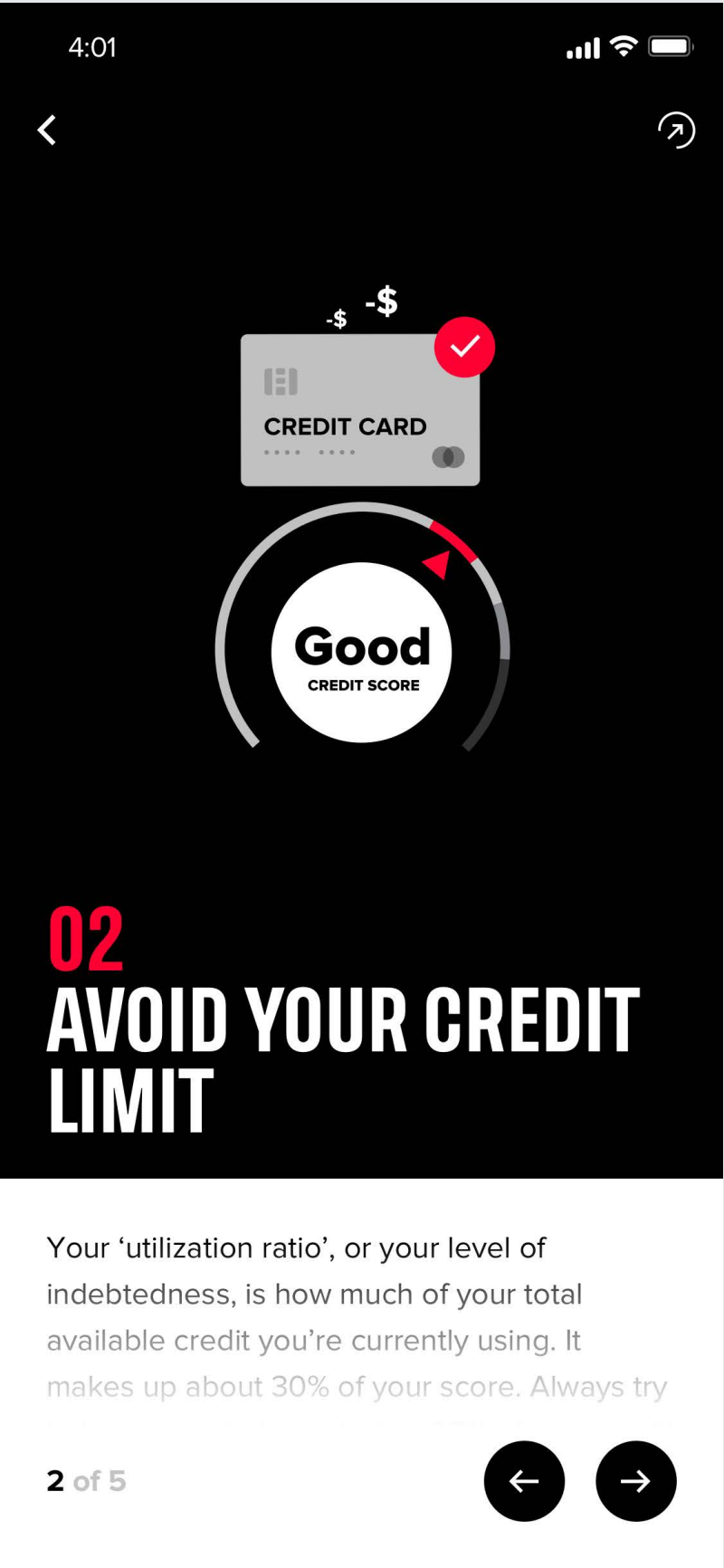
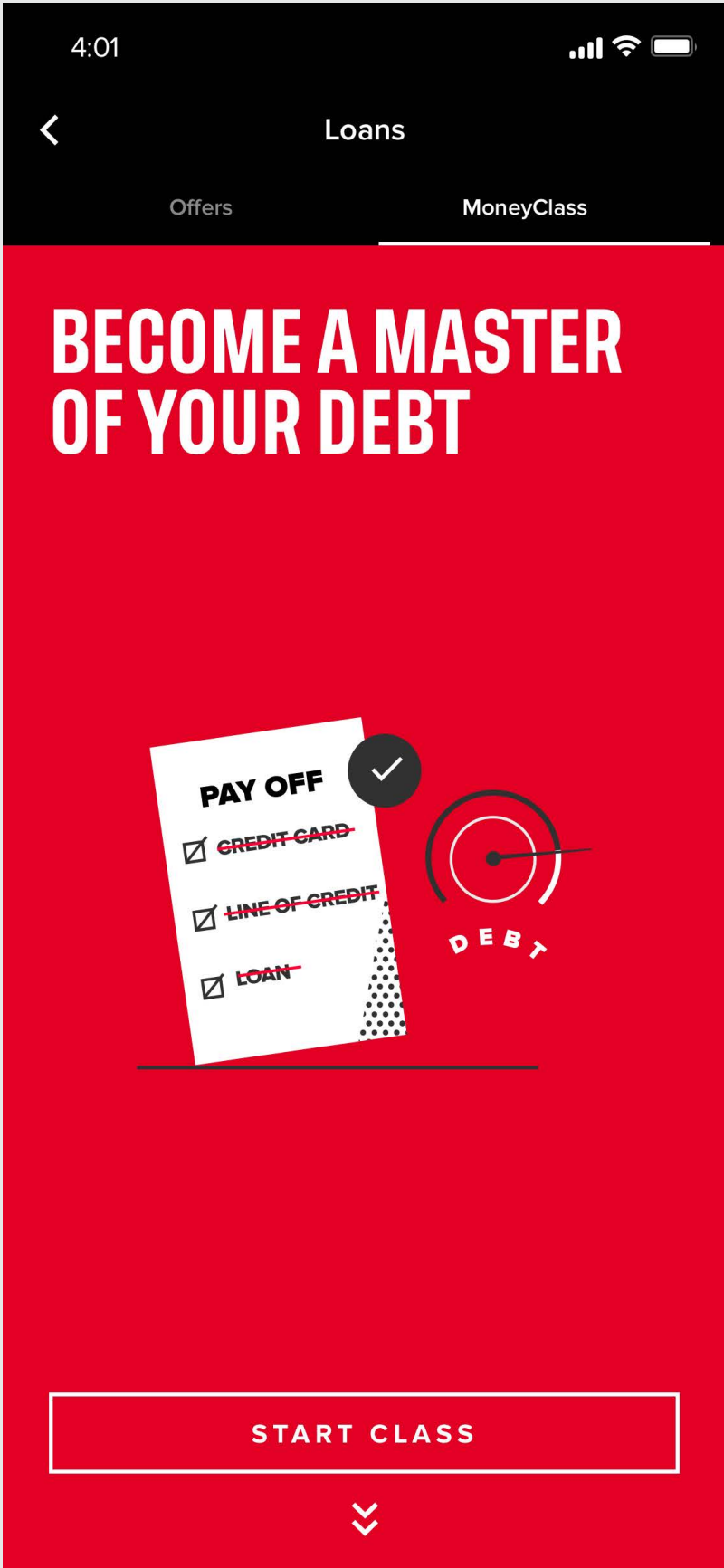


# Introducing the New Mogo



Images are for illustrative purposes only and may not reflect the final app redesign.

# MONEYCLASS



Images are for illustrative purposes only and may not reflect the final app redesign.



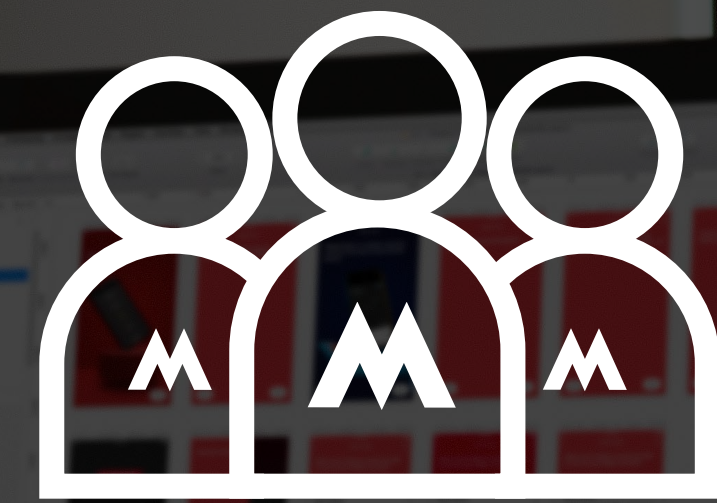
# R & D

Mogo's long term growth opportunities and creates a competitive moat.



**\$200MM+**

invested to Date  
in Mogo platform



**270+**

fintech team including  
**90+** Tech & Dev team



# Sales & Marketing

Our investments in marketing help to position and establish our brand, drive new customers and member engagement.

## Postmedia Partnership

**\$300MM**

Media Value over 5 years

Reaching

**18.7MM**

Canadians per month

## Performance Marketing

Google



## Distribution Partners

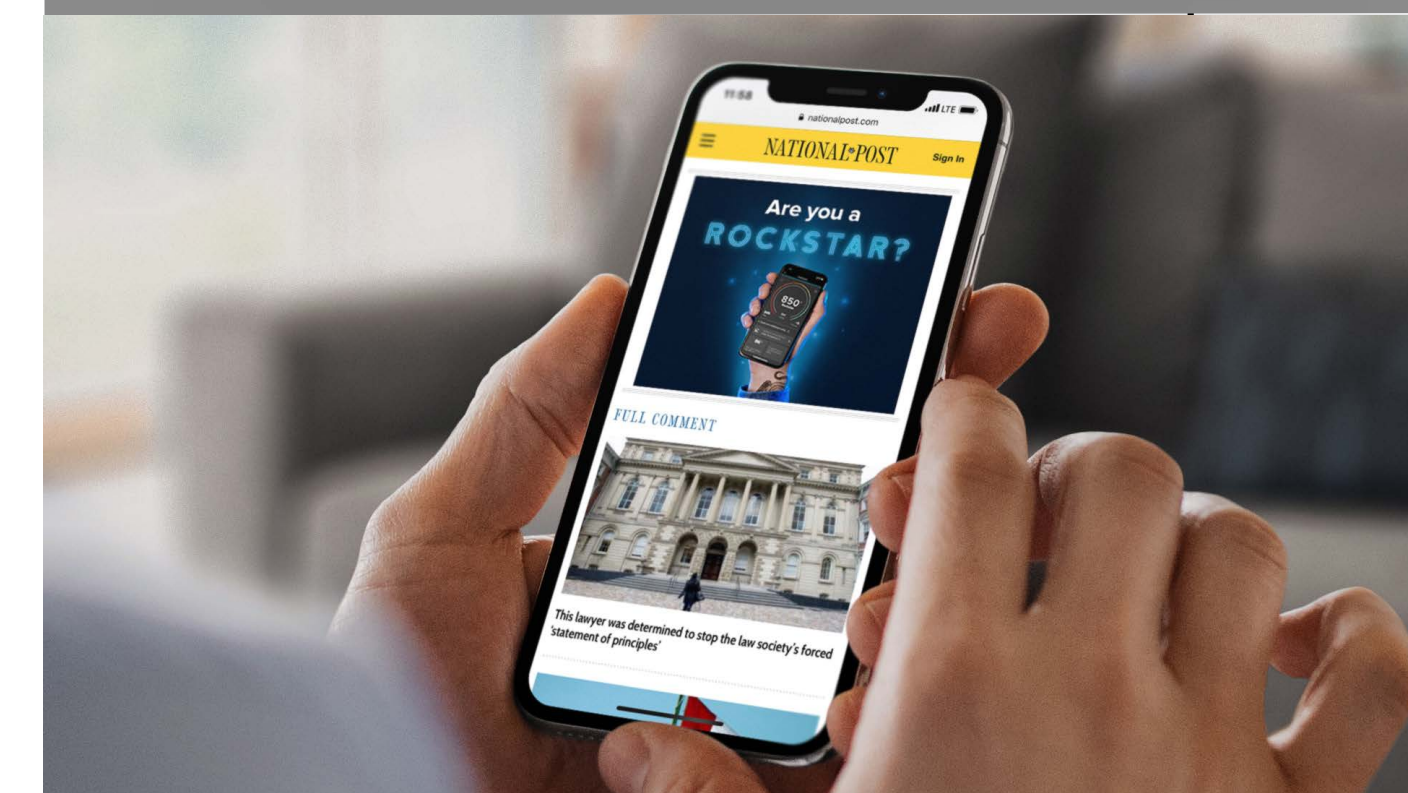
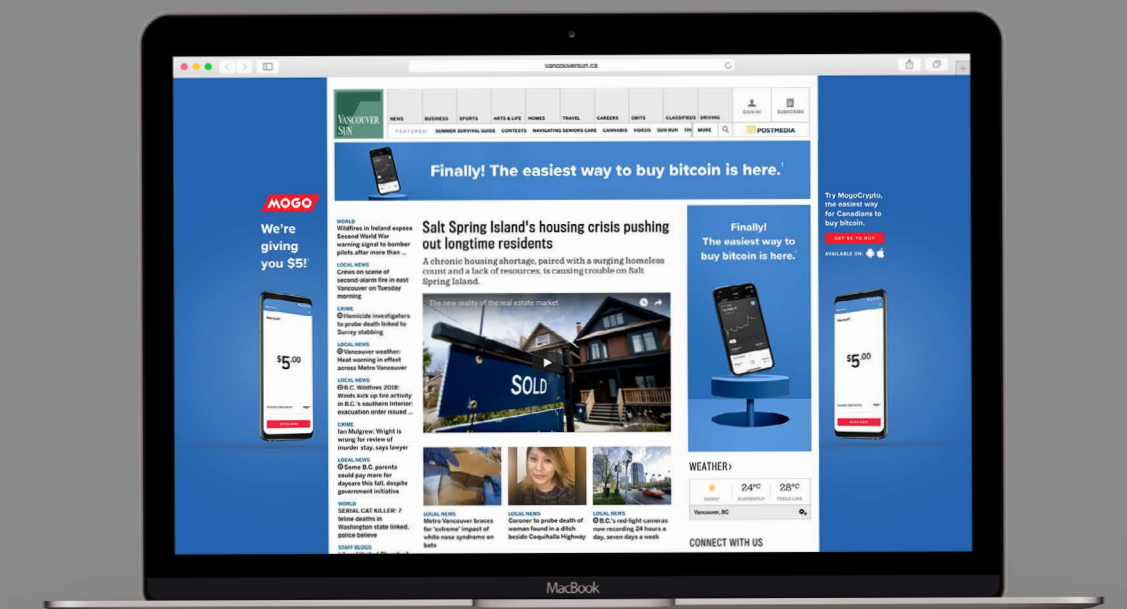
The **BRICK**



League

“@mogomoney is a finance app that helps Canadians get on top of their financial health. I can now easily monitor my credit score, and protect myself against Identity Fraud with the Mogo app. They’ve also given me a chance to experience bitcoin, something I knew very little about. I now own a little bitcoin and am excited to see where it goes, and if it really will be ‘the future of money.’”

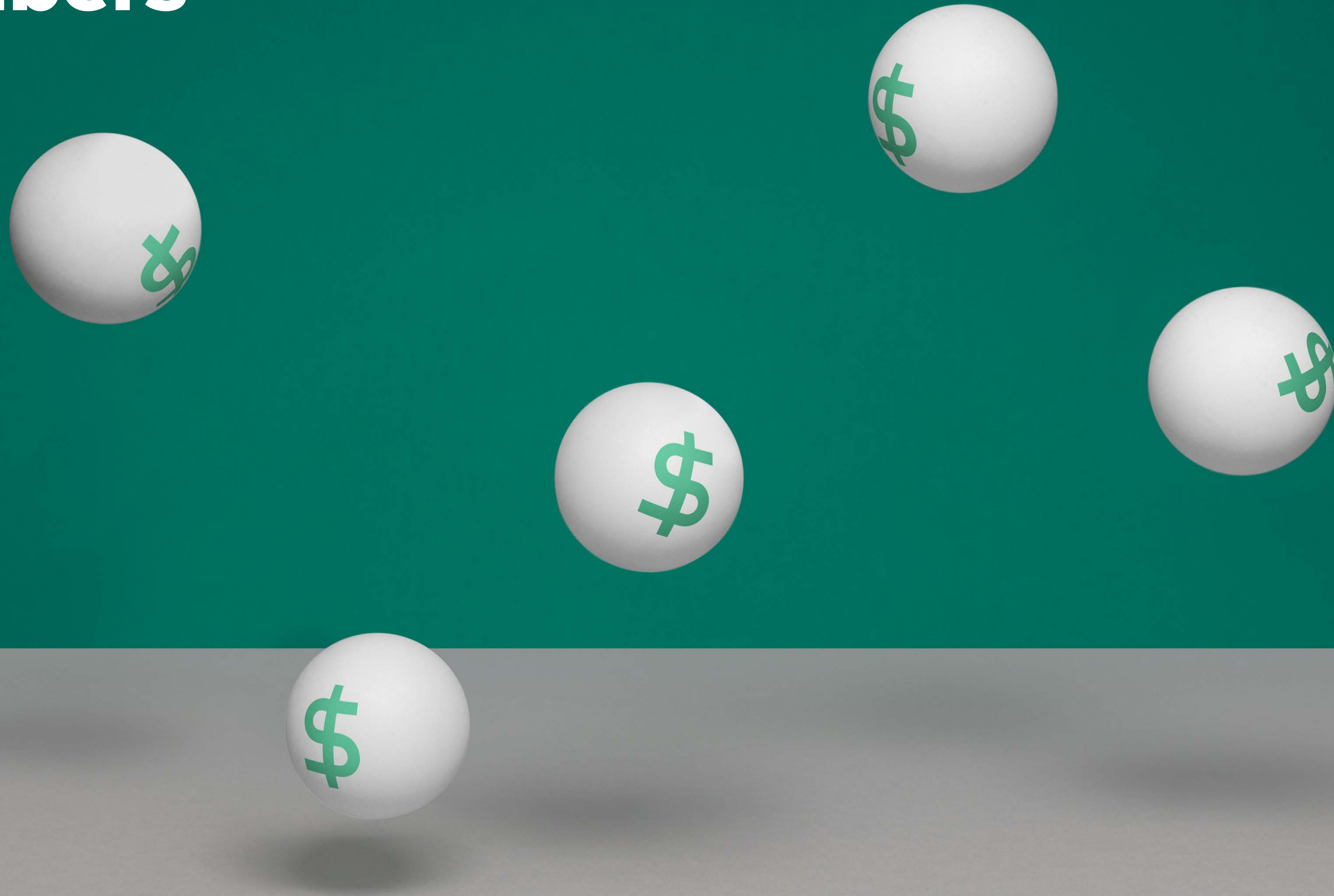
— **Amanda, Influencer and STEM Student**



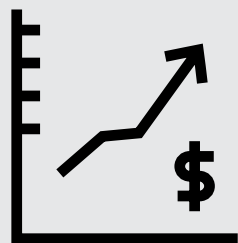
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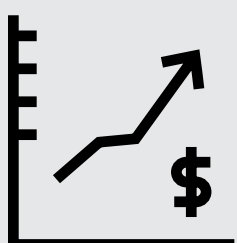
# The Numbers



# Q2 2019 Financial Highlights



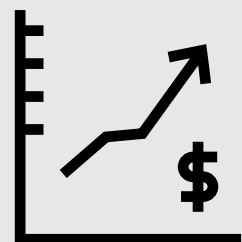
Core Revenue up  
**41%** yr/yr  
to \$16.4MM



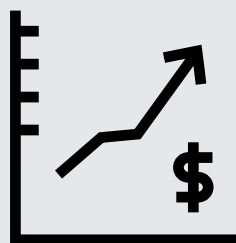
Subscription and Services  
Revenue up  
**42%** yr/yr



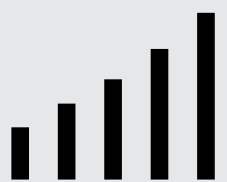
Grew active member  
base to over  
**865K**  
an increase of 32% yr/yr



Contribution of  
**\$5.4MM**  
representing a 33% margin



Cash and investments of  
**\$42MM**



Adjusted EBITDA<sup>1</sup>  
**\$1.6MM**  
up 116% yr/yr

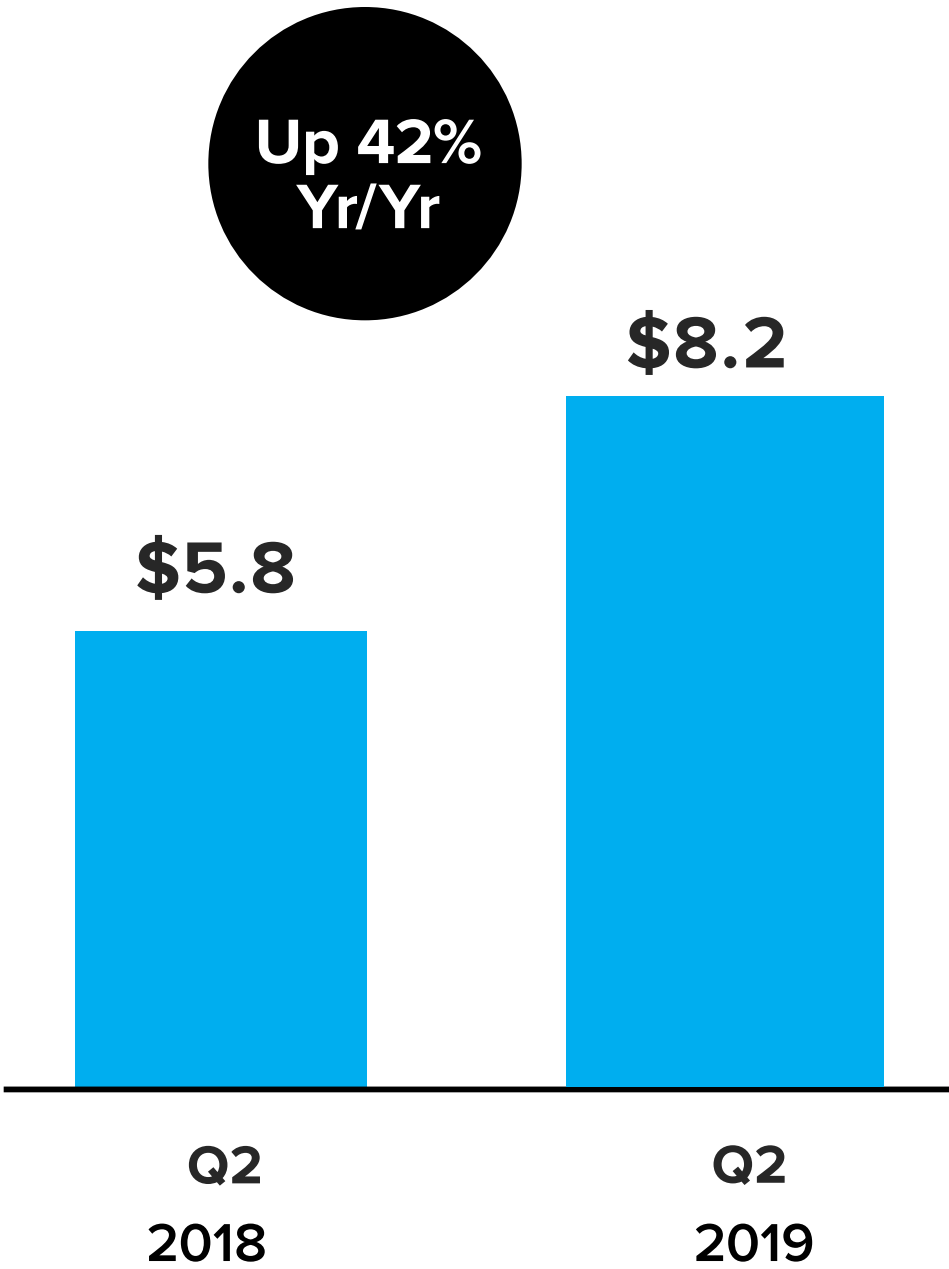
Adjusted EBITDA, Core Revenue and Contribution are Non-IFRS measures. A reconciliation can be found in the appendix.



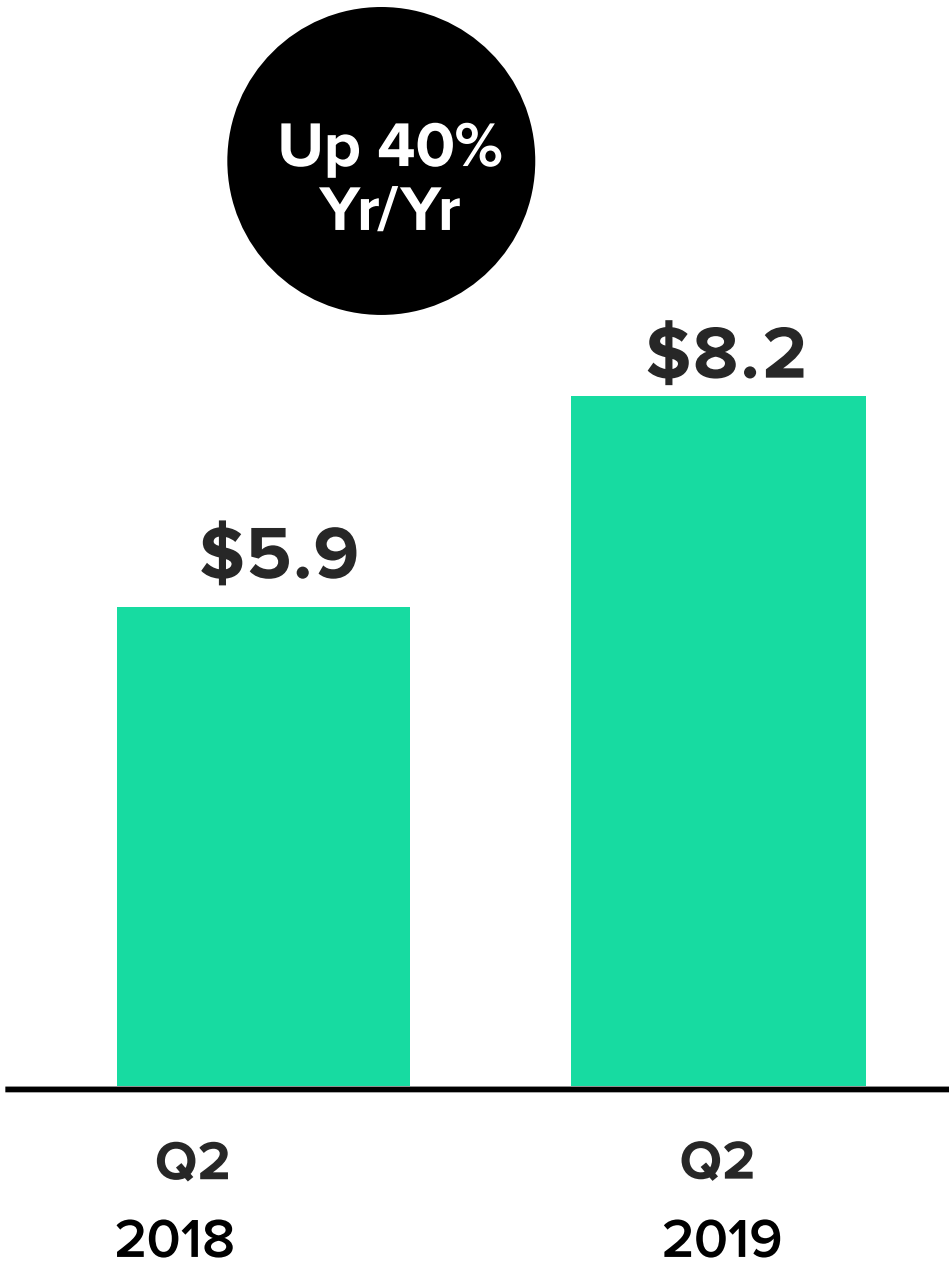
# Continued strong Core Revenue growth

Exited bitcoin mining in Q2 which  
represented 5% of revenue

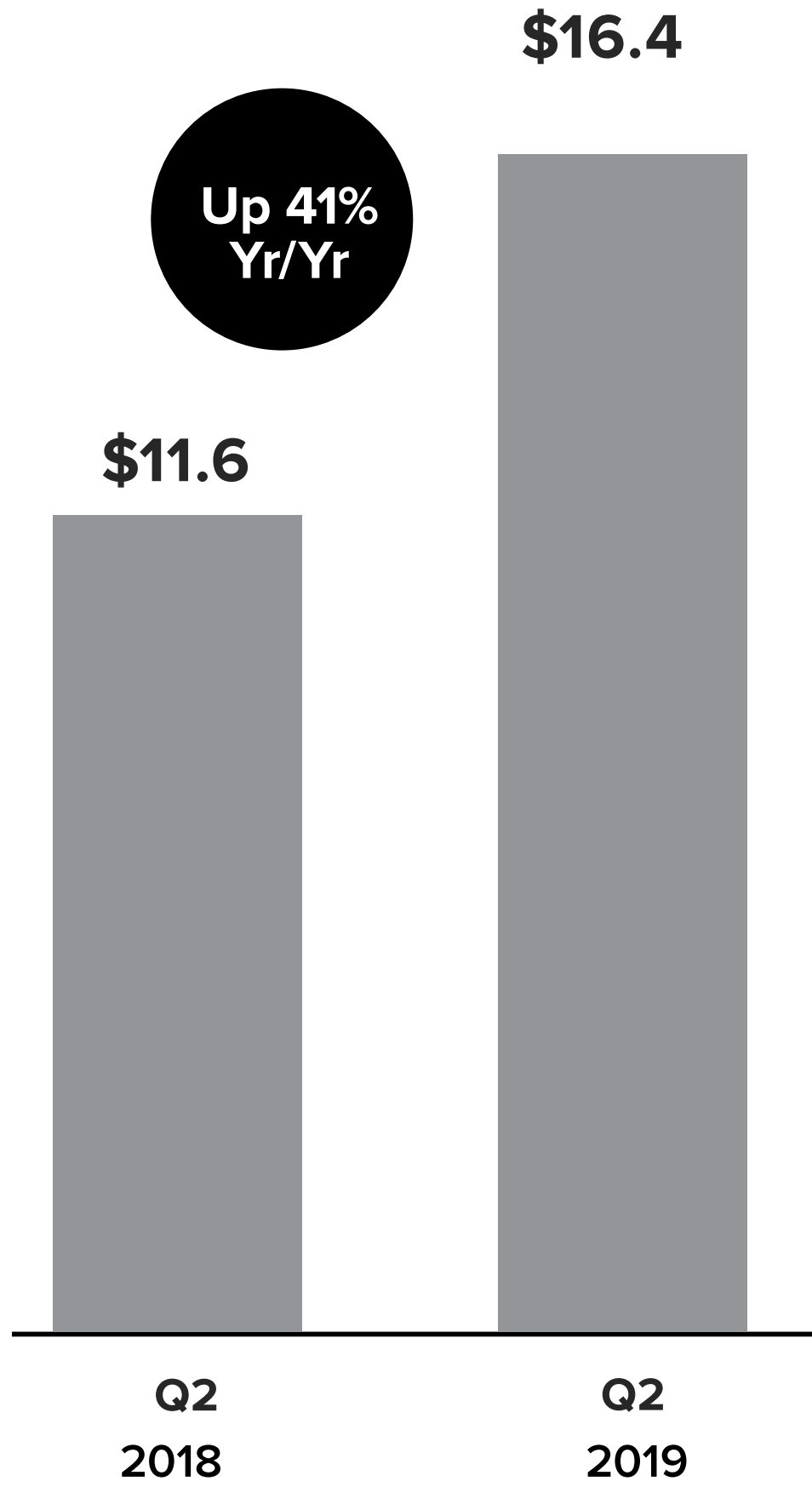
Subscription & Services  
Revenue  
(\$ in millions)



Interest Revenue  
(\$ in millions)



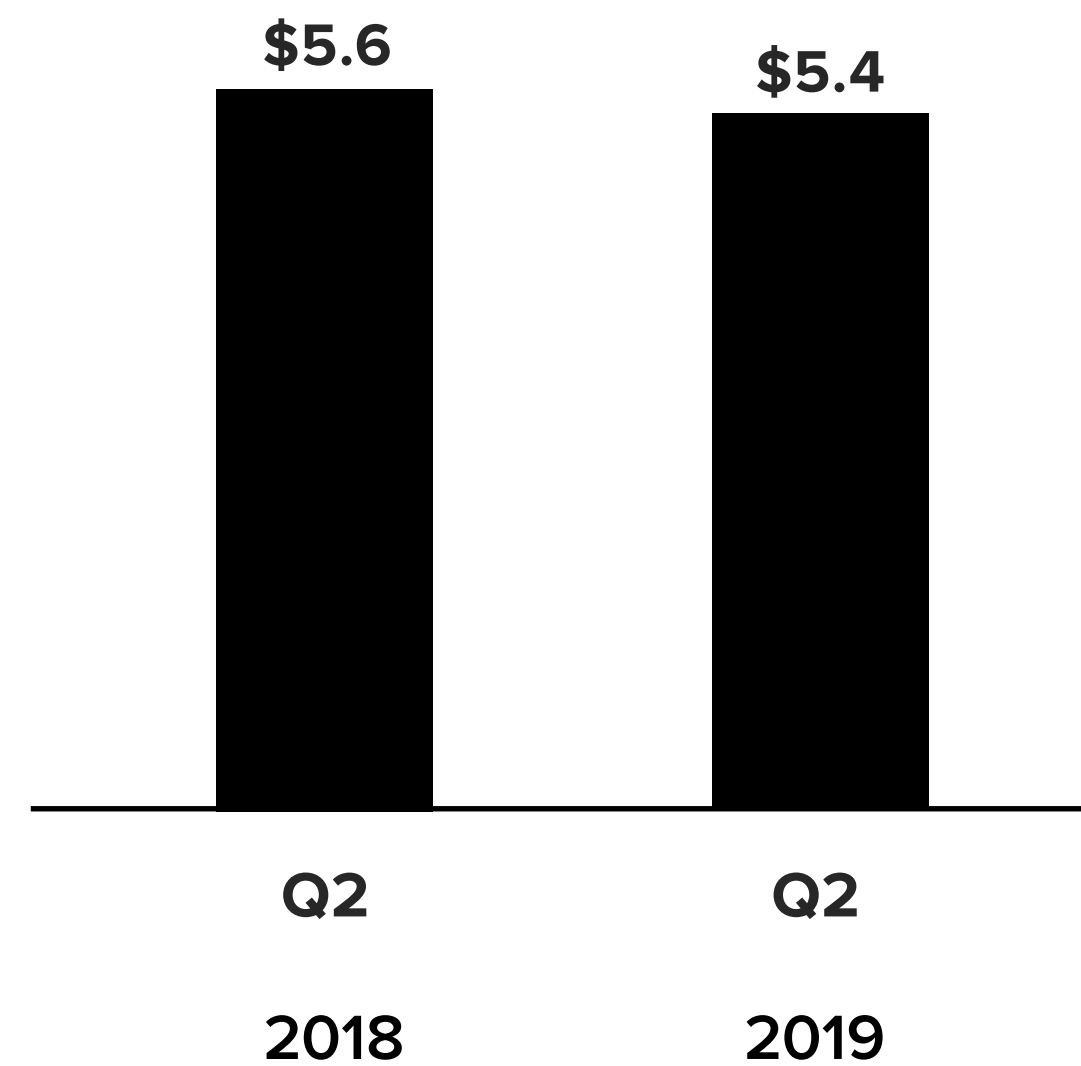
Core Revenue  
(\$ in millions)



Core Revenue includes Subscription & Services revenue and Interest revenue.

# Core profitability funding strong investment in Technology and Development

**Contribution**  
(\$ in millions)



**Technology & Development Spend**  
(\$ in millions)

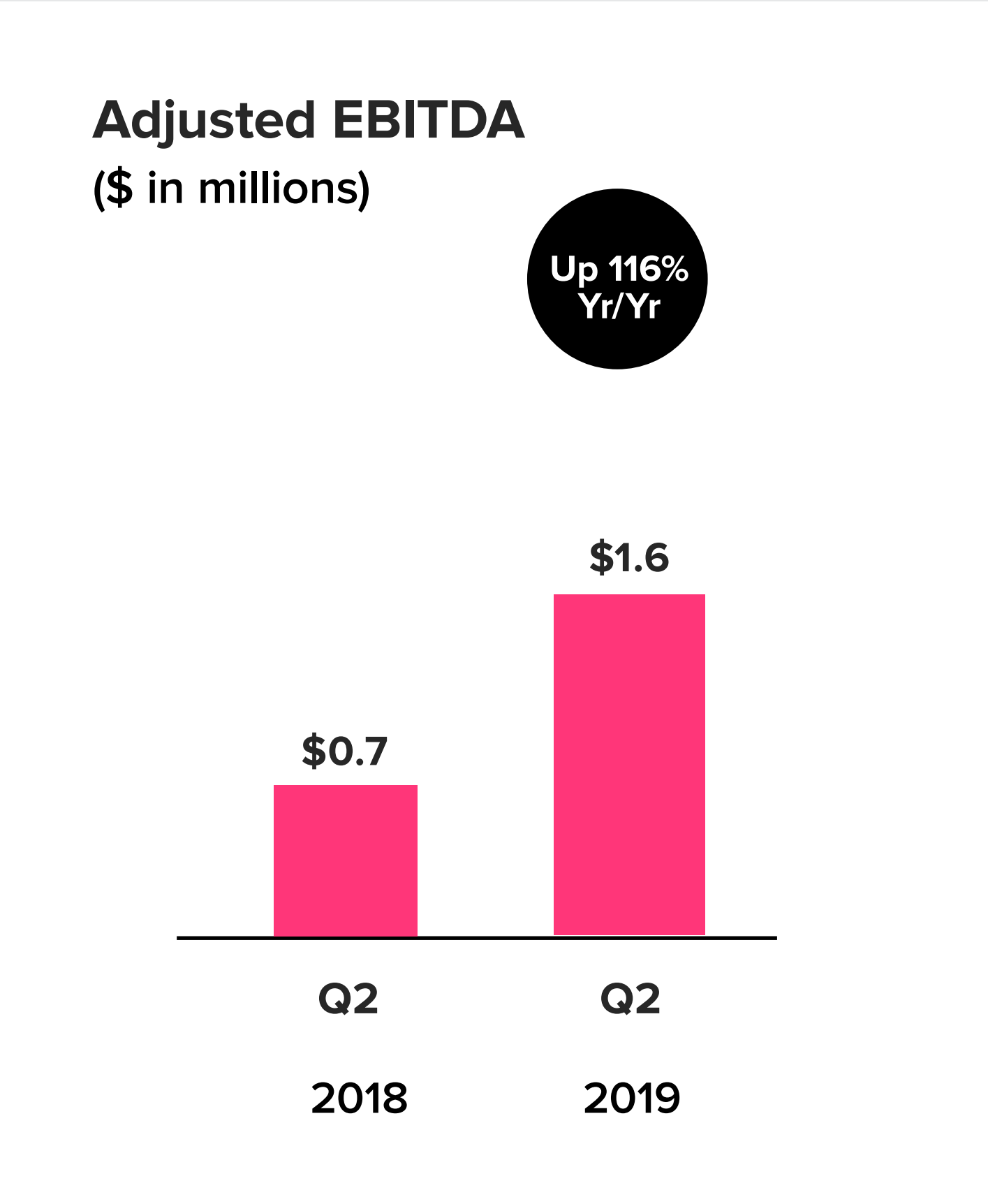


Contribution is a non-IFRS measure.



# Continued strong EBITDA performance

- Q2 net income of \$7.5MM



Adjusted Net Loss (\$ in millions)	\$(5.2)		\$(5.2)	
Operating CF before Investment in Receivables (\$ in millions)	\$2.2		\$1.4	
Net charge-off rate as % of average gross loans receivable - annualized	15.0%		16.8%	

Adjusted EBITDA, Operating cash flow before receivables and Adjusted Net Loss are non-IFRS measures.

# Partner lending shifts financial model to “Capital Lite”

- 100% recurring fee based revenue
- No capital requirements
- No credit risk
- No limits on scalability

	Direct Lending (On-balance Sheet)	Partner Lending <sup>1</sup>
Revenue Recognition	Interest Revenue	Subscription & Services Revenue
Origination Fee	\$0	Up front on origination (~50%)
Platform Fee	\$0	Recurring (~50%)
Capital Use	20 - 25% of loan funded from cash	N/A <sup>2</sup>
	75-80% of loan funded by credit facility	
Credit Risk	100%	N/A <sup>2</sup>

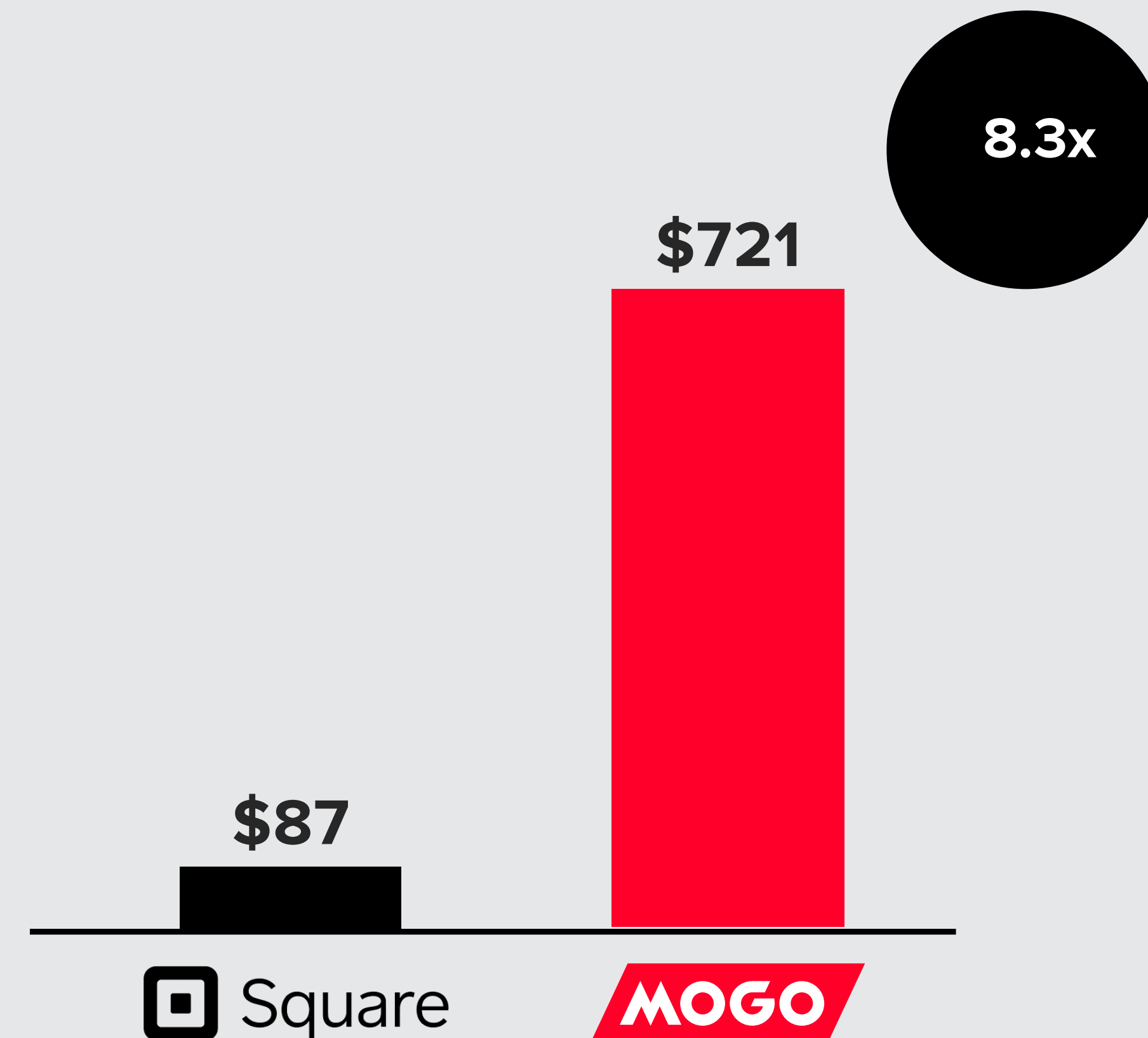
<sup>1</sup>Partner Lending expected to launch in 2019. <sup>2</sup>Partner funds capital and takes credit risk.



# Mogo's Best in class monetization model

Lending is core to Mogo's platform and 15 year history and represents one of the highest LTV products of consumer finance

Average Revenue per Monetized Member - Q2 2019 Annualized



Based on Squares Q2 earnings release estimate of monetizing 1/3 of their 18MM member base and monetizing approximately 10% of Mogo's member base.



# Acquisition significantly strengthens Mogo's balance sheet



(CAD\$ in millions unless noted)	Q1 2019	Q2 2019
<b>Balance Sheet</b>		
Cash	\$16.3	\$20.1
Investment Portfolio	-	\$21.8
Total Cash & Investment Portfolio	\$16.3	\$41.9
Convertible Debentures <sup>1</sup>	\$12.0	\$11.9
Non-convertible Debentures	\$41.7	\$42.5
Net Corporate Debt/(Cash & Investments) <sup>2</sup>	\$37.4	\$12.5
Shareholder Equity	(\$12.8)	\$13.9

<sup>1</sup> Convertible debentures convert at \$5 per share <sup>2</sup>Debt excludes credit facilities that und loan receivables



# Mogo's Investment Portfolio

Targeting consistent monetization over next 24 months.

First \$2MM monetization closed on June 28, 2019.



Book Value

Key Investments

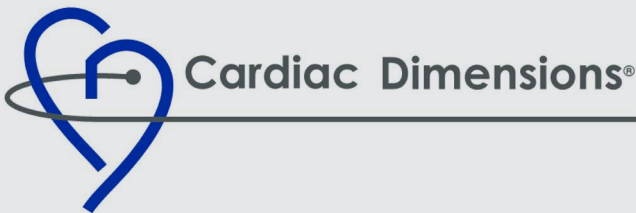
\$16MM



VISIONCRITICAL®

Other Investments

\$6MM



Waterloo Innovation Network LP

Total

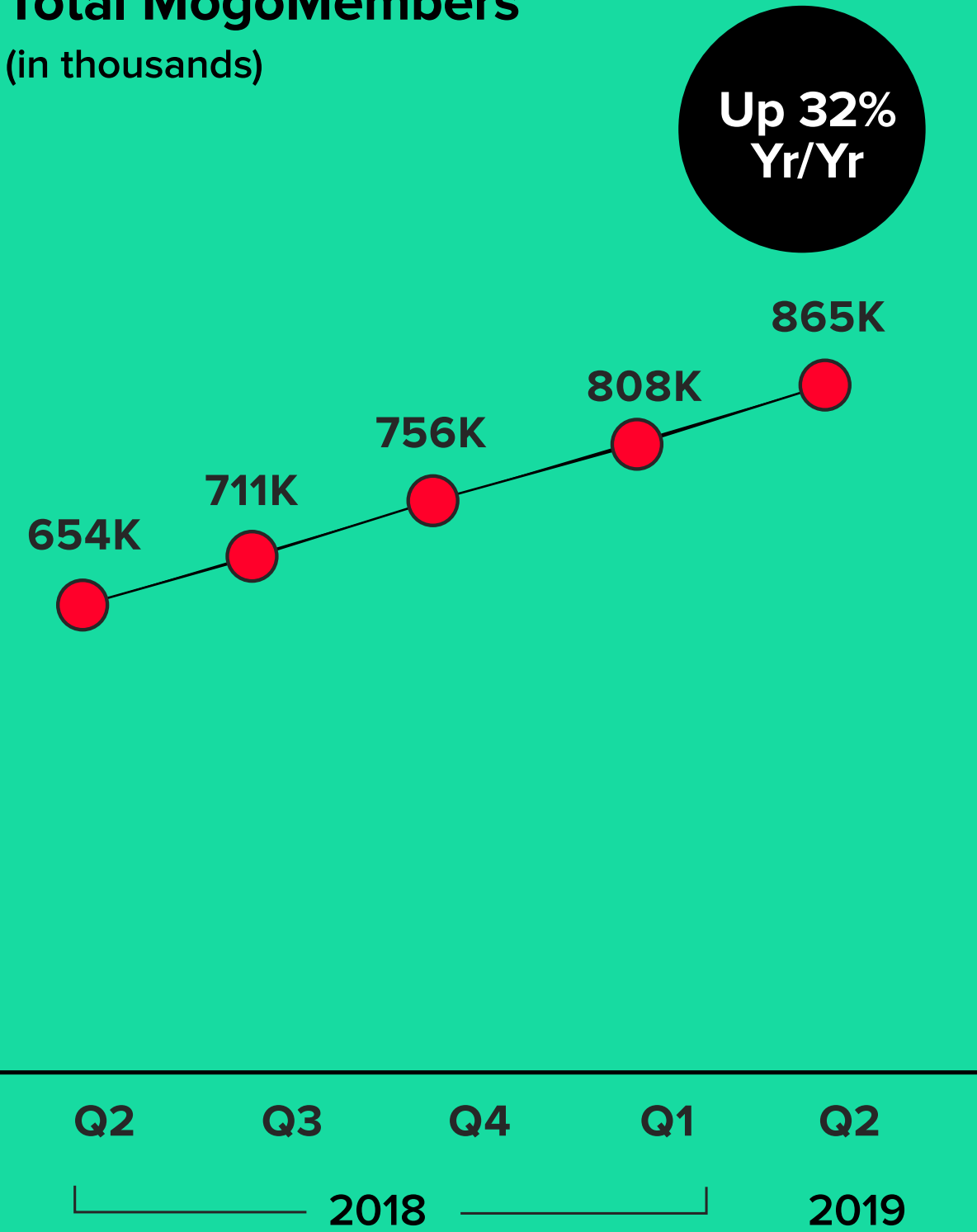
\$22MM

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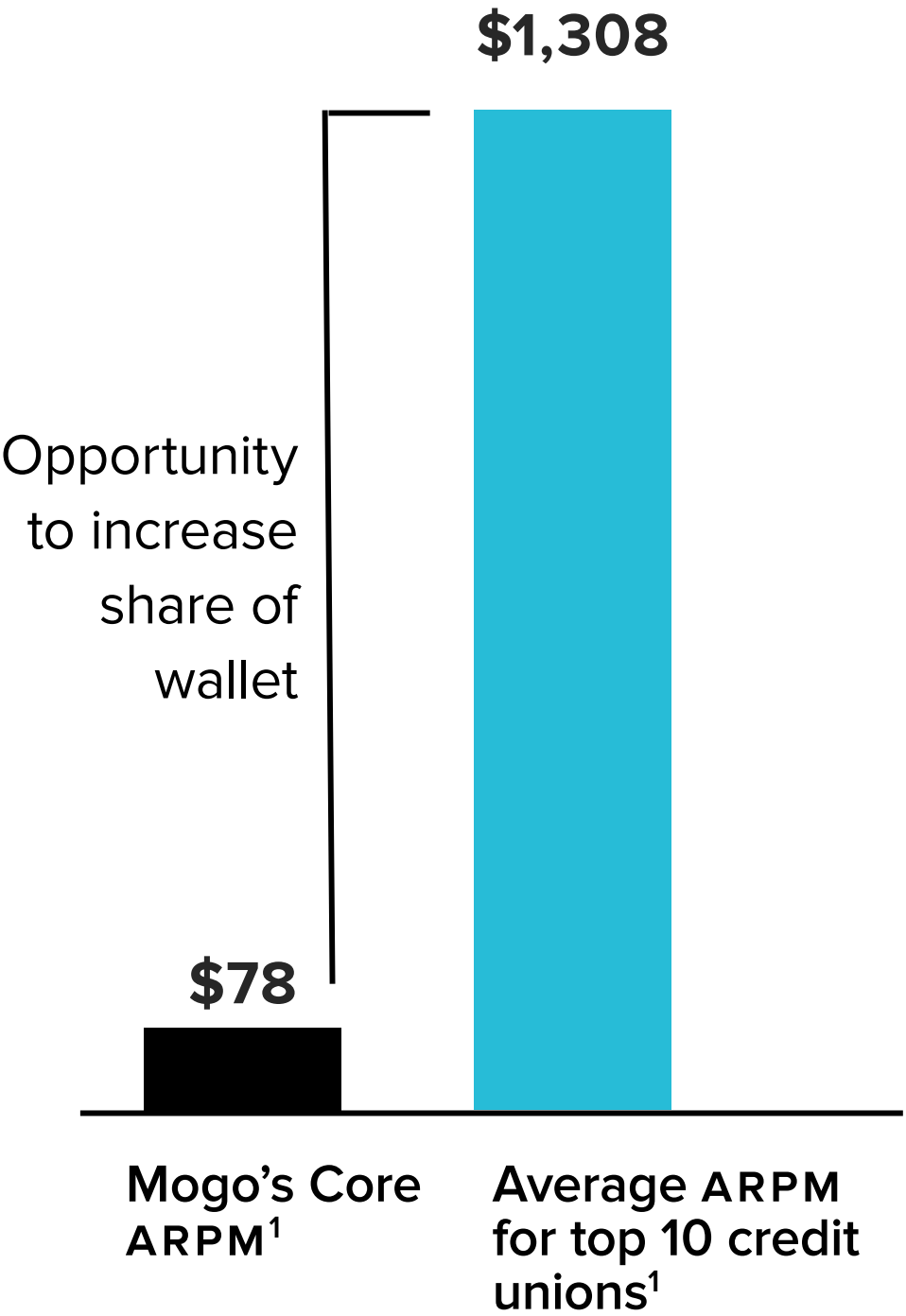


# Significant upside in model

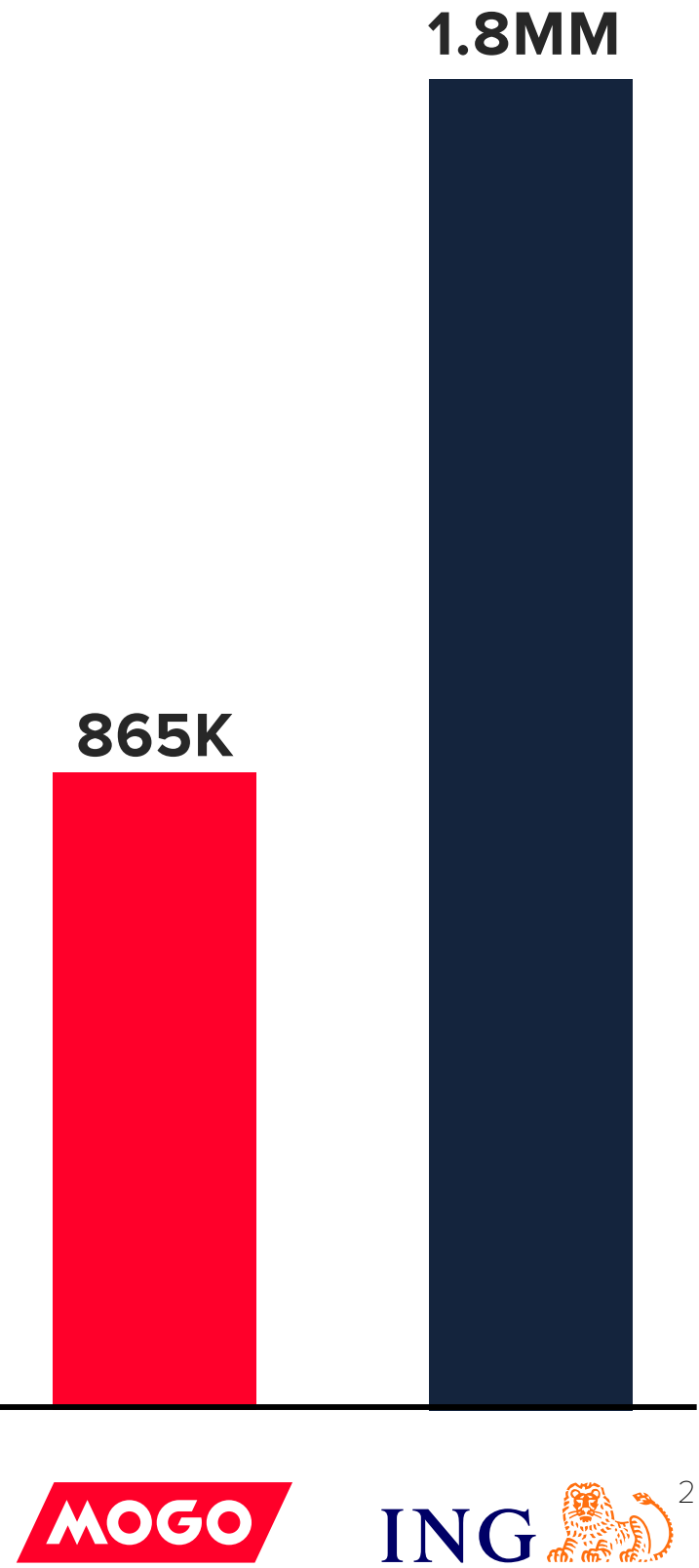
Total MogoMembers  
(in thousands)



Average Core Revenue Per Member  
(Annualized)



Members



<sup>1</sup>Canada's 10 largest credit unions by size of member base. Source for member numbers: Canadian Credit Union Association, "The Largest 100 Credit Unions", Fourth Quarter 2016. <sup>2</sup>Average Revenue per Member (ARPM) is calculated based on annual gross revenue before interest expense reported in the 2016 annual report for each company. <sup>3</sup>Mogo's Average Revenue Per Member (ARPM) is a non-IFRS financial measure and based on Annualized Q2 2019. <sup>4</sup>Based on number of customer account ING Direct had at the time it was sold to Scotiabank in 2012.





# Appendix



# Reconciliation of loss before income taxes to Adjusted EBITDA

(in \$000s)		
	Q2 2019	Q2 2018
<b>Loss before income taxes</b>	\$(5,005)	\$(3,950)
<b>Depreciation and amortization</b>	2,191	1,091
<b>Stock-based compensation</b>	259	292
<b>Credit facility interest expense</b>	2,658	1,972
<b>Debenture &amp; Other interest expense</b>	2,039	2,111
<b>Unrealized foreign exchange loss (gain)</b>	(128)	221
<b>One-time expenses</b>	185	120
<b>Unrealized loss (gain) on derivative liability</b>	39	(1,554)
<b>Adjusted EBITDA</b>	\$2,238	\$303

# Reconciliation of Adjusted Net Loss

(in \$000s)	Q2 2019	Q2 2018
<b>Loss before income taxes</b>	\$(5,005)	\$(3,950)
<b>Stock-based compensation</b>	259	292
<b>Unrealized foreign exchange loss (gain)</b>	(128)	221
<b>Unrealized loss (gain) on derivative liability</b>	39	(1,554)
<b>One-time expenses</b>	185	120
<b>Adjusted Net Loss</b>	\$(4,650)	\$(4,871)



# Reconciliation of charge-off net of recoveries to charge-off rate

(in \$000s)	Q2 2019	Q2 2018
Loans charged off	\$4,420	\$3,310
Recoveries	\$(450)	\$(473)
Charge-off net of recoveries	\$3,970	\$2,837
Gross loans receivable - opening balance	\$101,756	\$80,894
Gross loans receivable - ending balance	\$104,671	\$84,538
Simple average of the Gross loans receivable - opening/ending balance	103,214	82,716
Charge-off rate (annualized)	15.4%	13.7%

# Reconciliation of Contribution

(in \$000s)		
	Q2 2019	Q2 2018
Gross Profit	10,660	\$9,371
Credit Facility Interest Expense	2,658	1,972
Customer Service & Operations Expenses	1,973	2,058
Contribution	6,029	5,341



# Reconciliation of core revenue and core average revenue per member

	Q2 2019	Q2 2018
Revenue (\$000s)	\$16,351	\$14,333
Less: Loan fees	\$-	\$(3,945)
Core Revenue	\$16,351	\$10,388
Number of Mogo members - opening (000s)	756	544
Number of Mogo members - ending (000s)	808	604
Simple average of numbers of Mogo members - opening/ending (000s)	782	574
Core average revenue per member (annualized)	\$84	\$72