



# R U L E Y O U R F I N A N C E S

## Q2 2018 Investor Presentation

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August 2018



# Safe Harbor 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 annual information form dated March 6, 2018, for the year ended December 31, 2017, and the Company’s short form base shelf prospectus dated June 15, 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 MD&A 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, 2018 and the notes thereto as well as our management’s discussion and analysis for the financial quarter ended June 30, 2018, 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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## MOGO'S MISSION

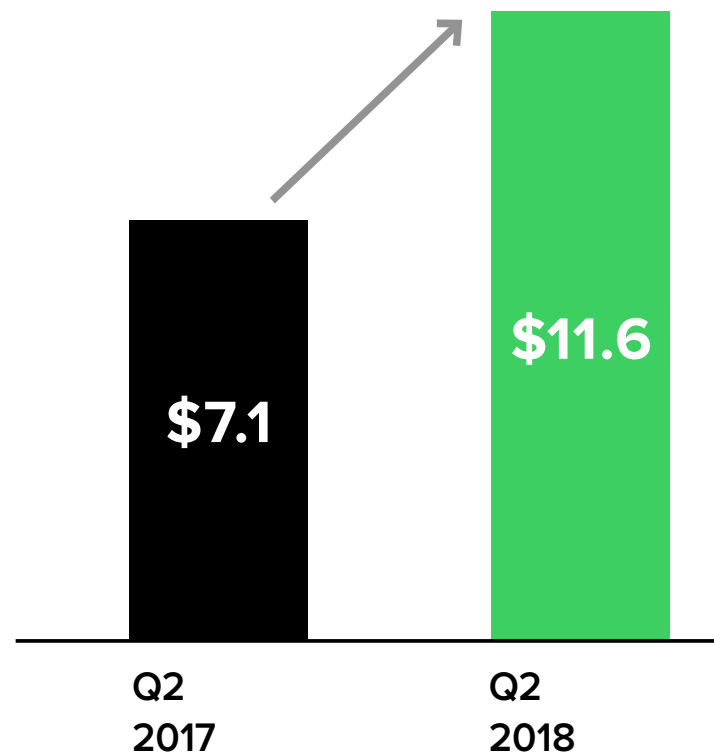
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**To make it easy for consumers to get  
in control of their financial health.**

# Q2 2018 Highlights

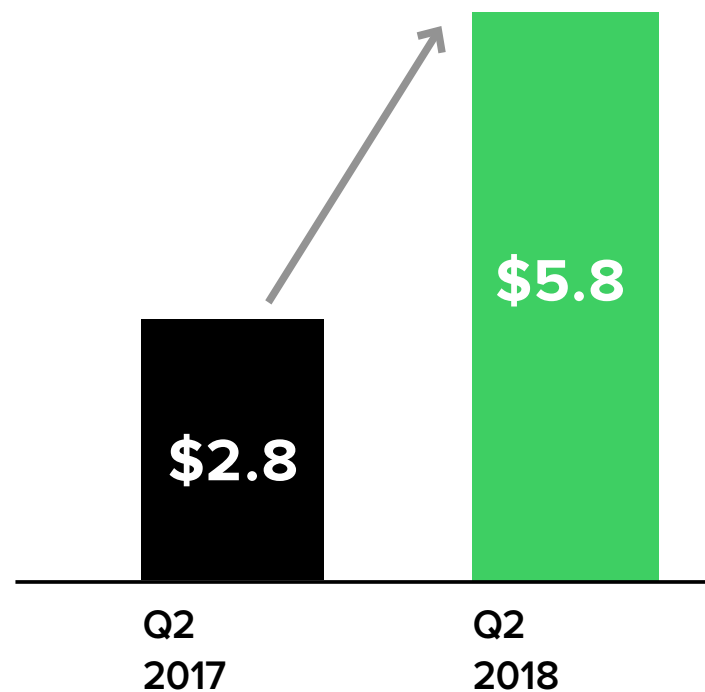
## Core Revenue

**64%  
Growth**



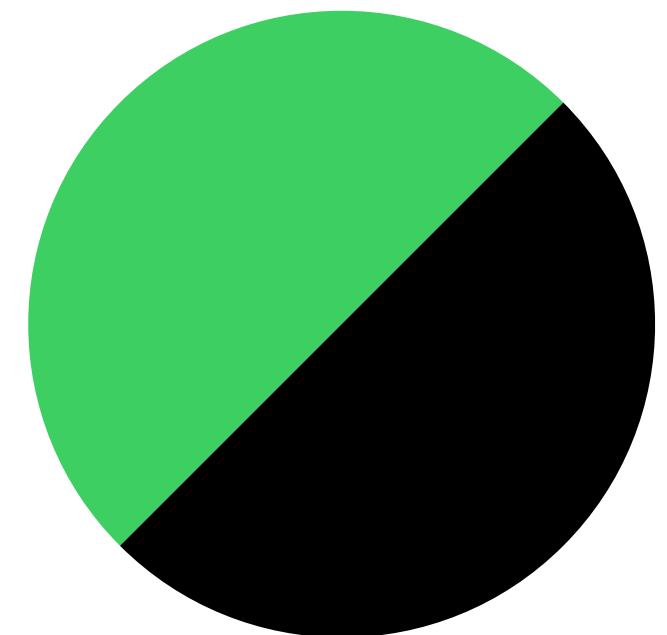
## Subscription and Services Revenue

**105%  
Growth**



## Core Revenue Mix

**50%** Subscription and Services



**50%** Interest Revenue

Core Revenue is a non-IFRS measure consisting of total revenue less loan fees associated with Mogo's legacy short term loan business. See appendix for a reconciliation.

# **“The world needs banking but it does not need banks.”**

**– Bill Gates**



# Shift from banking to digital financial health

Credit Score

credit karma™

Investing

robinhood  
wealthfront

Saving

acorns

P2P

Square  
venmo

Mortgage

ROCKET  
MORTGAGE  
by Quicken Loans

Lending

LendingClub  
SoFi

Spending

Square  
SIMPLE

Online Payment

Apple Pay  
PayPal

ID Fraud  
protection

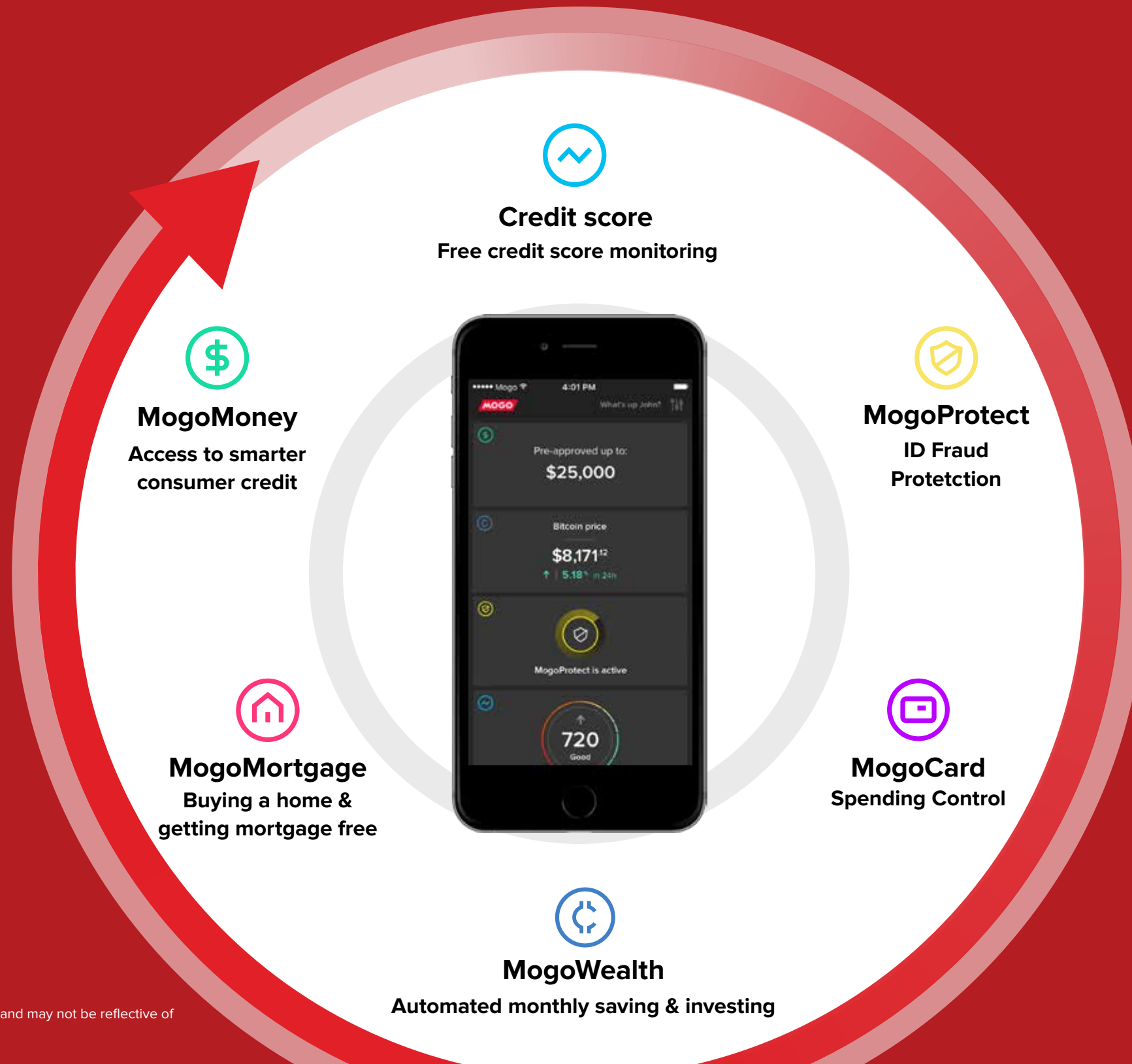
LifeLock™

Insurance

Lemonade™

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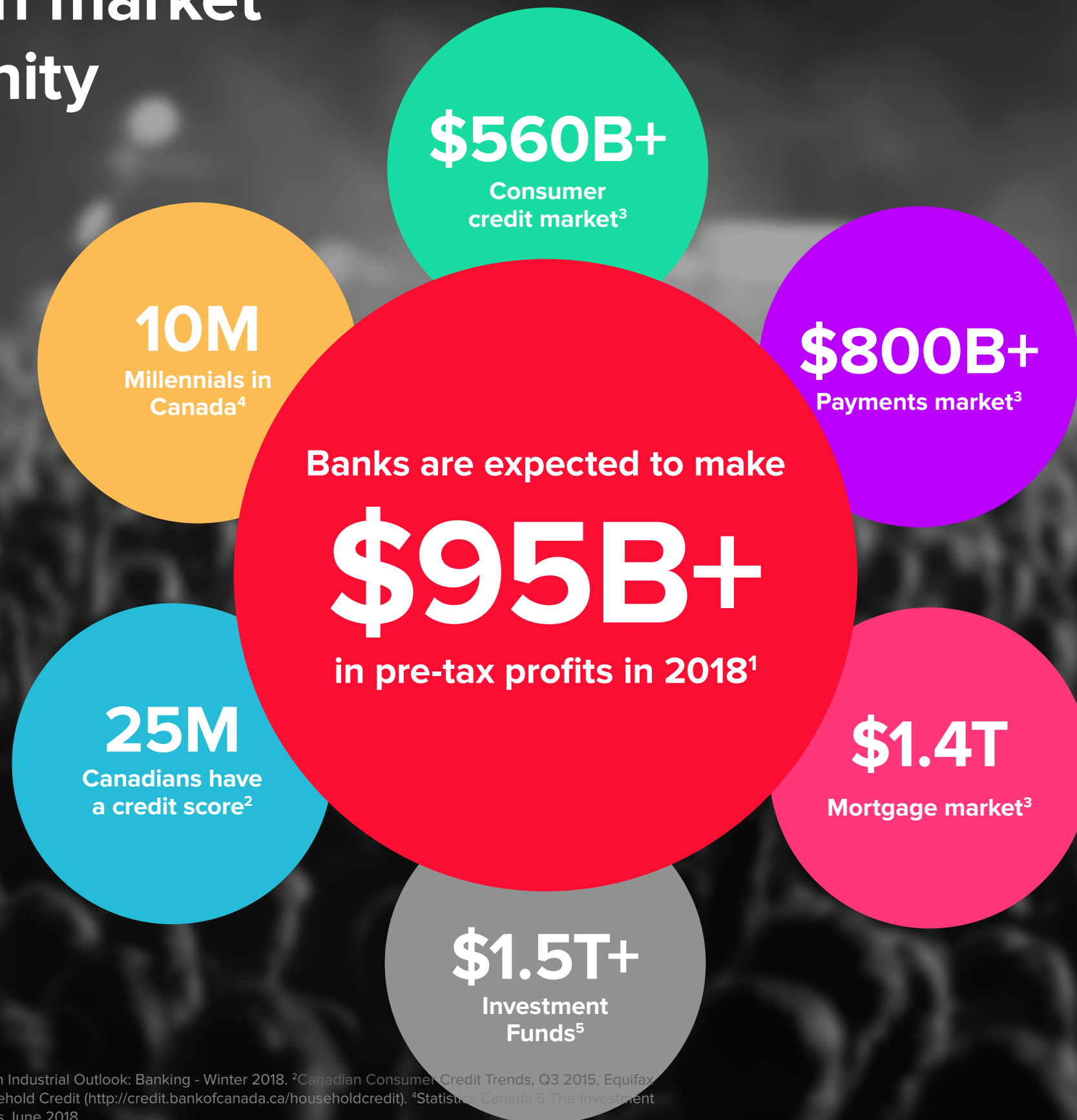
# Mogo: one app to manage your financial health



This is used for illustrative purposes only and may not be reflective of Mogo's future product roadmap.



# Canadian market opportunity (TAM)

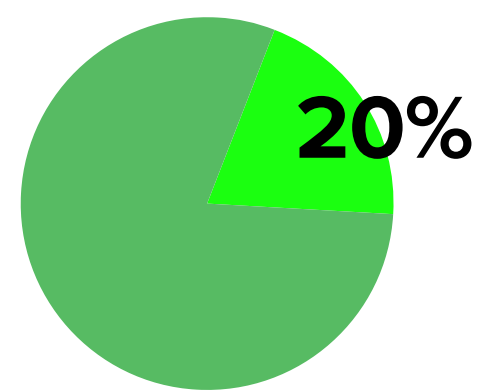


<sup>1</sup>The Conference Board of Canada: Canadian Industrial Outlook: Banking - Winter 2018. <sup>2</sup>Canadian Consumer Credit Trends, Q3 2015, Equifax Analytical Services. <sup>3</sup>Bank of Canada: Household Credit (<http://credit.bankofcanada.ca/householdcredit>). <sup>4</sup>Statistics Canada. <sup>5</sup>The Investment Funds Institute of Canada, Monthly Statistics June 2018.



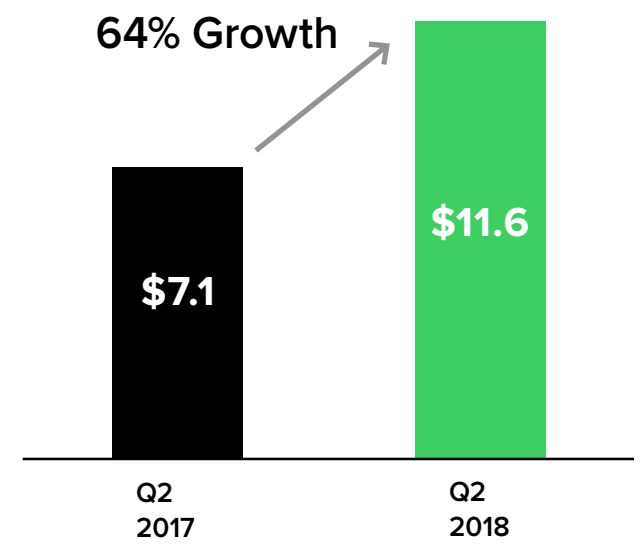
# Efficient brand building & customer acquisition

## Marketing Spend



Core Revenue

## Core Revenue



Extended strategic Postmedia partnership through 2020



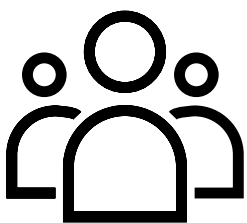
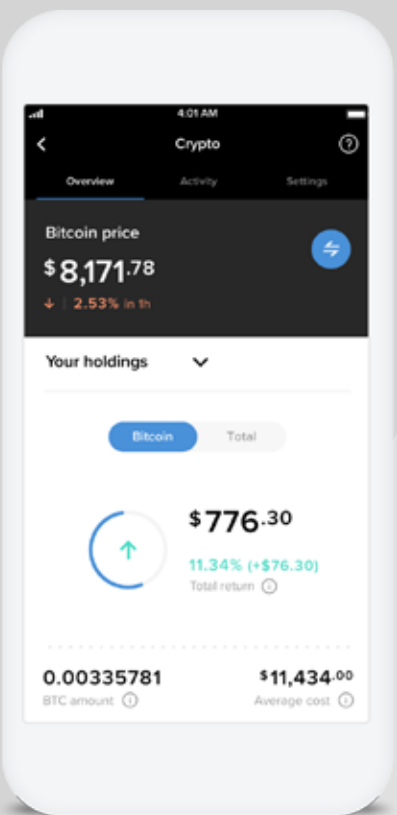
# Growth driven by R&D

## Improved user experience

Simplified onboarding

## New products

Buy and Sell Bitcoin

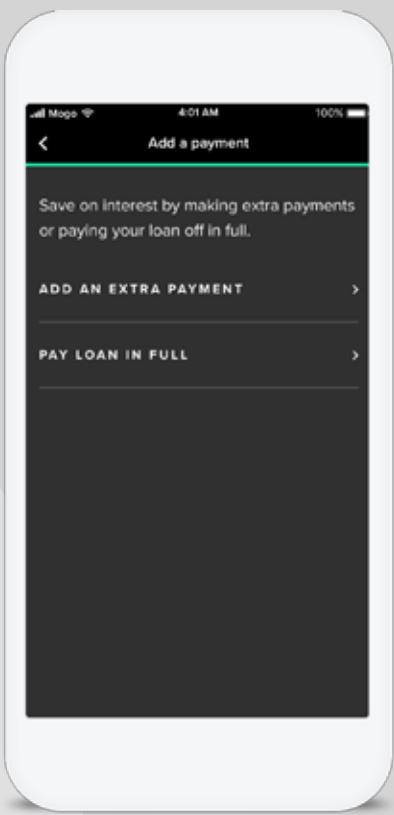


**100**

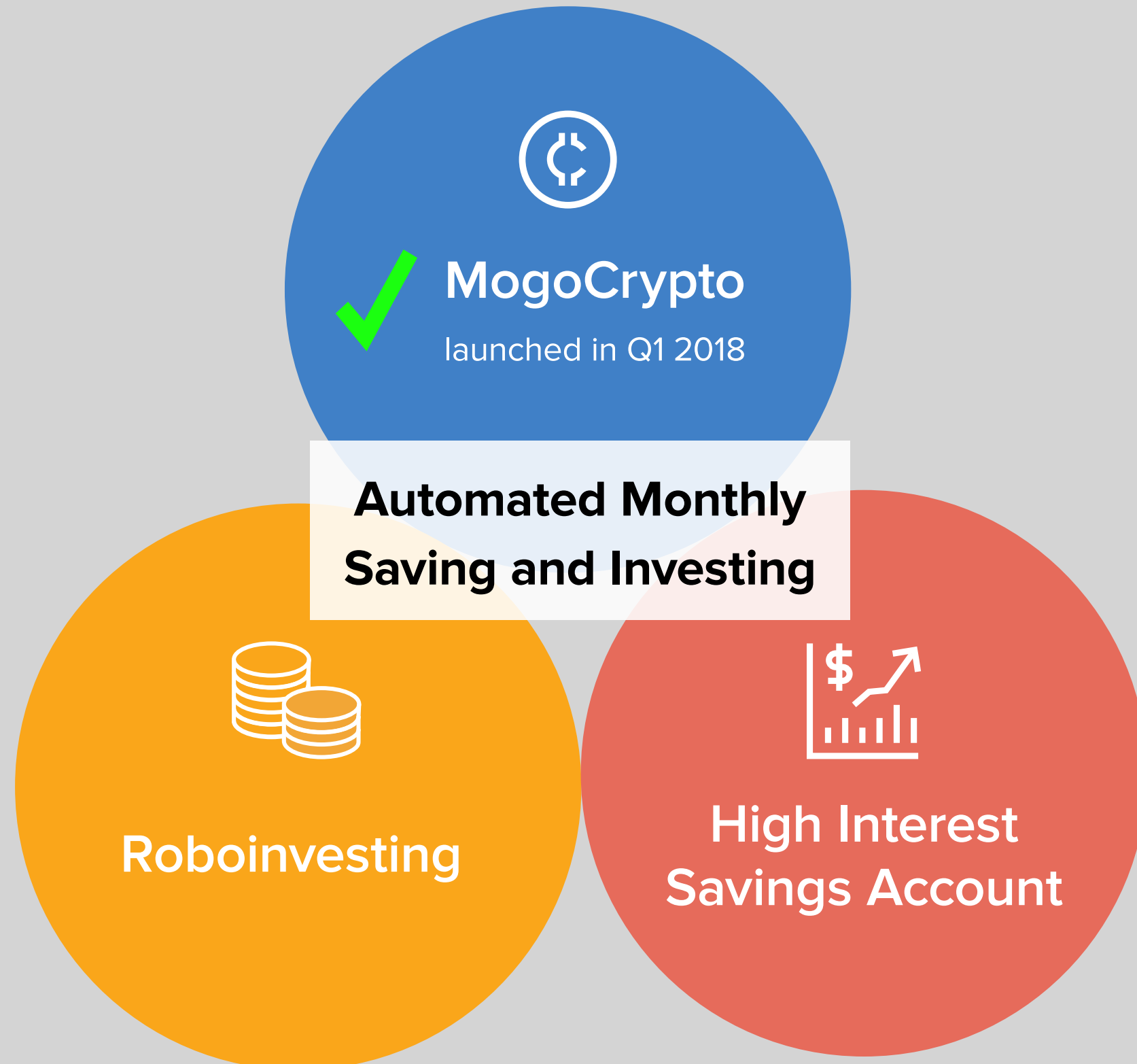
product development  
team members

## New features

In-App Loan Payments



# MogoWealth: newest product offering



This is used for illustrative purposes only and may not be reflective of Mogo's future product roadmap.





# Financial Results



# Q2 2018 Financial highlights



Core Revenue up

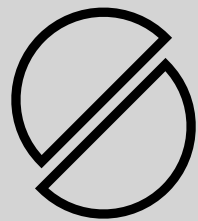
**64%** yr/yr

5<sup>th</sup> sequential quarter of  
accelerating growth



Subscription and Services  
Revenue up

**105%** yr/yr



Subscription and Services Revenue  
accounts for

**50%**

of Core Revenue



Grew active member  
base to over

**654K**

an increase of 49% yr/yr



Adjusted EBITDA<sup>1</sup> up 164% to

**\$734K**

Eighth consecutive positive quarter



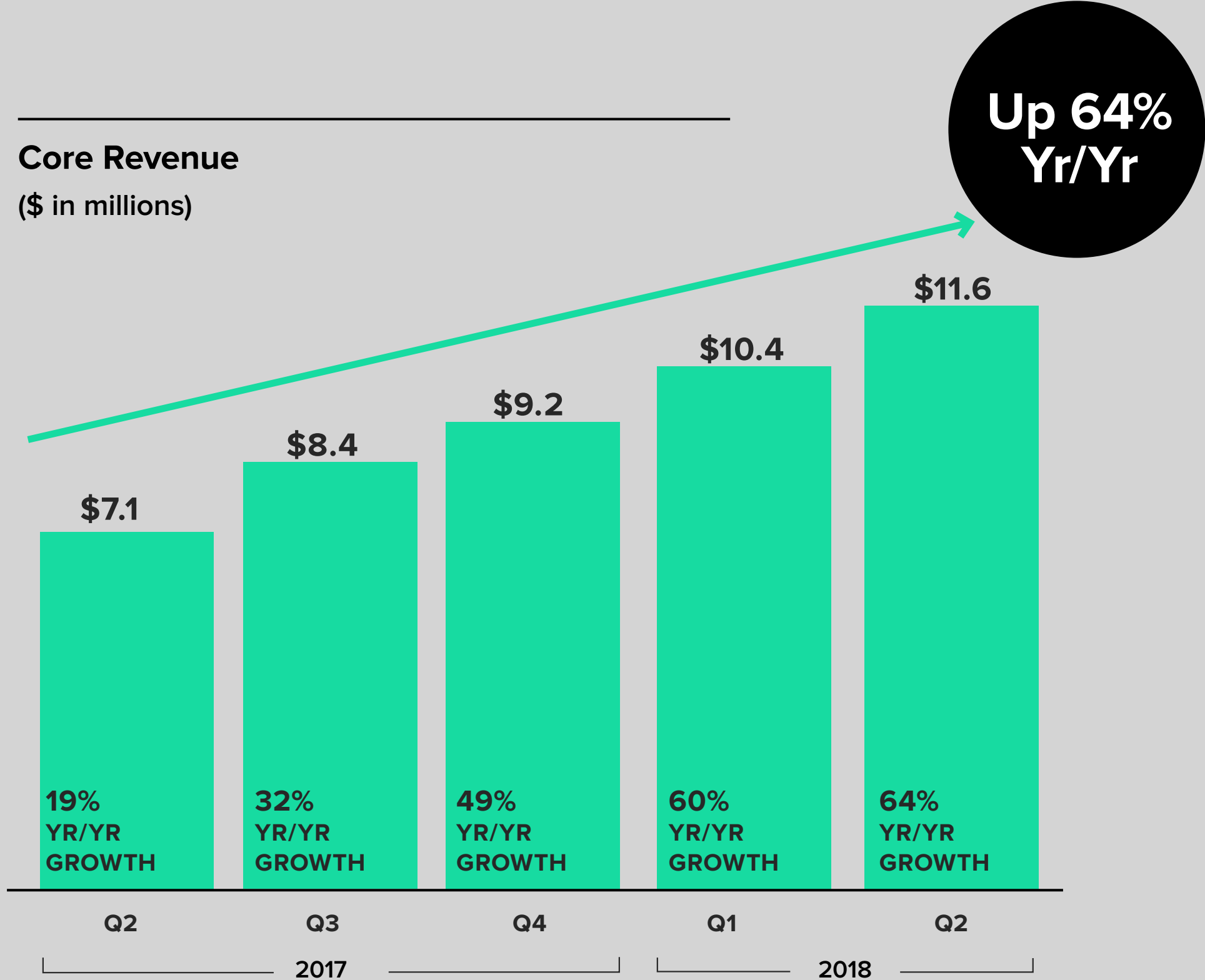
Strong liquidity position with

**\$31 MM**

cash at end of Q2 2018

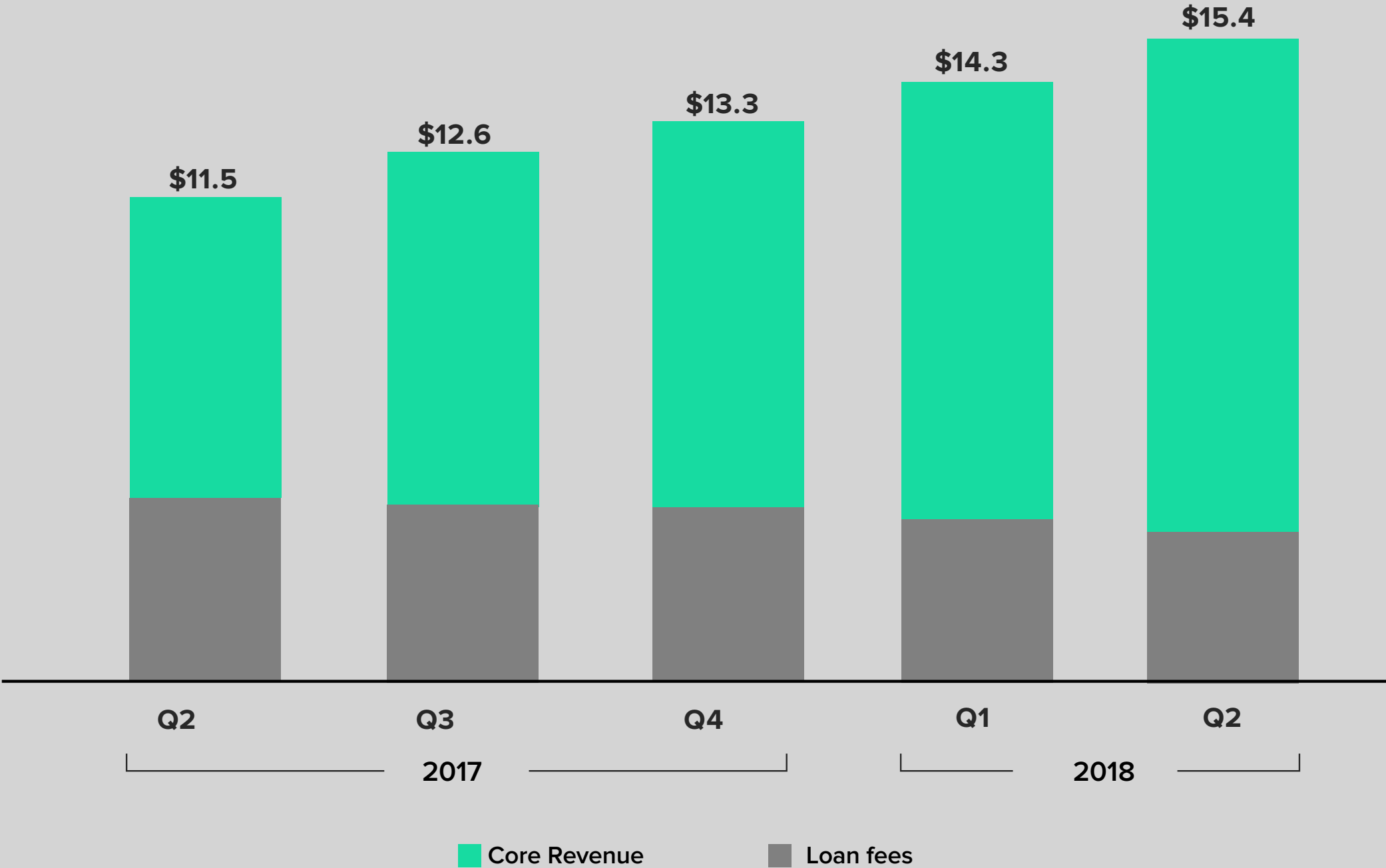
<sup>1</sup>Adjusted EBITDA is a non-IFRS measure. <sup>2</sup>Subject to certain conditions, see notes to financial statements and AIF.

# 5th quarter of accelerating Core Revenue growth



# Record quarterly total revenue

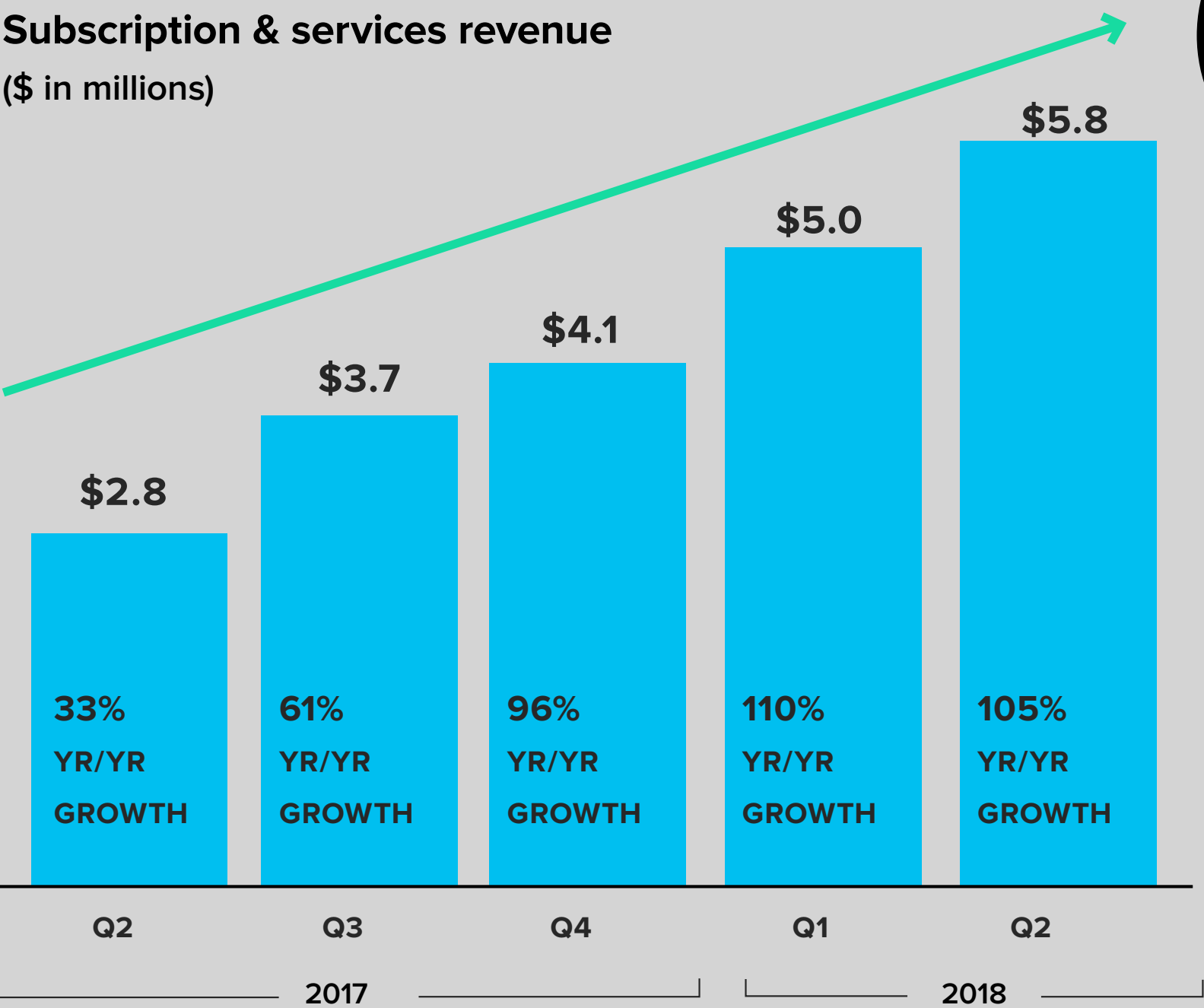
Total Revenue  
(\$ in millions)





# Driven by strong growth in subscription and services

Subscription & services revenue  
(\$ in millions)

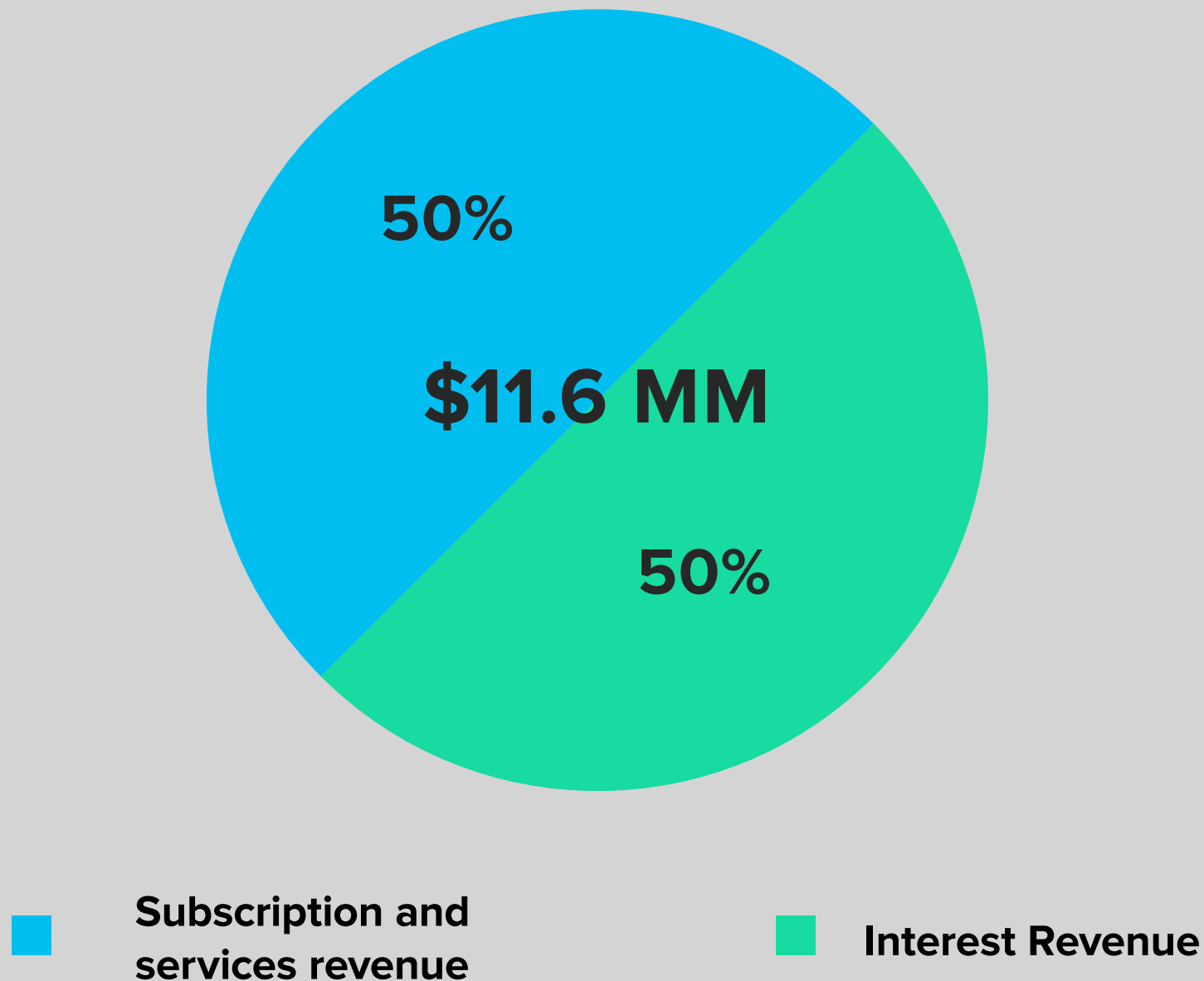


**Up 105%  
Yr/Yr**

# 50% of Core Revenue from Subscription & Services

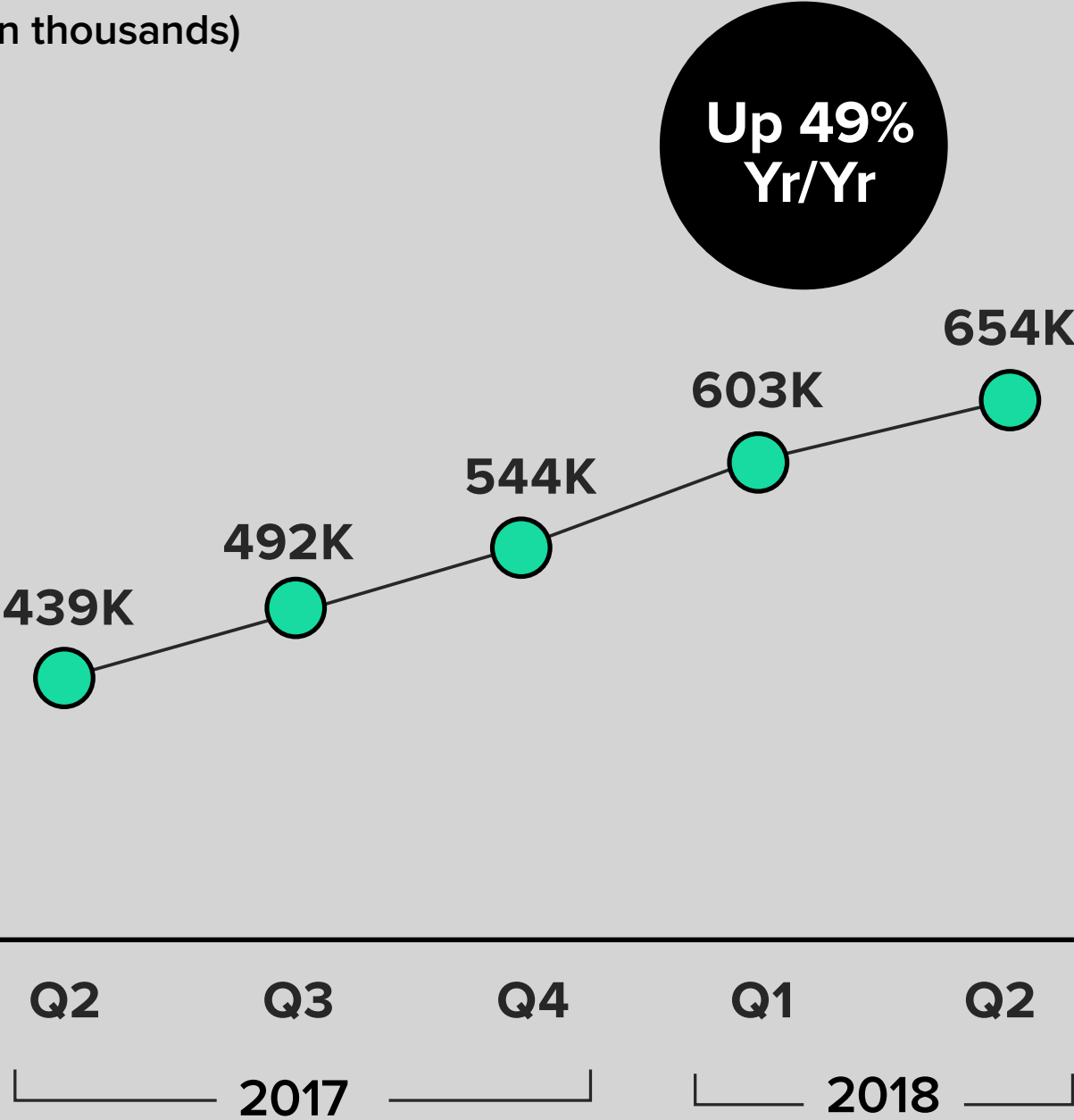
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Q2 2018 Core revenue

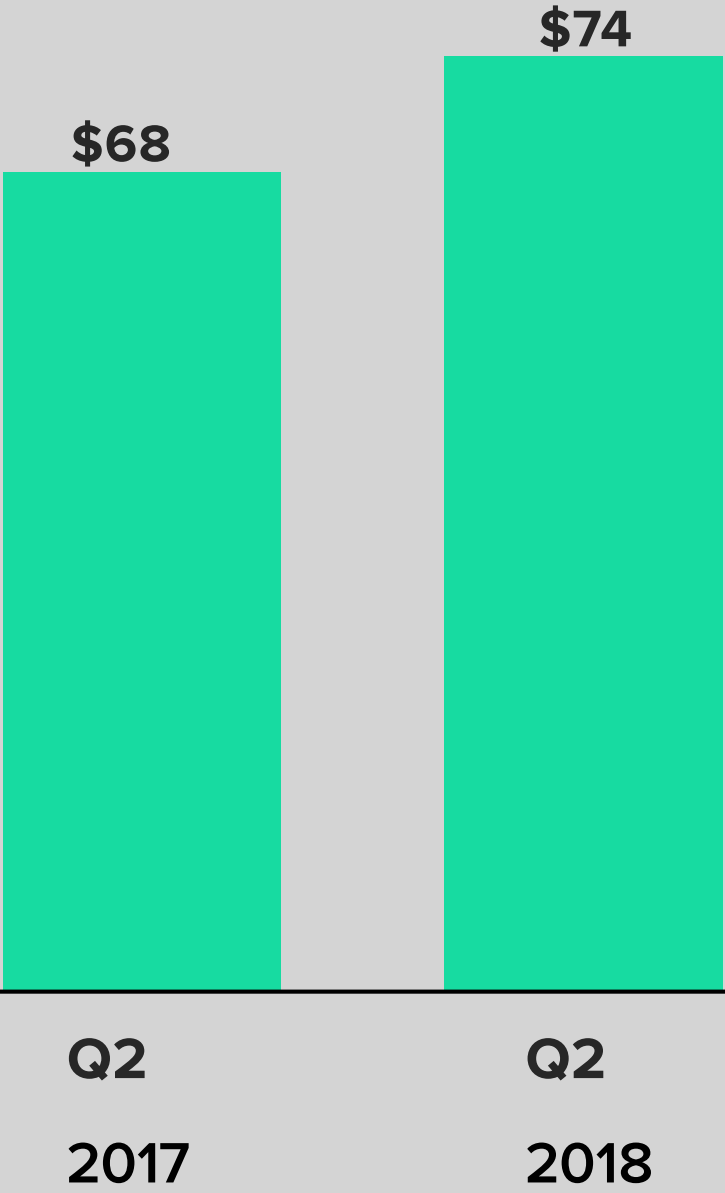


# Increasing monetization of growing member base

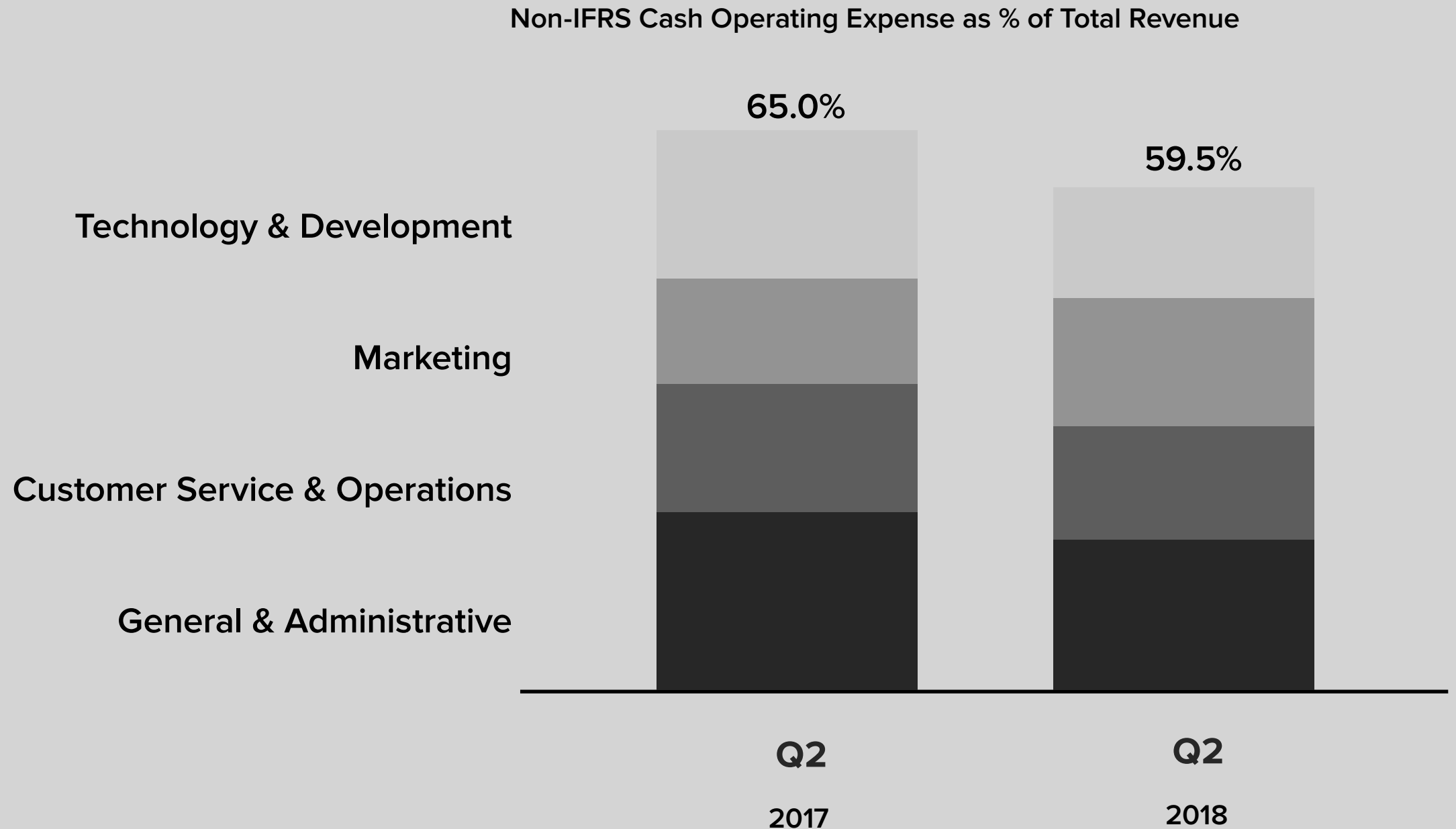
**Total MogoMembers**  
(in thousands)



**Core ARPM**



# Investing in growth while positioning for operating leverage

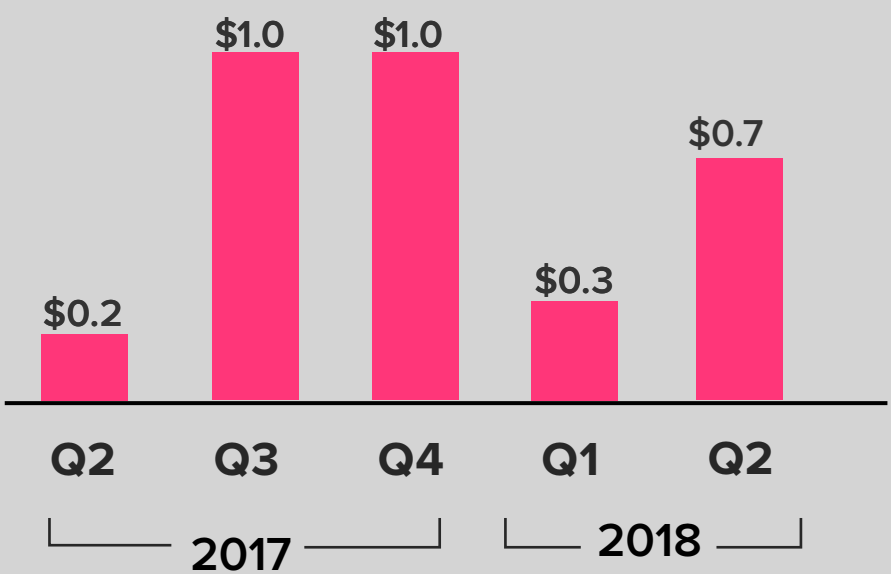


# Delivering strong Contribution and Adjusted EBITDA

Contribution  
(\$ in millions)



Adjusted EBITDA  
(\$ in millions)

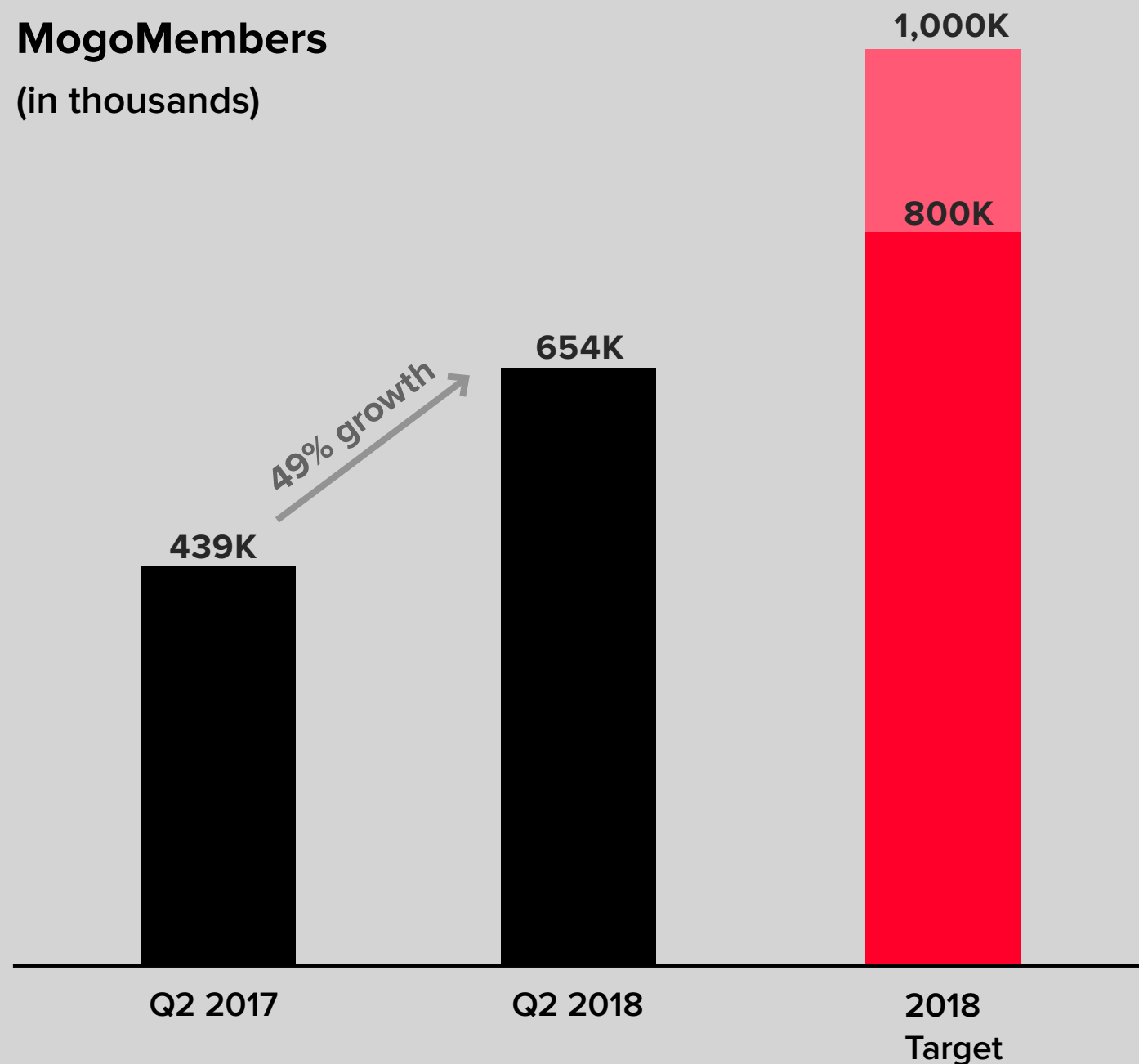


	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Adjusted Net Loss (\$ in millions)	\$(4.3)	\$(4.1)	\$(4.1)	\$(4.9)	\$(5.2)
Net charge-off rate as % of average gross loans receivable - annualized	15.5%	15.0%	13.1%	13.7%	15.0%

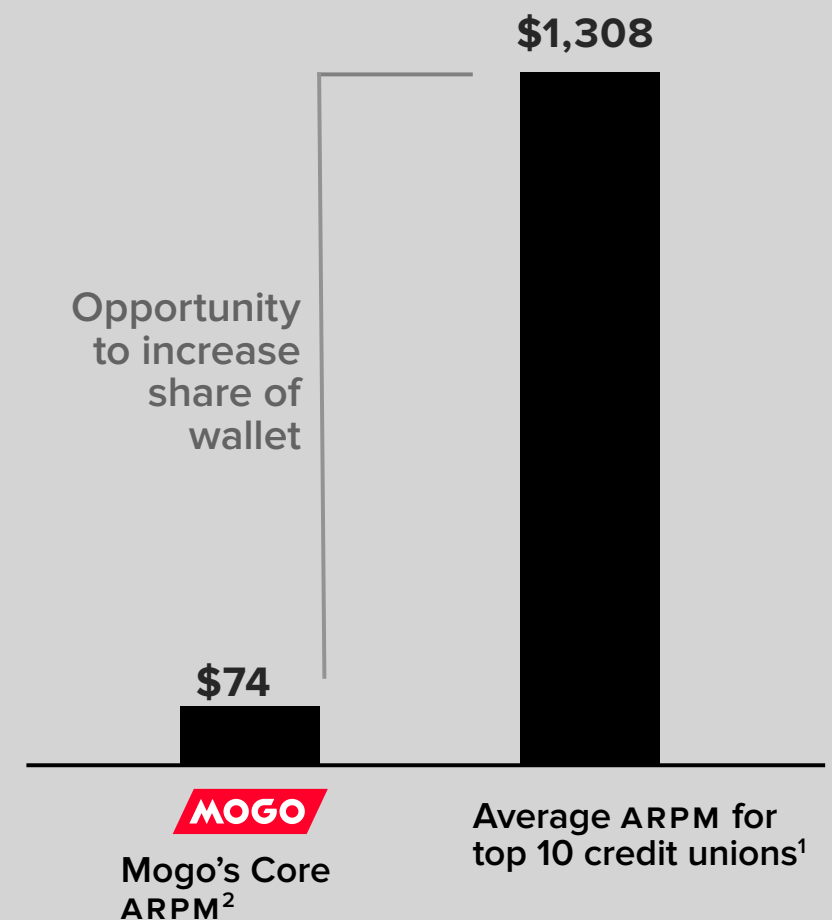
Adjusted EBITDA, Contribution and Adjusted Net Loss are non-IFRS measures. See Appendix for reconciliations.

# Significant opportunity to grow and increase monetization of member base

**MogoMembers**  
(in thousands)



**Average Revenue Per Member**



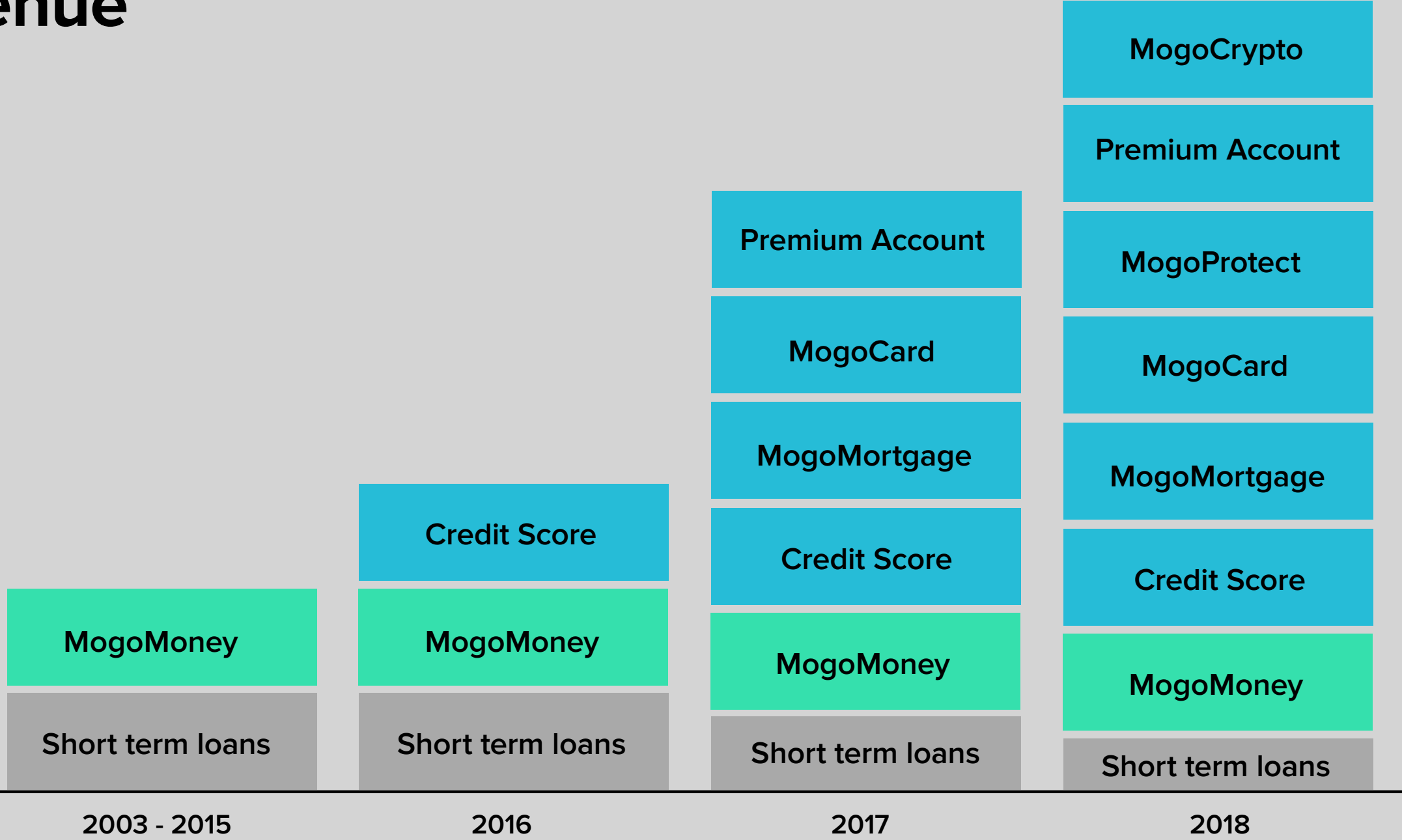
<sup>1</sup>Canada's 10 largest credit unions by size of member base. Source for member numbers: Canadian Credit Union Association, "The Largest 100 Credit Unions", Fourth Quarter 2016. <sup>2</sup>Average Revenue per Member (ARPM) is calculated based on annual gross revenue before interest expense reported 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 Q2 2018

# Appendix





# New products driving Subscription & services revenue



Online Lender



Multi-Product Fintech Platform



Products related to Subscription & services revenue



Products related to Interest revenue



Products related to Loan fees

# Reconciliation of loss before income taxes to Adjusted EBITDA

(in \$000s)

	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
<b>Loss before income taxes</b>	<b>\$(5,330)</b>	<b>\$(3,717)</b>	<b>\$(6,102)</b>	<b>\$(3,948)</b>	<b>\$(6,056)</b>
<b>Depreciation and amortization</b>	<b>985</b>	<b>1,099</b>	<b>1,086</b>	<b>1,091</b>	<b>1,872</b>
<b>Stock-based compensation</b>	<b>233</b>	<b>181</b>	<b>683</b>	<b>292</b>	<b>271</b>
<b>Credit facility interest expense</b>	<b>1,683</b>	<b>1,935</b>	<b>1,954</b>	<b>1,972</b>	<b>2,181</b>
<b>Corporate interest expense</b>	<b>1,790</b>	<b>2,085</b>	<b>2,059</b>	<b>2,111</b>	<b>1,915</b>
<b>Unrealized foreign exchange loss (gain)</b>	<b>(159)</b>	<b>(237)</b>	<b>75</b>	<b>221</b>	<b>211</b>
<b>One-time expenses</b>	<b>108</b>	<b>74</b>	<b>13</b>	<b>118</b>	<b>227</b>
<b>Unrealized loss (gain) on derivative liability</b>	<b>897</b>	<b>(406)</b>	<b>1,234</b>	<b>(1,554)</b>	<b>113</b>
<b>Adjusted EBITDA</b>	<b>\$207</b>	<b>\$1,014</b>	<b>\$1,002</b>	<b>\$303</b>	<b>\$734</b>

# Reconciliation of Adjusted Net Loss

(in \$000s)	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
<b>Loss before income taxes</b>	<b>\$(5,330)</b>	<b>\$(3,717)</b>	<b>\$(6,102)</b>	<b>\$(3,950)</b>	<b>\$(6,056)</b>
<b>Stock-based compensation</b>	<b>233</b>	<b>181</b>	<b>683</b>	<b>292</b>	<b>271</b>
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<b>One-time expenses</b>	<b>108</b>	<b>74</b>	<b>13</b>	<b>120</b>	<b>227</b>
<b>Adjusted Net Loss</b>	<b>\$(4,251)</b>	<b>\$(4,105)</b>	<b>\$(4,097)</b>	<b>\$(4,871)</b>	<b>\$(5,234)</b>

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

(in \$000s)	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
<b>Loans charged off</b>	3,169	3,158	3,058	3,310	3,742
<b>Recoveries</b>	(505)	(457)	(512)	(473)	(488)
<b>Charge-off net of recoveries</b>	2,664	2,701	2,546	2,837	3,254
<b>Gross loans receivable - opening balance</b>	67,549	69,553	74,718	80,894	84,538
<b>Gross loans receivable - ending balance</b>	69,553	74,718	80,894	84,538	89,069
<b>Simple average of the Gross loans receivable - opening/ending balance</b>	68,551	72,135	77,806	82,716	86,804
<b>Charge-off rate (annualized)</b>	15.5%	15.0%	13.1%	13.7%	15.0%

# Reconciliation of Contribution

(in \$000s)

	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
<b>Gross Profit</b>	<b>7,676</b>	<b>8,566</b>	<b>9,108</b>	<b>9,371</b>	<b>9,912</b>
<b>Credit Facility Interest Expense</b>	<b>(1,683)</b>	<b>(1,934)</b>	<b>(1,954)</b>	<b>(1,972)</b>	<b>(2,181)</b>
<b>Customer Service &amp; Operations Expenses</b>	<b>(1,818)</b>	<b>(1,734)</b>	<b>(1,773)</b>	<b>(1,961)</b>	<b>(1,953)</b>
<b>Contribution</b>	<b>4,175</b>	<b>4,898</b>	<b>5,381</b>	<b>5,438</b>	<b>5,778</b>

# Reconciliation of Total Opex to Cash Operating Expense as % of Revenue

(in \$000s)	Q2 2017	Q2 2018
<b>Total Operating Expenses</b>	<b>8,687</b>	<b>11,321</b>
<b>Items not affecting cash:</b>		
<b>Depreciation and amortization</b>	<b>(986)</b>	<b>(1,872)</b>
<b>Stock based compensation expense</b>	<b>(233)</b>	<b>(271)</b>
<b>Cash operating expense</b>	<b>7,468</b>	<b>9,178</b>
<b>Revenue</b>	<b>11,490</b>	<b>15,417</b>
<b>Cash operating expense as % of Revenue</b>	<b>65.0%</b>	<b>59.5%</b>

# Reconciliation of core revenue and core average revenue per member

	Q2 2017	Q2 2018
<b>Revenue (\$000s)</b>	<b>\$11,490</b>	<b>\$15,418</b>
<b>Less: Loan fees</b>	<b>(4,425)</b>	<b>(3,809)</b>
<b>Core Revenue</b>	<b>7,065</b>	<b>11,608</b>
<b>Number of Mogo members - opening (000s)</b>	<b>396</b>	<b>604</b>
<b>Number of Mogo members - ending (000s)</b>	<b>439</b>	<b>654</b>
<b>Simple average of numbers of Mogo members - opening/ending (000s)</b>	<b>418</b>	<b>629</b>
<b>Core average revenue per member (annualized)</b>	<b>\$68</b>	<b>\$74</b>