

Earnings Call Presentation

9M 2019



November 2019

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Presenters



Modestas Sudnius
Chief Executive Officer

- Modestas has been at Mogo Finance since 2013
- He started as country manager for Lithuania, where he established successful operations and subsequently in January 2018 was promoted to regional CEO for core markets of Mogo Finance in Latvia, Lithuania, Estonia, Georgia and Armenia
- In November 2018, he joined the Mogo Finance management team as CEO
- Prior to Mogo Finance, Modestas worked at international organizations, such as EY and EPS LT, UAB
- Modestas is a graduate of the Management program from ISM University of Management and Economics and also holds a Master's degree from the Stockholm School of Economics



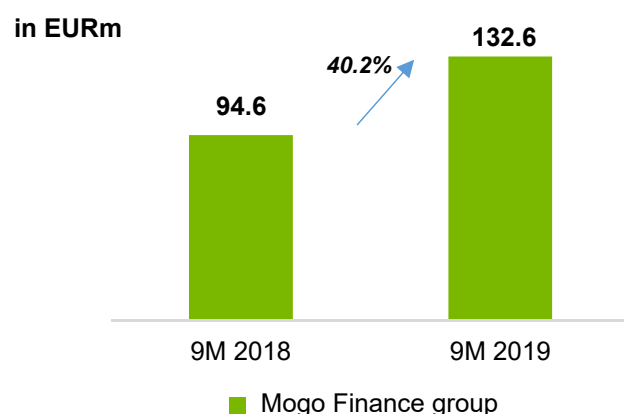
Maris Kreics
Chief Financial Officer

- Maris has been at Mogo Finance since 2015
- Before joining Mogo Finance he spent two years in a corporate finance role working for the largest telecommunications service company in Latvia – Tet (prev. Lattelecom). Before that, he spent seven years at PwC with two of them in New York, working exclusively on one of the largest S&P 500 Tech company's lead audit team, which was responsible for managing other audit teams globally
- Maris holds a Master's degree in Finance from BA School of Business and Finance
- Maris is a CFA Charterholder and a member of ACCA since 2011 (Fellow since 2016)

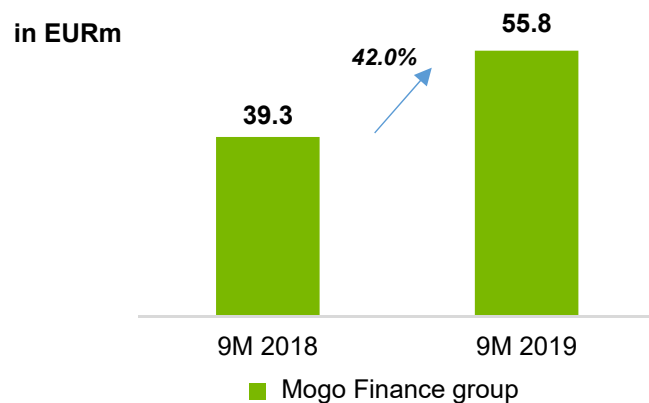
Operational highlights

Increase in issuances continue to drive strong results

Significant growth in loans issued



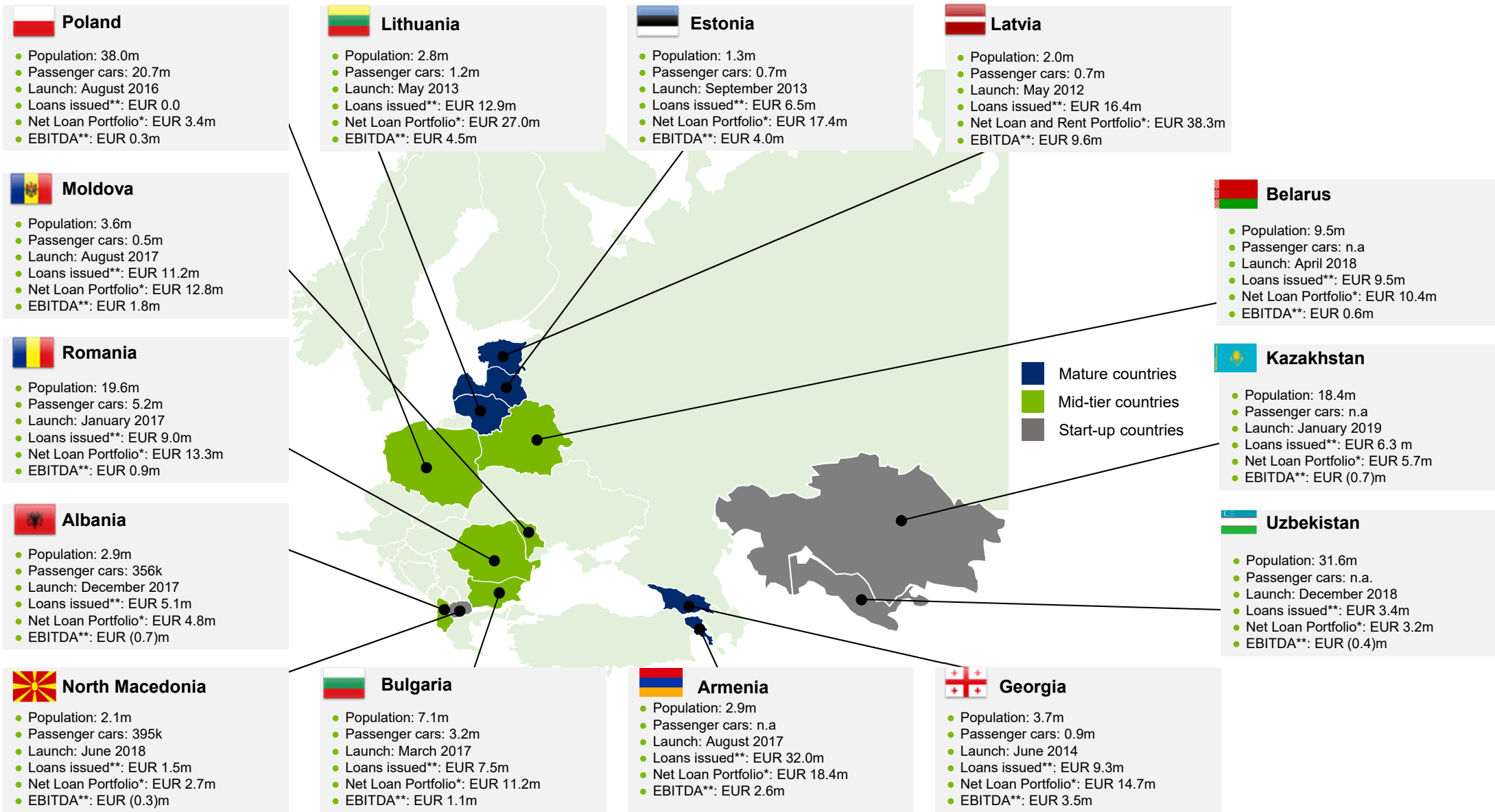
Stable growth in interest and similar income including income from used car rent



- ★ Interest and similar income, including income from used car rent grew by 42.0% equalling 55.8m (9M 2018: EUR 39.3m)
- ★ Number of active customers in mid-tier markets¹⁾ up significantly by approx. 100.0% to over 17,000 (31.12.2018: approx. 8,500)
- ★ Near-prime product launched in Latvia in cooperation with local Latvian bank
- ★ After the testing phase Mogo Finance decided to temporarily stop operations in Ukraine market
- ★ All of these operational highlights lead to a 82.1% increase in net profit for the period reaching EUR 5.1m (9M 2018: EUR 2.8m) and significant increase in EBITDA by 55.1% reaching EUR 22.8m (9M 2018: EUR 14.7m)

1) Mid-tier countries: Bulgaria, Moldova, Romania, Belarus and Albania. Excluding Poland due to the stopped issuances

Diversification of operations eliminating single market risk



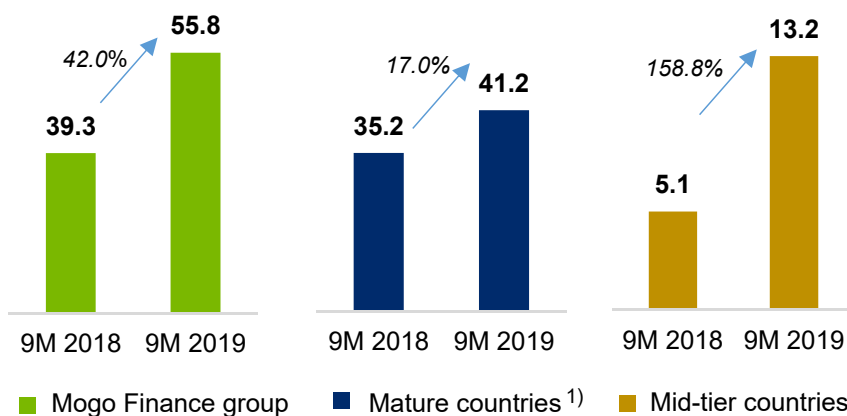
Source: Eurostat, International Organization of Motor Vehicle Manufacturers
 Note: Population data and passenger car data for 2016

* As at 30 September 2019 ** During the first 9 months of 2019

Financial highlights

Mid-tier markets deliver strong performance

Interest and similar income including income from used car rent

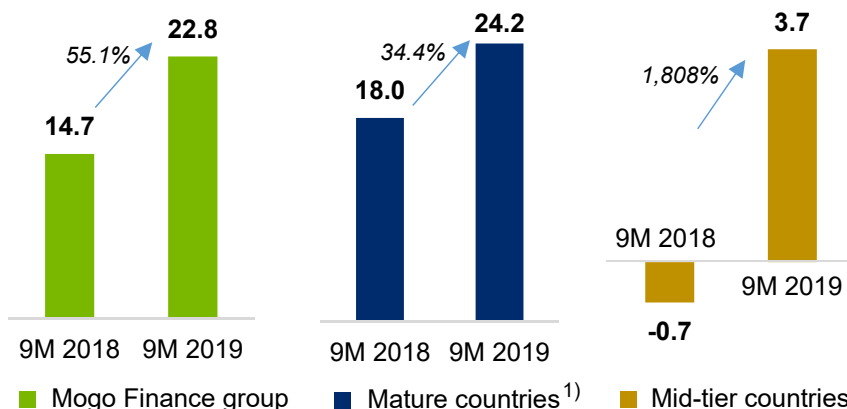


- Rapid growth in net interest income of 35.5% to EUR 37.8m (9M 2018: EUR 27.9m)

Mature and mid-tier countries:

- Significant increase in EBITDA by 34.4% and 1,808% to EUR 24.2m (9M 2018: EUR 18.0m) and EUR 3.7m (9M 2018: EUR -0.7m) in mature and mid-tier countries respectively
- Interest and similar income including income from used car rent up strongly by 17.0% and 158.8% to EUR 41.2m (9M 2018: EUR 35.2m) and EUR 13.2m (9M 2018: EUR 5.1m) in mature and mid-tier countries respectively

EBITDA improved notably

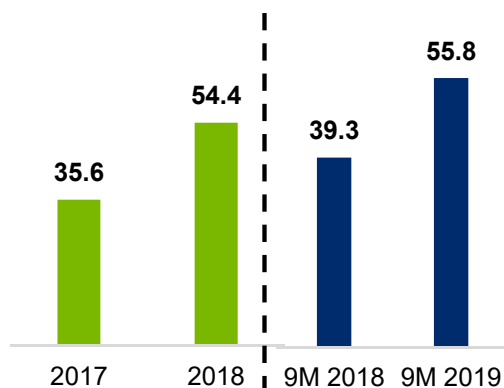


1) Mature countries: Latvia, Lithuania, Estonia, Georgia, Armenia

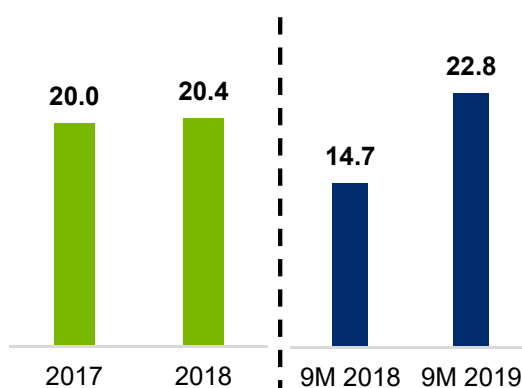
Financial highlights

9m 2019 results already exceed FY2018

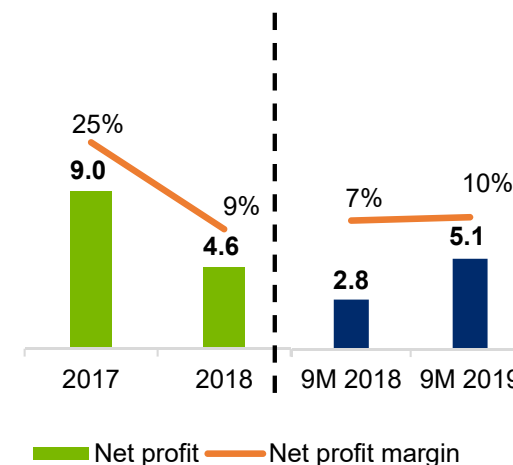
Revenue EUR m



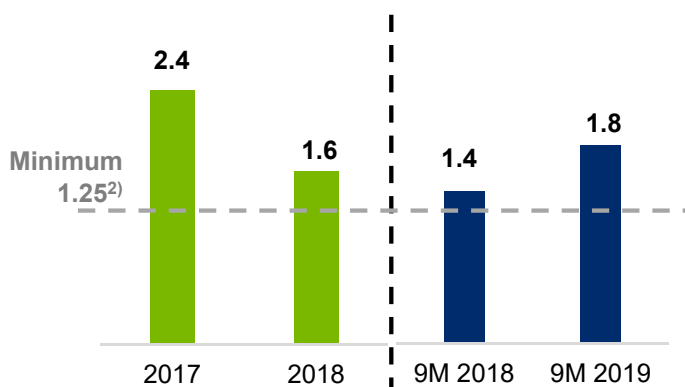
EBITDA EUR m



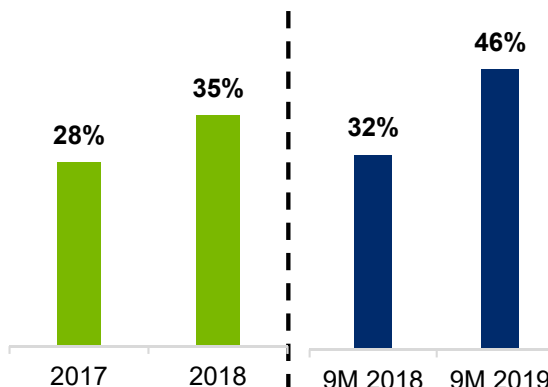
Net profit EUR m and margin



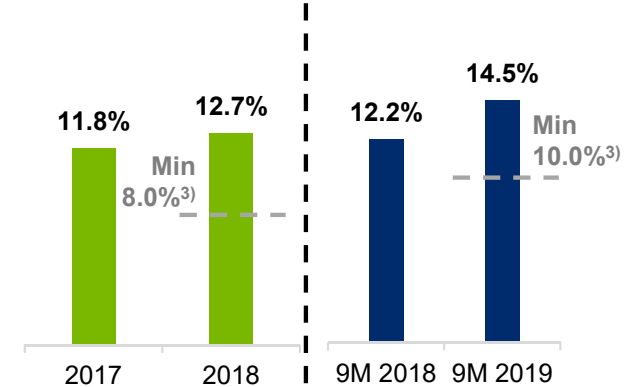
Interest coverage ratio



Cost to income ratio¹⁾



Capitalization ratio

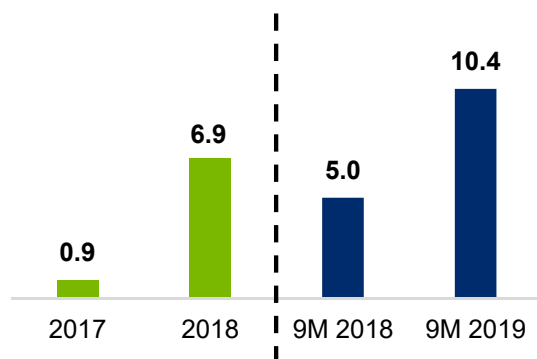


1) Cost to income ratio increased due to introduction of HUB structure
 2) Financial covenant - Interest coverage ratio of at least 1.25

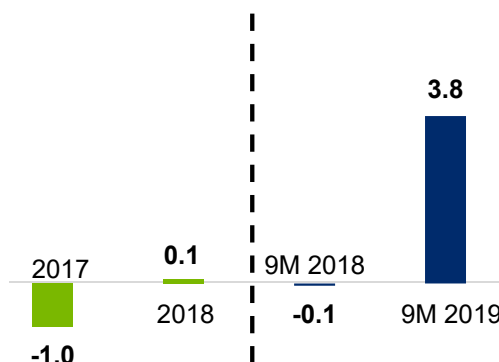
3) Financial covenant - Capitalisation ratio of at least 8.0% until the end of the financial year ending on 31 December 2018; and 10.0% until the end of the financial year ending on 31 December 2019

Mid-tier markets¹⁾ getting closer to maturity

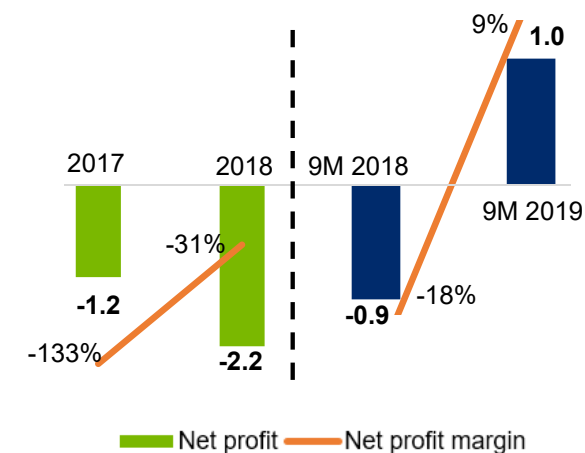
Revenue EUR m



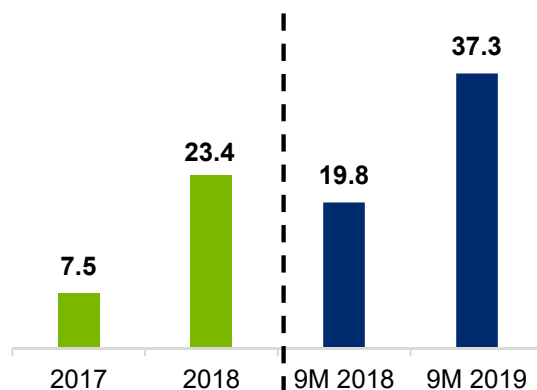
EBITDA EUR m



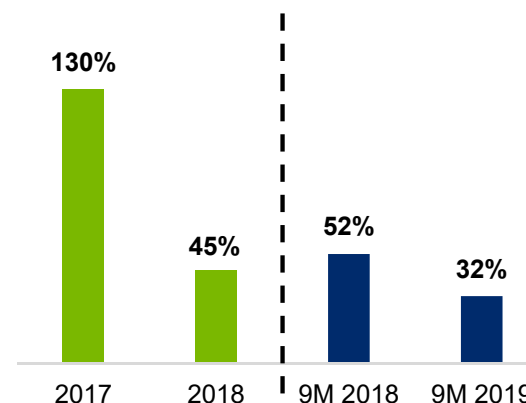
Net profit EUR m and margin



Net loan portfolio



Cost to income ratio



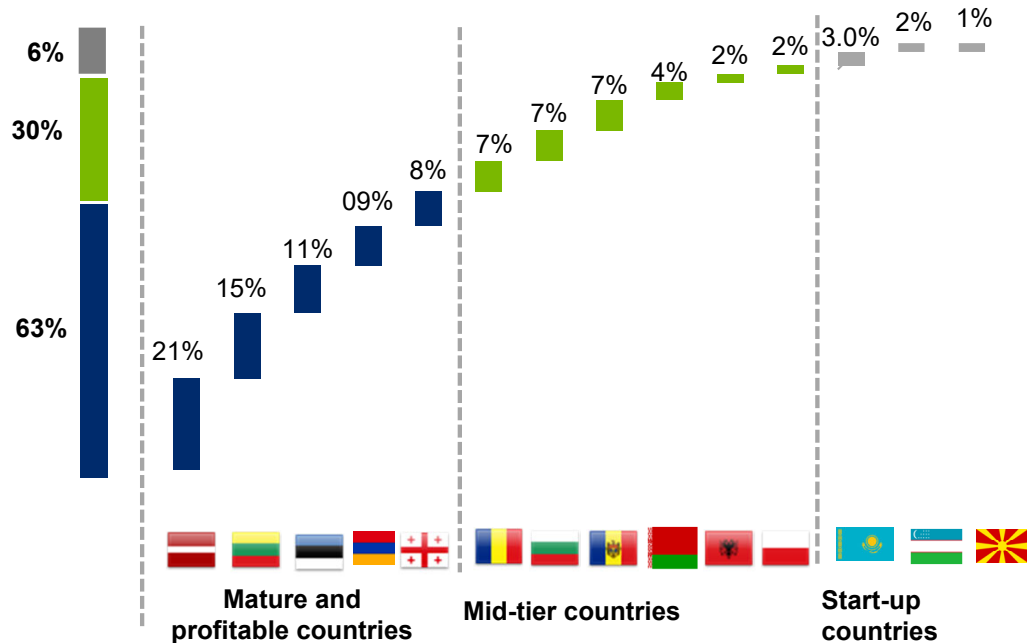
1) Mid-tier countries (operating since 2017): Bulgaria, Moldova and Romania. Poland is excluded as Mogo has stopped issuing loans in Poland.

Diversified loan portfolio

Further diversification of the loan and used car rent portfolio

Net loan and used car rent portfolio by country

9M 2019



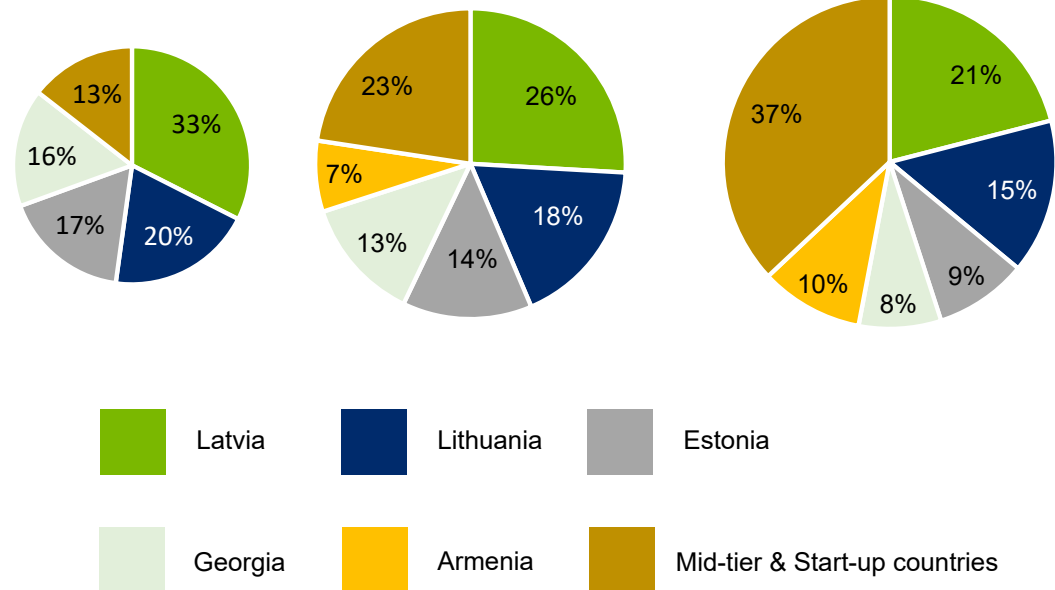
- The loan portfolio of mid-tier and start-up countries was EUR 55.9m and EUR 11.7m respectively, an increase of EUR 27.2m and EUR 8.8m as compared to FY 2018

Net loan and used car rent portfolio diversification

2017: EUR 97.2m

2018: EUR 141.3m

9M 2019: EUR 183.4m



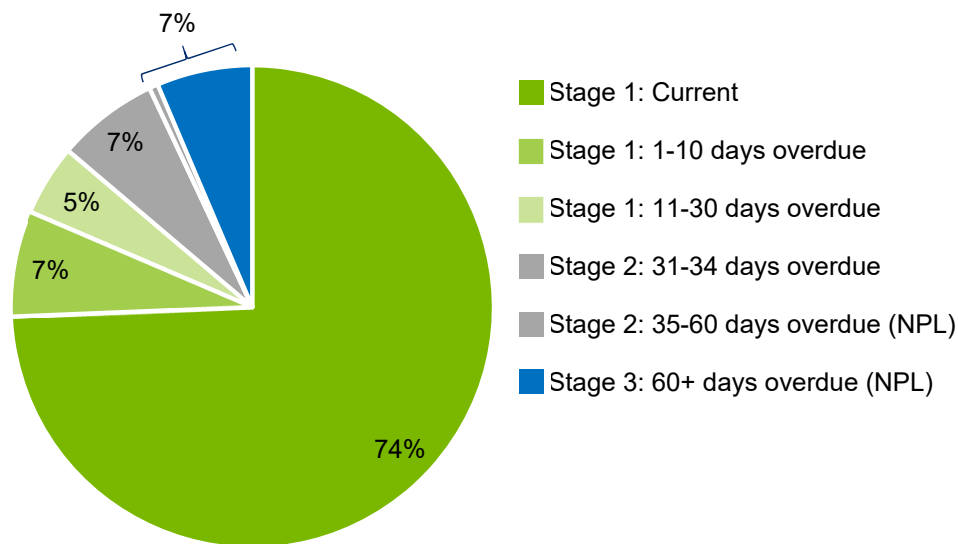
- Diversifying the risk with sustainable growth through geographical expansion: The share of mid-tier and start-up countries as at 30 September 2019 increased to 37% (FY 2018: 23%, FY 2017: 13%)

Non-performing loans and provisioning

Stable non-performing loans ratio

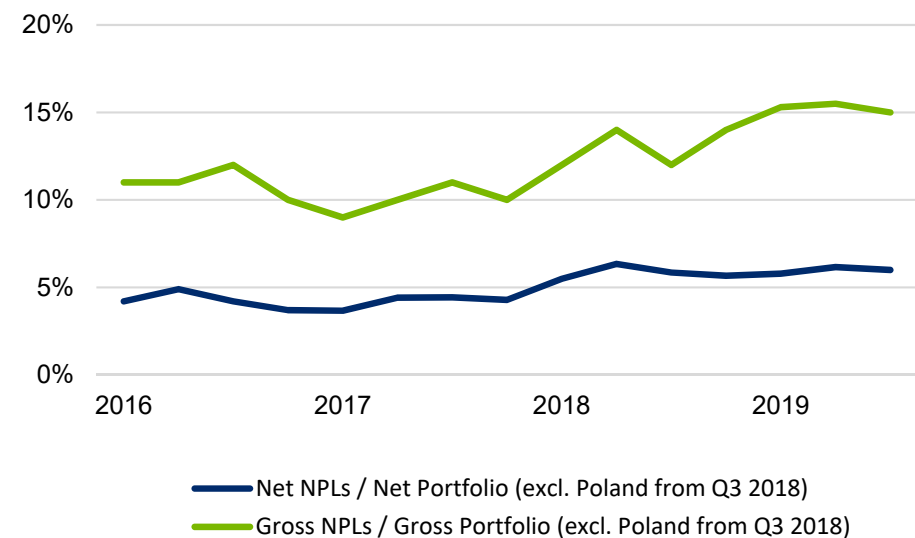
Net loan portfolio quality analysis

As at 9M 2019



- Conservative NPL definition of 35+ days overdue
- Performing loan portfolio (“current” and “1-10 days overdue”) accounts for 81%
- Prudent impairment policy, with effective impairment rate of 14% of gross loan portfolio
- Provision coverage (total provisions/gross NPL) ratio of 83%

Gross and net NPL (35+ DPD) portfolio ¹⁾



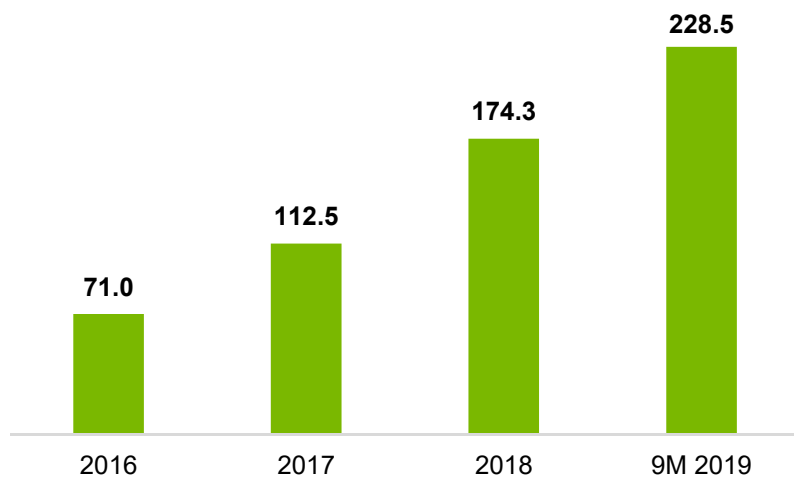
- Due to Mogo’s position as a secured lender, overdue loans remain on the balance sheet as long as there is a reasonable expectation of recovery
- Controlled profit maximizing strategy in some mature countries and entrance into new markets has led to a rise in Gross NPLs
- Full adoption of IFRS 9 together with stringent provisioning has resulted in NPLs on a Net portfolio basis being a true indicator of the portfolio quality and remaining stable

1) Net loan portfolio (including accrued interest) = Gross loan portfolio - provisions

Assets & Liabilities

Improving capitalisation ratio

Assets, EUR m



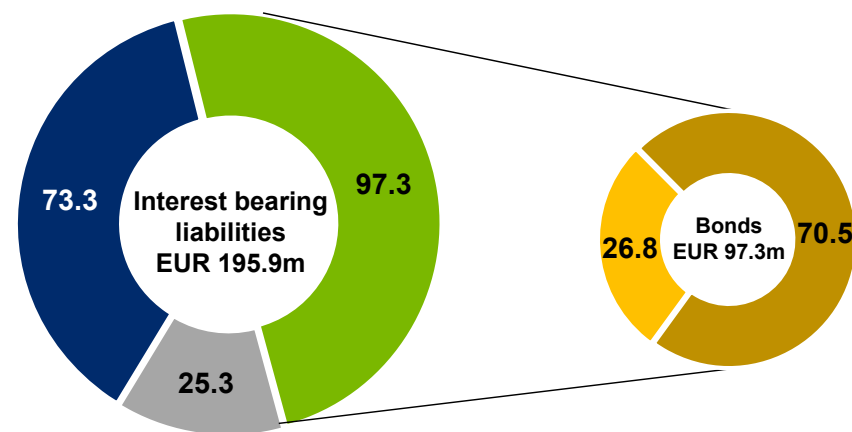
	2017	2018	9M 2019
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Capitalisation ratio*

11.8%	12.7%	14.5%
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- 82% of assets consist of the net loan portfolio, used car rent portfolio and cash
- Increase of assets driven by increase of loan portfolio
- Constantly improving capitalisation ratio

Liabilities, EUR m



■ Bonds
 ■ Non-related parties**
 ■ P2P
 ■ Latvian bond
 ■ Euro bond

- Total liabilities increased by EUR 47.2m to 203.7m EUR (FY 2018***: EUR 156.5m)
- P2P loan portfolio increased by EUR 24.6m to EUR 73.3m (FY 2018: EUR 48.7m)

Note: *Capitalisation ratio: (Shareholders' equity + shareholders' loans) / Net loan portfolio.

**This consists of EUR 17.3m of loans from local banks, EUR 7.2m of liabilities for the rights to use assets and EUR 0.8m of other interest bearing liabilities

***Liabilities in audited FY 2018 report is 159.0m due to subordinated shareholders' loan treated as debt

Significant recent developments

Additional funding in form of bond tap:



- Mogo Finance successfully placed EUR 25 million tap on existing 9.50% corporate bond 2018/2022 (7th of November)
- The proceeds of the bond issue will be used to refinance a portion of the existing loans from peer-to-peer marketplace Mintos, which is expected to reduce Mogo Finance's overall cost of financing
- After the tap issue the total amount of outstanding 9.50% corporate bonds 2018/2022 is EUR 100 million

Additional capital from current shareholders:



- EUR 2 million have already been injected
- EUR 8 million in increments by end of Q1 2020

Finalised formation of the Group's management team: Co-CEO and CRO joined Mogo Finance

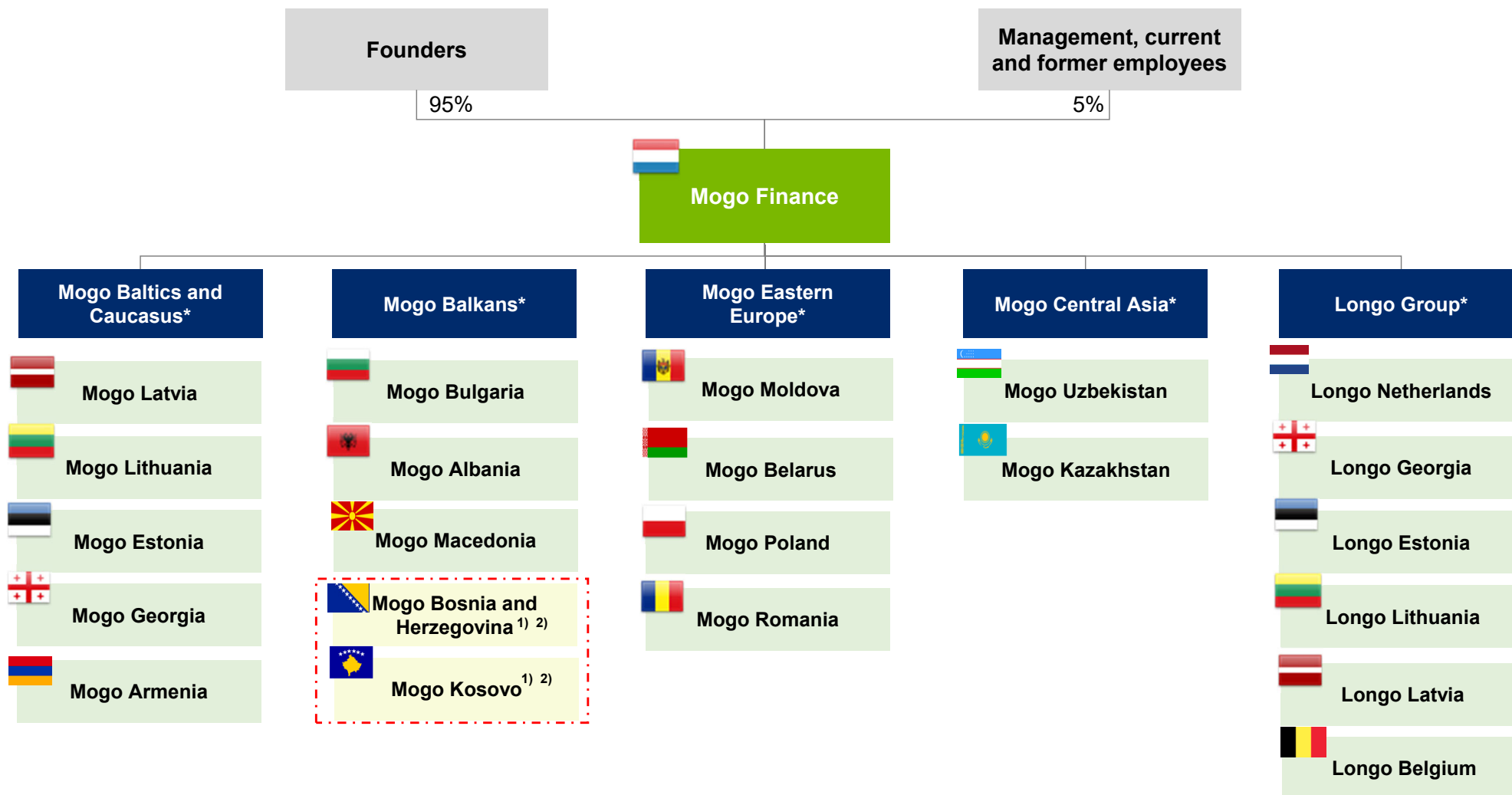


- **Mikus Janvars (Co-CEO)** joined Mogo Finance in July, bringing more than 15 years of finance sector experience to his role with the company. Prior to Mogo Finance, Mikus was founding Partner at Porta Finance, an advisory firm working in association with Rothschild the Baltic countries
- **Jūlija Lebedinska-Litvinova (CRO)** joined Mogo Finance in October. Before joining Mogo Finance Jūlija managed risk teams in market leading companies such as 4finance, HomeCredit, Klarna and GE Money. Jūlija holds a Ph.D. in mathematics from the University of Latvia



Appendix

Operational structure



* Represents different HUB organizational units

1) Are not yet part of the consolidated group

2) Share purchase agreement has been signed

Income statement

Group financials, EUR m	2016	2017	2018	9M 2018	9M 2019
Interest revenue calculated using the effective interest method	27.5	35.6	54.4	39.3	53.2
Interest expense calculated using the effective interest method	(6.9)	(8.5)	(12.6)	(11.4)	(15.4)
Net interest income	20.6	27.0	41.8	27.9	37.8
Fee and commission income	2.0	2.9	3.6	2.7	2.5
Revenue from leases	-	-	0.2	-	2.6
Impairment expense	(4.2)	(6.9)	(17.6)	(8.9)	(9.3)
Loss arising from cession of financial lease receivables	(0.4)	(0.2)	(0.7)	(4.6)	(2.8)
Expenses related to peer-to-peer platform services	(0.3)	(0.9)	(0.7)	(0.7)	(0.6)
Revenue from car sales	-	-	4.0	3.8	9.8
Expenses from car sales	-	-	(3.9)	(3.7)	(9.2)
Selling expense	(1.3)	(1.4)	(2.3)	(1.7)	(2.7)
Administrative expense	(8.6)	(9.3)	(17.9)	(11.9)	(24.1)
Other operating income	0.1	0.2	0.8	0.4	4.9
Other operating expenses	(0.4)	(0.6)	(1.2)	(0.6)	(4.2)
Net foreign exchange result	(0.7)	(0.9)	(0.3)	0.1	0.6
Profit or loss before taxes	6.8	10.0	5.7	2.8	5.3
Corporate income tax	(1.0)	(1.0)	(1.4)	(0.6)	(0.9)
Deferred corporate income tax	(0.3)	(0.0)	0.4	0.6	0.7
Net profit for the period	5.6	9.0	4.6	2.8	5.1
Translation of financial information of foreign operations to presentation currency	(0.0)	(0.5)	0.1	0.1	(0.3)
Other comprehensive income/(expense)	(0.0)	(0.5)	0.1	0.1	(0.3)
Total comprehensive income for the year	5.6	8.5	4.7	2.9	4.8
EBITDA	15.1	20.0	20.4	14.7	22.8

Balance sheet

Assets, EUR m	2016	2017	2018	9M 2019	Equity & Liabilities, EUR m	2016	2017	2018	9M 2019
ASSETS					EQUITY				
Cash and cash equivalents	2.2	5.2	6.5	3.6	Share capital	0.0	0.0	0.0	1.0
Non-current finance lease receivables	42.3	63.8	88.2	107.8	Share premium	10.0	-	-	-
Non-current loans and advances to customers	-	0.7	2.2	2.1	Retained earnings	3.0	11.5	15.1	20.1
Current finance lease receivables	21.5	32.1	46.4	53.3	Foreign currency translation reserve	0.0	(0.5)	(0.4)	(0.7)
Current loans and advances to customers	-	0.5	3.1	7.6	Reserves	0.0	0.1	0.1	0.2
Current loans to related parties	0.0	0.0	0.1	-	Equity attributable to equity holders of the Parent Company	13.0	11.1	14.8	20.6
Assets held for sale	1.1	2.2	2.6	2.0	Non-controlling interest	0.2	0.4	0.5	0.4
Goodwill	1.5	1.5	1.7	2.1	Subordinated debt	-	-	2.5	3.8
Internally generated intangible assets	1.0	1.2	1.9	3.2	TOTAL EQUITY	13.2	11.5	17.8	24.8
Other intangible assets	0.1	0.1	0.1	0.1	LIABILITIES				
Right-of-use assets	-	-	2.4	7.1	Non-current borrowings	51.9	70.8	120.1	162.3
Rental fleet	-	-	1.4	12.6	Current borrowings	3.4	25.8	30.3	33.6
Property, plant and equipment	0.5	0.4	1.0	1.9	Other non-current financial liabilities	-	0.1	0.1	-
Leasehold improvements	0.0	0.0	0.3	0.6	Prepayments and other payments received from customers	0.6	0.8	0.1	0.2
Advance payments for assets	0.0	-	0.2	0.3	Trade payable	0.3	0.7	1.2	1.3
Deferred tax asset	0.2	0.2	0.6	1.4	Corporate income tax payable	0.5	0.7	0.6	0.3
Inventories	0.0	0.8	1.7	5.2	Taxes payable	0.2	0.2	0.6	0.8
Prepaid expense	0.1	0.7	0.8	1.7	Other liabilities	0.2	0.1	0.2	1.5
Trade receivables	-	-	0.8	0.4	Accrued liabilities	0.6	1.0	1.8	2.4
Non-current loans to related parties	-	0.6	5.3	9.7	Other current financial liabilities	-	0.1	0.1	0.1
Other non-current financial assets	-	-	1.0	1.5	Non-current provisions	0.2	0.7	1.1	0.6
Other short-term receivables from related parties	0.0	0.1	0.0	-	TOTAL LIABILITIES	57.8	101.0	156.5	203.7
Other non-current receivables from related parties	0.1	-	-	-	Current provisions	-	-	0.4	0.6
Other loans and receivables	-	-	4.7	0.9	TOTAL EQUITY + LIABILITIES	71.0	112.5	174.3	228.5
Corporate income tax receivable	-	-	-	0.4					
Other receivables	0.3	2.3	1.3	3.0					
TOTAL ASSETS	71.0	112.5	174.3	228.5					

Statement of Cash Flow

EUR m	2016	2017	2018	9M 2018	9M 2019
Cash flows to/from operating activities					
Profit before tax	6.8	10.0	5.7	2.8	5.3
Adjustments for:					
Amortization and depreciation	0.6	0.6	1.8	0.6	2.7
(Gain)/loss from fluctuations of currency exchange rates	(0.8)	(0.9)	0.3	-	(0.3)
Impairment expense	0.4	6.9	17.6	13.3	12.1
Loss/(gain) on disposal of property, plant and equipment	0.4	(0.0)	0.2	-	1.5
Interest income	(0.0)	(35.5)	(54.4)	(41.7)	(53.2)
Interest expense	6.9	8.5	12.6	13.8	15.4
Operating profit before working capital changes	14.3	(10.4)	(16.1)	(11.2)	(16.5)
Increase in inventories	(0.0)	(0.8)	(0.9)	(1.1)	(3.5)
Increase in finance lease receivables, loans and advances to customers and other current assets	(6.9)	(43.6)	(52.5)	(55.4)	(43.6)
Increase in accrued liabilities	0.5	0.9	1.2	-	-
Increase/(decrease) in trade payable, taxes payable and other liabilities	(0.2)	0.4	0.1	0.7	1.2
Cash generated to/from operations	7.8	(53.5)	(68.1)	(67.0)	(62.4)
Interest received	0.0	35.5	54.3	41.7	53.3
Interest paid	(7.2)	(7.8)	(12.4)	(9.8)	(16.2)
Corporate income tax paid	(0.4)	(0.8)	(1.2)	(1.1)	(1.2)
Net cash flows to/from operating activities	0.2	(26.6)	(27.4)	(36.2)	(26.5)

EUR m	2016	2017	2018	9M 2018	9M 2019
Cash flows to/from investing activities					
Purchase of property, plant and equipment and intangible assets	(1.2)	(0.7)	(1.9)	(1.5)	(9.7)
Purchase of rental fleet	-	-	(1.4)	-	(13.8)
Acquisition of a subsidiary, net of cash acquired	-	-	(0.9)	-	-
Advance payments for acquisition of a subsidiaries	-	-	(1.0)	-	-
Loan repayments received	0.0	0.1	1.5	-	4.4
Loans issued	(0.0)	(0.6)	(10.7)	-	(5.9)
Net cash flows to/from investing activities	(1.2)	(1.3)	(14.4)	(1.5)	(25.0)
Cash flows to/from financing activities					
Proceeds from issue/(repayment) of share premium	0.0	(10.0)	-	-	1.0
Proceeds from borrowings	2.8	150.1	304.7	239.2	214.8
Repayments for borrowings	-	(109.3)	(259.5)	(200.2)	(165.1)
Repayment of liabilities for right-of-use assets	-	-	(1.8)	-	(2.1)
Dividends paid to non-controlling shareholders	(0.0)	(0.0)	(0.1)	-	-
Net cash flows to/from financing activities	2.8	30.8	43.3	39.0	48.6
Effect of exchange rates on cash and cash equivalents	(0.3)	0.1	(0.2)	-	-
Change in cash	1.5	3.0	1.3	1.3	(2.9)
Cash at the beginning of the year	0.8	2.2	5.2	5.2	6.5
Cash at the end of the year	2.2	5.2	6.5	6.5	3.6

Thank you for your attention!

Mogo Finance Group

Skanstes street 50

LV-1013 Riga, Latvia

Home page: www.mogofinance.com

Contact person

Māris Kreics, Group CFO

Phone: +371 66 900 900

E-mail: maris.kreics@mogofinance.com

