

Earnings Call Presentation

6M 2020



July 2020

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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

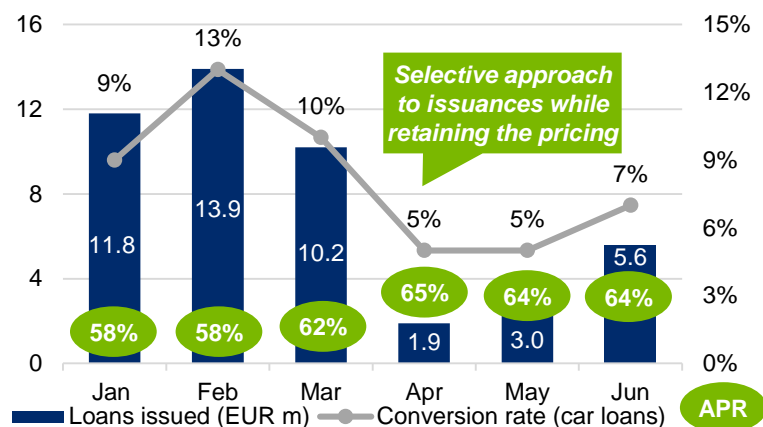
Chief Financial Officer

- 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

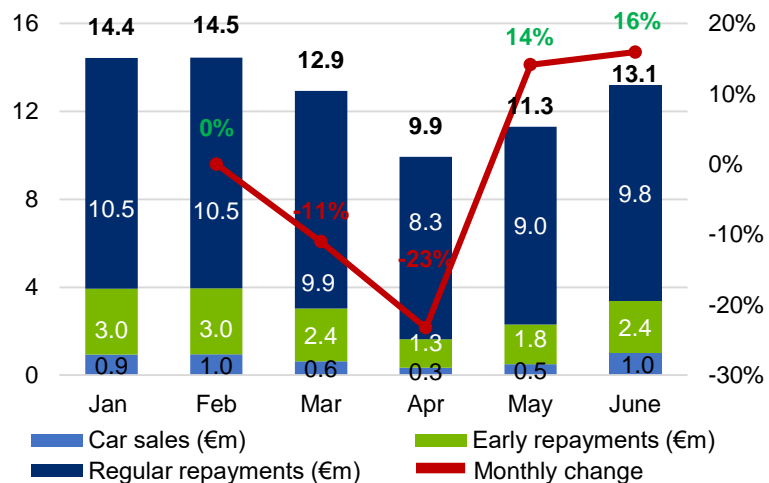
Strong signs of recovery – Increasing sales and cash collection since April

Recovering issuances and focus on quality



- Operating countries nearly back to normal
- Gradual increase in sales in May and June, only after evidence of easing of lockdowns and warm up of economies
- Strengthened underwriting through extra checks and Covid-19 impact assessment
- Increased pricing and focus on most profitable segments
- Steady, high level of demand for mogo products across all geographies

Strong cash collection recovery



- Strong results achieved in May and June despite shrinking portfolio and light moratoriums still in place in some markets
- Fast recovery as a result of extra focus on debt collection (DC):
 - Revamped DC approach – collaboration instead of confrontation
 - Introduction of additional DC tools such as – postponement or reduction of payments
 - In June started to transitioning customers from DC tools to regular payment schedules
- Further recovery potential through repossession and car sales processes

Proactive portfolio optimization

Market rationalization and focus on most profitable growth

From 5 Operational regions & 18 markets ...



End of 2019 to mid-2020



... to focusing on higher yielding markets with the greatest potential for profitable growth



Leaner and more efficient organization going forward based on two pillars

Comprehensive portfolio rationalization

- Issuance suspended in several markets
 - Focus on debt collection
 - Potential sale of portfolios and operating companies
 - Further cost optimization
- Continue to develop best start-up markets
 - Full-fledged operations in Kenya and Uganda, Kazakhstan and Uzbekistan
 - Significant potential to grow as demonstrated with high yield products
 - Relatively low maintenance costs and lead generation price
- Expansion of off-balance sheet lending
 - Strong near prime product (Primero brand) issuances growth in Latvia (EUR +1m in Q2 2020) despite Covid-19 effect
 - Further cooperation with local bank by expanding near prime product offering across Baltics

More compact organization going forward

- Less operational markets require lower HQ support
- HR optimization
- Further cost optimization
- Optimization of capital allocation

*Pending regulator approval for ownership change

**Includes Albania, Bosnia and Hercegovina, North Macedonia, Kosovo, Bulgaria, Poland

Geographical footprint

Diversified operations eliminating single market risk – Changed country set-up

Developed markets

Lithuania <ul style="list-style-type: none"> ● Launch: May 2013 ● Issuances 6M'20: €4.5m ● Net Portf. 6M'20: €26.2m ● EBITDA 6M'20: €3.4m 	Estonia <ul style="list-style-type: none"> ● Launch: September 2013 ● Issuances 6M'20: €1.7m ● Net Portf. 6M'20: €14.2m ● EBITDA 6M'20: €1.7m 	Latvia <ul style="list-style-type: none"> ● Launch: May 2012 ● Issuances 6M'20: €5.6m ● Net Portf. 6M'20: €28.3m ● EBITDA 6M'20: €4.6m 	Belarus <ul style="list-style-type: none"> ● Launch: April 2018 ● Issuances 6M'20: €7.2m ● Net Portf. 6M'20: €16.5m ● EBITDA 6M'20: €1.4m
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	Run-down markets
	Developed markets
	Developing markets

Developing markets

Kazakhstan <ul style="list-style-type: none"> ● Launch: January 2019 ● Issuances 6M'20: €2.3 m ● Net Portf. 6M'20: €5.8m ● EBITDA 6M'20: €-0.1m
Uzbekistan <ul style="list-style-type: none"> ● Launch: December 2018 ● Issuances 6M'20: €1.8m ● Net Portf. 6M'20: €4.4m ● EBITDA 6M'20: €0.1m
Kenya <ul style="list-style-type: none"> ● Launch: April 2019 ● Issuances 6M'20: €2.4m ● Net Portf. 6M'20: €3.7m ● EBITDA 6M'20: €0.4m
Uganda <ul style="list-style-type: none"> ● Launch: May 2019 ● Issuances 6M'20: €1.9m ● Net Portf. 6M'20: €3.6m ● EBITDA 6M'20: €0.1m

Developed markets

Romania <ul style="list-style-type: none"> ● Launch: January 2017 ● Issuances 6M'20: €4.2m ● Net Portf. 6M'20: €15.1m ● EBITDA 3M'20: €0.8m 	Moldova <ul style="list-style-type: none"> ● Launch: August 2017 ● Issuances 6M'20: €2.9m ● Net Portf. 6M'20: €12.0m ● EBITDA 3M'20: €0.9m 	Georgia <ul style="list-style-type: none"> ● Launch: June 2014 ● Issuances 6M'20: €4.0m ● Net Portf. 6M'20: €13.1m ● EBITDA 6M'20: €1.4m 	Armenia <ul style="list-style-type: none"> ● Launch: August 2017 ● Issuances 6M'20: €10.8m ● Net Portf. 6M'20: €16.2m ● EBITDA 6M'20: €0.6m
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Run-down markets

Poland <ul style="list-style-type: none"> ● Launch: August 2016 ● Issuances 6M'20: €0.0m ● Net Portf. 6M'20: €2.8m ● EBITDA 6M'20: €0.2m
Bosnia and Herzegovina <ul style="list-style-type: none"> ● Launch: September 2018 ● Issuances 6M'20: €0.0m ● Net Portf. 6M'20: €0.9m ● EBITDA 6M'20: €0.0m
Albania <ul style="list-style-type: none"> ● Launch: December 2017 ● Issuances 6M'20: €0.4m ● Net Portf. 6M'20: €3.4m ● EBITDA 6M'20: €-0.6m
North Macedonia <ul style="list-style-type: none"> ● Launch: June 2018 ● Issuances 6M'20: €0.8m ● Net Portf. 6M'20: €2.3m ● EBITDA 6M'20: €-0.2m
Bulgaria <ul style="list-style-type: none"> ● Launch: March 2017 ● Issuances 6M'20: €1.2m ● Net Portf. 6M'20: €7.5m ● EBITDA 6M'20: €0.0m

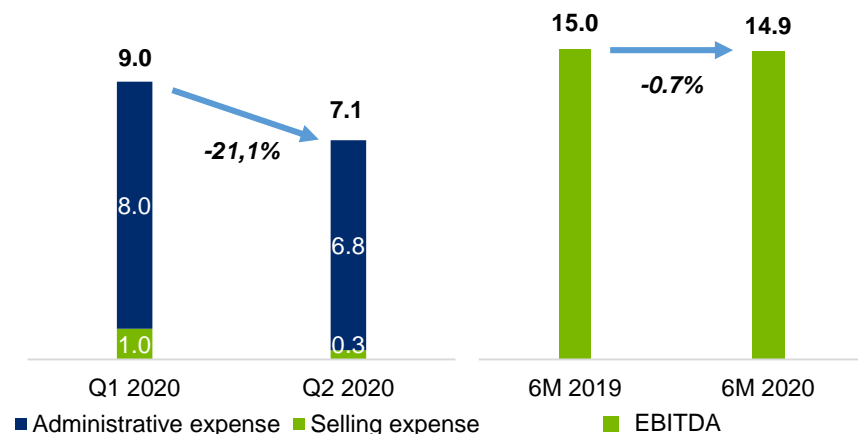


Note: Developed markets characterized by profitability and scalability.

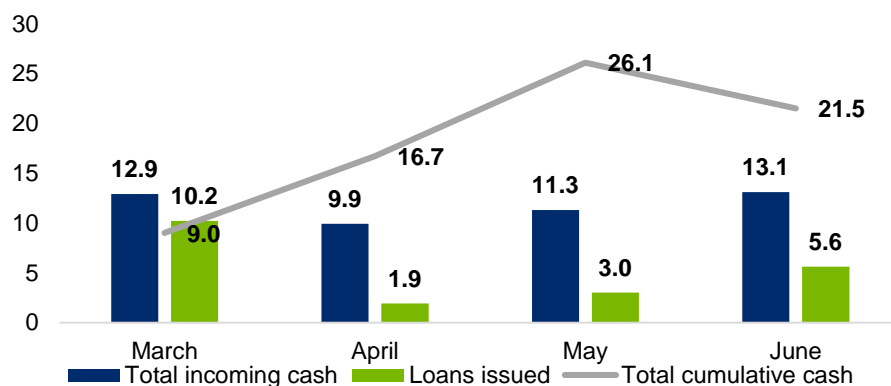
Financial highlights

H1 2020 dominated by Covid-19 – Financial resilience demonstrated

Cost cuts; EBITDA resilient, EUR m



Robust cash accumulation, EUR m



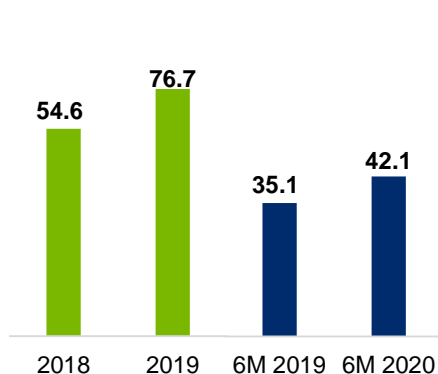
- Admin expenses decreased q-o-q – further reductions in headcount effective in profit or loss from Q3 and onwards
- EBITDA on previous year's level at EUR 14.9 million (6M 2019: EUR 15.0 million) showing remarkable resilience against Covid-19- related headwinds
- Net profit before FX decreased to EUR 0.2 million (6M 2019: EUR 4.6 million) due to
 - net impairment losses on loans, lease receivables and rental fleet
 - decrease in portfolio and respective income
 - maintaining high cash balance
- Growth in total equity by 4.2% to EUR 30.0 million (31.12.2019: EUR 28.8 million) following capital injection by shareholders
- Robust cash accumulation, testimony to solid debt collection process under stress condition and a fuel for swift EBITDA rebound

★ Fitch Affirms Mogo at B-, while Outlook remains negative solely due to external factors (i.e. Covid-19)

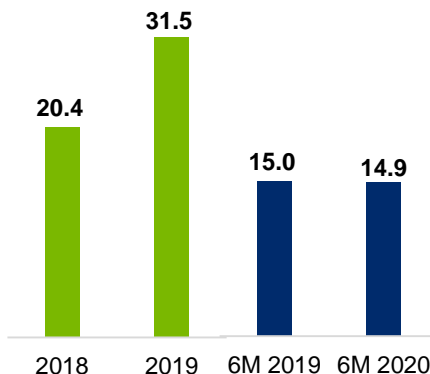
Financial highlights

Despite decrease in profitability other indicators show stability

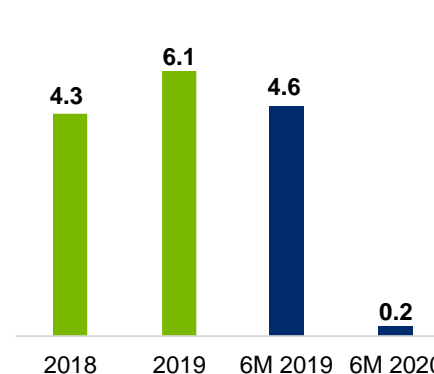
Revenue, EUR m



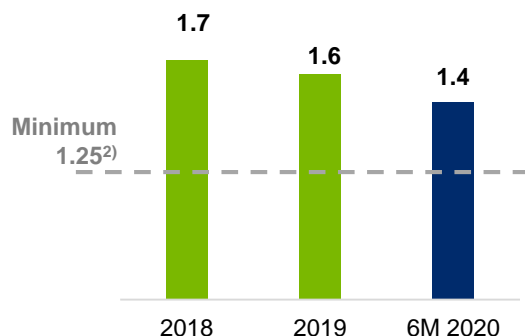
EBITDA, EUR m



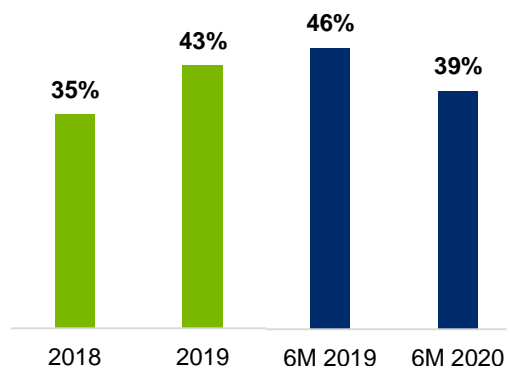
Net profit before FX, EUR m



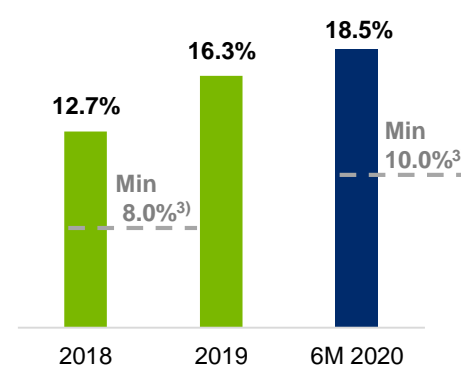
Interest coverage ratio



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

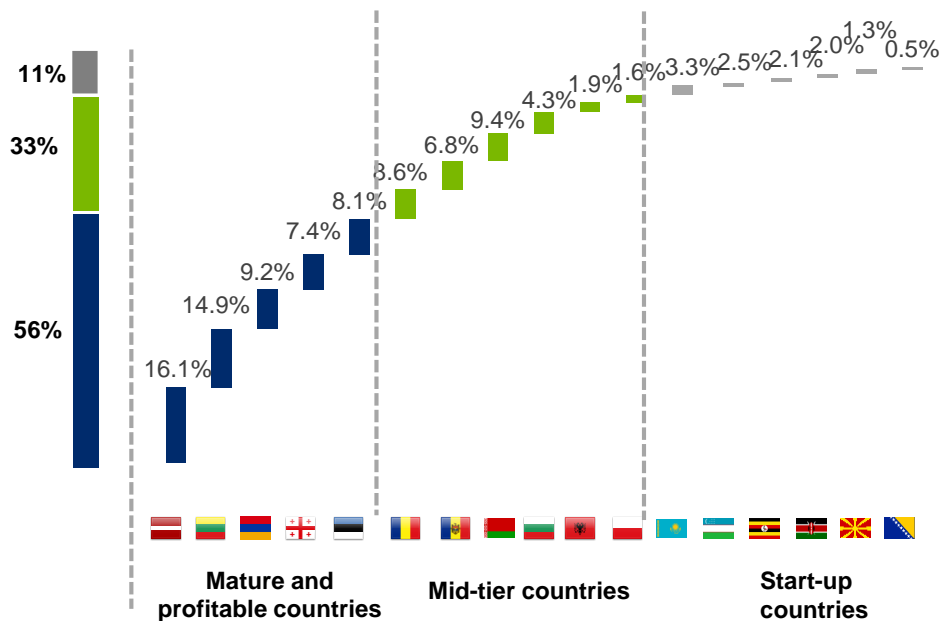
3) Financial covenant - Capitalization ratio of at least 8.0% until the end of the financial year ending on 31 December 2018; and 10.0% until the 30 December 2020

Diversified loan portfolio

Further diversification of the loan and used car rent portfolio

Net loan and used car rent portfolio by country

As at 30.06.2020



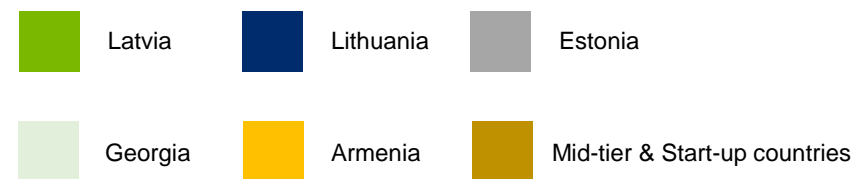
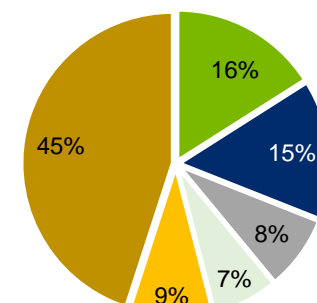
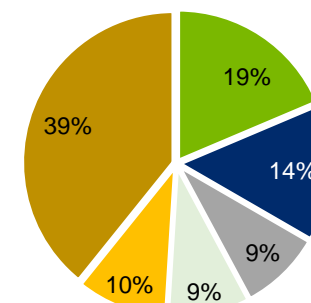
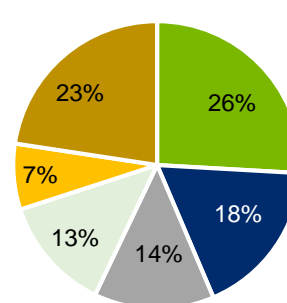
- The loan portfolio of mid-tier and start-up countries was EUR 57.3m and EUR 20.7m respectively, a decrease of EUR 1.1m and an increase of EUR 4.1m as compared to 31 December 2019

Net loan and used car rent portfolio diversification

31.12.2018: EUR 141.3m

31.12.2019: EUR 189.7m

30.06.2020: EUR 176.0m



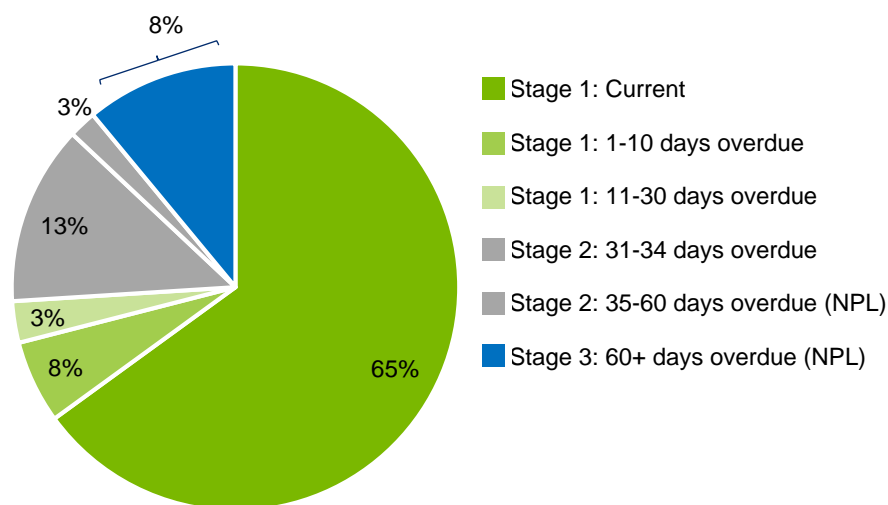
- Diversifying the risk with sustainable growth through geographical expansion: The share of mid-tier and start-up countries as at 30 June 2020 increased to 45% (2019: 39%, 2018: 23%)

Non-performing loans and provisioning

NPL ratio primarily affected by Covid-19 restrictions and moratoria

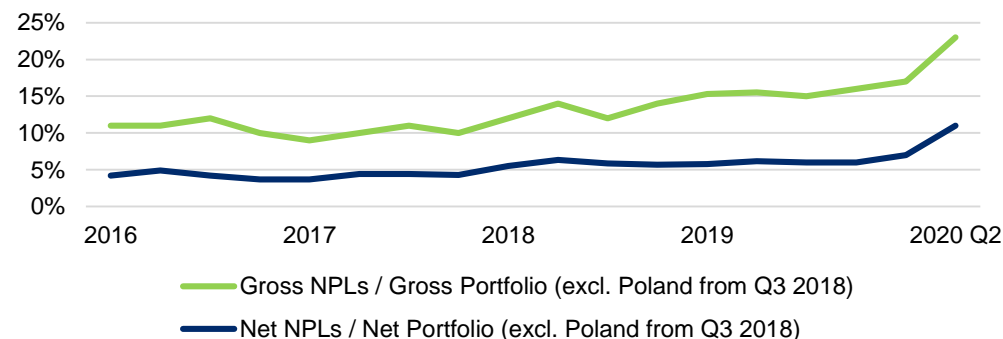
Net loan portfolio quality analysis

As at 30.06.2020



- Conservative NPL definition of 35+ days overdue
- Performing loan portfolio (“current” and “1-34 days overdue”) accounts for 89%
- 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

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



- Covid-19 has impacted the customer payment discipline and portion of overdue loans in the total portfolio thus has led to a rise in Gross NPLs
 - Physical restrictions have limited repossession activities and incoming payments in cash driven economies
 - A trend of increasing number of NPLs churning back to performing loans observed in June and July. This is expected to continue

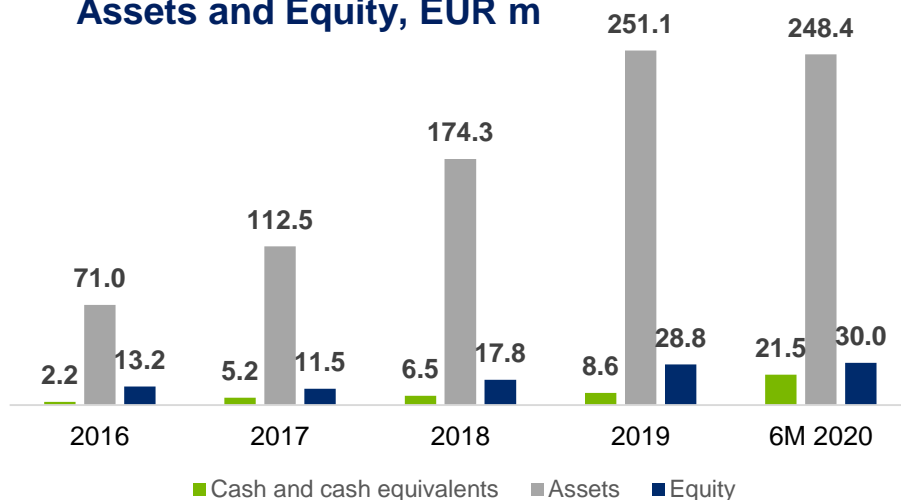
★ Portfolio decrease due to limited new loans being issued adversely impacts the NPL / Portfolio ratio, if end of Q1 2020 Net portfolio figure would have been applied NPLs would be **2pp lower than currently (9% instead of 11%)**

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

Assets & Liabilities

Improving capitalisation ratio

Assets and Equity, EUR m



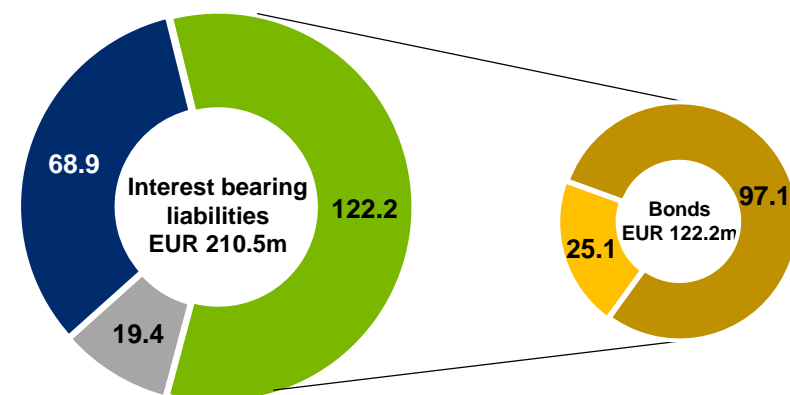
	2017	2018	2019	6M 2020
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Capitalization ratio*

2017	2018	2019	6M 2020
11.8%	12.7%	16.3%	18.5%

- Majority of assets balance consist of the net loan portfolio, used car rent portfolio and cash
- Decrease of assets driven by amortization of loan portfolio
- Constantly improving capitalisation ratio well above the Eurobond covenant level

Liabilities, EUR m



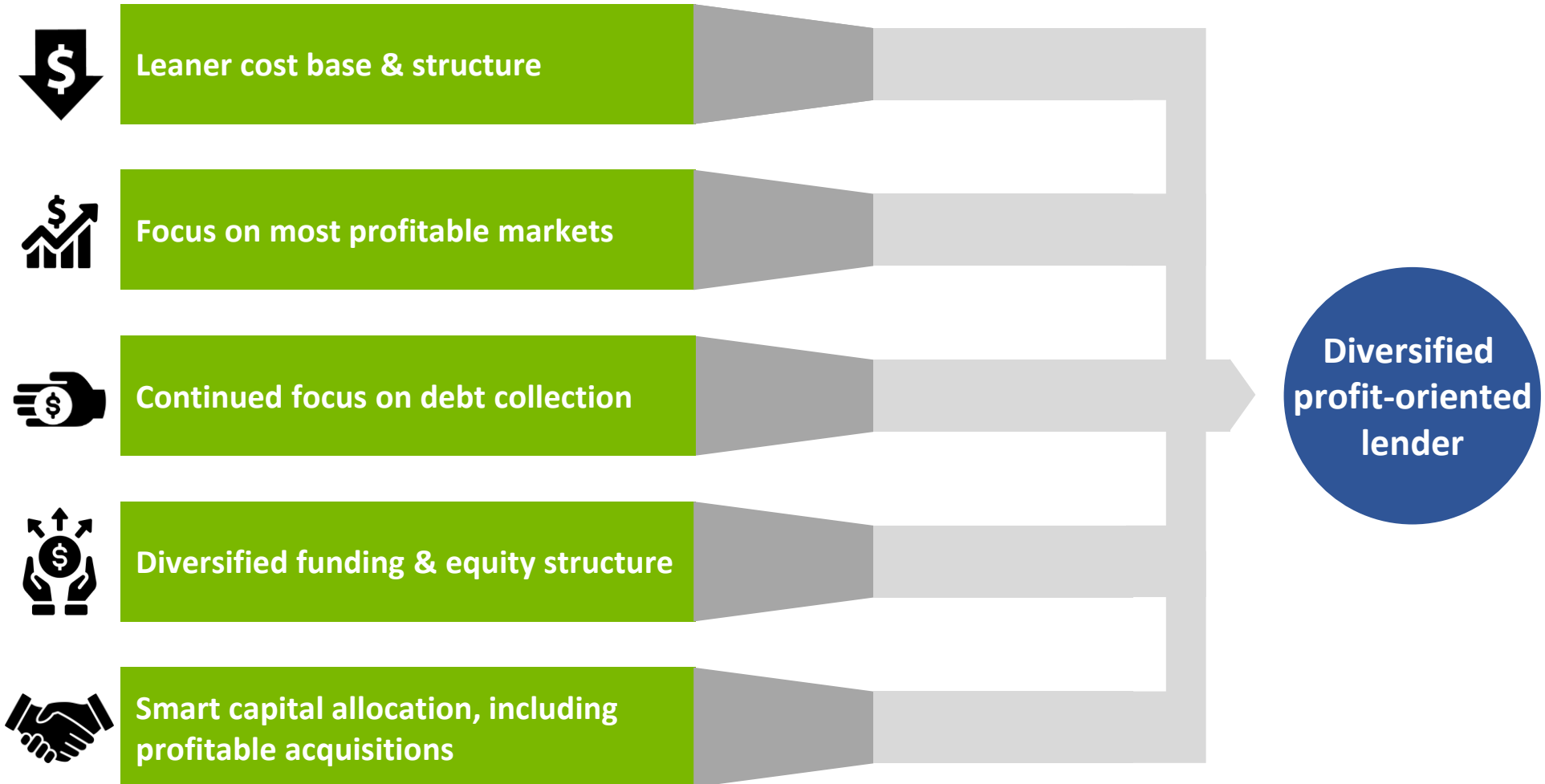
■ Bonds ■ Non-related parties** ■ P2P ■ Latvian bond ■ Euro bond

- Total liabilities decreased by EUR 3.9m to EUR 218.4m (2019: EUR 222.3m)
- P2P loan portfolio decreased by EUR 1.3m to EUR 68.9m (2019: EUR 70.2m)

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

**This consists of EUR 13.6m of loans from local banks, EUR 5.6m of liabilities for the rights to use assets and EUR 0.2m of other interest bearing liabilities

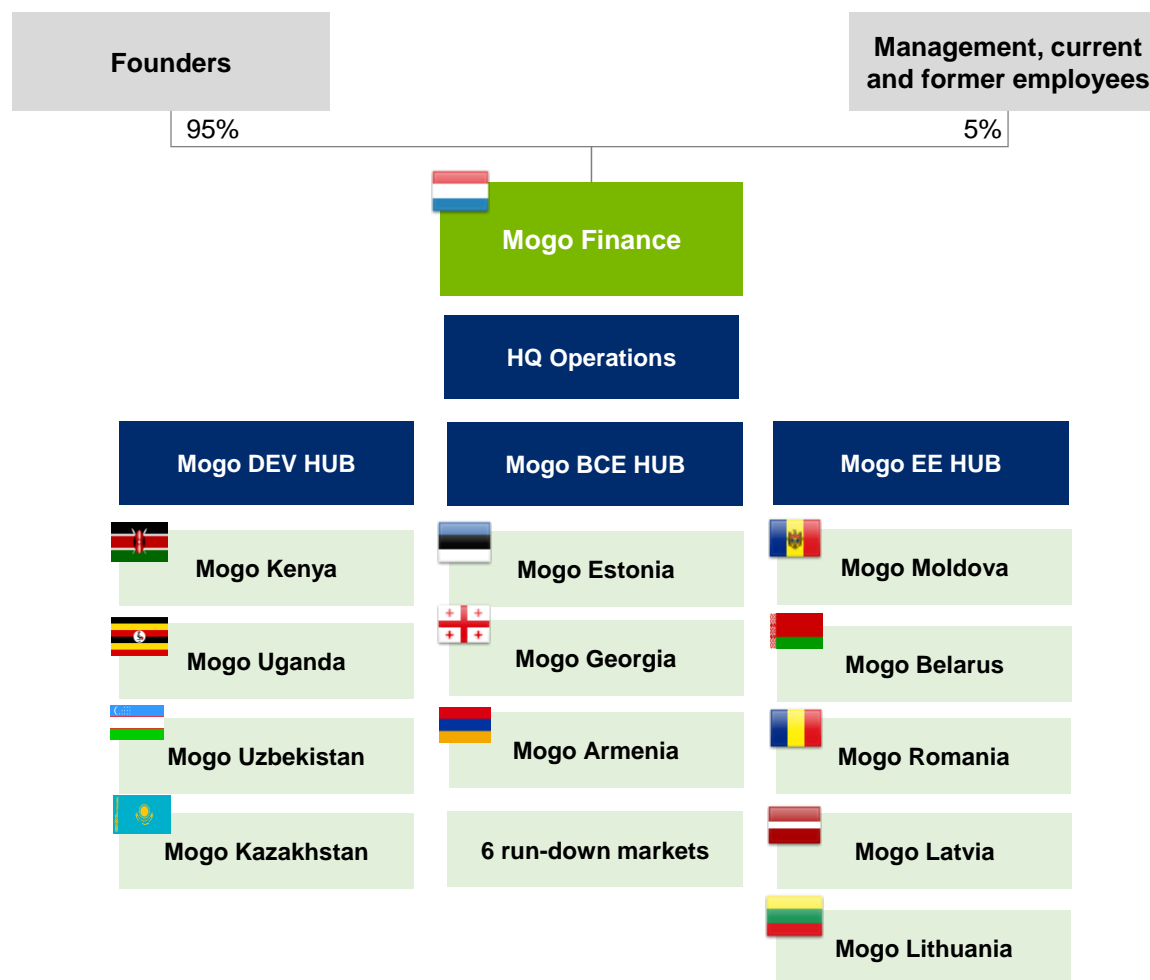
Summary and strategy going forward





Appendix

Operational structure



Income statement

Group financials, EUR m	2016	2017	2018	2019	6M 2019	6M 2020
Interest revenue calculated using the effective interest method	27.5	35.6	54.4	72.7	33.8	39.1
Interest expense calculated using the effective interest method	(6.9)	(8.5)	(12.6)	(21.0)	(9.2)	(12.8)
Net interest income	20.6	27.0	41.8	51.7	24.6	26.3
Fee and commission income	2.0	2.9	3.6	3.3	1.7	1.5
Revenue from rent	-	-	0.2	4.0	1.3	3.0
Total net revenue	22.6	29.9	45.6	59.0	27.6	30.8
Impairment expense	(4.6)	(7.1)	(18.3)	(18.7)	(7.3)	(13.8)
Expenses related to peer-to-peer platform services	(0.3)	(0.9)	(0.7)	(0.7)	(0.3)	(0.5)
Profit from car sales	-	-	0.1	-	-	-
Selling expense	(1.3)	(1.4)	(2.4)	(3.4)	(1.8)	(1.3)
Administrative expense	(8.6)	(9.3)	(17.9)	(30.8)	(15.0)	(15.6)
Other operating (expense) / income	(0.3)	(0.4)	(0.4)	1.3	1.0	(0.2)
Net foreign exchange result	(0.7)	(0.9)	(0.3)	(0.1)	(0.9)	(4.1)
Profit or loss before taxes	6.8	10.0	5.7	6.6	3.3	(4.7)
Corporate income tax	(1.0)	(1.0)	(1.4)	(1.3)	(0.2)	(0.5)
Deferred corporate income tax	(0.3)	(0.0)	0.3	0.9	0.6	1.3
Net profit for the period	5.6	9.0	4.6	6.2	3.7	(3.9)
Translation of financial information of foreign operations to presentation currency	(0.0)	(0.5)	0.1	(0.4)	(0.6)	0.1
Total comprehensive income for the year	5.6	8.5	4.7	5.8	3.1	(3.8)
Net profit before FX	6.3	9.9	4.9	6.3	4.6	0.2
EBITDA	15.1	20.0	20.4	31.5	15.0	14.9

Balance sheet

Assets, EUR m	2016	2017	2018	2019	6M 2020
ASSETS					
Goodwill	1.5	1.5	1.7	4.0	4.1
Internally generated intangible assets	1.0	1.2	1.9	3.6	4.2
Loans and lease receivables and rental fleet	63.8	97.1	141.3	189.7	176.0
Right-of-use assets	-	-	2.4	7.6	5.6
Property, plant and equipment	0.5	0.4	1.0	1.9	1.6
Leasehold improvements	0.0	0.0	0.3	0.3	0.4
Advance payments for assets	0.0	-	0.2	-	-
Receivables as a result of sale of subsidiaries	-	-	-	16.1	16.1
Loans to related parties	0.0	0.6	10.1	6.9	6.9
Other financial assets	-	-	1.0	1.6	2.7
Deferred tax asset	0.2	0.2	0.6	1.7	2.7
Inventories	0.0	0.8	1.7	1.0	0.3
Prepaid expense	0.1	0.7	0.8	1.2	1.2
Trade receivables	-	-	0.8	0.3	0.3
CIT paid in advance	-	-	-	0.1	0.1
Other receivables	0.5	2.5	1.4	2.6	2.8
Assets held for sale	1.1	2.2	2.6	3.9	2.5
Cash and cash equivalents	2.2	5.2	6.5	8.6	21.5
TOTAL ASSETS	71.0	112.5	174.3	251.1	248.4

Equity & Liabilities, EUR m	2016	2017	2018	2019	6M 2020
EQUITY					
Share capital	0.0	0.0	0.0	1.0	1.0
Share premium	10.0	-	-	-	-
Retained earnings	3.0	11.5	15.1	21.1	17.4
Foreign currency translation reserve	0.0	(0.5)	(0.4)	(0.8)	(0.7)
Reserve	0.0	0.1	0.1	0.2	0.2
Equity attributable to equity holders of the Company	13.0	11.1	14.8	21.5	17.9
Non-controlling interests	0.2	0.4	0.5	0.5	0.2
Subordinated debt	-	-	2.5	6.8	11.9
TOTAL EQUITY	13.2	11.5	17.8	28.8	30.0
LIABILITIES					
Borrowings	55.3	96.6	150.4	214.4	210.5
Provisions	0.2	0.7	1.5	1.1	0.8
Prepayments and other payments received from customers	0.6	0.8	0.1	0.3	0.2
Trade payable	0.3	0.7	1.1	1.3	1.1
Corporate income tax payable	0.5	0.7	0.6	-	0.4
Taxes payable	0.2	0.2	0.6	0.9	2.5
Other liabilities	0.2	0.1	0.2	1.5	0.5
Accrued liabilities	0.6	1.0	1.8	2.7	2.2
Other non-current financial liabilities	-	0.2	0.2	0.1	0.2
TOTAL EQUITY + LIABILITIES	71.0	112.5	174.3	251.1	248.4

Statement of Cash Flow

EUR m	2016	2017	2018	2019	6M 2019	6M 2020
Cash flows to/from operating activities						
Profit/(loss) before tax	6.8	10.0	5.7	6.6	3.3	(4.7)
Adjustments for:						
Amortization and depreciation	0.6	0.6	1.8	4.7	1.6	4.4
Interest expense	6.9	8.5	12.6	21.6	9.2	12.8
Interest income	(0.0)	(35.5)	(54.3)	(72.7)	(33.8)	(39.1)
Loss/(gain) on disposal of property, plant and equipment	0.4	(0.0)	0.2	2.9	0.4	0.7
Impairment expense	0.4	7.1	18.3	18.7	7.3	13.8
(Gain)/loss from fluctuations of currency exchange rates	(0.8)	(0.9)	0.3	0.5	0.3	4.0
Operating profit before working capital changes	14.3	(10.6)	(15.4)	(17.7)	(11.7)	(8.1)
(Increase)/decrease in inventories	(0.0)	(0.8)	(0.9)	0.7	(3.3)	0.7
Increase in receivables	(6.9)	(43.8)	(53.5)	(53.8)	(29.0)	(1.2)
Increase in trade payable, taxes payable and other liabilities	0.3	1.3	1.4	1.8	2.6	(2.8)
Cash generated to/from operating activities	7.8	(53.5)	(68.4)	(69.0)	(41.4)	(11.4)
Interest received	0.0	35.5	54.3	72.8	33.7	38.9
Interest paid	(7.2)	(7.8)	(12.4)	(19.4)	(8.9)	(10.9)
Corporate income tax paid	(0.4)	(0.8)	(1.2)	(2.0)	(0.6)	-
Net cash flows to/from operating activities	0.2	(26.6)	(27.7)	(17.6)	(17.2)	16.6

EUR m	2016	2017	2018	2019	6M 2019	6M 2020
Cash flows to/from investing activities						
Purchase of property, plant and equipment and intangible assets	(1.2)	(0.7)	(1.9)	(4.9)	(3.4)	(1.3)
Purchase of rental fleet	-	-	(1.4)	(16.5)	(10.2)	(4.4)
Loan repayments received	0.0	0.1	1.5	4.7	1.1	4.8
Advance payments for acquisition of a subsidiaries	-	-	(1.0)	-	(0.1)	-
Acquisition of a subsidiary, net of cash acquired	-	-	(0.9)	(0.8)	-	-
Loans issued	(0.0)	(0.6)	(10.7)	(6.9)	(4.7)	(5.4)
Net cash flows to/from investing activities	(1.2)	(1.3)	(14.4)	(24.4)	(17.3)	(6.3)
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	278.6	94.9	107.6
Repayments for borrowings	-	(109.3)	(259.5)	(231.0)	(60.1)	(103.7)
Repayment of liabilities for right-of-use assets	-	-	(1.8)	(4.5)	(1.5)	(1.3)
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	44.1	33.3	2.6
Effect of exchange rates on cash and cash equivalents	(0.3)	0.1	(0.2)	-	-	-
Change in cash	1.5	3.0	1.3	2.1	(1.2)	12.9
Cash at the beginning of the year	0.8	2.2	5.2	6.5	6.5	8.6
Cash at the end of the year	2.2	5.2	6.5	8.6	5.3	21.5

Thank you for your attention!

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