

Zacks Small-Cap Research

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Mogo Finance Technology (MOGO-NASDAQ)

MOGO: Q1 Revenue and Earnings Beat Despite Reduced Marketing Spend

Based on a blended average value of EV to sales of its peers, we believe MOGO is worth \$7.65 per share based on current estimates.

Current Price (05/13/19) US\$3.10
Valuation US\$7.65

OUTLOOK

Mogo is a rapidly growing Canadian fintech company with over 808K members that generates revenues from a series of innovative products to help consumers manage & control their financial health. These products include a digital spending account with a Platinum Prepaid Visa Card, ID Fraud protection product, digital mortgage, Crypto account that enables buying and selling of bitcoin, and access to smart credit products called MogoMoney. Mogo combines all of these into an easy to use integrated app, which allows consumers to open a Mogo account in under 3 minutes all from their mobile phone. Mogo is part of a wave of global digital challenger banking models that are taking on the legacy banks who's legacy products and business models still rely on high fees and clunky consumer experience.

SUMMARY DATA (NASDAQ)

52-Week High \$4.00
52-Week Low \$2.07
One-Year Return (%) 11.9
Beta N/A
Average Daily Volume (sh) 30,157

Shares Outstanding (mil) 23.5
Market Capitalization (\$mil) \$72
Short Interest Ratio (days) 3.7
Institutional Ownership (%) 5
Insider Ownership (%) 24

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/M
P/E using 2018 Estimate N/M
P/E using 2019 Estimate N/M

Risk Level High
Type of Stock Growth
Industry Financial-Misc. Svcs

ZACKS ESTIMATES

Revenue

(in millions of Canadian \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2017	11.3 A	11.5 A	12.6 A	13.3 A	48.7 A
2018	14.3 A	15.4 A	15.4 A	16.1 A	61.3 A
2019	16.4 A	16.9 E	17.5 E	18.3 E	69.1 E
2020					86.5 E

GAAP Earnings Per Share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2017	-\$0.25 A	-\$0.29 A	-\$0.20 A	-\$0.33 A	-\$1.07 A
2018	-\$0.17 A	-\$0.27 A	-\$0.31 A	-\$0.19 A	-\$0.85 A
2019	-\$0.21 A	-\$0.21 E	-\$0.21 E	-\$0.21 E	-\$0.78 E
2020					-\$0.58 E

Q1 2019 Earnings Results

Mogo reported revenues for the first quarter of 2019 of \$16.4 million versus \$14.3 million a year ago up 14% and ahead of our expectations. The beat was mostly in higher interest revenue from loans. Revenues from subscriptions and services were \$8.3 million versus \$5.0 million in 2018, and from loans were \$8.1 million versus \$9.4 million a year ago. Removing the discontinued short-term lending business from last year's numbers, total revenues would have grown 57%; the subscription and services part of the business grew 68%. We are increasing our revenue estimates as the company continues to grow loans sequentially and we are adjusting our model accordingly.

Gross margin increased dollar wise by 13.8% with revenues to \$10.7 million and was flat as a percentage at 65%.

Operating expenses increased to \$10.9 million in Q1 2019 or 4%. Included in this total was an increase in spending on technology and development of \$1.2 million and a decrease in marketing of \$700,000. The company plans to use some of the cash from the Difference acquisition to increase marketing spend in future quarters.

The operating loss was \$212,000 versus a loss of \$1.1 million a year ago

Other expenses were \$4.8 million compared to \$2.9 million a year ago. Credit facility interest expense increased by \$686,000, while the unrealized gain on derivative liability declined by \$1.6 million.

The pretax (and net as it pays no taxes) loss increased to \$5.0 million versus \$4.0 million a year ago.

The non-GAAP net loss, taking out one-time charges and stock based compensation, was \$4.7 million versus \$4.9 million, a decrease of 3% compared to last year.

Average shares outstanding grew from 22.6 million in Q1 2018 to 23.4 million in Q1 2019, an increase of 3.3%. GAAP EPS loss was \$0.21, an increase from last year's \$0.17. On a non-GAAP basis the number was a loss of \$0.20 per share versus \$0.22 per share.

Adjusted EBITDA, was \$2.2 million for Q1 2019 compared to \$303,000 a year ago, excluding loan financing.

Cash flow from operations for Q1 2019 was \$2.3 million versus \$0.5 million a year ago, and free cash flow increased significantly from a negative \$1 million last year to a positive \$101,000 in 2019. After funding the loan portfolio, the cash flow was a negative \$7.2 million versus a negative \$8.0 million a year ago. The company plans to remain EBITDA positive throughout 2019 and start to contribute to funding the portfolio through operating cash flow.

Business Combination with Difference Capital

The company is in the process of merging with Difference Capital Financial, a Toronto-based company that invests in equity of private Canadian companies. It invests primarily in late stage financings of pre-IPO companies in the technology and media sectors with liquidity events expected in the two to four year range. It currently holds approximately C\$10 million in cash and a portfolio of 14 companies currently worth approximately C\$24 million. It employs three people. Mogo plans to sell off portfolio to raise cash as opportunities arise and this is expected to take up to 24 months. Difference Capital currently spends about \$900,000 per quarter, but Mogo expects that after the merger this will be reduced.

			December 31, 2018	
			AVERAGE	
			COST	FAIR VALUE
Amounts in thousands of Canadian dollars			\$	\$
FINANCIAL TECHNOLOGIES				
Carta Solutions Holding Corporation	equity securities & warrants	Canada	4,996	
Ethoca Solutions Inc.	equity securities	Canada	1,508	
Mogo Finance Technology Inc.	equity securities	Canada	10,408	
			16,912	14,729
HEALTHCARE				
BrainScope Company Inc.	equity securities	United States	1,950	
Cardiac Dimensions Pty. Ltd.	equity securities	United States	2,492	
			4,442	3,641
INTERNET				
BuildDirect.com Technologies Inc.	equity securities	Canada	8,509	
Vision Critical Communications Inc.	equity securities	Canada	4,997	
Scribble Technologies Inc.	equity securities	Canada	4,608	
Hootsuite Media Inc.	equity securities	Canada	2,080	
			20,194	8,716
MEDIA and MEDIA TECHNOLOGIES				
Blue Ant Media Inc.	equity securities	Canada	4,787	
Cricket Media Group Ltd.	convertible debentures	Canada	4,575	
			9,362	4,979
TECHNOLOGIES				
Vena Solutions	equity securities	Canada	4,677	
Baanto International Ltd.	equity securities	Canada	3,770	
Other	convertible debentures, equity securities	Canada & U.S.	751	
			9,198	15,927
OTHER				
Difference RM Holdings Corp.	equity securities	United States	6,320	
Waterloo Innovation Network LP	limited partnership units	Canada	2,000	
Wekerloo Developments Inc.	loan	Canada	1,000	
Other	convertible debentures, equity securities and units	Canada	546	
			9,866	16,138
TOTAL INVESTMENTS			69,974	64,129

KEY POINTS

- Mogo Finance Technology is a **leader in the Canadian fintech industry** and provides a unique opportunity for investors to participate in the worldwide trend of fintech adoption. It is one of a new breed of emerging digital challengers replacing traditional banks globally.
- Mogo is a **high growth disruptor**. Was the company not fighting the headwinds of strategically exiting the short-term loan business that it phased out throughout 2018, it would have shown 71% revenue growth on what it calls “core revenues” or revenues of continuing operations. Core revenue, excludes the company’s legacy short term lending revenue which Mogo fully exited at the end of Q3 2018. In 2018, the company generated **\$61 million in total revenues** representing 26% growth, spurred by a doubling of its subscription and services business to \$27 million. In Q1 2019, Mogo’s core revenue increased 57% versus the same period in 2017 with Subscription & Services revenue having its fifth consecutive quarter of at least 50% year over year growth. In 2018, it added more than 210,000 new members to reach 756,000 members on December 31, 2018 (up 39%), and on March 31st it announced it has surpassed 808,000 members, up 34% year over year.
- Fintech is disrupting traditional banking by providing a generation adept at technology, and demanding ease-of-use and low costs, with tools to deal with money. Mogo’s mission is to make it easier for consumers to get in control of their financial health. For that, it is providing services at the

customer's fingertip by **providing an app** that allows free credit score checks, loans, identity protection, payments, and the buying and selling of bitcoin combined, with more capabilities to come. This convenient solution is taking market share from traditional banks and credit unions that have been slow to adapt to change.

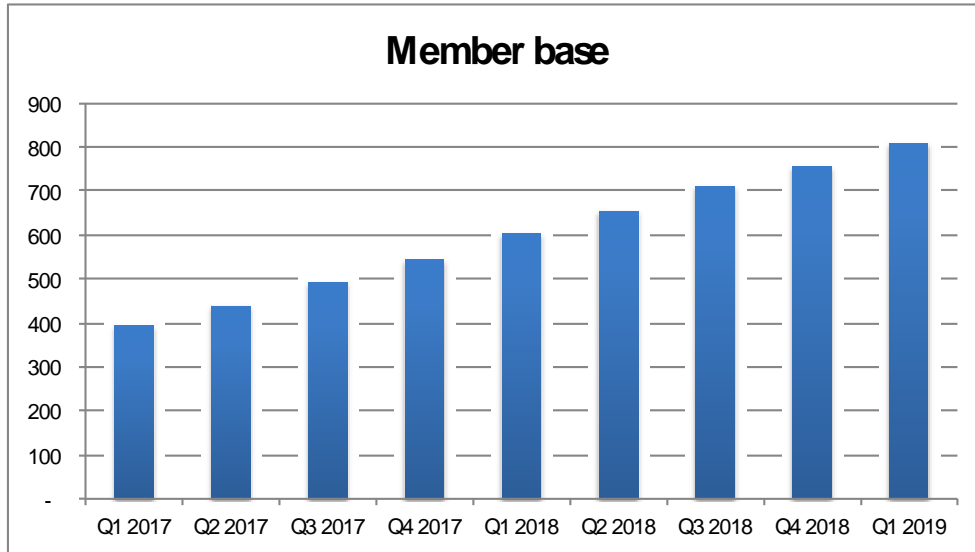
- Not only is MOGO's approach **easier and quicker**, it is less expensive for consumers. Canadian banks still charge expensive fees just to maintain an account, something the millennial generation seeks to avoid. Since most of MOGO's services are free to the user, it is the natural choice for the younger set.
- MOGO is ahead of the pack by integrating multiple services in a **one-stop solution**. It also partners with providers rather than just promoting its own proprietary products. By comparison, in the US a consumer needs to access separate products, which do not work together to paint a complete picture for the customer. For example, someone might use Credit Karma for credit monitoring, a bank or Lending Club for a loan, LifeLock for identity protection, a VISA prepaid card for payments, and Coinbase to buy and sell bitcoin, all using separate apps and different accounts which have no knowledge of each other's status.
- The company **continues to add capabilities** to monetize its base. Shortly we expect the rollout of the enhanced MogoCard with a new cash back program, and the addition of a feature called MogoWealth which will provide customers with choices for investing their cash. Also contemplated is a subscription service that would include multiple services combined at a discount price much like an Amazon Prime.
- Mogo is in the midst of an all-stock merger with Difference Capital Financial (TSX: DCF, TNTHF), a company that invested in mostly private Canadian technology companies. It is a holding company with approximately C\$10 million of cash, plus an additional C\$24 million of investments in some of Canada's leading private technology companies. The transaction will result in an incremental issuance of approximately 3.2 million shares and will bring approximately C\$34 million in cash and monetizable assets to the company, which it plans to use to fund its existing business. The transaction is expected to close in June.
- We expect the company to generate cash flow this year to start to fund the growth of its loan portfolio. Management has stated it expects to use its cash on the balance sheet, combined with partnerships with other companies that will fund Mogo-originated loans using their own balance sheets, rather than raising any more cash and diluting current shareholders.
- Based on a combined value of the company's lending business and its subscription services and fee generation business we believe the company is worth \$7.65 per share when compared with other companies in these spaces.

OVERVIEW

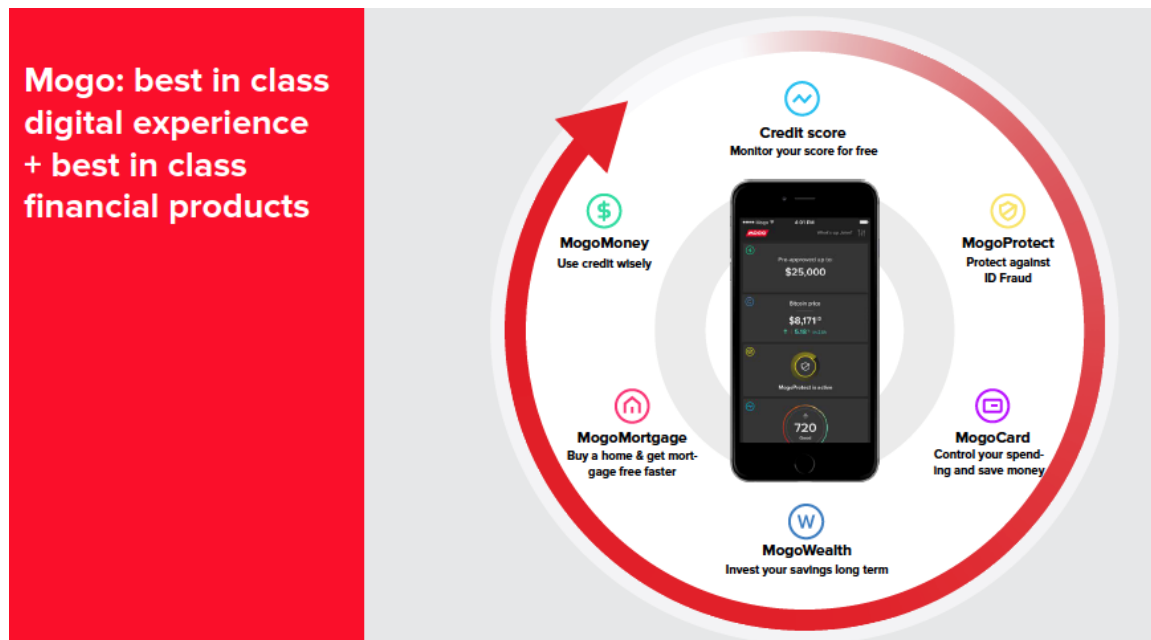
Mogo Financial Technology was founded in 2003 in Vancouver, Canada, and to date has raised \$201 million. It had its IPO on the Toronto exchange in October 2015 and listed on NASDAQ in April of 2018. It has over 250 employees in four locations in Canada. The company currently has over 800,000 users of its app, of which 10% use a feature in addition to free credit score monitoring that generates revenue for the company. The company has two reporting segments—subscription and services, and consumer loan interest (MogoMoney.) In 2018, the company generated \$26.8 million (44%) from subscriptions and services, \$26.4 million (43%) from consumer loan interest and \$8.1 million or 13% from its discontinued payday loan business. Although the company makes money on all its subscriptions and services

products, the company gives away its app, and all of its services to consumers, except for real-time identity monitoring and protection, for which it charges \$8.99 per month.

The company has been growing its member base rapidly and steadily as shown on the graph below.



The company has integrated a number of applications into one app, which provides an overview of a customer's financial situation. This app currently is comprised of: free credit score monitoring, **MogoProtect**, **MogoMortgage**, **MogoCard**, **MogoMoney** and **MogoCrypto**.



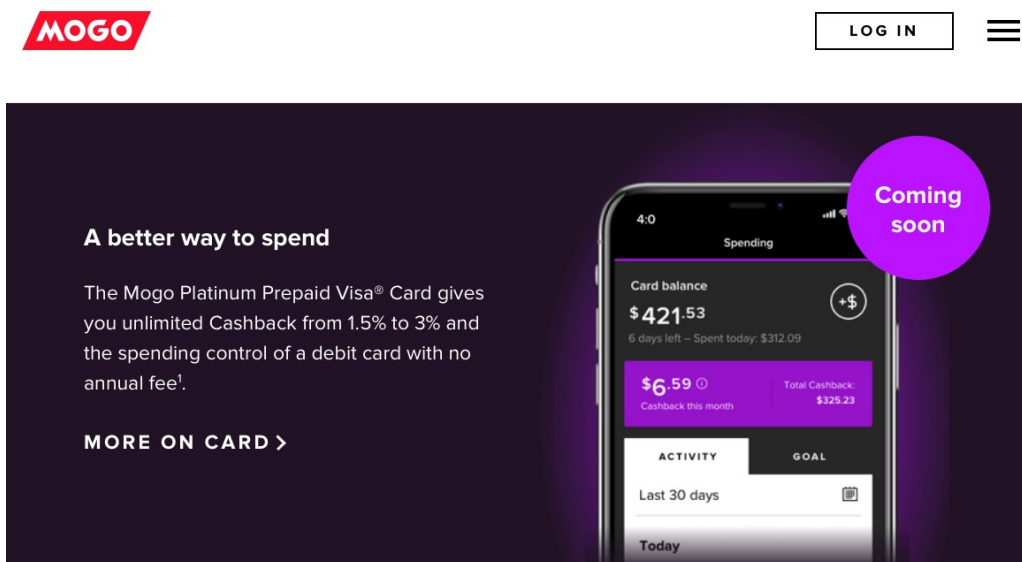
FUTURE PRODUCTS

MogoWealth

In coming months, the company plans to roll out MogoWealth to provide customers choices of where to invest their money, including a high interest savings account. MOGO plans to partner with others to bring in the best investment products and options for members. It is looking at adding robo products along with mutual funds, ETF, GICs, and even some unique alternative investments like its own debentures. All of these offerings should help attract high net worth customers in addition to just borrowers. Robo products are those sold by robo advisors. Robo advisors are investing platforms that use a computer algorithm to design and manage a customer's investment portfolio.

MogoCard with Cash Back

The company also plans to launch a new best in class cash back program for its MogoCard as shown below. It promises a user experience that is unlike any other card program in Canada. This feature is currently in beta and should be widely available by mid-2019.



MogoCredit

MogoMoney will be evolving over the next year to what will be called "MogoCredit" and be more integrated into MogoCard to become an easier to manage alternative to a credit card. Mogo is also exploring offering other types of loans it does not currently provide such as new car loans. It plans to partner with best-in-class providers that would appeal to both its current customer base as well as bring in new customers that had not been attracted to the platform with its current offerings. Mogo intends to leverage its digital loan platform and growing member base to enable third party lenders to lend to Mogo customers. The third party lender would fund the loan and would take all the credit risk of the loan. Mogo would earn an origination fee as well as an ongoing platform fee for ongoing servicing and future refinancing of the loan.

VALUATION

Since Mogo revenues are split half loan interest and half subscription and services we are using a blended valuation for the company. In the table below there are two sets of companies: one is financial platforms, and the other set is online lenders making consumer loans. An average enterprise value to sales of the two groups yields a valuation for Mogo of approximately \$7.65 per share. However this valuation is based on a comparison with companies that all are profitable and have significantly more traction than Mogo.

Company	Ticker	Revenue			TTM		Enterprise Value / Sales			EV/ EBITDA	Included in Average?	Enterprise Value
		2020E	2019E	LTM	EBITDA	2020E	2019E	LTM				
Fintech Platforms												
Green Dot	GDOT	\$1,270	\$1,150	\$1,060	\$172	0.7x	0.8x	0.9x	5.4x	y	922	
Intuit	INTU	NA	\$6,800	\$6,230	\$1,780	NA	8.9x	9.7x	34.0x	Y	60,460	
LendingTree	TREE	\$1,220	\$1,030	\$846	\$108	4.4x	5.3x	6.4x	49.9x	y	5,410	
Lightspeed POS	LSPD.TO	NA	\$100	\$72	-\$18	NA	9.9x	13.7x	-54.4x	Y	987	
PayPal	PYPL	\$21,120	\$17,980	\$15,890	\$2,820	5.9x	6.9x	7.8x	43.9x	y	123,870	
Shopify	SHOP	\$2,000	\$1,510	\$1,180	-\$85	13.5x	17.9x	22.9x	-317.9x	y	26,990	
Square	SQ	\$3,100	\$2,300	\$1,769	\$66	9.0x	12.1x	15.8x	423.5x	y	27,870	
Average					692	6.7	8.8	11.0	26.3		35,216	
Online Lenders												
GreenSky	GSKY	\$697	\$551	\$433	\$146	1.2x	1.5x	1.9x	5.7x	y	828	
On Deck	ONDK	\$487	\$449	\$216	\$22	2.5x	2.7x	5.6x	54.9x	y	1,200	
Lending Club	LC	\$875	\$783	\$717	\$105	2.0x	2.2x	2.5x	16.8x	y	1,760	
Average					91	1.9	2.1	3.3	25.8		1,263	
		2020E	Revenue 2019E	LTM	TTM EBITDA	2020E	Enterprise Value / Sales		Valuation Range			
US\$		64,878	51,788	45,958	3.1	4.3x	5.5x	7.2x	Low	High		
Canadian \$		86,505	69,051	61,277					\$283,686	\$329,152		
Conclusion of Enterprise Value					\$306,419,333							
Market Value					\$282,419,333							
Diluted Shares Outstanding					36,900,000							
Price per Share					\$7.65							

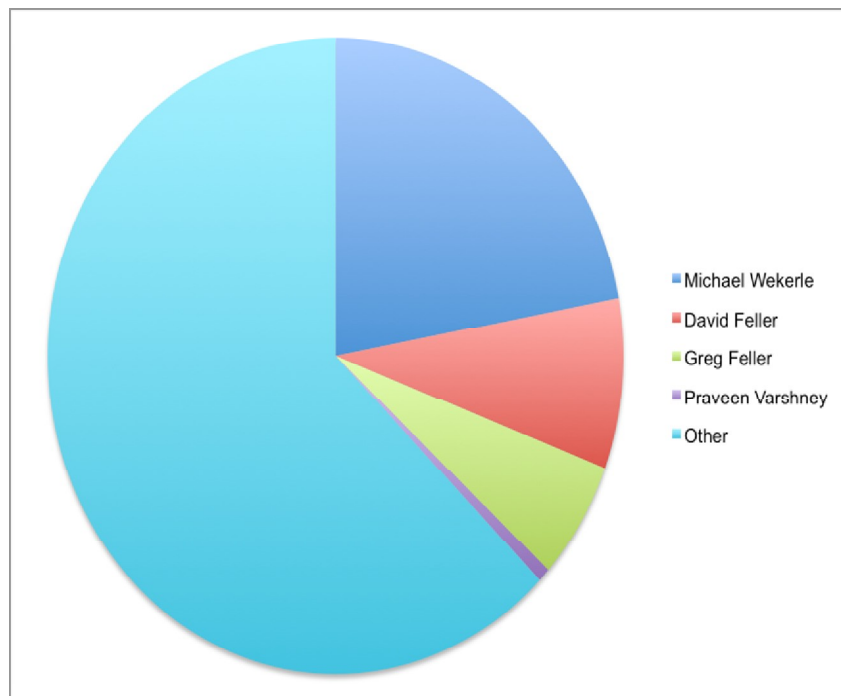
Merger and acquisition transactions also give us a comparison for Mogo's value. Symantec bought LifeLock for \$2.3 billion dollars when it had 4.4 million users or a valuation of \$523 per user. Revenues at that time were \$660 million, making it 3.5 times sales. With Mogo's \$31 million subscription run rate that would be \$109 million for that part of the business alone. SoFi, a US company, was valued at \$4.3 billion in its last round financing in 2017 and is in talks for another round at a similar price. As of the end of 2018 it had originated a cumulative \$30 billion in loans, up from \$25 billion in 2017, and expanded its member base to 600,000 from 430,000 last year.

Another way of looking at valuation is by number of subscribers. Some of the highest valued private fintechs in the world including Ant Financial in Asia, N26 in Europe, Monzo in the UK, and Chime. Looking at them on a dollar per subscriber basis we see numbers such Monzo at \$1500/member, N26 at \$1100, and Chime at \$500. With 808,000 members, Mogo is trading at about \$125 per member.

RISKS

- Mogo is a small company operating in a highly regulated and competitive environment against much larger companies with much greater resources.
- The industry is in a land grab where players are willing to take large current losses to built market share. Mogo is expected to need to raise capital in order to sustain itself competitively in this environment.
- The company has already raised over \$200 million throughout its history and has yet to achieve profitability or cash flow breakeven.

OWNERSHIP



PROJECTED INCOME STATEMENT

Canadian Dollars	Q1 2017 31-Mar	Q2 2017 30-Jun	Q3 2017 30-Sep	Q4 2017 31-Dec	Q1 2018 31-Mar	Q2 2018 30-Jun	Q3 2018 30-Sep	Q4 2018 31-Dec	Q1 2019 31-Mar	Q2 2019E 30-Jun	Q3 2019E 30-Sep	Q4 2019E 31-Dec	2017	2018	2019E	2020E
Metrics																
Member base	395	439	492	544	604	654	711	756	808				544	756	1,100	1,500
Yr-to-yr Growth	NA	NA	NA	NA	53%	49%	45%	39%	34%				99%	39%	46%	36%
Charge Offs	19.7%	15.5%	15.0%	13.1%	13.7%	15.0%	15.3%	15.8%	15.4%				15.0%	14.8%		
Net Interest	2,526	2,574	2,739	3,170	3,446	3,675	4,794	5,165	5,360	5,400	5,420	5,500	11,009	17,080	21,680	25,469
Subscriptions and services																
Yr-to-yr Growth	\$2,368	\$2,808	\$3,708	\$4,088	\$4,970	\$5,752	\$7,833	\$8,178	\$8,333	\$8,800	\$9,300	\$10,000	\$12,972	\$26,733	\$36,433	\$47,363
Interest revenue	4,132	4,257	4,674	5,124	5,418	5,856	7,229	7,930	8,018	8,100	8,200	8,300	18,187	26,433	32,618	39,142
Yr-to-yr Growth	4,781	4,425	4,197	4,119	3,945	3,809	357	-	48%	38%	13%	5%	17,522	8,111	-	20%
Loan fees																
Total revenue	\$11,281	\$11,490	\$12,579	\$13,331	\$14,333	\$15,417	\$15,419	\$16,108	\$16,351	\$16,900	\$17,500	\$18,300	\$48,681	\$61,277	\$69,051	\$86,505
Yr-to-yr Growth	\$6,500	\$7,065	\$8,382	\$9,212	\$10,388	\$11,608	\$15,062	\$16,108	\$16,351	\$16,900	\$17,500	\$18,300	\$31,159	\$53,166	\$69,051	\$86,505
Core Revenues																
Yr-to-yr Growth					60%	64%	80%	75%	57%	46%	16%	14%	38%	71%	30%	25%
Provision for loan losses, net	2,839	2,795	2,843	2,932	3,628	4,053	4,199	4,487	4,063	4,131	4,182	4,233	11,409	16,367	16,609	19,962
Transaction costs	984	1,019	1,169	1,291	1,334	1,452	1,655	1,618	1,628	1,760	1,860	2,000	4,463	6,059	7,248	9,473
Total cost of revenue	3,823	3,814	4,012	4,223	4,962	5,505	5,854	6,105	5,691	5,891	6,042	6,233	15,872	22,426	23,857	29,435
Gross profit	7,458	7,676	8,567	9,108	9,371	9,912	9,565	10,003	10,660	11,009	11,458	12,067	32,809	38,851	45,194	57,070
Gross Margin %	66%	67%	68%	68%	65%	64%	62%	62%	65%	65%	65%	66%	67%	63%	65%	66%
Operating expenses:																
Technology and development	2,779	2,861	2,705	3,028	3,206	3,976	3,779	3,786	4,350	4,400	4,400	4,500	11,373	14,747	17,650	18,500
Marketing	1,363	1,452	1,754	2,285	2,354	2,336	2,363	1,719	1,656	1,800	2,400	2,600	6,854	8,772	8,456	12,000
Customer service and operations	1,941	1,818	1,734	1,772	1,961	1,953	1,922	2,547	1,973	2,028	2,100	2,196	7,265	8,383	8,297	10,381
General and administrative	2,239	2,556	2,640	2,854	2,930	3,056	2,918	2,273	2,893	3,000	3,150	3,200	10,289	11,177	12,243	13,500
Total operating expenses	8,322	8,687	8,833	9,939	10,451	11,321	10,982	10,325	10,872	11,228	12,050	12,496	35,781	43,079	46,646	54,381
Operating income:	(864)	(1,011)	(266)	(831)	(1,080)	(1,409)	(1,417)	(322)	(212)	(219)	(592)	(429)	(2,972)	(4,228)	(1,452)	2,889
Operating margin	-7.7%	-8.8%	-2.1%	-6.2%	-7.5%	-9.1%	-9.2%	-2.0%	-1.3%	-1.3%	-3.4%	-2.3%	-9.2%	-6.9%	-2.1%	3.1%
Other income:																
Credit facility interest expense	1,606	1,683	1,935	1,954	1,972	2,181	2,435	2,765	2,658	2,700	2,780	2,800	7,178	9,353	10,938	13,673
Debt interest expense	1,569	1,790	2,085	2,059	2,111	1,915	2,017	1,993	2,039	2,040	2,040	2,020	7,503	8,036	8,139	9,000
Unrealized exchange (gain) loss	(58)	(159)	(237)	75	221	211	(114)	333	(128)	-	-	-	(379)	651	(128)	-
Unrealized (gain) loss on derivative liability	482	897	(406)	1,234	(1,554)	113	150	(442)	39	-	-	-	2,207	(1,733)	39	-
Other one-time expenses	118	108	74	13	120	227	1,140	-	185	-	-	-	313	1,487	185	-
Other financing income	-	-	-	(64)	-	-	-	-	-	-	-	-	(64)	-	-	-
Total other income	3,717	4,319	3,451	5,271	2,870	4,647	5,628	4,649	4,793	4,740	4,820	4,820	16,758	17,794	19,173	22,673
Pretax income	(4,581)	(5,330)	(3,717)	(6,102)	(3,950)	(6,056)	(7,045)	(4,971)	(5,005)	(4,959)	(5,412)	(5,249)	(19,730)	(22,022)	(20,625)	(19,983)
Pretax Margin	-40.6%	-46.4%	-29.5%	-45.8%	-27.6%	-39.3%	-45.7%	-30.9%	-30.6%	-29.3%	-30.9%	-28.7%	-40.5%	-35.9%	-29.9%	-23.1%
Income taxes	(8.0)	8.0	-	(1)	-	-	-	-	-	-	-	-	(1.0)	-	-	-
Tax rate	-2%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.0%	0.0%	0.0%
Net income	(4,573)	(5,338)	(3,717)	(6,101)	(3,950)	(6,056)	(7,045)	(4,971)	(5,005)	(4,959)	(5,412)	(5,249)	(19,729.0)	(22,022)	(20,625)	(19,983)
Stk based compensation	246	233	181	683	292	271	369	388	259	300	300	700	1,343	1,320	1,559	1,800
One-time expenses	542	846	(569)	1,322	(1,213)	551	1,290	859	185	-	-	-	313	1,487	95	-
Non-GAAP Income from continuing Yr-over-Yr	(3,785)	(4,259)	(4,105)	(4,096)	(4,871)	(5,234)	(5,386)	(3,724)	(4,561)	(4,659)	(5,112)	(4,549)	(18,073)	(19,215)	(18,970)	(18,183)
									-6%	-11%	-5%	22%		6.3%	-1.3%	-4%
Net income per share:																
Basic EPS	(0.25)	(0.29)	(0.20)	(0.33)	(0.17)	(0.27)	(0.31)	(0.22)	(0.21)	(0.21)	(0.21)	(0.21)	(1.07)	(0.97)	(0.84)	(0.63)
Non-GAAP	(0.21)	(0.23)	(0.22)	(0.22)	(0.22)	(0.23)	(0.23)	(0.16)	(0.20)	(0.20)	(0.20)	(0.18)	(0.98)	(0.85)	(0.78)	(0.58)
					4.0%	-1.2%	4.8%	-27.5%	-9%	-13%	-15%	10%	NA	-14%	-8%	-26%
Shares																
Basic	18,298	18,304	18,341	18,341	22,643	22,760	22,963	22,992	23,384	23,384	25,558	25,558	18,381	22,714	24,471	31,500
Adjusted EBITDA	117	209	1,014	1,003	303	734	1,045	2,072	2,200	1,787	1,414	1,577	2,343	4,154	6,978	11,889
					159%	251%	3%	107%	626%	143%	35%	-24%		NM	77%	68%

BALANCE SHEET

	Mar 31, 2019	Dec 31, 2018	Qtr-Qtr % Change	Mar 31, 2018	Yr-Yr % Change
Current assets					
Cash	\$16,275	\$20,439	-20%	\$35,700	-54%
Loans receivable	89,169	86,347	3%	71,179	25%
Prepaid expenses, deposits and other	4,064	3,501	16%	1,895	114%
Deferred cost	239	273	-12%	307	-22%
Total current assets	109,747	110,560	-1%	109,081	1%
Property and equipment, net	2,367	3,016	-22%	3,039	-22%
Right of use assets	6,608	0	NM	0	NM
Intangible assets, net of accumulated amortization	19,492	18,658	4%	15,581	25%
TOTAL ASSETS	138,214	132,234	5%	127,701	8%
Current liabilities					
Accounts payable and accruals	11,441	9,651	19%	6,594	74%
Other liabilities	6,939	973	613%	1,060	555%
Credit facilities	78,010	75,934	3%	61,020	28%
Total current liabilities	96,390	86,558	11%	68,674	40%
Long-term liabilities					
Debentures	41,703	41,625	0%	39,857	5%
Convertible debentures	11,962	11,781	2%	11,311	6%
Derivative financial liability	1,003	964	4%	1,143	-12%
Total long-term liabilities	54,668	54,370	1%	52,311	5%
TOTAL LIABILITIES	151,058	140,928	7%	120,985	25%
Stockholder's equity					
Share capital	76,043	75,045	1%	73,225	4%
Contributed surplus	6,902	7,045	-2%	6,203	11%
Deficit	(95,789)	(90,784)	6%	(72,712)	32%
Total stockholders' equity	(12,844)	(8,694)	48%	6,716	-291%
Total liabilities and stockholders' equity	\$138,214	\$132,234	5%	\$127,701	8%
Quick Ratio	1.1	1.3	-11%	1.6	-28%
Working Capital	13,357	24,002	-44%	40,407	-67%
Net cash	16,275	20,439	-20%	35,700	-54%
Net cash as % of assets	12%	15%	-24%	28%	-58%
Net cash per share	\$0.72	\$0.90	-20%	\$1.10	-35%
Debt % of assets	39%	40%	-4%	40%	-3%
Provision for loan losses as % of portfolio	4.6%	5.2%	-12%	5.9%	-23%

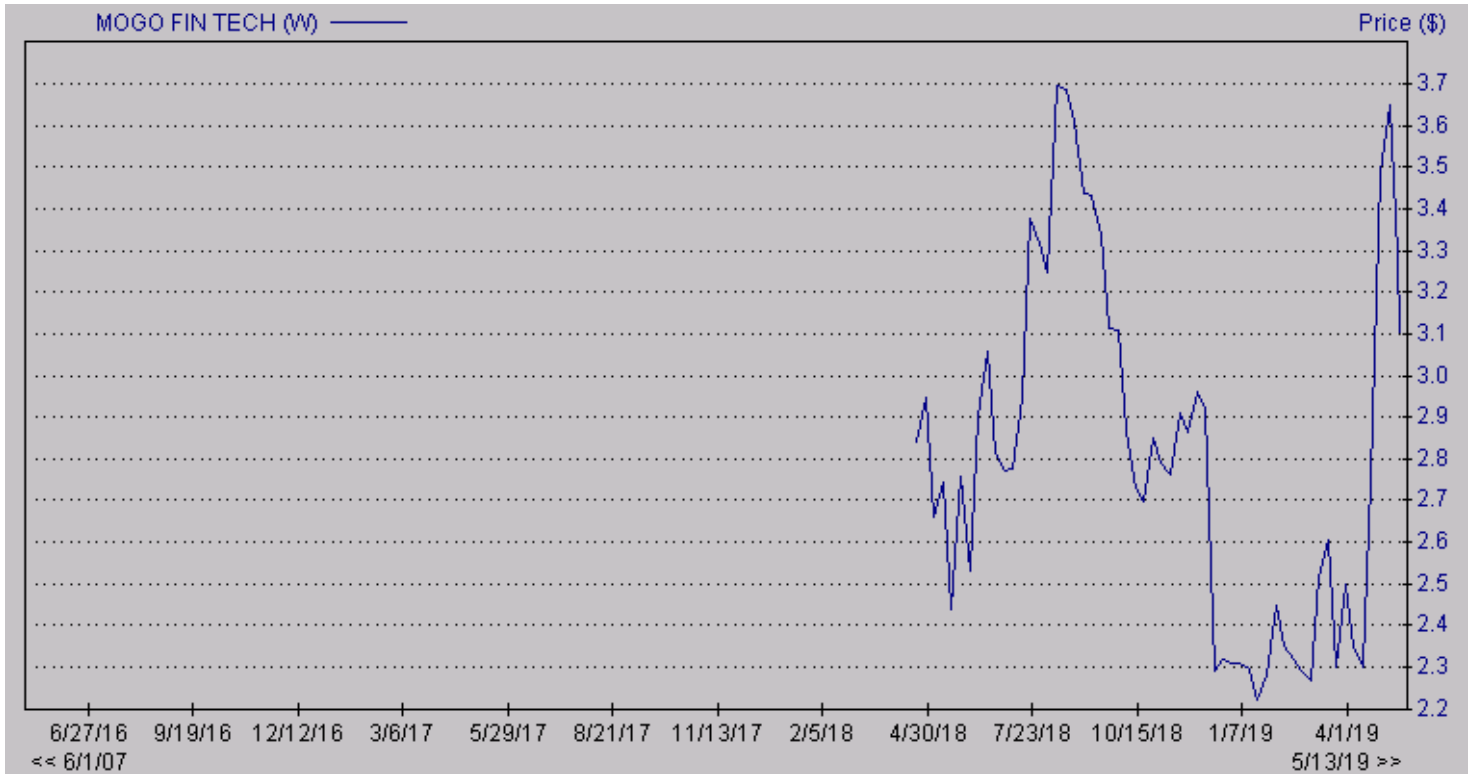
PRO FORMA BALANCE SHEET WITH DIFFERENCE

	MOGO As of Mar 31 2019	DIFFERENCE Mgmt Estimate (Q2 2019)	Adjustments	MOGO Pro Forma
<i>(CAD\$ in millions unless noted)</i>				
Balance Sheet				
Cash	\$16.3	\$9.0	(\$2.0) ⁶	\$23.3
Total Investments	-	\$24.0	-	\$24.0
Total Cash & Investments	\$16.3	\$33.0	(\$2.0)	\$47.3
Convertible Debentures ⁸	\$12.0	-	-	\$12.0
Debt ²⁾	\$41.7	-	-	\$41.7
Net Corporate Debt/(Cash)	\$37.4	(\$33.0)	\$2.0	\$6.4
Share Structure³⁾				
Basic Shares Outstanding	23.5	5.7	(2.5)	26.7
FD Shares Outstanding ⁴⁾	24.8	5.8	(2.5)	28.0
Total Shares, Options & Warrants Outstanding ⁵⁾	30.9	6.3	(2.5)	34.6

CASH FLOWS

	3 Mo. Ended 3/31/17	3 Mo. Ended 6/30/17	3 Mo. Ended 9/30/17	3 Mo. Ended 12/31/17	Year 2017	3 Mo. Ended 3/31/18	3 Mo. Ended 6/30/18	3 Mo. Ended 9/30/18	3 Mo. Ended 12/31/18	Year 2018	3 Mo. Ended 3/31/19
Operating activities:											
Loss and comprehensive loss	(4,573)	(5,338)	(3,717)	(6,101)	(19,729)	(3,950)	(6,056)	(7,045)	(4,971)	(22,022)	(5,005)
Items not affecting cash											
Depreciation and amortization	735	987	1,099	667	3,488	975	1,872	2,093	2,122	7,062	2,191
Amortization of deferred financing costs	112	112	199	102	525	103	102	102	103	410	122
Amortization of marketing setup fee	102	-	-	308	410	103	-	-	(103)	-	-
Accretion of convertible debentures	-	68	161	166	395	181	170	165	173	689	180
Loss on sale of fixed assets	21	(1)	-	(20)	-	-	-	-	-	-	-
Other one-time expenses	118	-	-	-	118	-	-	1,105	-	1,105	102
Provision for loan losses	3,299	3,300	3,301	3,443	13,343	4,100	4,542	4,704	5,060	18,406	4,513
Stock-based compensation expense	246	233	181	683	1,343	292	271	369	388	1,320	259
Unrealized loss (gain) on derivative liabilities	482	897	(406)	1,234	2,207	(1,554)	113	150	(442)	(1,733)	39
Non-cash warrant expense	37	-	-	110	147	13	-	-	(13)	-	-
Unrealized foreign exchange loss (gain)	(52)	(159)	(237)	45	(403)	221	237	(114)	324	668	(128)
Changes in working capital accounts											
Net issuance of loans receivable	(2,197)	(5,173)	(8,323)	(9,234)	(24,927)	(6,954)	(8,273)	(10,506)	(10,695)	(36,428)	(7,335)
Investment tax credits	-	-	-	(186)	(186)	343	-	-	-	343	-
Prepaid expenses, deposits and other	(271)	12	(106)	(97)	(462)	(115)	(539)	(494)	(676)	(1,824)	(490)
Accounts payable and accruals	1,036	748	(338)	1,043	2,489	(910)	1,565	2,736	(474)	2,917	1,070
Other liabilities	(25)	(33)	(29)	(29)	(116)	(29)	(29)	(29)	(29)	(116)	-
Net cash used by operating activities	(930)	(4,347)	(8,215)	(7,866)	(21,358)	(7,181)	(6,025)	(6,764)	(9,233)	(29,203)	(4,482)
Investing activities:											
Purchases of property and equipment	(185)	(145)	(72)	(2)	(404)	(60)	(1,200)	(1,289)	(860)	(3,409)	(49)
Investment in intangible assets	(1,388)	(1,212)	(1,141)	(1,276)	(5,017)	(1,432)	(1,872)	(1,921)	(2,419)	(7,644)	(2,123)
Net cash used in investing activities	(1,573)	(1,357)	(1,213)	(1,278)	(5,421)	(1,492)	(3,072)	(3,210)	(3,279)	(11,053)	(2,172)
Financing activities:											
Net proceeds from issuance of conv. debentures	-	13,421	(33)	140	13,528	-	-	-	-	-	-
Net proceeds from issuance of common shares	-	-	-	24,397	24,397	-	-	-	-	-	-
Lease liability - principal payment	-	-	-	-	-	-	-	-	-	-	(247)
Repayment of debenture	-	(790)	-	790	-	-	-	-	-	-	-
Net advances from debentures	-	-	795	(795)	-	-	-	-	1,410	1,410	222
Net advances from credit facilities	(230)	2,131	2,963	5,988	10,852	3,807	3,924	4,306	6,377	18,414	1,954
Credit facility financing cost	-	-	(210)	-	(210)	-	88	-	(88)	-	-
Options exercised	-	52	30	66	148	6	-	99	206	311	561
Net cash used in financing activities	(230)	14,814	3,545	30,586	48,715	3,813	4,012	4,405	7,905	20,135	2,490
Net change - cash	(2,733)	9,110	(5,883)	21,442	21,936	(4,860)	(5,085)	(5,569)	(4,607)	(20,121)	(4,164)
Cash, beginning	18,624	15,891	25,001	30,615	18,624	40,560	35,700	30,615	25,046	40,560	20,439
Cash, end of period	15,891	25,001	19,118	52,057	40,560	35,700	30,615	25,046	20,439	20,439	16,275
Cash flow	527	99	581	637	1,844	484	1,251	1,529	2,641	5,905	2,273
Free cash flow	(1,046)	(1,258)	(632)	(641)	(3,577)	(1,008)	(1,821)	(1,681)	(638)	(5,148)	101
Free cash flow after investment in loans	(3,243)	(6,431)	(8,955)	(9,875)	(28,504)	(7,962)	(10,094)	(12,187)	(11,333)	(41,576)	(7,234)

HISTORICAL STOCK PRICE



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