

# Zacks Small-Cap Research

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## Mogo Inc.

(MOGO-NASDAQ)

### MOGO to Start Loan Originations with Lending Partner goeasy This Month

Based on a blended average value of EV to sales of its peers, we believe MOGO is worth \$6.95 per share based on current estimates.

Current Price (10/07/19) US\$3.31  
Valuation US\$6.95

### OUTLOOK

Mogo is a growing Canadian fintech company with over 900K 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, a 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 \$4.05  
52-Week Low \$2.07  
One-Year Return (%) 6.8  
Beta 1.8  
Average Daily Volume (sh) 9,216

Shares Outstanding (mil) 27.3  
Market Capitalization (\$mil) \$90.4  
Short Interest Ratio (days) 11.5  
Institutional Ownership (%) 6  
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 Small Growth  
Industry Technology Services

### ZACKS ESTIMATES

#### Revenue

(in millions of Canadian \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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	16.4 A	15.8 E	16.2 E	64.7 E
2020					79.2 E

#### GAAP Earnings Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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	\$0.31 A	-\$0.24 E	-\$0.26 E	-\$0.88 E
2020					-\$0.74 E

### Pilot Program with New Lending Partner Starts This Month

Today Mogo announced a long awaited partnership with a lending institution to accelerate its loan growth and move future loans off its balance sheet to reduce debt. It announced a deal with goeasy Ltd. (TSX:[GSY](#)) to provide Canadians with personal loans up to \$15,000 with terms of up to 5 years, on a mobile device using the Mogo app.

While the two companies consider this a six-month pilot, Mogo will be entitled to full loan origination fees for all the customers it provides goeasy from the start of the pilot. After the pilot, the deal will be finalized and possibly expanded based on results. Once the pilot goes live later this month, consumers will be able to use the Mogo app to get a no-obligation loan pre-approval, customize their loan, and complete the loan agreement in minutes. goeasy will fund loans that meet its credit criteria, while Mogo will still fund other loans. The customer will not be aware who is giving the loan until it is finalized and both companies will provide loans based on their own lending criteria. The process has seamless integration into the Mogo app. goeasy's operating division, easyfinancial, is a leading provider of unsecured and secured non-prime consumer loans in Canada. It has been in business 13 years, has more than 350 lending locations, has originated more than \$3.3 billion in loans and has a \$1 billion consumer loan portfolio. While Mogo's loans typically average \$3,000, we expect that those provided by goeasy may average a higher amount.

Goeasy provides sub-prime loans and we expect that Mogo is still pursuing a lending partner that will provide its customers prime loans and/or other financial products in the near future.

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## 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 Q2 2019, Mogo's core revenue increased 43% versus the same period in 2018. In 2018, it added more than 210,000 new members to reach 756,000 members on December 31, 2018 (up 39%), and on August 20th it surpassed 900,000 members.
- 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.

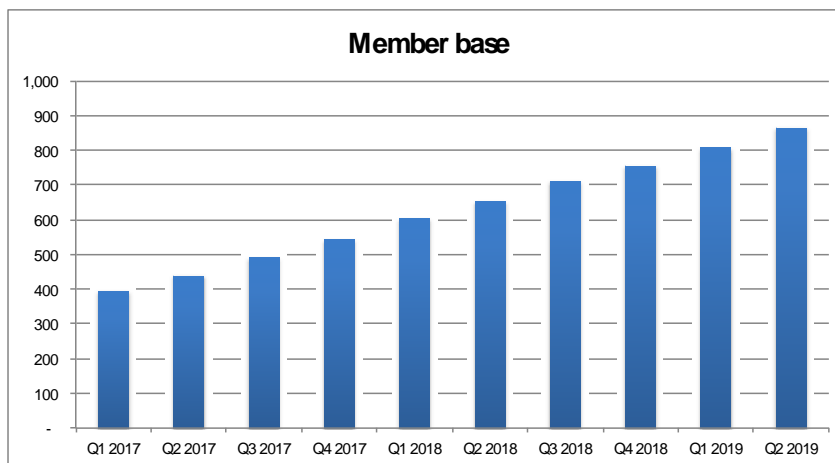
- Not only is MOGO's approach **easier and quicker**, it is less expensive for consumers. Canadian banks still charge expensive fees just to maintain an account, something the millennial generation seeks to avoid. Since most of MOGO's services are free to the user, it is the natural choice for the younger 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. This quarter we expect the rollout of the enhanced MogoCard with a new cash back program, and in the future 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.
- On June 21, Mogo merged with Difference Capital Financial (TSX: DCF, TNTHF) in an all-stock transaction. Difference Capital invested in mostly private Canadian technology companies. The transaction resulted in issuing 3.2 million shares and bringing approximately C\$34 million in cash and monetizable assets to the company, which it plans to use to fund its existing business.
- The company's goal is 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 such as goeasy 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 US\$6.95 per share when compared with other companies in these spaces.

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## OVERVIEW

Mogo Inc. 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 900,000 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 following graph.



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 later this year.

**MOGO** LOG IN ☰

**A better way to spend**

The Mogo Platinum Prepaid Visa® Card gives you unlimited Cashback from 1.5% to 3% and the spending control of a debit card with no annual fee!

[MORE ON CARD >](#)

Coming soon

4:00 Spending

Card balance +\$

**\$421.53**

6 days left - Spent today: \$312.09

**\$6.59** ⊖ Total Cashback: \$325.23

Cashback this month

ACTIVITY GOAL

Last 30 days 📅

Today

Source: Mogo Financial

## 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 \$6.95 per share. However this valuation is based on a comparison with companies that all are almost all profitable and have significantly more traction than Mogo.

Company	Ticker	Revenue 2020E	Revenue 2019E	LTM	TTM EBITDA	Enterprise Value / Sales 2020E	Enterprise Value / Sales 2019E	LTM	EV/ EBITDA	Included in Average?	Enterprise Value
<b>Fintech Platforms</b>											
Green Dot	GDOT	\$1,200	\$1,110	\$1,080	\$186	0.4x	0.4x	0.4x	2.5x	y	461
Intuit	INTU	NA	\$6,962	\$6,590	\$1,950	NA	9.7x	10.2x	34.5x	Y	67,350
LendingTree	TREE	\$1,300	\$1,100	\$941	\$117	3.2x	3.8x	4.4x	35.7x	y	4,180
Lightspeed POS	LSPD.TO	\$168	\$108	\$84	-\$25	NA	20.4x	26.1x	-87.3x	Y	2,191
PayPal	PYPL	\$20,970	\$17,740	\$16,340	\$2,990	5.7x	6.7x	7.3x	40.0x	y	119,510
Shopify	SHOP	\$2,060	\$1,540	\$1,300	-\$94	18.7x	25.0x	29.6x	-410.1x	n	38,480
Square	SQ	\$3,060	\$2,280	\$1,947	\$34	8.7x	11.7x	13.7x	785.9x	y	26,720
<b>Average</b>					<b>875</b>	<b>6.7</b>	<b>8.8</b>	<b>10.4</b>	<b>135.2</b>		<b>36,735</b>
<b>Online Lenders</b>											
GreenSky	GSKY	\$646	\$531	\$466	\$146	0.8x	1.0x	1.1x	3.5x	y	511
On Deck	ONDK	\$469	\$441	\$231	\$20	2.3x	2.5x	4.7x	54.5x	y	1,090
Lending Club	LC	\$884	\$779	\$730	\$105	1.5x	1.7x	1.8x	12.5x	y	1,310
<b>Average</b>					<b>90</b>	<b>1.5</b>	<b>1.7</b>	<b>2.5</b>	<b>23.5</b>		<b>970</b>
<b>US\$</b>		<b>59,460</b>	<b>48,547</b>	<b>47,493</b>	<b>6.9</b>	<b>4.1x</b>	<b>5.2x</b>	<b>6.5x</b>	<b>\$254,621</b>	<b>\$306,397</b>	
<b>Canadian \$</b>		<b>79,280</b>	<b>64,729</b>	<b>63,324</b>							
Conclusion of Enterprise Value					<b>\$280,509,427</b>						
Market Value					<b>\$256,509,427</b>						
Diluted Shares Outstanding					36,900,000						
Price per Share					<b>\$6.95</b>						

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 \$29.2 million core subscription run rate that would be \$102 million for that part of the business alone. SoFi, a US company, was valued at \$4.3 billion in its last round financing in May 2019, the same as in 2017. 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 over 700,000 today from 430,000 last year. The company was founded in 2011 on student loan financing for millennials, but has since expanded into personal and mortgage loans.

In May, Koho raised \$42 million at a valuation above \$100 million. Koho is another Canadian company that offers an app-based alternative to traditional banking services. The company says it now has over 120,000 accounts and has reached \$500 million in annualized transactions.

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 as Monzo at \$1500/member, N26 at \$1100, and Chime at \$500. With 808,000 members, Mogo is trading at about \$ per member.

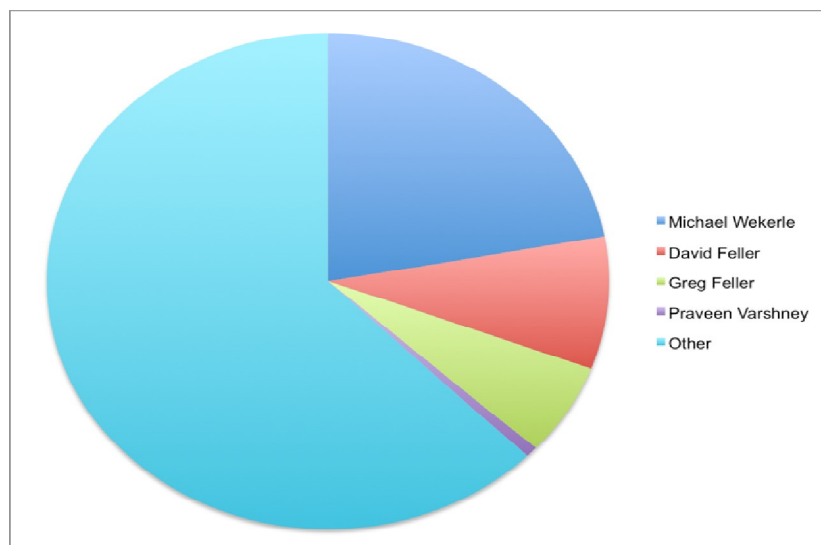
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## RISKS

- 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 build 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.

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## OWNERSHIP



# PROJECTED INCOME STATEMENT

Canadian Dollars	Q1 2018 31-Mar	Q2 2018 30-Jun	Q3 2018 30-Sep	Q4 2018 31-Dec	Q1 2019 31-Mar	Q2 2019 30-Jun	Q3 2019E 30-Sep	Q4 2019E 31-Dec	2017	2018	2019E	2020E
<b>Metrics</b>												
Member base	604	654	711	756	808	865	930	975	544	756	975	1,200
Yr-to-yr Growth	53%	49%	45%	39%	34%	32%	31%	29%	99%	39%	29%	23%
Charge Offs	13.7%	15.0%	15.3%	15.8%	15.4%	16.8%			15.0%	14.8%		
Net Interest	7,391	7,484	5,151	5,165	5,360	5,426	5,400	5,350	11,009	17,080	21,536	25,288
NIM	10.2%	10.2%	13.8%	6.2%	6.1%	6.0%				21.4%		
Subscriptions and services	\$4,970	\$5,752	\$7,833	\$8,178	\$8,333	\$8,164	\$7,600	\$8,000	\$12,972	\$26,733	\$32,097	\$40,121
Yr-to-yr Growth	110%	105%	111%	100%	68%	42%	-3%	-2%	74%	106%	20%	25%
Interest revenue	5,418	5,856	7,229	7,930	8,018	8,214	8,200	8,200	18,187	26,433	32,632	39,158
Yr-to-yr Growth	31%	38%	55%	55%	48%	40%	13%	3%	64%	45%	23%	20%
Loan fees	3,945	3,809	357	-	-	-	-	-	17,522	8,111	-	-
<b>Total revenue</b>	<b>\$14,333</b>	<b>\$15,417</b>	<b>\$15,419</b>	<b>\$16,108</b>	<b>\$16,351</b>	<b>\$16,378</b>	<b>\$15,800</b>	<b>\$16,200</b>	<b>\$48,681</b>	<b>\$61,277</b>	<b>\$64,729</b>	<b>\$79,280</b>
Yr-to-yr Growth	27%	34%	23%	21%	14%	6%	2%	1%	2%	26%	6%	22%
Core Revenues	\$10,388	\$11,608	\$15,062	\$16,108	\$16,351	\$15,559	\$15,800	\$16,200	\$31,159	\$53,166	\$64,729	\$79,280
Yr-to-yr Growth	60%	64%	80%	75%	57%	34%	5%	1%	38%	71%	22%	22%
Provision for loan losses, net	3,628	4,053	4,199	4,487	4,063	4,318	4,400	4,500	11,409	16,367	17,281	19,971
Loan profit	5,735	5,612	3,387	3,443	3,955	3,896	3,800	3,700				
Gross Margin %	61%	58%	45%	43%	49%	47%	46%	45%	88%	61%	54%	50%
Transaction costs	1,334	1,452	1,655	1,618	1,628	1,688	1,800	2,200	4,463	6,059	7,316	8,024
Sub profit	3,636	4,300	6,178	6,560	6,705	6,476	5,800	5,800				
Gross Margin %	73%	75%	79%	80%	80%	79%	76%	73%	25%	23%	22%	20%
<b>Total cost of revenue</b>	<b>4,962</b>	<b>5,505</b>	<b>5,854</b>	<b>6,105</b>	<b>5,691</b>	<b>6,006</b>	<b>6,200</b>	<b>6,700</b>	<b>15,872</b>	<b>22,426</b>	<b>24,597</b>	<b>27,995</b>
Gross profit	9,371	9,912	9,565	10,003	10,660	10,372	9,600	9,500	32,809	38,851	40,132	51,285
Gross Margin %	65%	64.3%	62%	62%	65.2%	63.3%	61%	59%	67%	63%	62%	65%
<b>Operating expenses:</b>												
Technology and development	3,206	3,976	3,779	3,786	4,350	4,382	3,863	3,900	11,373	14,747	16,495	18,500
Marketing	2,354	2,336	2,363	1,719	1,656	2,393	2,400	2,600	6,854	8,772	9,049	12,000
Customer service and operations	1,961	1,953	1,922	2,547	1,973	2,144	1,896	1,944	7,265	8,383	7,957	9,514
General and administrative	2,930	3,056	2,918	2,273	2,893	3,007	3,150	3,200	10,289	11,177	12,250	13,500
Total operating expenses	10,451	11,321	10,982	10,325	10,872	11,926	11,309	11,644	35,781	43,079	45,751	53,514
Operating income:	(1,080)	(1,409)	(1,417)	(322)	(212)	(1,554)	(1,709)	(2,144)	(2,972)	(4,228)	(5,619)	(2,229)
Operating margin	-7.5%	-9.1%	-9.2%	-2.0%	-1.3%	-9.5%	-10.8%	-13.2%	-9.2%	-6.9%	-8.7%	-2.8%
<b>Other income:</b>												
Credit facility interest expense	1,972	2,181	2,435	2,765	2,658	2,788	2,800	2,850	7,178	9,353	11,096	13,870
Debt interest expense	2,111	1,915	2,017	1,993	2,039	2,030	2,030	2,020	7,503	8,036	8,119	9,000
Unrealized exchange (gain) loss	221	211	(114)	333	(128)	(155)	-	-	(379)	651	(283)	-
Unrealized (gain) loss on derivative liability	(1,554)	113	150	(442)	39	531	-	-	2,207	(1,733)	570	-
Gain on acquisition	-	-	-	-	-	(14,432)	-	-	-	-	(14,432)	-
Other one-time expenses	120	227	1,140	-	185	183	-	-	313	1,487	368	-
Other financing income	-	-	-	-	-	-	-	-	(64)	-	-	-
<b>Total other income</b>	<b>2,870</b>	<b>4,647</b>	<b>5,628</b>	<b>4,649</b>	<b>4,793</b>	<b>(9,055)</b>	<b>4,830</b>	<b>4,870</b>	<b>16,758</b>	<b>17,794</b>	<b>5,438</b>	<b>22,870</b>
<b>Pretax income</b>	<b>(3,950)</b>	<b>(6,056)</b>	<b>(7,045)</b>	<b>(4,971)</b>	<b>(5,005)</b>	<b>7,501</b>	<b>(6,539)</b>	<b>(7,014)</b>	<b>(19,730)</b>	<b>(22,022)</b>	<b>(11,057)</b>	<b>(25,099)</b>
Pretax Margin	-27.6%	-39.3%	-45.7%	-30.9%	-30.6%	45.8%	-41.4%	-43.3%	-40.5%	-35.9%	-17.1%	-31.7%
Income taxes	-	-	-	-	-	-	-	-	(1.0)	-	-	-
Tax rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.0%	0.0%	0.0%
Net income	(3,950)	(6,056)	(7,045)	(4,971)	(5,005)	7,501	(6,539)	(7,014)	(19,729.0)	(22,022)	(11,057)	(25,099)
Stk based compensation	292	271	369	388	259	1,132	300	700	1,343	1,320	2,391	1,800
One-time expenses	(1,213)	551	1,290	859	185	(13,873)	-	-	313	1,487	(13,688)	-
Non-GAAP Income	(4,871)	(5,234)	(5,386)	(3,724)	(4,561)	(5,240)	(6,239)	(6,314)	(18,073)	(19,215)	(22,354)	(23,299)
Yr-over-Yr					-6%	0%	16%	70%		6.3%	16.3%	4%
<b>Net income per share:</b>												
Basic EPS	(0.17)	(0.27)	(0.31)	(0.22)	(0.21)	0.31	(0.24)	(0.26)	(1.07)	(0.97)	(0.43)	(0.80)
<b>Non-GAAP</b>	<b>(0.22)</b>	<b>(0.23)</b>	<b>(0.23)</b>	<b>(0.16)</b>	<b>(0.20)</b>	<b>(0.22)</b>	<b>(0.23)</b>	<b>(0.23)</b>	<b>(0.98)</b>	<b>(0.85)</b>	<b>(0.88)</b>	<b>(0.74)</b>
	4.0%	-1.2%	4.8%	-27.5%	-9%	-5%	-3%	43%	NA	-14%	4%	-16%
<b>Shares</b>												
Basic	22,643	22,760	22,963	22,992	23,384	24,004	27,310	27,310	18,381	22,714	25,502	31,500
All In Shares			30,987	31,016	31,408	29,064	32,370	32,370				
Adjusted EBITDA	303	734	1,045	2,072	2,200	1,587	297	(138)	2,343	4,154	3,946	6,771
	159%	251%	3%	107%	626%	116%	-72%	-107%	NM	77%	-5%	72%

## BALANCE SHEET

	June 30, 2019	Mar 31, 2019	Qtr-Qtr % Change	June 30, 2018	Yr-Yr % Change
<b>Current assets</b>					
Cash	\$20,058	\$16,275	23%	\$30,615	-34%
Loans receivable	91,358	89,169	2%	74,910	22%
Prepaid expenses, deposits and other	4,286	4,064	5%	2,382	80%
Investment portfolio	21,804	0	NM	0	NM
Deferred cost	205	239	-14%	342	-40%
Property and equipment, net	2,109	2,367	-11%	5,889	-64%
Right of use assets	6,372	6,608	-4%	0	NM
Intangible assets, net of accumulated amortization	20,150	19,492	3%	16,485	22%
TOTAL ASSETS	166,342	138,214	20%	130,623	27%
<b>Current liabilities</b>					
Accounts payable and accruals	14,393	11,441	26%	10,185	41%
Lease liabilities	6,716	6,939	-3%	1,031	551%
Credit facilities	77,021	78,010	-1%	65,046	18%
Debentures	42,470	41,703	2%	39,988	6%
Convertible debentures	11,890	11,962	-1%	11,442	4%
Derivative financial liability	0	1,003	-100%	1,256	-100%
TOTAL LIABILITIES	152,490	151,058	1%	128,948	18%
<b>Stockholder's equity</b>					
Share capital	93,483	76,043	23%	74,026	26%
Contributed surplus	8,657	6,902	25%	6,417	35%
Deficit	(88,288)	(95,789)	-8%	(78,768)	12%
Total stockholders' equity	13,852	(12,844)	-208%	1,675	727%
Total liabilities and stockholders' equity	\$166,342	\$138,214	20%	\$130,623	27%
Net cash	20,058	16,275	23%	30,615	-34%
Net cash as % of assets	12%	12%	2%	23%	-49%
Net cash per share	\$0.84	\$0.72	16%	\$0.94	-12%
Debt % of assets	33%	39%	-16%	39%	-17%
Provision for loan losses as % of portfolio	4.7%	4.6%	4%	5.4%	-13%



## CASH FLOWS

	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	3 Mo. Ended 6/30/19
<b>Operating activities:</b>								
Loss and comprehensive loss	(19,729)	(3,950)	(6,056)	(7,045)	(4,971)	(22,022)	(5,005)	7,501
<b>Items not affecting cash</b>								
Depreciation and amortization	3,488	975	1,872	2,093	2,122	7,062	2,191	2,009
Amortization of deferred financing costs	525	103	102	102	103	410	122	123
Amortization of marketing setup fee	410	103	-	-	(103)	-	-	-
Accretion of convertible debentures	395	181	170	165	173	689	180	188
Gain on acquisition	-	-	-	-	-	-	-	(15,886)
Loss on sale of fixed assets	-	-	-	-	-	-	-	-
Other one-time expenses	118	-	-	1,105	-	1,105	102	183
Provision for loan losses	13,343	4,100	4,542	4,704	5,060	18,406	4,513	4,783
Stock-based compensation expense	1,343	292	271	369	388	1,320	259	1,132
Unrealized loss (gain) on derivative liabilities	2,207	(1,554)	113	150	(442)	(1,733)	39	531
Non-cash warrant expense	147	13	-	-	(13)	-	-	-
Unrealized foreign exchange loss (gain)	(403)	221	237	(114)	324	668	(128)	(155)
<b>Changes in working capital accounts</b>								
Net issuance of loans receivable	(24,927)	(6,954)	(8,273)	(10,506)	(10,695)	(36,428)	(7,335)	(6,972)
Investment tax credits	(186)	343	-	-	-	343	-	-
Prepaid expenses, deposits and other	(462)	(115)	(539)	(494)	(676)	(1,824)	(490)	(314)
Accounts payable and accruals	2,489	(910)	1,565	2,736	(474)	2,917	1,070	1,281
Other liabilities	(116)	(29)	(29)	(29)	(29)	(116)	-	-
Net cash used by operating activities	(21,358)	(7,181)	(6,025)	(6,764)	(9,233)	(29,203)	(4,482)	(5,596)
<b>Investing activities:</b>								
Purchases of property and equipment	(404)	(60)	(1,200)	(1,289)	(860)	(3,409)	(49)	(488)
Investment in intangible assets	(5,017)	(1,432)	(1,872)	(1,921)	(2,419)	(7,644)	(2,123)	(2,075)
Net cash used in investing activities	(5,421)	(1,492)	(3,072)	(3,210)	(3,279)	(11,053)	(2,172)	(2,563)
<b>Financing activities:</b>								
Cash acquired in acquisition	-	-	-	-	-	-	-	10,246
Net proceeds from issuance of conv. debentures	13,528	-	-	-	-	-	-	-
Proceeds from sale of investment	-	-	-	-	-	-	-	2,100
Net proceeds from issuance of common shares	24,397	-	-	-	-	-	-	-
Lease liability - principal payment	-	-	-	-	-	-	(247)	(223)
Repayment of debenture	-	-	-	-	-	-	-	-
Net advances from debentures	-	-	-	-	1,410	1,410	222	887
Net advances from credit facilities	10,852	3,807	3,924	4,306	6,377	18,414	1,954	(1,112)
Credit facility financing cost	(210)	-	88	-	(88)	-	-	-
Options exercised	148	6	-	99	206	311	561	44
Net cash used in financing activities	48,715	3,813	4,012	4,405	7,905	20,135	2,490	11,942
Net change - cash	21,936	(4,860)	(5,085)	(5,569)	(4,607)	(20,121)	(4,164)	3,783
Cash, beginning	18,624	40,560	35,700	30,615	25,046	40,560	20,439	16,275
Cash, end of period	40,560	35,700	30,615	25,046	20,439	20,439	16,275	20,058
Cash flow - ex changes in working capital	1,844	484	1,251	1,529	2,641	5,905	2,273	409
Free cash flow	(3,577)	(1,008)	(1,821)	(1,681)	(638)	(5,148)	101	(2,154)
Free cash flow after investment in loans	(28,504)	(7,962)	(10,094)	(12,187)	(11,333)	(41,576)	(7,234)	(9,126)
Operating cash flow	3,569	(227)	2,248	3,742	1,462	7,225	2,853	1,376

## HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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