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Zacks Small-Cap Research

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Lisa Thompson
312-265-9154
LThompson@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Mogo Inc. (MOGO-NASDAQ)

Following goeasy Partnership, Mogo Plans to Add Prime Loans Partner to Accelerate Growth

Based on a blended average value of EV to sales of its peers, we believe MOGO is worth $8.60 per share based on current estimates.

Current Price (11/08/19)	US$2.75
Valuation	**US$8.60**

OUTLOOK

Mogo is a growing Canadian fintech company with over 925K 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	**$2.07**
One-Year Return (%)	**-3.5**
Beta	**1.7**
Average Daily Volume (sh)	**8,867**
Shares Outstanding (mil)	**27.3**
Market Capitalization ($mil)	**$75.0**
Short Interest Ratio (days)	**36.4**
Institutional Ownership (%)	**1**
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	16.6 A	17.2 E	66.5 E
2020					81.4 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	-$0.22 A	-$0.22 E	-$0.37 E
2020					-$0.77 E

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WHAT'S NEW

Mogo reported another quarter of growth for Q3 2019, beating expectations despite controlled marketing spend and its slow transition to partnership lending. Strongest was lending revenues as customers moved to higher interest loans and the member base expanded. Going forward, as the company moves to placing loans with its partners, we expect subscription and services revenues to accelerate as the company will generate more revenues from origination fees and recurring platform fees as well as from its soon-to-be-launched premium subscription product, *MogoGold*. Investors should look to 2020 when the company begins to provide prime loans, which comprise an even bigger part of the Canadian loan market.

Q3 2019 Earnings Results

Mogo reported revenues for the third quarter of 2019 of $16.6 million versus $15.4 million a year ago (up 8%,) and $16.4 million in Q2 2019. Revenues from subscriptions and services were $7.8 million, flat with last year, and revenues from loans were $8.8 million versus $9.7 million a year ago. Removing the discontinued short-term lending business and revenues from discontinued cryptocurrency mining from last year's numbers, core revenues grew 13%. The subscription and services part of the business declined 1%, but eliminating mining revenues of $439,000 from last year's revenues would have made that a gain of 5.3%.

Gross margin increased dollar wise by 5% to $10.1 million, versus $9.6 million a year ago. Gross margin percentage decreased to 60.8% versus 62.0% a year ago and 63.3% in Q2 2019.

Operating expenses increased to $11.2 million in Q3 2019 or 1.8%.

The operating loss was $1.1 million versus a loss of $1.4 million a year ago. The operating loss margin is now -6.6% compared to -9.2% last year.

Other expense was $4.9 million compared to $5.6 million a year ago. Credit facility interest expense increased to $2.8 million from $2.4 million a year ago. Net interest margin declined to 6.5% from 6.6% last year.

The pretax (and net as it pays no taxes) income was a loss of $6.0 million versus a loss of $7.0 million.

The non-GAAP net losses, taking out one-time charges and stock based compensation, were $5.8 million versus $5.4 million last year.

Average shares outstanding grew from 23.0 million in Q3 2018 to 27.3 million in Q3 2019, an increase of 19%.

GAAP EPS was a loss $0.22, compared with last year's loss of $0.31. On a non-GAAP basis the number was a loss of $0.21 per share versus a loss of $0.23 per share.

Cash flow from operations (before working capital changes) for Q3 2019 was $1.8 million versus $1.5 million a year ago, and free cash flow was a negative $275,000 versus a negative $1.7 million a year ago. After funding the loan portfolio, the cash flow (before working capital changes) was a negative $6.0 million versus a negative $12.2 million in last year's quarter. Adjusted EBITDA, was $1.1 million for Q3 2019 compared to $1.0 million a year ago (excluding loan financing.) The company plans to remain EBITDA positive throughout 2019 and hopes to start to contribute to funding the portfolio through operating cash flow.

MOGO Continues Testing Loans with New Lending Partner goeasy

Mogo has partnered with goeasy to accelerate its loan growth and move future loans off its balance sheet in order to grow more quickly while reducing debt. Its partnership with goeasy Ltd. (TSX:GSY) provides Canadians with personal loans up to $15,000 with terms of up to 5 years, on a mobile device using the Mogo app. The arrangement is currently in pilot, but Mogo is entitled to full loan origination fees for all the

customers it provides goeasy. It is expected that the deal will be finalized, possibly expanded, and **rolled out to all Mogo customers in Q1 2020**. 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 29 years, has more than 400 lending locations, has originated more than $3.6 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 Mogo is still pursuing a lending partner that will provide its customers prime loans and/or other financial products. We are expecting MOGO to **announce a prime partner in Q1 2020.**

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 Q3 2019, Mogo's core revenue (which now also removes cryptocurrency mining revenues) increased 13% versus the same period in 2018. On September 30th it surpassed 925,000 members and is now adding approximately 20,000 new members per month.

- 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. It plans to add the availability of prime loans with a new partner in Q1. We expect the rollout of the enhanced MogoCard with a new cash back program soon. Next year we expect, the addition of a feature called MogoWealth, which will provide customers with choices for investing their cash. Also contemplated is a premium subscription service (MogoGold) that would include multiple services combined at a discount price much like an Amazon Prime, but would provide the subscriber with a tangible POI.

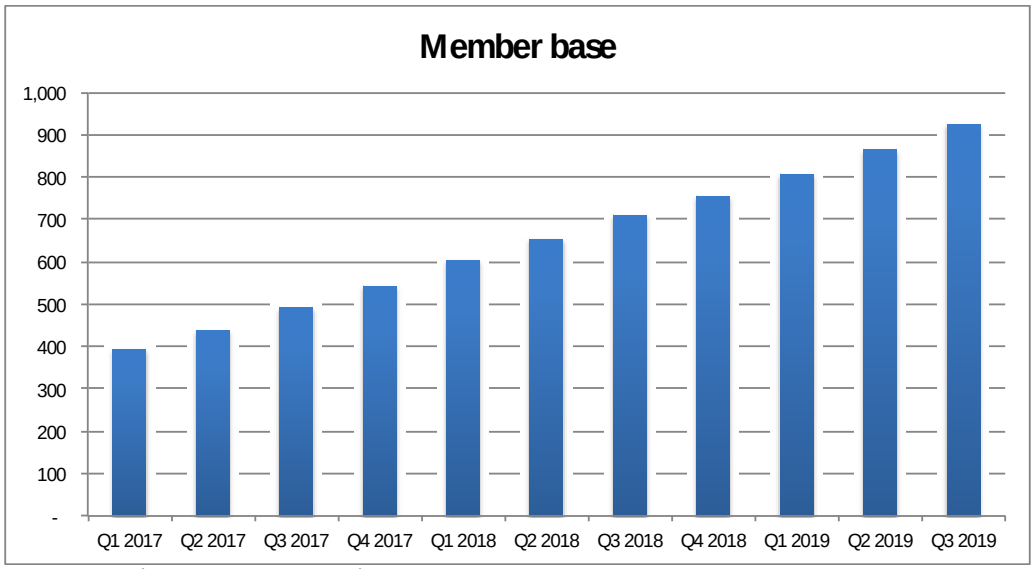
- On June 21, Mogo merged with Difference Capital Financial (TSX: DCF, TNTHF) in an all-stock transaction. Difference Capital invested in mostly private Canadian technology companies. The transaction resulted issuing 3.2 million shares and bringing approximately C$34 million in cash and monetizable assets to the company, which MOGO 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, to 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$8.60 per share when compared with other companies in these spaces.

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 925,000 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 it member base rapidly and steadily as shown on the following graph.



Source: Zacks Investment Research

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.***

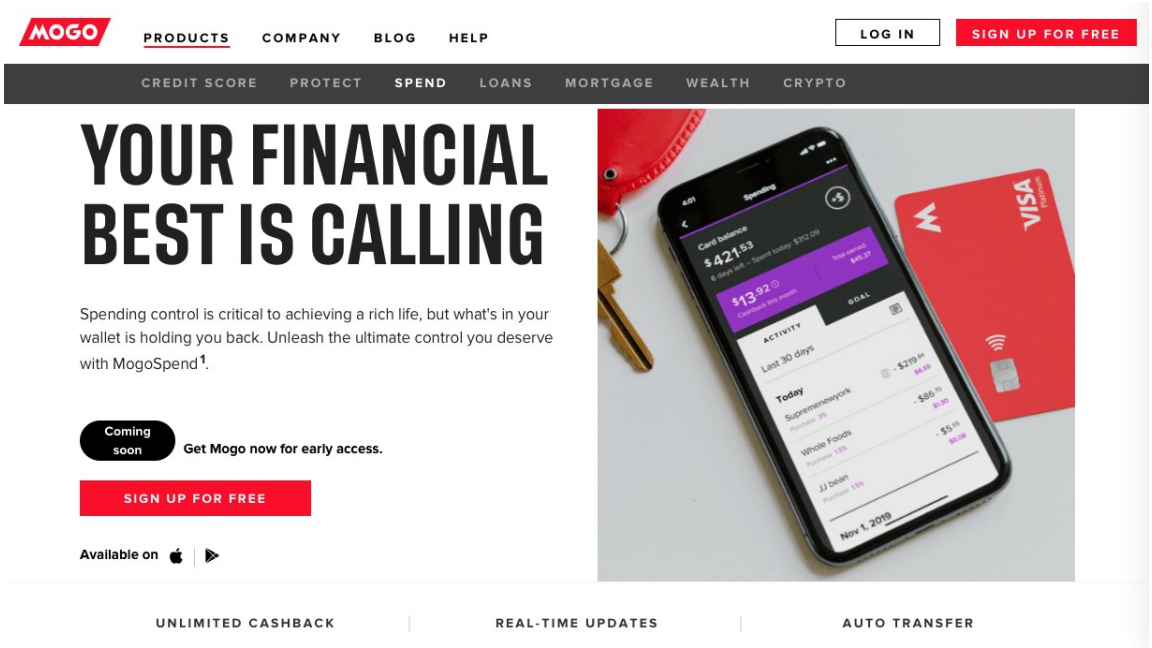
FUTURE PRODUCTS

MogoWealth

The company plans to roll out MogoWealth in 2020 to provide customers choices of where to invest their money, including a high interest savings account. It has already been incorporated into the app, but is not yet live. 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 with 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 early next year.



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 $8.60 per share. This has increased as comp valuations have increased in the online lenders group. Keep in mind this valuation is based on a comparison with companies that all are almost all profitable and have significantly more traction than Mogo.

		Revenue			TTM	Enterprise Value / Sales			EV/	Included	Enterprise
Company	**Ticker**	**2020E**	**2019E**	**LTM**	**EBITDA**	**2020E**	**2019E**	**LTM**	**EBITDA**	**in Average?**	**Value**
Fintech Platforms											
Green Dot	GDOT	$1,150	$1,090	$1,080	$186	0.4x	0.4x	0.4x	2.3x	y	423
Intuit	INTU	NA	$7,094	$6,780	$2,060	NA	9.1x	9.5x	31.3x	y	64,500
LendingTree	TREE	$1,310	$1,100	$1,050	$135	3.9x	4.6x	4.8x	37.4x	y	5,060
Lightspeed POS	LSPD.TO	NA	$105	$84	-$25	NA	23.0x	28.8x	-96.4x	y	2,420
PayPal	PYPL	$20,750	$17,750	$17,040	$3,240	5.5x	6.4x	6.7x	35.2x	y	114,100
Shopify	SHOP	$2,110	$1,560	$1,420	-$96	15.1x	20.5x	22.5x	-334.2x	n	31,940
Square	SQ	$3,020	$2,270	$4,330	$80	8.8x	11.7x	6.1x	333.2x	y	26,570
Average					**946**	**6.7**	**9.2**	**9.4**	**57.2**		**35,512**
Online Lenders											
GreenSky	GSKY	$625	$535	$466	$146	1.0x	1.1x	1.3x	4.2x	y	607
On Deck	ONDK	$468	$446	$228	$39	2.5x	2.6x	5.1x	29.8x	y	1,160
Lending Club	LC	$877	$777	$752	$124	2.0x	2.2x	2.3x	13.8x	y	1,720
Average					**103**	**1.8**	**2.0**	**2.9**	**15.9**		**1,162**

	Revenue			TTM	Enterprise Value / Sales			Valuation Range	
	2020E	2019E	LTM	EBITDA	2020E	2019E	LTM	Low	High
US$	**61,887**	**50,551**	**49,721**	**6.9**	**4.3x**	**5.6x**	**6.1x**	**$282,791**	**$305,336**
Canadian $	**81,431**	**66,514**	**65,422**						

Conclusion of Enterprise Value	**$294,063,084**
Market Value	**$270,063,084**
Diluted Shares Outstanding	31,373,000
Price per Share	**$8.61**

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 millenials, but has since expanded into personal and mortgage loans.

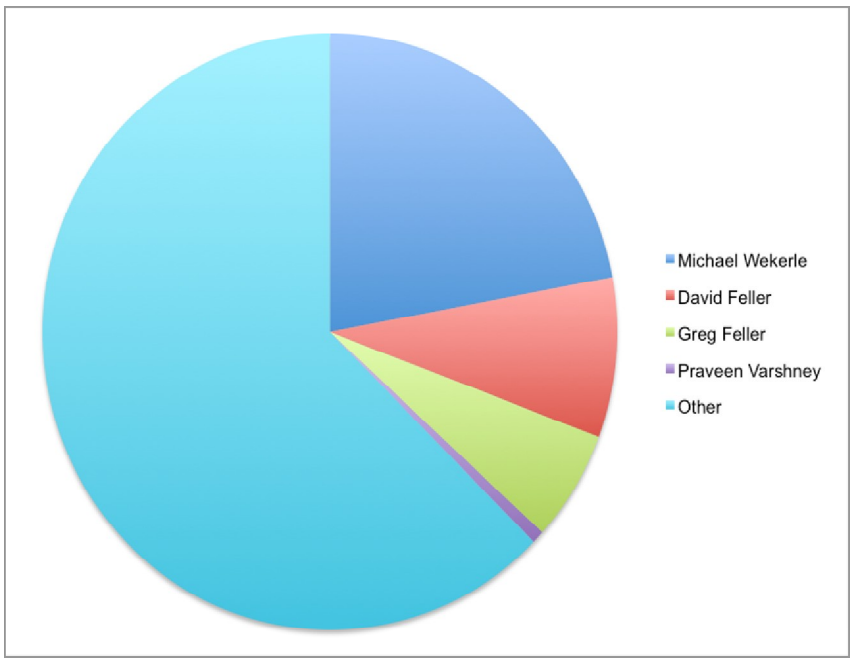
In May, Koho raised $42 million at a valuation above $100 million. Koho is another Canadian company that offers an app-based alternative to traditional banking services. The company says it now has over 120,000 accounts and has reached $500 million in annualized transactions.

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 Monzo at $1500/member, N26 at $1100, and Chime at $500. With 925,000 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



Source: Zacks Investment Research

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 2019 30-Sep	Q4 2019E 31-Dec	2017	2018	2019E	2020E
Metrics												
Member base	604	654	711	756	808	865	925	985	544	756	985	1,225
Yr-to-yr Growth	53%	49%	45%	39%	34%	32%	30%	30%	99%	39%	30%	24%
Charge Offs	13.7%	15.0%	15.3%	15.8%	15.4%	16.8%	17.9%		15.0%	14.8%		
Net Interest	7,391	7,484	5,151	5,165	5,360	5,426	5,951	6,300	11,009	17,080	23,037	27,085
NIM	10.2%	10.2%	6.6%	6.2%	6.1%	6.0%	6.5%			21.4%		
Subscriptions and services	$4,970	$5,752	$7,833	$8,178	$8,333	$8,164	$7,785	$8,000	$12,972	$26,733	$32,282	$40,353
Yr-to-yr Growth	110%	105%	111%	100%	68%	42%	-1%	-2%	74%	106%	21%	25%
Interest revenue	5,418	5,856	7,229	7,930	8,018	8,214	8,800	9,200	18,187	26,433	34,232	41,078
Yr-to-yr Growth	31%	38%	55%	55%	48%	40%	22%	16%	64%	45%	30%	20%
Loan fees	3,945	3,809	357	-	-	-	-	-	17,522	8,111	-	-
Total revenue	**$14,333**	**$15,417**	**$15,419**	**$16,108**	**$16,351**	**$16,378**	**$16,585**	**$17,200**	**$48,681**	**$61,277**	**$66,514**	**$81,431**
Yr-to-yr Growth	27%	34%	23%	21%	14%	6%	8%	7%	2%	26%	9%	22%
Core Revenues (restated for mining)	$9,788	$10,914	$14,623	$15,587	$15,509	$15,559	$16,585	$17,200	$31,159	$50,912	$64,853	$81,431
Yr-to-yr Growth	51%	54%	74%	69%	58%	43%	13%	10%	38%	63%	27%	26%
Provision for loan losses, net	3,628	4,053	4,199	4,487	4,063	4,318	4,830	4,950	11,409	16,367	18,161	20,950
Loan profit	5,735	5,612	3,387	3,443	3,955	3,896	3,970	4,250	24,300	18,177	16,071	20,128
Gross Margin %	61.3%	58.1%	44.6%	43.4%	49.3%	47.4%	45.1%	46.2%	68%	53%	47%	49%
Transaction costs	1,334	1,452	1,655	1,618	1,628	1,688	1,666	1,700	4,463	6,059	6,682	8,071
Sub profit	3,636	4,300	6,178	6,560	6,705	6,476	6,119	6,300	8,509	20,674	25,600	32,282
Gross Margin %	73%	75%	79%	80%	80%	79%	79%	79%	66%	77%	79%	80%
Total cost of revenue	4,962	5,505	5,854	6,105	5,691	6,006	6,496	6,650	15,872	22,426	24,843	29,020
Gross profit	9,371	9,912	9,565	10,003	10,660	10,372	10,089	10,550	32,809	38,851	41,671	52,410
Gross Margin %	65.4%	64.3%	62.0%	62.1%	65.2%	63.3%	60.8%	61.3%	67%	63%	63%	64%
Operating expenses:												
Technology and development	3,206	3,976	3,779	3,786	4,350	4,382	3,599	3,650	11,373	14,747	15,981	18,500
Marketing	2,354	2,336	2,363	1,719	1,656	2,393	2,379	2,500	6,854	8,772	8,928	12,000
Customer service and operations	2,058	2,082	2,082	2,161	1,973	2,144	2,238	2,300	7,265	8,383	8,655	9,772
General and adminsitrative	2,833	2,927	2,758	2,659	2,893	3,007	2,969	3,050	10,289	11,177	11,919	13,500
Total operating expenses	10,451	11,321	10,982	10,325	10,872	11,926	11,185	11,500	35,781	43,079	45,483	53,772
Operating income:	(1,080)	(1,409)	(1,417)	(322)	(212)	(1,554)	(1,096)	(950)	(2,972)	(4,228)	(3,812)	(1,361)
Operating margin	-7.5%	-9.1%	-9.2%	-2.0%	-1.3%	-9.5%	-6.6%	-5.5%	-9.2%	-6.9%	-5.7%	-1.7%
Other income:												
Credit facility interest expense	1,972	2,181	2,435	2,765	2,658	2,788	2,849	2,900	7,178	9,353	11,195	13,994
Debenture interest expense	2,111	1,915	2,017	1,993	2,039	2,030	2,045	2,050	7,503	8,036	8,164	9,000
Unrealized exhange (gain) loss	221	211	(114)	333	(128)	(155)	106	-	(379)	651	(177)	-
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)	-
Realized gain on investment portfolio	-	-	-	-	-	-	(294)	-	-	-	(294)	-
Other one-time expenses	120	227	1,140	-	185	183	231	-	313	1,487	599	-
Other financing income	-	-	-	-	-	-	-	-	(64)	-	-	-
Total other income	2,870	4,647	5,628	4,649	4,793	(9,055)	4,937	4,950	16,758	17,794	5,625	22,994
Pretax income	(3,950)	(6,056)	(7,045)	(4,971)	(5,005)	7,501	(6,033)	(5,900)	(19,730)	(22,022)	(9,437)	(24,355)
Pretax Margin	-27.6%	-39.3%	-45.7%	-30.9%	-30.6%	45.8%	-36.4%	-34.3%	-40.5%	-35.9%	-14.2%	-29.9%
										(764)		
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	(6,033)	(5,900)	(19,729.0)	(22,022)	(9,437)	(24,355)
Stk based compensation	292	271	369	388	259	1,132	165	500	1,343	1,320	2,056	1,800
One-time expenses	(1,213)	551	1,290	859	185	(13,873)	43	-	313	1,487	(13,645)	-
Non-GAAP Income	(4,871)	(5,234)	(5,386)	(3,724)	(4,561)	(5,240)	(5,825)	(5,400)	(18,073)	(19,215)	(21,026)	(22,555)
Yr-over-Yr					-6%	0%	8%	45%		6.3%	9.4%	7%
Net income per share:												
Basic EPS	(0.17)	(0.27)	(0.31)	(0.22)	(0.21)	0.31	(0.22)	(0.22)	(1.07)	(0.97)	(0.37)	(0.77)
Non-GAAP	**(0.22)**	**(0.23)**	**(0.23)**	**(0.16)**	**(0.20)**	**(0.22)**	**(0.21)**	**(0.20)**	**(0.98)**	**(0.85)**	**(0.82)**	**(0.72)**
	4.0%	-1.2%	4.8%	-27.5%	-9%	-5%	-9%	22%	NA	-14%	-3%	-13%
Shares												
Basic	22,643	22,760	22,963	22,992	23,384	24,004	27,322	27,322	18,381	22,714	25,508	31,500
All In Shares			30,987	31,016	31,408	29,064	31,373	31,373				
Adjusted EBITDA	303	734	1,045	2,072	2,200	1,587	1,081	1,562	2,343	4,154	6,430	7,639

BALANCE SHEET

	Sept 30, 2019	June 30, 2019	Qtr-Qtr % Change	Sept 30, 2018	Yr-Yr % Change
Current assets					
Cash	**$13,645**	**$20,058**	-32%	**$25,046**	-46%
Loans receivable	91,845	91,358	1%	80,712	14%
Prepaid expenses, deposits and other	4,779	4,286	12%	2,866	67%
Investment portfolio	21,790	21,804	0%	0	NM
Deferred cost	171	205	-17%	307	-44%
Total current assets	132,230	137,711	-4%	108,931	21%
Property and equipment, net	1,967	2,109	-7%	3,871	-49%
Right of use assets	4,993	6,372	-22%	0	NM
Intangible assets, net of accumulated amortization	20,667	20,150	3%	17,407	19%
TOTAL ASSETS	159,857	166,342	-4%	130,209	23%
Current liabilities					
Accounts payable and accruals	13,694	14,393	-5%	11,744	17%
Lease liabilities	5,358	6,716	-20%	1,002	435%
Credit facilities	78,151	77,021	1%	69,455	13%
Total current liabilities	97,203	98,130	-1%	82,201	18%
Long-term liabilities					
Debentures	**42,509**	**42,470**	0%	**39,882**	7%
Convertible debentures	**12,068**	**11,890**	1%	**11,608**	4%
Derivative financial liability	0	0	0%	1,406	-100%
TOTAL LIABILITIES	151,780	152,490	0%	135,097	12%
Stockholder's equity					
Share capital	93,544	93,483	0%	74,234	26%
Contributed surplus	8,854	8,657	2%	6,691	32%
Deficit	(94,321)	(88,288)	7%	(85,813)	10%
Total stockholders' equity	8,077	13,852	-42%	(4,888)	-265%
Total liabilities and stockholders' equity	$159,857	$166,342	-4%	$130,209	23%
Net cash	13,645	20,058	-32%	25,046	-46%
Net cash as % of assets	9%	12%	-29%	19%	-56%
Net cash per share	$0.50	$0.84	-40%	$1.09	-54%
Debt % of assets	34%	33%	4%	40%	-14%
Provision for loan losses as % of portfolio	5.3%	4.7%	11%	5.2%	1%

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	3 Mo. Ended 9/30/19
Operating activities:									
Loss and comprehensive loss	(19,729)	(3,950)	(6,056)	(7,045)	(4,971)	(22,022)	(5,005)	7,501	(6,033)
Items not affecting cash									
Depreciation and amortization	3,488	975	1,872	2,093	2,122	7,062	2,191	2,009	2,012
Amortization of deferred financing costs	525	103	102	102	103	410	122	123	124
Amortization of marketing setup fee	410	103	-	-	(103)	-	-	-	-
Accretion of convertible debentures	395	181	170	165	173	689	180	188	193
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	5,243
Stock-based compensation expense	1,343	292	271	369	388	1,320	259	1,132	165
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)	106
Changes in working capital accounts									
Net issuance of loans receivable	(24,927)	(6,954)	(8,273)	(10,506)	(10,695)	(36,428)	(7,335)	(6,972)	(5,730)
Investment tax credits	(186)	343	-	-	-	343	-	-	-
Prepaid expenses, deposits and other	(462)	(115)	(539)	(494)	(676)	(1,824)	(490)	(314)	(494)
Accounts payable and accruals	2,489	(910)	1,565	2,736	(474)	2,917	1,070	1,281	(731)
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)	(5,145)
Investing activities:									
Purchases of property and equipment	(404)	(60)	(1,200)	(1,289)	(860)	(3,409)	(49)	(488)	(76)
Investment in intangible assets	(5,017)	(1,432)	(1,872)	(1,921)	(2,419)	(7,644)	(2,123)	(2,075)	(2,009)
Net cash used in investing activities	(5,421)	(1,492)	(3,072)	(3,210)	(3,279)	(11,053)	(2,172)	(2,563)	(2,085)
Financing activities:									
Cash acquired in acquisition		-	-	-	-	-	-	10,246	-
Net proceeds from issuance of conv. debentures	13,528	-	-	-	-	-	-	-	-
Proceeds from sale of investment			-	-	-		-	2,100	14
Net proceeds from issuance of common shares	24,397	-	-	-	-	-	-	-	-
Lease liability - principal payment							(247)	(223)	(215)
Repayment of debenture	-	-	-	-	-	-	-	-	-
Net advances from debentures	-	-	-	-	1,410	1,410	222	887	(35)
Net advances from credit facilities	10,852	3,807	3,924	4,306	6,377	18,414	1,954	(1,112)	1,007
Credit facility financing cost	(210)	-	88	-	(88)	-	-	-	-
Options exercised	148	6	-	99	206	311	561	44	46
Net cash used in financing activities	48,715	3,813	4,012	4,405	7,905	20,135	2,490	11,942	817
Net change - cash	21,936	(4,860)	(5,085)	(5,569)	(4,607)	(20,121)	(4,164)	3,783	(6,413)
Cash, beginning	18,624	40,560	35,700	30,615	25,046	40,560	20,439	16,275	20,058
Cash, end of period	40,560	35,700	30,615	25,046	20,439	20,439	16,275	20,058	13,645
Cash flow - ex changes in working capital	1,844	484	1,251	1,529	2,641	5,905	2,273	409	1,810
Free cash flow	(3,577)	(1,008)	(1,821)	(1,681)	(638)	(5,148)	101	(2,154)	(275)
Free cash flow after investment in loans	(28,504)	(7,962)	(10,094)	(12,187)	(11,333)	(41,576)	(7,234)	(9,126)	(6,005)

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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