



MOGO FINANCE TECHNOLOGY INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015

DATED: NOVEMBER 9, 2015



Unless the context requires otherwise, all references in this management's discussion and analysis (the "MD&A") to "Mogo", "we", "us", "our" and the "Company" refer to Mogo Finance Technology Inc. and its subsidiaries as constituted on September 30, 2015.

This MD&A for the three and nine-month periods ended September 30, 2015 and 2014 should be read in conjunction with our interim consolidated financial statements and the related notes thereto for the three and nine-month periods ended September 30, 2015 and 2014 and our annual consolidated financial statements as at and for the year ended December 31, 2014. The financial information presented in this MD&A is derived from our interim financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A contains forward-looking statements that involve risks, uncertainties and assumptions, including statements regarding anticipated developments in future financial periods and our future plans and objectives. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking statements. See "Forward-Looking Statements".

Additional information relating to Mogo Finance Technology Inc. can be found on SEDAR at www.sedar.com and in our long-form prospectus dated June 18, 2015 (the "Prospectus"), as available on SEDAR.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS financial measures, including loan originations, short-term and long-term gross loans receivable, adjusted EBITDA and provision rate, to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. Our management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements. See "Non-IFRS Financial Measures", "Key Performance Indicators" and "Reconciliation of Non-IFRS Financial Measures".

Company Profile

Mogo is a financial technology company building a digital financial brand for the next generation of Canadians by leveraging technology and design to bring a new level of convenience, simplicity and value to consumer financial services. With over 158,000 members and nearly 1.1 million loans originated, we are leading the shift in Canada as consumers begin to move away from traditional banking services towards a frictionless digital experience. We are transforming financial services by building the first digital platform designed to give Canadians convenient and controlled access to a range of financial products that make it easier stay in control of their financial health. Our initial target market is consumer credit. Our technology platform provides consumers with quick and efficient access to responsible credit solutions by using big data algorithms to simplify the customer experience. We believe that a technology-powered online lender has many advantages over current financial services offerings, providing a more efficient and effective delivery of credit solutions. With personal loans that help you get out of debt, and a free prepaid Visa that helps you control your spending, we're building digital financial brand that empowers a whole new generation of Canadians.



Vision and Strategy

Our vision is to extend our socially responsible brand to new products and markets bringing consumers a new level of convenience, simplicity and transparency as the standard for a completely digital financial experience and to be one of the top consumer financial brands in Canada.

At just over \$1.8 trillion in total loans outstanding as at March 2015⁽¹⁾, the consumer lending market is one of the largest segments within the Canadian economy and we believe this market is positioned to undergo significant structural changes, as new technology driven companies begin offering consumers superior products with better pricing and a significantly improved customer experience over existing solutions. Helping to fuel this growth, as evidenced in the U.S. market, will be the increased supply of capital, driven by the attractive yields of the unsecured consumer loan asset class. Lend Academy estimates that in 2015 online lending platforms within the U.S. will originate US\$20 billion in consumer loans, an increase of over 120% from 2014⁽²⁾.

By offering diversified lending products, with a focus on customer service and superior technology, the Company believes that it is well positioned as the leading online lender in Canada and that there is an opportunity for online lending to similarly transform the Canadian marketplace.

The Company's strategy is to providing diversified financial solutions with full digital experience, employing leading-edge technology to lower costs and rationalize business processes, and appropriately managing risks. Management believes this strategy will provide long-term profitability and sustainable brand recognition for the Company.

Third Quarter 2015 Financial Highlights and Accomplishments

The Company is pleased with its rapid growth in its members, revenue and long-term loan portfolio, as well as the continued development of its technology platform and industry leading team. The financial highlights and accomplishments for the periods covered by this MD&A, are summarized below:

- Total revenue for the third quarter of 2015 was \$11.6 million, a 70% increase from the third quarter of 2014. Within this, Loan interest revenue grew 418% driven by the success of the Company's line-of-credit and installment loan products.
- Gross profit margin was 62.5% in the third quarter of 2015, up 50 basis points from the second quarter of 2015.
- Gross loans receivable increased by 192% to \$53.9 million in the third quarter of 2015, compared to the third quarter of 2014. Within this, long-term loans receivable⁽³⁾ represented 68% of the total gross receivable, up from 24% in the third quarter of 2014, driven by the successful ramp of our installment loan product.
- Loan originations⁽³⁾ for the third quarter 2015 were \$82.4 million, up 81% from the third quarter in 2014.
- Our Provision Rate⁽³⁾ decreased to 4.3% in the third quarter of 2015 from 4.6% in the second quarter of 2015 based on the continued mix shift in our loan portfolio to higher credit quality Liquid installment loan customers.
- Reported positive Contribution⁽³⁾ of \$4.0 million in the third quarter of 2015, up from \$2.3 million in the third quarter of 2014

(1) "Household Credit Conditions." The Bank of Canada (March 2015). (<http://credit.bankofcanada.ca/householdcredit>)

(2) "Lend Academy — Global Overview of Online Lending Report." Lendit USA (2015).

(3) Loan originations, provision rate, contribution and long-term loan receivables are non-IFRS financial measures. For more information regarding our use of these measures and, where applicable, a reconciliation to the most comparable IFRS measure, see "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Financial Measures".



- Cash flow used in operations before investment in loan receivables was \$0.8 in the third quarter of 2015, compared to \$1.5 million in the third quarter of 2014.

Third Quarter 2015 Business Highlights

- At September 30, 2015, Mogo had \$39.9 million in cash and cash equivalents.
- Exceeded 158,000 total Mogo Members, up 148% from the third quarter of 2014.
- Loan products and unique Level-up program driving compelling customer lifetime value.
- Finalized new expandable credit facility of up to \$200 million under certain conditions, with Fortress Credit Co LLC, to finance the continued expansion of our consumer installment loans.
- Continued additions to our industry leading Technology, Development and Product teams which now totals 100 team members.
- Strengthening of our senior management team with the additions of key team members including financial industry veterans: Lisa Skakun, who joined Mogo from Canada's leading Credit Union as our Chief Legal & Administrative Officer, Carlos Medeiros who joins the Company as Vice President, Credit Risk, and Shirley Chen who joins as Mogo's Treasurer.

Outlook

Mogo is providing the following outlook regarding the fourth quarter 2015 and the full year 2016:

- As we continue to execute on our strategy of building Canada's leading digital financial platform, it is critical that we balance our use of capital between the disciplined growth of our loan portfolio and the continued investment in our platform and new products that will drive future growth.
- Company is also focused on achieving profitability and plans to reduce marketing spend in the fourth quarter of 2015, which it expects will moderate its loan growth rate, demonstrate operating leverage and reduce net losses.
- In 2016, the Company expects to increase the mix of non-capital-intensive, fee-based revenue, through the introduction of new products including the new Mogo Prepaid Visa, the Mogo Mortgage and Mogo Marketplace lending.
- Management reiterated expectation of reaching EBITDA positive in 2016.

Key Performance Indicators

Key performance indicators that we use to manage our business and evaluate our financial results and operating performance include: loan originations revenue, gross profit, contribution, contribution margin, adjusted EBITDA, funding interest expense, gross loans receivable (short-term and long-term), Mogo members and provision rate. We evaluate our performance by comparing our actual results to prior period results.

	Three months ended September 30,		Percentage Change	Nine-months ended September 30,		Percentage Change
<i>IFRS Measures used as Key Performance Indicators:</i>	2015	2014		2015	2014	
	(unaudited)			(unaudited)		
	(In thousands of dollars, except percentages)					
Revenue.....	\$11,552	\$6,804	69.8%	\$31,022	\$14,954	107.5%
Gross Profit	7,221	4,332	66.7%	19,320	9,483	103.7%
Funding interest expense	821	517	58.6%	2,246	705	218.7%



	Three months ended September 30,		Percentage Change	Nine-months ended September 30,		Percentage Change
<i>Non-IFRS Measures used as Key Performance Indicators:</i>	2015	2014		2015	2014	
	(unaudited)			(unaudited)		
	(In thousands of dollars, except percentages)					
Loan originations ⁽¹⁾	\$82,439	\$45,447	81.4%	\$217,704	\$95,466	128.0%
Contribution ⁽¹⁾	4,006	2,289	75.0%	10,708	4,972	115.4%
Contribution margin ⁽¹⁾	34.7%	33.6%	-	34.5%	33.2%	-
Adjusted EBITDA ⁽¹⁾	(3,156)	(1,183)	166.7%	(6,244)	(3,618)	72.6%
Provision Rate ⁽¹⁾	4.3%	4.5%	-	4.5%	4.6%	-

	Sept 30, 2015	Sept 30, 2014	% Change Sept 2014 to Sept 2015	Dec 31, 2014	% Change Dec 2014 to Sept 2015	% Change Sept 2014 to Dec 2014
<i>Non-IFRS Measures used as Key Performance Indicators:</i>	2015	2014	2015	2014	2015	2014
	(unaudited)			(unaudited)		
	(In thousands of dollars, except percentages)					
Gross loans receivable – short-term ⁽¹⁾	\$17,262	\$13,971	23.6%	\$15,094	14.4%	8.0%
Gross loans receivable – long-term ⁽¹⁾	36,658	4,476	718.9%	7,168	410.6%	60.1%
Gross loans receivable ⁽¹⁾	\$53,920	\$18,447	192.0%	\$22,262	142.0%	20.7%
Mogo Members (in 000's of members)	158	64	148.5%	76	106.9%	20.1%

- (1) Loan originations, contribution, contribution margin, adjusted EBITDA and provision rate are non-IFRS financial measures. Gross loans receivable is an IFRS measure, however gross loans receivable – short-term and long-term are non-IFRS measures. For more information regarding our use of these measures and, where applicable, a reconciliation to the most comparable IFRS measure, see “Non-IFRS Financial Measures” and “Reconciliation of Non-IFRS Financial Measures”.

Gross Loans Receivable and Loan Originations

Management considers the growth in gross loans receivable to be a key element of the Company's performance. Loans receivable growth is achieved by growth in total loan originations and growth in long term loan portfolio. This loan originations strategy not only drives interest revenue in current period, but more importantly a longer-term revenue stream, and the growth of the customer base for complementary marketing initiatives. Long term loan originations not only drives the growth of gross loan receivables, but leverages the Company's digital platform. As more long term loans are originated, the marginal costs of operations and customer acquisitions will decrease.

Gross loans receivable is an IFRS measure the Company uses to assess its asset growth and capital efficiency. Gross loans receivable represents the total amount of principal and fees outstanding to our customers at the end of the period before any provision for potential future charge-offs. Growth in gross consumer loans receivable is driven by several factors including an increased number of customers and increase in average loan amount. Gross loans receivable are segregated between short-term loans receivable and long-term loans receivable.

Gross loans receivable (short-term and long-term) are non-IFRS measures which refer to loans receivable relating to initial term of our loans receivable. Short-term gross loans receivable refers to loans receivable relating to our Zip products which generally have terms of between 14 and 30 days. Long-term gross loans receivable refers to our loans receivable relating to our Mini and Liquid loan products. Mini lines of credit have a term of one year and our Liquid instalment loan products have terms up to five years. We consider it important to highlight our increased focus on growing our long-term loan portfolio as we execute on our strategy of being a full credit spectrum lender with a loan portfolio which is becoming longer term in nature. Under IFRS, receivables are classified as 'current' or 'non-current' having maturities from the balance sheet date of 12 months or less and greater than 12 months, respectively. For more information regarding the limitations of gross loans receivable (short-term and long-term) and a reconciliation of gross loans receivable (short-term and long-term), see “Non-IFRS Financial Measures” and “Reconciliation of Non-IFRS Financial Measures.”

Loan originations is a non-IFRS measure representing the total principal amount of the loans we made during the period to both new and existing customers, including loans to existing customers where a portion of the loan may be applied

to eliminate the customer's prior borrowings with us. Loan originations do not represent revenue earned by us and, due to the fact that capital may be loaned out and repaid multiple times during a period, loan originations are not equivalent to investment in loans receivable. Although not tied directly to revenues, we derive our revenues primarily from loan fees and interest on loans outstanding, so we believe loan originations are a key driver of our revenue growth and indicator of the scale of our business, competitiveness of our products, the success of our marketing initiatives and the strength of our platform. Loan originations have grown significantly over time due to the effectiveness of our customer acquisition channels, expansion of our loan products and increase in available capital resources.

Factors that could affect loan originations include product mix, the success of our marketing initiatives, including customer acquisition and retention, the competitiveness of our products, our ability to develop new products or enhance existing products, any limitations on our capital resources, and the interest rate and economic environment.

Originations represent principal only and exclude any fees paid to us by the customer in connection with the origination of a loan. Some of our repeat customers get new loans, including through our Level Up Program, before their existing loan is fully repaid. Under the Level Up Program short-term loans must be paid in full before a new short-term loan can be originated to the same customer. For originations, such loans are calculated as the full new loan principal, rather than the net funded amount, which is the renewal loan's principal net of the unpaid principal balance on the existing loan.

Loan originations is not a defined measure under IFRS and does not have a standardized meaning which ensures consistency and comparability between companies using such term. Our definition of loan originations may not be the same as the definition used by other companies in their reporting. Loan originations has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results under IFRS. For more information regarding the limitations of loan originations see "Non-IFRS Financial Measures" and for a reconciliation of loan originations see "Reconciliation of Non-IFRS Financial Measures".

Mogo Members

Mogo Members represents the number of individuals who have signed up to for one or more of our products and services including: consumer loans, prepaid visa card, free credit score, unique content, events and other Mogo Perks. Management believes that the size of our Mogo Member base is one of the key drivers of the Company's future performance. Our goal is to continue to grow and monetize our member base as we build our digital financial platform, launch new products and strive to build the largest digital financial brand in Canada. We no longer consider someone a Mogo Member if they have not used or engaged in any of our products or services in the last 12 months. We anticipate that our Mogo Members will continue to grow over time. Mogo Members is not a financial measure.

Revenue

Our revenue is based on the loan products and services we offer and includes; fees related to loan originations, interest on loans outstanding and other revenue. Other revenue is comprised of loan protection fees, nonsufficient funds fees, fees related to our prepaid Visa card and other fees or charges permitted by applicable laws and pursuant to the agreement with our customers. Revenue is an IFRS measure.

Gross Profit

Gross profit is an IFRS measure that we calculate as total revenue less our provision for loan losses, net of recoveries and transaction costs incurred during the period. Gross profit has grown over time, and significantly in recent quarters due to our success in growing our revenue through increased loan originations while maintaining strong underwriting performance.

Factors that could affect gross profit include, changes in our revenue, revenue mix, expected loan losses, changes in our transaction related expenses and overall economic environment.



Contribution and Contribution Margin

Contribution is a non-IFRS financial measure that we calculate as revenue, less transaction expenses, bad debt expense, funding interest expense and customer service and operations expenses. Contribution margin is a non-IFRS financial measure calculated by dividing contribution by total revenue. Contribution and contribution margin are measures used by our management and board of directors to understand and evaluate our core operating performance and trends. Contribution and contribution margin have varied from period to period and have generally increased over time. Factors that affect our contribution and contribution margin include revenue mix, transaction and bad debt expenses, origination and servicing expenses.

For more information regarding the limitations of contribution and contribution margin and a reconciliation of net income (loss) before income taxes to contribution, see "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Financial Measures."

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure that we calculate as loss after income taxes excluding depreciation and amortization, stock-based compensation expense, funding interest expense, corporate interest expense, and unrealized foreign exchange loss. Adjusted EBITDA is a measure used by our management and Board of Directors to understand and evaluate our core operating performance and trends. For more information regarding the limitations of adjusted EBITDA and a reconciliation of net loss to adjusted EBITDA, see "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Financial Measures."

Funding Interest Expense

Funding interest expense is an IFRS measure representing the cost associated with the Company's two credit facilities:

1) The "**Credit Facility #1**" was made available to the Company by the lenders pursuant to the revolving credit and guarantee agreements (the "**Credit Facility #1 Agreements**") between, among others, Fortress Credit Co LLC and the Company dated February 25, 2014 as amended. The Credit Facility #1 is our primary source of funding for our Zip and Mini loan products. The Corporate Credit Facility #1 includes interest expense, fees, and amortization of deferred financing costs. The Credit Facility #1 authorizes an operating line up to a maximum of \$30 million. The Credit Facility #1 can be expanded to \$50 million with the consent of the lender. The Credit Facility #1 bears interest at a variable rate of LIBOR plus 13.00%, with a LIBOR floor of 2.00% and with an additional 0.50% charged on the unused portion of the facility.

2) The "**Liquid Credit Facility**" was entered into by the Company through a special purpose entity called Mogo Finance Trust. The Liquid Credit Facility has been established pursuant to the revolving credit and guarantee agreements (the "**Liquid Credit Agreements**") between, among others, Fortress Credit Co LLC and Mogo Finance Trust dated September 1, 2015. The Liquid Credit Facility is secured by the Liquid installment loans and therefore has no recourse to the Company other than with respect to certain limited and narrow 'bad boy' acts. The Liquid Credit Facility is authorized with an initial commitment of \$50 million. At the Company's request and subject to certain conditions, the Liquid Credit Facility can be expanded for up to \$200 million. The Liquid Credit Facility is being used to finance the continued expansion of the Company's consumer installment loans of up to \$35,000 per loan. The Company paid effective annual interest rate of 9.5% as of September 30, 2015 on outstanding principal amount under this facility (based on interest rate of LIBOR plus 8% with a LIBOR floor of 1.5%). The applicable interest rate on the credit facility is tiered at three levels. When the utilization of the credit facility reaches to the higher level, the applicable interest rate will marginal decrease to lower tier of interest rate. The term of the Liquid Credit Facility is five years, with a two-year origination period and a three-year amortization period. For more information regarding the Liquid Credit Facility and the Credit Facility #1 (together, the "**Credit Facilities**"), see "Key Balance Sheet Items – Credit Facilities" and "Liquidity and Capital Resources", below.

The Credit Facilities are based on an advance rate depending on the respective underlying eligible receivables. The Company funds the difference between the advance rate and the loan amount from its balance sheet. The Company did not



have credit facilities prior to February 2014 and instead funded loans through internally generated cash flow and proceeds from the sale of debentures.

Provision Rate

Provision rate is a non-IFRS measure which equals the provision for loan losses, net of recoveries divided by loan originations in the period. We consider our provision rate in a period to be an important metric and indication of the health of our loans originated. This ratio is significantly impacted by the period's originations volume and changes in loss expectations for loans originated in prior periods. For more information regarding the limitations of provision rate and a reconciliation of provision rate, see "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Financial Measures."

Significant Factors Affecting Results of Operations

Our results of operations are influenced by a variety of factors including revenue, cost of revenue, technology and development expenses, customer service and operations, marketing expenses, general and administration expenses, interest expense, foreign exchange rates and economic conditions.

Revenue

We recognize revenue based on the loan products we offer and pursuant to the agreement with our customers. For our short-term loan products, which generally have terms ranging from fourteen to thirty days, we recognize loan fees when assessed to the customer.

Our long-term loans fall into two categories: line of credit accounts and installment loans. For our line of credit accounts, interest is recognized over the reporting period based upon the balance outstanding and the contractual interest rate, and fees are recognized when assessed to the customer. For our installment loans, interest is recognized on an effective interest rate method basis over the term of the loan and fees are recognized when assessed to the customer. The Company is highly focused on growing its long-term loans, in particular the installment loans, and expects loan interest to be the fastest-growing revenue segment and to represent an increasing percentage of total revenue.

Other revenue includes loan protection fees, nonsufficient funds fees, fees related to our prepaid Visa card and other fees or charges permitted by applicable laws and pursuant to the agreement with our customers. Unpaid and accrued interest and fees are included in "net loans receivable" in the consolidated statement of financial position.

Cost of Revenue

Cost of revenue consists of provision for loan losses, net of recoveries and transaction costs. Provision for loan losses, net of recoveries consists of amounts charged to income during the period to maintain an allowance for loan losses estimated to be adequate to provide for probable credit losses inherent in our existing loan portfolio. Our allowance for loan losses represents our estimate of the expected credit losses inherent in our portfolio and is based on a variety of factors, including the composition and quality of the portfolio, loan-specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience, and general economic conditions. We expect our aggregate provision for loan losses, net of recoveries to decrease as a percentage of revenue as our loan portfolio continues to transition to more long-term in nature. We expect the provision for loan losses, net of recoveries to increase in absolute dollars as the amount of loans we originate increases.

Transactions costs are expenses that relate directly to the acquisition and processing of new customers (excluding marketing) and include such expenses as payment processing fees, credit scoring fees, loan system transaction fees, insurance commission expense and issuance costs and fees related to our Visa card program.

***Technology and Development Expenses***

Technology and development expenses consist primarily of personnel and related costs of our development, business intelligence, product development and IT infrastructure employees. Additional expenses include third-party data acquisition expenses, professional services, consulting costs, expenses related to the development of new products and technologies and maintenance of existing technology assets, amortization of capitalized software costs related to our technology platform and allocated overhead. The number of employees in technology and analytics functions increased from 41 at December 31, 2014 to 73 at September 30, 2015. We believe that continuing to invest in technology is core to our strategy of building a fully digital financial services platform and customer experience and expect these costs to rise in near term on an absolute basis. However, we expect technology and development expenses to begin to fall as a percent of revenue in the next 12 months.

Customer Service and Operations Expenses

Customer service and operations expense consists primarily of salaries and personnel-related costs related to customer support and collections employees. Additional expenses include third party expenses related to credit data sources, collections and allocated overhead.

We plan to continue to invest in service and operations as we grow our originations. The number of employees in processing and servicing functions increased from 157 at December 31, 2014 to 216 at September 30, 2015. We anticipate that our customer service and operations expense will rise in absolute dollars, but longer term will decrease as a percentage of revenue as we continue to enhance our platform and improve operational efficiencies. Certain expenses have been reclassified between customer service and operations and general and administration to better reflect the evolving nature of our business. Comparative figures have been reclassified to conform with current presentation.

Marketing Expenses

Marketing expense consists of salaries and personnel-related costs of our marketing employees, as well as direct marketing and advertising costs related to online and offline customer acquisition costs (paid search advertising, search engine optimization costs, and direct mail) public relations, promotional event programs, corporate communications and allocated overhead. The number of employees in our marketing functions fell from 9 at December 31, 2014 to 8 at September 30, 2015. We transitioned some services to outside agencies to utilize specialized skills not available internally. We expect to increase the number of marketing professionals and increase our marketing activities in order to continue to expand our direct customer acquisition efforts and build our brand. While marketing remains an important area of investment for the Company, management expects marketing expenses as a percentage of revenue to decrease in the fourth quarter from current levels.

General and Administration Expenses

General and administrative expense consists primarily of salary and personnel-related costs for our executive, finance and accounting, credit analysis, legal and compliance, underwriting, funding, fraud detection and human resources employees. Additional expenses include consulting and professional fees, insurance, legal, occupancy, other corporate expenses and travel. The number of employees in general and administrative functions increased from 29 at December 31, 2014 to 40 at September 30, 2015, and we expect our general and administrative expenses to increase in absolute dollars as we transition to operating as a public company. These expenses will also include costs of regulatory reporting and requirements governing public companies, increased directors' and officers' liability insurance, increased accounting, legal and other professional services fees and an enhanced investor relations function. Certain expenses have been reclassified between customer service and operations and general and administration to better reflect the evolving nature of our business. Comparative figures have been reclassified to conform with current presentation.

Interest Expense

Interest expense is comprised of funding interest and corporate interest.



Funding interest expense costs consist of the interest expense (including certain fees and the amortization of deferred debt financing costs incurred in connection with obtaining this debt, such as banker fees, origination fees and legal fees) we pay on the debt we incur in connection with the Credit Facilities which we use to fund our on-balance sheet lending activities. Such costs are expensed immediately upon early extinguishment of the related debt. We expect funding costs to continue to increase in absolute dollars in the future as we incur additional debt to support future term loan and line of credit originations. In addition, funding costs as a percentage of gross revenue will fluctuate based on the applicable interest rates payable on the debt we incur to fund our lending activities, and on the overall average rates we charge our customers which are dependent on our revenue mix between short-term and long-term loan products.

On September 1, 2015 the Company finalized the Liquid Credit Facility with Fortress Credit Co LLC. The credit facility is authorized with an initial commitment of \$50 million and can be expanded under certain conditions up to \$200 million at the Company's request subject to the approval of the lender. The Liquid Credit Facility is being used to finance the continued expansion of the Company's consumer installment loans of up to \$35,000. The Liquid Credit Facility has an initial effective interest rate of 9.5% (based on the initial credit facility interest rate of LIBOR plus 8% with a LIBOR floor of 1.5%). The applicable interest rate on the credit facility is tiered at three levels. When the utilization of the credit facility reaches to the higher level, the applicable interest rate will marginal decrease to lower tier of interest rate. The term of the Liquid Credit Facility is five years, with a two-year origination period and a three-year amortization period. For more information regarding the new credit facility, see "Key Balance Sheet Items – Credit Facilities" and "Liquidity and Capital Resources."

The Company's Credit Facility #1 is authorized for a maximum of \$30 million and can be expanded to \$50 million at the Company's request subject to the approval of the lender. We entered the Credit Facility #1 in February 2014. The Company did not have credit facilities prior to 2014.

Corporate interest expense consists of interest expense and amortization of deferred debt financing costs incurred on our subordinated debentures. It excludes interest expense incurred on debt associated with the Credit Facilities. Prior to entering into the Credit Facilities the Company utilized corporate debt for both loan funding and corporate purposes.

Changes in macroeconomic conditions may affect generally prevailing interest rates, and such effects may be amplified or reduced by other factors such as fiscal and monetary policies, economic conditions in other markets and other factors. Interest rates may also change for reasons unrelated to economic conditions. To the extent that interest rates rise, our funding costs may increase and the spread between our effective interest yield and our funding costs may narrow to the extent we cannot correspondingly increase the rates we charge our customers.

Foreign Exchange

Our presentation and functional currency is in Canadian (CAD) dollars. Our operations are based in Canada and we derive all of our revenue in CAD dollars.

Unrealized Foreign Exchange Loss

The Company recognized unrealized foreign exchange gains of \$0.4 million and \$0.3 million for the three months ended September 30, 2015 and 2014 respectively. The Company recognized unrealized foreign exchange losses of \$0.9 million and \$0.3 million for the nine-months ended September 30, 2015 and 2014 respectively. Unrealized foreign exchange losses are associated with the translation of our \$5.095 million in USD denominated debentures.

Economic Conditions

Changes in the overall economy may impact our business in several ways, including demand for our products, credit performance and funding costs.

- *Demand for Our Products.* In a strong economic climate, demand for our products may increase as consumer spending increases. In addition, more potential customers may meet our underwriting requirements to qualify

for a loan. Traditional lenders may also approve loans for a higher percentage of our potential customers. In a weakening economic climate or recession, the opposite may occur.

- *Credit Performance.* In a strong economic climate, our customers may experience improved cash flow and liquidity, which may result in lower loan losses. In a weakening economic climate or recession, the opposite may occur. We factor economic conditions into our loan underwriting analysis and allowance for loan losses, but changes in economic conditions, particularly sudden changes, may affect our actual loan losses.
- *Loan Losses.* Our underwriting process is designed to limit our loan losses to levels compatible with our business strategy and financial model. Our aggregate loan losses since 2012 have been consistent with our financial targets. Our overall loan losses are affected by a variety of factors, including external factors such as prevailing economic conditions and unusual events such as natural disasters, as well as internal factors such as the accuracy of our internal credit scoring process, the effectiveness of our underwriting process and the introduction of new products with which we have less experience to draw upon when forecasting their loss rates. Our loan losses may vary in the future.

Results of Operations

The following table sets forth a summary of our results of operations for three and nine-month periods ended September 30, 2015 and 2014:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(unaudited)		(unaudited)	
	(In thousands of dollars)			
Statement of loss and comprehensive loss				
Revenue.....	\$11,552	\$6,804	\$31,022	\$14,954
Cost of revenue	4,331	2,472	11,702	5,471
Gross Profit	7,221	4,332	19,320	9,483
Technology and development	2,134	1,099	5,372	2,886
Customer service and operations.....	2,394	1,526	6,366	3,807
Marketing	3,656	1,794	8,214	3,357
General and administration	3,008	1,370	7,294	3,710
Operating expenses	11,192	5,789	27,246	13,760
Operating income	(3,971)	(1,457)	(7,925)	(4,277)
Funding interest expense.....	821	517	2,246	705
Corporate interest expense	1,569	1,532	4,683	4,521
Unrealized foreign exchange loss	437	293	893	314
Other financing expenses	6	127	5	648
Net loss.....	(6,807)	(3,926)	(15,756)	(10,463)
Adjusted EBITDA ⁽¹⁾	<u>\$ (3,156)</u>	<u>\$ (1,183)</u>	<u>\$ (6,244)</u>	<u>\$ (3,618)</u>
Net loss per share				
Basic and fully diluted	\$ (0.375)	\$ (0.512)	\$ (0.867)	\$ (0.1364)
Total assets.....	\$100,620	\$32,167	\$100,620	\$32,167
Cash	\$39,891	\$8,844	\$39,891	\$8,844
Net loans receivable	48,305	16,578	48,305	16,578
Credit Facility #1	17,434	11,089	17,434	11,089
Liquid Credit facility.....	10,725	Nil	10,725	Nil
Debentures	40,074	39,481	40,074	39,481
Share capital.....	45,314	20,366	45,314	20,366

Note:

(1) See "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Financial Measures" below.



Results of Operations for the three and nine-month periods ended September 30, 2015 and 2014

Revenue

The following table displays the three and nine-month periods ended September 30, 2015 and 2014:

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014		2015	2014	
	(unaudited)			(unaudited)		
	(In thousands of dollars, except percentages)					
Loan fees.....	\$7,747	\$5,555	39.5%	\$22,707	\$12,455	82.3%
Loan interest	2,348	454	417.6%	4,863	740	557.1%
Other revenue.....	1,457	796	83.1%	3,452	1,759	96.3%
Total Revenue.....	11,552	6,804	69.8%	31,022	14,954	107.5%

Total revenue for the quarter ended September 30, 2015 increased \$4.8 million to \$11.6 million compared to \$6.8 million for the three months ended September 30, 2014 or an increase of 69.8%. Total revenue for the nine-month period ended September 30, 2015 increased \$16.0 million to \$31.0 million compared to \$15.0 million for the nine-month period ended September 30, 2014 or an increase of 107.5%.

Loan fees for the quarter ended September 30, 2015 increased \$2.1 million to \$7.7 million compared to \$5.6 million for the three months ended September 30, 2014, an increase of 39.5%. Loan fees for the nine-month period ended September 30, 2015 increased \$10.3 million to \$22.7 million compared to \$12.5 million for the nine-month period ended September 30, 2014, an increase of 82.3%. The increase in loan fees during the three and nine-month periods ended September 30, 2015 was primarily driven by the addition of new customers and increased loan originations for our short term loan products. This increase was enabled by the availability of the Credit Facilities to fund loan originations along with the increased availability of equity capital which allowed the Company to increase its customer acquisition efforts.

Loan interest for the quarter ended September 30, 2015 increased by 417.6%, or \$1.8 million, to \$2.3 million, compared to \$0.5 million for the three months ended September 30, 2014. Loan interest for the nine-month period ended September 30, 2015 increased \$4.2 million to \$4.9 million compared to \$0.7 million for the nine-month period ended September 30, 2014, an increase of 557.1%. The increase in loan interest during the three and nine-month periods ended September 30, 2015 was driven by a continued ramp in originations of our long-term loans and a corresponding increase in our long-term loan receivables outstanding at the end of the period. The Company believes that securing the Liquid Credit Facility in early September 2015 positions the Company to continue to grow its instalment loan portfolio. Gross loans receivable increased by 192% to \$53.9 million at September 30, 2015 from \$18.4 million at September 30, 2014. In the Company's current product portfolio, management sees the most significant growth potential in installment loans, which were introduced in November 2014. The Company anticipates loan interest will continue to be the fastest-growing revenue segment and will represent an increasing percentage of total revenue.

Other revenue for the quarter ended September 30, 2015 increased \$0.7 million to \$1.5 million compared to \$0.8 million for the three months ended September 30, 2014, an increase of 83.1%. Other revenue for the nine-month period ended September 30, 2015 increased \$1.7 million to \$3.5 million compared to \$1.8 million for the nine-month period ended September 30, 2014, an increase of 96.3%. The increase in other revenue resulted from ancillary revenue driven by the increase in loan originations and the increase in outstanding gross loans receivable such as loan protection fees, non-sufficient funds fees and interest, as well as revenues from our prepaid Visa card program

Originations during the three-month period ended September 30, 2015 increased to \$82.4 million from \$45.4 million during the three-month period ended September 30, 2014. Originations during the nine-month period ended September 30, 2015 increased to \$217.7 million from \$95.5 million during the nine-month period ended September 30, 2014.



Cost of revenue

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014		2015	2014	
	(In thousands of dollars, except percentages)					
	(unaudited)			(unaudited)		
Provision for loan losses, net of recoveries	\$3,580	\$2,036	75.8%	\$9,801	\$4,367	124.4%
Transaction costs.....	751	436	72.4%	1,902	1,103	72.4%
Cost of revenue	4,331	2,472	75.2%	11,702	5,470	113.9%
As a % of revenue	37.5%	36.3%		37.7%	36.6%	

Cost of revenue for three months ended September 30, 2015 increased \$1.8 million, to \$4.3 million (37.5% of revenue) from \$2.5 million (36.3% of revenue) for the three months ended September 30, 2014. Cost of revenue for nine months ended September 30, 2015 increased \$6.2 million, to \$11.7 million (37.7% of revenue) from \$5.5 million (36.6% of revenue) for the nine months ended September 30, 2014. The increase in costs during the three and nine-month periods ended September 30, 2015 was attributable to increased provision for loan losses, net of recoveries and transaction costs both as a result of increases in loan originations and overall growth in the loan portfolio.

Reflecting the Company's continued strong underwriting performance, provision for loan losses as a percentage of revenue and loan originations decreased compared to our results for the three months ended June 30, 2015 and was consistent with our overall target ranges. Provision for loan losses, net of recoveries as a percentage of revenue was 31.0% for the three months ended September 30, 2015, up from 29.9% for the three months ended September 30, 2014. Provision for loan losses, net of recoveries as a percentage of revenue was 31.6% for the nine months ended September 30, 2015, up from 29.2% for the nine months ended September 30, 2014. Loan losses as a percentage of loan originations (i.e. provision rate) was 4.3% for the three months ended September 30, 2015, down from 4.5% during the three months ended September 30, 2014. Loan losses as a percentage of loan originations (i.e. provision rate) for the nine months ended September 30, 2015 was 4.5%, consistent with 4.6% for the nine months ended September 30, 2014.

Our provision for loan losses, net of recoveries represents our estimate of the expected credit losses inherent in our portfolio and is based on a variety of factors including the composition and quality of the portfolio, loan-specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience, and general economic conditions. The increase in the provision for loan losses, net of recoveries (in absolute dollars) was primarily attributable to the growth in loan originations. In accordance with IFRS, our provision for loan losses, net of recoveries consists of amounts charged to income during the period to maintain an allowance for loan losses estimated to be adequate to provide for probable credit losses inherent in our existing loan portfolio. Our provision for loan losses, net of recoveries will fluctuate from period to period.

Transaction costs are a variable cost and are a function of loan originations and other transaction related activities. Components include: payment processing and banking fees, underwriting and credit scoring, costs of our loan protection program and the transactional costs related to our Mogo prepaid Visa card program. Transaction costs were consistent, rising from 6.4% to 6.5% as a percentage of revenue from the three month period ended September 30, 2014 to the three month period ended September 30, 2015. Transaction costs fell from 7.1% to 6.1% from the nine-month period ended September 30, 2014 to the nine-month period ended September 30, 2015 as we achieved some increased efficiencies due to benefits from increased scale in our operations.



Gross Profit

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014		2015	2014	%
	(unaudited)			(unaudited)		
	(In thousands of dollars, except percentages)					
Gross profit.....	\$7,221	\$4,332	66.7%	\$19,320	\$9,483	103.7%
Gross profit %.....	62.5%	63.7%		62.3%	63.4%	

Gross profit is driven by both revenue growth and changes in the cost of revenue. Gross profit for the three months ended September 30, 2015 was \$7.2 million or 62.5% compared to \$4.3 million or 63.7% for the three months ended September 30, 2014. Gross profit as a percentage of revenue decreased from the three-month period ended September 30, 2014 to the three-month period ended September 30, 2015 due to change in the provision for loan losses, net of recoveries discussed above. Gross profit grew 66.7% during the three months ended September 30, 2015 over the same period in 2014 directly as a result of our increase in originations and revenue during this period. Management expects the provision for loan losses to decrease going forward as our Liquid loan portfolio continues to be the main driver of our portfolio growth.

Gross profit for the nine months ended September 30, 2015 was \$19.3 million or 62.3% compared to \$9.5 million or 63.4% for the nine months ended September 30, 2014. Gross profit as a percentage of revenue decreased from the nine-month period ended September 30, 2014 to the nine-month period ended September 30, 2015 due to change in the provision for loan losses, net of recoveries discussed above.

Technology and Development Expenses

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014		2015	2014	
	(unaudited)			(unaudited)		
	(In thousands of dollars, except percentages)					
Technology and development	\$2,134	\$1,099	94.1%	\$5,372	\$2,886	86.1%
As a percentage of revenue.....	18.5%	16.2%		17.3%	19.3%	

Technology and development expenses increased by \$1.0 million, or 94.1%, from \$1.1 million during the three months ended September 30, 2014 to \$2.1 million for the three months ended September 30, 2015. Technology and development expenses increased by \$2.5 million, or 86.1%, from \$2.9 million during the nine months ended September 30, 2014 to \$5.4 million for the nine months ended September 30, 2015. The increase was primarily attributable to an increase in headcount and other technology related expenses as we increased the number of technology personnel in order to invest in the continued development of our fully digital financial services platform and further improve our customer experience, self-service capabilities and operational efficiencies. Specific initiatives include: enhanced customer account functionality, development of our mobile app, increased automation of our Liquid loan experience, enhancements to our credit decisioning platform, and development of our new Chip/Pin/PayWave prepaid Visa card program. As a percentage of revenue, technology and development expenses grew from 16.2% during the three months ended September 30, 2014 to 18.5% during the three months ended September 30, 2015. As a percentage of revenue, technology and development expenses fell from 19.3% during the nine months ended September 30, 2014 to 17.3% during the nine months ended September 30, 2015.

We capitalized \$1.3 million and \$2.7 million for the three and nine-month periods ended September 30, 2015 and \$0.4 million and \$1.1 million in software development costs for the three and nine-month periods ended September 30, 2014, respectively. The significant spending in technology highlights the Company's commitment to investing in its technology platform for future product and service improvement.



Customer Service and Operations Expenses

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014		2015	2014	
	(unaudited)			(unaudited)		
	(In thousands of dollars, except percentages)					
Customer service and operations	\$2,394	\$1,526	56.9%	\$6,366	\$3,807	67.2%
As a percentage of revenue.....	20.7%	22.4%		20.5%	25.5%	

Customer service and operations (“CS&O”) expenses for the three months ended September 30, 2015 increased 56.9%, or \$0.9 million, to \$2.4 million from \$1.5 million for the three months ended September 30, 2014. CS&O expenses for the nine months ended September 30, 2015 increased 67.2%, or \$2.6 million, to \$6.4 million from \$3.8 million for the nine months ended September 30, 2014. The increase in CS&O expenses for the three and nine-month periods ended September 30, 2015, respectively was primarily attributable to an increased number of processing and servicing personnel to support loan origination and loan servicing requirements of a growing portfolio of loans including the introduction of the installment loan product. CS&O headcount increased from 168 at December 31, 2014 to 232 at September 30, 2015. Certain expenses have been reclassified between customer service and operations and general and administration to better reflect the evolving nature of our business. Comparative figures have been reclassified to conform with current presentation.

As a percentage of revenue, CS&O expenses fell from 22.4% and 25.5% during the three and nine months ended September 30, 2014 to 20.7% and 20.5% during the three and nine months ended September 30, 2015. The decline in CS&O expenses as a percentage of revenue is a result of the increasing scale and efficiency of our technology platform. Management expects CS&O expenses to continue to fall as a percentage of revenue as we continue to scale our business and implement enhancements to our technology platform.

Marketing Expenses

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014		2015	2014	
	(unaudited)			(unaudited)		
	(In thousands of dollars, except percentages)					
Marketing.....	\$3,656	\$1,794	103.8%	\$8,214	\$3,357	144.7%
As a percentage of revenue	31.6%	26.4%		26.5%	22.4%	

For the three and nine-month periods ended September 30, 2015, marketing expenses were \$3.7 million and \$8.2 million, respectively. This was an increase of \$1.9 million, and \$4.8 million, during the three and nine-month periods ended September 30, 2014, respectively. The increase in marketing expenses for the periods was due to increased investment in new customer acquisition and brand awareness as we continue to build the Mogo brand into the go to financial services brand for millennials. Specific areas of marketing investment include online and offline customer acquisition channels using a highly data driven and analytical approach. In addition we will continue to invest in unique content and events that highlight the Mogo brand in relevant and engaging ways with our customers.

As a percentage of revenues, marketing expenses were 26.4% for the three-month period ended September 30, 2014 increasing to 31.6% for the three months ended September 30, 2015, consistent with the Company’s stated plans. As a percentage of revenues, marketing expenses were 22.4% for the nine-month period ended September 30, 2014, increasing to 26.5% for the nine months ended September 30, 2015. Incremental increases were due to the timing of increased spending on direct marketing and advertising related to online and offline customer acquisition (paid search advertising, search engine optimization and direct mail), as well as an increase in personnel costs and the allocation of marketing-related overhead. While marketing remains an important area of investment for the Company, management expects marketing expenses as a percentage of revenue to decrease in the fourth quarter from current levels.



General and Administration Expenses

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014		2015	2014	
	(In thousands of dollars, except percentages)			(In thousands of dollars, except percentages)		
	(unaudited)			(unaudited)		
General and administration	\$3,008	\$1,370	119.6%	\$7,294	\$3,710	96.6%
As a percentage of revenue	26.0%	20.1%		23.5%	24.8%	

For the three and nine-month periods ended September 30, 2015, general and administrative expenses were \$3.0 million and \$7.3 million, respectively. This was an increase of \$1.6 million and \$3.6 million over the three and nine-month periods ended September 30, 2014, respectively. The increase in general and administration costs was related to the increased number of general and administrative personnel during the period to support the growth of our business. General and administrative expenses during the three and nine-month periods ended September 30, 2015 were also impacted by expenses related to increased bonus accruals and compensation costs including share based compensation expenses, higher facility costs, including consolidating our Vancouver-based operations into one office to support increasing headcount and increased legal, tax and accounting fees associated with tax and corporate planning activities, including those incurred to complete the Company's initial public offering. As a percentage of revenues, general and administration expenses rose from 20.1% for the three months ended September 30, 2014, to 26.0% for the three months ended September 30, 2015. As a percentage of revenues, general and administration expenses decreased from 24.8% to 23.5% for the nine-month periods ended September 30, 2014 and 2015. Certain expenses have been reclassified between customer service and operations and general and administration to better reflect the evolving nature of our business. Comparative figures have been reclassified to conform with current presentation.

Funding Interest Expense

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014		2015	2014	
	(In thousands of dollars, except percentages)			(In thousands of dollars, except percentages)		
	(unaudited)			(unaudited)		
Funding interest expense (Credit Facility #1)	\$791	\$517	58.6%	\$2,217	\$2,940	(23.6%)
Funding interest expense (Liquid Credit Facility)	29	-	n/a	29	-	n/a
As a percentage of revenue	7.1%	7.6%		7.2%	19.7%	

Funding interest expense is our funding cost, which is the interest expense, fees, and amortization of deferred financing costs we incur in connection with the Credit Facilities which we use to fund our lending activities. The Company did not have credit facilities prior to 2014 and instead funded loans through internally generated cash flow and proceeds from the sale of debentures.

On September 1, 2015 the Company finalized the Liquid Credit Facility with Fortress Credit Co LLC. The credit facility is authorized with an initial commitment of \$50 million and can be expanded under certain conditions up to \$200 million at the Company's request subject to the approval of the lender. The Liquid Credit Facility is being used to finance the continued expansion of the Company's consumer installment loans of up to \$35,000. The Liquid Credit Facility has an initial effective interest rate of 9.5% (based on the initial credit facility interest rate of LIBOR plus 8% with a LIBOR floor of 1.5%). The applicable interest rate on the credit facility is tiered at three levels. When the utilization of the credit facility reaches to the higher level, the applicable interest rate will marginal decrease to lower tier of interest rate. The term of the Liquid Credit Facility is five years, with a two-year origination period and a three-year amortization period. For more information regarding the Liquid Credit Facility, see "Key Balance Sheet Items – Credit Facilities" and "Liquidity and Capital Resources."



Other Income and Expense

The following table provides a breakdown of other income and expense by type:

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014	%	2015	2014	%
	(unaudited)			(unaudited)		
(In thousands of dollars, except percentages)						
Other (income) expense						
Corporate interest expense.....	\$1,569	\$1,532	2.4%	\$4,683	\$4,521	3.6%
Unrealized foreign exchange loss (gain).....	437	293	48.9%	893	314	184.3%
Other financing expense	6	127	(95.5%)	5	647	(99.3%)
Total other (income) expense.....	2,011	1,952	3.0%	5,580	5,482	1.8%
As a percentage of revenue	17.4%	28.7%		18.0%	36.7%	

For the three and nine months ended September 30, 2015, other expense was \$2.0 million and \$5.6 million compared to \$2.0 million and \$5.5 million for the three and nine months ended September 30, 2014, respectively. As a percentage of revenues, other expenses fell from 28.7% and 36.7% for the three and nine months ended September 30, 2014, respectively to 17.4% and 18.0% for the three and nine months ended September 30, 2015, respectively.

Corporate interest expense consists of interest expense and amortization of deferred debt financing costs incurred in respect of our outstanding debentures which debt is currently associated with our corporate activities and operations. Interest expense for corporate purposes was \$1.6 million and \$4.7 million compared to \$1.5 million and \$4.5 million for the three and nine months ended September 30, 2014, respectively.

The change in unrealized foreign exchange losses from the three and nine-month periods ended September 30, 2014 to the three and nine-month periods ended September 30, 2015 is solely due to the fluctuations on the \$5.1 million of debentures in United States currency resulting from the depreciation of the Canadian dollar to the US dollar during those periods. Other financing expenses decreased from the three and nine months ended September 30, 2014 to 2015 primarily due to limited other financing activities.

Net Loss, Adjusted EBITDA, Basic and Fully Diluted loss per share

	Three months ended September 30,		Percentage Change	Nine months ended September 30,		Percentage Change
	2015	2014		2015	2014	
	(unaudited)			(unaudited)		
	(In thousands of dollars, except percentages)					
Net loss	(\$6,807)	(\$3,926)	73.4%	(\$15,756)	(\$10,463)	50.6%
Adjusted EBITDA ¹	(\$3,156)	(\$1,183)	166.7%	(\$6,244)	(\$3,618)	72.6%
Basic and fully diluted loss per share.....	(0.375)	(0.512)	(27.0%)	(0.867)	(1.364)	(36.4%)

Net loss for the three and nine months ended September 30, 2015 increased to \$6.8 million and \$15.8 million from \$3.9 million and \$10.5 million for the three and nine months ended September 30, 2014, respectively. The increasing losses are consistent with management's stated expectations and are attributable to the Company's strategy to grow its top line and invest in the foundations of its business as a means to long term success rather than focusing on short-term profitability. The areas contributing to the increases in net loss from period to period were increased investment in technology, customer service and operations, marketing, general administration, professional fees and interest expense.

¹ Adjusted EBITDA is a non-IFRS financial measure. See "Non-IFRS Financial Measure" and "Reconciliation of Non-IFRS Financial Measures".



The pace of these increased expenditures grew at a faster rate than our revenues during the three and nine months ended September 30, 2015 compared to the three and nine months ended September 30, 2014.

Adjusted EBITDA has varied from period to period and was negative in the three and nine-month periods ended September 30, 2015 as we have ramped up our investment in technology, marketing and operations to introduce new products and gain market share. For the three and nine-month periods ended September 30, 2015 and 2014 adjusted EBITDA fell as a result of the aforementioned increased investment in technology, marketing, and operations. The Company's strategy, at this time, is to grow its top line and invest in the foundations of its business as a means to long term success rather than focusing on short-term profitability. As we achieve scale, we expect adjusted EBITDA to improve over time. See "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Financial Measures".

Key Balance Sheet Items

	As at September 30, 2015	As at December 31, 2014
	(In thousands of dollars)	
	(unaudited)	
Total assets	\$100,620	\$49,410
Total liabilities.....	75,579	55,630

An analysis of the key balance sheet items driving the change in total assets and liabilities is as follows:

Loans Receivable

	As at September 30, 2015	As at December 31, 2014
	(In thousands of dollars)	
	(unaudited)	
Gross loans receivable – short term(1)	\$17,262	\$15,094
Gross loans receivable – long term(1).....	36,658	7,168
Gross loans receivable(1)	\$53,920	\$22,262
Allowance for loan losses	(5,615)	(3,085)
Net loans receivable	\$48,305	\$19,177

Note (1) Gross loans receivable is an IFRS financial measure. Short-term and long-term gross loans receivable are non-IFRS financial measures. See "Non-IFRS Financial Measures" and "Reconciliation of Non-IFRS Financial Measures".

Net loans receivable were \$48.3 million at September 30, 2015, an increase of \$29.1 million compared to \$19.2 million at December 31, 2014. The change in loans receivable is due to the significant increase in loan originations, primarily with respect to our long-term loans.

Gross loans receivable as at September 30, 2015 was comprised of approximately \$36.7 million of long-term loans and \$17.3 million of short-term loans. This compares to gross loans receivable as at December 31, 2014, which was comprised of \$7.2 million of long-term loans and \$15.1 million of short-term loans. Gross loans receivable rose 142% at September 30, 2015 over December 31, 2014. Long-term loan receivables increased by 411% over December 31, 2014 and represented 68% of the total balance at September 30, 2015. At June 30, 2015 long-term gross loans receivable represented 55% of the total balance, up from 45% at March 31, 2015 and 32% at December 31, 2014.

The allowance for loan losses was \$5.6 million at September 30, 2015, up from \$3.1 million at December 31, 2014. The provision rate fell to 4.3% at September 30, 2015 from 4.6% at June 30, 2015 and 4.6% at December 31, 2014.

The allowance for loan losses is reported on the Company's balance sheet and is netted against the gross loans receivable to arrive at the net loans receivable. The allowance for loan losses provisions for future loan charge offs that have



not yet occurred within the portfolio of consumer loans receivable at the end of a period. The Company's methodology for calculating the allowance for loan losses is described below.

An aging analysis of the loans receivable portfolio at the end of the period is as follows:

	Nine months ended September 30, 2015		Year ended December 31, 2014	
	(unaudited)			
	(in thousands of dollars)			
Allowance for loan losses, beginning of period.....	\$3,085		\$3,747	
Provision for loan losses	10,388		7,600	
Loans charged off	(7,858)		(8,262)	
Allowance for loan losses, end of period.....	\$5,615		\$3,085	

	September 30, 2015		December 31, 2014	
	\$(000's)	% of total	\$(000's)	% of total
	(unaudited)			
Current	\$46,856	86.9%	\$17,336	77.9%
1 to 30 days past due	1,776	3.3%	1,064	4.8%
31 to 60 days past due	1,211	2.2%	948	4.3%
61 to 90 days past due	1,095	2.0%	754	3.4%
91 to 180 days past due	2,982	5.6%	2,160	9.7%
Greater than 180 days past due		0.0%	0	0.0%
Gross loans receivable	53,920	100.0%	22,262	100.0%
Allowance for loan losses	(5,615)		(3,085)	
Net loans receivable	\$48,305		\$19,177	

The Company assesses its allowance for loan losses at each reporting date. In determining the allowance for estimated losses on its loans receivable portfolio, the Company applies a systematic methodology. Outstanding loans are divided into discrete groups of short-term loans and long-term loans, with long-term loans being further divided into line of credit accounts and installment loans, and are analyzed as current or delinquent. Increases in the provision for loan losses, net of recoveries are recorded as a "Cost of revenue" in the consolidated statements of income.

The Company fully reserves and charges off consumer loans once the loan or a portion of the loan has been classified as delinquent for 180 consecutive days. If a loan is deemed uncollectible before it is fully reserved, it is charged off at that point. Consumer loans classified as delinquent generally have an age of one to 179 days from the date any portion of the loan became delinquent, as defined above. Recoveries on loans previously charged to the allowance are credited to the provision for loan losses when collected.

The allowance is subjective as it requires material estimates, including such factors as historical trends, known and inherent risks in the loan portfolio, adverse situations that may affect borrowers' ability to repay and current economic conditions. Other qualitative factors considered may include items such as uncertainties in forecasting and modeling techniques, changes in portfolio composition, seasonality, business conditions and emerging trends. Recovery of the carrying value of loans is dependent to a great extent on conditions that may be beyond management's control. Any combination of the aforementioned factors may adversely affect the Company's loan portfolio resulting in increased delinquencies and loan losses and could require additional provisions for credit losses, which could impact future periods.

In the opinion of management, the Company has provided adequate allowances to absorb probable credit losses inherent in its loan portfolio based on available and relevant information affecting the loan portfolio at each balance sheet



date. The Company cannot guarantee that delinquency and loss levels will correspond with the historical levels experienced and there is a risk that delinquency and loss rates could increase significantly.

Credit Facility

	As at September 30, 2015	As at December 31, 2014
	(unaudited)(In thousands of dollars)	
Credit Facility #1	\$17,434	\$12,819
Liquid Credit facility	10,907	0

On February 24, 2014, we entered into the Credit Facility #1 for \$30 million. The Credit Facility #1 authorizes an operating line up to a maximum of \$30 million and matures on February 24, 2017. The Credit Facility #1 can be expanded to \$50 million with the consent of the lender. The Credit Facility #1 bears interest at a variable rate of LIBOR plus 13.00%, with a LIBOR floor of 2.00% and with an additional 0.50% charged on the unused portion of the facility. As at September 30, 2015 and December 31, 2014, the effective interest rate was 15%. The Credit Facility #1 is secured with a first charge over substantially all the Company's assets.

The amount drawn on the Credit Facility #1 as at September 30, 2015 was \$17.9 million (\$13.6 million at December 31, 2014) with unamortized deferred financing costs of \$0.5 million at September 30, 2015 (\$0.8 million at December 31, 2014) netted against the amount owing.

On September 1, 2015 the Company entered into the Liquid Credit Facility through a special purpose entity called Mogo Finance Trust. The Liquid Credit Facility consists of a term loan that authorizes an operating line for a maximum of \$50 million and matures on September 1, 2020. Under the terms of the agreement, the facility may be increased up to \$200 million upon certain conditions. The amount drawn on the facility as at September 30, 2015 was \$11.3 (December 31, 2014 – nil) with unamortized deferred financing costs of \$0.6 million (December 31, 2014 – nil) netted against the amount owing. The term loan bears interest at a variable rate of LIBOR plus 8.00% (with a LIBOR floor of 1.50%). As at September 30, LIBOR was 0.193% (December 31, 2014 – 0.171%). Interest expense on the Liquid Credit Facility is included in funding interest expense in the interim condensed consolidated statement of comprehensive loss.

The Credit Facilities are based on an advance rate depending on the respective underlying eligible receivables. The Company funds the difference between the advance rate and the loan amount from its balance sheet.

Both Credit Facilities are subject to a number of covenants and events of default including:

- Financial Covenants: Financial covenants may include, among others, requirements with respect to minimum tangible net worth, maximum leverage ratio, minimum consolidated liquidity, minimum unrestricted cash, and positive net income by a certain date.
- Portfolio Performance Covenants: Portfolio performance covenants may include, among others, requirements that the portfolio not exceed certain stated static pool default ratios and delinquency rates and that the loan yield not be less than stated minimum levels.
- Other Events: Other events may include, among others, change of control events, certain insolvency-related events, events constituting a servicer default, an inability to engage a replacement backup servicer following termination of the current backup servicer, senior management changes, the occurrence of an event of default or acceleration under other facilities, failure to make required payments or deposits, events related to the entry of an order decreeing dissolution that remains undischarged, events related to the entry or filing of judgments, attachments or certain tax liens that remain undischarged, and events related to breaches of terms, representations, warranties or affirmative and restrictive covenants. Restrictive covenants may, among other things, impose limitations or restrictions on our ability to pay dividends, redeem our stock, make payments in order to retire or obtain the surrender of warrants or options, or our ability and of the guarantors thereunder to



incur additional indebtedness, pay dividends, make investments, engage in transactions with affiliates, sell assets, consolidate or merge, make changes in the nature of the business, and create liens.

- **Early Termination Fees:** Early termination fees may be payable under the Credit Facilities in the event of a termination or other permanent reductions of the credit commitments at the Company's option prior to the expiration of the Credit Facilities.

We expect to use additional funding sources in the future including credit facilities, asset-backed securitizations and marketplace lending.

Debentures

	As at September 30, 2015	As at December 31, 2014
	(In thousands of dollars)	
	(unaudited)	
Debentures.....	\$40,074	\$39,185

We have subordinated debentures that were historically used to finance the operations of our business including much of our loans receivable. The debentures require interest only payments bearing annual interest rates ranging between 12% and 18.2% (December 31, 2014 — 12% and 18.2%) with principal amounts due upon maturity at various periods beginning March 2017 and through to December 23, 2019. The debentures are subordinated to the Credit Facilities and secured by the assets of the Company and can be repaid at any time at the option of the Company.

The following table sets out our debentures as of September 30, 2015:

	Balance as at September 30, 2015 (unaudited)	Maturity Dates	Annual Interest Rates
Series A.....	\$21,090,728	From 03/01/2017 to 12/08/2019	15%
Series B.....	\$2,168,040	From 03/01/2017 to 12/23/2019	From 14 to 14.5%
Series C.....	\$400,000	From 03/01/2017 to 03/01/2019	13%
Series D.....	\$50,000	03/01/2017	12%
Series E.....	\$150,000	03/01/2017	From 15 to 18%
Series F.....	\$450,000	03/31/2017	18%
Series AA.....	\$3,434,000	From 11/08/2018 to 03/01/2019	16%
Series BB.....	\$1,723,000	From 03/01/2017 to 03/01/2019	17%
Series CC.....	\$7,948,051	From 03/01/2017 to 03/01/2019	From 15 to 18.2%
Series EE.....	\$2,485,000	03/31/2017	15%
Series FF.....	\$170,000	03/31/2017	14%
Other.....	\$5,000	03/01/2017	24%
	<u>\$40,073,819</u>		

*Investment Tax Credits*

	As at September 30, 2015	As at December 31, 2014
	(In thousands of dollars)	
	(unaudited)	
Investment tax credits receivable.....	\$1,616	\$1,454

Investment tax credits receivable are the estimated refunds we anticipate receiving as a result of research and development that is considered qualified for investment tax credits. Investment tax credits are recorded against expenses on the income statement. Investment tax credits are estimates and are subject to approval by the Canada Revenue Agency. Actual amounts refunded could be significantly different from what has been recognized.

Effective June 25, 2015, as a result of the Company becoming a public company, we are no longer be eligible for refundable investment tax credits. We remain eligible for non-refundable investment tax credits which will be earned at a lower rate resulting in lower refunds going forward.

Reconciliation of Non-IFRS Financial Measures

Loan originations, gross loans receivable – (short-term and long-term), contribution, contribution margin, adjusted EBITDA and provision rate are non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS financial measures, including loan originations, gross loans receivable – (short-term and long-term), adjusted EBITDA and provision rate, to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. Our management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements. Investors are encouraged to review our financial statements and disclosures in their entirety and are cautioned not to put undue reliance on any non-IFRS measure and view it in conjunction with the most comparable IFRS financial measures. In evaluating these non-IFRS measures, you should be aware that in the future we will incur expenses similar to the adjustments in this presentation. See "Non-IFRS Financial Measures", "Key Performance Indicators"

Loan Originations

We calculate loan originations as the total principal amount of the loans we made during the period to both new and existing customers, including loans to existing customers where a portion of the loan is applied to eliminate the customer's prior borrowings with us. Loan originations do not represent revenue earned by us and, due to the fact that capital may be loaned out and repaid multiple times during a period, loan originations are not equivalent to loans receivable. Loan originations is not a defined measure under IFRS and does not have a standardized meaning which ensures consistency and comparability between companies using such term. Our definition of loan originations may not be the same as the definition used by other companies in their reporting. Loan originations has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results under IFRS.

The following table presents a reconciliation of loan originations to gross loans receivable, the closest comparable IFRS financial measure:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(unaudited)		(unaudited)	
	(in thousands of dollars)			
Reconciliation of loan originations to gross loans receivable				
Opening gross loans receivable	37,681	14,814	22,262	11,218
Loan originations ⁽¹⁾	82,439	45,447	217,704	95,466
Gross principal payments, net of other adjustments ⁽²⁾	(63,394)	(38,241)	(178,188)	(81,526)
Charge-offs	(2,806)	(3,573)	(7,858)	(6,711)
Ending gross loans receivable	53,920	18,447	53,920	18,447

Note:

- (1) Loan originations figures are not audited or reviewed for any of the periods shown.
- (2) Gross principal payments, net of other adjustments is not an amount that is derived from our financial statements and has not been audited or reviewed by our auditors. It is a number that has been calculated by management based on the other amounts shown in the table above and while management believes that the number is accurate, there can be no certainty that it is. Investors are encouraged to review our financial statements and disclosures in their entirety and are cautioned not to put undue reliance on the gross principal payments, net of other adjustments measure as a stand-alone measure.

Gross loans receivable (short-term and long-term)

Gross loans receivable is an IFRS measure the Company uses to assess its asset growth and capital efficiency. Gross loans receivable represents the total amount of principal and fees outstanding to our customers at the end of the period before any provision for potential future charge-offs. Growth in gross consumer loans receivable is driven by several factors including an increased number of customers and increase in average loan amount. Gross loans receivable are segregated between short-term loans receivable and long-term loans receivable.

We refer to short-term gross loans receivable as loans receivable relating to our Zip products which generally have terms of between 14 and 30 days. We refer to long-term gross loans receivable as loans receivable relating to our Mini and Liquid loan products. Mini lines of credit have a term of one year and our Liquid instalment loan products have term up to five years. We consider it important to highlight our increased focus on growing our long-term loan portfolio as we execute on our strategy of being a full credit spectrum lender with a loan portfolio which is becoming longer term in nature. Under IFRS receivables are classified as 'current' or 'non-current' having maturities from the balance sheet date of 12 months or less and greater than 12 months, respectively.

Short-term gross loans receivable are all current in nature. Long-term gross loans receivable do not represent non-current gross loans receivable due to the potential timing differences between initial term and time to maturity. We classify



our Mini lines of credit as long-term to highlight that the initial term of these loans is 12 months in duration, however, these loans will mature in less than 12 months from the balance sheet date. All of our Liquid instalment loans are non-current, having greater than 12 months to maturity. Short-term and long-term gross loans receivable are not defined measures under IFRS and do not have standardized meanings which ensures consistency and comparability between companies using such term. Our definitions of short-term and long-term gross loans receivable may not be the same as the definition used by other companies in their reporting. Short-term and long-term gross loans receivable have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results under IFRS.

The following table presents a reconciliation of short-term and long-term gross loans receivable to gross loans receivable, the closest comparable IFRS financial measure:

	September 30, 2015	June 30, 2015 (unaudited)	March 31, 2015	December 31, 2014	September 30, 2014 (unaudited)	June 30, 2014
						(in thousands of dollars)
Reconciliation of short-term and long-term gross loans receivable						
Gross loans receivable – short term	17,262	16,780	16,088	15,094	13,971	11,909
Gross loans receivable – long-term.....	36,658	20,901	13,146	7,168	36,603	2,905
Gross loans receivable	<u>53,920</u>	<u>37,681</u>	<u>29,234</u>	<u>22,262</u>	<u>18,447</u>	<u>14,814</u>

Contribution and Contribution Margin

Contribution and contribution margin are not a defined measures under IFRS and our definition of contribution and contribution margin have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results under IFRS. There are a number of limitations related to the use of non-IFRS financial measures versus their nearest IFRS equivalents. This non-IFRS measure should not be viewed as a substitute for, or superior to, net income (loss) as prepared in accordance with IFRS. Other companies, including companies in our industry, may calculate this measure differently, which may reduce this usefulness as a comparative measure. This measure does not consider the impact of marketing expenses, technology and development costs, general and administrative expenses, corporate interest expenses, unrealized foreign exchange (gains) losses or other financing expenses. Contribution and contribution margin do not reflect tax payments that may represent a reduction in cash available to us.

The following table presents a reconciliation of net loss to contribution and contribution margin for each of the periods indicated (in thousands, except percentages): See “Non-IFRS Measures”. We have reconciled contribution and contribution margin to the most comparable IFRS financial measure as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(unaudited)		(unaudited)	
				(In thousands of dollars)
Reconciliation of net loss to contribution margin				
Loss before income taxes.....	\$(6,807)	\$(3,926)	\$(15,756)	\$(10,463)
Technology and development.....	2,134	1,099	1,133	1,045
Marketing	3,656	1,794	553	260
General and administration.....	3,088	1,370	553	260
Corporate interest expense.....	1,569	1,532	6,929	5,226
Other financing expenses.....	6	127	6,929	5,226
Unrealized foreign exchange loss	437	293	893	314
Contribution	<u>\$4,006</u>	<u>\$2,289</u>	<u>\$10,708</u>	<u>\$4,972</u>
Revenue	\$11,552	\$6,804	\$31,022	\$14,954
Contribution margin	<u>34.7%</u>	<u>33.6%</u>	<u>34.5%</u>	<u>33.2%</u>



Adjusted EBITDA

Adjusted EBITDA is not a defined measure under IFRS and our definition of adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results under IFRS. There are a number of limitations related to the use of non-IFRS financial measures versus their nearest IFRS equivalents. This non-IFRS measure should not be viewed as a substitute for, or superior to, net income (loss) as prepared in accordance with IFRS. Other companies, including companies in our industry, may calculate this measure differently, which may reduce this usefulness as a comparative measure. This measure does not consider the potentially dilutive impact of stock-based compensation or the funding interest expense of our outstanding loans. Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements. Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us.

The following table presents a reconciliation of net loss to adjusted EBITDA for each of the periods indicated (in thousands, except percentages): See "Non-IFRS Measures". We have reconciled adjusted EBITDA to the most comparable IFRS financial measure as follows:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(unaudited)		(unaudited)	
	(In thousands of dollars)			
<i>Reconciliation of net loss to adjusted EBITDA</i>				
Loss after income taxes	\$(6,807)	\$(3,926)	\$(15,756)	\$(10,463)
Depreciation and amortization.....	424	358	1,133	1,045
Stock-based compensation.....	396	42	553	260
Interest	2,390	2,049	6,929	5,226
Unrealized foreign exchange loss	437	293	893	314
Adjusted EBITDA	<u>\$(3,160)</u>	<u>\$(1,183)</u>	<u>\$(6,247)</u>	<u>\$(3,618)</u>

Provision Rate

Provision rate is a non-IFRS measure that we calculate as the provision for loan losses, net of recoveries divided by loan originations. We consider our provision rate in a period to be an important metric and indication of our expected loan losses. This ratio is significantly impacted by the period's originations volume and changes in loss expectations for loans originated in prior periods.

Provision rate has two components, namely loan originations, a non-IFRS measure, and provision for loan losses, net of recoveries, which is taken from our financial statements. See above for a reconciliation of loan originations to gross loans receivable. The following table shows how provision rate is arrived at by dividing loan originations by provision for loan losses, net of recoveries (which is taken from our consolidated statement of cash flows) for the periods indicated below:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(unaudited)		(unaudited)	
	(In thousands of dollars)			
<i>Reconciliation of Provision Rate</i>				
Loan originations	\$82,439	\$45,447	\$217,704	\$95,466
Provision for loan losses, net of recoveries	(3,580)	(2,036)	(9,801)	(4,367)
Provision rate	4.3%	4.5%	4.5%	4.6%



In accordance with IFRS, our provision for loan losses, net of recoveries consists of amounts charged to income during the period to maintain an allowance for loan losses estimated to be adequate to provide for probable credit losses inherent in our existing loan portfolio.

Summary of Quarterly Results

The following table sets out a selected summary of quarterly results for the two most recently completed quarters to September 30, 2015.

In the opinion of management, this information has been prepared on the same basis as our annual consolidated audited financial statements, and all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements and the notes to those statements. The operating results for any quarter should not be relied upon as any indication of results for any future period.

	September 30, 2015	June 30, 2015	March 31, 2015
		(unaudited)	
	(In thousands of dollars, except per-share amounts)		
Total revenue	\$11,552	\$10,326	\$9,145
Loss from operations	(3,971)	(2,418)	(1,536)
Loss and Comprehensive Loss	(6,807)	(4,684)	(4,265)
Basic and fully diluted loss per-share	(0.375)	(0.258)	(0.185)

Liquidity and Capital Resources

To date we have funded our lending activities, expenses and losses primarily through an initial public offering of \$50 million from the sale of our common shares in connection with our initial public offering and listing on the Toronto Stock Exchange on June 25, 2015 and private placements of preferred shares, private placement of debentures, credit facilities and cash from operating activities.

Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they come due. We do so by continuously monitoring revenues, expenses and cash flow compared to budget.

We currently expect we will either (i) extend or (ii) refinance any outstanding amounts owing under the Credit Facilities or our long term debentures discussed below when they become due and payable.

Liquid Credit Facility

On September 1, 2015 the Company entered into the Liquid Credit Facility through a special purpose entity called Mogo Finance Trust. The Liquid Credit Facility consists of a term loan that authorizes an operating line for a maximum of \$50 million and matures on September 1, 2020. Under the terms of the agreement, the facility may be increased up to \$200 million upon certain conditions. The amount drawn on the facility as at September 30, 2015 was \$11.3 million (December 31, 2014 – nil) with unamortized deferred financing costs of \$0.6 million (December 31, 2014 – nil) netted against the amount owing. The term loan bears interest at a variable rate of LIBOR plus 8.00% (with a LIBOR floor of 1.50%). As at September 30, LIBOR was 0.193% (December 31, 2014 – 0.171%). Interest expense on the Liquid Credit Facility is included in funding interest expense in the interim condensed consolidated statement of comprehensive loss. For more information on the Liquid Credit Facility, see “Key Balance Sheet Items - Credit Facilities”, above.



Preferred Equity Financings

We raised \$30.5 million from the sale of convertible preferred stock to third parties in 2014 and the first quarter of 2015, including \$10.7 million, \$18.6 million and \$1.2 million of Class B Preferred Shares in February 2014 (with additional closings in March, May and June), November 2014 and March 2015, respectively. The funds received from the issuance of our Class B Preferred Shares helped fund our operations in 2014. We also used a portion of this capital to fund the portion of new loans not covered by the Credit Facility #1.

Credit Facility #1

A significant portion of our loans at September 30, 2015 and December 31, 2014 were funded through the Credit Facility #1 consisting of an operating line for a maximum of \$30 million and matures on February 24, 2017. The Liquid Credit Facility is secured by the Liquid installment loans and therefore has no recourse to the Company other than with respect to certain limited and narrow 'bad boy' acts. The Credit Facility #1 can be expanded to \$50 million with the consent of the lender. The amount drawn on the Credit Facility #1 as at September 30, 2015 was \$18.0 million (\$13.6 million at December 31, 2014) with unamortized deferred financing costs of \$0.5 million at September 30, 2015 (\$0.8 million at December 31, 2014) netted against the amount owing. The Credit Facility #1 bears interest at variable rate of LIBOR plus 13.00%, with a LIBOR floor of 2% along with an additional 0.50% charged on the unused portion of the facility. As at September 30, 2015 and December 31, 2014, the Company's interest rate under the facility was 15%. For more information on the Credit Facility #1, see "Key Balance Sheet Items - Credit Facilities", above.

Debentures

We have long term subordinated debentures that were used to finance the operations of our business, including loan originations. Debentures require monthly interest only payments bearing annual interest rates ranging between 12% and 18.2% (as at September 30, 2015 and December 31, 2014) with principal amounts due at various periods through to December 23, 2019. Debentures are secured by a security interest against the assets of the Company subordinate to the security interest held by the lenders pursuant to the Credit Facility #1 and subject to repayment at the option of the Company.

Cash and Cash Equivalents, Loans (Net of Allowance for Loan Losses), and Cash Flows

The following table summarizes our cash and cash equivalents and loan (net of allowance for loan losses for the periods indicated:

	As at September 30, 2015	As at December 31, 2014
	(In thousands of dollars)	
	(unaudited)	
Cash and cash equivalents	\$39,891	\$23,599
Loans, net of allowance for loan losses	48,305	19,177

Cash and cash equivalents increased \$16.3 million to \$39.9 million at September 30, 2015. The increase in cash and cash equivalents during the nine months ended September 30, 2015 is primarily due to the equity infusion of \$50 million from the Company's initial public offering, advances on our Credit Facilities, offset by the net issuance of loans receivable and net losses during the period. Our cash and cash equivalents at December 31, 2014 were held primarily for working capital and capital expenditure purposes. We also use our cash and cash equivalents to fund the portion of our lending activities that are not funded by our Credit Facilities. We do not enter into investments for trading or speculative purposes. Our policy is to invest any cash in excess of our immediate working capital requirements in investments designed to preserve the principal balance and provide liquidity. Accordingly, our excess cash is invested primarily in demand deposit accounts that are currently providing only a minimal return.

In addition to cash and cash equivalents and loans, net of allowance for loan losses, we have a \$30.0 million Credit Facility #1 which is available to be drawn to fund our lending operations and a \$50.0 million Liquid Credit Facility which is available to be drawn to fund our consumer instalment loans. Given the ongoing cash generated from operations and our



existing cash and Credit Facilities, we believe there is sufficient liquidity to meet our current and planned financial obligations.

The following table provides a summary of cash inflows and outflows by activity:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(unaudited)		(unaudited)	
	(In thousands of dollars)			
Cash provided by (used in) operating activities before issuance of loans receivable	\$(842)	\$(1,497)	\$151	\$(4,920)
Net issuance of loans receivable.....	(19,045)	(7,206)	(39,516)	(13,920)
Cash used in operating activities	(19,887)	(8,703)	(39,365)	(18,840)
Cash used in investing activities.....	(3,365)	(533)	(6,061)	(1,528)
Cash provided by financing activities.....	10,398	8,476	61,718	27,760
Net increase (decrease) in cash for the period	\$(12,853)	\$(760)	\$16,292	\$7,393

Cash provided by (used in) operating activities

Cash flows used in operating activities primarily includes net losses adjusted for (i) non-cash items included in net losses, including provisions for loan losses, depreciation and amortization expense, amortization of debt financing costs, stock-based compensation expense and (ii) changes in the balances of operating assets and liabilities, which can vary significantly in the normal course of business due to the amount and timing of various payments.

Our operating activities have consisted primarily of funding our short and long-term loan originations, including payment of associated direct costs and receipt of associated fees, offset by customer repayments of these short and long-term loans.

For the three-month period ended September 30, 2015, cash used to fund our operating activities was \$19.9 million. Included in this \$19.9 million was a net investment of \$19.0 million in our loans receivable portfolio as a result of new loan originations. Excluding this investment in loans receivable the cash flows used in operating activities would be \$0.8 million in the three-month period ended September 30, 2015, up from cash used in operations of \$1.5 million during the three-month period ended September 30, 2014.

For the nine-month period ended September 30, 2015, cash used to fund our operating activities was \$39.4 million. Included in this \$39.4 million was a net investment of \$39.5 million in our loans receivable portfolio as a result of new loan originations. Excluding this investment in loans receivable the cash flows provided by operating activities would be \$0.2 million in the nine-month period ended September 30, 2015, up from cash used in operations of \$4.9 million during the nine-month period ended September 30, 2014.

Cash provided by (used in) investing activities

Our investing activities have consisted primarily of purchases of property, equipment and software and capitalized software development costs. Purchases of property, equipment and software and capitalized software development costs may vary from period to period due to the timing of the expansion of our operations, the addition of employee headcount and the development cycles of our internal-use technology.

For the three and nine-month periods ended September 30, 2015, cash used for purchase of property and equipment was \$3.4 million and \$6.1 million compared to \$0.5 million and \$1.5 million in three and nine-month periods ended September 30, 2014, respectively. We expect to continue to invest in additional property and equipment to support the growth in our customer base and to take advantage of new and advanced technology. During the three and nine-month periods ended September 30, 2015, cash used for capitalized software development costs was \$1.4 million and \$3.0 million



compared to \$0.5 million and \$1.3 million during the three and nine-month periods ended September 30, 2014, respectively. We expect to continue to invest in additional internal use software to support the growth in our customer base and to take advantage of new and advanced technology.

Cash provided by (used in) financing activities

Our financing activities have consisted primarily of the issuance of Common Shares, convertible preferred shares, debentures and borrowings from the Credit Facilities.

Cash generated from financing activities for the year three and nine-month periods ended September 30, 2015 was \$10.4 million and \$61.7 million, respectively. The increase during the three-month period ended September 30, 2015 is primarily due to the borrowing of \$10.3 million from the Credit Facilities. The increase during the nine-month period ended September 30, 2015 is primarily due to the issuance of common shares for proceeds of \$45.2 million, net of costs of the offering and borrowing of \$15.2 million on the Credit Facilities and proceeds from the issuance of Class B preferred shares of \$1.2 million.

Cash generated from financing activities for the year three and nine-month periods ended September 30, 2014 was \$8.5 million and \$27.8 million, respectively. The increase during the three-month period ended September 30, 2014 is primarily due advances of debentures of \$2.0 million (net) and borrowings from our Zip/Mini Credit Facility of \$6.5 million. The increase during the nine-month period ended September 30, 2014 is primarily due to the issuance of Class B Preferred Shares for proceeds of \$10.4 million, net of share issuance costs, advances of debentures of \$6.4 million (net) and borrowings from our Zip/Mini Credit Facility of \$11.1 million.

The Company believes that the cash flows provided by operations will be sufficient in the near-term to meet operational requirements, purchase lease assets and meet capital spending requirements. However, for the Company to achieve its full long-term growth potential, additional sources of financing over and above the currently available Credit Facilities are required. The Company is actively evaluating several options in this regard. There is no certainty that these long term sources of capital will be available or at terms favourable to the Company.

Credit Facilities

In February 2014 we entered into the \$30 million Credit Facility #1 to fund our loans and have the ability to expand it to \$50 million based upon certain conditions and approval by our credit provider. Our ability to utilize the Credit Facility #1 as described herein is subject to compliance with various requirements including financial covenants, portfolio performance covenants and other covenants, that if not complied with, may result in events of default, accelerated payments of amounts owed, and/or the termination of the Credit Facilities.

The amount drawn on the Credit Facility #1 as at September 30, 2015 was \$17,982,629 (December 31, 2014 — \$13,627,620) with unamortized deferred financing costs of \$548,899 (December 31, 2014 — \$808,904) netted against the amount owing. The Credit Facility #1 bears interest at variable rate of LIBOR plus 13.00% (with a LIBOR floor of 2.00%), with an additional 0.50% charged on the unused portion of the Credit Facility #1. As at September 30, 2015, LIBOR was 0.193% (December 31, 2014, —0.171%).

On September 1, 2015 the Company entered into the Liquid Credit Facility through a special purpose entity called Mogo Finance Trust. The Liquid Credit Facility is secured by the Liquid installment loans and therefore has no recourse to the Company other than with respect to certain limited and narrow 'bad boy' acts. The Liquid Credit Facility consists of a term loan that authorizes an operating line for a maximum of \$50 million and matures on September 1, 2020. Under the terms of the agreement, the facility may be increased up to \$200 million upon certain conditions. Our ability to utilize the Liquid Credit Facility as described herein is subject to compliance with various requirements including financial covenants, portfolio performance covenants and other covenants, that if not complied with, may result in events of default, accelerated payments of amounts owed, and/or the termination of the Credit Facilities.



The amount drawn on the facility as at September 30, 2015 was \$11,325,581 (December 31, 2014 – nil) with unamortized deferred financing costs of \$600,342 (December 31, 2014 – nil) netted against the amount owing. The term loan bears interest at a variable rate of LIBOR plus 8.00% (with a LIBOR floor of 1.50%). As at September 30, LIBOR was 0.193% (December 31, 2014 – 0.171%). Interest expense on the Liquid Credit Facility is included in funding interest expense in the interim condensed consolidated statement of comprehensive loss.

The Credit Facilities are subject to a number of financial covenants, including: (1) the Company maintaining a minimum tangible net worth, (2) the Company maintaining a minimum aggregate of investments in cash and cash equivalents, (3) the Company maintaining a maximum debt to tangible net worth and (4) the Company achieving positive net income in Q1 2017 and each fiscal year thereafter. The financial covenants came into effect upon execution of the respective Credit Facilities. As of September 30, 2015 and as of the date of this MD&A, the Company is in compliance with these covenants. For more information on the Credit Facilities, see “Key Balance Sheet Items - Credit Facilities”, above.

Contractual Obligations

The following table illustrates the contractual obligations as at September 30, 2015, including commitments relating to leasing contracts:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
		(unaudited)		
		(In thousands of dollars)		
Commitments				
Operating lease agreements	\$1,545	\$2,701	\$1,934	\$0
Financial Obligations				
Accounts payable	7,165			
Credit Facility #1		\$17,983		
Liquid Credit Facility			\$11,326	
Debentures		\$19,428	\$20,645	
Total Obligations	\$8,710	\$40,112	\$33,905	\$0

The following table illustrates the contractual obligations as at December 31, 2014, including commitments relating to leasing contracts:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
		(In thousands of dollars)		
Commitments				
Operating lease agreements	\$608	\$817	\$179	\$0
Financial Obligations				
Accounts payable	3,626	0	0	0
Credit Facility #1	0	13,628	0	0
Debentures	0	17,227	21,958	0
Total Obligations	\$4,234	\$31,672	\$22,137	\$0

Contingencies

The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, financial performance or cash flows.

The Company has indemnified its directors and officers and particular employees in accordance with the Company's policies. The Company maintains insurance policies that may provide coverage against certain claims.

Off-Balance Sheet Arrangements

We have no off -balance sheet arrangements, other than operating leases that have, or are likely to have, a current or future material effect on our consolidated financial position, financial performance, liquidity, capital expenditures or capital resources.

Transactions with Related Parties

The only significant related party transactions incurred during the three and nine-month periods ending September 30, 2015 and 2014, are transactions with debenture holders which incur interest. Interest incurred on related party debenture balances during the three and nine-month periods ended September 30, 2015 totaled \$0.1 million and \$0.3 million, respectively (three and nine-month periods ended September 30, 2014 — \$0.1 million and \$0.5 million, respectively). Debenture balances include \$2.2 million due to related parties, as at September 30, 2015 and December 31, 2014, respectively. The related parties involved in such transactions were (i) members of the family of Praveen Varshney, a director of the Company, and entities which are directly or indirectly controlled by Mr. Varshney or members of his family; (ii) members of the family of Gregory Feller, a director and officer of the Company, and entities which are directly or indirectly controlled by members of Mr. Feller's family; (iii) members of the family of David Feller, a director and officer of the Company and entities which are directly or indirectly controlled by members of his family and (iv) members of the family David Baldarelli and officer of the Company. The Debentures are ongoing contractual obligations that are utilized to fund our corporate and operational activities. These debentures are contractually obligated to be paid on the maturity date. At September 30, 2015 and 2014 \$0 was included in accounts payable and accruals owing to related parties for consulting fees. Included in accounts payable and accruals as at December 31, 2014 was \$26,291 owing to Praveen Varshney, a director of the Company, for consulting fees. The consulting fees were paid to Mr. Varshney for performing value added services to the running of the corporation's operational and financing activities. There are no contracts or commitments ongoing for these contractors as they are paid based on work performed.

Financial Instruments and Other Instruments

We recognize financial assets and liabilities when we become party to the contractual provisions of the instrument. On initial recognition, financial assets and liabilities are measured at fair value plus transaction costs directly attributable to the financial assets and liabilities, except for financial assets or liabilities at fair value through profit and loss, whereby the transactions costs are expensed as incurred.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans receivable. The maximum amount of credit risk exposure is limited to the gross carrying amount of the loans receivable disclosed in these financial statements.

The Company acts as a lender and has little concentration of credit risk with any particular individual, company or other entity, relating to these services, however the Company is subject to a higher level of credit risk due to the credit constrained nature of many of the Company's customers and in circumstances where its policies and procedures are not complied with. The credit risk relates to the possibility of default of payment on the Company's loans receivable. The Company performs on-going credit evaluations, aging of loans receivable, payment history and allows for uncollectible amounts when determinable.

The credit risk on the Company's loans receivable are made in accordance with policies and procedures is impacted by both the Company's credit policies and the lending practices, which are overseen by the Company's senior management. Credit quality of the customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. The consumer loans receivable are unsecured. The Company evaluates the concentration of risk with respect to customer loans receivable as low, as its customers are located in several jurisdictions and operate independently. The Company develops underwriting models based on the historical performance of groups of customer loans



which guide its lending decisions. To the extent that such historical data used to develop its underwriting models is not representative or predictive of current loan book performance, the Company could suffer increased loan losses.

The Company cannot guarantee that delinquency and loss levels will correspond with the historical levels experienced and there is a risk that delinquency and loss rates could increase significantly.

Currency risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company currently does not actively hedge foreign currency risk and transacts in foreign currencies on a spot basis. The Company is exposed to foreign currency risk on the following financial instruments denominated in United States dollars.

Cash as at September 30, 2015 — \$43,025 (September 30, 2014 — \$33,108)

Cash as at December 31, 2014 — \$46,732

Debentures as at September 30, 2015, and December 31, 2014 — \$5.1 million, September 30, 2014 — \$5.1 million.

Interest rate risk

Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on their fair value of other financial assets or liabilities, known as price risk. The Company is exposed to interest rate risk primarily relating to its Credit Facilities that bears interest that fluctuates with LIBOR. As at September 30, 2015 LIBOR was at 0.193% (December 31, 2014 – 0.171%) and the Credit Facility #1 has a LIBOR floor of 2% and the Liquid Credit Facility has a LIBOR floor of 1.5%, a 0.50% change in LIBOR would not increase or decrease interest expense. The debentures have fixed rates of interest.

Capital management

Our capital is composed of our share capital which is Common Shares, Class A Preferred Shares and Class B Preferred Shares. Upon closing of the Offering all of the Class A Preferred Shares and Class B Preferred Shares will convert to Common Shares. See "Description of Share Capital" and "Reorganization." Furthermore our capital is also composed of the Credit Facilities, long-term debentures and shareholders' equity. Our objective in managing our capital is financial stability and sufficient liquidity to increase shareholder value through organic growth and investment in technology, marketing and product development. Our senior management team is responsible for managing the capital through regular review of financial information to ensure sufficient resources are available to meet operating requirements and investments to support our growth strategy. The Board of Directors is responsible for overseeing this process. In order to maintain or adjust our capital structure, we may issue new shares, repurchase shares, approve special dividends or issue debt. We converted \$10 million of our debentures to Class A Preferred Shares and Common Shares in the first quarter of 2014.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements and notes. These estimates and assumptions are based on management's historical experience, best knowledge of current events, conditions and actions that the Company may undertake in the future and other factors that management believes are reasonable under the circumstances.

These estimates and assumptions are reviewed periodically and, the effect of a change in accounting estimate or assumption is recognized prospectively by including it in the Consolidated Statement of Comprehensive Loss in the period of the change and in any future periods affected.

The areas where judgments, estimates and assumptions have the most significant effect on the amounts recognized in the consolidated financial statements include share-based payments, as described above, and the following:

Loans receivable

Loans receivable are stated after evaluation as to their collectability and an appropriate allowance for loan losses is provided where considered necessary. The Company has determined the likely impairment loss on loans receivable which have not maintained the loan repayments in accordance with the loan contract or where there is other evidence of potential impairment. The methodology and assumptions used in setting the loan allowance are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Our provision for loan losses included in the allowance consists of amounts charged to income during the period to maintain an allowance for loan losses estimated to be adequate to provide for probable credit losses inherent in our existing loan portfolio. Our allowance for loan losses represents our estimate of the expected credit losses inherent in our portfolio and is based on a variety of factors, including the composition and quality of the portfolio, loan-specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience, and general economic conditions.

Capitalization of intangible assets

In applying its accounting policy for costs incurred during the development phase for new software, the Company must determine whether the criteria for capitalization have been met. The most difficult and subjective estimate is whether a project will generate probable future economic benefits. Management considers all appropriate facts and circumstances in making this assessment including historical experience, costs and anticipated future economic conditions.

Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where we operate and generate taxable income.

Deferred income tax assets and liabilities are recorded for the temporary differences between transactions that have been included in the financial statements or income tax returns. Deferred income taxes are provided for using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases of assets and liabilities and for certain carry-forward items.

Deferred income tax assets are recognized only to the extent that, in the opinion of management, it is probable that the deferred income tax assets will be realized.

The recognition of deferred tax assets requires that we assess future taxable income available to utilize deferred tax assets related to deductible or taxable temporary differences. We consider the nature and carry-forward period of deferred tax assets, our recent earnings history and forecast of future earnings in performing this assessment. The actual deferred tax assets realized may differ from the amount recorded due to factors having a negative impact on our operating results and lower future taxable income.

Investment tax credits recoverable

The recognition of investment tax credits recoverable requires that we assess future tax payable available to utilize the investment tax credits. We consider the carry-forward period of the investment tax credits, our recent earnings history and forecast of future earnings in performing this assessment. We determine the value of effort expended towards research and development projects that qualify for investment tax credits and calculate the estimated recoverable to be recognized. The allocation of direct salaries to qualifying projects is derived from time records and assessment by management. The actual

investment tax credits claimed and realized may differ from the estimate based on the final tax returns and review by tax authorities.

Fair value of share-based payments

We use the Black-Scholes valuation model to determine the fair value of equity settled stock options and warrants that are treated as derivative liabilities. Estimates are required for inputs to this model including the fair value of the underlying shares, the expected life of the option, volatility, expected dividend yield and the risk-free interest rate. Variation in actual results for any of these inputs will result in a different value of the stock option realized from the original estimate.

New IFRS standards and interpretations not yet applied

Certain new standards have been published that are mandatory for the Company's accounting periods beginning on or after January 1, 2015 or later periods that the Company has decided not to adopt early, and of which management is in the process of assessing the impact. These new IFRS standards not yet applied include:

IFRS 9, Financial Instruments, is part of the IASB's wider project to replace International Accounting Standard ("IAS") 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018. The Company is currently assessing the impact of the amendment on its financial statements.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, a new standard that specifies that steps and timing for entities to recognize revenue as well as requiring them to provide more informative, relevant disclosures. IFRS 15 supersedes IAS 11, Customer Contracts, and IAS 18, Revenue, as well as various IFRIC and SIC interpretations regarding revenue. Adoption of IFRS 15 is mandatory and will be effective for the Company beginning on January 1, 2018, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its financial statements.

Accounting standards and amendments adopted

IFRS 13, Fair value measurement

As part of the Annual Improvements to 2010 — 2012 cycle, the amendments to the basis of conclusions of IFRS 13, issued by the IASB in December 2013, clarify that amendments to IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement do not remove the ability to measure certain short-term receivables and payables on an undiscounted basis. The amendments are effective for annual periods beginning on or after July 1, 2015. The amendment had no impact on the Company's financial results.

IAS 32 Financial Instruments Presentation

In December 2011, the IASB issued an amendment, incorporated into Part 1 of the Chartered Professional Accountants ("CPA") Canada Handbook — Accounting by the Accounting Standards Board ("AcSB") in May 2012, to IAS 32. The amendment clarifies the meaning of certain terms used to decide when financial assets and financial liabilities can be offset. The amendment had no impact on the Company's financial results.

IAS 36 Impairment of Assets

In May 2014, the IASB issued an amendment, incorporated into Part I of the CPA Canada Handbook — Accounting by the AcSB in September 2013, to IAS 36. These narrow-scope amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment had no impact on the Company's financial results.



Controls and Procedures

Disclosure Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures for the Company. The Company maintains a set of disclosure controls and procedures designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis. The CEO and CFO have evaluated the design of the Company's disclosure controls and procedures at the end of the quarter and based on the evaluation, the CEO and CFO have concluded that the disclosure controls and procedures are effectively designed.

Internal Controls over Financial Reporting

The Company's internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining adequate ICFR for the Company. Management, including the CEO and CFO, does not expect that the Company's ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation. National Instrument 52-109 of the Canadian Securities Administrators requires the CEO and CFO to certify that they are responsible for establishing and maintaining ICFR for the Company and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. The Company's management under the supervision of the CEO and CFO has evaluated the design of the Company's ICFR based on the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. As at September 30, 2015, management assessed the design of the Company's ICFR and concluded that such ICFR is appropriately designed and that there are no material weaknesses in the Company's ICFR that have been identified by management. There have been no changes in the Company's internal control over financial reporting during the period that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

Disclosure of Outstanding Shares

As of September 30, 2015, our authorized capital consists of an unlimited number of common shares with no stated par value. Changes in the number of common shares, options, restricted share units and deferred shares units outstanding for the nine months ended September 30, 2015 and as of November 9, 2015 are summarized as follows:

Class of Security	Number outstanding at December 31, 2014	Net issued (grants, repurchases, cancellations and exercises)	Number outstanding at September 30, 2015	Net issued (grants, repurchases, cancellations and exercises)	Number outstanding at November 9, 2015
Common Shares	7,671,941	10,387,056	18,162,432	nil	18,162,432
Stock Options	898,632	458,123	1,356,755	nil	1,356,765
Restricted Share Units	0	100,000	100,000	nil	100,000
Common share purchase warrants	281,685	(87,439)	181,656	nil	181,656

Our outstanding common shares increased by 10,387,056 million shares during the first nine months of fiscal 2015 as a result of the exercise of nil stock options, the exercise of common share purchase warrants to purchase 103,435 common shares, 5,000,000 million shares issued as a result of our initial public offering and (i) 970,077 shares issued as a result of the conversion of Class A Preferred Shares, Series 1, (ii) 2,022,357 shares issued as a result of the conversion of Class B



Preferred Shares, Series 1, and (iii) 2,394,620 shares issued as a result of the conversion of Class B Preferred Shares, Series 2, each into our common shares.

On September 1, 2015, the Company entered into the Liquid Credit Facility authorizing an operating line for a maximum of \$50 million. In connection with this credit facility, the Company issued warrants to purchase 83,333 common shares. Each warrant entitles the holder to purchase one common share of the Company at a price of \$5.87 until the earlier of a Liquidation Event or September 1, 2025. A Liquidation Event is defined as either a voluntary or involuntary liquidation, dissolution or winding up of the Company, amalgamation of the Company, sale of substantially all of the Company's assets, or a share transaction where the shareholders prior to sale do not continue to hold more than a 50% voting interest following such a transaction. A net equity settlement option based on share prices on the open market at the time of the transaction and the exercise price attached to the outstanding warrants is treated, per IFRS Fair Value Measurement requirements, as a derivative financial liability and the fair value movement during the period is recognized in the consolidated statement of operations.

In connection with the initial public offering, outstanding common share purchase warrants were exercised to purchase 103,435 common shares on a net settled basis, which decreased the number of outstanding common share purchase warrants by 183,362. In conjunction with the signing of credit facility #2 the company issued 83,333 share purchase warrants.

Our outstanding stock options increased by 458,133 stock options during the nine months ended September 30, 2015 as a result of 482,466 options being granted less nil options that were exercised and 24,333 options that were forfeited. Our outstanding restricted share units increased by 100,000 restricted share units during the nine months ended September 30, 2015 as a result of 100,000 restricted share units being granted less nil restricted share units that were exercised.

Forward-Looking Statements

This MD&A contains forward-looking statements that relate to the Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company's expectations regarding its revenue, expenses and operations
- the Company's anticipated cash needs and its needs for additional financing
- the Company's ability to protect, maintain and enforce its intellectual property
- third-party claims of infringement or violation of, or other conflicts with, intellectual property rights
- the Company's plans for and timing of expansion of its solution and services
- the Company's future growth plans
- the acceptance by the Company's customers and the marketplace of new technologies and solutions
- the Company's ability to attract new customers and develop and maintain existing customers
- the Company's ability to attract and retain personnel
- the Company's expectations with respect to advancement of its product offering



- the Company's competitive position and the regulatory environment in which the Company operates
- anticipated trends and challenges in the Company's business and the markets in which it operates

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors that are discussed in greater detail in the "Risk Factors" section in our Prospectus and elsewhere in this MD&A, including but not limited to risks related to:

- our limited operating history in an evolving industry
- our recent, rapid growth
- our history of losses
- our efforts to expand our market reach and product portfolio
- changes in the regulatory environment
- risks related to privacy
- economic conditions
- material changes to the interest rate charged to our customers and paid to our lenders
- disruptions in the credit markets
- an increase in customer default rates
- our negative operating cash flow
- our ability to access additional capital through issuances of equity and debt securities
- the concentration of our debt funding sources and our ability to access additional capital from those sources
- the financial covenants under our credit facilities
- security breaches of customers' confidential information
- our ability to collect payment on our loans and maintain accurate accounts
- a decline in demand for our loans
- our loan products achieving sufficient market acceptance
- protecting our intellectual property rights
- claims by third parties for alleged infringement of their intellectual property rights



- the use of open source software and any failure to comply with the terms of open source licenses
- serious errors or defects in our software an attacks or security breaches
- the reliability of our credit scoring model
- access to reliable third-party data
- our risk management efforts
- our levels of indebtedness
- the adequacy of our allowance for loan losses
- our marketing efforts and ability to increase brand awareness
- customer complaints and negative publicity
- misconduct and/or errors by our employees and third-party service providers
- our ability to collect payment on and service the loans we make to our customers
- our reliance on data centres to deliver our services and any disruption thereof
- competition in our industry
- the reliability of information provided by customers
- competition for employees
- preserving our corporate culture
- our ability to utilize a significant portion of our net operating loss carryforwards
- risks related to litigation
- earthquakes, fire, power outages, flood, and other catastrophic events, and interruption by man-made problems such as terrorism

Although the forward-looking statements contained in this MD&A are based upon what our management believes are reasonable assumptions, these risks, uncertainties, assumptions and other factors could cause our actual results, performance, achievements and experience to differ materially from our expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

The forward-looking statements made in this MD&A relate only to events or information as of the date on which the statements are made in this MD&A and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

An investor should read this MD&A with the understanding that our actual future results may be materially different from what we expect.

