

A photograph of a woman in a white long-sleeved shirt and blue jeans lying on her back on a bed, smiling and holding up a young child. The child is wearing a grey sweater and blue jeans, and is also smiling. The scene is set in a bright, sunlit bedroom with a window in the background. A blue diagonal bar is visible in the upper left corner.

# Third Quarter 2019 Earnings Call

November 2019

Elevate

# Forward-Looking Statements

This presentation and responses to various questions contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements present our current expectations and projections relating to our business, financial condition and results of operations, and do not refer to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “likely” and other words and terms of similar meaning. The forward-looking statements include statements regarding: our future financial performance including our outlook for full fiscal year 2019; our expectation that our new credit models will be rolled out in 2019 and that our partner credit models and strategies will be rolled out in 2019; our perspectives on 2019, including our expectations regarding revenue, growth rate of revenue, net charge-offs, gross margin, operating expenses, operating margins, Adjusted EBITDA, net income, loan loss provision, direct marketing and other cost of sales and Adjusted EBITDA margin; our expectations regarding regulatory trends; our expectations regarding the cumulative loss rate as a percentage of originations for the 2018 and 2019 vintages; our growth strategies and our ability to effectively manage that growth; anticipated key marketing and underwriting initiatives; new and expanded products like a lower-priced installment product in the UK; our expectations regarding the future expansion of the states in which our products are offered; the cost of customer acquisition, new customer originations, the efficacy and cost of our marketing efforts, our plan to maintain our UK portfolio balances through the second half of 2019 in advance of regulatory clarity on complaints; expanded marketing channels and new and growing marketing partnerships; continued growth and investment in data science and analytics; and additional bank partnerships. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in any such statement. These risks and uncertainties include, but are not limited to: the Company’s limited operating history in an evolving industry; new laws and regulations in the consumer lending industry in many jurisdictions that could restrict the consumer lending products and services the Company offers, impose additional compliance costs on the Company, render the Company’s current operations unprofitable or even prohibit the Company’s current operations; scrutiny by regulators and payment processors of certain online lenders’ access to the Automated Clearing House system to disburse and collect loan proceeds and repayments; a lack of sufficient debt financing at acceptable prices or disruptions in the credit markets; the impact of competition in our industry and innovation by our competitors; our ability to prevent security breaches, disruption in service and comparable events that could compromise the personal and confidential information held in our data systems, reduce the attractiveness of our platform or adversely impact our ability to service loans; the impact of litigation or potential or perceived litigation; customer complaints or negative public perception could harm our business and other risks related to litigation, compliance and regulation. Additional factors that could cause actual results to differ are discussed under the heading “Risk Factors” and in other sections of the most recent Annual Report on Form 10-K; most recent Form 10-Q and in the Company’s other current and periodic reports filed from time to time with the SEC. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements regarding risks and uncertainties that are included in our public communications. You should evaluate all forward-looking statements made in this presentation in the context of these risks and uncertainties. Neither we nor any of our respective agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this presentation.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

The information and opinions contained in this presentation are provided as of the date of this presentation and are subject to change without notice. This presentation has not been approved by any regulatory or supervisory agency.

See Appendix for additional information and definitions.



Elevate is reinventing non-prime credit with online products that provide financial relief today, and help people build a brighter financial future.

So far, we've originated \$7.8 billion to 2.4 million customers<sup>1</sup> and saved them more than \$6.1 billion over payday loans<sup>2</sup>

# Third Quarter 2019 Highlights

- Net Income of \$4.8 million compared to a loss of (\$4.2) million in Q3 2018
- Strong credit quality - 2019 vintage charge-off curve is best in history
- YoY Adjusted EBITDA margin expansion of ~600bps<sup>1</sup>
- \$184 CAC— 18% lower than Q3 2018
- Revenues increased \$15 million, or 8.4%, from Q2 2019

# Strategy Updates

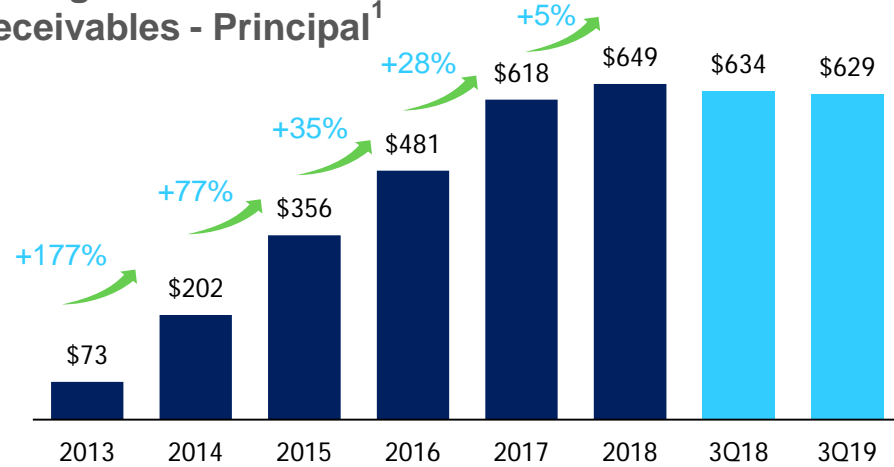
Priorities	2019 Impact
<b>Dedication to strong credit</b>	<ul style="list-style-type: none"><li>• Deployment of enhanced credit models complete</li><li>• All credit quality metrics have improved</li></ul>
<b>Margin expansion</b>	<ul style="list-style-type: none"><li>• Driven by lower charge-offs, lower CAC, and cost of funding reduction</li><li>• Net Income and EPS guidance raised despite lower revenue</li></ul>
<b>Measured growth</b>	<ul style="list-style-type: none"><li>• New approach to measured growth in conjunction with confirming data from our credit models</li><li>• Addressable market opportunity remains significant</li></ul>

# Business updates

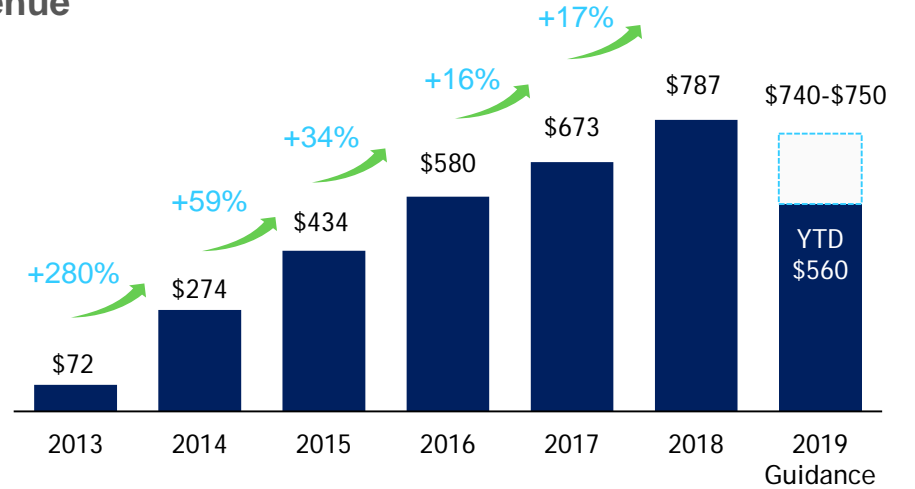
- Bank Partner Expansion
  - Additional growth in licensing of underwriting technology to bank partners
- Deployment of enhanced credit models
  - All models deployed and will continue to tune, specifically partner channels
- UK Sunny Product
  - Remains profitable despite lack of regulatory clarity
- Leadership Promotions
  - Scott Greever to serve as EVP of Rise, Sunny, and Elastic, previously UK Managing Director
  - Steve Grice to serve as UK Managing Director, previously UK Chief Technical Officer

# Growth in key financial measures (\$ in millions)

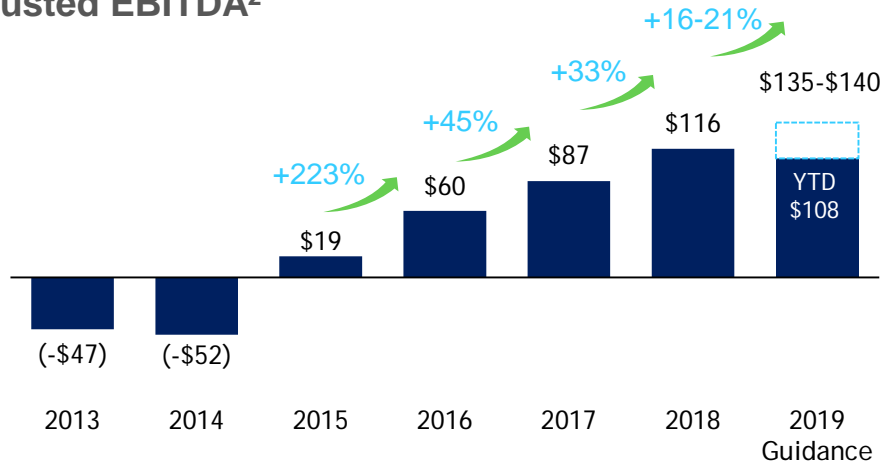
Ending Combined Loans Receivables - Principal<sup>1</sup>



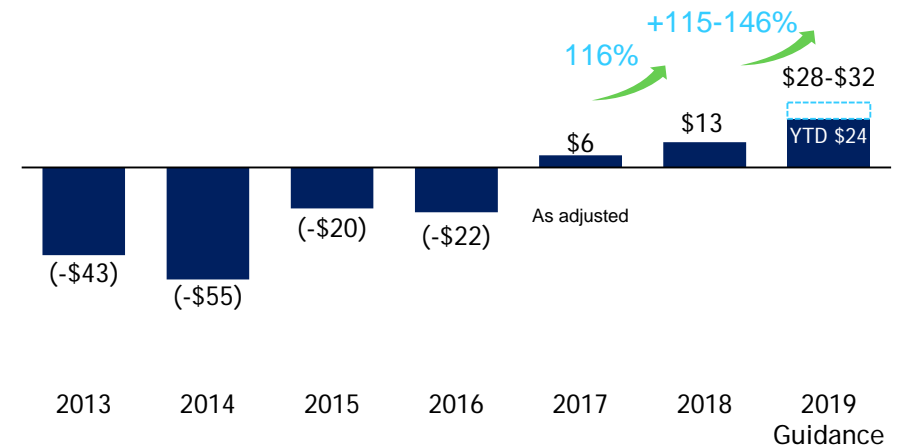
Revenue



Adjusted EBITDA<sup>2</sup>



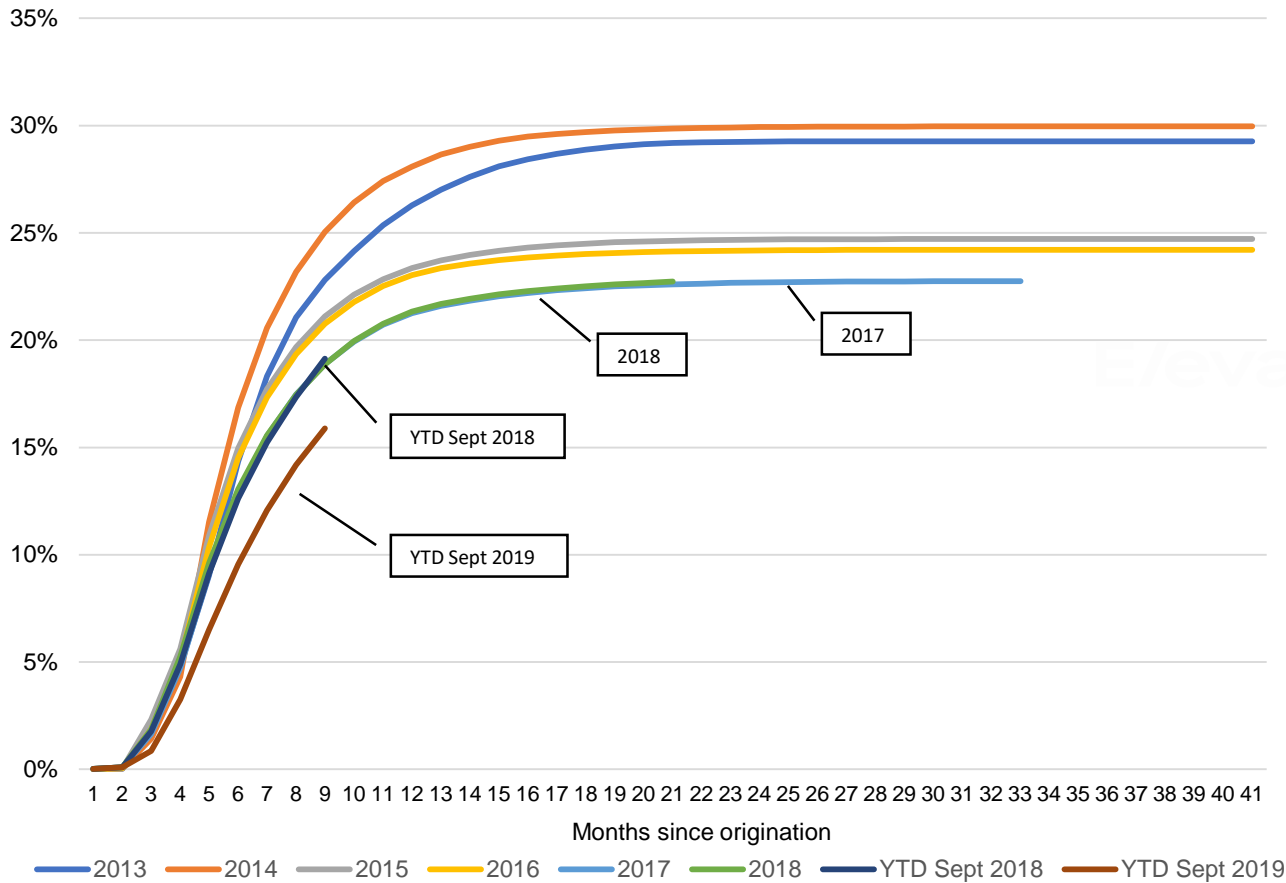
Net Income / (Loss)<sup>3</sup>



Ending combined loans receivable – principal, Adjusted EBITDA and Adjusted Net Income are non-GAAP financial measures. See appendix for a reconciliation to a GAAP measure.

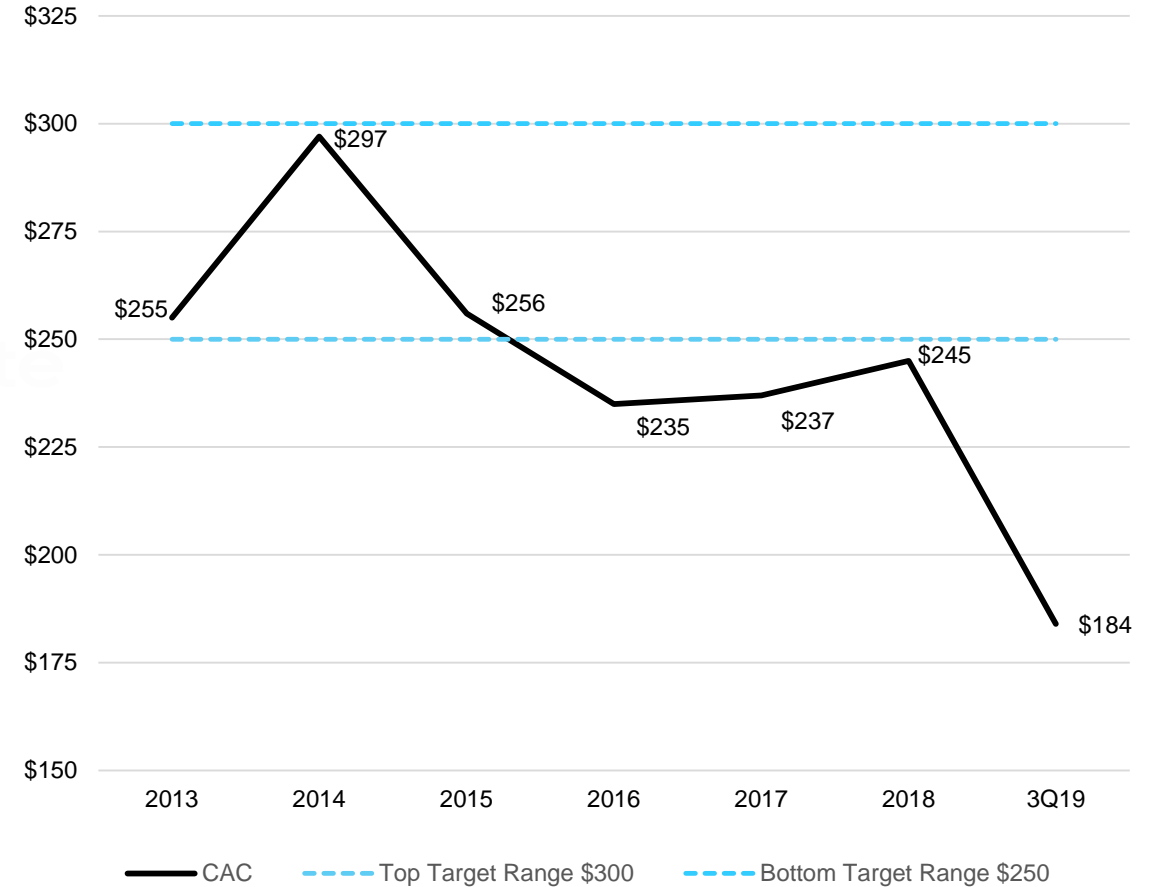
# Improving credit quality and customer acquisition costs

Cumulative principal loss rates as a percentage of originations by loan vintage



2019 loan vintage is not yet fully matured.

Customer Acquisition Cost





# Continued margin expansion

## % of Gross Revenues

	2015	2016	2017	2018	YTD 2019	3Q 2018	3Q 2019
<b>Gross Revenue</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Loan Loss Provision	54%	55%	53%	52%	<b>48%</b>	57%	<b>52%</b>
Direct Marketing and Other Cost of Sales	18%	14%	14%	13%	<b>11%</b>	14%	<b>11%</b>
<b>Gross Margin</b>	<b>29%</b>	<b>31%</b>	<b>33%</b>	<b>35%</b>	<b>41%</b>	<b>29%</b>	<b>37%</b>
Operating Expenses	25%	21%	20%	20%	<b>22%</b>	20%	<b>22%</b>
<b>Adjusted EBITDA Margin<sup>1</sup></b>	<b>4%</b>	<b>10%</b>	<b>13%</b>	<b>15%</b>	<b>19%</b>	<b>9%</b>	<b>15%</b>

Adjusted EBITDA margin is a non-GAAP financial measure. See Appendix for a reconciliation to GAAP measure.



We believe  
everyone  
deserves  
a lift.



# Appendix

# Footnotes

## Page 3:

- 1 Originations and customers from 2002-September 2019, attributable to the combined current and predecessor direct and branded products.
- 2 For the period from 2013 to September 30, 2019. Based on the average effective APR of 123% for the nine months ended September 30, 2019. This estimate, which has not been independently confirmed, is based on our internal comparison of revenues from our combined loan portfolio and the same portfolio with an APR of 400%, which is the approximate average APR for a payday loan according to the Consumer Financial Protection Bureau, or the "CFPB."

## Page 4:

- 1 Adjusted EBITDA is not a financial measure prepared in accordance with GAAP. Adjusted EBITDA represents our net income (loss), adjusted to exclude: net interest expense primarily associated with notes payable under the VPC Facility, EF SPV Facility, and ESPV Facility used to fund or purchase loans; foreign currency gains and losses associated with our UK operations; depreciation and amortization expense on fixed assets and intangible assets; non-operating income (loss); share-based compensation expense and income tax expense (benefit). See the Appendix for a reconciliation to GAAP net income (loss).

## Page 7:

- 1 Ending combined loans receivable - principal is a non-GAAP financial measure. See appendix for a reconciliation to a GAAP measure.
- 2 Adjusted EBITDA is not a financial measure prepared in accordance with GAAP. Adjusted EBITDA represents our net income (loss), adjusted to exclude: net interest expense primarily associated with notes payable under the VPC Facility, EF SPV Facility, and ESPV Facility used to fund or purchase loans; foreign currency gains and losses associated with our UK operations; depreciation and amortization expense on fixed assets and intangible assets; non-operating income (loss); share-based compensation expense and income tax expense (benefit). See the Appendix for a reconciliation to GAAP net income (loss).
- 3 2017 adjusted net income of \$5.5 million is not a financial measures prepared in accordance with GAAP. Adjusted net income for 2017 represents our \$6.9 million net loss for the year ended December 31, 2017, adjusted to exclude the impact of \$12.5 million in tax expense incurred during the fourth quarter of 2017 due to the enactment of the Tax Cuts and Jobs Act.

## Page 9:

- 1 Adjusted EBITDA margin is not a financial measure prepared in accordance with GAAP. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue. Adjusted EBITDA represents our net income (loss), adjusted to exclude: net interest expense primarily associated with notes payable under the VPC Facility, EF SPV Facility, and ESPV Facility used to fund or purchase loans; foreign currency gains and losses associated with our UK operations; depreciation and amortization expense on fixed assets and intangible assets; loss on discontinued operations; non-operating income (loss); share-based compensation expense and income tax expense (benefit). See the Appendix for a reconciliation to GAAP net income (loss).

# Non-GAAP financials reconciliation

## Adjusted EBITDA Reconciliation

(\$mm)	For the years ended December 31,						Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2016	2015	2014	2013	2019	2018	2019	2018
Net income (loss)	\$ 13	(7)	(22)	(20)	(55)	\$ (45)	\$ 5	(4)	24	\$ 8
Adjustments:										
Net interest expense	79	73	64	37	13	-	15	20	52	58
Stock-based compensation	8	6	2	1	1	-	2	2	7	6
Foreign currency transaction (gain) loss	2	(3)	9	2	1	-	1	-	1	1
Depreciation and amortization	13	10	11	9	8	5	4	4	13	9
Non-operating expense (income)	-	(2)	-	(6)	-	(1)	1	-	1	-
Income tax expense (benefit)	1	10	(3)	(5)	(21)	(9)	1	(3)	10	2
Loss on discontinued operations	-	-	-	-	-	2	-	-	-	-
Adjusted EBITDA	<u>\$ 116</u>	<u>87</u>	<u>60</u>	<u>19</u>	<u>(53)</u>	<u>\$ (47)</u>	<u>\$ 29</u>	<u>19</u>	<u>108</u>	<u>\$ 84</u>
Adjusted EBITDA Margin	15%	13%	10%	4%	-19%	-65%	15%	9%	19%	15%

Adjusted EBITDA is a non-GAAP financial measure. The Company's Adjusted EBITDA guidance does not include certain charges and costs. The adjustments in future periods are generally expected to be similar to the kinds of charges and costs excluded from Adjusted EBITDA in prior periods, such as the impact of income tax benefit or expense, non-operating income, foreign currency transaction gain or loss associated with our UK operations, net interest expense, stock-based compensation expense and depreciation and amortization expense, among others. The Company is not able to provide a reconciliation of the Company's non-GAAP financial guidance to the corresponding GAAP measure without unreasonable effort because of the uncertainty and variability of the nature and amount of these future charges and costs.

# Combined loans reconciliation

## Combined Loan Adjustment Summary

(dollars in thousands)

	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018
<b>Company Owned Loans</b>					
Loans receivable - principal, current, company owned	543,565	523,785	491,208	543,405	525,717
Loans receivable - principal, past due, company owned	65,824	55,711	55,286	68,251	69,934
<b>Loans receivable - principal, total, company owned</b>	<b>609,389</b>	<b>579,496</b>	<b>546,494</b>	<b>611,656</b>	<b>595,651</b>
Loans receivable - finance charges, company owned	35,702	31,805	32,491	41,646	36,747
Loans receivable - company owned	645,091	611,301	578,985	653,302	632,398
Allowance for loan losses on loans receivable, company owned	(89,667)	(75,896)	(76,457)	(91,608)	(89,422)
<b>Loans receivable, net, company owned</b>	<b>555,424</b>	<b>535,405</b>	<b>502,528</b>	<b>561,694</b>	<b>542,976</b>
<b>Third Party Loans Company Guaranteed</b>					
Loans receivable - principal, current, guaranteed by company	18,633	21,099	27,941	35,529	36,649
Loans receivable - principal, past due, guaranteed by company	697	596	696	1,353	1,661
Loans receivable - principal, total, guaranteed by company <sup>1</sup>	19,330	21,695	28,637	36,882	38,310
Loans receivable - finance charges, guaranteed by company <sup>2</sup>	1,553	1,676	2,164	2,944	3,103
Loans receivable - guaranteed by company	20,883	23,371	30,801	39,826	41,413
Liability for losses on loans receivable, guaranteed by company	(1,972)	(1,983)	(3,242)	(4,444)	(4,510)
Loans receivable, net, guaranteed by company <sup>2</sup>	18,911	21,388	27,559	35,382	36,903

<sup>1</sup> Represents loans originated by third-party lenders through the CSO programs, which are not included in our financial statements.

<sup>2</sup> Represents finance charges earned by third-party lenders through CSO programs, which are not included in our financial statements.

<sup>3</sup> Non-GAAP measure.

# Combined loans reconciliation (continued)

## Combined Loan Adjustment Summary

(dollars in thousands)

### Combined Loans Receivable<sup>3</sup>

	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018
Combined loans receivable - principal, current	562,198	544,884	519,149	578,934	562,366
Combined loans receivable - principal, past due	66,521	56,307	55,982	69,604	71,595
Combined loans receivable - principal	628,719	601,191	575,131	648,538	633,961
Combined loans receivable - finance charges	37,255	33,481	34,655	44,590	39,850
Combined loans receivable	665,974	634,672	609,786	693,128	673,811

### Combined Loan Loss Reserve<sup>3</sup>

Allowance for loan losses on loans receivable, company owned	(89,667)	(75,896)	(76,457)	(91,608)	(89,422)
Liability for losses on loans receivable, guaranteed by company	(1,972)	(1,983)	(3,242)	(4,444)	(4,510)
Combined loan loss reserve	(91,639)	(77,879)	(79,699)	(96,052)	(93,932)

<sup>1</sup> Represents loans originated by third-party lenders through the CSO programs, which are not included in our financial statements.

<sup>2</sup> Represents finance charges earned by third-party lenders through CSO programs, which are not included in our financial statements.

<sup>3</sup> Non-GAAP measure.

# E/evate