

A barista in a red shirt is working at a coffee station. The barista is positioned on the left side of the frame, facing right. They are holding a portafilter and are in the process of making coffee. The coffee station is equipped with various pieces of equipment, including a coffee grinder, a coffee machine, and several coffee cups. The background is slightly blurred, showing a typical coffee shop environment. The overall lighting is warm and focused on the barista and the coffee-making process.

IOU Financial Inc.

Corporate presentation

September 2019

Forward looking statements

Certain information set forth in this presentation may contain forward-looking statements. Forward-looking statements are statements, other than statements of historical fact, that address or discuss activities, events or developments that IOU Financial expects or anticipates may occur in the future. These forward-looking statements can be identified by the use of words such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. These forward-looking statements reflect management's current views and are based on certain assumptions including assumptions as to future economic conditions and courses of action, as well as other factors management believes are appropriate in the circumstances. Such forward-looking statements are subject to risks and uncertainties and no assurance can be given that any of the events anticipated by such statements will occur or, if they do occur, what benefit IOU Financial will derive from them.

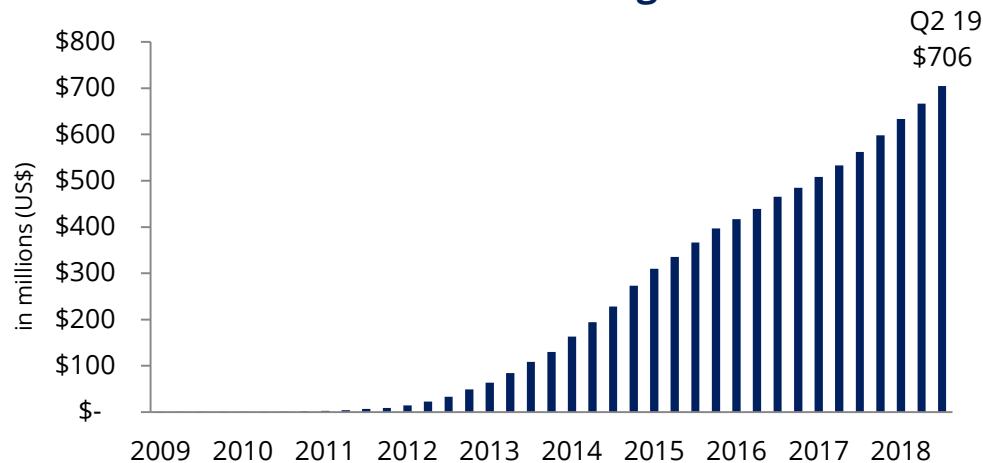
A number of factors could cause actual results, performance or developments to differ materially from those expressed or implied by such forward looking statements, including, but not limited to risks inherent in growing a new business, dependence on third-party service providers, competition, regulatory risk, dependence on key personnel, risks related to rapid growth of IOU Financial, security and confidentiality risk, risk related to inability to attract borrowers and lenders, technological development risk, IT disruptions, maintenance of client relationships, litigation risk, volatility of stock price, and other factors that are beyond its control.

Additional information concerning these and other factors can be found beginning on page 22 under the heading "Risks and Uncertainties" in IOU Financial's Q2 2019 MD&A dated August 23, 2019, which is available under IOU Financial's profile on SEDAR at www.sedar.com. IOU Financial does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

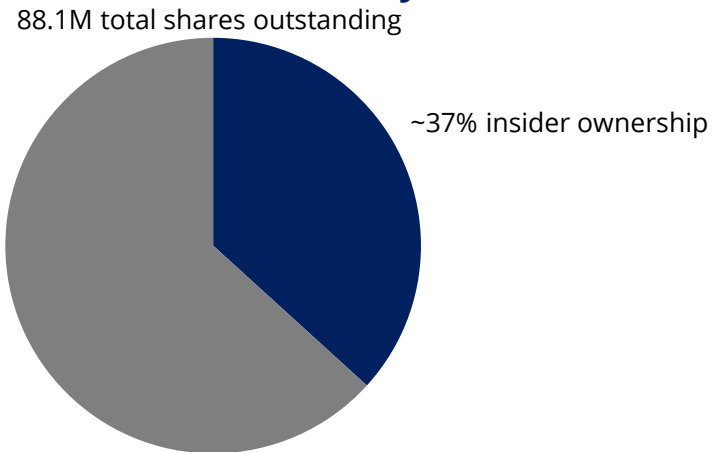
A leading online lender to small businesses

- **US\$700+ million** – of total loans originated since inception.
- **9,000+** loans made to merchants and small businesses across the US and Canada.
- **5 consecutive years** on the **PROFIT 500 List** of Canada's fastest growing companies.
- **Proprietary, fully integrated** technology platform.
- **3-5 minute** application process with approved loans funded in as little as 24 hours.

Cumulative loans originated



Shareholder summary

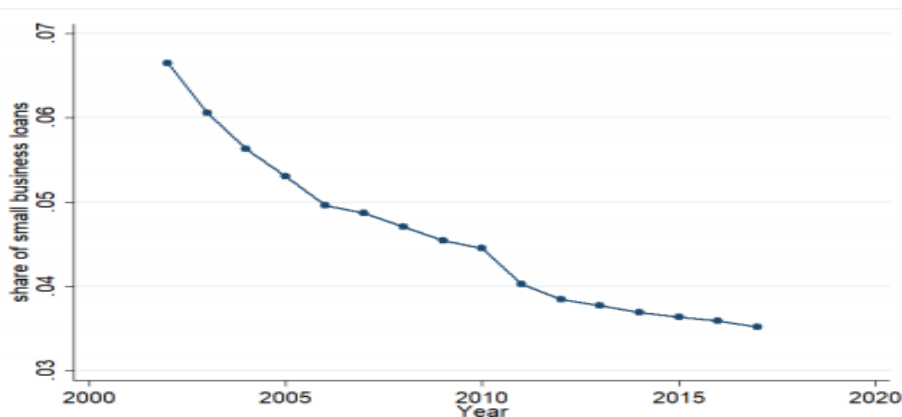


* Total loan origination volume as of Q1 19 was US\$666.3 million.

Online lending to small businesses

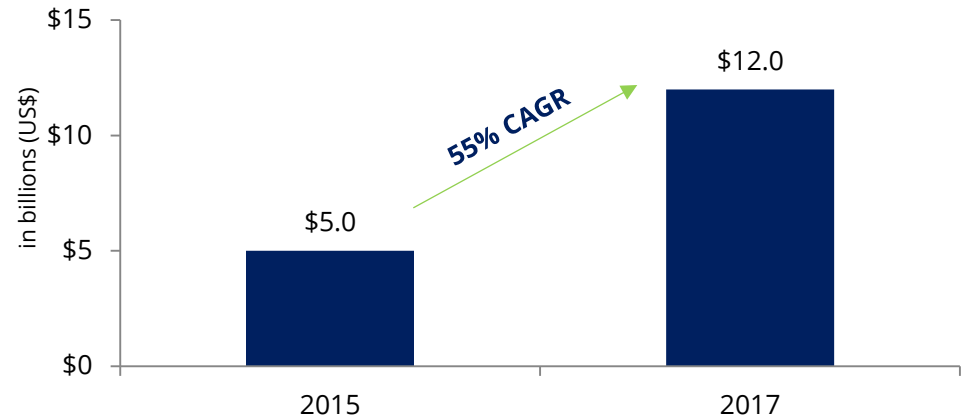
Online lenders will continue to increase their share of the small business lending market.

Small business loans as a share of total US bank loans



Source: Pang, H 2018, *Information Technology Improvement and Small Business Lending* utilizing data from FDIC reports on US depository institutions

Estimated total loan originations by online lenders to US small businesses



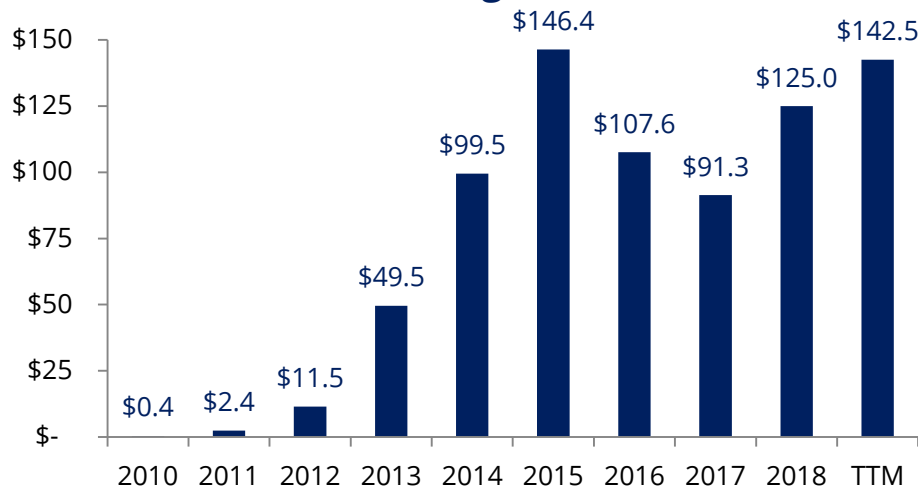
Sources: [Harvard Business School](#), [Board of Governors of the Federal Reserve](#)

As banks have exited the SMB lending market, there has been significant growth in online lending to small businesses. SMB loans as a percentage of total bank loans decreased from 6.7% to 3.5% from 2002 to 2017.

Loan originations & Loans under management

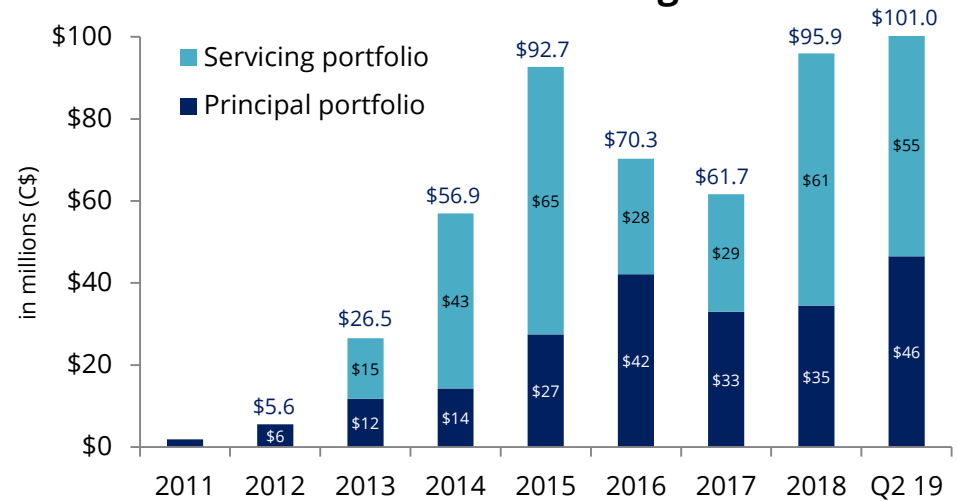
IOU intends to ramp up loan origination growth to 25%-30% per annum over the long-term.

Loans originated



Note: TTM refers to Trailing Twelve Months as of Q2 19.

Total loans under management



IOU will grow loan originations by:

- Increasing the number of quality loan brokers working with IOU.
- Investing in direct marketing and sales.
- Expanding product offering to serve more SMBs.
- Further geographic expansion into Canada.
- Continuing to add new strategic partners such as banks and payment processors.

Adjusted & IFRS net earnings

| | 2017 | 2018 | TTM |
|--|----------------------|---------------------|---------------------|
| Interest revenue | \$14,386,265 | \$13,464,475 | \$14,290,033 |
| Servicing & other revenue | \$2,838,453 | \$4,979,791 | \$6,055,422 |
| Adjusted gross revenue | \$17,224,718 | \$18,444,266 | \$20,345,455 |
| Interest expense | \$3,680,425 | \$3,355,496 | \$3,556,192 |
| Provision for loan losses | \$8,614,664 | \$5,004,324 | \$6,353,269 |
| Recoveries | (\$381,927) | (\$322,000) | (\$322,491) |
| Cost of revenue | \$11,913,161 | \$8,037,820 | \$9,586,970 |
| Adjusted net revenue | \$5,311,557 | \$10,406,446 | \$10,758,485 |
| Adjusted operating expense | \$8,875,682 | \$8,369,410 | \$9,239,550 |
| Income tax expense/(recovery) | \$101,110 | (\$115,676) | (\$86,189) |
| Adjusted net earnings/(loss) | (\$3,665,235) | \$2,152,712 | \$1,605,124 |
| Non-cash gain on sale of loans | \$1,856,237 | \$3,466,884 | \$3,686,807 |
| Non-cash amortization of servicing asset | (\$1,665,859) | (\$2,743,101) | (\$3,608,978) |
| Non-cash stock-based compensation | (\$160,672) | (\$166,277) | (\$317,596) |
| Non-recurring costs | (\$819,753) | \$0 | \$0 |
| Net earnings/(loss) (IFRS): | (\$4,455,282) | \$2,710,218 | \$1,365,357 |

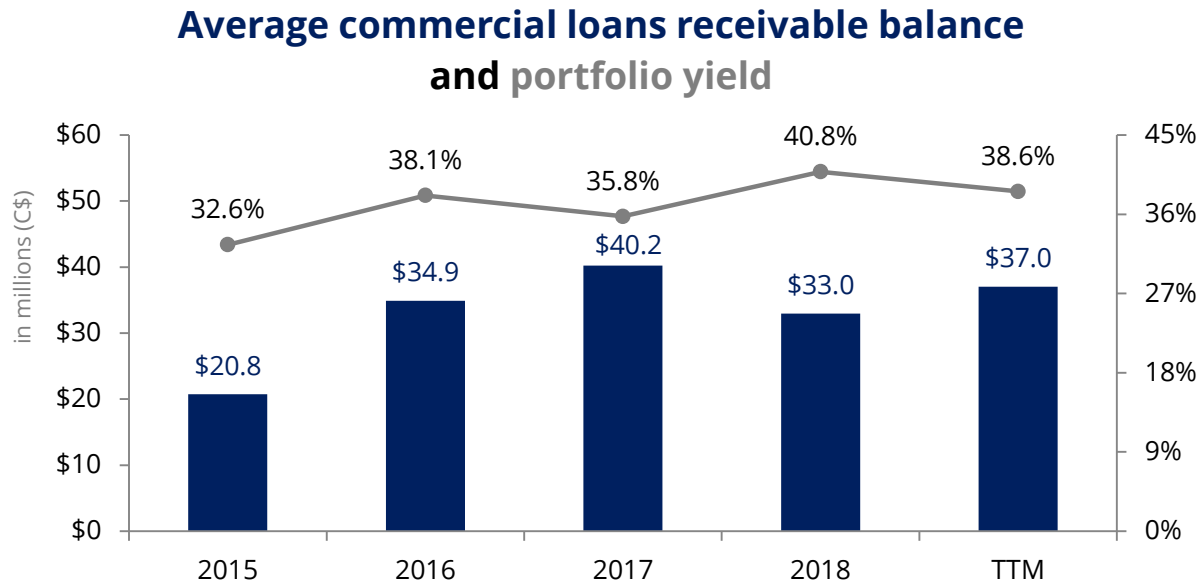
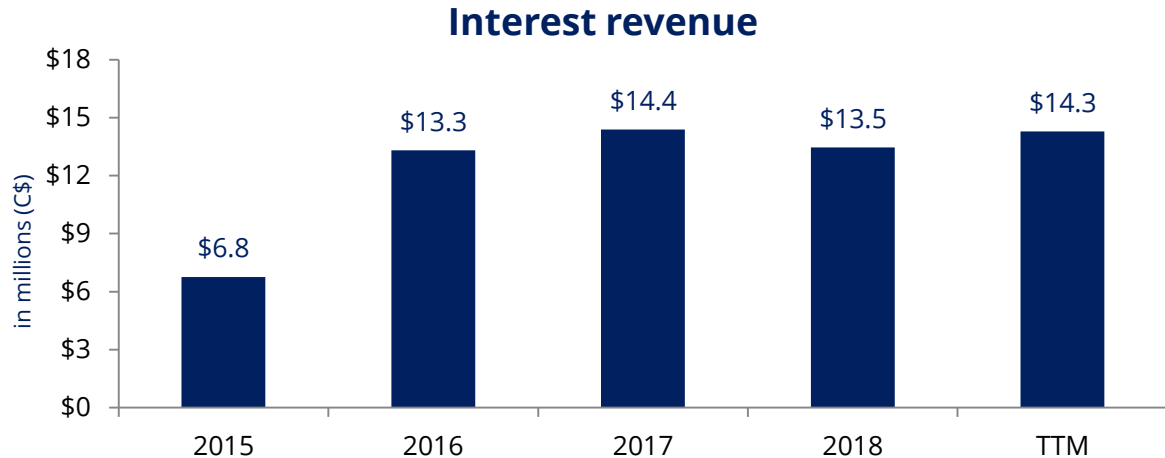
Note: TTM refers to Trailing Twelve Months as of June 30, 2019. Net earnings under IFRS are calculated by adding to adjusted net earnings: (i) gain recognized on sale of loans, and subtracting (ii) amortization of servicing asset, (iii) stock-based compensation, and (iv) non-recurring costs listed above. These four items are adjusted for as they are either non-cash or non-recurring and do not reflect on the actual operating performance of the business.

Interest revenue

Interest revenue increased in 2016 as IOU brought on MidCap as a new source of financing.

Interest revenue remained relatively flat as the commercial loans receivable balance stayed constant from 2016 to present.

The commercial loans receivable balance should increase as IOU seeks to maximize its new US\$50M credit facility with Credit Suisse.



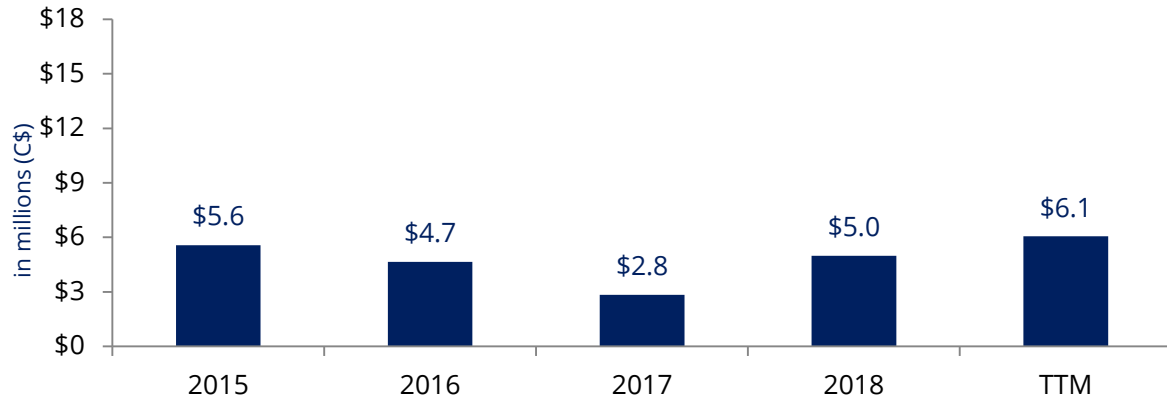
Note: TTM refers to Trailing Twelve Months as of June 30, 2019. The average commercial loans receivable balance considers the average of five quarterly points-in-time, including the beginning and end of such period. Portfolio yield is calculated by dividing TTM interest revenues by the average commercial loans receivable balance over the period

Servicing & other revenue

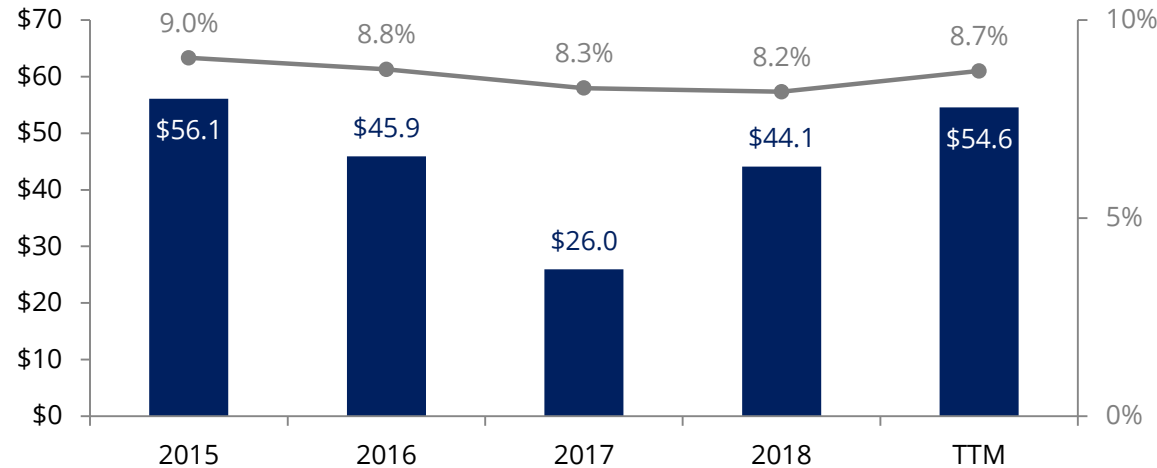
IOU's servicing portfolio decreased from 2016 as IOU tightened its underwriting criteria, sold less loans to hedge funds, and shifted more loans to its balance sheet.

Servicing revenue increased from 2017, driven by an increasing servicing portfolio.

Servicing & other revenue



Average servicing portfolio balance and servicing yield



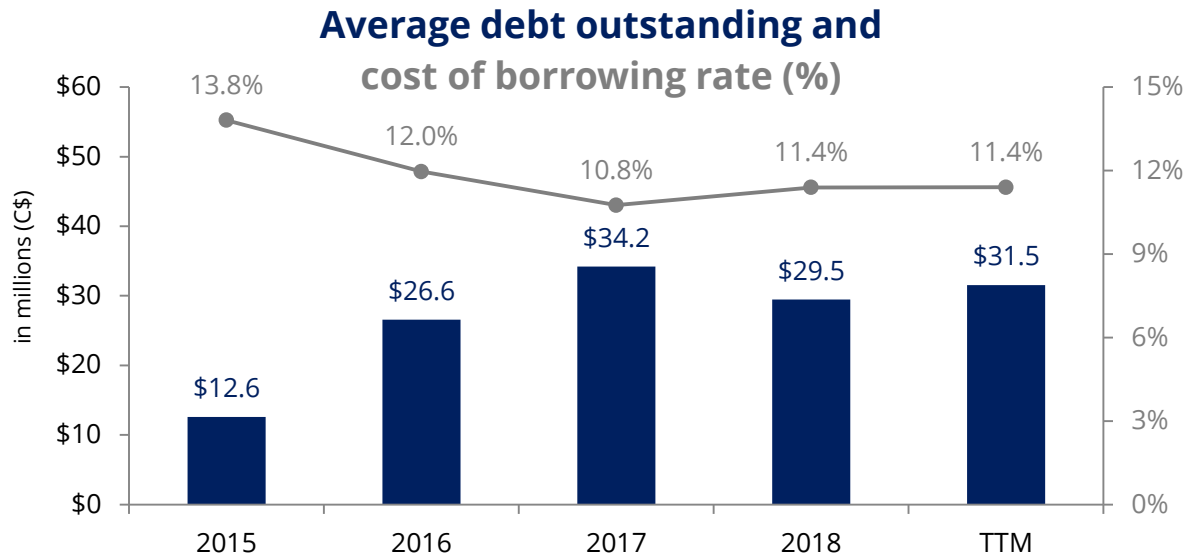
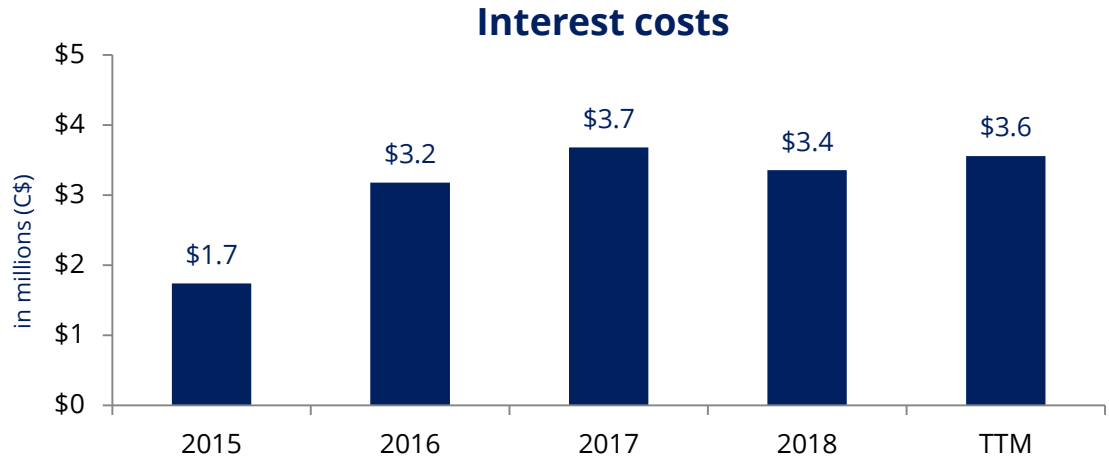
Note: TTM refers to Trailing Twelve Months as of June 30, 2019. The average servicing portfolio balance considers the average of five quarterly points-in-time, including the beginning and end of such period. Servicing & other revenue exclude certain non-cash items such as gain on sale of loans & amortization of servicing assets. Servicing fees amounted to \$4.8M; and other fees amounted to \$1.3M over TTM period.

Interest expense

Interest expense increased in 2016 as IOU brought on MidCap as a new source of financing to grow its book of commercial loans receivable.

Interest expense remained relatively flat as the average amount of debt outstanding stayed relatively flat from 2016 to present.

In Q1 19, IOU closed a new US\$50M credit facility with Credit Suisse, which is at a substantially lower rate vs. its historical cost of borrowing rate.



Note: TTM refers to "Trailing Twelve Months" as of Q2 19.

Note: The average balance of debt outstanding considers the average of five quarterly points-in-time, including the beginning and end of such period. Cost of borrowing rate is calculated as interest expense divided by the average balance of debt outstanding over such period. Interest expenses and the average balance of debt outstanding includes both convertible debenture and credit facility interest expenses and balances.

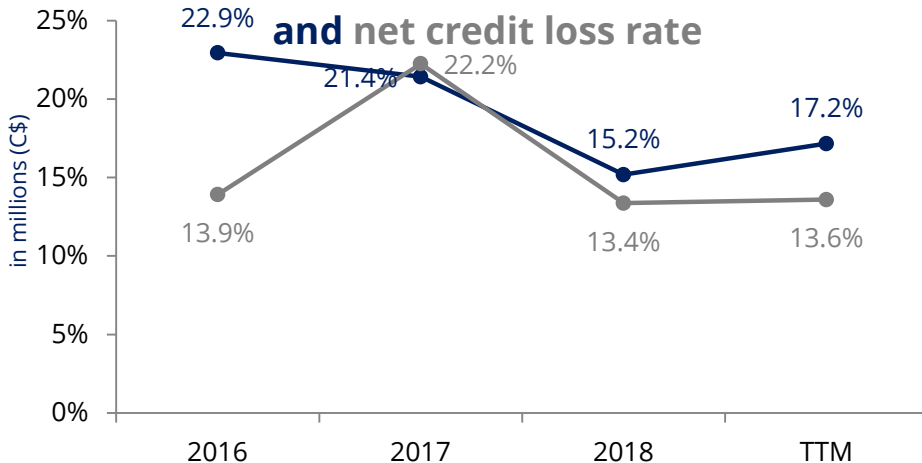
Credit performance & quality

Credit performance has improved since 2016 as evidenced by the declining provisional credit loss rate.

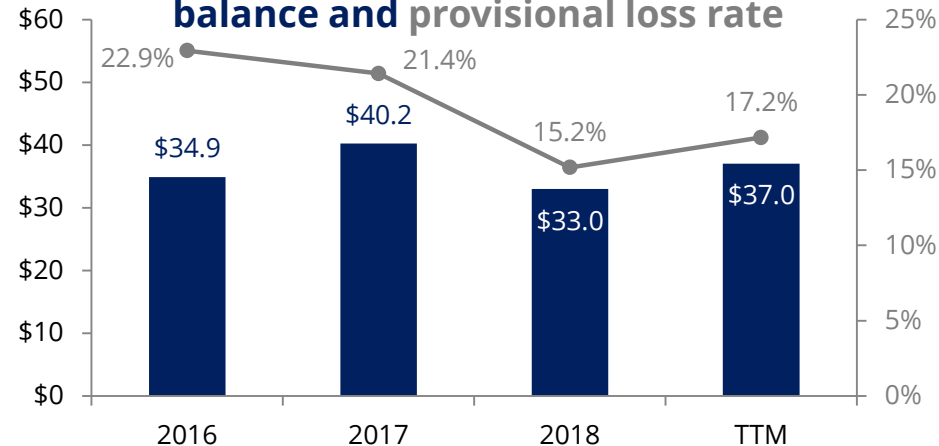
Provisional losses



Provisional credit loss rate and net credit loss rate



Average commercial loans receivable balance and provisional loss rate

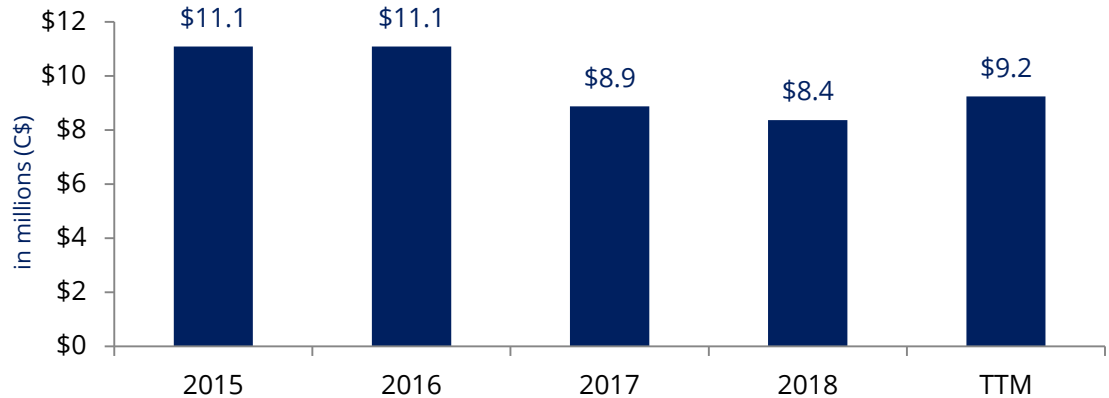


Note: TTM refers to Trailing Twelve Months as of June 30, 2019. The average commercial loans receivable balance considers the average of five quarterly points-in-time, including the beginning and end of such period. Provisional credit loss rates and net credit loss rates are calculated by dividing provisional losses and net credit losses as defined in IOU's financial statements, by the average commercial loans receivable balance.

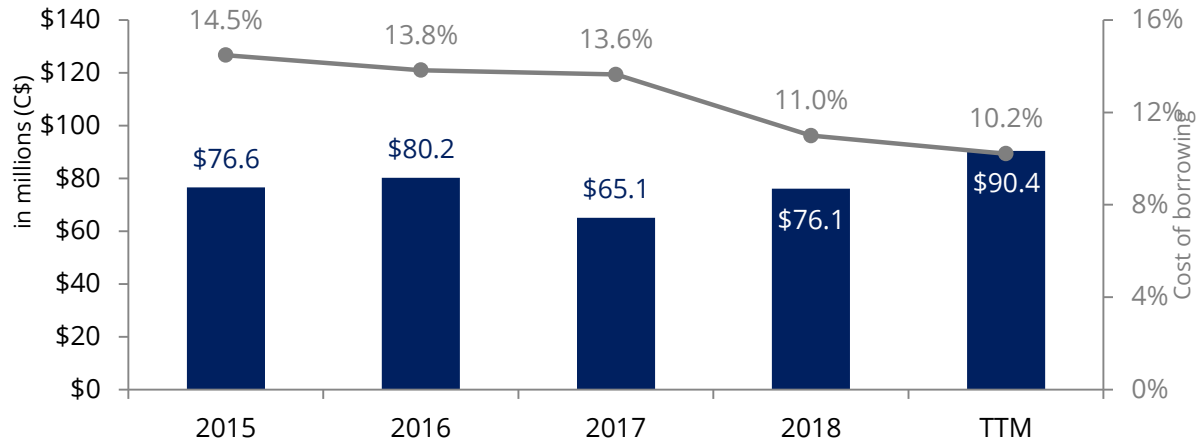
Adjusted operating expenses

IOU has demonstrated increasing operating leverage, as adjusted operating expenses as a percentage of loans under management continue to decline.

Adjusted operating expenses



Average loans under management and adjusted operating expense ratio

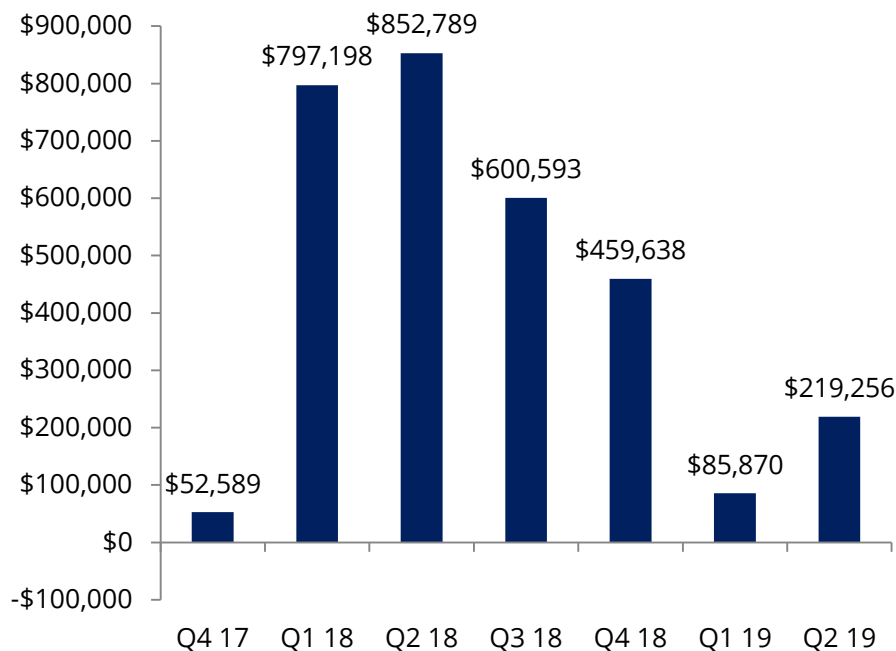


Note: TTM refers to "Trailing Twelve Months" as of Q2 19.

Note: IOU utilizes an adjusted operating expense ratio as a measure of the Company's operating efficiency. The adjusted operating expense ratio has decreased over time as the Company has increased loans under management at a greater rate than operating expenses, demonstrating solid operating leverage.

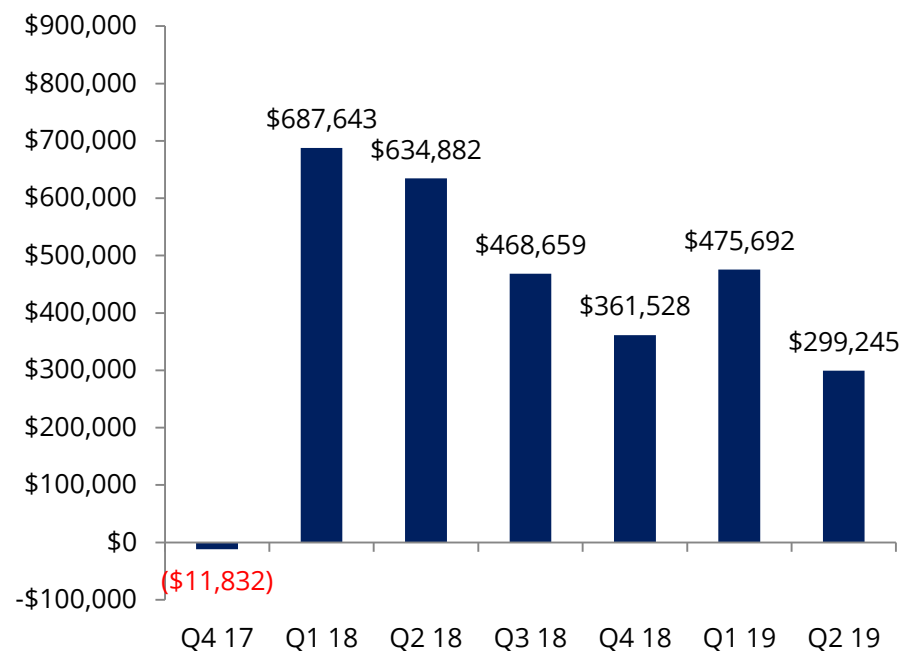
IFRS & adjusted net earnings/(losses)

IFRS net earnings/(loss)



| EPS | Q4 17 | Q1 18 | Q2 18 | Q3 18 | Q4 18 | Q1 19 | Q2 19 |
|-----|--------|--------|--------|--------|--------|--------|--------|
| EPS | \$0.00 | \$0.01 | \$0.01 | \$0.01 | \$0.01 | \$0.00 | \$0.00 |

Adjusted earnings/(loss)



| Adj. EPS | Q4 17 | Q1 18 | Q2 18 | Q3 18 | Q4 18 | Q1 19 | Q2 19 |
|----------|----------|--------|--------|--------|--------|--------|--------|
| Adj. EPS | (\$0.00) | \$0.01 | \$0.01 | \$0.01 | \$0.00 | \$0.01 | \$0.00 |

Note: IOU uses adjusted net earnings as a measure of financial performance. Beginning in Q1 19, the calculation of adjusted net earnings was revised and is defined as net earnings for the period less gain on sale of loans, plus: amortization of servicing assets, stock-based compensation and non-recurring costs. Prior to Q1 19, the calculation of adjusted net earnings (net loss) was defined as net earnings (net loss) for the period less: gain on sale of loans and income tax recovery, plus: amortization of servicing assets, stock-based compensation, amortization of transactions costs-credit facility, depreciation & amortization, income tax expense and non-recurring costs. As a result, the prior comparative periods have been calculated to reflect the revised definition. EPS figures are rounded to two decimal places and totals may not add due to rounding.

Trading comparables

| Fintech & Specialty finance companies | | Valuation | | | Price-to-sales | | | Price-to-earnings | | |
|---------------------------------------|-----------------|---------------|--------------------|---------------|----------------|---------------|--------------|-------------------|---------------|--------------|
| Company | Ticker | Share price | Shares outstanding | Market cap | TTM Revenues | TTM RevPS | Trailing P/S | TTM Earnings | TTM EPS | Trailing P/E |
| Commercial lenders | | | | | | | | | | |
| On Deck Capital (US\$) | NYSE:ONDK | \$3.39 | 74.6 | \$252.8 | \$417.6 | \$5.60 | 0.6x | \$33.4 | \$0.45 | 7.6x |
| Funding Circle Holdings (£) | LSE:FCH | £1.14 | 271.3 | £308.7 | £160.3 | £0.59 | 1.9x | -£49.3 | -£0.18 | - |
| Chesswood Group (C\$) | TSX:CHW | \$9.13 | 16.3 | \$148.5 | \$120.7 | \$7.42 | 1.2x | \$18.3 | \$1.13 | 8.1x |
| Accord Financial (C\$) | TSX:ACD | \$8.71 | 8.4 | \$73.6 | \$52.6 | \$6.23 | 1.4x | \$10.6 | \$1.26 | 6.9x |
| Commercial lenders avg | - | - | - | - | - | - | 1.3x | | | 7.5x |
| Consumer lenders | | | | | | | | | | |
| LendingClub (US\$) | NYSE:LC | \$13.51 | 87.2 | \$1,177.5 | \$731.4 | \$8.39 | 1.6x | -\$66.9 | -\$0.77 | - |
| Enova International (US\$) | NYSE:ENVA | \$24.85 | 34.5 | \$856.6 | \$1,185.4 | \$34.39 | 0.7x | \$84.1 | \$2.44 | 10.2x |
| Goeasy Corp. (C\$) | TSX:GSY | \$54.19 | 15.7 | \$849.2 | \$555.8 | \$35.47 | 1.5x | \$68.1 | \$4.34 | 12.5x |
| Elevate Credit (US\$) | NYSE:ELVT | \$4.76 | 44.1 | \$210.1 | \$776.0 | \$17.58 | 0.3x | \$19.0 | \$0.43 | 11.0x |
| Mogo Finance Tech (C\$) | TSXV:MOGO | \$3.68 | 27.3 | \$100.4 | \$64.3 | \$2.36 | 1.6x | -\$9.5 | -\$0.35 | - |
| Axis Auto Finance (C\$) | TSXV:AXIS | \$0.40 | 97.1 | \$38.8 | \$32.0 | \$0.33 | 1.2x | -\$6.6 | -\$0.07 | - |
| Consumer lenders avg | - | - | - | - | - | - | 1.2x | | | 11.2x |
| Overall average | - | - | - | - | - | - | 1.4x | | | 9.4x |
| IOU Financial (C\$) | TSXV:IOU | \$0.20 | 88.2 | \$17.6 | \$20.4 | \$0.23 | 0.9x | \$1.4 | \$0.02 | 12.9x |

Source: Company reports. TTM refers to Trailing Twelve Months as of June 30, 2019 for all companies except AXIS, which is as of 3/31/19. Share prices reflect closing prices on 08/22/19.

Investment highlights

- **Focused on profitable growth**

- IOU originated US\$125M of small business loans in 2018 and US\$142.5M over the TTM period ending June 30, 2019.
- IOU expects to profitably grow originations by 25%-30% per annum, over the long-term.

- **Unique, proprietary technology platform**

- Allows for industry-leading operating efficiency.

- **Alignment of interests with management and insiders**

- Insiders own approximately 37% of Company's stock.

- **Unique exposure to a growing online lending industry**

- IOU is a compelling option for investors seeking exposure to the rapidly growing SMB lending industry.
- One of the only pure-play publicly-traded online lenders to small businesses.

Proven & experienced team



Phil Marleau, CFA
Chief Executive Officer
Former equity research analyst at
Merrill Lynch, CSFB, Scotia Capital



Robert Gloer
President & COO
Former SVP East Region
at First Franklin Financial



David Kennedy, CPA, CA
Chief Financial Officer
Former CFO at Dale Parizeau Morris
Mackenzie & CFO at Mirabaud Canada



Benjamin Yi, CFA
Capital Markets & Corp. Dev.
Former Investor at Dundee Corp &
1832 Asset Management L.P.



Madeline Wade
VP, Operations
Formerly underwriting
at First Franklin Financial



Jeff Turner
VP, Credit & Compliance
Former VP & Branch Manager
at First Franklin Financial



Christophe Choquart, MBA
VP, BD & Strategic Partnerships
Former institutional equity sales
at Bear Stearns & Lehman Bros



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