
Earnings Call Transcript – Q3-FY18
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Corporate Participants
* **Harold H. Montgomery**

MoneyOnMobile, Inc. - Chairman, CEO
and Secretary

* **Scott S. Arey**

MoneyOnMobile, Inc. – CFO

***Will Dawson**

MoneyOnMobile, Inc – COO

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Q3 -FY2018

Earnings Call

February 21, 2018
DALLAS, TEXAS, USA

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Slide #1 - Title

Greg Allbright: Hi this is Greg Allbright, Head of Global Communications for MoneyOnMobile and thank you, everyone, for joining us for the Q3-FY2018 MoneyOnMobile Earnings Call which will provide an operational update and unaudited financial results for the company. You can find the presentation for today's call at investors.moneyonmobile.in and click on Presentations under "Investor Relations". At the end of this call, we will open the floor to questions from our audience.

To submit a question, please enter it into the question box via webex. For those of you joining our call via phone, you may email us your questions at investors@moneyonmobile.in - again that email is investors@moneyonmobile.in. We will be checking that email regularly throughout the presentation. Some of you have already sent in your questions, we have received those and will continue to receive them throughout the presentation.

Slide #2 - Presented By

Greg Allbright: Joining us on the call today is our CEO and Chairman, Harold Montgomery; Chief Financial Officer, Scott Arey, joining us from Mumbai, India; and Chief Operating Officer, Will Dawson. You will hear from each of them throughout the presentation including the Q&A at the end.

Slide #3 - Safe Harbor Provision

Greg Allbright: Before we begin, allow me to read the Safe Harbor provision, as well as other provisions required by our legal and compliance group.

This presentation and comments made by management may contain forward-looking statements that involve a number of risks and uncertainties associated with our business. The factors that could cause our actual results of operations to differ materially from any forward-looking statements by our management are detailed in our most recently filed Form 10-K or 10-Q's as applicable.

We undertake no obligation to revise any of these statements to reflect future circumstances or the occurrence of unanticipated events. In light of the foregoing, investors are cautioned not to place undue reliance on such forward-looking statements. This presentation does not constitute an offer to sell or a solicitation of offers to buy any securities of any entity.

Money On Mobile's models and projections are based on certain key assumptions including but not limited to the following: availability of adequate and appropriately priced financing to continue in business, availability of acquisitions which can be completed, continued performance of key staff, continued favorable business conditions and economic climate. Money On Mobile forecasts are the representation of Money On Mobile Management.

It is now my pleasure to introduce MoneyOnMobile's Chairman and CEO, Harold Montgomery, who will begin our presentation. Harold?

Slide #4 - HIGHLIGHTS

Harold Montgomery: Thank you, Greg. And thank you to everyone joining us today. Welcome to the call. We are excited to speak to you about what has been happening with our company since our last investor update. We have experienced several transformative financing events, had our share of challenges, and are executing on our plan to deploy the recently invested cash to diversify our product portfolio and broaden our geographic reach in India.

First, let's look at some highlights for our presentation. In the last six weeks, we completed a transformation of our balance sheet to a much healthier position in two important steps:

First, we completed two successful fund raises providing 12.6 million dollars of new capital which will fuel our growth;

Second, we completed two debt restructurings totaling over 6 million dollars, moving debt to equity.

A look at our Q3 financials will show that our fiscal year Q3-2018 net revenue was up 193% from fiscal year Q3-2017 net revenue.

Looking back at our calendar year 2017 performance we will see that our monthly net revenue grew 210% from January to December of 2017

- Later in the call, we will discuss recent events which lead to a short term decrease in MOM ATM net revenues.
- And we will be closing our presentation today with an update on recent product launches and updates, including two additional MOM ATM products, and updates to our MOM Capital and Two-Wheeler Insurance Products

Slide #5 - Strategic Vision

For the benefit of Shareholders who may be new to our Company, the strategic vision for MoneyOnMobile is to connect the cash-using Indian consumer to the digital world. We digitize cash transactions and enable small value transactions cost effectively. During our call today, we will demonstrate how we are progressing toward that vision and what that vision means for the future growth of our company.

Slide #6 - Context

Harold Montgomery: India has a substantial unbanked population, defined as those adults who do not have a bank account - about half the population of the country. That amounts to a target population for our services of around 600 million people. It's also the case that about 95 percent of all consumer payments in India are conducted using cash. Further, there's a large population now emerging that we call the under banked – those who have a bank account, but no access to a bank or an ATM. India has about 155,000 bank branches and 200,000 full size ATMs - about 10% of what is required to match the same availability we have in the United States. This underbanked population has a need to access funds and meeting that need is a key driver of growth for us.

Slide #7 - Platform

Harold Montgomery:

MoneyOnMobile is a payment platform that aggregates the everyday transactions consumers need to execute, thereby making for one-stop shopping. Consumers visit one of our enabled retailers to perform a variety of transactions from our portfolio of over 55 products and services. Some of the more popular products are money transfer (also known as domestic remittances), cash-out services using our MOM ATM, prepaid mobile cell phone top-up time and payments for bills such as electricity. Our platform also enables consumers to buy air, train or bus tickets through our travel product family, buy goods online using our MOM CART, and purchase insurance for their two-wheeler, as it's called in India - a scooter or motorcycle.

Slide #8 - How It works

Harold Montgomery: On this slide, you can see a schematic diagram of how MoneyOnMobile works for retailer and consumer. The first step is for our retailer to join the MoneyOnMobile system by making a cash deposit with us and being trained on our system. We keep a ledger balance of his deposit. Now the retailer is ready to transact using any of our products and services. Then, the consumer visits a MoneyOnMobile enabled retailer with a need to transact – perhaps paying a utility bill for example. The consumer hands cash to the retailer who then issues a command to our platform via SMS text messaging, mobile app, or smart phone if he has it or PC Connection to move funds from his digital balance to the consumer's bill payment destination, in this case, the consumer's utility provider.

MoneyOnMobile processes the transaction between the consumer, retailer, and utility provider, and then delivers an SMS text receipt to the consumer to document the digital transaction. When the retailer processes enough transactions to use up his digital balance, he makes another cash deposit to his account, starting the cycle all over again.

This is how we digitize cash for financial transactions and we do it over 9 million times each month.

Slide #9 - Our Results

Harold Montgomery: Today, after almost six years of work in India, we've established relationships with over 350,000 retailers throughout the country. We're in every state in India, and we cover more than 700 cities throughout the country. MoneyOnMobile has served more than 200 million Indian consumers, based on unique phone numbers used in a transaction during that six-year period. We've also processed over 2 billion U.S. dollars during that period.

You can see that we're gaining a tremendous amount of momentum, and I'll show you more on that in just a moment.

But First, There are two important elements of the MoneyOnMobile system which are key to understanding our position in the market and our business key success factors:

First, we have negligible customer acquisition costs. We think of the retailer as our customer – the local retailer who is selling our services - known as our agent. It's important for us to provide him with a money-making value proposition that fits both his needs and capabilities as well as being appealing to his local consumer base. Our system is based on a revenue sharing model which means our agents earn more the more they transact with us. In that way, MoneyOnMobile is an entrepreneurial business opportunity with low costs of entry.

Slide 10 - (PICTURE) - Haryana Store

I was in India last week in rural Haryana State and I met one of our agents there - he's 18 years old and he's making a good living with MoneyOnMobile serving the large migrant population in his area. His migrant population of customers come from the neighboring state of Bihar. Of particular interest to them is our electricity bill payment services and our money transfer services.

Our agents name is Rerojin Gupta and he operates an independent free standing store near a local road. While I was there about ten customers signed up to do a domestic remittance transaction.

That's Our second customer is the consumer – in effect, the customer of our customer - it's important that we provide useful services which draw consumers to our retailer's location repeatedly. We want continue to focus on how we can engage more deeply with each of these target audiences over time.

In both cases, our cost of customer acquisition is nearly zero. The average transaction size is usually quite low in India - mobile phone top up for example is about 1 US Dollar. A domestic remittance is about 50 US Dollars. And our fee on each transaction is usually small as well. It's important for us to keep our marketing budget very low. Over time, we assess which agents are going to be the most productive and then capitalize on those high performing relationships. The key to our success is lots and lots of small transactions processed at the lowest possible cost.

Second, we have a near-zero transaction cost at the margin, so each additional transaction is a big contributor to the bottom line. It doesn't cost us any more to do a million and one transactions than it does to do a million transactions – nearly all the marginal profit on that incremental million and first transaction goes to the company's profit. That's characteristic of payment systems in general when they scale and it's beginning to come to fruition at MoneyOnMobile now.

Slide #11 - LOWERED TRANSACTIONAL COSTS

Harold: I would like to take a moment and explain the importance of our very low transaction costs, which are fundamental to the MoneyOnMobile business model, and our success in the market as well as our long-term position in the market.

MoneyOnMobile's secret sauce is to have the lowest possible cost of transaction processing. We drive the cost of processing a single transaction as low as possible which means we can handle small value payments. We call it "frictionless payment processing." Our cost to process these small transactions is far lower than other companies active in our market who have built their systems on bank accounts and card-based systems. Our model is based on "Open Banking model" which is the use of API's and other means to connect digitally with our 3rd party partners. Using our proprietary system, we don't need the so called "card rails" or physical cards and the point of sale terminals that go with them. We use technology that's already in the hands of our consumers - the cell phone and the SMS messaging system. This long term structural cost advantage is key to our place in the market.

By dropping the cost of digital transactions to the lowest possible number, our system represents a structural shift in the cost basis of handling small amounts of money.

This chart is a conceptual explanation of what I am describing to you and also shows the nature of our market opportunity. On the vertical axis is transaction size and on the horizontal axis is the number of transactions per period of time - 1 year for example.

In both charts, you can see the line which slopes down and to the right – this is a theoretical array of transactions happening in India today – in other words, there are very few large transactions at the top but as the slope goes down, the graph shows more and more small value transactions. The vast majority of consumer transactions in India are small value cash transactions.

On the left is a look at the “Card based model”. The orange line represents the cost to process transactions vs. the addressable market. Above the line, card-based transaction processing is cost effective, below the line, card based systems are too expensive. For a one dollar transaction for example, the cost of processing will eat up the profit margin on the transaction, and that’s why it’s not cost effective. I am sure you may have seen retailers in the US who display signs reading something like “No credit card under \$10” - the reason is the profit margin on that sale is less than the cost to process the transaction. In India, where most of the transactions are quite small - mostly under \$10 - using debit and credit cards isn’t cost effective and therefore is not widespread.

Looking at the chart on the right, however, you can see the impact of our Open Banking model. MoneyOnMobile lowers the cost of processing, thereby making digital processing of smaller value transactions cost effective. The many small transactions our consumers need to execute can be handled in this way, opening up a large previously untapped market segment of the addressable market.

This explains in part why India is still so cash intensive – even after years of attempts to propagate the card based model. Simply put, there are no cost-effective ways of digitizing these small value transactions – at least not before MoneyOnMobile.

There are two key implications of this chart – one is that we can handle the many small value transactions that are currently occurring in the marketplace in cash. And perhaps more profoundly, we can handle transactions which are needed but were not economically feasible using other means, and therefore were not likely to exist before MoneyOnMobile. This isn’t just an abstract theory- we are using this cost advantage to create new products and services.

For example, we are currently providing loans from a third party to some of our retailers. The payments associated with each loan are quite small and lenders had a difficult time collecting it, thereby limiting the availability of lending in the market. That’s just one example of how a lower cost structure can create an opportunity to process new transaction types. There will be more on this later in the call.

Slide #12 - Recent Financial Highlights

I would now like to update you all on our recent financing events.

Over the last six weeks we completed four distinct financing events, resulting in 12.6 million dollars in new capital for our company, which gives us the working capital needed to fuel our growth, and over 5 million dollars in restructured debt to equity, providing significant financial relief.

Our first event was the elimination or restructuring on favorable terms of 2.3 million in debt.

Many of you have been following our company for some time and may be wondering what the status is of our debt to MOM Hall LLC. I can report on this call that all of the debt has been paid off completely, and no future obligations remain.

Our next event was a 7.6 million dollar fundraise which provided new capital through the issuance of Series F Preferred Shares. Those who invested in series F will shortly receive paperwork documenting this transaction from us. We were very pleased with the positive response from investors and the speed with which we closed this investment during the holidays, which is normally a very slow time of the year for fundraising. I worked on this funding round with my colleague, Steve Kann, our VP of Corporate Development. Steve played an instrumental role in this raise and I would like to personally recognize him for his efforts. Steve, thanks for your efforts on behalf of MoneyOnMobile.

As I mentioned Series F investors can expect to receive their confirmation of investment documents within a few days. We are preparing them now.

Just a few days after Series F closed, we announced the conversion of over 3.8 million dollars of outstanding debt into shares of the Company's Series G Preferred Stock. We were very pleased to have our stakeholders see the value of owning equity and we are grateful they chose to provide us with this financial flexibility.

And just last week we announced a second fundraise, this time a 5 million dollar raise from the S7 Group's investment arm, through Series H Convertible Preferred Shares.

We are very excited to have the institutional support from the S7 Group, one of the largest privately held aviation and aerospace holding companies in Russia. This cash infusion will help us to grow our product mix and diversify our revenue. It is also a vote of confidence and enthusiasm coming from a group who have been involved in our company for several years, and we are grateful for their continued support.

That support has been led Oleg Gordienko, Investment Director of the S7 group, and one of our most recent additions to the MOMT Board of Directors along with Max Scherbakov from S7. Oleg is a longtime supporter of our company, knows our story and business model well. Before joining S7, Oleg was an investor in QIWI, a Moscow based payment processing company serving the Russian market which has been a great success. QIWI is traded on the NASDAQ here in the United States traded under the ticker symbol QIWI and currently has a market cap of about 1 billion US dollars.

Vision for 2018

To understand how we will use the proceeds from our recent financings it's important to understand how we will grow as a company.

In the past our company focused on growing our total number of retailers, while this had the effect of boosting processing volume and revenue, it came at the cost having many retailers performing a small number of transactions each month - a model which could be more efficient.

Our focus for growth in 2018 is to deepen retailer engagement and productivity. To do that, we are expanding the number of products and services our retailers can use which in turn, allows them to capture a larger share of the consumer wallet spend each month. The objective is to increase the number of transactions per retailer per month, and therefore revenue per retailer, while keeping costs low. Expanding our product mix also has the impact of increasing retailer loyalty to our platform, making it more likely they will continue to use us. Deepening retailer and consumer engagement is critical to our long-term success.

A part of that product mix will be expanding the number of MOM ATM's in the field. The demand for this service has been demonstrated to us in 2017 - the evidence being strong revenue growth from our existing MOM ATM deployments. So our focus in 2018 will be to expand the number of MOM ATM placements, with an emphasis on cash-out services, to diversify and grow our revenue base. Our leadership team in India, lead by Ranjeet Oak, the Managing Director, does a wonderful job of touring the country and listening carefully to both retailers and consumers in order to formulate services which meet real market needs. In this way, MoneyOnMobile uses technology to enable transactions which people want or need to do, making them better, faster, and more secure.

That concludes the first portion of our operational update. I'll come back later to provide additional updates on our company. Up next is our CFO, Scott Arey, with an update on our recent financial performance. Scott is in Mumbai today joining us by phone. Scott.

Slide #14 - Financial Overview

Scott Arey: Thank you, Harold. I will now review our third quarter 2018 Financial Performance and recent financial trends.

Slide #15 - Year-to-Date Comparison – Nine Months Ending 31-DEC-2017/2016 – Revenue/Gross Profit

Let's start with the first nine months of our fiscal year compared with the same period in the prior fiscal year. Here we see a 75% increase in net revenues for the current fiscal year compared to the same period of the previous fiscal year, and a similar increase in cost of revenues creating an increase in gross profit of 71% year to date.

Slide #16 - Quarterly Comparison – Three Months Ending 31-DEC-2017/2016 – Revenue/Gross Profit

Switching to the quarterly view this slide shows a comparison of Q3 Fy2018 against the same quarter from the prior year. You can see on the Net Revenue line that MoneyOnMobile achieved

a 193% increase in quarterly net revenue compared to the same three month period in the prior year.

Cost of revenues increased by 236%, largely driven by changes in the product mix which we will discuss later in the breakout in the presentation.

The next line “Gross Profit” subtracts the Cost of Revenues from Net Revenue. Gross Profit increased 164% to just over \$1.5M dollars for the quarter.

The Gross Profit Margin is a percentage representing the amount of gross profit earned per dollar of net revenue generated. The Gross Profit Margin for the quarter was 53% for the current year quarter compared to 59% for the prior year. The product mix in the prior year’s comparable quarter had a higher percentage of revenue from domestic money transfer on a percentage basis than the product mix we’ve seen in subsequent quarters causing the change in the quarter’s Gross Profit Margin.

Slide #17 - Quarterly Comparison – Three Months Ending 31-DEC-2017/2016 – SG&A

Now let’s look at the overall “below the line” costs for the quarters. Salaries and Wages were up 56% largely due to financing and investor relations related hires in the U.S., although there were increases in India staff costs as well. SG&A costs were up 28% and again financing related expenses in the U.S. were a significant driver, although there were also increases in sales costs in India. Overall operating losses were flat due to decreased depreciation and amortization costs.

Slide #18 - Quarterly Comparison – Three Months Ending 31-DEC-2017/2016 – India P&L

If we look at India only for the third quarter of FY2018 we see a 164% increase in gross profit, a 29% increase in Salaries and Wages and a 19% increase in SG&A costs, however we also see a significant measure of progress toward breakeven with the operating losses having decreased 62% from 1.1 million dollars in the third quarter of FY2017 to roughly \$420 thousand dollars for the 3rd quarter FY2018. Again this is for India only, but we are expecting to be able to reach operating cash flow breakeven in India in the coming months.

Slide #17 - Financial Results - Growth Drivers

Looking at our 2017 financial results we see that Monthly net revenue has grown 210% from January to December of calendar year 2017 as Harold previously mentioned. That figure jumps to a 260% increase if you eliminate the effects of foreign exchange and just consider the growth in local currency.

Growth drivers during the current quarter include the number of installed MOM ATM’s, strong demand for domestic money transfer services and our account management teams focus on getting more volume from each retailer.

Slide #18 - Revenue Trend and Projection

We've had a really good run of growth in the past few quarters, but based on the results we've posted in the last six weeks we wanted to take this opportunity to highlight to investors that the quarter we're currently in, **Q4 of FY2018**, will likely not exceed **Q3 FY2018** which is the best revenue producing quarter in the company's history. It's still going to be a very good quarter, and we feel confident it will exceed the past five quarters save the most recent one. On the bar graph slide you are looking at we're showing those last five quarters in solid blue, with the projected quarter, **Q4 of FY2018** shown in gray. In the projected quarter the solid grey part represents the month of January multiplied by three, and the gray hashed area on top of the solid bar is the revenue we believe will be achieved in addition.

Going forward we plan to use this method in our earnings calls to give an indication of our progress during the quarter that we're in for the call. We also plan to show how the actual for the previous quarter compared to our projection and give some explanation if there is a significant difference. Revenue for the projected quarter is behind the quarter ending December 31st, 2017 mostly because of a temporary but acute decline in MOM ATM usage.

To talk more about what affected our net revenue in December and January, I'll turn the presentation over to our COO, Will Dawson.

Will Dawson: Thanks Scott and hello everyone. As Scott mentioned our business was affected in December and January due to events in India, and I would like to explain those further.

In December of last year, a few retailers who conduct business on our platform were arrested by the police in the northeast part of India. The retailers were arrested for issues **unrelated to their activities on the MoneyOnMobile platform**, but when word spread about the arrests via social media and other communications tools, the narrative was that doing business with MoneyOnMobile would get you arrested. Therefore a significant number of our retailers stopped using the MOM ATM device out of an understandable fear of getting in trouble with the law.

When our management team became aware of the incidents and the misinformation being spread, we alerted the local media and offered our full support to local law enforcement as needed. We conducted extensive retailer outreach through our sales and management teams, and consistently responded to misinformed assertions as they surfaced.

Another impact to our MOM ATM business has been the implementation of new pricing by SBI, the State Bank of India, to charge a fee to some of its consumers for cash out services.

Slide #19 - Category Level Net Revenue

This slide shows the Change in Revenue by Category which is the product breakout of revenue components and shows the impact the misinformation has had on our business in December and January.

To understand how this chart works, for example, December 2017 saw a percentage increase in Domestic Remittance revenue of 10%, meaning that from November 2017 to December 2017 that product line saw revenue growth of 10% month to month.

You can see that from October to November we saw a slight decrease in MOM ATM revenue. This was an expected correction from an annual event that's held in India in October which is their biggest holiday, similar to December with Christmas, and when we would expect to see significantly higher transactions during the month of October than is typical.

You can also see from November to December, and from December to January the further decreases in our MOM ATM net revenue. I will point out that December MOM ATM revenue, while down from November, was still higher than September 2017 number.

One question you might be asking is "How could some misinformation in a small part of India impact revenues so significantly." The answer is an important one because it is what is driving much of our future product and sales plans.

When we rolled out the MOM ATM last year, the northeast part of India showed very high demand for the product and returns from early adopters in this area showed strong processing and revenue numbers. As a result, our sales efforts focused on this region, and we had good success. However, you can see the downside in this decision.

While we have addressed the situation in the Northeast with our retailers and given early returns from our February numbers it appears we are returning to expected operating levels, it could be several more months before the situation stabilizes.

I will also point out that our domestic remittance product line, overall, continues to grow, and has offset some of the losses we experienced with the MOM ATM. In fact, just last week we achieved a significant milestone for our domestic money transfer business by passing several all-time company highs for the number of daily transactions, and processing volume. This positive outcome is a result of our sales team efforts and we are proud of the work they have done over the past several months. I would like to personally recognize our Head of Sales, Biju Gangadharan for his efforts and the efforts of his team. Great job Biju.

Slide #20 - BANK OF INDIA

Will Dawson:

To provide context for how much of an impact MOM ATMs can have consider the results of a recent eight month internal review. We found that net revenue generated for MoneyOnMobile from MOM ATM enabled retailers grew by an average of 172% when comparing the month prior to taking on a MOM ATM in their stores to the first month after.

Our primary area of focus is to diversify our MOM ATM product line to bring on another provider of the MOM ATM units and who will also be assisting with the processing of those transactions. We recently took the first step in that diversification when we signed an agreement with Bank of

India that calls for the initial deployment of an additional 3,000 MOM ATM units with more to follow.

The Bank of India is a commercial bank with 5,100 branches and one of India's longest serving, and largest banking institutions.

The Bank of India will now be our 2nd bank for processing MOM ATM transactions, which adds operational diversity and strengthens our product line.

The unit itself has been updated with a new user friendly design and our sales focus for getting these units into stores will be to target stores likely to have high numbers of purchase transactions as well as cash out demand.

Slide #21 - AEPS

Another product we will be rolling out soon is a biometric based, cash out solution. This Fingerprint scanner works using the Aadhaar Enabled Payment System, which is part of the India Stack. Part of the open banking API's in India.

Aadhaar is a 12 digit unique identifier issued to all Indians. As part of this ID program, the consumer's ten fingerprints are linked to each individual's number. One of the purposes for this ID to people to link their bank accounts, mobile phones, and other services to this unique identifier. For those in the US it is similar to our social security number. To date over 1.19 billion people, almost 99% of the country have been enrolled.

It will also serve as the basis for Know Your Consumer (KYC) norms used by banks, financial institutions and other businesses that maintain consumer profiles. We will talk more about KYC in a minute, but for now remember that these two are linked.

Our target for this product is the uncarded, and underbanked consumer and the retailers who serve them. Since the system integrates with the India stack, the open banking system in India, we can use this fingerprint scanner to identify people and authorize their use of funds. For some people, this is the only method of accessing their bank account.

What is also exciting about this product is that it permits cash out withdrawals up to five times larger than our current MOM ATM's.

Slide #22 - eKYC

As I mentioned earlier, "know your consumer", or KYC is a big initiative at MoneyOnMobile. Putting in place a process for our retailers to quickly and seamlessly validate relevant consumer data is vital to integrating with many of India's financial services.

Our technology team has put in place an electronic "Know Your Customer" process we are excited about. It is based on the Aadhaar ID I mentioned earlier and by enabling our consumers to connect their Aadhaar ID to their MoneyOnMobile transaction, we gain their authorization to use their consumer data, and comply with existing financial regulations.

It will be secure for participating retailers and their customers and take a minimum level of effort to understand and complete.

When consumers have been logged into the system via this method, it enables them to send larger domestic money transfers, and will be a key component for us to eventually process inbound international remittance in future.

Slide #23 - MOM CAPITAL - Update

On our last earnings call we introduced to you our MOM Capital product. This is a loan service which provides financial support to our retailers. Typical loan amounts will range from \$500 to \$5,000 USD. MoneyOnMobile earns a commission based on the loan amount, and our platform is used to disperse the funds, as well as collect the loan repayment premiums. The loan risk itself is assumed by a 3rd party provider, not MoneyOnMobile. We send this third party provider the retailer's financial profile to assess the retailer's credit worthiness, and the 3rd party makes a determination as to loan terms.

MOM Capital is a small step towards a larger future and feedback from our sales team, and retailers, has been very positive.

This is a good example of our ability to handle small value transactions cost effectively. The low end of the MOM loan repayments is around three US dollars. This is opening a new line of loans in the market.

Slide #24 - TWO-WHEELER INSURANCE

Will Dawson: Another update we would like to provide you is for our Two Wheeler insurance product. MoneyOnMobile serves as a payment collector for insurance providers offering two-wheeler insurance. (For those on the call not familiar with the term "two-wheeler," it refers to motorized two-wheel vehicles like scooters and mopeds).

There are at least 150 million two-wheel vehicles currently registered in India, with 17.7 million purchased in 2017 alone. Based on industry estimates the market size adds up to approximately \$1 billion.

While the government of India has mandated liability insurance for all motor vehicles, recent research shows that approximately 40 percent of vehicles have complied and are insured, leaving a large market of uninsured vehicles. By removing barriers to paying for insurance, MoneyOnMobile provides consumers easy access by simplifying the fulfillment process across all of its participating retail locations.

This product is also a key part our strategy of increasing the number of essential payments available to consumers. When you consider that Indians are estimated to lose more than \$2 billion a year in lost income due to travel between payment centers and banks, products like these play a vital economic boost to our consumers.

That concludes the operational update of our call, I will now turn the presentation over to Greg for the Q and A portion of the call. Greg?

Slide #25 - Q&A

Greg Allbright: Thanks Will: We have concluded the formal part of our earnings call and will now begin the question and answer.

To ensure Scott is still with us and can answer some questions, Scott can you hear us. Yes Greg I can hear you.

One of the questions that we have received from multiple folks on the call today and have been emailing in, this Scott is for you.

What is the Company's path to profitability?

Scott: We are frequently asked when our company will become profitable. It's an important question and it is a high-priority for us. Our first goal is to become operationally cash-break even in India. For now, we are focused on our India operations because that is where our revenue comes from, as well as vast majority of our employees. We are advancing towards this break-even point, and we believe we will achieve this milestone by the first half of 2018. Once we achieve operationally cash-break even in India, we will focus on Step 2, which is being profitable "system wide," which will include our U.S. operations, as well.

Thank you, Scott.
Harold this question is for you from David.

What is the plan for uplisting?

Harold: "Uplisting is a priority for our company now that we are going to be taking action on in 2018, and we have been positioning ourselves towards a successful uplisting." Obviously, these transformative balance sheet events are very helpful with respect to qualifying for a major exchange. We believe that we are well positioned in that respect. There are certain steps remaining, our share price doesn't meet the minimum criteria, so there will be some action steps coming as the board deems necessary to approach an uplisting. We are going to be taking concrete action on this in 2018.

There will be more product development as well this year. The objective is to increase the number of transactions per retailer per month, and therefore revenue per retailer, while keeping costs low. Investors may have heard me talk in the past about three basic ways to grow a system like MoneyOnMobile. One is the sheer footprint of participants in the model. The second, is to increase the frequency with which the existing participants transact. The third is to increase the size and the profitability of each transaction that they do and we are moving along

all three of those lines. We are going to be expanding the MOM ATM footprint as Will said and as Will also mentioned that has a multiplier effect on all our transactions.

Thanks Harold. We have several other questions and if you all will give us a few seconds to get those lined up and get the right folks to answer them give us one second. Thank you for your patience. One of the questions we have been getting from our Series F investors is around the documents that they should be expecting to receive.

Q: For those investors on the call who are part of our Series F round;

We are preparing the documents for each investor to confirm their investment in Series F now and should have those sent to each investor very soon. If you have any specific questions, feel free to reach out to us and we can reply to those individually.

Our next question is for you Will.

Q: How are we using the data that we collect from our transactions to develop other products and other features.

So, I talked briefly about the MOM Capital product, that product line leverages our transaction data. For our loan partners we provide three services. One of those critical services is actually helping the loan partner to come up with a credit score for our retailers and that leverages the transaction data that retailer generates over a period of time. So, the data that we are generating is starting to bear fruit in new products and we plan in the future to launch additional products that leverage this data.

Ok thanks Will, this question is for you as well.

Q: With the government focusing on a more cashless economy what are your thoughts on when the digital world will catch up with the legacy environment and how will we manage that change?

I think for context its important to note in the US these types of card based payments have been around for 50-60 years and the US is still around 40% paper based cash and check. So, these transitions happen over a period of time as consumers and retailers get comfortable with them. I think we will see in India that the switch will be quicker mainly because the technology is much more advanced than when the US started. We are preparing for this, the products that I spoke about the card based MOM ATM's of which we now have two different providers of, we are also building on top of the India stack for fingerprint based transactions. So, we are starting to build out our digital to digital processes and as our retailers see demand for those we will continue to add digital to digital transactions on the platform.

Thanks Will. Scott this question is for you. From Steve

Q: What should investors expect for cash burn rate going forward?

Well as I said earlier, in the first half of 2018 expecting to be cash flow break even in India. On the US side its going to take a while longer before we are completely cash neutral company wide. I don't have an estimate of that is part of the reason I don't is because a lot of the US job revolves around fundraising and other activities, mergers and acquisitions other types of those things which we will require those resources as necessary. Our burn actually went up during the period we just completed because we were doing those types of activities in those months. So it is very difficult for me to say what that is. At a certain point we will not need to raise any other capital and that will probably be the point when we are completely cash flow break even.

Thank you, Scott. If investors will give us a moment we will look through the remaining questions to see what we can answer.

Thank you all for your patience, Will, this question is for you.

Q: It has to do with International remittances. Could you speak to that and what is happening with the regulations allowing those and what our plans for that are.

Sure Greg, in October of last year the regulations opened up for us to enter into parts of the international remittance market. Our plan is to be a destination source so India is primarily an inbound remittance market so we are going to team up with other providers generating transactions outside of India. We will not be generating transactions, we will be the cash out provider for those. We are going through the regulatory steps now to comply with India regulations and once we have that we plan to launch the service.

OK thanks Will. Harold this question is for you.

Q: Is there any application of Blockchain in the MOMT model?

I know there has been a lot of excitement and interest in Blockchain across the board from companies like ours in the payment space. We have not identified an application for the Blockchain technology in the MoneyOnMobile system. We are always looking for technological improvements to our system wherever they are not just blockchain but elsewhere and I believe we have a good track record implementing new technologies and services in the market. As we find things that make our products and services better on the ground for our customer we will be adopting and implementing them.

Ok thank you Harold. This question is from Darrel

Q: When will MOMT be in the US?

This is a very interesting question and I get it frequently. There is a large unbanked population in the US, largely migrant labor from outside of the country. What you find though is it is a hard population to reach and their needs are satisfied in other ways by companies like Ace Cash

Express so there are already acceptable alternatives in place for that audience. This would make much more difficult to launch and market a MOMT product. One of the topics I mentioned earlier was that we keep our cost of customer acquisition very low and I am not sure that that would be possible in the US given that there are substitutes available. So, at this point our concentration is 100% about India which is the grand prize in the word for what we do in small value payment processing and we don't plan to take our eyes off of that market at this point. The answer to the questions is we have no plans to go to the US with the model for those reasons.

Thanks. Our last question in the Q & A is from Brett.

Q: What specifically is working and not working around the ATM business and how to turn that around.

Sure. Will referred to the disturbance and the misinformation that was circulated in one specific part of India that has been resolved now and we are seeing the transaction volumes in that area grow back to where they used to be they are on that track. The answer to that question is there is nothing wrong with the MOM ATM functionally or it's fit in the market. In fact, quite the opposite. I was just in Haryana state last week and I saw the MOM ATM working very well. I think what we need to do is increase the footprint meaning the number of MOM ATMs in the market and gain some better geographical diversity than we had in December and January. That is exactly what we are doing with the Capital. So, I want investors to hear loud and clear especially after my last trip to India which I think I my 35th trip to India in recent years that my enthusiasm and confidence in the fit of the MOM ATM product and its ability to lift transactions across the board wherever we put it is undiminished. I am still as bullish on MOM ATM as I ever have been notwithstanding the disturbance in HISAM that was unrelated to any technology or functionality we put in the marketplace and I think our job is to power through that and continue to populate the product in the market because it works great.

Great Thank You all very much. For those of you listening on the phone or via the webex we have your email addresses and will include you on all of our announcements about the latest press releases. If you for some reason did not register via the webex and we don't have your email please feel free to email us at investors@moneyonmobile.in so we can have that and we can add you to our list.

Thank you again for joining us today we hope you all have a good week.