AS "MOGO"

(UNIFIED REGISTRATION NUMBER LV50103541751)

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

PREPARED IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARD No. 34

Riga, 2017

CONTENTS

General information

Name of the company	mogo
Legal status of the company	AS
Unified registration number, place and date of registration	LV50103541751 Riga, 3 May 2012
Registered office	Skanstes street 50 Riga, LV-1013, Latvia
Major shareholders	Since 03.11.2016: Mogo Finance S.A. (98%) 9, Allee Scheffer, L-2520 Luxembourg
Board Members	Edgars Egle, Chairman of the Board from 15 March 2017
	Aleksandrs Čerņagins, Member of the Board from 15 March 2017
Council Members	Ramona Miglāne, from 5 August 2014
	Uldis Judinskis, from 5 August 2014
	Ieva Judinska-Bandeniece, from 5 August 2014
	Mārtiņš Bandenieks, from 24 October 2014
Financial period	1 January – 30 June 2017
Previous financial period Statement of Financial Position	1 January – 31 December 2016
Previous financial period Statement of Profit or Loss	1 January – 30 June 2016

Management report

4 September, 2017

General information

AS mogo (hereinafter – the Company) is a market leading leaseback and finance lease solutions Company measured by the number of leased items. The Company provides quick and convenient services for both individuals and legal entities in Latvia offering vehicle finance lease transactions for amounts up to 10 000 euro and leaseback transactions for amounts up to 50 000 euro with duration up to six years. Funding is being offered online through the Company's branded website and mobile homepage and onsite at customer service centers, as well as at the sales centres of car dealerships.

Company's main goal is to offer its customers easily available, quickly executable, convenient and transparent leaseback and finance lease solutions. In order to achieve this the Company offers to its customers various solutions adjusted to theirs needs, as well as highest quality service and accessibility. The Company directly operates with a wide network of car dealerships, where the customers can buy a vehicle by obtaining funding from the Company.

Mission, vision and values

Mission

The Company's mission is to offer accessible and affordable leasing services to clients who need quick and simple way of getting financing or would like to purchase a vehicle.

Vision

The Company's vision is to be the market leading, customer friendly and accessible leaseback and finance lease solutions Company in Latvia.

Values

▪ Quick assistance without unnecessary formalities - the Company will provide the required funding within a couple of hours.
▪ Open communication and adaptation – the core value of the Company is an open communication and an adaptive approach to each and every customer, which results in a mutually beneficial outcome in every situation.
▪ Long term relationship – the Company values and creates mutually beneficial long term relationship with all its customers, it welcomes feedback and suggestions for improvement.
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Operations and Financial Results

The first 6 months of 2017 was a period of very rapid growth in profitability for the Company due to signficant improvements of the issued loans portfolio as well as Company's operational effieciency. Turnover amounted to EUR 6.3 million (31% increase, compared to the same period in 2016), EBITDA reached EUR 3.7 million (29% increase, compared to the same period in 2016) and net profit was EUR 2.1 million (50% increase, compared to the same period in 2016). As at 30 June 2017 gross value of the lease portfolio reached 29.6 million euro (11% increase, compared to 31 December 2016).

During the first half of 2017 the Company has continued its operations in order to support its mission – to offer accessible leasing services in a quick and simple way. The Company continued to invest significant resources in the development of information system solutions in order to improve its operational activities by automating current processes in the nearest future, at the same time increasing customers satisfaction with the provided service.

The first 6 months of 2017 were successful in terms of cooperation with the car dealerships. This network has significantly contributed to the growth of the vehicle finance lease volume. For the establishment of more integrated cooperation, with the partners in the field of vehicle trade the Company offers various partnership solutions and individual approach to effective processing of client applications, as well as provides various marketing materials and conducts joint marketing campaigns.

During the first half of 2017, the Company continued the execution of various marketing activities on TV, radio and internet advertisements and outdoor ads thus helping to promote the brand and to strengthen the Company's positions in terms of brand recognition in the leaseback and finance lease solutions sector.

Signed on behalf of the Company on 4 September, 2017 by:

Aleksandrs Čerņagins
Member of the Board

Statement of Management Responsibility

4 September, 2017

AS mogo management is responsible for preparation of the financial statements.

Management of the Company declares that in accordance with the information in their possession, financial statements have been prepared in accordance with accounting transaction documentation and with the International Accounting Standart 34 and give a true and fair view of the Company's assets, liabilities, financial position as at 30 June 2016, results of operations and cash flows for the year ended 30 June 2016.

Management of the Company confirms that an appropriate and consistent accounting policies and management estimates are used. Management of the Company confirms that the financial statements are prepared using prudence principle as well as the going concern assumption. Management of the Company confirms it's responsibility for maintaining proper accounting provisioning, as well as monitoring, control and conservation policies of the Company's assets.

The Company's management is responsible for detection and prevention of the error, inaccuracy and / or fraud. The Company's management is responsible for the Company's activities to be carried out in compliance with the legislation of the Republic of Latvia.
The management report includes a fair view of the development of the Company's business and results of operation.

Signed on behalf of the Company on 4 September, 2017 by:

Aleksandrs Čerņagins
Member of the Board

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income

	Notes	01.01.2017-30.06.2017 EUR	01.01.2016-30.06.2016 EUR
Interest and similar income	3	6 322 294	4 819 908
Interest expense and similar expense	4	(1 131 451)	(1 052 895)
Impairment	5	(832 282)	(130 775)
Gross profit		**4 358 561**	**3 636 238**
Selling expense		(349 630)	(232 584)
Administrative expense		(1 766 323)	(1 753 392)
Other operating income		13 352	6 411
Other operating expense		(5 607)	(3 407)
Other interest receivable and similar income		135 970	285
Profit before tax		**2 386 323**	**1 653 551**
Corporate income tax		(347 751)	(235 420)
Deferred corporate income tax		59 356	(21 542)
Total comprehensive income for the period		**2 097 928**	**1 396 589**

The accompanying notes on pages 12 to 14 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 4 September, 2017 by:

Aleksandrs Čerņagins
Member of the Board

Interim Condensed Statement of Financial Position

ASSETS

NON-CURRENT ASSETS	Notes	30.06.2017. EUR	31.12.2016. EUR
Intangible assets			
Concessions, patents, licences and similar rights		9 198	17 612
Other intangible assets		985 970	1 002 449
TOTAL		**995 168**	**1 020 061**
Property, plant and equipment			
Leasehold improvements		5 561	-
Other fixtures and fittings, tools and equipment		130 088	177 638
TOTAL		**135 649**	**177 638**
Non-current financial assets			
Investments in related companies		20	20
Finance Lease Receivables	**6**	21 267 934	19 082 765
Deferred tax		138 360	79 004
TOTAL		**21 406 314**	**19 161 789**
TOTAL NON-CURRENT ASSETS		**22 537 131**	**20 359 488**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale		20 180	17 948
TOTAL		**20 180**	**17 948**
Receivables			
Finance Lease Receivables	**6**	6 641 345	6 152 513
Loans to related companies		2 459 945	120 000
Loans to non related parties		62	2 056
Receivables from related companies		61	1 718
Other receivables		303 121	775 713
Prepaid expense		174 988	98 946
Accrued revenue		50 331	534
TOTAL		**9 629 853**	**7 151 480**
Cash and cash equivalents		**582 361**	**147 024**
TOTAL CURRENT ASSETS		**10 232 394**	**7 316 452**
TOTAL ASSETS		**32 769 525**	**27 675 940**

The accompanying notes on pages 12 to 14 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 4 September, 2017 by:

Aleksandrs Čerņagins
Member of the Board

Interim Condensed Statement of Financial Position

EQUITY AND LIABILITIES

	Notes	30.06.2017.	31.12.2016.
EQUITY		**EUR**	**EUR**
Share capital		5 000 000	5 000 000
Currency revaluation reserve		1	1
Retained earnings:			
brought forward		2 731 446	357 947
for the period		2 097 928	2 960 434
TOTAL EQUITY		**9 829 375**	**8 318 382**
LIABILITIES			
Non-current liabilities			
Liabilities for issued bonds	**7**	15 979 508	17 920 905
TOTAL		**15 979 508**	**17 920 905**
Current liabilities			
Prepayments received from customers		233 126	216 215
Loans from credit institutions	**7**	5 468 743	682 414
Trade payables		105 714	81 328
Payables to related companies		143	-
Loans from non related parties	**7**	869 923	-
Taxes payable		98 228	68 958
Other liabilities		21 086	112 494
Other provisions		130 875	96 350
Accrued liabilities		32 804	178 894
TOTAL		**6 960 642**	**1 436 653**
TOTAL LIABILITIES		**22 940 150**	**19 357 558**
TOTAL EQUITY AND LIABILITIES		**32 769 525**	**27 675 940**

The accompanying notes on pages 12 to 14 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 4 September, 2017 by:

Aleksandrs Čerņagins
Member of the Board

Interim Condensed Statement of Cash Flows

	2017	2016
Cash flows generated from/ (used in) operating activities	**EUR**	**EUR**
Profit before tax	2 386 323	1 653 551
Adjustments for:		
Amortisation and depreciation	237 806	175 482
Interest income	(135 963)	(2 042)
Interest expense	1 399 220	1 220 992
Loss on disposal of property, plant and equipment	473	36 036
Increase/(decrease) of impairment	274 471	(107 436)
Bonds acquisition expenses written off	(11 158)	3 145
Accrued income	(49 797)	-
Operating profit before working capital changes	**4 101 375**	**2 979 729**
(Increase)/ decrease in inventories	(2 232)	-
(Increase)/ decrease in receivables	(2 570 178)	(501 710)
Increase/ (decrease) in payables	(117 575)	(429 773)
Cash generated from operations	**1 411 390**	**2 048 245**
Corporate income tax paid	(339 461)	(157 656)
Net cash flows generated from/ (used in) operating activities	**1 071 929**	**1 890 589**
Cash flows generated from/ (used in) investing activities		
Purchase of property, plant and equipment	(171 397)	(475 625)
Investments in subsidiaries	-	(20)
Loans issued	(2 980 000)	(1 611 257)
Loan repayments received	642 049	-
Interest received	135 963	2 042
Net cash flows generated from/ (used in) investing activities	**(2 373 385)**	**(2 084 860)**
Cash flows generated from/ (used in) financing activities		
Proceeds from borrowings	9 863 416	3 568 590
Repayment of borrowings	(3 900 000)	(1 404 302)
Purchsase of securities	(1 900 000)	(779 000)
Interest paid	(1 736 623)	(1 410 883)
Dividends paid	(590 000)	-
Net cash flows generated from/ (used in) financing activities	**1 736 793**	**(25 595)**
Change in cash and cash equivalents	**435 337**	**(219 866)**
Cash and cash equivalents at the beginning of the period	147 024	399 884
Cash and cash equivalents at the end of the period	**582 361**	**180 018**

The accompanying notes on pages 12 to 14 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 4 September, 2017 by:

Aleksandrs Čerņagins
Member of the Board

Interim Condensed Statement of Changes in Equity

	Share capital	Retained earnings/ (Accumulated loss)	Currency revaluation reserve	Total
Balance as at 31.12.2015	**5 000 000**	**750 429**	**1**	**5 750 430**
Total comprehensive income for the reporting period	-	1 396 589	-	1 396 589
Balance as at 30.06.2016	**5 000 000**	**2 147 018**	**1**	**7 147 019**
Total comprehensive income for the reporting period	-			-
Balance as at 31.12.2016.	**5 000 000**	**3 318 381**	**1**	**8 318 382**
Dividends paid		(586 935)	-	
Total comprehensive income for the reporting period	-	2 097 928	-	2 097 928
Balance as at 30.06.2017.	**5 000 000**	**4 829 375**	**1**	**9 829 375**

The accompanying notes on pages 12 to 14 are an integral part of these interim condensed financial statements.

Signed on behalf of the Company on 4 September, 2017 by:

Aleksandrs Cernagins
Member of the Board

Notes to the Financial Statements

1. Corporate information

AS mogo (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 3 May 2012. The registered office of the Company is at 50 Skanstes, Riga, LV-1013, Riga, Latvia. The Company's shareholder is Mogo Finance S.A. (registered in Luxembourg), which acquired 100% equity of the Company in 1 July 2014.

The core business activity of the Company comprises of providing finance lease and sale and leaseback services.
These interim condensed financial statements have been approved for issue by the Board on 4 September, 2017.

2. Summary of significant accounting policies

Basis of preparation

The Company's interim condensed financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the interim condensed financial statements. The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

These interim condensed financial statements for the 6 month period ended 30 June 2017 are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted in the European Union.

The financial statements are prepared on a historical cost basis. The Company's functional and presentation currency is euro (EUR). The financial statements cover the period of 1 January 2017 through 30 June 2017. Accounting policies and methods are consistent to those applied in previous years.
The Company's management does not use segment reporting in its operating decision making process.

Intangible assets

Intangible non-current assets are stated at cost and amortized over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount. Internally created software asset cost value is increased by Companies information technology costs - salaries and social security contribution capitalization. Asset useful life is constant and amortization cost increases every month.
Amortization is calculated on a straight-line basis over the estimated useful life of the asset as follows:

License	- over 1 year
Other intangible assets	- over 2, 3 and 5 years

Property, plant and equipment

Equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

PCs	- over 3 years;
Furniture	- over 5 years;
Vehicles	- over 5 years;
Leasehold improvements	- over 4 years;
Other equipment	- over 2 years;

Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity. The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of equipment is the higher of assets' fair value less costs of disposal and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement in the impairment caption.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized.

2. Summary of significant accounting policies (continued)

Finance lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. A sale and leaseback transaction involves the purchase of an asset by the Group and the leasing back of the same asset to the same customer.

Situations that would normally lead to a lease being classified as a finance lease and for a sale and leaseback transaction that results in a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the lease assets are of a specialized nature such that only the lessee can use them without major modifications being made

Finance lease receivables are recognized at present value of minimum lease payments receivable at the balance sheet date. Difference between gross and net finance lease receivables is unearned finance income and impairment allowance. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration given or received net of issue costs associated with the loan or borrowing.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the income statement as interest income/ expense when the assets or liabilities are derecognized through the amortization process.

3. Interest and similar income

	01.01.2017-30.06.2017	01.01.2016-30.06.2016
	EUR	EUR
Interest income	5 317 110	4 348 035
Commission income	542 495	255 907
Income from penalties received	177 005	122 747
Profit from sale of commission cars	8 815	-
Income from debt collection activities	276 869	93 219
TOTAL:	**6 322 294**	**4 819 908**

4. Interest expense and similar expense

	01.01.2017-30.06.2017	01.01.2016-30.06.2016
	EUR	EUR
Interest expenses on bonds	854 869	831 903
Interest expenses on borrowings	248 492	220 992
Expenses related to attrackting funding	28 090	-
TOTAL:	**1 131 451**	**1 052 895**

5. Impairment

	01.01.2017-30.06.2017	01.01.2016-30.06.2016
	EUR	EUR
Written off debts	557 811	238 210
Change in impairment	274 471	(107 435)
TOTAL:	**832 282**	**130 775**

6. Finance Lease Receivables

Finance lease receivables, net		30.06.2017. EUR	31.12.2016. EUR
Non-current finance lease receivables		21 267 934	19 082 765
Current finance lease receivables		6 641 345	6 152 513
	TOTAL, NET:	**27 909 279**	**25 235 278**

Finance lease receivables, net	**Non-Current** 30.06.2017. EUR	**Current** 30.06.2017. EUR	**Non-Current** 31.12.2016. EUR	**Current** 31.12.2016. EUR
Finance lease receivables	23 277 842	6 444 541	20 677 185	5 881 002
Accrued interest	-	727 257	-	731 697
Fees paid and received upon loan disbursment	(686 364)	(181 145)	(509 245)	(146 980)
Impairment allowance	(1 323 544)	(349 308)	(1 085 175)	(313 206)
TOTAL, NET:	**21 267 934**	**6 641 345**	**19 082 765**	**6 152 513**

Ageing of overdue finance lease receivables:		30.06.2017. EUR	31.12.2016. EUR
1-30 days		22 815 890	21 424 333
31-60 days		4 486 973	3 656 186
61-90 days		397 302	383 536
90 + days		2 022 218	1 094 132
	TOTAL, GROSS:	**29 722 383**	**26 558 187**

7. Borrowings

	Interest rate per annum (%)	*Maturity*	30.06.2017.	31.12.2016.
Bonds nominal value	10	31.03.2021	15 790 000	17 690 000
Accrued interest for bonds			288 602	318 841
Bonds acquisition costs			(99 093)	(87 936)
Loan from Bank	7,75 + 6m EURIBOR	31.07.2017	5 450 000	700 000
Accrued interest for loan from bank			19 243	3 707
Loan acquisition costs			(500)	(21 293)
Loans from P2P investors			865 263	-
Accrued interest for loans from P2P investors			4 659	-
		TOTAL:	**22 318 174**	**18 603 319**