JOINT STOCK COMPANY "MOGO"
(UNIFIED REGISTRATION NUMBER LV50103541751)

INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2018

Riga, 2018

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
Council Members	Modestas Sudnius, from 3 July 2018
	Māris Kreics, from 3 July 2018
	Kārlis Bērziņš, from 3 July 2018
Financial period	1 January – 30 June 2018
Previous financial period Statement of Financial Position	1 January – 31 December 2017
Previous financial period Statement of Profit or Loss	1 January – 30 June 2017

Management report

31 August, 2018

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 and leaseback transactions for amounts up to 15 000 euro with duration up to seven years. In addition, Company offers consumer loan product for amounts up to 3 000 euro with duration up to four years. Funding is being offered online through the Company's branded website, mobile homepage and onsite at customer service centres, 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, finance lease and consumer loan solutions. In order to achieve this the Company offers to its customers various solutions adjusted to their 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 and consumer loan 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, finance lease and consumer loan 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.
▪ Long term relationship – the Company values and creates mutually beneficial long term relationship with its customers, it welcomes feedback and suggestions for improvement.

Operations and Financial Results

The first 6 months of 2018 was a period of continuous growth – reaching 9.9 million EUR in revenues (60% increase, compared to the same period in 2017), supported by strong new loan origination level of 13.6 million EUR (40% increase, compared to the same period in 2017). EBITDA was EUR 2.5 million which is 1.2 million less than in the same period in 2017. The decrease was driven by higher impairment charges and increase in administration costs, due continued investment in expansion to new markets and IT capabilities. In July 2018 separate entities were established to manage Mogo group wide strategic expansion and support all local businesses going forward. Therefore administration costs in the Company are expected to decrease significantly.

During the first half of 2018 the Company has continued operations in order to support its mission – to offer accessible leasing and consumer lending 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, while at the same time increasing customers satisfaction with the provided service.

The first 6 months of 2018 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 improvement of cooperation efficiency with the vehicle trade partners, the Company offers various partnership solutions and individual approach to effective processing of client applications, as well as conducts joint marketing campaigns.

During the first half of 2018, 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, finance lease and consumer lending sector.

Signed on behalf of the Company on 31 August, 2018 by:

Edgars Egle

Chairman of the Board

Statement of Management Responsibility

31 August, 2018

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 Standards and give a true and fair view of the Company's assets, liabilities, financial position as at 30 June 2018.

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 31 August, 2018 by:

Edgars Egle
Chairman of the Board

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income

	Note	01.01.2018. - 30.06.2018. EUR	01.01.2017. - 30.06.2017. EUR
Interest and similar income	**3**	9 904 049	6 198 057
Interest expense and similar expenses	**4**	(3 344 118)	(1 153 715)
Gross profit		**6 559 931**	**5 044 342**
Impairment expense	**5**	(2 060 916)	(280 444)
Loss arising from cession of financial lease receivables	**6**	(407 186)	(551 838)
Selling expense	**7**	(496 461)	(225 852)
Administrative expense	**8**	(3 144 238)	(1 650 325)
Other operating income		72 795	22 077
Other operating expense		(110 122)	(2 160)
Other interest income and similar income		791	9
Other interest expense and similar expense		(2 093)	(286)
Profit before tax		**412 501**	**2 355 523**
Corporate income tax		(2 193)	(347 751)
Deferred corporate income tax		-	59 356
Total comprehensive profit for the period		**410 308**	**2 067 128**

Signed on behalf of the Company on 31 August, 2018 by:

Edgars Egle
Chairman of the Board

Interim Condensed Statement of Financial Position

ASSETS

NON-CURRENT ASSETS	30.06.2018. EUR	31.12.2017. EUR
Intangible assets		
Intangible assets	1 336 055	1 172 991
Total intangible assets	**1 336 055**	**1 172 991**
Tangible assets		
Property, plant and equipment	202 600	112 637
Leasehold improvements	12 442	12 602
Advance payments for assets	33 734	19 517
Total tangible assets	**248 776**	**144 756**
Non-current financial assets		
Investments in related companies	425 026	26
Finance Lease Receivables	23 979 130	22 811 494
Loans and advances to customers	1 004 193	639 989
Loans to related companies	25 965 000	17 865 000
Total non-current financial assets	**51 373 350**	**41 316 508**
TOTAL NON-CURRENT ASSETS	**52 958 181**	**42 634 255**
CURRENT ASSETS		
Inventories		
Finished goods and goods for resale	499 784	339 491
Total inventories	**499 784**	**339 491**
Receivables		
Finance Lease Receivables	10 286 174	7 870 273
Loans and advances to customers	1 054 975	503 234
Loans to non related parties	14 917	16 065
Receivables from related companies	182 538	200 751
Non-current assets held for sale	625 170	387 623
Other receivables	798 647	1 311 895
Prepaid expense	691 630	361 280
Accrued revenue	28 577	38 183
CIT receivables	115 351	-
Total receivables	**13 797 978**	**10 689 305**
Cash and cash equivalents	614 028	671 871
TOTAL CURRENT ASSETS	**14 911 790**	**11 700 667**
TOTAL ASSETS	**67 869 971**	**54 334 922**

Signed on behalf of the Company on 31 August, 2018 by:

Edgars Egle
Chairman of the Board

Interim Condensed Statement of Financial Position

EQUITY AND LIABILITIES

	Note	30.06.2018. EUR	31.12.2017. EUR
EQUITY			
Share capital		5 000 000	5 000 000
Currency conversion reserve		1	1
Retained earnings:			
brought forward		2 793 078	1 315 055
for the period		410 308	3 552 044
TOTAL EQUITY		**8 203 387**	**9 867 100**
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions		495 557	357 169
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES		**495 557**	**357 169**
LIABILITIES			
Non-current liabilities			
Borrowings	**9**	50 490 009	39 288 218
Borrowings from related parties		331 260	
Total non-current liabilities		**50 821 269**	**39 288 218**
Current liabilities			
Borrowings	**9**	6 818 635	3 430 181
Prepayments received from customers		361 541	293 806
Trade payables		475 647	181 397
Payables to related companies		52 428	3 872
Corporate income tax payable		-	365 786
Taxes payable		182 642	64 404
Other liabilities		8 333	7 713
Accrued liabilities		450 532	475 276
Total current liabilities		**8 349 758**	**4 822 435**
TOTAL LIABILITIES		**59 171 027**	**44 110 653**
TOTAL EQUITY AND LIABILITIES		**67 869 971**	**54 334 922**

Signed on behalf of the Company on 31 August, 2018 by:

Edgars Egle
Chairman of the Board

Interim Condensed Statement of Cash Flows

Cash flows generated from/ (used in) operating activities	30.06.2018. EUR	30.06.2017. EUR
Profit before tax	412 501	2 355 523
Adjustments for:		
Amortisation and depreciation	268 298	195 098
Interest income	(1 480 046)	(135 963)
Interest expense	2 927 759	1 526 642
Loss on disposal of property, plant and equipment	-	473
Increase/(decrease) of impairment	2 050 294	274 471
Bonds acquisition expenses written off	(120 036)	(11 158)
Accrued income	9 607	(49 797)
Operating profit before working capital changes	**4 068 377**	**4 155 289**
(Increase)/ decrease in inventories	(160 293)	(2 232)
(Increase)/ decrease in receivables	(7 144 896)	(2 570 178)
Increase/ (decrease) in payables	740 164	(171 489)
Cash generated from operations	**(2 496 648)**	**1 411 390**
Corporate income tax paid	(94 530)	(339 461)
Net cash flows generated from/ (used in) operating activities	**(2 591 178)**	**1 071 929**
Cash flows generated from/ (used in) investing activities		
Purchase of property, plant and equipment	(535 381)	(171 397)
Loans issued	(11 750 000)	(2 980 000)
Loan repayments received	3 651 149	642 049
Interest received	1 480 046	135 963
Investments in Subsidaries	(425 000)	
Net cash flows generated from/ (used in) investing activities	**(7 579 186)**	**(2 373 385)**
Cash flows generated from/ (used in) financing activities		
Proceeds from borrowings	31 975 750	9 863 416
Repayment of borrowings	(20 132 342)	(3 900 000)
Sales/ purchase of securities	3 100 000	(1 900 000)
Interest paid	(2 830 887)	(1 736 623)
Dividends paid	(2 000 000)	(590 000)
Net cash flows generated from/ (used in) financing activities	**10 112 521**	**1 736 793**
Change in cash and cash equivalents	**(57 843)**	**435 337**
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the period	671 871	147 024
Cash and cash equivalents at the end of the period	**614 028**	**582 361**

Signed on behalf of the Company on 31 August, 2018 by:

Edgars Egle
Chairman of the Board

Interim Condensed Statement of Changes in Equity

	Share capital	Retained earnings/ (Accumulated loss)	Currency revaluation reserve	Total
Balance as at 31.12.2016	**5 000 000**	**3 318 381**	**1**	**8 318 382**
Dividends paid		(590 000)		(590 000)
Total comprehensive income for the reporting period	-	2 067 128	-	2 067 128
Balance as at 30.06.2017	**5 000 000**	**4 795 509**	**1**	**9 795 510**
Total comprehensive income for the reporting period	-			-
Balance as at 31.12.2017	**5 000 000**	**4 867 099**	**1**	**9 867 100**
Dividends paid		(2 000 000)	-	(2 000 000)
Impairment adjustment according to IFRS 9		(74 021)		(74 021)
Total comprehensive income for the reporting period		410 308	-	410 308
Balance as at 30.06.2018	**5 000 000**	**3 203 386**	**1**	**8 203 387**

Signed on behalf of the Company on 31 August, 2018 by:

Edgars Egle
Chairman of the Board

Notes to the Interim Condensed 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, leaseback services and cashloans.

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.

Impairment allowance

In July 2014, the IASB issued IFRS 9 Financial Instruments, the standard that replaces IAS 39 for annual periods on or after 1 January 2018, with early adoption permitted.
IFRS 9 has fundamentally changed the credit loss recognition methodology. The standard has replaced IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The Company is required to recognize an allowance for expected losses for all loans and other debt financial assets not held at FVPL. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset. Loss allowances based on lifetime expected credit losses is calculated also for purchased or originated credit-impaired assets (POCI) regardless of the changes in credit risk during the lifetime of an instrument. The Company has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.
The assets to test for impairment are divided into three groups depending on the stage of credit deterioration. Stage 1 includes assets where there has been no significant increase in credit risk or which are classified as low risk (rating categorised as "Investment grade" or higher), stage 2 includes assets where there has been a significant increase in credit risk and stage 3 includes defaulted assets. Significant assets in stage 3 are tested for impairment on an individual basis, while for insignificant assets a collective assessment is performed. In stage 1, the allowances should equal the 12 month expected credit loss. In stage 2 and 3, the allowances should equal the lifetime expected credit losses.
IFRS 9 impairment requirements are applied retrospectively, with transition impact recognized in retained earnings

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

	01.01.2018. - 30.06.2018.	01.01.2017. - 30.06.2017.
Interest income on financial assets measured at amortised cost:		
Interest income from finance lease receivables**	7 311 312	5 608 220
Interest income for loans from P2P platform investors	1 480 046	135 963
Interest income from loans and advances to customers	554 303	-
Total interest income on financial assets measured at amortised cost	**9 345 661**	**5 744 183**
Income from debt collection activities	254 051	276 869
Income from penalties received	304 337	177 005
TOTAL:	**9 904 049**	**6 198 057**

4. Interest expense and similar expenses

	01.01.2018. - 30.06.2018.	01.01.2017. - 30.06.2017.
Interest expenses on financial liabilities measured at amortised cost:		
Interest expense on issued bonds	1 646 474	872 189
Interest expenses for loans from P2P platform investors	1 379 678	27 422
Interest expenses for loans from related parties	1 260	-
Interest expenses for loans from banks	-	221 069
Total interest income on financial assets measured at amortised cost	**3 027 412**	**1 120 680**
Expenses related to attracting funding	316 706	33 035
TOTAL:	**3 344 118**	**1 153 715**

5. Impairment expense

	01.01.2018. - 30.06.2018.	01.01.2017. - 30.06.2017.
Change in impairment	2 050 294	274 471
Written off debts	10 622	5 973
TOTAL:	**2 060 916**	**280 444**

6. Loss arising from cession of financial lease receivables

	01.01.2018. - 30.06.2018. EUR	01.01.2017. - 30.06.2017. EUR
Loss arising from cession of financial lease receivables	407 186	551 838
TOTAL:	**407 186**	**551 838**

7. Selling expense

	01.01.2018. - 30.06.2018.	01.01.2017. - 30.06.2017.
Marketing expenses	477 749	216 668
Other selling expenses	18 712	9 184
TOTAL:	**496 461**	**225 852**

8. Administrative expense

	01.01.2018. - 30.06.2018.	01.01.2017. - 30.06.2017.
Salaries	1 398 079	730 848
Social security contributions	317 432	164 455
Amortization and depreciation	268 298	195 098
Office and branches' maintenance expenses	226 213	169 214
Other personnel expenses	172 123	17 281
IT services	165 436	81 618
Donations	178 500	119 500
Credit database expenses	102 813	36 019
Professional services	139 646	21 341
Business trip expenses	50 901	16 146
Low value equipment expenses	22 784	1 437
Communication expenses	18 334	10 559
Bank commissions	8 978	52 013
Transportation expenses	7 263	3 453
Other administration expenses	67 438	31 343
TOTAL:	**3 144 238**	**1 650 325**

9. Borrowings

	Interest rate per annum (%)	*Maturity*	30.06.2018.	31.12.2017.
Bonds nominal value	10	31.03.2021.	30 000 000	26 900 000
Bonds acquisition costs			(581 003)	(460 967)
Additional bond interest accural			153 708	124 270
Loans from P2P investors	8-14	30.06.2024.	27 580 526	16 067 118
Accrued interest for loans from P2P investors			155 413	87 978
Borrowings from related parties			330 000	-
Accrued interest for loans from related parties			1 260	-
		TOTAL:	**57 639 904**	**42 718 399**