

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

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

Riga, 2018

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

Statement of Profit or Loss and other Comprehensive Income

	Note	01.01.2018. - 30.06.2018.	01.01.2017. - 30.06.2017.
		EUR	EUR
Interest and similar income	1	- 9 904 049	6 198 057
Interest expense and similar expenses	2	(3 344 118)	(1 153 715)
Gross profit		6 559 931	5 044 342
Impairment expense	3	(2 060 916)	(280 444)
Loss arising from cession of financial lease receivables	4	(407 186)	(551 838)
Selling expense	5	(496 461)	(225 852)
Administrative expense	6	(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

Statement of Financial Position

ASSETS		30.06.2018.	31.12.2017.
		EUR	EUR
NON-CURRENT ASSETS			
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		23 990 953	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		51 385 172	41 316 508
TOTAL NON-CURRENT ASSETS		52 970 003	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		10 290 726	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		13 802 531	10 689 305
Cash and cash equivalents		614 028	671 871
TOTAL CURRENT ASSETS		14 916 343	11 700 667
TOTAL ASSETS		67 886 346	54 334 922

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



Edgars Egle
 Chairman of the Board

Statement of Financial Position**EQUITY AND LIABILITIES**

EQUITY	Note	30.06.2018.	31.12.2017.
		EUR	EUR
Share capital		5 000 000	5 000 000
Currency conversion reserve		1	1
Retained earnings:			
brought forward		2 809 453	1 315 055
for the period		410 308	3 552 044
TOTAL EQUITY		8 219 762	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	7	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	7	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		67 886 346	54 334 922

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



 Edgars Egle
 Chairman of the Board

Notes to the Financial Statements

1. Interest and similar income

	01.01.2018. - 30.06.2018.	01.01.2017. - 30.06.2017.
<i>Interest income on financial assets measured at amortised cost:</i>		
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

2. Interest expense and similar expenses

	01.01.2018. - 30.06.2018.	01.01.2017. - 30.06.2017.
<i>Interest expenses on financial liabilities measured at amortised cost:</i>		
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 expense on financial liabilities 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

3. 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

4. Loss arising from cession of financial lease receivables

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

5. 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

6. 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

7. Borrowings

	<i>Interest rate</i>	<i>Maturity</i>	30.06.2018.	31.12.2017.
	<i>per annum (%)</i>			
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