

MOGO FINANCE WITH RAPID GROWTH IN FIRST HALF OF 2018 – LAUNCH OF NEW OPERATIONS AND CONFIRMED OUTLOOK

Riga, Latvia, 17 August 2018. Mogo Finance and its group companies (the "Group"), specialized in used car financing, voluntarily reports on the first half-year of 2018 based on preliminary IFRS-figures to reflect the shift of its publications to quarterly financial reporting which will take place at the end of the 9-month reporting period 2018.

OPERATIONAL HIGHLIGHTS AND PROGRESS

- Significant growth in core business with Group loans issued increased by approx. 73% equaling around EUR 59 million
- Consolidated number of customers up strongly approx. 10% to around 104,000 (FY2017: approx. 95,000)
- Successful launch of new operations in Belarus, steady growth in countries launched in 2017 – Bulgaria, Romania, and Moldova – with loan demand for the most part exceeding expectations

FINANCIAL HIGHLIGHTS AND PROGRESS

- Interest and similar income jumping up 52.6% to EUR 26.4 million (H1 2017: EUR 17.3 million)
- Optimization of financing costs by EUR 0.5 million in H2 2018 with proceeds from bond issuance after the balance sheet date – further improvements in 2019

In the 6-months period from 1 January to 30 June 2018, Mogo Finance increased interest and similar income above the Management's expectations in the mid-double-digit percentage area (approx. 53%) to EUR 26.4 million (H1 2017: EUR 17.3 million). The rapid growth of the Group's portfolio was, in particular, driven by loan expansion in Bulgaria as well as in the home market of Latvia and further economically outperforming countries like Georgia. In Poland, Mogo Finance implemented stricter underwriting criteria compared to 2017 to enhance the overall portfolio quality, in particular, in the primary markets of the Group.

At the same time, the customer base also showed a strong growth of approx. 10%. As of 30 June 2018, approx. 42,000 customers out of 104,000 clients have repaid their loans. Mogo Finance issued another loan to approx. 9,400 clients out of 42,000, representing a returning customer ratio of 22.4%, which is unprecedented for a growing portfolio with a long-term product base.

Operating earnings before interest, taxes, depreciation and amortization (EBITDA) resulted almost on the level of the previous year's period at EUR 9.0 million (H1 2017: EUR 10.1 million), while an increase in costs reflected the investments in growth and of existing business and new market entries as well as significant but controlled staff growth to better position Mogo Finance for the next growth phase. The financial strength of the Group to remains solid – further improvements are expected.

Group loans issued and net portfolio by geographical distribution

(in EUR million)							
	Loans issued			Net portfolio			
	H1 2017	H1 2018	Change (in %)	31 Dec. 2017	Total share (in %)	30 June 2018	Total share (in %)
Albania	0.0	0.4	n/a	0.0	n/a	0.3	0.2
Bulgaria	0.5	5.2	+917.9	2.6	2.7	6.6	5.4
Belarus	0.0	0.3	n/a	0.0	n/a	0.2	0.2
Estonia	5.4	6.3	+17.0	16.8	17.3	19.1	15.7
Georgia	7.3	15.6	+112.0	15.6	16.0	22.6	18.6
Lithuania	6.2	8.1	+30.9	19.0	19.5	21.1	17.4
Latvia	9.7	13.6	+40.4	31.8	32.7	36.3	30.0
Moldova	0.0	3.2	n/a	1.5	1.5	3.9	3.2
Poland	4.1	2.6	(37.1)	6.4	6.6	5.3	4.3
Romania	1.1	4.1	+273.7	3.5	3.6	5.9	4.9
Total	34.3	59.3	72.7	97.2		121.3	

OUTLOOK

The Management of Mogo Finance intends to expand its footprint in line with the Group's growth strategy in Europe to build a leading position in the second-hand car financing sector by entering promising markets. The launch of new operations in Ukraine is expected for the second half of 2018. In the medium term, Mogo Finance is already preparing to enter the markets in Central Asia region with the foundation of local structures. In the second half of the financial year 2018, increasingly focusing on profitability, the financing structure will significantly benefit from the successful issuance of a 4-year corporate bond (XS1831877755) in the Open Market of the Frankfurt Stock Exchange, oversubscribed EUR 50 million of bonds at par with an annual interest rate of 9.50%, after the end of the period under review. The use of the bond proceeds will optimize financing costs in the second half-year 2018 by EUR 0.5 million with further improvements expected for 2019.

With the end of the 9-month period 2018, Mogo Finance will shift to quarterly financial reporting. The publication of a voluntary notification on the basis of preliminary IFRS-figures to an appropriate extent for the course of business in the first half of the year 2018 reflects this step. The quarterly statement for the period from 1 July to 30 September is to be published in calendar week 43, beginning 22 October 2018.

SUBSEQUENT EVENTS

After the end of the period under review, on 11 July 2018, Mogo Finance successfully issued a 4-year corporate bond (XS1831877755) in the Open Market of the Frankfurt Stock

Exchange, oversubscribed EUR 50 million of bonds at par with an annual interest rate of 9.50%. The listing marked the next step of Mogo Finance growth strategy in Europe to build a leading position in the second-hand car financing sector, while the interest of European investors underlined the prospects of the Group's business model. With the upcoming inclusion of the bond in the Regulated Market of Deutsche Börse, Mogo Finance will also further intensify the capital markets communication thus raising market awareness of used car financing. The proceeds of the bond issuance were partially used for the refinancing of existing debts in July, in particular, with the immediate repayment of most cost-intensive part of the financing structure, in full a mezzanine facility as well as one-third of Mintos loans, which previously carried an with an average weighted interest rate of 13.2%, compared to 9.50% of the issued bond.

On 25 July 2018, Caroline Goergen, Inna Horner, and Liviu Rusu resigned from their positions as Directors to pursue other interests effective as of the same day. Maris Kreics, Sebastian Koller, and Daniela Roca joined the Board of Directors from 25 July 2018 and for a period ending at and including the date of the annual general meeting of the Company to be held in 2022.

LATVIAN OPERATIONS ONLY – INTERIM CONDENSED FINANCIAL INFORMATION
AS “MOGO” (SINGLE ENTITY)

The following interim condensed financial information do not concern the Mogo Finance Group, but the individual company AS Mogo, headquartered in Riga, Latvia, which itself issued a corporate bond in the Regulated Market operated by NASDAQ Riga.

Statement of Profit or Loss and other Comprehensive Income

(in EUR million)	H1 2017	H1 2018
Interest and similar income	6.2	9.9
Interest expense and similar expenses	(1.2)	(3.3)
Gross profit	5.0	6.6
Impairment expense	(0.3)	(2.1)
Loss arising from cession of financial lease receivables	(0.6)	(0.4)
Selling expense	(0.2)	(0.5)
Administrative expense	(1.7)	(3.1)
Other operating income	0.0	0.1
Other operating expense	(0.0)	(0.1)
Other interest income and similar income	0.0	0.0
Other interest expense and similar expense	(0.0)	(0.0)
Profit before tax	2.4	0.4
Corporate income tax	(0.3)	(0.0)
Deferred corporate income tax	0.1	-
Total comprehensive profit for the period	2.1	0.4

Statement of Financial Position – Assets

(in EUR million)	31 Dec. 2017	30 June 2018
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets	1.2	1.3
Total intangible assets	1.2	1.3
Tangible assets		
Property, plant and equipment	0.1	0.2
Leasehold improvements	0.0	0.0
Advance payments for assets	0.0	0.0
Total tangible assets	0.1	0.2
Non-current financial assets		
Investments in related companies	0.0	0.4
Finance Lease Receivables	22.8	24.0
Loans and advances to customers	0.6	1.0
Loans to related companies	17.9	26.0
Total non-current financial assets	41.3	51.4
TOTAL NON-CURRENT ASSETS	42.6	53.0
CURRENT ASSETS		
Inventories		
Finished goods and goods for resale	0.3	0.5
Total Inventories	0.3	0.5
Receivables		
Finance lease receivables	7.9	10.3
Loans and advances to customers	0.5	1.1
Loans to non-related parties	0.0	0.0
Receivables from related companies	0.2	0.2
Non-current assets held for sale	0.4	0.6
Other receivables	1.3	0.8
Prepaid expense	0.4	0.7
Accrued revenue	0.0	0.0
CIT receivables	-	0.1
Total receivables	10.7	13.8
Cash and cash equivalents	0.7	0.6
TOTAL CURRENT ASSETS	11.7	14.9
TOTAL ASSETS	54.3	67.9

Statement of Financial Position – Equity and Liabilities

(in EUR million)	31 Dec. 2017	30 June 2018
EQUITY		
Share capital	5.0	5.0
Currency conversion reserve	0.0	0.0
Retained Earnings:		
brought forward	1.3	2.8
for the period	3.6	0.4
TOTAL EQUITY	9.9	8.2
LIABILITIES		
Provisions for liabilities and charges		
Other provisions	0.4	0.5
Total Provisions for liabilities and charges	0.4	0.5
Non-current liabilities		
Borrowings	39.3	50.5
Borrowings from related parties	-	0.3
Total non-current liabilities	39.3	50.8
Current liabilities		
Borrowings	3.4	6.8
Prepayments received from customers	0.3	0.4
Trade payables	0.2	0.5
Payables to related companies	0.0	0.1
Corporate income tax payable	0.4	-
Taxes payable	0.1	0.2
Other liabilities	0.0	0.0
Accrued liabilities	0.5	0.5
Total current liabilities	4.8	8.3
TOTAL LIABILITIES	44.1	59.2
TOTAL EQUITY AND LIABILITIES	54.3	67.9

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ABOUT MOGO FINANCE:

Mogo Finance is one of the largest and fastest growing secured used car financing companies in Europe. Recognizing the niche in used car financing underserved by traditional lenders, Mogo Finance has expanded its operations to 10 countries issuing over EUR 250 million up to date and running a net loan portfolio over EUR 120 million. Mogo offers secured loans up to EUR 10,000 with maximum tenor of 72 months making used car financing process convenient, both for its customers and partners. Wide geographical presence makes Mogo unique over its rivals and diversifies revenue streams.

Mogo Finance operates through its own branch network, more than 2,000 partner locations and strong online presence. Physical footprint makes Mogo Finance top of mind brand in used car financing. Established in 2012, headquartered in Riga, Latvia and operates in: Latvia, Estonia, Lithuania, Georgia, Poland, Romania, Bulgaria, Moldova, Albania, Belarus.

www.mogofinance.com

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