# Mogo Finance S.A.
**Société anonyme**

# Annual accounts and Report of the Réviseur d' Entreprises agréé for the financial year ended December 31, 2017

Registered office:
6, rue Guillaume Schneider
L-2522 Luxembourg
Luxembourg Trade and Companies Register number: B 174.457
Share capital: EUR 31,036

## Mogo Finance S.A.
## Société anonyme

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**Annual Accounts Helpdesk :**

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| RCSL Nr. : B174457 | Matricule : 2012 2226 019 |
|---|---|
| | eCDF entry date : |

# BALANCE SHEET

**Financial year from** 01 01/01/2017 **to** 02 31/12/2017 *(in* 03 EUR *)*

Mogo Finance

6, rue Guillaume Schneider
L-2522 Luxembourg

## ASSETS

| | Reference(s) | Current year | Previous year |
|---|---|---|---|
| **A. Subscribed capital unpaid** | 1101 | 101 | 102 |
| I. Subscribed capital not called | 1103 | 103 | 104 |
| II. Subscribed capital called but unpaid | 1105 | 105 | 106 |
| **B. Formation expenses** | 1107 | 107 | 108 |
| **C. Fixed assets** | 1109 | 109 33.782.882,00 | 110 37.575.212,00 |
| I. Intangible assets | 1111 | 111 | 112 |
| 1. Costs of development | 1113 | 113 | 114 |
| 2. Concessions, patents, licences, trade marks and similar rights and assets, if they were | 1115 | 115 | 116 |
| a) acquired for valuable consideration and need not be shown under C.I.3 | 1117 | 117 | 118 |
| b) created by the undertaking itself | 1119 | 119 | 120 |
| 3. Goodwill, to the extent that it was acquired for valuable consideration | 1121 | 121 | 122 |
| 4. Payments on account and intangible assets under development | 1123 | 123 | 124 |
| II. Tangible assets | 1125 | 125 | 126 |
| 1. Land and buildings | 1127 | 127 | 128 |
| 2. Plant and machinery | 1129 | 129 | 130 |

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|---|---|

| | | Reference(s) | | Current year | | Previous year |
|---|---|---|---|---|---|---|
| 3. Other fixtures and fittings, tools and equipment | 1131 | | 131 | | 132 | |
| 4. Payments on account and tangible assets in the course of construction | 1133 | | 133 | | 134 | |
| III. Financial assets | 1135 | | 135 | 33.782.882,00 | 136 | 37.575.212,00 |
| 1. Shares in affiliated undertakings | 1137 | Note 4 | 137 | 13.735.131,00 | 138 | 12.444.446,00 |
| 2. Loans to affiliated undertakings | 1139 | | 139 | | 140 | |
| 3. Participating interests | 1141 | | 141 | | 142 | |
| 4. Loans to undertakings with which the undertaking is linked by virtue of participating interests | 1143 | Note 5 | 143 | 19.439.019,00 | 144 | 21.406.679,00 |
| 5. Investments held as fixed assets | 1145 | Note 6 | 145 | | 146 | 3.565.000,00 |
| 6. Other loans | 1147 | Note 7 | 147 | 608.732,00 | 148 | 159.087,00 |
| **D. Current assets** | 1151 | | 151 | 3.113.624,00 | 152 | 546.193,00 |
| I. Stocks | 1153 | | 153 | | 154 | |
| 1. Raw materials and consumables | 1155 | | 155 | | 156 | |
| 2. Work in progress | 1157 | | 157 | | 158 | |
| 3. Finished goods and goods for resale | 1159 | | 159 | | 160 | |
| 4. Payments on account | 1161 | | 161 | | 162 | |
| II. Debtors | 1163 | | 163 | 235.293,00 | 164 | 9.132,00 |
| 1. Trade debtors | 1165 | | 165 | | 166 | |
| a) becoming due and payable within one year | 1167 | | 167 | | 168 | |
| b) becoming due and payable after more than one year | 1169 | | 169 | | 170 | |
| 2. Amounts owed by affiliated undertakings | 1171 | | 171 | | 172 | |
| a) becoming due and payable within one year | 1173 | | 173 | | 174 | |
| b) becoming due and payable after more than one year | 1175 | | 175 | | 176 | |
| 3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | 1177 | Note 5 | 177 | 113.217,00 | 178 | 28,00 |
| a) becoming due and payable within one year | 1179 | | 179 | 113.217,00 | 180 | 28,00 |
| b) becoming due and payable after more than one year | 1181 | | 181 | | 182 | |
| 4. Other debtors | 1183 | Note 8 | 183 | 122.076,00 | 184 | 9.104,00 |
| a) becoming due and payable within one year | 1185 | | 185 | 122.076,00 | 186 | 9.104,00 |
| b) becoming due and payable after more than one year | 1187 | | 187 | | 188 | |

| RCSL Nr. : B174457 | Matricule : 2012 2226 019 |
|---|---|

| | | Reference(s) | | Current year | | Previous year |
|---|---|---|---|---|---|---|
| III. Investments | 1189 | | 189 | | 190 | |
| 1. Shares in affiliated undertakings | 1191 | | 191 | | 192 | |
| 2. Own shares | 1209 | | 209 | | 210 | |
| 3. Other investments | 1195 | | 195 | | 196 | |
| IV. Cash at bank and in hand | 1197 | | 197 | 2.878.331,00 | 198 | 537.061,00 |
| **E. Prepayments** | 1199 | | 199 | 591.929,00 | 200 | 479.393,00 |
| **TOTAL (ASSETS)** | | | 201 | 37.488.435,00 | 202 | 38.600.798,00 |

## CAPITAL, RESERVES AND LIABILITIES

| | | Reference(s) | | Current year | | Previous year |
|---|---|---|---|---|---|---|
| **A. Capital and reserves** | 1301 | Note 9 | 301 | -28.966,00 | 302 | 9.191.504,00 |
| I. Subscribed capital | 1303 | | 303 | 31.036,00 | 304 | 31.036,00 |
| II. Share premium account | 1305 | | 305 | | 306 | 9.968.964,00 |
| III. Revaluation reserve | 1307 | | 307 | | 308 | |
| IV. Reserves | 1309 | | 309 | | 310 | |
| 1. Legal reserve | 1311 | | 311 | | 312 | |
| 2. Reserve for own shares | 1313 | | 313 | | 314 | |
| 3. Reserves provided for by the articles of association | 1315 | | 315 | | 316 | |
| 4. Other reserves, including the fair value reserve | 1429 | | 429 | | 430 | |
| a) other available reserves | 1431 | | 431 | | 432 | |
| b) other non available reserves | 1433 | | 433 | | 434 | |
| V. Profit or loss brought forward | 1319 | | 319 | -808.496,00 | 320 | -1.582.058,00 |
| VI. Profit or loss for the financial year | 1321 | | 321 | 748.494,00 | 322 | 773.562,00 |
| VII. Interim dividends | 1323 | | 323 | | 324 | |
| VIII. Capital investment subsidies | 1325 | | 325 | | 326 | |
| **B. Provisions** | 1331 | | 331 | 201.494,00 | 332 | 9.754,00 |
| 1. Provisions for pensions and similar obligations | 1333 | | 333 | | 334 | |
| 2. Provisions for taxation | 1335 | | 335 | 9.509,00 | 336 | 9.754,00 |
| 3. Other provisions | 1337 | Note 10 | 337 | 191.985,00 | 338 | |
| **C. Creditors** | 1435 | Note 11 | 435 | 37.315.907,00 | 436 | 29.399.540,00 |
| 1. Debenture loans | 1437 | | 437 | | 438 | |
| a) Convertible loans | 1439 | | 439 | | 440 | |
| i) becoming due and payable within one year | 1441 | | 441 | | 442 | |
| ii) becoming due and payable after more than one year | 1443 | | 443 | | 444 | |
| b) Non convertible loans | 1445 | | 445 | | 446 | |
| i) becoming due and payable within one year | 1447 | | 447 | | 448 | |
| ii) becoming due and payable after more than one year | 1449 | | 449 | | 450 | |
| 2. Amounts owed to credit institutions | 1355 | | 355 | | 356 | |
| a) becoming due and payable within one year | 1357 | | 357 | | 358 | |
| b) becoming due and payable after more than one year | 1359 | | 359 | | 360 | |

| RCSL Nr. : B174457 | Matricule : 2012 2226 019 |
|---|---|

| | Reference(s) | | Current year | | Previous year |
|---|---|---|---|---|---|
| 3. Payments received on account of orders in so far as they are shown separately as deductions from stocks | 1361 | 361 | | 362 | |
| a) becoming due and payable within one year | 1363 | 363 | | 364 | |
| b) becoming due and payable after more than one year | 1365 | 365 | | 366 | |
| 4. Trade creditors | 1367 | 367 | 203.145,00 | 368 | 13.053,00 |
| a) becoming due and payable within one year | 1369 | 369 | 203.145,00 | 370 | 13.053,00 |
| b) becoming due and payable after more than one year | 1371 | 371 | | 372 | |
| 5. Bills of exchange payable | 1373 | 373 | | 374 | |
| a) becoming due and payable within one year | 1375 | 375 | | 376 | |
| b) becoming due and payable after more than one year | 1377 | 377 | | 378 | |
| 6. Amounts owed to affiliated undertakings | 1379 | 379 | | 380 | 378,00 |
| a) becoming due and payable within one year | 1381 | 381 | | 382 | 378,00 |
| b) becoming due and payable after more than one year | 1383 | 383 | | 384 | |
| 7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests | 1385 | 385 | 25.055.830,00 | 386 | 17.344.108,00 |
| a) becoming due and payable within one year | 1387 | 387 | 482.267,00 | 388 | |
| b) becoming due and payable after more than one year | 1389 | 389 | 24.573.563,00 | 390 | 17.344.108,00 |
| 8. Other creditors | 1451 | 451 | 12.056.932,00 | 452 | 12.042.001,00 |
| a) Tax authorities | 1393 | 393 | | 394 | |
| b) Social security authorities | 1395 | 395 | | 396 | |
| c) Other creditors | 1397 | 397 | 12.056.932,00 | 398 | 12.042.001,00 |
| i) becoming due and payable within one year | 1399 | 399 | 12.056.931,00 | 400 | 12.042.000,00 |
| ii) becoming due and payable after more than one year | 1401 | 401 | 1,00 | 402 | 1,00 |
| **D. Deferred income** | 1403 | 403 | | 404 | |
| **TOTAL (CAPITAL, RESERVES AND LIABILITIES)** | | 405 | 37.488.435,00 | 406 | 38.600.798,00 |

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RCSL Nr. : B174457 | Matricule : 2012 2226 019

eCDF entry date :

# PROFIT AND LOSS ACCOUNT

**Financial year from** 01 01/01/2017 **to** 02 31/12/2017 (in 03 EUR )

Mogo Finance

6, rue Guillaume Schneider
L-2522 Luxembourg

## PROFIT AND LOSS ACCOUNT

| | | Reference(s) | | Current year | | Previous year |
|---|---|---|---|---|---|---|
| **1. Net turnover** | 1701 | | 701 | | 702 | |
| **2. Variation in stocks of finished goods and in work in progress** | 1703 | | 703 | | 704 | |
| **3. Work performed by the undertaking for its own purposes and capitalised** | 1705 | | 705 | | 706 | |
| **4. Other operating income** | 1713 | | 713 | | 714 | |
| **5. Raw materials and consumables and other external expenses** | 1671 | Note 12 | 671 | -446.619,00 | 672 | -338.677,00 |
| a) Raw materials and consumables | 1601 | | 601 | | 602 | |
| b) Other external expenses | 1603 | | 603 | -446.619,00 | 604 | -338.677,00 |
| **6. Staff costs** | 1605 | | 605 | | 606 | |
| a) Wages and salaries | 1607 | | 607 | | 608 | |
| b) Social security costs | 1609 | | 609 | | 610 | |
| i) relating to pensions | 1653 | | 653 | | 654 | |
| ii) other social security costs | 1655 | | 655 | | 656 | |
| c) Other staff costs | 1613 | | 613 | | 614 | |
| **7. Value adjustments** | 1657 | | 657 | | 658 | |
| a) in respect of formation expenses and of tangible and intangible fixed assets | 1659 | | 659 | | 660 | |
| b) in respect of current assets | 1661 | | 661 | | 662 | |
| **8. Other operating expenses** | 1621 | | 621 | | 622 | |

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|---|---|

| | | Reference(s) | | Current year | | Previous year |
|---|---|---|---|---|---|---|
| **9. Income from participating interests** | 1715 | Note 13 | 715 | 1.997.455,00 | 716 | 1.396.500,00 |
| a) derived from affiliated undertakings | 1717 | | 717 | 1.997.455,00 | 718 | 1.396.500,00 |
| b) other income from participating interests | 1719 | | 719 | | 720 | |
| **10. Income from other investments and loans forming part of the fixed assets** | 1721 | | 721 | | 722 | |
| a) derived from affiliated undertakings | 1723 | | 723 | | 724 | |
| b) other income not included under a) | 1725 | | 725 | | 726 | |
| **11. Other interest receivable and similar income** | 1727 | Note 14 | 727 | 2.464.323,00 | 728 | 3.552.012,00 |
| a) derived from affiliated undertakings | 1729 | | 729 | 2.464.323,00 | 730 | 3.552.012,00 |
| b) other interest and similar income | 1731 | | 731 | | 732 | |
| **12. Share of profit or loss of undertakings accounted for under the equity method** | 1663 | | 663 | | 664 | |
| **13. Value adjustments in respect of financial assets and of investments held as current assets** | 1665 | | 665 | | 666 | |
| **14. Interest payable and similar expenses** | 1627 | Note 15 | 627 | -3.263.700,00 | 628 | -3.833.063,00 |
| a) concerning affiliated undertakings | 1629 | | 629 | | 630 | |
| b) other interest and similar expenses | 1631 | | 631 | -3.263.700,00 | 632 | -3.833.063,00 |
| **15. Tax on profit or loss** | 1635 | | 635 | | 636 | |
| **16. Profit or loss after taxation** | 1667 | | 667 | 751.459,00 | 668 | 776.772,00 |
| **17. Other taxes not shown under items 1 to 16** | 1637 | | 637 | -2.965,00 | 638 | -3.210,00 |
| **18. Profit or loss for the financial year** | 1669 | | 669 | 748.494,00 | 670 | 773.562,00 |

## Note 1 - General information

Mogo Finance S.A., (hereinafter the "Company"), was incorporated on December 18, 2012 as a société anonyme for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B174457.

The financial year of the Company starts on January 1 and ends on December 31 of each year.

The principal activity of the Company is to invest, acquire and take participations and interests, in any form whatsoever, in Luxembourg or foreign companies or entities having a purpose similar to the purpose of the Company and to acquire through participations, contributions, purchases, options or in any other way any securities, rights, interests, patents, trademarks and licenses or other property as the Company shall deem fit, and generally to hold, manage, develop, encumber, sell or dispose of the same, in whole or in part, for such consideration that is in the corporate interest of the Company.

The Company may also enter into any financial, commercial or other transactions and grant to any company or entity that forms part of the same group of companies as the Company or is affiliated in any way with the Company, including companies or entities in which the Company has a direct or indirect financial or other kind of interest, any assistance, loan, advance or grant in favor of third parties any security or guarantee to secure the obligations of the same, as well as borrow and raise money in any manner and secure by any means the repayment of any money borrowed.

Finally the Company may take any action and perform any operation which is, directly related to its purpose in order to facilitate the accomplishment of such purpose.

The Company also prepares consolidated financial statements, which are prepared under the International Financial Reporting Standards as adopted by EU and lodged with Luxembourg trade register.

## Note 2 - Summary of significant accounting policies

**Basis of preparation**

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Figures are rounded to whole amounts.

Accounting policies and valuation rules are, besides the ones laid down by the law of December 19, 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Significant accounting policies and valuation rules**

The main valuation rules applied by the Company are the following:

*Financial assets*

Shares in affiliated undertakings and investments held as fixed assets as well as loans to affiliated undertakings and other loans are valued respectively at purchase price / nominal value (loans and claims) including the expenses incidental thereto. In the case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which value adjustments were made have ceased to apply.

*Debtors*

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which value adjustments were made have ceased to apply.

*Foreign currency translation*

The Company maintains its books and records in EUR.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Formation expenses and long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates. Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and realized gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower between the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Solely the unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

*Prepayments*

This asset item includes expenditures incurred during the financial year but relating to subsequent financial years.

*Provisions*

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

*Current tax provisions*

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax debts". The advance payments are shown in the assets of the balance sheet under the caption "Other receivables", if applicable.

*Creditors*

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear/actuarial method.

*Contingencies*

Contingent liabilities are recognized in the financial statements only if the related outflows is deemed probable. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Other possible contingent liabilities

1) Starting from 9 July 2018 Mogo Finance S.A. and its subsidiaries entered into several pledge agreements with Greenmarck Restructuring Solutions GmbH, establishing pledge over shares of the subsidiaries, pledge over present and future loan receivables of the subsidiaries, pledge over trademarks of the subsidiaries, general business pledge over the subsidiaries, pledge over primary bank accounts if feasible, in order to secure Mogo Finance S.A. obligations towards bondholders deriving from Mogo Finance S.A. bonds. Subsequently additional pledgors were added who became material (subsidiaries with net portfolio of more than EUR 7 500 000) according to terms and conditions of the bonds.

2) On November 13, 2018 the Group as Issuer and its subsidiaries as Guarantors signed a guarantee agreement dated 9 July 2018 as amended and restated on 13 November 2018 according to which the guarantors unconditionally and irrevocably guaranteed by way of an independent payment obligation to each holder of the Mogo Finance S.A. bonds the due and punctual payment of principal of, and interest on, and any other amounts payable under the Mogo Finance S.A. bonds prospectus.

*Investments held as fixed assets*

Investments held as fixed assets are valued at the lower of purchase price, including expenses incidental thereto and calculated on the basis of market value, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to the probable realisation value estimated with due care and in good faith by the Board of Directors for transferable securities listed on a stock exchange or traded on another regulated market where the latest quote is not representative.

*Related parties*

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Company are shareholders who could control or who have significant influence over the Company in accepting operating business decisions, key management personnel of the Company and close family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence, including subsidiaries and asscociates.

*Share-based payments*

*Equity-settled transactions*
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

(expressed in EUR)

*Going concern*

These annual accounts are prepared on a going concern basis following the below considerations. Pursuant to article 480-2 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, the annual general meeting of the Company shall resolve on the continuation of the Company since, as a consequence of the losses from the financial year ended on 31 December 2017, the net assets of the Company were reduced to an amount lower than one-quarter of the share capital of the Company. Furthermore, after the balance sheet date the Company improved its financial situation by recognizing income from dividends from subsidiary in Latvia in amount of 2 000 000 EUR thus re-establishing at least the minimum equity which meet regulatory requirements.

## Note 3 - Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingencies. The significant areas of estimation used in the preparation of the financial statements relate fair value of employee share options and measurement of contingent consideration. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

*Fair value of employee share options*

Employees of Company's subsidiaries have entered a share option agreements with the Company or Company's shareholders. Under the agreements respective employees obtain rights to acquire Company's or certain subsidiaries' shares under several graded vesting scenarios. The respective option would be classified as an equity-settled share-based payment transaction in Company's financial statements.

Company's management has estimated that fair value of the options, due to the specifics of the share option agreements, would not be materially different than zero. If it were, the Company would have to record expenses related to this transaction and recognize a respective component of equity.

In estimating fair value for the share option the most appropriate valuation model would depend on the terms and conditions of the grant.

Management has considered that the particular features mentioned in the option agreements, such as buy-back options, dividend policy of the Company and related pledges posed upon the borrowings effectively indicate that fair value of the employee options would not materially different than zero.

*Fair value measurement of contingent consideration*

The Company acquired an additional 2% interest in the shares of Mogo OU (Estonia), increasing its ownership interest to 100%. In accordance with the share purchase agreement an additional cash payments to the previous non-controlling interest holder will be made on the basis of Mogo OU net profit for 2017 – 2020.
The Company has determined that it has a contractual obligation to deliver cash to the seller and therefore it has assessed it to be a financial liability. Consequently, the Company is required to remeasure that liability at fair value at each reporting date with changes in fair value recognized in profit or loss statement.

The fair value is based on management approved budgets of Mogo OU and determined using probability-weighted cash flow under DCF method, based on the expected probable outcome. The fair value of the contingent consideration determined at 31 December 2017 reflects management best estimate.

However, the calculation of the fair value among other is sensitive to the assumptions of discount rate which is estimated as 12% and the precision of budgets approved by the Company's management.

## Note 4 - Shares in affiliated undertakings

a) The movements for the year are as follows:

| | **Shares in affiliated undertakings / Participating interests EUR** | **Total 2017 EUR** |
|---|---|---|
| **Gross book value - opening balance** | **12 444 446** | **12 444 446** |
| Additions for the year* | 1 290 685 | 1 290 685 |
| Disposals for the year | - | - |
| Transfers for the year | - | - |
| **Gross book value - closing balance** | **13 735 131** | **13 735 131** |
| **Value adjustments** | **-** | **-** |
| **Net book value - closing balance** | **13 735 131** | **13 735 131** |
| **Net book value - opening balance** | 12 444 446 | 12 444 446 |

* Additions for the year consisted of new investments in following subsidiaries:

| Name of undertaking (legal form) | Date of investment | Percentage of investment in shares | 2017 |
|---|---|---|---|
| Risk Management services OU | 28.06.2017 | 100% | 2 500 |
| Mogo OU | 29.02.2016 | 2% | 1 200 |
| Mogo Bulgaria EOOD | 31.03.2016 | 100% | 306 775 |
| Mogo IFN | 31.03.2016 | 99.99% | 780 000 |
| Mogo Albania SHA | 16.02.2017 | 100% | 150 000 |
| Mogo Loans Srl | 21.09.2017 | 100% | 265 |
| Mogo Ukraine LLC | 12.12.2017 | 100% | 49 945 |
| **Total** | | | **1 290 685** |

(expressed in EUR)

## Note 4 - Shares in affiliated undertakings (continued)

b) Undertakings in which the Company holds at least 20% of the share capital or in which it is a general partner are as follows:

| Name of undertaking (legal form) | Registered office | Ownership % | Last balance sheet date | Net equity at the balance sheet date of the company concerned EUR | Profit or loss for the last financial year EUR | Net book value 2017 (EUR) | Net book value 2016 (EUR) |
|---|---|---|---|---|---|---|---|
| Mogo AS[(1)] | Republic of Latvia | 98% | 31.12.2017 | 9 867 100 | 3 552 044 | 4 900 001 | 4 900 001 |
| Mogo LT UAB[(2)] | Republic of Lithuania | 98% | 31.12.2017 | 6 179 789 | 3 605 326 | 2 449 842 | 2 449 842 |
| Mogo LLC[(3)] | Republic of Georgia | 98% | 31.12.2017 | 5 024 470 | 2 911 541 | 1 996 998 | 1 996 998 |
| Mogo OU[(4)] | Republic of Estonia | 100% | 31.12.2017 | 4 383 388 | 2 937 931 | 1 750 200 | 1 749 000 |
| Mogo Bulgaria EOOD | Republic of Bulgaria | 100% | 31.12.2017 | 805 697 | - 426 080 | 1 329 359 | 1 022 584 |
| Mogo IFN | Republic of Romania | 99.99% | 31.12.2017 | 191 164 | - 679 381 | 979 980 | 199 980 |
| Mogo Polska Sp. zoo | Republic of Poland | 100% | 31.12.2017 | - 1 372 830 | - 1 002 486 | 117 780 | 117 780 |
| Mogo Finance S.L. | Kingdom of Spain | 100% | 31.12.2017 | 3 000 | - | 3 000 | 3 000 |
| Mogo LT SIA | Republic of Latvia | 100% | 31.12.2017 | 12 097 | 91 | 5 261 | 5 261 |
| Risk Management services OU | Republic of Estonia | 100% | 31.12.2017 | - 790 159 | - 792 469 | 2 500 | - |
| Mogo Albania SHA | Republic of Albania | 100% | 31.12.2017 | 83 098 | - 66 902 | 150 000 | - |
| Mogo Loans Srl | Republic of Moldova | 100% | 31.12.2017 | - 129 949 | - 130 214 | 265 | - |
| Mogo Ukraine LLC | Republic of Ukraine | 100% | 31.12.2017 | 49 945 | - | 49 945 | - |
| **Total** | | | | | | **13 735 131** | **12 444 446** |

(1) The shares held in this company are completely pledged as follows:
In favour of Bonriki Holdings Limited, a company registered in Cyprus. Among others the Company and AS Mogo concluded a Mezzanine Facility Agreement with Bonriki Holdings Limited as at May 5, 2015 for a maximum amount EUR 23 300 000, which was amended and restated as at May 23, 2016 and maximum amount amended to EUR 12 000 000. In June 8, 2015 the Company concluded a second ranking share pledge agreement to secure all claims of Bonriki Holdings Limited on the Company. This pledge agreement can be activated in case of non-fulfilment or improper fulfilment of the Mezzanine Facility Agreement between the Company and Bonriki Holdings Limited.

In 2016 2% of the share capital was sold to a limited liability company registered in Republic of Latvia.

(2) The shares held in this company are completely pledged in favour of Bonriki Holdings Limited, a company registered in Cyprus. Among others the Company and UAB Mogo LT concluded a Mezzanine Facility Agreement with Bonriki Holdings Limited as at May 5, 2015 for a maximum amount EUR 23 300 000, which was amended and restated as at May 23, 2016 and maximum amount amended to EUR 12 000 000. In June 5, 2015 the Company concluded a maximum pledge agreement to secure all claims of Bonriki Holdings Limited on the Company. This pledge agreement can be activated in case of non-fulfilment or improper fulfilment of the Mezzanine Facility Agreement between the Company and Bonriki Holdings Limited.

In 2016 2% of the share capital was sold to a natural person resident of Republic of Lithuania.

(3) Mogo LLC was acquired in 2014 from related party for EUR 100, and the Company subscribed after to a capital increase during the year for EUR 405 000. In 2016 2% of the share capital was sold to a natural person resident of Georgia.
In 2016 capital was increased by converting a claim worth EUR 1 600 000 in total into capital of Mogo LLC, therefore the Company afterwards was subscribed to capital in total amount of EUR 1 996 900.
The shares held in this company are completely pledged in favour of Bonriki Holdings Limited, a company registered in Cyprus. Among others the Company and Mogo LLC concluded a Mezzanine Facility Agreement with Bonriki Holdings Limited as at May 5, 2015 for a maximum amount EUR 23 300 000, which was amended and restated as at May 23, 2016 and maximum amount amended to EUR 12 000 000. In June 10, 2015 the Company concluded an ownership pledge agreement to secure all claims of Bonriki Holdings Limited on the Company. This pledge agreement can be activated in case of non-fulfilment or improper fulfilment of the Mezzanine Facility Agreement between the Company and Bonriki Holdings Limited.

(4) Mogo OU was acquired in 2014 from a related party for EUR 2 500 and the Company subscribed after to a capital increase during the year 2015 for EUR 47 500. In 2016 2% of the share capital was sold to a natural person resident of Republic of Estonia, which resulted in total capital subscribed by the Company in amount of EUR 49 000 and by natural person in amount of EUR 1 000. In February 2016 capital was increased up to EUR 60 000, whereas the Company afterwards is subscribed to total amount of EUR 58 800 of capital and natural person to total amount of EUR 1 200 of capital.
The shares held in this company are completely pledged in favour of Bonriki Holdings Limited, a company registered in Cyprus. Among others the Company and Mogo OU concluded a Mezzanine Facility Agreement with Bonriki Holdings Limited as at May 5, 2015 for a maximum amount EUR 23 300 000, which was amended and restated as at May 23, 2016 and maximum amount amended to EUR 12 000 000. In June 4, 2015 the Company concluded a share pledge agreement to secure all claims of Bonriki Holdings Limited on the Company. This pledge agreement can be activated in case of non-fulfilment or improper fulfilment of the Mezzanine Facility Agreement between the Company and Bonriki Holdings Limited.
In 2017 minority shares of 2% were repurchased from minority shareholders for nominal value plus 5% of net profit from next 4 reporting years. Estimated amount is 191 985 EUR in total.

(expressed in EUR)

## Note 4 - Shares in affiliated undertakings (continued)

As at 31 December 2017, investment in subsidiaries was tested for impairment.
The investment in subsidiaries impairment test was performed for each subsidiary separately. Based on management's assessment, no permanent impairment on the value of any of the subsidiaries was identified at year end.

The recoverable amounts for each subsidiary was calculated based on their fair value, determined by discounting the future cash flows expected to be generated from the continuing activities of the respective subsidiary. No impairment losses were recognized because the recoverable amounts of all subsidiaries were determined to be higher than their respective carrying amounts. The calculations of value-in-use were based on free cash flow to equity approach to each subsidiary respectively, discounted by estimated cost of equity. The value-in-use calculations are most sensitive to projected operating cash-flow, terminal growth rates used to extrapolate cash flows beyond the budget period, and discount rates. Projected operating cash-flow figures were based on detailed financial models. 2017 actual figures were used as a starting point in these models, and took into account management's expectations of the future performance of each subsidiary.

Four years of cash flows were included in the discounted cash flow model of each subsidiary. A long-term growth rate into perpetuity was determined to be 1%. The rate was estimated by management based on historical trends observed in existing markets, and expected subsidiary's and industry developments.
Discount rates reflect the current market assessment of the risk specific to each subsidiary.
Discount rates are: Lithunia and Latvia 14%, Estonia - 12%, Georgia - 23%, Poland - 16%, Romania - 21%, Bulgaria - 20%, Moldova - 40%, Albania - 31%.
Sensitivity analysis was performed to assess changes to key assumptions that could influence whether the carrying value of the investments in subsidiaries exceeded their respective recoverable amounts. The results of this analysis indicate that for all subsidiaries, the recoverable amount would not be below the carrying amount, if terminal growth rates decreased by 0.5% and discount rates increased by 10%.

## Note 5 - Loans to undertakings with which the undertaking is linked by virtue of participating interests

Amounts owed by affiliated undertakings are detailed as follows:

| Name | Interest rate | Maturity | Net book value 2017 EUR | Net book value 2016 EUR |
|---|---|---|---|---|
| Mogo LLC - loan | 16.5% | 27.04.2023 | 11 648 241 | 9 589 242 |
| Mogo Poland Sp. z o.o. - loan | 10.5% | 27.04.2023 | 5 220 000 | 880 000 |
| Mogo loans SRL - loan | 12.0% | 27.04.2023 | 1 749 000 | - |
| Mogo IFN - loan | 12.0% | 27.04.2023 | 500 000 | - |
| Mogo IFN - accrued interest | | | 108 777 | - |
| Mogo Albania SHA - loan | 12.0% | 27.04.2023 | 180 000 | - |
| Mogo Albania SHA - accrued interest | | | 4 440 | - |
| Mogo LT SIA - loan | 12.0% | 27.04.2023 | 101 000 | - |
| Mogo Bulgaria EOOD - loan | 12.0% | 27.04.2023 | 40 778 | 50 778 |
| Mogo LT UAB - loan | | | - | 6 123 075 |
| Mogo LT UAB - accrued interest | | | - | 28 |
| Mogo OU - loan | | | - | 4 763 584 |
| **Total** | | | **19 552 236** | **21 406 707** |

Amounts owed by minority shareholders for sale of shares in affiliated undertakings are disclosed in balance sheet item "Other long term loans" (note 6).

All receivables from related parties have been tested for recoverability and concluded that no impairment for receivables as at end of reporting year is necessary.

## Note 6 - Other transferable securities and other financial instruments

| Issuer | Type | Interest rate | Maturity date | Net book value 2017 (EUR) | Net book value 2016 (EUR) |
|---|---|---|---|---|---|
| Mogo AS | Bonds | 10% | 30.03.2021 | - | 3 565 000 |
| **Total** | | | | **-** | **3 565 000** |

## Note 7 - Other long term loans

| Name | Type | Net book value 2017 (EUR) | Net book value 2016 (EUR) |
|---|---|---|---|
| DCE Invest | Loan | 596 250 | - |
| Minority shareholders | Debt for sale of shares of subsidiaries* | - | 159 087 |
| DCE Invest | Accrued interest | 12 482 | - |
| **Total** | | **608 732** | **159 087** |

* During previous financial year Company sold its shares in subsidiaries. Payments for these transactions are agreed to be made during 5 years after sale date as indicated in note 3.

(expressed in EUR)

## Note 8 - Other debtors

| Name | Type | Net book value 2017 (EUR) | Net book value 2016 (EUR) |
|---|---|---|---|
| Minority shareholders | Debt for sale of shares of subsidiaries* | 110 567 | - |
| Other debtors | Other debtors | 11 509 | 9 104 |
| **Total** | | **122 076** | **9 104** |

* Amount is expected to be settled against dividends payable for 2017.

## Note 9 - Movements for the year on the capital and reserves items

### Subscribed capital and share premium account

The subscribed capital of the Company amounts to EUR 31 036 and is divided into 3 103 600 shares fully paid.

The movements on the "Subscribed capital " caption during the year 2017 are as follows:

| | Share capital EUR | Number of class A Shares | Number of class B Shares | Total number of Shares |
|---|---|---|---|---|
| **Opening balance** | **31 036** | **3 103 600** | **-** | **3 103 600** |
| Subscriptions for the year/period | - | - | - | - |
| Redemptions for the year/period | - | - | - | - |
| **Closing balance** | **31 036** | **3 103 600** | **-** | **3 103 600** |

The movements on the "Subscribed capital " caption during the year 2016 are as follows:

| | Share capital EUR | Number of class A Shares | Number of class B Shares | Total number of Shares |
|---|---|---|---|---|
| **Opening balance** | **31 018** | **32 800** | **-** | **32 800** |
| Subscriptions for the year/period | 31 036 | 3 103 600 | | 3 103 600 |
| Redemptions for the year/period | (31 018) | (32 800) | | (32 800) |
| **Closing balance** | **31 036** | **3 103 600** | **-** | **3 103 600** |

During the extraordinary General Meeting held on 06.06.2016., the share capital of the Company was further increased by an amount of EUR 18. Previous shares were completely replaced by new shares with equal new nominal value of 0.01 EUR per share. The capital increase was fully paid up by a contribution in cash.

### Share premium account

The movements on the "Share premium account" caption during the year 2017 are as follows:

| | Share premium EUR |
|---|---|
| **Opening balance** | **9 968 964** |
| Movements for the year | (9 968 964) |
| **Closing balance** | **-** |

During the Extraordinary General Meetings held on 10.01.2017. and 12.10.2017, it was decided that share premium will be paid out. Share premium was fully repaid during year 2017.

The movements on the "Share premium account" caption during the year 2016 are as follows:

| | Share premium EUR |
|---|---|
| **Opening balance** | **1 968 982** |
| Movements for the year | 7 999 982 |
| **Closing balance** | **9 968 964** |

During the extraordinary General Meeting held on 06.06.2016, a share premium was further increased by EUR 7 999 982, of which all amount was a non-monetary contribution, converted to the equity from the borrowings received from the shareholders. Transaction was performed according to market rates.

### Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

(expressed in EUR)

## Note 10 - Other provisions

| Name | Type | Nominal value as at 31.12.2017 EUR | Nominal value as at 31.12.2016 EUR |
|---|---|---|---|
| Eerik Oja | Contingent liabilities for purchase of minority shares in subsidiary | 191 985 | - |
| **Total** | | **191 985** | **-** |

On 1 October 2017, the Company acquired an additional 2% interest in the shares of Mogo OU (Estonia), increasing its ownership interest to 100%. As part of the purchase agreement with the previous non-controlling interest holder of Mogo OU (Estonia), a contingent consideration has been agreed. There will be additional cash payments to the previous non-controlling interest holder of:
1) 2% of the net profit earned by Mogo OU for the years 2017 through 2019;
2) 1% of the net profit earned by Mogo OU for the year 2020.

## Note 11 - Creditors

Amounts due and payable for the accounts shown under "Creditors" are as follows:

| Name | Maturity date | Interest rate | Borrowing/ (reimbursement) | Nominal value as at 31.12.2017 EUR | Nominal value as at 31.12.2016 EUR |
|---|---|---|---|---|---|
| Non-current | | | | | |
| *Subordinated loans* | | | | | |
| Warrant - Bonriki Holdings Ltd | | | - | 1 | 1 |
| *Non-subordinated loans from:* | | | | | |
| *Subsidiaries of the Company* | | | | | |
| Mogo AS | 27.04.2023 | 12% | 17 865 000 | 17 865 000 | - |
| Mogo OU | 11.09.2021 | 13% | 1 432 000 | 1 432 000 | - |
| Mogo LT UAB | 27.04.2023 | 13% | 1 360 000 | 1 360 000 | - |
| *Other related parties of the Company* | | | | | |
| Other | 10.05.2023 | 10% | (13 427 545) | 3 916 563 | 17 344 108 |
| **Total non-current amounts due and payable** | | | **7 229 455** | **24 573 564** | **17 344 109** |
| Current | | | | | |
| Bonriki Holding | | | | | |
| Loan | 30.04.2018 | 12.5% | - | 12 000 000 | 12 000 000 |
| Accrued interest | | | 482 267 | 482 267 | - |
| **Total current amounts due and payable** | | | **482 267** | **12 482 267** | **12 000 000** |

During the financial year Company prematurely repaid loans to several related parties.

Other amounts due and payable for the accounts shown under "Creditors" are as follows:

| | **Within one year** | **After one year and within five years** | **After more than five years** | **Total 2017 EUR** | **Total 2016 EUR** |
|---|---|---|---|---|---|
| Trade creditors | 203 145 | - | - | 203 145 | 13 053 |
| Amounts owed to affiliated undertakings | - | - | - | - | 378 |
| Other creditors | 56 931 | - | - | 56 931 | 42 000 |
| **Total** | **260 076** | **-** | **-** | **260 076** | **55 431** |

## Note 12 - Other operating expenses

| | **2017 EUR** | **2016 EUR** |
|---|---|---|
| Subsidiary acquisition expenses | 191 985 | - |
| Professional services | 156 241 | 268 419 |
| Brokerage fees | 87 137 | 61 108 |
| Bank fees | 8 580 | 8 845 |
| Other administrative expenses | 2 676 | 305 |
| **Total** | **446 619** | **338 677** |

## Note 13 - Income from participating interests

| | **2017 EUR** | **2016 EUR** |
|---|---|---|
| Dividends income | 1 997 455 | 1 396 500 |
| **Total** | **1 997 455** | **1 396 500** |

(expressed in EUR)

## Note 14 - Other interest receivable and similar income

| The Income of the Company is mainly derived from interest income from issued loans to subsidiaries. | **2017** **EUR** | **2016** **EUR** |
|---|---|---|
| Interest income on loans issued to related parties | 2 464 323 | 3 551 275 |
| Income from currency fluctuations | - | 338 |
| Other interest income | - | 399 |
| **Total** | **2 464 323** | **3 552 012** |

## Note 15 - Interest payable and similar expenses

| | **2017** **EUR** | **2016** **EUR** |
|---|---|---|
| Interest expenses on loans from related parties | 2 954 828 | 3 569 766 |
| Interest expenses on loans from third parties | 308 872 | 263 297 |
| **Total** | **3 263 700** | **3 833 063** |

## Note 16 - Tax

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

## Note 17 - Related party disclosures

Related parties are all shareholders of the Group. All shareholders have equal rights in making decisions proportional to their share value.
Receivables and payables incurred are not secured with any kind of pledge.
The income and expense items with related parties for 2017 and 2016 were as follows:

| Related party | 2017 EUR | 2016 EUR |
|---|---|---|
| *Subsidiaries of the Company* | | |
| Interest income | 2 425 592 | 3 551 275 |
| Interest expenses | 371 899 | - |
| *Other relaties parties* | | |
| Interest income | 38 732 | - |
| Interest expenses | 2 582 928 | 3 569 767 |

| | 31.12.2017. EUR | 31.12.2016. EUR |
|---|---|---|
| *Loans to subsidiaries of the Company* | | |
| Mogo LLC | 11 648 241 | 9 589 242 |
| Mogo Sp. z o.o. | 5 220 000 | 880 000 |
| Mogo loans SRL | 1 749 000 | - |
| Mogo IFN | 500 000 | - |
| Mogo LT SIA | 101 000 | - |
| Mogo Albania SHA | 180 000 | - |
| Mogo Bulgaria EOOD | 40 778 | 50 778 |
| Mogo OU | - | 4 763 584 |
| Mogo LT UAB | - | 6 123 075 |
| **Total** | **19 439 019** | **21 406 679** |
| *Accrued interest for loans to subsidiaries of the Company* | | |
| Mogo IFN | 108 777 | |
| Mogo Albania SHA | 4 440 | |
| Mogo LT UAB | - | 28 |
| **Total** | **113 217** | **28** |
| *Loans to other related parties of the Company* | | |
| DCE Invest | 596 250 | - |
| **Total** | **596 250** | **-** |
| *Accrued interest for loans to other related parties of the Company* | | |
| DCE Invest | 12 482 | - |
| **Total** | **12 482** | **-** |
| *Borrowings from subsidiaries of the Company* | | |
| Mogo AS | 17 865 000 | - |
| Mogo OU | 1 432 000 | - |
| Mogo LT UAB | 1 360 000 | - |
| **Total** | **20 657 000** | **-** |
| *Borrowings from other related parties of the Company* | | |
| Other | 3 916 563 | 17 344 108 |
| **Total** | **3 916 563** | **17 344 108** |
| Other payables to related parties | - | 378 |

(expressed in EUR)

## Note 18 - Staff costs and number of employees

The Company does not employ any personnel. All economic activities are performed by outsourced personnel authorized to represent the Company.

| | 2017<br>EUR | 2016<br>EUR |
|---|---|---|
| Salaries | - | - |
| Social security contribution expenses | - | - |
| **Total** | **-** | **-** |

***Key management personnel compensation***

| | 2017<br>EUR | 2016<br>EUR |
|---|---|---|
| **Board and Council Members** | | |
| Remuneration | - | - |
| Social security contribution expenses | - | - |
| **Total** | **-** | **-** |

| | 2017<br>EUR | 2016<br>EUR |
|---|---|---|
| Average number of employees during the reporting year | - | - |

The total staff costs are included in the following statement of profit or loss captions:

| | 2017<br>EUR | 2016<br>EUR |
|---|---|---|
| Staff costs | - | - |
| **Total** | **-** | **-** |

## Note 19 - Off balance sheet commitments

The Company concluded a Mezzanine Facility Agreement with Bonriki Holdings Limited as at May 5, 2015 for a maximum amount EUR 23 300 000, which was amended and restated as at May 23, 2016 and maximum amount amended to EUR 12 000 000. On June 10, 2015 the Company concluded an ownership pledge agreement to secure all claims of Bonriki Holdings Limited on the Company. The shares of Mogo OU, Mogo AS, Mogo LT UAB and Mogo LLC are completely pledged in favour of Bonriki Holdings Limited, a company registered in Cyprus. Further restrictions also require approval of Bonriki Holdings Limited on key operating decisions, such as restrict dividends and other capital distributions and loans being paid to other entities within the group or to other parties. As at 31 December 2017 the Company has not fully satisfied the requirements of covenants for liabilities for long term loan from non-related party. Therefore Company has reclassified the loan to current borrowings. Subsequent to the year end borrowings repayment term has been prolonged till 31 August 2018 (Note 21).

Additional pledges are applied on shares held by the Company. For further explanations, please refer to Note 4.

## Note 20 - Share-based payments

The Company, at its discretion, may grant share options of the Company or a subsidiary to its senior executives. Vesting of the share options is dependent on the profitability of the group or the respective subsidiary. Employees must remain in service for a period of one year from the date of grant.

The fair value of share options granted is estimated at the date of grant. Company's management has assessed that the fair value of the respective share options, due to the nature of restrictions placed on the respective shares is not material. Accordingly, no expense and liability arising from these equity-settled share-based payment transactions is recognized.

The exercise price of the share options under typical circumstances is equal to the nominal price of the underlying shares. The contractual maximum term of the share options till 2025 and there are no cash settlement alternatives for the employees. The Company does not have a past practice of cash settlement for these awards.

The following table illustrates the number and weighted average exercise prices of share options:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| | Number | Weighted average exercise price, EUR | Number | Weighted average exercise price, EUR |
| **Outstanding at 1 January** | **3** | **0.01** | **-** | **-** |
| Granted during the year | 2 | 5.82 | 3 | 0.01 |
| **Outstanding at 31 December** | **5** | **0.49** | **3** | **0.01** |
| Exercisable at the end of the period | 3 | 0.01 | 3 | 0.01 |

There have been no forfeited, exercised or expired share options during the year.

The range of exercise prices for options outstanding at the end of the year was 0.01 EUR to 20 EUR (2016: all at 0.01 EUR). The weighted average remaining contractual life for the share options outstanding as at 31 December 2017 is 7 years (2016: 8 years).

## Note 21 - Subsequent events

Since the last day of the reporting year several significant events took place:
1) The Company has invested in its subsidiaries by increasing the share capital of Mogo IFN SA (5 400 000 EUR) and Mogo Albania SHA (227 083 EUR). Subsequently the Company has granted a loan to Mogo Kredit OOO (65 000 EUR) and increased the already issued loans to following subsidiaries - Mogo LLC (3 260 000 EUR), Mogo Sp. z. o.o. (1 580 000 EUR), Moog Bulgaria EOOD (840 000 EUR), Mogo IFN (850 000 EUR) and Mogo Loans SRL (1 670 000 EUR).

2) Additional funding received from subsidiaries to the Company have increased as follows - mogo AS (8 450 000 EUR), Mogo OU (5 520 000 EUR) and Mogo LT UAB (1 770 000 EUR).
3) The Company also has attracted additional funding in the form of new loans in total amount of 4 500 000 EUR from a related party. Subsidiary in Lithuania (Mogo LT UAB) provided a guarantee in favor of the lender.
4) The Company has also repaid loans to related parties in amount of 3 917 000 EUR.
5) The Company has issued loans to related parties controlled by the Company's shareholders in amount of 1 079 000 EUR.
6) Borrowings from Bonriki Holdings Limited repayment term has been prolonged till 31 August 2018.
7) The Company has acquired a new subsidiary in Latvia from related party. Acquired company has not yet started any economic activities.
8) The Company has received income from subsidiary in Latvia in amount of 2 000 000 EUR. Dividends receivable was settled against loan received from subsidiary.

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements or Notes thereto.

Caroline Georgen
Director type A

Inna Horner
Director type B

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working world

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# Independent auditor's report

To the Shareholders of
Mogo Finance S.A.
9, Allée Scheffer
L-2520 Luxembourg

## Opinion

We have audited the annual accounts of Mogo Finance S.A. (the "Company"), which comprise the balance sheet as at 31 December 2017, and the profit and loss account for the year then ended, and the notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

## Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law and standards are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Matter

The annual accounts of Mogo Finance S.A. for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those annual accounts on 10 August 2017.

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### Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Werner Weynand

Luxembourg, 15 June 2018