

Mogo LLC
Financial Statements
for 2021

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Independent Auditors' Report

To the Supervisory Board of Mogo LLC

Qualified Opinion

We have audited the financial statements of Mogo LLC (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

As described in Note 24 (b) to the financial statements, as at 31 December 2021 the Company considers it is probable that the taxation authority will accept the tax treatment of the Company's related party transactions. However, this judgement is not appropriately supported by the respective tax litigation practice and significant economic outflow is expected. Reflection of an effect of the uncertain tax treatment is required by International Financial Reporting Standard IAS 12 Income Taxes and IFRIC 23 Uncertainty over Income Tax Treatments: if the entity concludes that it is not probable that a particular tax treatment is accepted by the taxation authority, the entity has to use most likely amount or the expected value of the tax treatment. Had such tax consequences been recognized, the effect would have been to increase a tax liability and tax expenses, decrease retained earnings and net profit and total comprehensive income by GEL 2,700 thousand as at and for the year ended 2021.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*) together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Statement of Management Report

Management is responsible for the Management Report. Our opinion on the financial statements does not cover the Management Report.

In connection with our audit of the financial statements, our responsibility is to read the Management Report when it becomes available and, in doing so, consider whether the Management Report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We do not express any form of assurance conclusion on the Management Report. We have read the Management Report and based on the work we have performed, we conclude that the Management Report:

- is consistent with the financial statements and does not contain material misstatement;
- contains the information that is required by and is compliant with the Law of Georgia on Accounting, Reporting and Auditing.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, 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 management.

Conclude on the appropriateness of management's 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 auditors' report to the related disclosures in the financial statements 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 auditors' report. 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 financial statements, including the disclosures, and whether the financial statements 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.

The engagement partner on the audit resulting in this independent auditors' report is:

Vakhtang Kezheradze



KPMG Georgia LLC
Tbilisi, Georgia
25 July 2022

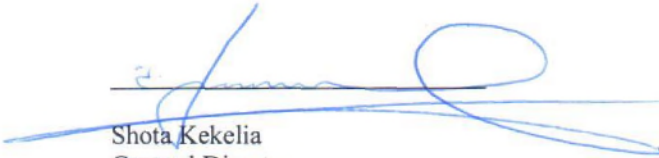


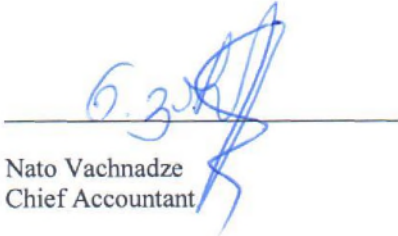
GEL	Note	31 December 2021	31 December 2020
Assets			
Intangible assets		69	2,116
Property, plant and equipment	10	84,249	162,352
Right-of-use assets	10	1,589,004	462,931
Finance lease receivables	11	21,178,060	17,427,647
Loans and advances to customers	12	13,033,263	12,076,145
Non-current assets		35,884,645	30,131,191
Finance lease receivables	11	8,652,065	10,037,769
Loans and advances to customers	12	6,823,875	8,799,814
Other assets held for sale	14	663,476	332,259
Tax assets	24	3,298,605	2,095,998
Other receivables	15	1,573,047	812,434
Cash at bank	16	1,815,364	771,672
Current assets		22,826,432	22,849,946
Total assets		58,711,077	52,981,137
Equity			
Charter capital	17(a)	200,000	200,000
Other reserves	17(b)	(2,833,431)	(1,794,773)
Retained earnings		36,175,611	27,343,748
Total equity		33,542,180	25,748,975
Loans and borrowings	18	16,719,632	10,634,896
Provision for financial guarantee	20	1,320,684	1,056,328
Lease liabilities		1,118,461	115,676
Total non-current liabilities		19,158,777	11,806,900
Loans and borrowings	18	4,062,428	13,450,916
Lease liabilities		491,663	411,959
Trade payables		456,126	133,250
Other liabilities	19	999,903	1,429,137
Current liabilities		6,010,120	15,425,262
Total liabilities		25,168,897	27,232,162
Total equity and liabilities		58,711,077	52,981,137

Mogo LLC
Statement of Profit or Loss and Other Comprehensive Income for 2021

GEL	Note	2021	2020
Interest income	5	19,485,005	17,814,685
Interest expense	5	(2,445,359)	(2,465,586)
Net interest income		17,039,646	15,349,099
Net expense from debt collection activities	6	(260,706)	(438,998)
Income from penalties received		2,159,720	2,857,134
Penalties paid		(82,645)	(62,107)
Credit loss expense	13	(2,862,880)	(3,387,607)
Loss from sale of financial assets measured at amortized cost	11	(1,151,421)	-
Expenses related to peer-to-peer platforms services		(281,721)	(354,813)
Selling expense	7	(439,045)	(229,221)
Administrative expense	8	(8,597,929)	(7,947,350)
Other finance income		-	-
Other operating income	9	1,163,914	1,617,483
Other operating expense	9	(371,566)	(79,999)
Net operating expenses		(10,724,279)	(8,025,478)
Net foreign exchange loss		2,516,496	(6,527,155)
Profit before income tax		8,831,863	796,466
Income tax expense		-	-
Net profit and total comprehensive income for the year		8,831,863	796,466

These financial statements were approved by management on 25 July 2022 and were signed on its behalf by:


Shota Kekelia
General Director


Nato Vachnadze
Chief Accountant



GEL	Charter capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2020	5,626,474	(2,717,023)	26,547,282	29,456,733
Total comprehensive income for the year	-	-	796,466	796,466
Decrease in fair value of the guarantees due to non-substantial modifications (Note 20)	-	922,250	-	922,250
Decrease in capital (Note 17 (a))	(5,426,474)	-	-	(5,426,474)
Balance at 31 December 2020	200,000	(1,794,773)	27,343,748	25,748,975
Balance at 1 January 2021	200,000	(1,794,773)	27,343,748	25,748,975
Total comprehensive income for the year	-	-	8,831,863	8,831,863
Increase in fair value of the guarantees	-	(1,038,658)	-	(1,038,658)
Balance at 31 December 2021	200,000	(2,833,431)	36,175,611	33,542,180

GEL	Notes	2021	2020
Cash flows from operating activities			
Profit for the year		8,831,863	796,466
<i>Adjustments for:</i>			
Depreciation and amortisation		808,898	805,019
Interest expense	5	2,445,359	2,465,586
Loss from sale of financial assets measured at amortized cost	11	1,151,421	-
Income from guarantees	20	(659,651)	(977,361)
Credit loss expense	13	2,862,880	3,387,607
Net foreign exchange loss		(2,516,496)	6,527,155
Operating cash flows before working capital changes		12,924,274	13,004,472
<i>Changes in:</i>			
Finance lease receivables and loans and advances to customers		(7,712,721)	2,244,705
Other receivables and tax assets		(1,598,444)	(981,797)
Other assets held for sale		(331,217)	425,859
Trade payables and other liabilities		(106,359)	(92,159)
Cash generated from operations		3,175,533	14,601,080
Interest paid on lease liability	22	(65,982)	(63,905)
Interest paid on loans and borrowings	18	(2,315,245)	(2,379,601)
Net cash flows from operating activities		794,306	12,157,574
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(78,001)	(6,173)
Cash receipts from sale of financial assets measured at amortized cost		1,500,264	-
Net cash (used in)/from investing activities		1,422,263	(6,173)
Cash flows from financing activities			
Proceeds from loans and borrowings	19	22,197,929	7,507,856
Repayment of loans and borrowings	19	(22,315,772)	(13,227,010)
Repayment of lease liability	23	(722,562)	(629,655)
Decrease in charter capital	18	-	(5,426,474)
Net cash used in financing activities		(840,405)	(11,775,283)
Net increase/(decrease) in cash and cash equivalents		1,376,164	376,118
Cash and cash equivalents at 1 January		771,672	629,052
Effect of movements in exchange rates on cash and cash equivalents		(332,472)	(233,498)
Cash and cash equivalents at 31 December	16	1,815,364	771,672

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1. Reporting entity

(a) Georgian business environment

The Company's operations are located in Georgia. Consequently, the Company is exposed to the economic and financial markets of Georgia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia. The COVID-19 coronavirus pandemic and war in Ukraine in 2022 have further increased uncertainty in the business environment.

The financial statements reflect management's assessment of the impact of the Georgian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

(b) Organisation and operations

Mogo LLC (the "Company") is a limited liability company as defined in the Law on Entrepreneurs of Georgia and was incorporated on 14 March 2014. The Company's identification number is 404468688.

The Company's registered office is 42-42a, Al. Kazbegi Avenue, 0160 Tbilisi, Georgia.

The Company's principal business activity is providing automobile lease and sale and leaseback services for the amounts up to GEL 30,000 with duration of up to seven years in Georgia. In both instances, the vehicle is used as a collateral and appropriately, all loans issued by the Company are secured. Funding is being offered at the customer service centres.

As at 31 December the shareholding structure of the Company was as follows:

Owners	Ownership structure, %	
	2021	2020
A.S. Mogo Baltics and Caucasus (the Parent)	100%	100%
	100%	100%

In 2021 the Ultimate Parent Company, Mogo Finance S.A., was renamed to Eleveling Group S.A. and as at 31 December 2021 the Company is ultimately controlled by Eleveling Group S.A. (the Ultimate Parent Company). The Company's beneficial owner is Aigars Kesenfelds (43.69%). The share of the remaining shareholders does not exceed 25%.

Related party transactions are further disclosed in Note 25.

2. Basis of accounting

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3. Functional and presentation currency

The national currency of Georgia is the Georgian Lari ("GEL"), which is the Company's functional currency and the currency in which these financial statements are presented. All financial information presented in GEL is rounded to the nearest GEL, except when otherwise indicated.

4. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 13 – Credit loss expense;
- Note 20 – Provision for financial guarantee.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the notes:

- determination of fair value of financial guarantee issued - Note 20 and 28(k);
- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Notes 28(j) and 28(p).
- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 11, 12, 13 and 28(m)(i).

Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair values for financial assets and liabilities. The fair value have been determined for measurement and disclosure purposes.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 21(a) - Accounting classifications and fair values.

5. Net interest income

GEL	2021	2020
Interest income		
Interest income from finance lease receivables	15,126,338	11,801,238
Interest income from loans and advances to customers according to effective interest rate method	4,358,667	6,013,447
	19,485,005	17,814,685
Interest expense		
Interest expenses for loans from P2P platform investors	(1,889,736)	(2,114,312)
Interest expenses for loans from banks	(218,688)	(283,326)
Interest expenses for loans from related parties	(270,953)	(4,043)
Interest expenses for lease liabilities (Note 22)	(65,982)	(63,905)
	(2,445,359)	(2,465,586)
Net interest income	17,039,646	15,349,099

6. Net expense from debt collection activities

GEL	2021	2020
Income from debt collection activities	116,181	349,532
Expenses from debt collection activities	(376,887)	(788,530)
	(260,706)	(438,998)

7. Selling expense

GEL	2021	2020
Marketing expenses	432,708	218,838
Other selling expenses	6,337	10,383
	439,045	229,221

8. Administrative expense

GEL	2021	2020
Management services	3,572,858	2,953,663
Employees' salaries	2,761,383	2,806,747
Depreciation and amortization	808,898	805,019
Office and branches' maintenance expenses	345,730	354,373
GPS equipment cost	300,166	281,584
Professional services	254,776	265,875
Credit database expenses	123,023	140,130
Communication expenses	110,361	96,690
IT services	153,787	84,448
Bank commissions	57,041	48,787
Other personnel expenses	35,733	26,101
Transportation expenses	27,243	20,540
Low value equipment expenses	23,858	8,930
Insurance	-	2,193
Repair and maintenance	91	427
Other administrative expenses	22,981	51,843
	8,597,929	7,947,350

9. Other operating income, net

GEL	2021	2020
Other operating income		
Income from guarantee provided (Note 20)	659,651	977,361
Commission income	245,369	-
Reversal of a provision for accrued vacation	42,291	218,438
Interest income on bank deposits	58,695	216,982
Gain from the disposal of repossessed assets	50,431	80,361
Other	107,477	124,341
	1,163,914	1,617,483
Other operating expense		
Other	(371,566)	(79,999)
	(371,566)	(79,999)
Other operating income, net	792,348	1,537,484

10. Property, plant and equipment and right-of-use assets

<i>GEL</i>	Equipment	Leasehold improvements	Right-of-use assets	Total
Cost				
Balance at 1 January 2020	1,184,962	65,153	1,453,590	2,703,705
Additions	6,173	-	295,448	301,621
Disposals	(69,304)	(8,895)	(87,464)	(165,663)
At 31 December 2020	1,121,831	56,258	1,661,574	2,839,663
At 1 January 2021	1,121,831	56,258	1,661,574	2,839,663
Additions	78,001	-	1,862,813	1,940,814
Disposals	(112,974)	-	(1,528,886)	(1,641,860)
At 31 December 2021	1,086,858	56,258	1,995,501	3,138,617
Accumulated depreciation				
At 1 January 2020	(810,501)	(59,187)	(592,661)	(1,462,349)
Depreciation for the year	(182,246)	(3,359)	(613,836)	(799,441)
Depreciation on disposals	30,661	8,895	7,854	47,410
At 31 December 2020	(962,086)	(53,651)	(1,198,643)	(2,214,380)
At 1 January 2021	(962,086)	(53,651)	(1,198,643)	(2,214,380)
Depreciation for the year	(107,851)	(1,955)	(695,253)	(805,059)
Depreciation on disposals	66,676	-	1,487,399	1,554,075
At 31 December 2021	(1,003,261)	(55,606)	(406,497)	(1,465,364)
Carrying amounts				
At 1 January 2020	374,461	5,966	860,929	1,241,356
At 31 December 2020	159,745	2,607	462,931	625,283
At 31 December 2021	83,597	652	1,589,004	1,673,253

