Mogo Finance S.A.
Société anonyme

Annual accounts for the financial year ended 31 December 2019
(with the report of the Réviseur d'Entreprises agréé thereon)

Registered office:
8-10 Avenue de la Gare
L-1610, Luxembourg
Luxembourg Trade and Companies Register number: B 174.457
Share capital: EUR 1 000 000

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Société anonyme

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Management report

12 June 2020

The Directors of the Company present the report on the annual accounts for the year ended 2019. All the figures are presented in EUR (euro).

General information

Mogo Finance S.A. (hereinafter referred to as – the Company) and its subsidiaries (hereinafter together referred to as – the Group) is a market leading sale and leaseback and finance lease solutions provider Group operating in 18 countries globally - Latvia, Lithuania, Estonia, Georgia, Armenia, Poland, Romania, Albania, Bulgaria, Moldova, Belarus, Ukraine, Uzbekistan, Kazakhstan, Bosnia&Herzegovina, North Macedonia, Kenya and Uganda. In 2019 the Group launched activities in Kenya and Uganda, as well as formally acquired companies in North Macedonia and Bosnia&Herzegovina, that were already established under Mogo brand name. The Group provides quick and convenient services for both individuals and legal entities offering vehicle finance lease transactions for amounts up to 10 000 euro and sale and leaseback financing arrangements transactions for amounts up to 15 000 euro with duration up to seven years. In both instances the vehicle is used as a collateral and hence mostly loans issued by the Group are secured. Funding is being offered online through Mogo branded website, mobile homepage and onsite at the customer service centers, as well as at the sales centers of car dealerships.

The Group provides also consumer loans in Latvia, Estonia and Armenia to individuals for amounts up to 3 000 euro with duration up to four years. The product is mainly used as an add-on to existing lease and leaseback financing portfolio and as an upsell tool for existing customers.

The Group's main goal is to offer its customers easily available, convenient and affordable sale and leaseback financing and finance lease solutions. In order to achieve this the Group offers to its customers various solutions adjusted to their needs, as well as highest quality service and accessibility. The Group directly cooperates with a wide network of car dealerships, where the customers can buy a vehicle by obtaining funding from the Group.

Operations and Financial Results

2019 was a period of very consistent growth for the Group while the Company continued investments in its subsidiaries.

Total assets of the Company grew up to 138.4 million euro (54.7% increase, compared to 89.4 million EUR in 2018)

The Company's financial performance mainly depends on the performance of the Group as majority of Company's assets are related to affiliated undertakings and Company's financial performance should be considered in context of Group's financial performance.
The growth of the Company and the Group and its market leading position during 2019 was driven by its purposeful strategy, oriented at improvement of customer service quality, as well as professionalism and effort of employees ensuring the set objectives are achieved. .
Total number of employees of the Group grew up to almost a thousand mainly driven by two factors – organic growth of the Group in new markets as well as setting up of the new regional hub teams.
Also total number of active clients increased from 66 thousands to more than 100 thousand.
The Group has continued to develop provision of its services and has become more accessible to its customers by opening new customer service centers located in various regions of Latvia, Lithuania, Estonia, Georgia, Poland, Romania, Bulgaria, Moldova, Albania, Armenia, Belarus, Ukraine, Uzbekistan and Kazakhstan as well as entering into new countries such as North Macedonia, Bosnia&Herzegovina, Kenya and Uganda.

2019 was a successful year also in terms of cooperation with the car dealerships.
This network has significantly contributed to the growth of the vehicle finance lease volume. For the establishment of more integrated cooperation with the partners in the field of vehicle trade the Group offers various partnership solutions and individual approach to effective processing of client applications, as well as provision of various marketing materials and conducts joint marketing campaigns.

In 2019 the Group continued the execution of various marketing activities on TV, radio and internet advertisements and outdoor ads.
This helped to promote the brand and to strengthen the Group's position in terms of brand recognition (top of mind brand) in the leaseback financing and finance lease solutions sector.

In 2019 the Group has considerably diversified its source of funding by expanding cooperation with peer-to-peer lending marketplace Mintos (www.mintos.com).
Currently the Group offers investors to invest in Group's loans originated in Latvia, Lithuania, Estonia, Poland, Romania, Georgia, Moldova, Armenia, Albania, Kazakhstan, Bulgaria and Belarus.

On 11 July 2018, Mogo Finance successfully issued a 4-year corporate bond (XS1831877755), listed on the Open Market of the Frankfurt Stock Exchange, for EUR 50 million at par with an annual interest rate of 9.5%, followed in November 2018 EUR 25 million at par and November 2019 EUR 25 million tap at 95%. After both tap issues, the total amount outstanding of Mogo Finance's 9.50% corporate bonds amounts to EUR 100 million. On 30 November 2018, the bonds were included in the regulated market (General Standard) of the Frankfurt Stock Exchange. Bond maturity is July 2022.
During 2019 Mogo Finance received B- (stable outlook) issuer as well as senior secured bond rating by Fitch.

The Coronavirus (Covid-19) global pandemic that resulted in global lockdowns starting during March 2020, has introduced a great level of uncertainty to the Company's and Group's 2020 plans to continue to focus on increasing its profitability by controlling its cost base and at the same time growing its portfolio and revenues. The Management is of the view that immediate actions taken and adequate operation processes implemented will help to successfully overcome the period of uncertainty and will position the Group in a better competitive advantage in comparison to less robustly built competitors after the gradual easing of the lockdowns. Given the new Covid-19 reality, the Group will focus on controlling the impacts from the global Covid-19 pandemic in a way that is having the least negative impacts on the Group's net result and going concern ability. The Group expects to develop businesses in existing markets, but postpone any expansion to new markets while uncertainties in global economic markets are high.
While the high uncertainty remains, the Company does not intend to invest resources in research or development activities. See Note 20 for further details on events after balance sheet.
The Company has not and does not expect to acquire own shares.
The Company does not have any branches and does not intend to establish any in the nearest future.

Financial risks

The main financial risks arising from the Company's financial instruments are liquidity risk and credit risk.

Liquidity risk
The Company controls its liquidity by managing the amount of funding it attracts and provides to its affiliated undertakings. The Company controls cash balances by maintaining adequate cash balances in its bank accounts and when necessary limiting issuing additional loans to its subsidiaries. Also the Company manages its longer term liquidity need by issuing bonds.

Credit risks
The Company is exposed to credit risk through its loans to affiliated undertakings, other loans, amounts owed by affiliated undetakings, other debtors, as well as cash at bank and in hand.
The key areas of credit risk policy cover loan (including solvency check of the borrower), monitoring methods, as well as decision making principles.

Corporate Governance Statement
Mogo Finance S.A. Corporate Governance Statement has been included in the Management report included in the Mogo Finance S.A. consolidated annual report for the year ended 31 December 2019, it is also available to the public electronically on the Mogo Finance webpage www.mogofinance.com.

Signed on behalf of the Company on 12 June 2020 by:

Māris Kreics
Type A director

Delphine Glessinger
Type B director

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To the Shareholders of
Mogo Finance S.A.
8-10, Avenue de la Gare
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Mogo Finance S.A. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and 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 2019, 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 EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("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 the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going Concern Assessment

a) Why the matter was considered to be one of most significance in our audit of the annual accounts for the year ended 31 December 2019

The Company's annual accounts are prepared on a going concern basis.

The World Health Organization declared on 11 March 2020 the coronavirus (COVID-19) outbreak a pandemic, following which government measures and restrictions to counter the effects of the outbreak were imposed in the markets of the Company and its subsidiaries (together "the Group"), affecting its business in the affected jurisdictions. These measures and restrictions include border closure, quarantine, severe limitations imposed on cross-border and domestic transportation and ban on social, cultural, leisure or sport events.

As a consequence, the Group was forced to temporarily close offline sales channels and transfer to mostly remote working regime. Due to these conditions during March and April 2020, the Group experienced a significant decrease in revenues and profitability.

The Company's standalone profitability and ability to repay its debt directly depend on the performance of the underlying Group. Due to the Company's investment strategy – the balance of loans issued and received between the Company and its subsidiaries as well as investments in subsidiaries and subsequent receipt of dividends – its ability to continue as a going concern is assessed in the light of the profitability and liquidity of the Group overall.

The Company's going concern assessment is based on the Group's cash flow forecasts, which, in the Board of Directors' view, support the assertion that the Group and therefore the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date. The preparation of these forecasts incorporates a number of assumptions and significant judgment under a number of scenarios, including those considered by the Board of Directors to be severe but plausible, such as an extended closure of offline channels and a substantial reduction in new loan issuance. As part of the assessment, the Group also considers a number of actions aimed at alleviating the potential disruption to its business and liquidity position, such as increased debt collection control, cost cutting initiatives and available tax payment deferrals.

The Board of Directors concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Note 3 further explains how this judgment was formed.

The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of approval of the annual accounts for issue, its effects are subject to significant levels of uncertainty. The Company's use of the going concern basis of accounting is a key audit matter due to the associated extent of uncertainty, and consequently, high level of judgment required in evaluating the Board of Directors' plans for future actions and their financial impact.

b) How the matter was addressed in our audit

Our procedures over the going concern assumption included but were not limited to:

— Understanding through inquiries and inspection the Company's and Group's business planning process, including the process to assess the ability to continue as a going concern, and the preparation and validation of cash flow forecasts used in the assessment;

— inspecting the Board of Directors' going concern assessment, including their evaluation of the business/operating and liquidity risks arising from the COVID-19 outbreak, and plans for further actions in response to the risks identified. As part of the procedure, we also made corroborating inquiries of the Group's CEO and CFO;

— evaluating the reasonableness and feasibility of the management's plans for future actions in order to alleviate the effects of the outbreak by reference to the procedures as follows:

  - challenging the key assumptions used in the determination of the forecasted financial information under various scenarios. This primarily included challenging the assumed lockdown and sales channel closure periods, forecast amounts of new loans attracted, borrower payment discipline trends, capital expenditure and cost optimization volumes, based on our understanding of the Group's activities and by reference to publicly available industry/market reports;

  - performing an analysis of the going concern conclusion's sensitivity to changes in the aforementioned key assumptions adopted in the going concern assessment, and considering whether there were any indicators of management bias in management's assessment;

  - Assessing the availability of financing facilities and arrangements, by inspecting underlying documentation, such as agreements signed before the reporting period end, and assessing the impact of any covenants and other restrictive terms therein;

— considering whether any additional relevant facts or information have become available since the date on which the Company made its assessment;

— evaluating the appropriateness of Company's disclosures in respect of the going concern assessment, subsequent events and any related uncertainties in the annual accounts.

Valuation of the Shares in affiliated undertakings and loans to affiliated undertakings

a) Why the matter was considered to be one of most significance in our audit of the Company's annual accounts for the year ended 31 December 2019

Being ultimate parent of Mogo Finance S.A. Group, Mogo Finance S.A. assets mainly consist of shares in affiliated undertakings and loans to affiliated undertakings

The carrying amount of the shares in affiliated undertakings and loans to affiliated undertakings as at 31 December 2019 amount to EUR 30 883 thousand and EUR 73 856 thousand. Shares in affiliated undertakings represent 22.3% and loans to affiliated undertakings represent 53.4% of Company's total assets as at 31 December 2019; Value adjustments in relation to these assets have not been recognized.

We refer to the annual accounts: Note 2 and Note 3 (accounting policy), Notes 4 and 5 (financial disclosures).

At the end of each reporting period, management is required to assess whether there is no permanent reduction in value of financial assets measured at cost. The assessment requires the Board of Directors to apply judgement, including in respect of the affiliates' future operating cash flows, growth rates and discount rates, and is therefore associated with significant estimation uncertainty.

Due to the above, we associated the impairment assessment in respect of the shares in affiliated undertakings and loans to affiliated undertakings with a significant risk of material misstatement and as such, this area is considered to be a key audit matter.

b) How the matter was addressed in our audit

Our procedures, performed with the assistance from our own valuation specialists, included, among others:

— testing the design and implementation of selected key controls in the impairment testing process, including those over the review and approval of the key assumptions applied in the impairment testing and of the test outcomes;

— assessing the appropriateness of impairment testing methods applied against the requirements of the relevant financial reporting standards and current market practice;

— evaluating the reasonableness of the Board of Director's judgment as to the existence of impairment indicators. This included, but was not limited to, discussing the subsidiaries' performance with the Company's finance function officers, and assessing their strategy and historical profitability;

— challenging the key assumptions applied in the impairment test, as follows:

  - terminal flow growth rate - by reference to historical financial performance of other related companies, assessed quality of budgeting process, past and expected future market developments;

  - discount rates - by assessing whether the cost of debt and cost of equity used are within the reasonable range, given Mogo's industry, risk profile and financial position;

  - other key inputs, such as estimates of free cash flows in the first five years of operation by inquires of the Board of Directors and inspection of supporting documentation (including approved budgets);

— performing a sensitivity analysis of impairment test's results to changes in key assumptions, such as, primarily, terminal growth and discount rates;

— considering the adequacy of the Company's disclosures related to the assumptions and significant judgements used in estimating the recoverable amounts of the investment in subsidiary and the loan issued thereto.

Other Matter

The annual accounts for the year ended 31 December 2018, were audited by another auditor who expressed an unmodified opinion on those annual accounts on 23 May 2019.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated the management report, and the Corporate Governance Statement but does not include the annual accounts and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

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 the 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 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.

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

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts

The objectives of our audit 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 "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 EU Regulation N° 537/2014, 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 EU Regulation N° 537/2014, 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.

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- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the General Meeting of the Shareholders on 21 November 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company's website mogofinance.com, is the responsibility of the Board of Directors. The information required by Article 68ter paragraph (1) letters c) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 12 June 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

M. Jahke

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RCSL Nr. : B174457 | Matricule : 2012 2226 019

eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2019 **to** 02 31/12/2019 (in 03 EUR)

Mogo Finance

8-10, Avenue de la Gare
L-1610 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	123.346.159,00	110	82.770.843,00
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	123.346.159,00	136	82.770.843,00
1. Shares in affiliated undertakings	1137	4	137	30.882.543,00	138	22.651.672,00
2. Loans to affiliated undertakings	1139	5	139	73.856.248,00	140	54.861.950,00
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145		145		146	
6. Other loans	1147	6	147	18.607.368,00	148	5.257.221,00
D. Current assets	1151		151	10.232.278,00	152	3.030.392,00
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	6.097.301,00	164	474.848,00
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	2.454.701,00	172	232.250,00
a) becoming due and payable within one year	1173	5	173	2.454.701,00	174	232.250,00
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		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	3.642.600,00	184	242.598,00
a) becoming due and payable within one year	1185	7	185	3.642.600,00	186	242.598,00
b) becoming due and payable after more than one year	1187		187		188	

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		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	4.134.977,00	198	2.555.544,00
E. Prepayments	1199	8	199	4.777.987,00	200	3.613.145,00
TOTAL (ASSETS)			201	138.356.424,00	202	89.414.380,00

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CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301		301	697.325,00	302	946.882,00
I. Subscribed capital	1303	9	303	1.000.000,00	304	31.036,00
II. Share premium account	1305		305		306	
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	3.104,00	310	
1. Legal reserve	1311	9	311	3.104,00	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	912.742,00	320	-60.002,00
VI. Profit or loss for the financial year	1321		321	-1.218.521,00	322	975.848,00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331	80.474,00	332	145.944,00
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335	17.534,00	336	12.718,00
3. Other provisions	1337	10	337	62.940,00	338	133.226,00
C. Creditors	1435		435	137.578.625,00	436	88.321.554,00
1. Debenture loans	1437		437	101.975.550,00	438	74.121.292,00
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	101.975.550,00	446	74.121.292,00
i) becoming due and payable within one year	1447	11	447	4.426.550,00	448	3.186.292,00
ii) becoming due and payable after more than one year	1449	11	449	97.549.000,00	450	70.935.000,00
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	

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		Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not 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	77.050,00	368	330.553,00
a) becoming due and payable within one year	1369		369	77.050,00	370	330.553,00
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	28.654.765,00	380	11.088.178,00
a) becoming due and payable within one year	1381	12	381	4.355.965,00	382	46.378,00
b) becoming due and payable after more than one year	1383	12	383	24.298.800,00	384	11.041.800,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Other creditors	1451		451	6.871.260,00	452	2.781.531,00
a) Tax authorities	1393		393		394	
b) Social security authorities	1395		395		396	
c) Other creditors	1397		397	6.871.260,00	398	2.781.531,00
i) becoming due and payable within one year	1399	13	399	89.200,00	400	281.530,00
ii) becoming due and payable after more than one year	1401	13	401	6.782.060,00	402	2.500.001,00
D. Deferred income	1403		403		404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	138.356.424,00	406	89.414.380,00

The notes in the annex form an integral part of the annual accounts

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

Annual Accounts Helpdesk :

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PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2019 **to** 02 31/12/2019 *(in* 03 EUR)

Mogo Finance

8-10, Avenue de la Gare
L-1610 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	671	-2.418.971,00	672	-1.449.608,00
a) Raw materials and consumables	1601	601		602	
b) Other external expenses	1603 14	603	-2.418.971,00	604	-1.449.608,00
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	

		Reference(s)		Current year		Previous year
9. Income from participating interests	1715	15	715	3.481.320,00	716	4.413.500,00
a) derived from affiliated undertakings	1717		717	3.481.320,00	718	4.413.500,00
b) other income from participating interests	1719		719		720	
10. Income from other investments and loans forming part of the fixed assets	1721	16	721	6.717.100,00	722	4.137.177,00
a) derived from affiliated undertakings	1723		723	6.717.100,00	724	4.137.177,00
b) other income not included under a)	1725		725		726	
11. Other interest receivable and similar income	1727	17	727	1.402.127,00	728	724.878,00
a) derived from affiliated undertakings	1729		729		730	
b) other interest and similar income	1731		731	1.402.127,00	732	724.878,00
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	18	627	-10.166.076,00	628	-6.819.625,00
a) concerning affiliated undertakings	1629		629	-2.669.117,00	630	-3.385.536,00
b) other interest and similar expenses	1631		631	-7.496.959,00	632	-3.434.089,00
15. Tax on profit or loss	1635		635	-234.021,00	636	-30.474,00
16. Profit or loss after taxation	1667		667	-1.218.521,00	668	975.848,00
17. Other taxes not shown under items 1 to 16	1637		637		638	
18. Profit or loss for the financial year	1669		669	-1.218.521,00	670	975.848,00

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 10 August, 1915 on commercial companies, as amended.
The registered office of the Company is established in Avenue de la Gare 8-10,Luxembourg 1610 and is registered at the Trade and Companies register in Luxembourg under the number B174457.

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

In accordance with the legal requirements of title II of the law 19 December 2002 as amended, these annual accounts have been drawn up on a standalone basis and subject to approval of the Company's Annual General Meeting scheduled for 12 June 2020. In application of section XVI of the law of 10 August 1915 as amended, the Company represents the ultimate parent of a group of undertakings and also prepares consolidated financial statements which are prepared under IFRS as adopted by the EU and which are lodged with the Luxembourg trade register and are available for inspection on Company's corporate address. The consolidated financial statements of the Company are available as well on its corporate website.

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 19 December, 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.

Going concern
These annual accounts are prepared on a going concern basis.
During 2019 the Company incurred net loss of EUR 1 218 521. The Company earns principal income from dividends received from subsidiaries and interest earned on loans issued to subsidiaries. At the same the Company incurs key expenses from interest on loans received from subsidiaries and bonds issued to third parties. Accordingly, the Company's standalone financial results depend directly on its investment strategy - the balance of loans issued and received between the Company and its subsidiaries (the "Group") and investments in subsidiaries through share capital and subsequent dividends received. Therefore, it is appropriate to analyze the ability of the Company to continue as a going concern in the light of profitability and liquidity of the Group overall. In 2019 the Group has been profitable and demonstrated strong liquidity position raising no doubts about the ability to continue as a going concern.

Following the same approach, in the light of events related to Covid-19, the Company's management has assessed the impacts of the coronavirus outbreak on the Company's ability to continue as a going concern by analyzing the potential effect on the Group overall as described below.

The wider economic impacts of these events include:
– Disruption to business operations and economic activity in Mogo operating markets, with a cascading impact on both upstream and downstream supply chains;
– Significant disruption to businesses in certain sectors, both within Mogo operating markets and in markets with high dependence on a foreign supply chain as well as export-oriented businesses with high reliance on foreign markets. The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector;
– Significant decrease in demand for non-essential goods and services;
– An increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates.

Management further considered the following operating risks that may adversely affect the Group:
– Temporarily closed offline sales channels;
– Workforce unavailability for extended period;
– Recession in the global economy, as already confirmed by a number of economic forecasts done internationally, that would significantly reduce the purchasing power of end consumers and businesses.

In order to mitigate the risks resulting from potential adverse scenarios, management started to implement the measures, which notably include:
– Formation of crisis management team, to ensure instant reaction to the situation, dedicated resources reviewing public health requirements and other related government announcements and ensuring the Group stays informed;
– To address increasing credit risk the Group has focused and reconsidered debt collection strategy for the existing portfolios;
– Strengthening the new loan issuance policy;
– Implemented set of cash preserving activities to manage liquidity risk;
– Developing alternative ways of accepting payments such as integration with paybox companies, online payment providers, remittance services;
– Successful implementation of work from home ensuring continuity of core processes;
– Employees have been required to adhere to very strict precautionary standards including social distancing and other health and safety best practices followed by published government guidelines;
– Monitoring and starting application process for any reliefs and support mechanisms provided by the governments in operating markets, to which the Group could qualify, including discussions with tax authorities to renegotiate the tax payment schedules;
– Reviewing and renegotiating payment terms with suppliers.

The Group has performed the stress test – a quantitative analysis with a set of critical scenarios of Group's operations assuming partly disrupted core processes or 'full lockdown' due to COVID-19 for several months. The key assumptions of the stress test include limited or entirely paused issuance of new loans and car sales and severe cost reduction related with the issuance of new loans and administration costs. The stress test includes 2 scenarios and the key assumptions are as follows:

1) Baseline scenario:
- Loans issuance volumes: April till May 2020 EUR 2.0 million per month, June 2020 – EUR 6.0 million, July 2020 – EUR 7.0 million, August 2020 – EUR 8.0 million, September 2020 – EUR 9.0 million, October 2020 – EUR 10.0 million, November 2020 – EUR 11.0 million and December 2020 – EUR 13.0 million. For comparison, in January 2020 loan issued volume was EUR 14.3 million, in February 2020 – EUR 17.3 million and in March 2020 – EUR 12.9 million. Countries in Western Europe that were the first ones affected by COVID-19 have started to gradually relax the social distancing rules in the second half of April, therefore Group's management believes that recovery scenario starting from June 2020 is a reasonably conservative assumption;
- Total net revenue for the twelve-month period ended 31 December 2020 expected to increase by 5% compared to the same period last year (considering reduction in advance loan and lease repayments as further described below in Pessimistic scenario);
- Net impairment losses on loans and receivables vs total net revenue for the twelve-month period ended 31 December 2020 expected to reach 37% compared to 29% for the same period last year;
- Elimination of costs directly attributable to the loan issuance with certain temporary and permanent cost optimizations: selling expense expected to be at the level of 2.3% from total issued loan volumes. Temporary administrative cost and other operating expense reduction (including staff layoffs) in Q2 2020 by 50% including permanent decrease by 35% starting from Q2 2020 and additional monthly EUR 0.325 million cost optimization savings from countries starting from August 2020 and at least until the end of 2020;
- Cash inflow is planned to decrease to EUR 11.0 million per month for the period from April to September 2020, October – EUR 12.0 million, November – EUR 13.0 million and December EUR 14.0 million. For comparison, in the Q1 2020 average cash inflow was EUR 16.7 million.

2) Pessimistic scenario:
- Loans issuance volumes: April till May 2020 EUR 1.4 million per month, June 2020 – EUR 4.2 million, July 2020 – EUR 4.9 million, August 2020 – EUR 5.6 million, September 2020 – EUR 6.3 million, October 2020 – EUR 7.0 million, November 2020 – EUR 7.7 million and December 2020 – EUR 9.1 million. Decrease of 30% compared to base scenario as lower cash inflow from client's incoming payments is planned;
- Total net revenue for the twelve-month period ended 31 December 2020 expected to increase by 8% compared to the same period last year. An increase in interest income is due the fact that relatively low number of early repayments is being estimated as customers in the times of liquidity constraints are expected to make lower number of early repayments, however would still service their debt due to relatively smaller volume of the monthly payment compared to the early repayment. Mogo's normal business (including base case scenario) revolve around relatively high number of early repayments and high volume of new loan issued. In the base and pessimistic scenarios, lower volume issuances are estimated and therefore in base case portfolio is expected to decrease more rapidly than in pessimistic scenario, thus generating more surplus cash for Company but lower revenue;
- Net impairment losses on loans and receivables vs total net revenue for the twelve-month period ended 31 December 2020 expected to reach 42% compared to 29% for the same period last year;
- Elimination of costs directly attributable to the loan issuance with permanent cost optimizations: selling expense expected to be at the level of 2.3% from total issued loan volumes. Administrative cost and other operating expense reduction by 50% starting from Q2 2020;
- Cash inflow is planned to decrease by 30% compared to base scenario to EUR 7.7 million per month for the period from April to September 2020, October – EUR 8.4 million, November – EUR 9.1 million and December EUR 9.8 million.

In management's view, and having considered the results of the stress testing under two scenarios outlined, the above factors and measures taken support the assertion that the Group and the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's and on the Group's ability to continue as a going concern.
Management cannot however preclude the possibility that extended lock down periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment the Group operates in will not have an adverse effect on the Group, and its financial position and operating results, in the medium and longer term. We continue to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur.
The Group monitors its liquidity ratios on an ongoing basis. The main liquidity ratios for the Group are capitalization ratio and interest coverage ratio. As at 31 March 2020, the Group's capitalization ratio and interest coverage ratio were accordingly 17.2% and 1.6 (31 December 2019: 16.3% and 1.6), indicating stable liquidity shape of the Group. The Group has maintained strong funding and liquidity position with its robust diversified funding base. As at 31 March 2020 the Group is compliant with all financial covenants. The Group's management foresees that it will be able to fully satisfy the requirements of financial covenants as a minimum for 12 months assuming baseline development scenario as outlined below assuming baseline development scenario (no assessment is performed for the circumstances of negative scenario as it is considered highly unlikely by the Group). The Group maintains stable cash position, as at 30 April 2020 the Group's quick ratio (cash and cash equivalents vs current liabilities) was 37.3% (31 December 2019: 24.4%). The Company also maintains stable cash position, as at 30 April 2020 the Company's quick ratio (cash and cash equivalents vs current liabilities) was 100.02% (31 December 2019:

The Company's management foresees that in the following months the main liquidity source within the Group would arise from positive net cash flow balances resulting from strengthened liquidity risk management activities such as limited issuance of new loans, focus on sound debt collection process and Group's planned savings of administrative costs by more than 50% due to applied cost optimization actions. The Group controls its liquidity also by managing the amount of funding it attracts through P2P platform Mintos, which provides management greater flexibility to manage the level of borrowings and available cash balances. Despite the current uncertainty in the global economy, the amount of loans funded through Mintos have remained stable, demonstrating that investors trust in Mogo as a stable company, and they continue to invest in Mogo loans. P2P loan portfolio have increased by EUR 5.2 million or 7.4% to EUR 75.4 million as of 30 April 2020 (31 December 2019: EUR 70.2 million).

The Group continues to closely monitor the updates of eligible reliefs and support mechanisms provided by the governments.

Management has evaluated that the Group operates in a sector which is only partially impacted by the temporary lockdown and state of emergency imposed by governments. However, it has considered that the period of these measures may be further extended in certain countries of operation. Due to these conditions over the last few months the Group has experienced reasonably expected decrease in its financial performance. Based on the publicly available information at the date these annual accounts were authorized for issue, management considered a number of severe but plausible scenarios with respect to the potential development of the outbreak and its expected impact on the Group and economic environment, in which the Company and its subsidiaires operate, including the measures already taken by governments.

Presentation of the comparative financial data

Certain balances as at 31 December 2019 were classified differently from the prior year, due to management judgment. The reclassification has no impact on the financial result. The comparative information for 2018 disclosed in these annual accounts was classified in line with the principles used as at 31 December 2019 to ensure comparability. The opening balances before reclassification agree with the prior year closing balances. The reclassification relates to reclassifying liabilities towards bondholders from convertible loans becoming due and payable after more than one year to non-convertible loans becoming due and payable after more than one year amounting to 70 935 000 EUR as at 31 December 2018 due to an assessed error in classification. In addition to that the related accrued interest amounting to 3 186 292 EUR as at 31 December 2018 has been reclassified from other creditors becoming due and payable within one year to debenture loans becoming due and payable within one year and investment in affiliated undertaking Mogo AS bonds amounting to 6 545 000 EUR as at 31 December 2018 has been reclassified from other loans to loans to affiliated undertakings as well as 2018 interest income on loans issued to affiliated undertakings amounting to 4 137 177 EUR has been reclassified from other interest receivable and similar income to income from other investments and loans froming part of the fixed assets.

Significant accounting policies

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

Financial Fixed 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 as well as deferred acquisition costs of issued bonds.
The deferred bond acquisiton costs are amortized on a straight line basis until the maturity of the issued bonds.

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.

Provisions for pensions and similar obligations

The Company does not offer its employees a defined benefit plan and/or a defined contribution plan.

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 "Other creditors a) Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other debtors", 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.

Employee share options

Employees of the Company's subsidiaries have entered share option agreements with the Company or the 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 the Company's annual accounts.
The Company's management has estimated that the 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 the value for the share options 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 the value of the employee options would not materially different than zero.

Contingencies

Contingent liabilities are recognized in the annual accounts 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 annual accounts but is disclosed when an inflow of economic benefits is probable.

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.

Note 3 - Significant accounting judgments, estimates and assumptions

The preparation of the annual accounts 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 annual accounts relate to 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 annual accounts:

Valuation of financial assets

The carrying amounts of the Company's financial assets are reviewed at each reporting date by the Company's management to determine whether there is a durable depreciation in value and value adjustments need to be made in respect of the financial assets. Company's management has assessed that the Company's assets do not have a durable depreciation in value as at 31 December 2019.

Covid-19 impact assessment

In the light of events related to Covid-19, the Company's management has assessed the impacts of the coronavirus outbreak on the Company's ability to continue as a going concern. The Company has performed the stress test at Group level – a quantitative analysis with a set of critical scenarios of Group's operations assuming partly disrupted core processes or 'full lockdown' for several months due to Covid-19. The key assumptions of the stress test include limited or entirely paused issuance of new loans and car sales and severe cost reduction related with the issuance of new loans and administration costs.
For further information and resulting management judgements please refer to Note 2 and Note 25.
Please also note that while non-adjusting in nature as at 31 December 2019, the economic impact of Covid-19 outbreak may have a significant negative impact on the estimates of recoverable values of financial and non-financial assets. The magnitude of such impact cannot be presently estimated in a reliable manner.

Note 4 - Shares in affiliated undertakings

a) The movements for the year are as follows:

	Shares in affiliated undertakings EUR	Total 2019 EUR
Gross book value - opening balance	**22 651 672**	**22 651 672**
Additions for the year*	21 856 684	21 856 684
Disposals for the year**	(13 625 813)	(13 625 813)
Gross book value - closing balance	**30 882 543**	**30 882 543**
Value adjustments	**-**	**-**
Net book value - closing balance	**30 882 543**	**30 882 543**
Net book value - opening balance	22 651 672	22 651 672

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

Name of undertaking (legal form)	Percentage of investment in shares	2019
Mogo Balkans and Central Asia AS (previously HUB 2 AS)	100%	7 005 980
Mogo Baltics and Caucasus AS (previously HUB 1 AS)	100%	5 473 365
Longo Group AS	100%	4 734 000
Mogo Albania SHA	100%	1 997 075
Mogo Eastern Europe AS (previously HUB 3 AS)	100%	1 711 089
Mogo Bulgaria EOOD	100%	511 292
Mogo DOOEL Skopje	100%	220 000
Mogo Loans DOOEL Skopje	100%	100 000
Mogo LT UAB	100%	49 985
Mogo Group AS (previously HUB 0 AS)	100%	35 000
Mogo Loans SRL	100%	15 398
Mogo Central Asia AS (previously HUB 4 AS)	100%	3 500
Total		**21 856 684**

** Disposals for the year consisted of sale of shares in following subsidiaries:

Name of undertaking (legal form)	Percentage of investment in shares	2019
Mogo AS	98%	4 900 000
Longo Group AS	100%	5 000 000
Mogo Bulgaria EOOD	74.9%	1 909 950
Mogo OU	100%	1 750 200
Mogo Ukraine LLC	100%	50 000
Mogo Loans SRL	100%	15 663
Total		**13 625 813**

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 as at 31 December 2019 %	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 2019 (EUR)	Net book value 2018 (EUR)
Mogo Balkans and Central Asia AS (previously HUB 2 AS)	Republic of Latvia	100%	31.12.2019	7 990 848	177 786	7 804 480	798 500
Mogo Baltics and Caucasus AS (previously HUB 1 AS)	Republic of Latvia	100%	31.12.2019	6 466 021	- 37 149	6 511 465	1 038 100
Mogo IFN	Republic of Romania	99.99%	31.12.2019	4 676 922	119 422	6 379 980	6 379 980
Mogo Albania SHA	Republic of Albania	100%	31.12.2019	- 775 066	- 1 295 123	2 775 153	778 078
Mogo LT UAB	Republic of Lithuania	100%	31.12.2019	10 889 402	4 118 552	2 499 827	2 449 842
Mogo LLC	Republic of Georgia	98%	31.12.2019	10 779 155	3 121 526	1 996 998	1 996 998
Mogo Eastern Europe AS (previously HUB 3 AS)	Republic of Latvia	100%	31.12.2019	8 104 112	14 445	1 716 350	5 261
Mogo Bulgaria EOOD	Republic of Bulgaria	25.1%	31.12.2019	701 789	- 289 378	646 510	2 045 167
Mogo DOOEL Skopje	Republic of North Macedonia	100%	31.12.2019	- 191 980	- 391 980	220 000	-
Mogo Polska Sp. zoo	Republic of Poland	100%	31.12.2019	- 4 360 740	125 218	117 780	117 780
Mogo Loans DOOEL Skopje	Republic of North Macedonia	100%	31.12.2019	- 39 606	- 139 606	100 000	-
Mogo Central Asia AS (previously HUB 4 AS)	Republic of Latvia	100%	31.12.2019	232 233	169 866	38 500	35 000
Mogo Africa AS (previously HUB 5 AS)	Republic of Latvia	100%	31.12.2019	3 224 883	3 189 887	35 000	35 000
Mogo Group AS (previously HUB 0 AS)	Republic of Latvia	100%	31.12.2019	4 697	- 30 303	35 000	-
Mogo Finance S.L.	Kingdom of Spain	100%	31.12.2019	3 000	-	3 000	3 000
Risk Management services OU	Republic of Estonia	100%	31.12.2019	- 2 228 678	- 828 419	2 500	2 500
Mogo OU	Republic of Estonia	0%	31.12.2019	-	-	-	1 750 200
Mogo AS	Republic of Latvia	0%	31.12.2019	-	-	-	4 900 001
Longo Group AS	Republic of Latvia	0%	31.12.2019	-	-	-	266 000
Mogo Ukraine LLC	Republic of Ukraine	0%	31.12.2019	-	-	-	50 000
Mogo Loans Srl	Republic of Moldova	0%	31.12.2019	-	-	-	265
Total						**30 882 543**	**22 651 672**

The figures of net equity at the balance sheet date and profit or loss for the last financial year are based on the preliminary financial information extracted from the consolidation table that the Company has used to prepare its consolidated financial statements for the year ended 31 December 2019.
In the opinion of the Board of Directors there is no impairment effect for shares in affiliated undertakings.

c) Latest approved financial results of the undertakings in which the Company holds at least 20% of the share capital or in which it is a general partner as at 31 December 2019:

Name of undertaking (legal form)	Registered office	Ownership as at 31 December 2019 %	Last balance sheet date	Net equity at the balance sheet date of the company concerned EUR	Profit or loss for the financial year EUR
Mogo Balkans and Central Asia AS (previously HUB 2 AS)	Republic of Latvia	100%	31.12.2018	810 582	12 082
Mogo Baltics and Caucasus AS (previously HUB 1 AS)	Republic of Latvia	100%	31.12.2018	1 033 305	- 1 295
Mogo IFN	Republic of Romania	99.99%	31.12.2018	4 503 375	- 777 890
Mogo Albania SHA	Republic of Albania	100%	31.12.2018	79 043	- 668 370
Mogo LT UAB	Republic of Lithuania	100%	31.12.2018	9 446 909	3 943 217
Mogo LLC	Republic of Georgia	100%	31.12.2018	6 728 294	2 394 751
Mogo Eastern Europe AS (previously HUB 3 AS)	Republic of Latvia	100%	31.12.2018	3 080	- 9 016
Mogo Bulgaria EOOD	Republic of Bulgaria	25.1%	31.12.2018	479 876	- 1 139 868
Mogo Polska Sp. zoo	Republic of Poland	100%	31.12.2018	- 4 509 186	- 2 833 677
Mogo Central Asia AS (previously HUB 4 AS)	Republic of Latvia	100%	31.12.2018	62 367	27 367
Mogo Africa AS (previously HUB 5 AS)	Republic of Latvia	100%	31.12.2018	34 996	- 4
Mogo Finance S.L.	Kingdom of Spain	100%	31.12.2019	3 000	-
Risk Management services OU	Republic of Estonia	100%	31.12.2018	- 1 400 260	- 601 712

Mogo Africa AS and Mogo Group AS have been recently established, therefore currently do not have any approved financial results.

Note 5 - Loans to affiliated undertakings

Amounts owed by affiliated undertakings are detailed as follows:

Name	Interest rate	Maturity	Net book value 2019 EUR	Net book value 2018 (reclassified) EUR
Mogo Kredit OOO - loan	12.5%	19.03.2023	9 339 000	2 340 000
Mogo Poland Sp. z o.o. - loan	8.50%	27.04.2023	7 360 508	8 460 000
Mogo Kazakhstan - loan	12.0%	21.09.2023	7 175 700	144 500
Mogo loans SRL - loan	12.0%	27.04.2023	6 619 000	4 393 000
Mogo IFN - loan	12.0%	27.04.2023	5 020 000	-
Mogo Bulgaria EOOD - loan	12.0%	27.04.2023	4 919 486	4 039 486
Mogo Lend OOO - loan	14.0%	05.09.2023	4 375 000	150 000
Mogo Albania SHA - loan	12.0%	27.04.2023	3 459 848	671 922
Mogo AS - bonds*	10.0%	31.03.2021	3 212 000	6 545 000
Mogo Loans SMC Limited	12.0%	15.02.2024	3 209 000	-
Mogo UCO - loan	12.0%	22.11.2023	3 001 555	5 700 000
Mogo Kenya Limited - loan	12.0%	29.03.2024	2 730 000	-
Mogo D.o.o. Sarajevo - loan	12.0%	03.09.2023	2 304 000	-
Mogo LT UAB - loan	12.0%	27.04.2023	2 250 000	5 310 000
Mogo Baltics and Caucasus AS (previously HUB 1 AS) - loan	12.0%	31.07.2023	2 111 000	1 390 000
Mogo DOOEL Skopje - loan	12.5%	19.07.2023	1 587 000	-
Mogo Central Asia AS (previously HUB 4 AS) - loan	3.0%	31.07.2023	1 158 641	1 190 000
Mogo Eastern Europe AS (previously HUB 3 AS) - loan	3.0%	27.04.2023	1 027 873	441 000
Mogo Loans DOOEL Skopje - loan	12.0%	19.08.2024	728 000	-
Mogo Africa AS (previously HUB 5 AS) - loan	12.0%	29.01.2024	602 331	-
Mogo Africa UAB (previously HUB 5 LT UAB) - loan	12.0%	15.02.2024	597 500	-
Mogo Group AS (previously HUB 0 AS) - loan	12.0%	27.11.2023	385 000	-
Renti AS - loan	3.0%	27.11.2023	290 306	-
Longo cars Limited - loan	12.0%	15.02.2024	165 500	-
Mogo LLC - loan	16.5%	27.04.2023	100 000	7 188 242
Longo LLC - loan	12.0%	27.11.2023	90 000	208 000
Mogo Eastern Europe LT UAB (previously HUB 3 LT UAB) - loan	12.0%	19.02.2024	38 000	-
AS Longo Group- loan	3.0%	20.04.2023	-	1 960 000
Mogo OU - loan	12.0%	27.04.2023	-	2 580 000
Longo Latvia AS - loan	3.0%	27.11.2023	-	900 000
Mogo Balkans and Central Asia AS (previously HUB 2 AS) - loan	12.0%	31.07.2023	-	500 000
Longo LT UAB - loan	14.0%	27.11.2023	-	483 000
Mogo Ukraine LLC - loan	11.0%	04.06.2023	-	267 800
Mogo Kazakhstan - accrued interest			441 382	2 360
Mogo Albania SHA - accrued interest			317 596	33 376
Mogo Lend OOO - accrued interest			276 007	2 363
Mogo DOOEL Skopje - accrued interest			184 374	-
Mogo Poland Sp. z o.o. - accrued interest			161 112	-
Mogo Loans DOOEL Skopje - accrued interest			131 200	-
Mogo Kenya Limited - accrued interest			111 609	-
Mogo Kredit OOO - accrued interest			90 472	69 821
Mogo D.o.o. Sarajevo - accrued interest			68 781	-
Mogo IFN - accrued interest			51 360	-
Mogo Bulgaria EOOD - accrued interest			51 114	40 761
Mogo UCO - accrued interest			35 232	64 133
Mogo Africa UAB (previously HUB 5 LT UAB) - accrued interest			30 275	-
Mogo Africa AS (previously HUB 5 AS) - accrued interest			26 164	-
Mogo Loans DOOEL Skopje - accrued interest			16 017	-
Longo Cars Limited - accrued interest			15 433	-
Mogo Eastern Europe AS (previously HUB 3 AS) - accrued interest			9 382	-
Renti AS - accrued interest			7 403	-
Longo LLC - accrued interest			6 106	1 028
Mogo LLC - accrued interest			229	-
Mogo Ukraine LLC - accrued interest			-	14 383
Longo LT UAB - accrued interest			-	4 025
Mogo DOOEL Skopje - receivables		31.03.2020	423 453	
Becoming due and payable after more than one year			*73 856 248*	*54 861 950*
Becoming due and payable within one year			*2 454 701*	*232 250*
Total			**76 310 949**	**55 094 200**

* During 2019 Mogo Finance S.A has sold part of Mogo AS bonds and total investment at the end of year reduced to 3 212 000 EUR, this investment consists of 700 000 EUR in bonds ISIN: LV0000801363, monthly coupon rate 10%, maturity at 31 March 2021, and 2 512 000 EUR in bonds ISIN LV0000880029 monthly coupon rate 10%, maturity at 31 March 2021.
Certain balances as at 31 December 2019 were classified differently from the prior year due to management's judgment. The comparative information for 2018 disclosed in these annual accounts was classified in line with the principles used as at 31 December 2019 and is comparable, please refer to note 2 for further information.

Note 6 - Other loans

Name	Type	Interest rate	Maturity	Net book value 2019 (EUR)	Net book value 2018 (reclassified) (EUR)
100x Treasury SIA*	Loan	10.5%	27.04.2023	2 823 724	-
100x Treasury SIA*	Loan	12.5%	27.04.2023	1 731 715	-
AK Family Investments SIA***	Loan	3.0%	15.01.2021	1 620 518	-
KM Invest AS***	Loan	3.0%	15.01.2021	541 266	-
Obelo Capital AS***	Loan	3.0%	15.01.2021	541 266	-
Nevia Finance SIA***	Loan	3.0%	15.01.2021	541 266	-
BCAP Holding AS***	Loan	3.0%	15.01.2021	32 804	-
AK Family Treasury SIA***	Loan	3.0%	15.01.2021	3 280	-
AK Family Treasury SIA***	Loan	3.0%	15.01.2021	4 616 633	-
KM Invest AS***	Loan	3.0%	15.01.2021	1 538 878	-
Novo Holding AS***	Loan	3.0%	15.01.2021	1 108 989	-
Avole Holdings AS***	Loan	3.0%	15.01.2021	1 108 989	-
Obelo Capital AS***	Loan	3.0%	15.01.2021	429 889	-
Nevia Finance SIA***	Loan	3.0%	15.01.2021	429 889	-
BCAP Holding AS***	Loan	3.0%	15.01.2021	93 262	-
DCE Invest**	Loan	10.5%	27.04.2023	-	2 543 545
DCE Invest**	Loan	12.5%	27.04.2023	-	1 425 000
Mogo DOOEL Skopje	Loan	12.5%	19.07.2023	-	710 000
AS Novo (prev. AP Inves)	Loan	10.5%	27.04.2023	-	304 596
Mogo D.o.o. Sarajevo	Loan	12.0%	03.09.2023	-	244 080
Mogo SH.P.K - loan**	Loan	12.0%	15.03.2023	1 445 000	30 000
Total				**18 607 368**	**5 257 221**

* During 2019 DCE invest and Mogo Finance S.A. agreed to novate the loan agreement and as at the end of 31 December 2019 new borrower become 100x Treasury SIA, with the same conditions.
** Company Mogo SH.P.K. has not yet been incorporated in Mogo Group during 2019, therefore the loan is not reflected in Loans to affiliated undertakings.
*** During the year 2019 all loans provided to Longo Group and its subsidiaries have been novated towards its new shareholders, namely AK Family Investments SIA, AK Family Treasury, KM Invest AS, Obelo Capital AS, Nevia Finance SIA, BCAP Holding AS, Novo Holdings AS together with deferred consideration for the sale of Longo Group shares the loan principal amount from companies reached 16 118 977 EUR maturity at 15 January 2021 and interest rate at 3% yearly. Please refer to note 7 for the short-term balance of the respective loans.
Companies Mogo DOOEL Skopje and Mogo D.o.o. Sarajevo have been incorporated in Mogo Group during 2019, therefore loans are reflected in Loans to affiliated undertakings.
Certain balances as at 31 December 2019 were classified differently from the prior year due to management's judgment. The comparative information for 2018 disclosed in these annual accounts was classified in line with the principles used as at 31 December 2019 and is comparable, please refer to note 2 for further information.

Note 7 - Other debtors

Name	Type	Interest rate	Maturity	Net book value 2019 (EUR)	Net book value 2018 (EUR)
AK Family Investments SIA	Short-term balance of loan (Note 6 - Other loans)	3.0%	15.07.2020/15.10.2020	988 000	-
AK Family Treasury SIA	Short-term balance of loan (Note 6 - Other loans)	3.0%	15.07.2020/15.10.2020	750 463	-
KM Invest AS	Short-term balance of loan (Note 6 - Other loans)	3.0%	15.07.2020/15.10.2020	579 487	-
Obelo Capital AS	Short-term balance of loan (Note 6 - Other loans)	3.0%	15.07.2020/15.10.2020	400 111	-
Nevia Finance SIA	Short-term balance of loan (Note 6 - Other loans)	3.0%	15.07.2020/15.10.2020	400 111	-
Avole Holdings AS	Short-term balance of loan (Note 6 - Other loans)	3.0%	15.07.2020/15.10.2020	179 376	-
Novo Holding AS	Short-term balance of loan (Note 6 - Other loans)	3.0%	15.07.2020/15.10.2020	179 376	-
BCAP Holding AS	Short-term balance of loan (Note 6 - Other loans)	3.0%	15.07.2020/15.10.2020	35 124	-
Other debtors	Accrued interest on other loans (Note 6 - Other loans)			62 548	133 485
Other debtors	VAT overpayment			46 982	46 982
Other debtors	Advance paid for purchased shares of subsidiaries			-	42 367
Other debtors	Other debtors			21 022	19 764
Total				**3 642 600**	**242 598**

Note 8 - Prepayments

Name	Type	Net book value 2019 (EUR)	Net book value 2018 (EUR)
Prepaid expenses	Deferred bonds acquisition costs	4 772 934	3 389 614
Mogo DOOEL Skopje*	Purchase price paid for acquisition of shares in acquired companies	-	220 000
Prepaid expenses	Prepaid Expenses - Intercompany	-	1 548
Prepaid expenses	Prepaid expenses other	5 053	1 983
Total		**4 777 987**	**3 613 145**

* Mogo Finance S.A. has completed the acquisition process of subsidiary in Macedonia. The acquisition process was completed on 18 February 2019.

Note 9 - Capital and reserves

Subscribed capital

The subscribed capital of the Company amounts to EUR 1 000 000 and is divided into 100 000 000 shares fully paid.

The movements on the "Subscribed capital " caption during the year 2019 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	968 964	96 896 400	-	96 896 400
Redemptions for the year	-	-	-	-
Closing balance	**1 000 000**	**100 000 000**	**-**	**100 000 000**

During the Extraordinary General Meetings held on 26 October 2019, it was decided to increase share capital to 1 000 000 EUR. Share capital was fully paid during year 2019. Par value of 1 share is 0.01 EUR and has not changed due to increase of share capital.

As of and for the year ended 31 December 2019, the Company does not hold any of its own shares.

The movements on the "Subscribed capital " caption during the year 2018 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	-	-	-	-
Redemptions for the year	-	-	-	-
Closing balance	**31 036**	**3 103 600**	**-**	**3 103 600**

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.

The movements on the "Legal reserve" caption during the year 2019 are as follows:

	EUR
Opening balance	-
Additional reserve recognised	3 104
Closing balance	**3 104**

Note 10 - Other provisions

Name	Type	Nominal value as at 31.12.2019 EUR	Nominal value as at 31.12.2018 EUR
Eerik Oja	Non-current contingent consideration liability	-	52 600
Eerik Oja	Current contingent consideration liability	62 940	80 626
Total		**62 940**	**133 226**

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.
3) During 2018 2% of the net profit earned in 2017 for total amount EUR 58 759 were paid out
4) During 2019 2% of the net profit earned in 2018 for total amount EUR 70 286 were paid out

Note 11 - Debenture loans

Name	Maturity date	Interest rate	Borrowing/ (reimbursement)	Nominal value as at 31.12.2019 EUR	Nominal value as at 31.12.2018 (reclassified) EUR
Becoming due and payable within one year					
Accrued interest			1 240 258	4 426 550	3 186 292
Becoming due and payable after more than one year					
Bond holders	10.07.2022	9.5%	26 614 000	97 549 000	70 935 000

On 13 November 2019, Mogo Finance successfully placed a EUR 25 million tap issue of its 9.50% corporate bond 2018/2022 (XS1831877755) at 95% plus accrued interest. Listing of the bonds on the Frankfurt Stock Exchange's regulated market (General Standard) is based on the securities prospectus approved by the CSSF (Luxembourg supervisory authority).
The total amount outstanding of Mogo Finance's 9.50% corporate bonds 2018/2022 (XS1831877755) amounts to EUR 100 million. The bond will mature in July 2022.
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. As at 31 December 2019 Company has pledged its shares in subsidiaries, all intercompany receivables as well as receivables from 100x Treasury SIA and Novo Holding AS in favor of the bond liabilities.
On 13 November 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.
Certain balances as at 31 December 2019 were classified differently from the prior year due to management's judgment. The comparative information for 2018 disclosed in these annual accounts was classified in line with the principles used as at 31 December 2019 and is comparable, please refer to note 2 for further information.

Note 12 - Amounts owed to affiliated undertakings

Name	Maturity date	Interest rate	Borrowing/ (reimbursement)	Nominal value as at 31.12.2019 EUR	Nominal value as at 31.12.2018 EUR
Becoming due and payable within one year					
Mogo OU	11.09.2021	13.50%	2 950 000	2 950 000	-
Mogo Balkans and Central Asia AS (previously HUB 2 AS)	22.07.2020	11.25%	919 000	919 000	-
Other payables to related parties			440 587	486 965	46 378
			4 309 587	**4 355 965**	**46 378**
Becoming due and payable after more than one year					
Mogo AS	27.04.2023	11.75%	13 257 000	24 298 800	11 041 800

During 2019 Mogo Finance S.A. enterred into loan agreement with its subsidiaries Mogo OU (Estonia) and HUB2 AS (Latvia) EUR 3 869 000. As at the end 31 December 2019 outstanding debt towards Mogo OU reached EUR 2 950 000, and towards HUB2 AS, outstanding borrowing reached EUR 919 000.

Note 13 - Other creditors

Name	Maturity date	Interest rate	Borrowing/ (reimbursement)	Nominal value as at 31.12.2019 EUR	Nominal value as at 31.12.2018 (reclassified) EUR
Becoming due and payable within one year					
Other payables			(192 330)	89 200	281 530
			(192 330)	**89 200**	**281 530**
Becoming due and payable after more than one year					
*Subordinated loans**					
AK Family Treasury SIA	11.07.2022	3%	4 776 794	4 776 794	-
Novo Holdings AS	11.07.2022	3%	668 432	668 432	-
Avole Holdings AS	11.07.2022	3%	668 401	668 401	-
KM Invest SIA	11.07.2022	3%	500 208	500 208	-
ZS Invest Holdings AS	11.07.2022	3%	168 224	168 224	-
TIO Investments Ltd	11.07.2022	10%	(2 500 000)	-	2 500 000
Other creditors					
Warrant - Bonriki Holdings Ltd**			-	1	1
			4 282 059	**6 782 060**	**2 500 001**

* During 2019 Mogo Finance has attracted 4 282 061 EUR in subordinated loans with the interest rate of 3% yearly and maturity at 11 July 2022.
** On 5 May 2015 Bonriki Holdings Limited entered into a mezzanine facility agreement with the Company, amended on 23 May 2016. In accordance with the Bonriki mezzanine facility agreement a facility in amount of EUR 12,000,000 was made available to the Company. The Bonriki mezzanine facility agreement provided for an interest rate of 12.5% and maturity date 31 August 2018. In addition, Bonriki was granted a warrant over the shares of the Company whereby Bonriki may acquire 2.5% shares of the Company by 21 June 2021. The amended and restated warrant agreement signed on 23 May 2016 stipulates that the warrant holder has the right to exercise warrant within three year period after full repayment of the Mezzanine loan and other accrued amounts. As the full repayment of Mezzanine loan and other accrued amounts was made on 13 July 2018, the warrant's exercise period ends on 13 July 2021. Upon the exercise of the warrant the warrant holder may also elect to have the warrant redeemed at fair market value of the shares of Company. According to the shareholders agreement signed by Bonriki as a Warrant holder, shareholders and Mogo Finance S.A., the warrant holder does have the option to sell to the shareholders or the Mogo Finance S.A. (selected at the entire discretion of the warrant holder) shares owned by the warrant holder, this option can only be exercised only within one year after the full repayment of the loan and other amounts accrued (i.e. 31 December 2020).
Certain balances as at 31 December 2019 were classified differently from the prior year due to management's judgment. The comparative information for 2018 disclosed in these annual accounts was classified in line with the principles used as at 31 December 2019 and is comparable, please refer to note 2 for further information.

Note 14 - Other external expenses

	2019 EUR	2018 EUR
Brokerage fees	1 737 625	1 028 566
Professional services	473 931	386 524
Bank fees	109 740	31 624
Subsidiary acquisition expenses	95 207	-
Other administrative expenses	2 468	2 894
Total	**2 418 971**	**1 449 608**

Audit fees
Fees paid by the Company in relation to the statutory audit of the consolidated financial statements as at 31 December 2019 as well as the statutory audit of the annual accounts as at 31 December 2019 amount to 77 000 EUR (67 000 EUR audit fees of KPMG Luxembourg and 10 000 EUR audit fees of KPMG Baltics).
Fees for permitted non-audit-services billed to the Company by KPMG Baltics during the year amount to 13 375 EUR relating to tax services.
Amounts are included in 'Professional services' line.

Note 15 - Income from participating interests

	2019 EUR	2018 EUR
Dividends income	3 200 920	4 413 500
Income from sale of shares of subsidiary	280 400	-
Total	**3 481 320**	**4 413 500**

Note 16 - Income from other investments and loans forming part of the fixed assets

	2019 EUR	2018 (reclassified)
Interest income on loans issued to affiliated undertakings	6 717 100	4 137 177
Total	**6 717 100**	**4 137 177**

Certain amounts as at 31 December 2019 were classified differently from the prior year due to management's judgment. The comparative information for 2018 disclosed in these annual accounts was classified in line with the principles used as at 31 December 2019 and is comparable, please refer to note 2 for further information.

Note 17 - Other interest receivable and similar income

	2019 EUR	2018 (reclassified)
Interest income on other loans	909 995	335 495
Income from transactions with bonds	492 132	342 402
Refundable VAT from previous years	-	46 981
Total	**1 402 127**	**724 878**

Certain amounts as at 31 December 2019 were classified differently from the prior year due to management's judgment. The comparative information for 2018 disclosed in these annual accounts was classified in line with the principles used as at 31 December 2019 and is comparable, please refer to note 2 for further information.

Note 18 - Interest payable and similar expenses

	2019 EUR	2018 EUR
Interest payable and similar expenses concerning affiliated undertakings		
Interest expenses on loans from affiliated undertakings	2 669 117	3 385 536
Total	**2 669 117**	**3 385 536**
Other interest and similar expenses		
Interest expenses on bonds	7 233 612	2 525 422
Interest expenses on subordinated loans	263 347	908 667
Total	**7 496 959**	**3 434 089**

Note 19 - Taxation

The Company is subject to the taxation pursuant to the Luxembourg law, being Corporate Income Tax, Net Wealth tax and Municipal Business tax.

Note 20 - Related party disclosures

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 including members of Supervisory body – Audit committee and close family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence and entities being controlled or significantly influenced by the Company. 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 management of the Company considers all transactions with related parties to be according to arm's length principal.
Please refer to to Notes 4, 5, 6, 7, 11, 15 and 16 for more details on transactions with related parties.

Note 21 - 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.

Note 22 - Advances, loans and commitments

Board and Council Members did not receive any renumeration for financial year 2019 and no loans and commitments were granted to the Board and Council Members except for those disclosed in Note 23.

Note 23 - Share-based payments

The fair value of share options granted is estimated at the date of the grant. Company's management has assessed that the fair value of the respective share options, due to reasons described in Note 3 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 for Senior Executive Plan, till 2023 for General Employee Share Option Plan and there are cash settlement alternatives. Given absence of an ongoing sale of subsidiaries or Mogo Finance S.A. or any listing process initiated, then cash settlement is considered not to be probable. The Company does not have a past practice of cash settlement for these awards and does not have a present obligation to settle in cash.

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

		2019		2018
	Number	Weighted average exercise price, EUR	Number	Weighted average exercise price, EUR
Outstanding at 1 January	**4**	**0.7**	**5**	**0.49**
Granted during the year	-	-	-	-
Exercised during the year	-2	0.01	-	-
Terminated during the year	-2	1.06	-1	0.01
Outstanding at 31 December	**0**	**0**	**4**	**0.7**
Exercisable at the end of the period	0	0	3	0.01

Two participants of this program exercised the share option plan in current reporting period. One participant exited the share option plan due to leaving the Company's subsidiaries. The Company has no obligations regarding this share option plan.
Two participants of this program exited the share option plan in previous reporting period due to leaving the Company. The Company has no obligations against them regarding this share option plan.
There have been no forfeited or expired share options during the year.

The following table illustrates the number and weighted average exercise prices of General Employee share option plan:

		2019		2018
	Number	Weighted average exercise price, EUR	Number	Weighted average exercise price, EUR
Outstanding at 1 January	**47**	**0.1**	**-**	**-**
Granted during the year	34	0.1	47	0.1
Terminated during the year	-18	-	-	-
Outstanding at 31 December	**63**	**0.1**	**47**	**0.1**
Exercisable at the end of the period	-	-	-	-

The Company's subsidiaries launched this share option plan in 2018 and it involves shares in certain Company's subsidiaries. 81 employees were added to this plan since then. 18 employees exited the plan due to leaving the Company. None of the employees have been granted any shares by end of reporting year. The plan involves granting of option on shares in Company's subsidiaries.
There have been no forfeited, exercised or expired share options during the year.
The exercise price for options outstanding at the end of the year was 0.1 EUR (2018: 0 EUR). The weighted average remaining contractual life for the share options outstanding as at 31 December 2019 is 3 years (2018: 4).
The main purpose of both share option plans is to attract and retain highly experienced employees for extensive period of time and build strong management team.

Note 24 - Off-balance sheet commitments

The Company has issued guarantees to peer-to-peer lending platform Mintos in respect of the credit facilities of subsidiaries of the Company. The maximum amount the Company is exposed to is 75 million EUR.

Note 25 - Subsequent events

Since the last day of the reporting year several significant events took place:
1) The Company has issued additional loans to its subsidiaries in amount of EUR 650 000 by 31 May 2020.
2) The Company has issued additional loans to related party - Mogo Kosovo that is in the process to be incorporated within Mogo Group in amount of EUR 300 000.
3) The Company has attracted funding by selling it's own issued bonds in amount of EUR 2 451 000.
4) The Company has acquired 2% of minority interest in its subsidiary in Georgia. The Company now owns 100% shares in that subsidiary.
5) The Company has decided to distribute dividends of its subsidiary in Lithuania in amount of EUR 3 943 217.
6) The Company has attracted funding of EUR 5 070 000 as subordinated borrowings and repaid EUR 5 150 000 of borrowings from its subsidiaries by 31 May 2020.

Subsequent events and their impact on the Company's ability to continue as a going concern

On 11 March 2020 the World Health Organization declared the coronavirus (Covid-19) outbreak a pandemic, due to which many countries, including those the Company and Group operates in, declared the state of emergency. Under these circumstances, governments of the Group's operating countries have enforced various measures, which include mainly imposed social or physical distancing restrictions and curfews. Responding to the serious threat that the COVID–19 presents to public health, all governments of countries in which the Group operates have taken similar measures to contain the outbreak, including suspension of international passenger transport through airports, ports, by bus and rail and the 'lock-down' of certain industries. In particular, airlines, sea carriers and railways suspended international transport of people. Schools, universities, restaurants, cinemas, theatres, museums and sport facilities were closed or restricted their activities. Many businesses have also instructed employees to remain at home and some have curtailed or temporarily suspended their business operations. Details about the impacts on the Company, Group and management's plans have been provided in note 2 and 3 respectively.

When preparing these annual accounts, Management has considered that the COVID-19 outbreak and its related impacts are non-adjusting events.

It is the responsibility of the directors to make estimates about recoverability of shares in affiliated unertakings, loans to affiliated undertakings , other loans, amounts owed by affiliated undertakings and other debtors and the appropriateness of the related disclosures and of the going concern basis of preparation of the annual accounts.

The valuation of the shares in affiliated unertakings, loans to affiliated undertakings , other loans, amounts owed by affiliated undertakings and other debtors as at 31 December 2019 as disclosed in the annual accounts reflects the economic conditions in existence at that date.

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

Māris Kreics
Director type A

Delphine Glessinger
Director type B