Société Anonyme Mogo Finance

(UNIFIED REGISTRATION NUMBER B 174.457)

Unaudited interim condensed consolidated financial statements

for the period ended 30 June 2020

PREPARED IN ACCORDANCE WITH IAS34

Luxembourg, 2020

CONTENTS

General information

Name of the Parent Company	Mogo Finance
Legal status of the Parent Company	Société Anonyme
Unified registration number, place and date of registration	Luxembourg, 18 December 2012
Registered office	8-10 Avenue de la Gare, L-1610, Luxembourg

Major shareholders

	30.06.2020.
SIA AK Family Investments (Latvia)	46.56%
AS Novo Holdings (Latvia)	15.52%
LVS Limited (Malta)	15.52%
AS Obelo Capital (Latvia)	15.52%
Other shareholders	6.88%
TOTAL	**100.00%**

Directors

Modestas Sudnius (type A), from 09.03.2019
Māris Kreics (type A), from 25.07.2018
Delphine Glessinger (type B), from 14.09.2018

Consolidated subsidiaries

Mogo AS, Latvia	Mogo Baltics and Caucasus AS, Latvia
Mogo LT UAB, Lithuania	Mogo Balkans and Central Asia AS, Latvia
Mogo OU, Estonia	Mogo Eastern Europe AS, Latvia
Mogo LLC, Georgia	Mogo Consumer Finance AS, Latvia
Mogo Sp. z o.o., Poland	Mogo Africa AS, Latvia
Mogo Bulgaria EOOD, Bulgaria	Mogo Africa UAB, Lithuania
Mogo IFN SA, Romania	Mogo UCO LLC, Armenia
MOGO IBERIA SL, Spain	Mogo Lend LTD, Uzbekistan
Mogo Albania SHA, Albania	Mogo Kazakhstan TOO, Kazakhstan
Risk Management Services OU, Estonia	Mogo Eastern Europe LT, UAB, Lithuania
Mogo Loans SRL, Moldova	Longo Georgia LLC, Georgia
Mogo Ukraine LLC, Ukraine	Longo LLC, Armenia
Mogo Car Finance AS, Latvia	MOGO Kredit LLC, Belarus
Mogo Leasing d.o.o., Bosnia&Herzegovina	FD Mogo krediti DOOEL, North Macedonia
MOGO LOANS SMC LIMITED, Uganda	Mogo DOOEL, North Macedonia
Mogo Auto Ltd, Kenya	Renti AS, Latvia
Mogo Kenya Ltd, Kenya	Funderly Group AS, Latvia
Hima UCO, Armenia	YC Group AS, Latvia
NF Capital AS, Latvia	Zen Group AS, Latvia

Financial period: 1 January - 30 June 2020

DIRECTORS` REPORT

Successful transition through Covid-19 – Strong signs of recovery towards the end of H1 2020

OPERATIONAL AND STRATEGIC HIGHLIGHTS

● Measures implemented in response to Covid-19 prove to be effective – Operating countries nearly back to normal
● Declining issuances in H1 2020 recovering since May from troughs in April, but still below pre-Covid-19 levels and H1 2019
● Debt collection close to pre-Covid-19 level at end of H1 2020 – gradually increasing since April
● Strict underwriting and focus on debt collection resulted in cash accumulation
● Covid-19 triggering proactive portfolio optimization - clear focus on the most profitable markets

FINANCIAL HIGHLIGHTS AND PROGRESS

● Interest and similar income including income from used car rent up strongly by 19.9% to EUR 42.0 million (6M 2019: EUR 35.2 million)
● EBITDA on previous year's level at EUR 15.0 million (6M 2019: EUR 14.9 million) showing remarkable resilience against Covid-19-related headwinds
● Eurobond covenants with sufficient headroom with increased capitalisation and despite corona-related cost burdens on profitability
● Fitch Affirms Mogo at B-, while Outlook remains negative due to Covid-19

Modestas Sudnius, CEO of Mogo Finance, commented:

"As expected after the first quarter of 2020, the development of the business activities of Mogo Finance in the first half of the year was dominated by the Covid-19 pandemic. It is noteworthy, that we have successfully made it through the first wave. After reaching the low point in April as a result of the containment measures, we have been seeing signs that our operations are returning to normal levels since the measures were eased in May. We are recording an upward trend in relevant financial figures. Most encouraging is the fact that our debt collection has already reached the pre-Covid level again.

The measures we have implemented to mitigate the crisis showed the intended result in cash flow. We have also significantly reduced our cost base and strengthened our equity. The impact of our high cash position on the interest coverage ratio is temporary and is partially offset by the repayment of most expensive P2P loans. The effects of our cost-cutting measures are particularly noticeable compared with the first quarter and will further materialize in the following quarters. We expect our achieved efficiency improvements and operational optimizations transformed Mogo Finance into a leaner organization.

With the increasing stabilization of the economy in our markets as a result of the easing measures, we feel more comfortable looking forward to the future. Overall, we are rapidly recovering from the initial damage caused by the pandemic and we are a cash-surplus generating company. However, the Covid-related impairments will have a negative impact on EBITDA for the full year. As a secured lender, our portfolio is covered by assets, so money not yet collected is not lost.

Based on the current situation and for the further recovery, we also see attractive opportunities for inorganic growth to expand our position as the leading international used car finance and rental company. Given the high cash surplus, capturing these opportunities is the only way of immediate EBITDA growth recovery and return on the path of consistent profitability. The acquisition of Sebo Credit SRL after the end of the reporting period, which significantly strengthens the Mogo Finance portfolio with its profitable operations, provides this proof."

To the best of our knowledge, the condensed set of financial statements which have been prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by the Laws and that the interim management report includes a fair review of the information required under paragraph (4).

Signed on behalf of the Group on 10 September 2020 by:

Māris Kreics Type A director	Delphine Glessinger Type B director

Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income

		01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Interest revenue	3	39 059 858	33 901 316
Interest expense	4	(12 781 334)	(9 151 275)
Net interest income		**26 278 524**	**24 750 041**
Fee and commission income related to finance lease activities	5	1 722 213	1 655 538
Impairment expense	6	(16 707 389)	(6 036 151)
Net gain/(loss) from de-recognition of financial assets measured at amortized cost	7	3 021 707	(1 323 008)
Expenses related to peer-to-peer platform services	8	(488 337)	(314 106)
Revenue from leases	9	2 975 365	1 324 834
Revenue from car sales	10	16 263	6 312 824
Expenses from car sales	10	(17 146)	(6 194 743)
Selling expense	11	(1 277 159)	(1 782 599)
Administrative expense	12	(15 609 307)	(14 398 386)
Other operating income	13	557 484	1 159 813
Other operating expense	14	(947 813)	(1 002 566)
Net foreign exchange result	15	(4 114 875)	(1 013 495)
Profit before tax		**(4 590 470)**	**3 137 996**
Corporate income tax	16	(547 877)	(431 542)
Deferred corporate income tax	16	1 256 540	594 203
Net profit for the period		**(3 881 807)**	**3 300 657**
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial information of foreign operations to presentation currency		320 851	(584 127)
Other comprehensive income/(loss)		**320 851**	**(584 127)**
Total comprehensive income for the year		**(3 560 956)**	**2 716 530**
Profit is attributable to:			
Equity holders of the Parent Company		(3 943 853)	3 204 717
Non-controlling interests		62 046	95 940
Net profit for the year		**(3 881 807)**	**3 300 657**
Other comprehensive income/(loss) is attributable to:			
Equity holders of the Parent Company		303 731	(574 687)
Non-controlling interests		17 120	(9 440)
Other comprehensive income/(loss) for the year		**320 851**	**(584 127)**

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 10 September 2020 by:

Glessinger

Māris Kreics
Type A director

Delphine Glessinger
Type B director

Consolidated Statement of Financial Position

ASSETS

NON-CURRENT ASSETS		30.06.2020. EUR	31.12.2019. EUR
Intangible assets			
Goodwill		4 091 729	4 091 729
Internally generated intangible assets		4 012 280	3 576 006
Other intangible assets		170 219	180 203
Total intangible assets	17	**8 274 228**	**7 847 938**
Tangible assets			
Right-of-use assets		5 668 193	7 894 460
Rental fleet		13 886 410	13 492 048
Property, plant and equipment		1 004 309	1 614 404
Leasehold improvements		384 752	327 318
Advance payments for assets		2 046	37 583
Total tangible assets	18	**20 945 710**	**23 365 813**
Non-current financial assets			
Finance lease receivables	19	67 863 042	78 213 431
Loans and advances to customers	20	27 619 827	40 077 725
Loans to related parties	21, 30	20 626 471	19 964 731
Equity-accounted investees	22	263 574	252 630
Other non-current financial assets	23	1 813 216	1 305 958
Other loans and receivables		-	31 650
Deferred tax asset		2 663 881	1 610 639
Total non-current financial assets		**120 850 011**	**141 456 764**
TOTAL NON-CURRENT ASSETS		**150 069 949**	**172 670 515**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale	24	281 272	628 114
Total inventories		**281 272**	**628 114**
Receivables and other current assets			
Finance lease receivables	19	47 059 880	37 938 035
Loans and advances to customers	20	20 975 332	23 856 951
Loans to related parties	21, 30	2 328 581	2 108 765
Other loans and receivables		1 637 064	876 603
Prepaid expense		1 234 962	1 025 041
Trade receivables		331 237	1 433 025
Other short term receivables from related parties		-	-
Other receivables	25	2 196 621	2 509 672
Cash and cash equivalents	26	20 319 578	8 656 530
Total receivables and other current assets		**96 083 255**	**78 404 622**
Assets held for sale	27	2 510 395	1 934 248
Total assets held for sale		**2 510 395**	**1 934 248**
TOTAL CURRENT ASSETS		**98 874 922**	**80 966 984**
TOTAL ASSETS		**248 944 871**	**253 637 499**

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 10 September 2020 by:

Glessinger

Māris Kreics
Type A director

Delphine Glessinger
Type B director

Consolidated Statement of Financial Position

EQUITY AND LIABILITIES

		30.06.2020.	31.12.2019.
EQUITY		**EUR**	**EUR**
Share capital	**28**	1 000 000	1 000 000
Share premium		-	
Reserve		253 088	253 088
Foreign currency translation reserve		(490 021)	(793 752)
Retained earnings/(losses)		17 158 120	21 383 446
brought forward		21 101 973	15 052 520
for the period		(3 943 853)	6 330 926
Total equity attributable to equity holders of the Parent Company		**17 921 187**	**21 842 782**
Non-controlling interests		359 778	462 969
TOTAL EQUITY		**18 280 965**	**22 305 751**
LIABILITIES			
Non-current liabilities			
Borrowings	**29**	188 138 070	187 478 935
Other non-current financial liabilities		-	22 569
Total non-current liabilities		**188 138 070**	**187 501 504**
Provisions		544 117	892 737
Total provisions for liabilities and charges		**544 117**	**892 737**
Current liabilities			
Borrowings	**29**	34 320 898	34 770 910
Prepayments and other payments received from customers		230 412	162 048
Trade payable		854 855	1 285 498
Corporate income tax payable		698 762	308 974
Taxes payable		2 452 401	1 461 146
Other liabilities		596 038	2 361 747
Accrued liabilities		2 188 567	2 553 021
Other current financial liabilities		239 720	34 163
Total current liabilities		**41 581 653**	**42 937 507**
Provisions		400 066	-
Total provisions for liabilities and charges		**400 066**	**-**
TOTAL LIABILITIES		**230 663 906**	**231 331 748**
TOTAL EQUITY AND LIABILITIES		**248 944 871**	**253 637 499**

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 10 September 2020 by:

glessinger

Māris Kreics	Delphine Glessinger
Type A director	Type B director

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings/ (Accumulated loss)	Reserve	**Total equity attributable to Equity holders of the Parent Company**	Non controlling interest	**Total**
Balance at 01.01.2019.	**31 036**	**-**	**(438 498)**	**15 113 700**	**86 568**	**14 792 806**	**498 440**	**15 291 246**
Profit for the period	-	-	-	3 204 717	-	3 204 717	95 940	3 300 657
Purchase of minority interest shares	-	-	-	154 857	-	154 857	(232 201)	(77 344)
Other comprehensive income	-	-	(574 687)	-	-	(574 687)	(9 440)	(584 127)
Total comprehensive income	-	-	(574 687)	3 359 574	-	2 784 887	(145 701)	2 639 186
Balance at 30.06.2019.	**31 036**	**-**	**(1 013 185)**	**18 473 274**	**86 568**	**17 577 693**	**352 739**	**17 930 432**
Balance at 01.01.2020.	**1 000 000**		**(793 752)**	**21 383 446**	**253 088**	**21 842 782**	**462 969**	**17 930 432**
Profit for the reporting year	-	-	-	(3 943 853)	-	(3 943 853)	62 046	(3 881 807)
Purchase of minority interest shares	-	-	-	(281 473)	-	(281 473)	(182 357)	(463 830)
Other comprehensive income	-	-	303 731	-	-	303 731	17 120	320 851
Total comprehensive income	-	-	303 731	(4 225 326)	-	(3 921 595)	(103 191)	(4 024 786)
Balance at 30.06.2020.	**1 000 000**	**-**	**(490 021)**	**17 158 120**	**253 088**	**17 921 187**	**359 778**	**18 280 965**

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 10 September 2020 by:

Māris Kreics
Type A director

Glessinger

Delphine Glessinger
Type B director

Consolidated Statement of Cash Flows

Cash flows to/from operating activities	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Profit before tax	(4 590 470)	3 137 996
Adjustments for:		
Amortization and depreciation	4 467 606	1 580 071
Interest expense	12 781 334	9 151 275
Interest income	(39 059 858)	(33 601 316)
Loss on disposal of property, plant and equipment	719 534	350 503
Impairment expense	13 685 682	7 349 159
Loss from fluctuations of currency exchange rates	3 827 558	429 368
Operating profit before working capital changes	**(8 168 614)**	**(11 602 944)**
Decrease/(increase) in inventories	346 842	(3 300 774)
Increase in finance lease receivables, loans and advances to customers and other current assets	(660 039)	(28 637 703)
Increase in accrued liabilities	(313 008)	(202 050)
Increase/(decrease) in trade payable, taxes payable and other liabilities	(2 659 144)	2 787 986
Cash generated to/from operations	**(11 453 963)**	**(40 955 485)**
Interest received	38 852 087	33 415 176
Interest paid	(10 915 140)	(8 872 896)
Corporate income tax paid	(74 794)	(600 733)
Net cash flows to/from operating activities	**16 408 190**	**(17 013 938)**
Cash flows to/from investing activities		
Purchase of property, plant and equipment and intangible assets	(1 359 436)	(3 518 482)
Purchase of rental fleet	(4 357 453)	(10 242 434)
Acquisition of a subsidiary, net of cash acquired	-	(73 398)
Loan repayments received	4 809 426	1 097 730
Loans issued	(5 351 925)	(4 680 179)
Net cash flows to/from investing activities	**(6 259 388)**	**(17 416 763)**
Cash flows to/from financing activities		
Proceeds from borrowings	106 515 814	103 480 195
Repayments for borrowings	(103 656 047)	(68 830 594)
Repayment of liabilities for right-of-use assets	(1 345 521)	(1 469 960)
Net cash flows to/from financing activities	**1 514 246**	**33 179 641**
Change in cash	**11 663 048**	**(1 251 060)**
Cash at the beginning of the year	8 656 530	6 522 838
Cash at the end of the year	**20 319 578**	**5 271 778**

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 10 September 2020 by:

Glessinger

Māris Kreics	Delphine Glessinger
Type A director	Type B director

Notes to the Consolidated Financial Statements

1. Corporate information

Mogo Finance S.A. (hereinafter "the Parent Company") is a Luxembourg company incorporated on December 18, 2012 as a Société Anonyme for an unlimited duration, subject to general company law.

The consolidated financial statements of the Group include:

Subsidiary name	Country of incorporation	Registration number	Principal activities	% equity interest 30.06.2020.	% equity interest 31.12.2019.
Mogo AS	Latvia	50103541751	Financing	98%	98%
Mogo LT UAB	Lithuania	302943102	Financing	100%	100%
Mogo OU	Estonia	12401448	Financing	100%	100%
Mogo LLC	Georgia	404468688	Financing	100%	98%
Mogo Sp. z o.o.	Poland	7010514253	Financing	100%	100%
Mogo Bulgaria EOOD	Bulgaria	204009205	Financing	100%	100%
Mogo IFN SA	Romania	35917970	Financing	100%	100%
Mogo Iberia	Spain	B87587754	Financing	100%	100%
Mogo Albania SHA	Albania	NUIS L71528013A	Financing	100%	100%
Risk Management Services OU	Estonia	14176671	Financing	100%	100%
Mogo Loans SRL	Moldova	10086000260223	Financing	100%	100%
Mogo Ukraine LLC	Ukraine	41738122	Financing	100%	100%
MOGO Kredit LLC	Belarus	192981714	Financing	100%	100%
Renti AS	Latvia	40203174147	Rent services	100%	100%
Mogo UCO LLC	Armenia	42	Financing	100%	100%
Mogo Baltics and Caucasus AS	Latvia	40203145805	Management services	100%	100%
Mogo Balkans and Central Asia AS	Latvia	40203150045	Management services	100%	100%
Mogo Eastern Europe AS	Latvia	40103964830	Management services	100%	100%
Mogo Central Asia AS	Latvia	40203150030	Management services	100%	100%
Mogo Lend LTD	Uzbekistan	305723654	Financing	100%	100%
Mogo Kazakhstan TOO	Kazakhstan	180940010094	Financing	100%	100%
Longo Georgia LLC	Georgia	402095166	Retail of motor vehicles	100%	100%
Longo LLC	Armenia	286.110.1015848	Retail of motor vehicles	100%	100%
Mogo Africa AS	Latvia	40203182962	Management services	100%	100%
Mogo Africa UAB	Lithuania	304991028	Management services	100%	100%
Mogo Group AS	Latvia	42103088260	Management services	100%	100%
Mogo Eastern Europe LT, UAB	Lithuania	305018069	Management services	100%	100%
FD Mogo krediti DOOEL	North Macedonia	7342683	Financing	100%	100%
Mogo DOOEL	North Macedonia	7273614	Financing	100%	100%
Mogo Leasing d.o.o.	Bosnia	4202540500009	Financing	100%	100%
MOGO LOANS SMC LIMITED	Uganda	80020001522601	Financing	100%	100%
Mogo Auto Ltd	Kenya	PVT-AJUR7BX	Financing	100%	100%
Mogo Kenya Ltd	Kenya	PVT-BEU3ZKD	Financing	98%	98%
Hima UCO	Armenia	264.110.1125355	Financing	100%	-
NF Capital AS	Latvia	40203249386	Management services	100%	-
Funderly Group AS	Latvia	54103145421	Management services	100%	-
YC Group AS	Latvia	50203247781	Management services	100%	-
Zen Group AS	Latvia	40203249333	Management services	100%	-
Longo Group AS	Latvia	42103081417	Management services	-	0%
Longo Estonia OU	Estonia	14554950	Retail of motor vehicles	-	0%
Longo Latvia AS	Latvia	40203147079	Retail of motor vehicles	-	0%
Longo LT UAB	Lithuania	304837699	Retail of motor vehicles	-	0%
Longo Netherlands B.V.	Netherlands	858817986	Wholesale of motor vehicles	-	0%
Longo Belgium B.V.B.A	Belgium	0881.764.642	Wholesale of motor vehicles	-	0%
Maxxus GmbH	Germany	HRB18213	Wholesale of motor vehicles	-	0%
Longo Shared Services UAB	Lithuania	305217797	Servicing of motor vehicles	-	0%

2. Summary of significant accounting policies

Basis of preparation

The consolidated half-yearly report of the Group is, to the best of the Directors' knowledge, prepared in accordance with the applicable set of accounting standards and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole.

The half-yearly management report of the Group includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as whole, together with a description of the principal risks and uncertainties that they face.

These interim consolidated annual financial statements for the period ended 30 June 2020 are prepared in accordance with IAS34.

The Group's consolidated annual financial statements and its financial result are affected by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the annual consolidated financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

The consolidated financial statements are prepared on a historical cost basis as modified by the recognition of financial instruments measured at fair value, except for inventory which is accounted in net realizable value and contingent consideration that has been measured at fair value.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

The Group's presentation currency is euro (EUR). The financial statements cover the period from 1 January 2020 till 30 June 2020. Accounting policies and methods are consistent with those applied in the previous years.

The Group followed EBA recommendations as it relates to default and forbearance recognition and application of IFRS9 in light of COVID-19 measures.

Going concern

These interim condensed consolidated financial statements are prepared on the going concern basis. In the light of events related to Covid-19, the Group's management has assessed the impacts of the coronavirus outbreak on the Group's ability to continue as a going concern.

The wider economic impacts of these events include:

– Disruption to business operations and economic activity in Mogo operating markets, with has 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 have affected the Group:

– Temporarily closed offline sales channels;
– Workforce unavailability for extended period;
– Recession in the global economy.

In order to mitigate the risks resulting from potential adverse scenarios, management started to implement the measures, which notably included:

– 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 monitors its liquidity ratios on an ongoing basis. The main liquidity ratios for the Group are capitalization ratio and interest coverage ratio. As at 30 June 2020, the Group's capitalization ratio and interest coverage ratio were accordingly 18.5% and 1.4 (31.12.2019: 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 30 of June 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. The Group maintains stable cash position, as at 30 June 2020 the Group's quick ratio (cash and cash equivalents vs current liabilities) was 48.8% (31.12.2019: 20.2%).

The Group management expected that in the second quarter of 2020 the main liquidity source 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 results of second quarter show that managements expectations were accurate.

2. Summary of significant accounting policies

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 uncertainty in the global economy in the second quarter, 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 remained in similar level compared to previous reporting period - EUR 68.8 million as of 30.06.2020 (31.12.2019: EUR 70.2 million).

The Group's entities have applied to various eligible aid options. The management does not foresee any objections or further regulatory scrutiny towards tax reliefs obtained and used.
The Group continues to closely monitor the updates of eligible reliefs and support mechanisms provided by the governments.

3. Interest revenue

	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Interest income from finance lease receivables	36 475 416	31 532 564
Interest income from loans and advances to customers	1 807 606	1 714 545
Other interest income	776 836	654 207
TOTAL:	**39 059 858**	**33 901 316**

4. Interest expense

	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Interest expenses for loans from P2P platform investors	3 782 869	3 453 748
Interest expense on issued bonds	7 817 858	4 978 364
Interest expenses for bank liabilities and related parties	1 017 376	644 691
Interest expenses for lease liabilities	163 231	74 472
TOTAL:	**12 781 334**	**9 151 275**

5. Fee and commission income related to finance lease activities

Revenue from contracts with customers recognized point in time:	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Income from penalties received	1 492 133	1 548 681
Income from commissions	334 910	211 830
Income from providing registration services	63 976	100 009
TOTAL:	**1 891 019**	**1 860 520**

Revenue from contracts with customers recognized point in time where the Group acted as an agent:	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Gross income from debt collection activities	949 000	1 113 649
Gross expenses from debt collection activities	(1 117 806)	(1 318 631)
TOTAL:	**(168 806)**	**(204 982)**
Total fees and commissions income:	**1 722 213**	**1 655 538**

6. Impairment expense

	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Change in impairment	16 439 717	5 686 364
Written off debts	267 672	349 787
TOTAL:	**16 707 389**	**6 036 151**

7. Net gain/(loss) from de-recognition of financial assets measured at amortized cost

Financial lease	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Net (gain)/loss arising from cession of receivables to non related parties	(3 075 849)	1 097 018
Loans and advances to customers		
Net (gain)/loss arising from cession of receivables to non related parties	54 142	225 990
TOTAL:	**(3 021 707)**	**1 323 008**

8. Expenses related to peer-to-peer platform services

		01.01.2020. - 30.06.2020.	01.01.2019. - 30.06.2019.
		EUR	EUR
Service fee for using P2P platform		488 337	314 106
	TOTAL:	**488 337**	**314 106**

9. Revenue from leases

		01.01.2020. - 30.06.2020.	01.01.2019. - 30.06.2019.
		EUR	EUR
Revenue from operating lease		2 975 365	1 324 834
	TOTAL:	**2 975 365**	**1 324 834**

10. Revenue from car sales

		01.01.2020. - 30.06.2020.	01.01.2019. - 30.06.2019.
Revenue from contracts with customers recognized point in time:		EUR	EUR
Income from sale of vehicles		16 263	6 312 824
	TOTAL:	**16 263**	**6 312 824**

		01.01.2020. - 30.06.2020.	01.01.2019. - 30.06.2019.
Expenses from contracts with customers recognized point in time:		EUR	EUR
Expenses from sale of vehicles		(17 146)	(6 194 743)
	TOTAL:	**(17 146)**	**(6 194 743)**
Total Net revenue from contracts with customers recognized point in time		**(883)**	**118 081**

11. Selling expense

		01.01.2020. - 30.06.2020.	01.01.2019. - 30.06.2019.
		EUR	EUR
Online marketing expenses		396 682	591 992
TV advertising		27 145	306 085
Radio advertising		57 702	108 664
Other marketing expenses		598 691	372 053
Total marketing expenses		*1 080 220*	*1 378 794*
Other selling expenses		196 939	403 805
	TOTAL:	**1 277 159**	**1 782 599**

12. Administrative expense

		01.01.2020. - 30.06.2020.	01.01.2019. - 30.06.2019.
		EUR	EUR
Employees' salaries		8 941 875	8 199 868
Amortization and depreciation		2 692 918	1 580 071
Professional services		802 323	1 066 706
Office and branches' maintenance expenses		654 683	692 301
IT services		562 073	527 234
Communication expenses		256 005	217 146
Credit database expenses		236 152	308 522
Bank commissions		179 963	211 584
Real estate tax		132 499	124 390
Business trip expenses		129 889	221 865
Costs of sold lease vehicles		73 418	38 133
Other personnel expenses		69 418	43 996
Transportation expenses		50 305	66 659
Insurance expenses		40 503	17 801
Low value equipment expenses		33 436	66 031
Employee recruitment expenses		13 431	143 322
Donations		-	42 500
Other administration expenses		740 416	830 257
	TOTAL:	**15 609 307**	**14 398 386**

13. Other operating income

	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Income from management services	93 160	357 396
Income from refunded nature resource tax	94 885	639 029
Revenue from sold lease vehicles	22 215	119 537
Other operating income	347 224	43 851
TOTAL:	**557 484**	**1 159 813**

14. Other operating expense

	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Non-deductible VAT from management services	521 198	498 595
Loss from disposal of fixed assets	-	113 776
Provision expenses for possible withholding tax liabilities	175 107	76 051
Other operating expenses	251 508	314 144
TOTAL:	**947 813**	**1 002 566**

15. Net foreign exchange result

	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Currency exchange gain	(1 709 693)	(395 383)
Currency exchange loss	5 824 568	1 408 878
TOTAL:	**4 114 875**	**1 013 495**

16. Corporate income tax

	01.01.2020. - 30.06.2020. EUR	01.01.2019. - 30.06.2019. EUR
Current corporate income tax charge for the reporting year	547 877	431 542
Deferred corporate income tax due to changes in temporary differences	(1 256 540)	(594 203)
Corporate income tax charged to the income statement:	**(708 663)**	**(162 661)**

17. Intangible assets

	Goodwill	Internally generated intangible asets	Other intangible assets	TOTAL
Cost	1 658 773	2 970 078	187 572	**4 816 423**
Accumulated amortization	-	(1 054 985)	(111 610)	**(1 166 595)**
As at 1 January 2019	**1 658 773**	**1 915 093**	**75 962**	**3 649 828**
2019				
Additions	-	2 624 582	199 257	**2 823 839**
Acquisition of a subsidiary	2 432 956	-	-	**2 432 956**
Disposals (cost)	-	(509 890)	(75 924)	**(585 814)**
Exchange difference, net	-	(33 458)	(725)	**(34 183)**
Amortization charge	-	(469 206)	(55 359)	**(524 565)**
Disposals (amortization)	-	47 413	36 519	**83 932**
Exchange difference, net	-	1 472	473	**1 945**
Cost	4 091 729	5 051 312	310 180	**9 453 221**
Accumulated amortization	-	(1 475 306)	(129 977)	**(1 605 283)**
As at 31 December 2019	**4 091 729**	**3 576 006**	**180 203**	**7 847 938**
2020				
Additions	-	989 183	5 947	**995 130**
Acquisition of a subsidiary	-	-	-	**-**
Disposals (cost)	-	(70 667)	-	**(70 667)**
Exchange difference, net	-	(238 347)	(1 820)	**(240 167)**
Amortization charge	-	(335 932)	(15 827)	**(351 759)**
Acquisition of a subsidiary	-	-	-	**-**
Disposals (amortization)	-	71 623	269	**71 892**
Exchange difference, net	-	20 414	1 447	**21 861**
Cost	4 091 729	5 731 481	314 307	**10 137 517**
Accumulated amortization	-	(1 719 201)	(144 088)	**(1 863 289)**
As at 30 June 2020	**4 091 729**	**4 012 280**	**170 219**	**8 274 228**

Split of goodwill per cash generating unit: **Name**	30.06.2020. EUR	31.12.2019. EUR
AS mogo (Latvia)	298 738	298 738
UAB mogo (Lithuania)	646 063	646 063
Mogo UCO (Armenia)	182 028	182 028
Mogo Leasing d.o.o. Sarajevo (Bosnia and Herzegovina)	1 873 368	1 873 368
Mogo DOOEL Skopje (North Macedonia)	559 588	559 588
OU mogo (Estonia)	451 894	451 894
Mogo LLC (Georgia)	80 050	80 050
	4 091 729	**4 091 729**

Each cash generating unit represents a subsidiary of the Group.

Goodwill impairment test

As at 30 June 2020, goodwill was tested for impairment.

The goodwill impairment test was performed for each cash generating unit separately.

The recoverable amounts for each unit was calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing activities of the units. No impairment losses were recognized because the recoverable amounts of these units including the goodwill allocated were determined to be higher than their carrying amounts. The calculations of value-in-use were based on free cash flow to equity approach to each unit respectively, discounted by estimated cost of equity. The value-in-use calculations are most sensitive to projected operating cash-flow, terminal growth rates used to extrapolate cash flows beyond the budget period, and discount rates. Projected operating cash-flow figures were based on detailed financial models.

6 months actual figures were used as a starting point in these models, and took into account management's expectations of the future performance of each unit.

Four years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity was determined to be 1%. The rate was estimated by management based on historical trends observed in existing markets, and expected Group and industry developments.

Discount rates reflect the current market assessment of the risk specific to each unit.

Sensitivity analysis was performed to assess changes to key assumptions that could influence whether the carrying value of the units exceeded their recoverable amounts. The results of this analysis indicate that for all units, the recoverable amount would not be below the carrying amount including goodwill (i.e. goodwill would not become impaired), if terminal growth rates decreased by 0.5% and discount rates increased by 10%.

18. Property, plant and equipment and Right-of-use assets

	Right-of-use premises	Right-of-use motor vehicles	Total Right-of-use assets	Rental fleet	Other property, plant and equipment	TOTAL
Cost	3 293 055	112 303	3 405 358	1 437 196	2 336 577	**7 179 131**
Accumulated depreciation	(987 527)	(38 835)	(1 026 362)	(6 706)	(868 882)	**(1 901 950)**
As at 1 January 2019	**2 305 528**	**73 468**	**2 378 996**	**1 430 490**	**1 467 695**	**5 277 181**
2019						
Additions	9 082 712	197 220	9 279 932	13 423 404	2 632 766	**25 336 102**
Acquisition of a subsidiary	20 568	66 346	86 914	-	97 583	**184 497**
Disposals (cost)	(3 033 147)	(75 695)	(3 108 842)	(901 568)	(1 717 051)	**(5 727 461)**
Exchange difference, net	(20 413)	1 170	(19 243)	-	(8 640)	**(27 883)**
Depreciation charge	(1 853 097)	(117 246)	(1 970 343)	(212 180)	(644 334)	**(2 826 857)**
Acquisition of a subsidiary	(10 222)	(39 346)	(49 568)	-	(21 759)	**(71 327)**
Disposals (depreciation)	1 237 056	51 141	1 288 197	180 257	163 995	**1 632 449**
Impairment	-	-	-	(428 355)	-	**(428 355)**
Exchange difference, net	8 713	(296)	8 417	-	9 050	**17 467**
Cost	9 342 775	301 344	9 644 119	13 959 032	3 341 235	**26 944 386**
Accumulated depreciation	(1 605 077)	(144 582)	(1 749 659)	(466 984)	(1 361 930)	**(3 578 573)**
As at 31 December 2019	**7 737 698**	**156 762**	**7 894 460**	**13 492 048**	**1 979 305**	**23 365 813**
6 months 2020						
Additions	2 019 572	18 917	2 038 489	4 246 642	4 373 792	**10 658 923**
Acquisition of a subsidiary	-	-	-	-	-	**-**
Disposals (cost)	(4 008 056)	(115 721)	(4 123 777)	(2 891 926)	(3 410 919)	**(10 426 622)**
Exchange difference, net	(35 280)	(3 422)	(38 702)	-	(2 445)	**(41 147)**
Depreciation charge	(696 480)	(41 238)	(737 718)	(1 854 205)	(2 211 385)	**(4 803 308)**
Acquisition of a subsidiary	-	-	-	-	-	**-**
Disposals (depreciation)	522 676	73 542	596 218	325 864	626 849	**1 548 931**
Impairment	-	-	-	567 987	-	**567 987**
Exchange difference, net	37 850	1 373	39 223	-	35 910	**75 133**
Cost	7 319 011	201 118	7 520 129	15 313 748	4 301 663	**27 135 540**
Accumulated depreciation	(1 741 031)	(110 905)	(1 851 936)	(1 427 338)	(2 910 556)	**(6 189 830)**
As at 30 June 2020	**5 577 980**	**90 213**	**5 668 193**	**13 886 410**	**1 391 107**	**20 945 710**

19. Finance Lease Receivables

Finance lease receivables, net	Non-Current 30.06.2020. EUR	Current 30.06.2020. EUR	Non-Current 31.12.2019. EUR	Current 31.12.2019. EUR
Finance lease receivables	77 687 469	61 006 719	85 936 178	45 279 086
Accrued interest and handling fee	-	1 687 884	-	4 656 050
Fees paid and received upon lease disbursement	(722 751)	(380 812)	(823 114)	(433 693)
Impairment allowance	(9 101 676)	(15 253 911)	(6 899 633)	(11 563 408)
	67 863 042	**47 059 880**	**78 213 431**	**37 938 035**

Transactions with peer-to-peer platforms

From year 2016 Group started placing lease agreement receivables on peer-to-peer lending platform. Agreements were offered with buy back guarantee, which means that all risks of such agreements remain with the Group and in case of client default the Group has the liability to repay the whole remaining principal and accrued interest to P2P investor. By using the same platform Group also offered loans without buy back guarantee, which means that all risks related to client default were transferred to P2P investor. Portions of agreements purchased by investors therefore are considered as financial assets eligible for derecognition from Group statement of financial position.

Total gross portfolio and associated liabilities for the portfolio derecognized from Group financial assets were:

	30.06.2020.	31.12.2019.
Non-current	EUR	EUR
Finance lease receivable	1 394 581	59 539
Associated liabilities	(1 394 581)	(59 539)
NET POSITION:	**-**	**-**
Current	EUR	EUR
Finance lease receivable	1 095 142	34 596
Associated liabilities	(1 095 142)	(34 596)
NET POSITION:	**-**	**-**
Total gross portfolio derecognized from Group's financial assets	2 489 723	94 135
Total associated liabilities	(2 489 723)	(94 135)
TOTAL NET POSITION:	**-**	**-**

20. Loans and advances to customers

Loans and advances to customers, net	Non-Current 30.06.2020. EUR	Current 30.06.2020. EUR	Non-Current 31.12.2019. EUR	Current 31.12.2019. EUR
Loans and advances to customers	30 128 443	25 959 536	43 149 472	30 839 846
Accrued interest	-	3 969 811	-	2 667 859
Fees paid and received upon loan disbursement	(288 087)	(205 902)	(759 974)	(543 169)
Impairment allowance	(2 220 529)	(8 748 113)	(2 311 773)	(9 107 585)
	27 619 827	**20 975 332**	**40 077 725**	**23 856 951**

21. Loans to related parties

Non current *Loans to related parties*	*Interest rate per annum (%)*	*Maturity*	30.06.2020. EUR	31.12.2019. EUR
Loans to related parties	3-12,5%	April-September 2023	20 670 090	20 008 350
Impairment allowance			(43 619)	(43 619)
	TOTAL:		**20 626 471**	**19 964 731**

Current *Loans to related parties*			30.06.2020. EUR	31.12.2019. EUR
Loans to related parties	3-12,5%	April-September 2023	2 058 262	2 058 262
Accrued interest			270 319	50 503
		TOTAL:	**2 328 581**	**2 108 765**

22. Equity-accounted investees

	30.06.2020. EUR	31.12.2019. EUR
Investments in associates	263 574	252 630
TOTAL:	**263 574**	**252 630**

23. Other non-current financial assets

	30.06.2020. EUR	31.12.2019. EUR
Purchase price paid for acquisition of shares in acquired companies*	1 505 163	831 556
Receivables from sale of finance lease receivables	308 053	-
Investments in government bonds	-	480 582
Impairment allowance	-	(6 180)
TOTAL:	**1 813 216**	**1 305 958**

* - During current and previous reporting year the Group has signed several share acquisition agreements for companies registered in Armenia, Kosovo. As at reporting date of these interim condensed consolidated financial statements, the Group had paid purchase price of these entities while formal process of registering change of shareholders was not yet finished. The Group is still in the extensive process of obtaining an approval from local regulators. Control over the entities is still not obtained.

24. Finished goods and goods for resale

	30.06.2020. EUR	31.12.2019. EUR
Acquired vehicles for purpose of selling them to customers	274 711	619 235
Other inventory	6 561	8 879
TOTAL:	**281 272**	**628 114**

This non-financial asset is not impaired as of 30.06.2020. (31.12.2019.: 0 EUR).

25. Other receivables

	30.06.2020. EUR	31.12.2019. EUR
Other receivables		
Overpaid VAT from subsidiary in Latvia	326 471	423 270
Impairment allowance for overpaid VAT	(326 471)	(423 270)
Net overpaid VAT*	-	-
Receivable for attracted funding through P2P platform	365 009	880 976
Disputed tax audit measurement in Georgia	422 909	460 705
Receivables for payments received from customers through online payment systems	231 112	336 532
Advances to employees	204 242	105 358
Overpaid VAT in other subsidiaries	31 695	369 861
Security deposit for office lease	83 518	57 955
Other debtors	858 136	298 285
TOTAL:	**2 196 621**	**2 509 672**

All receivables are expected to be paid within the following year, except VAT overpayment where uncertainty of date of settlement is unclear due to ongoing litigation process in Latvia.
This resulted in full settlement of payable VAT and recognition of VAT overpayment. Considering the uncertainty the Group has decided to recognize the impairment provision in full amount for VAT receivable in the statement of financial position and additional provisions in amount of VAT payable settled by VAT return adjustment and related penalties.

26. Cash and cash equivalents

	30.06.2020. EUR	31.12.2019. EUR
Cash at bank	20 218 529	8 497 666
Cash on hand	101 049	158 864
TOTAL:	**20 319 578**	**8 656 530**

The Group has not created an ECL allowances for cash and cash equivalents on the basis that placements with banks are of short term nature and the lifetime of these assets under IFRS 9 is so short that the low probability of default would result in immaterial ECL amounts (2018: EUR 0).

27. Assets held for sale

Other non-current assets held for sale	30.06.2020. EUR	31.12.2019. EUR
Repossessed collateral	2 510 395	1 934 248
	2 510 395	**1 934 248**

Repossessed collaterals are vehicles taken over by the Group in case of default by the Group's clients on the related lease agreements. After the default of the client, the Group has the right to repossess the vehicle and sell it to third party. The Group does not have the right to repossess, sell or pledge the vehicle in the absence of default by Group's clients. The Group usually sells the repossessed vehicles within 90 days after repossession.

28. Share capital

The subscribed share capital of the Group amounts to EUR 1 000 000 and is divided into 3 103 600 shares fully paid up.
The movements on the Share capital caption during the year are as follows:

	Share capital EUR	**Number of class A Shares**	**Number of class B Shares**	**Total number of Shares**
Opening balance as at 1 January 2019	**1 000 000**	**3 103 600**	**-**	**3 103 600**
Subscriptions	-	-	-	-
Redemptions	-	-	-	-
Closing balance as at 31 December 2019	**1 000 000**	**3 103 600**	**-**	**3 103 600**
Opening balance as at 1 January 2020	**1 000 000**	**3 103 600**	**-**	**3 103 600**
Subscriptions	-	-	-	-
Redemptions	-	-	-	-
Closing balance as at 30 June 2020	**1 000 000**	**3 103 600**	**-**	**3 103 600**

29. Borrowings

Non-current	*Interest rate per*		EUR	EUR
Subordinated loans	*annum (%)*	*Maturity*	30.06.2019.	31.12.2018.
Loan from related parties	3%	11.07.2022	11 942 067	6 782 061
		TOTAL:	**11 942 067**	**6 782 061**

Subordinated loans comprise a loan received by the Parent company from its shareholders. The subordinated loan was acquired as one of the conditions to obtain financing from Eurobonds described further below. The loans are denominated in EUR with an interest rate of 3-10% and maturing on July 2022.

Bonds				
Mogo Finance S.A. bonds nominal value	9.5%	July 2022	96 366 188	94 491 656
Mogo AS 20m bonds nominal value	10%	31.03.2021	20 000 000	19 300 000
Mogo AS 10m bonds nominal value	10%	31.03.2021	5 113 000	7 488 000
Bond interest accrual	10%	31.03.2021	339 109	299 203
Bonds acquisition costs			(4 181 913)	(5 280 300)
		TOTAL:	**117 636 384**	**116 298 559**
Other borrowings				
Long term loan from banks	7.8%-12.75%	Nov 2020 - March 2021	13 607 676	8 919 988
Lease liabilities for rent of premises	2%-12%	up to 10 years	4 796 467	6 520 497
Lease liabilities for rent of vehicles	2%-12%	up to 3 years	49 880	78 085
Financing received from P2P investors	7% - 13%	29.12.2025.	40 253 337	49 167 706
Loan acquisition costs			(147 741)	(287 961)
		TOTAL:	**58 559 619**	**64 398 315**
		TOTAL NON CURRENT BORROWINGS:	**188 138 070**	**187 478 935**

Current

Other borrowings	*Interest rate per annum (%)*	*Maturity*	30.06.2019. EUR	31.12.2018. EUR
Financing received from P2P investors	7% - 13%	29.12.2025.	28 595 421	20 989 501
Accrued interest for bonds			4 515 110	4 426 550
Lease liabilities for rent of premises	2%-12%	up to 10 years	737 189	1 263 024
Accrued interest for financing received from P2P investors			337 843	363 369
Accrued interest for loan from bank			82 035	86 050
Lease liabilities for rent of vehicles	2%-12%	up to 3 years	46 907	83 937
Accrued interest for loans from non related parties			6 393	17 304
Short term loan from banks			-	7 534 608
Accrued interest for loans from related parties			-	6 567
		TOTAL:	**34 320 898**	**34 770 910**

30. Related party disclosures

The income and expense items with related parties for 2020 were as follows:

Related party	Shareholder controlled companies EUR	Other related parties EUR
Interest income	607 395	-
Interest expenses	184 249	-

The income and expense items with related parties for 2020 were as follows:

Related party	Shareholder controlled companies EUR	Other related parties EUR
Interest income	946 052	-
Interest expenses	(337 216)	-

The receivables and liabilities with related parties as at 30.06.2020. and 31.12.2019. were as follows:

	30.06.2020. EUR	31.12.2019. EUR
Amounts owed by related parties		
Loans to related parties	22 955 052	22 073 496
Trade receivables	368 662	255 338
Amounts owed to related parties		
Subordinated loans from shareholders of the Parent Company	11 942 067	6 782 061

Movement in amounts owed by related parties	**Amounts owed by related parties**
Amounts owed by related parties as of 01 January 2019	624 215
Receivables acquired in period	(368 877)
Amounts owed by related parties as of 31 December 2019	255 338
Amounts owed by related parties as of 01 January 2020	255 338
Receivables covered in period	113 324
Amounts owed by related parties as of 30 June 2020	368 662

Movement in amounts owed to related parties	**Amounts owed to related parties**
Amounts owed to related parties as of 01 January 2019	2 573 883
Loans received in period	4 282 061
Loans repaid/settled in period	-
Interest calculated in period	337 216
Interest repaid in period	(389 299)
Dividends calculated for minority shareholders	-
Dividends paid to minority shareholders	(21 800)
Amounts owed to related parties as of 31 December 2019	6 782 061
Amounts owed to related parties as of 01 January 2020	6 782 061
Loans received in period	6 736 035
Loans repaid/settled in period	(1 576 028)
Interest calculated in period	184 249
Interest repaid in period	(184 249)
Amounts owed to related parties as of 30 June 2020	11 942 068

31. Commitments and contingencies

Cooperation agreement with P2P platforms

Cooperation agreements with P2P platforms require to maintain positive amount of equity at all times in Latvia, Estonia, Georgia, Lithuania, Armenia, Moldova, Poland, Romania, Bulgaria and Kazakhstan. Management of the Group monitors and increases the share capital if needed to satisfy this requirement.

Mogo Finance S.A. bonds

There are restrictions in the prospectus for bonds issued in Frankfurt Stock exchange (ISIN (XS1831877755)). Financial covenants are following:
1) Interest coverage ratio (EBITDA) is at least 1.25 x at any time
2) Capitalization ratio is at least:
   a. 8% starting from 31.12.2018
   b. 10% starting from 31.12.2019
   c. 15% starting from 31.12.2020 and until full repayment of the Bonds
There are other limitations regarding additional and permitted debt, restricted and permitted payments, permitted loans and securities.
At the height of the Covid-19 pandemic, investor representatives and Mogo Finance agreed in April 2020 on a technical waiver to temporarily increase the headroom of the covenants in exchange for a liquidity undertaking. This was a purely precautionary measure; the original covenants of the Eurobond were complied with at all times.

Mogo AS bonds

There are restrictions in prospectus for bonds issued in Nasdaq Baltic (ISIN: LV0000801363 and LV0000880029):
1) to maintain positive amount of equity at all times;
2) to maintain Net Debt/Equity (total liabilities minus cash against equity) indicator at certain level.

During the reporting period the Group complied with all externally imposed capital requirements to which it was subjected to.

Other contingent liabilities and commitments

1) Starting from 9 July 2018 Mogo Finance S.A. and its subsidiaries entered into several pledge agreements with Greenmarck Restructuring Solutions GmbH, establishing pledge over shares of the subsidiaries, pledge over present and future loan receivables of the subsidiaries, pledge over trademarks of the subsidiaries, general business pledge over the subsidiaries, pledge over primary bank accounts if feasible, in order to secure Mogo Finance S.A. obligations towards bondholders deriving from Mogo Finance S.A. bonds. Subsequently additional pledgors were added who became material (subsidiaries with net portfolio of more than EUR 7 500 000) according to terms and conditions of the bonds.
Total amount of pledged assets as at 31 December 2019 was 131 153 097 EUR.

2) On November 13, 2018 the Group as Issuer and its subsidiaries as Guarantors signed a guarantee agreement dated 9 July 2018 as amended and restated on 13 November 2018, 31 January 2019, 31 May 2019, 11 November 2019, 15 November 2019, 31 January 2020 and 23 June 2020 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.

3) On 5 May 2015 Bonriki Holdings Limited entered into a mezzanine facility agreement with the Group, 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 Group. 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 Group whereby Bonriki may acquire 2.5% shares of the Group 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 Group. 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), currently warrant holder has sold 1.25% to the Mogo Finance S.A.

4) The Group has signed Covenant Agreements with P2P platform companies AS Mintos Marketplace and Mintos Finance OU according to which in order to secure P2P platform's claims towards the subsidiaries if certain subsidiaries cooperating with P2P platform fail to perform their obligations. The claims are limited by amounts borrowed by each subsidiary.

5) On 29 September 2017 the subsidiary in Armenia - Mogo UCO LLC entered into a pledge agreement over deposit and right of claim with Ardshinbank CJSC, establishing a pledge over the funds in the bank accounts of Mogo UCO LLC in favour of Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 29 September 2017.

31. Commitments and contingencies (continued)

6) On 2 November 2017 the subsidiary in Armenia Mogo UCO LLC entered into a pledge agreement over deposit and right of claim with Ardshinbank CJSC, establishing a pledge over the funds in the bank accounts of Mogo UCO LLC in favour of Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 2 November 2017.

7) On 27 November 2018 the subsidiary in Armenia Mogo UCO LLC entered into an agreement on pledge of right of claim and funds with Ardshinbank CJSC, pledging Mogo UCO LLC right of claim and funds, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 27 November 2017.

8) On 26 February 2018 the subsidiary in Latvia mogo AS entered into a surety agreement with Ardshinbank CJSC and Mogo LLC, in order to secure Mogo LLC obligations towards Ardshinbank CJSC deriving from loan agreement concluded between Ardshinbank CJSC and Mogo LLC on 26 February 2018. The principal amount of the loan agreement is EUR 1 000 000.

9) On 26 February 2018 the subsidiary in Georgia - Mogo LLC entered into an agreement on pledge of right of claim and funds with Ardshinbank CJSC, in order to secure Mogo LLC obligations towards Ardshinbank CJSC deriving from the loan agreement concluded between Ardshinbank CJSC and Mogo LLC on 26 February 2018.

10) According to the non-binding opinion of the Bank of Lithuania, released in third quarter of 2018 regarding the interest charged on a commission fee, the subsidiary in Lithuania - mogo LT UAB at the respective clients` request should compensate interest charged on its commission fee. Since in accordance with the recommendations of the Bank of Lithuania mogo LT UAB has made the necessary amendments and is not adding commission fee to the loan amount starting from the end of 2017, and has not received any requests by affected consumers. However, for the purpose of transparency, the grand total material adverse effect could be up to EUR 552 679.

11) On 11 December 2018 the subsidiary in Latvia - mogo AS issued a payment guarantee No.2018.12.05 for the benefit of third party with a maximum liability not exceeding EUR 200 000, where the liability of mogo AS is limited to the performance of other subsidiary's HUB1 AS obligations from the secured agreement with this party.

12) On 12 December 2018 the subsidiary in Latvia - mogo AS issued guarantee letters for the benefit of SWH Grupa AS to secure Mogo Group AS and Longo Group AS obligations from the secured office space lease agreements concluded on 12 December 2018. According to the guarantee letters mogo AS undertook to fulfil Mogo Group AS and Longo Group AS obligations towards SWH Grupa AS if they are overdue on liabilities under the agreements terms. The guarantees expire if the lease agreements are amended, renewed without prior written approval by mogo AS and is effective for the entire duration of the respective lease agreements. At the beginning of Y2020 both lease agreements were amended and mogo AS provided the new guarantee to secure only obligations of Mogo Group AS. The guarantee for Longo Group AS is deemed to be expired.

13) On 15 April 2019 Mogo Finance S,A. as the guarantor and the subsidiary in Armenia - Mogo UCO LLC entered into a surety agreement with Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 2 November 2017.

14) On 26 September 2019 the subsidiary in Armenia - Mogo UCO LLC entered into a pledge agreement over right of claim with Ardshinbank CJSC, establishing a pledge over certain receivables of Mogo UCO LLC in favour of Ardshinbank CJSC, in order to secure Mogo UCO LLC obligations towards Ardshinbank CJSC deriving from credit contract dated 2 November 2017.

15) On 5 December 2017 the subsidiary in Latvia - mogo AS entered into a commercial pledge agreement with Mintos OU, in order to secure mogo AS obligations towards Mintos OU deriving from Cooperation agreement on issuance of loans No. 36/2017-L, dated 5 December 2017.

16) On 25 January 2019 the subsidiary in Latvia - Renti AS entered into a commercial pledge agreement with Mintos Finance Estonia OU, in order to secure Renti AS obligations towards Mintos Finance Estonia OU deriving from Cooperation agreement on issuance of loans No. 49/2018-L, dated 25 January 2019.

17) On 31 July 2019 the subsidiary in Latvia - mogo AS entered into a commercial pledge agreement with Citadele banka AS, establishing a pledge over rights of claim arising from certain agreements concluded between mogo AS and its clients, to secure mogo AS, mogo OÜ and UAB mogo LT obligations towards Citadele banka AS deriving from the Credit line agreement dated 8 July 2019.

18) On 9 August 2019 the subsidiary in Estonia - mogo OÜ entered into a claims pledge agreement with Citadele banka AS, establishing a pledge over all present and future claims arising from certain agreements concluded between mogo OÜ and its clients, to secure mogo AS, mogo OÜ and UAB mogo LT obligations towards Citadele banka AS deriving from the Credit line agreement dated 8 July 2019.

19) On 9 September 2019 the subsidiary in Lithuania - UAB mogo LT entered into a contractual pledge agreement with Citadele banka AS, establishing a pledge over rights of claim arising from certain agreements concluded between UAB mogo LT and its clients, to secure mogo AS, mogo OÜ and UAB mogo LT obligations towards Citadele banka AS deriving from the Credit line agreement dated 8 July 2019.

20) On 23 December, 2019 the subsidiary in Albania – Mogo Albania SH.A. entered into a securing charge agreement with Mintos Finance SIA, in order to secure Mogo Albania SH.A. obligations towards Mintos Finance SIA deriving from Cooperation agreement on issuance of loans No.88/2019-L, dated as of 20 December 2019.

21) On 21 February 2020 the subsidiary in Kazakhstan - TOO "МФО "Mogo Kazakhstan (Мого Казахстан)", entered into a securing charge agreement with Mintos Finance SIA, in order to secure TOO "МФО "Mogo Kazakhstan (Мого Казахстан)" obligations towards Mintos Finance SIA deriving from Cooperation agreement on issuance of loans No.07/2020-L, dated as of 21 February, 2020.

22) On 17 September 2019 the subsidiary in Belarus Mogo Kredit LLC entered into an agreement on pledge of right of claim and funds with CJSC Bank Resenije, pledging Mogo Kredit LLC right of claim and funds, in order to secure Mogo Kredit LLC obligations towardsCJSC Bank Resenije, deriving from credit contract dated 17 September 2019.

32. Financial risk management

The risk management function within the Group is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

Operational risks

The Group takes on exposure to certain operational risks, which result from general and specific market and industry requirements.

Compliance risk

Compliance risk refers to the risk of losses or business process disruption resulting from inadequate or failed internal processes systems, that have resulted in a breach of applicable law or other regulation currently in place.

Regulatory risks

Group's operations are subject to regulation by a variety of consumer protection, financial services and other state authorities in various jurisdictions, including, but not limited to, laws and regulations relating to consumer loans and consumer rights protection, debt collection and personal data processing . Formal licences issued by respective regulators are required in all countries where the Group operates in, except for Lithuania, Georgia, Belarus, Moldova, Uzbekistan, Kazakhstan and Poland. The Group closely monitors all the changes in regulatory framework for each of the countries it operates in. The Group employs both in-house as well as outsourced legal specialists to assist in addressing any current or future regulatory developments that might have an impact on Group's business activities.

Anti-money laundering and Know Your Customer laws compliance risk

The Group is subject to anti-money laundering laws and related compliance obligations in most of the jurisdictions in which it does business. The Group has put in place local anti-money laundering policies in those jurisdictions where it is required under local law to do so and in certain other jurisdictions. As a financial institution, the Group is required to comply with anti-money laundering regulations that are generally less restrictive than those that apply to banks.

As a result, the Group often relies on anti-money laundering and know your customer checks performed by our customers' banks when such customers open new bank accounts, however Group has implemented further internal policies to minimise these risks. Group has put in place internal control framework to identify and report all suspicious transactions with a combination of IT based solutions and human involvement. Internal policies of the Group typically include customers' background check against sanctioned lists and other public sources as required by each local law.

Privacy, data protection compliance risk

The Group's business is subject to a variety of laws and regulations internationally that involve user privacy, data protection, advertising, marketing, disclosures, distribution, electronic contracts and other communications, consumer protection and online payment services. The Group has put in place an internal control framework consisting from a combination of IT based solutions and business procedures that are designed to capture any potential non-compliance matter before it has occurred and to ensure compliance with these requirements.

Market risks

The Group takes on exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility or market rates or prices such as interest rates and foreign exchange rates.

Financial risks

The main financial risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk, and credit risk.

Foreign currency risk

The Group accepts the currency risk by issuing loans in local currencies and funding local operations mostly with EUR. Further currency risk is managed transaction wise by avoiding unnecessary conversions back and forth to settle payments and invoices in EUR. Also Group is constantly looking for ways to fund local country operations with local currency funds.

The currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The most significant foreign currency exposure comes from Armenia, Georgia and Poland, where Group has evaluated potential hedging options, but due to the costs associated with it, has decided not to pursue hedging strategy for now and assume potential short to mid-term currency fluctuations with retaining potential upside from strengthening in those currencies.

The Group is not exposed to currency risk in Bulgaria since it's currency rate is fixed by national bank of Bulgaria.

Interest rate risk

The Group is not exposed to interest rate risk because all of its liabilities are interest bearing borrowings with a fixed interest rate.

32. Financial risk management (continued)

Financial risks

Capital risk management

The Group considers both equity capital as well as borrowings a part of overall capital risk management strategy.
The Group manages its capital to ensure that it will be able to continue as going concern. In order to maintain or adjust the capital structure, the Group may attract new credit facilities or increase its share capital. The Group fulfils externally imposed equity capital requirements.

The Group monitors equity capital on the basis of the capitalization ratio as defined in Eurobond prospectus. This ratio is calculated as Net worth (the sum of paid in capital, retained earnings, reserves and shareholder loan) divided by Net Loan portfolio.
In order to maintain or adjust the overall capital structure, the Group may issue new bonds, borrow in P2P platform or sell assets to reduce debt.
The management of the borrowings is driven by monitoring and complying the lender imposed covenants as well as planning the further borrowing needs to ensure business development of the Group.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages its liquidity risk by arranging an adequate amount of committed credit facilities with related parties, P2P investors and by issuing bonds. The Group monitors daily cash flows and plans for milestone dates for cash outflows to cover major liabilities like semi-annual interest payments for Eurobonds. The Group regulates its issuances of new loans to ensure the adequate funds are available when upcoming larger settlement of liabilities is approaching.

Credit risk

The Group is exposed to credit risk through its finance lease receivables, loans and advances to customers, loans to related parties, trade and other receivables as well as cash and cash equivalents. Maximum credit risk exposure is represented by the gross carrying value of the respective financial assets. The key areas of credit risk policy cover lease granting process (including solvency check of the lease), monitoring methods, as well as decision making principles.

The Group operates by applying a clear set of finance lease granting criteria. This criteria includes assessing the credit history of customer, means of lease repayment and understanding the lease object. The Group takes into consideration both quantitative and qualitative factors when assessing the creditworthiness of the customer. Based on this analysis, the Group sets the credit limit for each and every customer.

When the lease agreement has been signed, the Group monitors the lease object and customer's solvency. The Group has developed lease monitoring process so that it helps to quickly spot any possible non-compliance with the provisions of the agreement. The receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is minimized, and, where appropriate, provisions are being made.

The Group does not have a significant credit risk exposure to any single counterparty, but has risk to group of counterparties having similar characteristics.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.
In order to avoid excessive concentrations of risk, the Group is maintaining a diversified portfolio. It's main product is subprime lease, however it is offering also near prime lease, as well as instalment loan and long-term rent products.

33. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Instruments within Level 1 include highly liquid assets and standard derivative financial instruments traded on the stock exchange.

Fair value for such financial instruments as Financial assets at fair value through profit and loss is mainly determined based on publicly available quoted prices (bid price, obtainable from Bloomberg system).

Instruments within Level 2 include assets, for which no active market exists, such as over the counter derivative financial instruments that are traded outside the stock exchange, bonds, as well as balances on demand with the central banks, balances due from banks and other financial liabilities. Bonds fair value is observable in Frankfurt Stock Exchange public information. Fair value of bank loans is based on effective interest rate which represents current market rate to similar companies. The management recognizes that cash and cash equivalents' fair value is the same as their carrying value therefore the risk of fair value change is insignificant.

include loans and receivables.

Fair value of finance lease receivables and loans and advances to customers is determined using discounted cash flow model consisting of contractual lease and loan cash flows that are adjusted by expectations about possible variations in the amount and timings of cash flows using methodology consistent with the expected credit loss determination as at 31 Deceber 2019 to determine the cash flows expected to be received net of impairment losses. The pre-tax weighted average cost of capital (WACC) of the entity holding the respective financial assets is used as the basis for the discount rate. The WACC is based on the actual estimated cost of equity and cost of debt that reflect any other risks relevant to the leases and loans that have not been taken into consideration by the impairment loss adjustment described above and also includes compensation for the opportunity cost of establishing a similar lease or loan. An additional 1.5% is added to the discount rate as an adjustment to consider service costs of the portfolio that are not captured by the cash flow adjustments. The result of fair value versus carrying value as at 31.12.2019 was used as a proxy for calculation of fair value as at 30.06.2020.

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Group’s statement of financial position at their fair value:	Carrying value	Fair value	Carrying value	Fair value
	30.06.2020.	30.06.2020.	31.12.2019.	31.12.2019.
Assets for which fair value is disclosed	**EUR**	**EUR**	**EUR**	**EUR**
Loans to related parties	22 955 052	22 955 052	22 073 496	21 848 308
Finance lease receivables*	114 922 922	156 881 370	116 151 466	158 558 456
Loans and advances to customers*	48 595 159	66 604 528	63 934 676	87 628 871
Other loans and receivables	1 637 064	1 637 064	908 253	908 253
Trade receivables	331 237	331 237	1 433 025	1 433 025
Other receivables	2 196 621	2 196 621	2 509 672	2 509 672
Cash and cash equivalents	20 319 578	20 319 578	8 656 530	8 656 530
Total assets for which fair value is disclosed	**210 957 633**	**270 925 450**	**215 667 118**	**281 543 116**
Liabilities for which fair value is disclosed				
Borrowings				
Loan from related parties	11 942 067	11 942 067	6 782 061	6 782 061
Mogo Finance S.A. bonds	96 699 385	90 515 110	93 733 897	95 465 550
Mogo AS bonds	25 452 109	23 328 000	27 087 203	26 788 000
Lease liabilities for right-of-use assets	5 630 443	5 630 443	7 945 543	7 945 543
Long term loan from banks	40 647 453	40 647 453	16 454 596	16 454 596
Financing received from P2P investors	40 187 631	40 187 631	69 869 246	69 869 246
Other borrowings	1 899 880	1 899 880	377 299	424 294
Trade payables	854 855	854 855	1 285 498	1 285 498
Other liabilities	596 038	596 038	2 361 747	2 361 747
Total liabilities for which fair value is disclosed	**223 909 861**	**215 601 477**	**225 897 090**	**227 376 534**
Liabilities measured at fair value				
Other financial liabilities	239 720	239 720	56 732	56 732
Total liabilities measured at fair value and liabilities for which fair value is disclosed	**224 149 581**	**215 841 197**	**225 953 822**	**227 433 266**

34. Share-based payments

General Employee Share Option Plan

The Group may grant share options of Subsidiaries to its employees. Share options are generally awarded on the first day of employment. The share options vest within four years time with front loaded vesting of 25% of the granted shares after one year of employment. The maximum term of options granted is 4 years.

Senior Executive Share Option Plan

The Group, at its discretion, may grant share options of the Parent Company or a subsidiary to its senior executives. Vesting of the share options is dependent on the profitability of the Group or the respective subsidiary.

Fair value of the respective share options

The fair value of share options granted is estimated at the date of grant. Group's management has assessed that the fair value of the respective share options 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 are till 2025 for Senior Executive Plan and till 2023 for General Employee Share Option Plan. There are cash settlement alternatives. Given absence of an ongoing sale of subsidiaries or Mogo Finance S.A. or any listing process initiated and any other relevant cash settlement events, cash settlement is considered not to be probable. The Group does not have a past practice of cash settlement for these awards and the Group does not have a present obligation to settle in cash.

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.

35. Segment information

For management purposes, the Group is organized into business units based on its geographical locations and on internal management structure, which is the basis for reporting system. These financial statements provide information, including comparative information of previous period, on the following five operating segments:

- HUB 1. This is the major segment of the Group representing entities performing financing activities in Baltic countries, Georgia and Armenia.
- HUB 2. This is the major segment of the Group representing entities performing financing activities in Bulgaria, North Macedonia and Albania.
- HUB 3. This is the major segment of the Group representing entities performing financing activities in Romania, Moldova, Ukraine and Belarus.
- HUB 4. This is the major segment of the Group representing entities performing financing activities in Kazakhstan and Uzbekistan.
- HUB 5. This is the major segment of the Group representing entities performing financing activities in Kenya and Uganda.
- Entities performing sales of motor vehicles. This is the major segment of the Group representing entities performing sales activities of motor vehicles in Baltics, Armenia and Georgia.
- Other segments. This segment comprises Group's business lines with aggregate unconsolidated revenue below 10% of the total unconsolidated revenue of all operating segments.
- Other. The Group's financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments hence these are presented in “Other”.

Management monitors mainly the following indicators of operating segments for the purpose of making decisions about resource allocation and performance assessment: net revenue, profit before tax, gross portfolio and impairment. Other segment is not monitored on segment level but on comprising subsidiaries level.

The Group`s Chief operating decision maker is Group`s CEO.
Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2019 or 2020.

Segment information below shows main income and expense items of comprehensive income statement. Other smaller income and expense items are summarized and shown under 'Other income/(expense)' column.

35. Segment information (continued)

Segment information for the period ended on 30 June 2020 is presented below:

Operating segment	Interest income	Interest expenses	Impairment expense	Other operating income/ (expense)	Corporate income tax	Segment profit/(loss) for the period	Total assets	Total liabilities
HUB 1	21 651 058	(5 924 493)	(6 289 013)	(4 166 161)	(234 363)	5 037 028	161 880 484	117 735 972
HUB 2	3 335 551	(1 036 822)	(2 060 236)	(2 159 180)	198 639	(1 722 048)	23 558 021	20 732 293
HUB 3	10 176 405	(2 881 153)	(2 991 203)	(5 004 817)	(55 646)	(756 414)	62 244 988	48 752 142
HUB 4	*2 457 159*	*(797 536)*	*(1 217 006)*	*(2 762 647)*	*417 231*	*(1 902 799)*	14 400 382	14 163 321
HUB 5	2 470 325	(631 170)	(1 128 477)	(2 309 612)	386 110	(1 212 824)	14 404 096	13 918 072
Other segments	11 207	(103 038)	253	60 784	(900)	(31 694)	5 833 294	3 287 290
Total segments	40 101 705	(11 374 212)	(13 685 682)	(16 341 633)	711 071	(588 751)	282 321 265	218 589 090
Other	5 010 264	(8 101 922)	-	3 554 471	(2 408)	460 405	95 990 097	132 846 654
Adjustments and eliminations	(6 052 111)	6 694 800	-	(4 396 150)	-	(3 753 461)	(129 366 491)	(120 771 838)
Consolidated	39 059 858	(12 781 334)	(13 685 682)	(17 183 312)	708 663	(3 881 807)	248 944 871	230 663 906

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Revenue		2020 EUR
External customers (interest income and other income)		29 653 444
Inter-segment (interest income and other income)		10 448 261
	TOTAL:	**40 101 705**

Reconciliation of profit	30.06.2020. EUR
Segment profit	(588 751)
Profit from other	*460 405*
Elimination of inter-segment revenue	*(10 448 261)*
Elimination of intragroup interest income	(6 621 796)
Elimination of intragroup income from dividends	(3 943 217)
Elimination of intragroup other income/(expenses)	(452 935)
Elimination of intragroup income from dealership commissions	569 687
Elimination of inter-segment expenses	*6 694 800*
Elimination of intragroup interest expenses	6 694 800
Consolidated profit for the period	(3 881 807)

Reconciliation of assets	
Segment operating assets	282 321 265
Loans to subsidiaries	71 749 364
Loans to non related parties	4 820 756
Other short term receivables	19 419 977
Elimination of intragroup loans	(125 576 696)
Elimination of other intragroup receivables	(3 789 795)
Total assets	248 944 871

Reconciliation of liabilities	
Segment operating liabilities	218 589 090
Borrowings	96 815 512
Other liabilities	36 031 142
Elimination of intragroup borrowings	(100 570 687)
Elimination of other intragroup accounts payable	(20 201 151)
Total liabilities	230 663 906

35. Segment information (continued)

Segment information for the period ended on 30 June 2019 is presented below:

	Interest income	Interest expenses	Impairment expense	Other operating expense	Corporate income tax	Segment profit for the period	Total assets	Total liabilities
HUB 1	24 539 785	(6 083 558)	(6 426 587)	(3 905 626)	(440 158)	7 683 856	168 651 995	128 470 142
HUB 2	2 615 396	(735 472)	34 016	(2 122 951)	181 232	(27 779)	21 331 566	16 922 012
HUB 3	6 087 251	(1 717 772)	(766 135)	(3 814 883)	6 255	(205 284)	40 262 180	41 288 588
HUB 4	340 973	(213 423)	(176 909)	(1 001 027)	137 828	(912 558)	6 731 242	7 953 214
HUB 5	51 685	(33 964)	(32 697)	(826 495)	260 960	(580 511)	2 066 958	2 618 609
Entities performing sales of motor vehicles	25 854	(318 950)	9 153	(853 372)	18 149	(1 119 166)	7 463 582	9 138 565
Other segments	-	-	-	-	-	-	38 000	-
Total segments	33 660 944	(9 103 139)	(7 359 159)	(12 524 354)	164 266	4 838 558	246 545 523	206 391 130
Other	3 635 383	(4 353 917)	-	(411 199)	(1 605)	(1 131 338)	70 896 569	92 662 854
Adjustments and eliminations	(3 395 011)	4 305 781	-	(1 317 333)	-	(406 563)	(103 593 717)	(103 360 851)
Consolidated	33 901 316	(9 151 275)	(7 359 159)	(14 252 886)	162 661	3 300 657	213 848 375	195 693 133

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Revenue	6 months 2019 EUR
External customers (interest income and other income)	28 948 600
Inter-segment (interest income and other income)	4 712 344
TOTAL:	**33 660 944**

Reconciliation of profit	30.06.2019. EUR
Segment profit	4 838 558
Profit from other	*(1 131 338)*
Elimination of inter-segment revenue	*(4 712 344)*
Elimination of intragroup other income/(expenses)	(1 317 333)
Elimination of intragroup income from dealership commissions	(3 395 011)
Elimination of inter-segment expenses	*4 305 781*
Elimination of intragroup other income/(expenses)	4 305 781
Consolidated profit for the period	3 300 657

Reconciliation of assets	
Segment operating assets	246 545 523
Loans to subsidiaries	60 048 307
Loans to non related parties	5 019 580
Other short term receivables	5 828 682
Elimination of intragroup loans	(102 973 044)
Elimination of other intragroup receivables	(620 673)
Total assets	213 848 375

Reconciliation of liabilities	
Segment operating liabilities	206 391 130
Borrowings	91 799 471
Other liabilities	863 383
Elimination of intragroup borrowings	(85 889 793)
Elimination of other intragroup accounts payable	(17 471 058)
Total liabilities	195 693 133

36. Events after balance sheet date

On 3 July 2020, Mogo Finance S.A. received affirmation of its Long-Term Issuer Default Rating (IDR) at 'B-' with a Negative Outlook from Fitch Ratings. The Negative Outlook reflects according to Fitch risks in the credit profile due to the adverse economic effect of the coronavirus pandemic. Fitch values that while rating headroom has improved by a recent shareholder loan injection and management actions, Mogo's financial metrics, notably capitalization and leverage, remain sensitive to further asset quality and earnings deterioration in the current environment.

On 16 July 2020, Mogo Group acquired the 5th largest non-banking credit organizations by total assets in Moldova – Sebo Credit SRL. The targeted acquisition will significantly strengthen the Mogo Group with profitable operations from day one. With an attractive purchase price close to the book value of the equity, Mogo Finance achieved favourable transaction conditions. Mogo Finance expects positive synergy effects from the acquisition on administrative, operating and financing costs as well as cross- and up-selling potential through the large customer base of Sebo + 200 000 customers.

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

Signed on behalf of the Group on 10 September 2020 by:

Māris Kreics	Delphine Glessinger
Type A director	Type B director