AUDIT REPORT
(INDEPENDENT AUDITOR'S REPORT)
on the Annual Financial Statements of
E-CASH LIMITED LIABILITY COMPANY
for the year ended on December 31, 2019

To the Members, the Management of
E-CASH LLC
the National Financial Services Commission

Opinion

We have audited the annual financial statements of E-CASH LIMITED LIABILITY COMPANY (hereinafter referred to as the "Company"), which comprise the Balance Sheet (the Statement of Financial Position) as of 31.12.2019, the Income Statement (the Statement of Comprehensive Income), the Statement of Cash Flows, the Statement of Changes in Equity for the year ended on 31.12.2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31.12.2019, its financial results and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit issues

Key audit issues are matters that, according to our professional judgment, were significant during our audit of financial statements for the current period. These issues were considered in the context of our audit of financial statements as a whole and taken into account when forming an opinion thereon, while we do not express a separate opinion on these issues.

We have identified the following key issues that should be reflected in our report.

Recognition and estimation of expected credit losses on receivables on loans granted and accrued interest on financial loans is a very complex process and involves the use of significant judgments and estimates, including the development and inclusion of economic forecasts in the estimation of expected credit losses in order to meet the objectives of the estimates as determined in IFRS 9.

When determining expected credit losses, the management is required to make judgments about what is considered to be a significant increase in credit risk, and to make assumptions and estimates to determine relevant information about past events and economic forecasts. The accuracy of the assumptions used in models, including macroeconomic scenarios, affects the level of provisions for expected credit losses.

We have identified the issue of impairment of receivables on financial loans granted and accrued interest thereon as a key audit issue because of the materiality of the balances, the high complexity and the subjective nature of the expected credit losses estimation.

Information on significant accounting estimates for this issue is provided in the Loans and Receivables note, and disclosures and details of the methods and models used for recognizing expected credit losses are provided in the Provisions note.

During our audit procedures, we checked the controls that were put in place by the management to ensure that the expected credit losses were estimated.

We also assessed compliance with the requirements of IFRS 9 Financial Instruments of the impairment methodology used by the Company.

Considering the fact that the Company started to provide financial loans, we focused on the Company's assumptions applied in the model of expected credit losses, taking into account the empirical data and existing crediting processes.

Other information (Information other than financial statements and auditor's report thereon)

The management is responsible for any other information. The auditors checked other significant information disclosed by the Company and submitted to the Commission, as well as other reports and information, including the minutes of the General Meeting of Members of the Company, according to the requirements of ISA 720 Auditor's Responsibilities for Other Information.

Our opinion on the annual financial statements does not extend to other information and we do not draw conclusions with any level of assurance about this other information.

In connection with our audit of annual financial statements, it is our responsibility to review other information and to consider whether there is a material mismatch between the other information and the annual financial statements or our knowledge gained during the audit, or whether this other information appears to contain significant misstatement.

If, on the basis of our work, we conclude that there is a material misstatement of this other information, we are obliged to report this fact.

Responsibilities of the management and those charged with governance for the financial statements

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

In preparing the financial statements, the management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless the management either intends to liquidate the Bank 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Further description of our responsibilities for the audit of the financial statements is included in annex 1 to this auditor's report. This description forms a part of our auditor's report.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding 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 the statement that we have met relevant ethical requirements for independence, and we notify them of all relationships and other issues that might reasonably be considered to affect our independence and, where applicable, regarding appropriate safeguards.

From the list of all issues that were provided to those charged with governance we identified those that were most important during the audit of the current financial statements, that is, those that are key audit issues. We describe these issues in our auditor's report, except when a legislative or regulatory act prohibits public disclosure of the issue or when, in very exceptional circumstances, we determine that such an issue should not be covered in our report, as the negative effects of such coverage may be expected to outweigh its usefulness to the interests of the public.

Report on the requirements of other legislative and regulatory acts

Other reporting responsibilities were determined in accordance with the National Financial Services Commission's Order No. 362 on Approval of Guidance on Information Relevant for

Audit of Business Entities Overseen by the National Financial Services Commission for 2019 dated 25.02.2020.

The financial statements for the year ended on December 31, 2019, were authorized for issue on February 10, 2020 and signed by the management represented by the director and chief accountant.

The Company maintains accounting and prepares financial statements in Ukrainian hryvnias (UAH), which is the functional currency of the financial statements. The material basis for accounting for business transactions was the primary documents; all the information contained therein is systematized in the accounting records by the double entry method.

The total amount of equity (net assets) of the Company as of 31.12.2019 was UAH 17,255 thousand, including the registered capital being UAH 76,003 thousand, the Company's retained earnings amounting to UAH 58,748 thousand, the reserve fund being UAH 0 thousand.

As of 31.12.2019, the authorized capital was paid in full by the Company's Founders. The holders of substantial share in the authorized capital of the Company (controllers) are as follows:

- MELIVESA HOLDING LTD – 100%, being UAH 76,003 thousand;

As of 31.12.2019, the amount of equity met the requirements set out in paragraph 3 of clause 1, Section XI of the Regulation on the State Register of Financial Institutions, approved by Order No. 41 of the Financial Services Commission dated 28.08.2003, registered with the Ministry of Justice of Ukraine on 11.09.2003 under No. 797/8118 (hereinafter – the "Regulation").

Formation of the reserve fund is carried out by annual allocations of retained earnings available to the Company after payment of income tax.

The Company had no current or long-term financial investments as of 31.12.2019.

The Company has no assets at fair value.

The Company had no overdue liabilities as of 31.12.2019.

The Company has no separate subdivisions.

The Company has a separate accounting and registration system for accounting financial loans granted and repaid, and accrued interest.

The auditors checked other material information disclosed by the Company and submitted to the Commission, as well as other reports and information, including the minutes of the General Meeting of Members of the Company, according to the requirements of ISA 720 Auditor's Responsibilities for Other Information, no material inconsistencies between financial statements and other information were established.

The Company has established an internal audit service, which provides for the position of internal auditor. The responsibilities of the internal auditor, according to the Regulation, include control over the financial activities of the company, analysis of the feasibility of contracting, calculation and analysis of financial indicators, performance of financial studies etc.

The Company's management does not identify events or conditions that would call into question the ability to continue as a going concern for 12 months.

No important or significant events leading to risk probability occurred from January 01, 2020 to the date of this report.

Other issues (items)

<u>*Basic information about the Company:*</u>

Full name: E-CASH LIMITED LIABILITY COMPANY.

EDRPOU code: 41548844

Legal address: 01021, Kyiv city, KLOVSKYI DESCENT, building 7A

Date and number of entry in the Unified State Register of Legal Entities and Individual Entrepreneurs on the state registration: Date of state registration: 29.08.2017

Date of entry: 29.08.2017

Number of entry: 1 070 102 0000 070226

Financial institution registration certificate: series ФК No. 953 dated 02.11.2017.

Main activity in accordance with the constituent documents: NACE Code 64.92 Other types of lending (main)

Number of employees at the reporting date: – 116 persons.

Director: Lylyk O.Ya.

Accountant: Mezhenko O.V.

License: Lending, including on the financial loan terms, issued on 05.12.2017, perpetual license.

Separate subdivisions (branches and offices): none.

Key partner for audit engagement which resulted in this independent auditor's report	Baranivska V.P. Auditor's certificate series a No. 006998 dated 20.12.2012
Director, auditor	Chulkovska I.V. Auditor's certificate series a No. 004127 dated 28.01.2000

Kyiv
25.02.2020

General information on the auditor (audit firm):

Name: Auditor-Consultant-Lawyer Audit Firm Limited Liability Company.

Legal address: 01010, Kyiv, Ivana Mazepy street, building 3, office 222, tel. 044-228-62-56.

Certificate of entry in the Register of Audit Firms and Auditors: No. 4082, issued by the Audit Chamber of Ukraine's Decision dated 13.12.2007, valid until 27.07.2022.

Included in the Register of Auditors and Audit Entities maintained by the Audit Chamber of Ukraine in accordance with the requirements of the Law of Ukraine On Audit of Financial Reporting and Auditing dated 21.12.2017 No. 2258-VIII (registration number 4082, date of registration 19.10.2018)).

Audit firm information is listed in the following sections of the Register of Auditors and Audit Entities:

"Audit entities"

«Audit entities authorized to conduct a statutory audit of financial statements»

Quality control system conformity certificate: No. 0769, issued by the Audit Chamber of Ukraine's Decision No. 356/4. Certificate valid until 31.12.2023

Conditions of the audit contract: Contract N 14/11/2019 dated 14.11.2019, start date of the audit 25.11.2019, end date – 25.02.2020.

Annex 1
to National Accounting Regulation (Standard) 1
"General Requirements to Financial Statements"

		CODES		
	Date (YYYY.MM.DD)	2020	01	01
Company E-CASH LIMITED LIABILITY COMPANY	of EDRPOU	41548844		
Territory Pecherskyi district	of KOATUU	8038200000		
Business legal form Limited Liability Company	of KOPFG	240		
Type of economic activity Other types of lending	of KVED	64.92		

Average number of employees [1] 116
Address, phone 7A Klovskyi Descent, KYIV 01021 3378833
Unit of measurement: thous. UAH without decimal place (except the Section IV of the Profit and Loss Statement (Statement of Comprehensive Income) (Form No. 2), monetary indicators of which are given in UAH with kopecks)
Prepared (to put a mark 'v' in the appropriate box):
according to the Accounting Regulations (Standards)
according to the International Financial Reporting Standards V

Balance Sheet (Statement of Financial Position)
as of 31 December 2019

Form No. 1 Code of DKUD 1801001

ASSET	Line Code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	3	4
I. Non-Current Assets			
Intangible Assets	1000	53	4,987
Initial Cost	1001	69	6,572
Accumulated Depreciation	1002	16	1,585
In-Progress Capital Investments	1005	-	-
Fixed Assets	1010	1,066	4,509
Initial Cost	1011	1,299	5,784
Wear	1012	233	1,275
Investment Property	1015	-	-
Investment Property Acquisition Value	1016	-	-
Investment Property Depreciation	1017	-	-
Long-Term Biological Assets	1020	-	-
Long-Term Biological Assets Acquisition Value	1021	-	-
Long-Term Biological Assets Cumulative Amortization	1022	-	-
Long-Term Financial Investments accounted for by using the equity method	1030	-	-
Other Financial Investments	1035	-	-
Long-Term Receivables	1040	-	-
Deferred Tax Assets	1045	-	-
Goodwill	1050	-	-
Deferred Acquisition Costs	1060	-	-
Insurance Reserve Fund Remaining Balance	1065	-	-
Other Non-Current Assets	1090	-	-
Total in Section 1	**1095**	**1,119**	**9,496**
II. Current Assets			
Inventory	1100	24	64
Production Stock	1101	24	64
Work in Progress	1102	-	-
Final Products	1103	-	-
Goods	1104	-	-
Current Biological Assets	1110	-	-
Reinsurance Deposits	1115	-	-
Notes Receivable	1120	-	-
Receivables for Products, Goods, Works, Services	1125	-	-
Receivables from Settlements: for Advances Paid	1130	-	-
Budgetary Payments	1135	6	5
including Income Tax	1136	-	-
Receivables from Settlements on Accrued	1140	3,262	9,465

Incomer			
Receivables from Settlements on Internal Payments	1145	-	-
Other Current Receivables	1155	17,829	66,663
Current Financial Investments	1160	-	-
Cash and Cash Equivalents	1165	11,004	22,165
Cash	1166	-	-
Accounts with Banks	1167	11,004	22,165
Prepaid Expenses	1170	-	-
Reinsurer's Share in Insurance Reserves	1180	-	-
including in: Provisions for Long-Term Liabilities	1181	-	-
Loss Reserves or Entitlement Reserves	1182	-	-
Unearned Premium Reserves	1183	-	-
Other Insurance Reserves	1184	-	-
Other Current Assets	1190	-	
Total in Section II	**1195**	**32,125**	**98,362**
III. Noncurrent Assets Held for Sale and Disposal Groups	**1200**	-	-
Balance	**1300**	**33,244**	**107,858**

Liability	Line Code	As of the beginning of the reporting period	As of the end of the reporting period
1	2	3	4
I. Equity Capital			
Registered (Share) Capital	1400	35,130	76,003
Contributions to Non-Registered Authorized Capital	1401	-	-
Revaluation Surplus Capital	1405	-	-
Additional Capital	1410	-	-
Capital Surplus	1411	-	-
Share Premium Fund	1412	-	-
Reserve Capital	1415	-	-
Retained Earnings (Uncovered Loss)	1420	(19,673)	(58,750)
Unpaid Capital	1425	(8,306)	(-)
Disposed Capital	1430	(-)	(-)
Other Reserves	1435	-	-
Total in Section I	**1495**	**7,151**	**17,253**
II. Long-Term Liabilities and Provisions			
Deferred Tax Liabilities	1500	-	-
Pension Liabilities	1505	-	-
Long-Term Bank Loans	1510	-	-
Other Long-Term Liabilities	1515	-	35,525
Long-Term Provisions	1520	-	-
Long-Term Provisions for Staff Expenses	1521	-	-
Special-Purpose Financing	1525	-	-
Charity Support	1526	-	-
Insurance Reserves	1530	-	-
including: Provision for Long-Term Liabilities	1531	-	-
Loss Reserve or Entitlement Reserve	1532	-	-
Unearned Premium Reserve	1533	-	-
Other Insurance Reserves	1534	-	-
Investment Contracts	1535	-	-
Prize Fund	1540	-	-
Jackpot Payment Reserve	1545	-	-
Total in Section II	**1595**	-	**35,525**
III. Current Liabilities and Provisions		-	
Short-Term Bank Loans	1600	-	-
Notes Payable	1605	-	-
Current Payables for: Long-Term Liabilities	1610	-	2,934
Goods, Works, Services	1615	1,735	7,134
Budgetary Payments	1620	-	42
including Income Tax	1621	-	-
Insurance Payments	1625	5	14
Staff Salary Settlements	1630	54	61
Current Payables for Advances Received	1635	-	-

Current Payables for Settlements with Members	1640	-	-
Current Payables for Internal Payments	1645	-	-
Current Payables for Insurance Activity	1650	-	-
Current Provisions	1660	743	942
Deferred Revenues	1665	-	-
Deferred Commission Income from Reinsurers	1670	-	-
Oher Current Liabilities	1690	23,556	43,953
Total in Section III	**1695**	**26,093**	**55,080**
IV. Liabilities Related to Non-Current Assets Held for Sale and Disposal Groups	**1700**	-	-
V. Net Value of Assets of the Non-State Pension Fund	**1800**	-	-
Balance	**1900**	**33,244**	**107,858**

Head /electronic signature/ **Oksana Yaroslavivna Lylyk**

Chief Accountant /electronic signature/ **Oksana Viktorivna Mezhenko**

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[1] To be determined in the manner established by the executive authority implementing the state policy in the field of statistics.

EDRPOU – Unified State Register of Enterprises and Organizations of Ukraine
KOATUU – Classifier of Objects of Administrative and Territorial System of Ukraine
KOPFG – Classifier of Business Organizational and Legal Forms
KVED – Classifier of Economic Activities
DKUD – State Classifier of Administrative Documentation

		CODES	
	Date (YYYY.MM.DD)	2020	01	01
Company **E-CASH LIMITED LIABILITY COMPANY** (name)	of EDRPOU	41548844		

Statement of Financial Results (Statement of Comprehensive Income)
for 2019

Form No. 2 Code of DKUD **1801003**

Item	Line Code	For the reporting period	For the same period last year
1	**2**	**3**	**4**
Net Income from the Sales of Products (Goods, Works, Services)	2000	173,448	37,546
Net Earned Insurance Premiums	*2010*	-	-
Written Premiums, Gross Amount	*2011*	–	–
Premiums Ceded to Reinsurance	*2012*	–	–
Change in the Unearned Premium Reserve, Gross Amount	*2013*	-	-
Change in the Reinsurers' Share in the Unearned Premium Reserve	*2014*	–	–
Cost of Products (Goods, Works, Services) Sold	2050	(-)	(-)
Net Expenses for Insurance Payments	*2070*	–	–
Gross: Profit	2090	173,448	37,546
loss	2095	(-)	(-)
Profit (Expenses) from Change in Long-Term Liabilities Reserves	*2105*	-	-
Profit (Expenses) from Change in Other Insurance Reserves	*2110*	–	–
Change in Other Insurance Reserves, Gross Amount	*2111*	–	–
Change in Reinsurers' Share in Other Insurance Reserves	*2112*	-	-
Other Operating Income	2120	104,307	3,809
including: Income from Change in the Assets Fair Value	*2121*	-	-
Income from Initial Recognition of Biological Assets and Agricultural Products	*2122*	-	-
Income from the Use of Funds Exempted from Taxation	*2123*	-	-
Administrative Expenses	2130	(63,756)	(14,501)
Selling Expenses	2150	(61,808)	(23,261)
Other Operating Expenses	2180	(187,476)	(22,118)
including: Expenses from Change in the Assets Fair Value	*2181*	-	-
Expenses from Initial Recognition of Biological Assets and Agricultural Products	*2182*	-	-
Financial result from Operating Activities: Profit	2190	-	-
Loss	2195	(35,285)	(18,525)
Equity Income	2200	–	–
Other Financial Income	2220	7,878	4
Other Income	2240	31	-
including: Income from Charity Support	*2241*	–	–
Financial expenses	2250	(11,691)	(-)
Equity Loss	2255	(-)	(-)
Other Losses	2270	(-)	(-)
Profit (Loss) from the Effect of Inflation on the Monetary Items	*2275*	-	-

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Financial result before Tax: Profit	2290	-	-
Loss	2295	(39,067)	(18,521)
Income Tax Profit (Expenses)	2300	-	-
Profit (Loss) from Ceased Activities after Tax	2305	-	-
Net Financial Result: Profit	2350	-	-
Loss	2355	(39,067)	(18,521)

II. COMPREHENSIVE INCOME

Item	**Line Code**	**For the reporting period**	**For the same period last year**
1	**2**	**3**	**4**
Increase (Reduction) in the Value of Non-Current Assets	2400	-	-
Increase (Reduction) in the Value of Financial Instruments	2405	-	-
Share Premium Fund	2410	-	-
Share of Other Comprehensive Income of Associated and Joint Venture Companies	2415	-	-
Other Comprehensive Income	2445	-	-
Other Comprehensive Income before Taxation	**2450**	-	-
Income Tax related to Other Comprehensive Income	2455	-	-
Other Comprehensive Income after Taxation	**2460**	-	-
Comprehensive Income (sum of the Lines 2350, 2355 and 2460)	**2465**	(39,067)	(18,521)

III. ELEMENTS OF OPERATING EXPENSES

Item	**Line Code**	**For the reporting period**	**For the same period last year**
1	**2**	**3**	**4**
Tangible Costs	2500	1,009	544
Labor Costs	2505	30,267	9,988
Social contributions	2510	4,529	2,201
Depreciation	2515	2,611	222
Other Operating Expenses	2520	274,624	46,925
Total	**2550**	313,040	59,880

IV. CALCULATION OF RETURN OF SHARES RATIO

Item	**Line Code**	**For the reporting period**	**For the same period last year**
1	**2**	**3**	**4**
Average Annual Number of Ordinary Shares	2600	-	-
Adjusted Average Annual Number of Ordinary Shares	2605	-	-
Net Profit (Loss) per Ordinary Share	2610	-	-
Adjusted Net Profit (Loss) per Ordinary Share	2615	-	-
Dividends per Ordinary Share	2650	-	-

Head /electronic signature/ Oksana Yaroslavivna Lylyk

Chief Accountant /electronic signature/ Oksana Viktorivna Mezhenko

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EDRPOU – Unified State Register of Enterprises and Organizations of Ukraine
DKUD – State Classifier of Administrative Documentation

	CODES		
Date (YYYY.MM.DD)	2020	01	01
Company **E-CASH LIMITED LIABILITY COMPANY** (name) of EDRPOU	41548844		

Cash Flow Statement (by to the direct method)
for 2019

Form No. 3 Code of DKUD 1801004

Item	Line Code	For the reporting period	For the same period last year
1	2	3	4
I. Cash Flows from Operating Activities			
Proceeds from:			
Sale of Products (Goods, Works, Services)	3000	119,508	24,773
Repayment of Taxes and Charges	3005	-	-
including Value Added Tax	3006	-	-
Special-Purpose Financing	3010	-	-
Proceeds from Grants and Awards	3011	-	-
Advances from Buyers and Customers	3015	-	-
Proceeds from the Return of Advances	3020	-	-
Proceeds from Interest on Current Account Balance	3025	-	-
Proceeds from Penalty (Forfeits, Fees) from Debtors	3035	8,414	3,744
Proceeds from Operational Lease	3040	-	-
Proceeds from Royalties	3045	-	-
Proceeds from Insurance Premiums	3050	-	-
Proceeds from Financial Institutions for Loan Repayment	3055	393,433	64,141
Other Proceeds	3095	1,586	326
Expenses on the Payment for:			
Goods (Works, Services)	3100	(78,263)	(21,779)
Labor	3105	(24,347)	(7,650)
Deductions for social activities	3110	(4,699)	(2,065)
Taxes and Charges Liabilities	3115	(7,184)	(1,875)
Expenses on the Income Tax	3116	(590)	(-)
Expenses on the Value-Added Tax	3117	(324)	(31)
Expenses on Other Taxes and Levies	3118	(6,270)	(1,844)
Expenses on the Payment of Advances	3135	(-)	(-)
Expenses on the Return of Advances	3140	(-)	(-)
Expenses on Special-Purpose Contributions	3145	(-)	(-)
Expenses on Liabilities under Insurance Contracts	3150	(-)	(-)
Expenses of Financial Institutions on Granting Loans	3155	(492,523)	(93,087)
Other Expenses	3190	(4,519)	(2,287)
Net Cash Flows from Operating Activities	**3195**	-88,594	-35,759
II. Cash Flows from Investment Activities			
Proceeds from the Sale of:			
Financial Investments	3200	-	-
Non-Current Assets	3205	-	-
Proceeds from:			
Interest	3215	-	-
Dividends	3220	-	-
Proceeds from Derivatives	3225	-	-
Proceeds from Loan Repayment	3230	-	-
Proceeds from the Disposal of a Subsidiary and Other Economic Entity	3235	-	-
Other Proceeds	3250	-	-

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Expenses on the Acquisition of: Financial Investments	3255	(-)	(-)
Non-Current Assets	3260	(1,082)	(803)
Derivative Payments	3270	(-)	(-)
Expenses on Granting of Loans	3275	(-)	(-)
Expenses on the Acquisition of a Subsidiary and Other Economic Entity	3280	(-)	(-)
Other Payments	3290	(-)	(-)
Net Cash Flows from Investment Activities	**3295**	-1,082	-803
III. Cash Flow from Financial Activities Proceeds from: Equity Capital	3300	9,782	21,824
Obtainment of Loans	3305	98,643	22,708
Proceeds from the Sale of a Share in a Subsidiary	3310	-	-
Other Proceeds	3340	-	-
Expenses on: Repurchase of Own Stock	3345	(-)	(-)
Loan Repayment	3350	-	-
Dividend Payment	3355	(-)	(-)
Expenses on the payment of interest	3360	(1,913)	(-)
Expenses on the Payment of Debts on Financial Lease	3365	(3,659)	(-)
Expenses on the Acquisition of a Share in a Subsidiary	3370	(-)	(-)
Expenses on Payments to Non-Controlling Shares in Subsidiaries	3375	(-)	(-)
Other Payments	3390	(1,626)	(-)
Net Cash Flows from Financial Activities	**3395**	101,209	44,532
Net Cash Flows for the Reporting Period	**3400**	11,533	7,970
Cash Balance as of the Beginning of the Year	3405	11,004	3,021
Effects of Changes in Foreign Exchange Rates on Cash Balance	3410	(372)	13
Cash Balance as of the End of the Year	3415	22,165	11,004

Head /electronic signature/ **Oksana Yaroslavivna Lylyk**

Chief Accountant /electronic signature/ **Oksana Viktorivna Mezhenko**

Seal: Electronic signature

EDRPOU – Unified State Register of Enterprises and Organizations of Ukraine
DKUD – State Classifier of Administrative Documentation

	CODES		
Date (YYYY.MM.DD)	2020	01	01
of EDRPOU	41548844		

Company **E-CASH LIMITED LIABILITY COMPANY**
(name)

Equity Statement
for 2019

Form No. 4 Code of DKUD 1801005

Item	Line Code	Registered (Share) Capital	Revaluation Surplus Capital	Additional Capital	Reserve Capital	Retained Earnings (Uncovered Loss)	Unpaid Capital	Disposed Capital	Total
1	2	3	4	5	6	7	8	9	10
Balance as of the Beginning of the Year	**4000**	35,130	-	-	-	(19,673)	(8,306)	-	7,151
Adjustment: Change of the Accounting Policy	4005	-	-	-	-	-	-	-	-
Correction of Errors	4010	-	-	-	-	1	-	-	1
Other Changes	4090	-	-	-	-	-	-	-	-
Adjusted Balance as of the Beginning of the Year	**4095**	35,130	-	-	-	(19,672)	(8,306)	-	7,152
Net Profit (Loss) for the Reporting Period	**4100**	-	-	-	-	(39,067)	-	-	(39,067)
Other Comprehensive Income for the Reporting Period	**4110**	-	-	-	-	-	-	-	-
Increase (Reduction) in the Value of Non-Current Assets	4111	-	-	-	-	-	-	-	-
Increase (Reduction) in the Value of Financial Instruments	4112	-	-	-	-	-	-	-	-
Share Premium Fund	4113	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income of Associated and Joint Venture Companies	4114	-	-	-	-	-	-	-	-
Other Comprehensive Income	4116	-	-	-	-	-	-	-	-
Profit Distribution: Payments to Owners (Dividends)	4200	-	-	-	-	-	-	-	-
Inclusion of Profit into Registered Capital	4205	-	-	-	-	-	-	-	-
Deductions to Reserve Capital	4210	-	-	-	-	-	-	-	-

Amount of Net Profit Due to the Budget in Accordance with the Laws	4215	-	-	-	-	-	-	-	-
Amount of Net Profit on the Establishment of Special-Purpose Funds	4220	-	-	-	-	-	-	-	-

Seal: Electronic signature

1	2	3	4	5	6	7	8	9	10
Amount of Net Profit on Material Incentives	4225	-	-	-	-	-	-	-	-
Members' Contributions: Contributions to the Capital	4240	40,873	-	40,873	-	-	(40,873)	-	40,873
Repayment of Debt from the Capital	4245	-	-	(40,873)	-	-	49,179	-	8,306
Disposal of Capital: Repurchase of Shares (Units)	4260	-	-	-	-	-	-	-	-
Resale of Redeemed Shares (Units)	4265	-	-	-	-	-	-	-	-
Cancellation of Redeemed Shares (Units)	4270	-	-	-	-	-	-	-	-
Disposal of a Share in the Capital	4275	-	-	-	-	-	-	-	-
Reduction of the Nominal Value of Shares	4280	-	-	-	-	-	-	-	-
Other Changes in the Capital	4290	-	-	-	-	(11)	-	-	(11)
Purchase (Sale) of a Non-Controlling Share in a Subsidiary	4291	-	-	-	-	-	-	-	-
Total Changes in the Capital	**4295**	40,873	-	-	-	(39,078)	8,306	-	10,101
Balance as of the End of the Year	**4300**	76,003	-	-	-	(58,750)	-	-	17,253

Director /electronic signature/ **Oksana Yaroslavivna Lylyk**

Chief Accountant /electronic signature/ **Oksana Viktorivna Mezhenko**

Seal: Electronic signature

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INFORMATION DISCLOSURE (NOTES) TO THE FINANCIAL STATEMENTS OF E-CASH LIMITED LIABILITY COMPANY FOR 2019

1. General information on the Company

Full name of legal entity in Ukrainian: ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «Є-КЕШ», abbreviated name of legal entity in Ukrainian: ТОВ «Є-КЕШ».

Full name of legal entity in Russian: ОБЩЕСТВО С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ «Е-КЕШ», abbreviated name of legal entity in Russia: ООО «Е-КЕШ».

Full name of legal entity in English: LIMITED LIABILITY COMPANY "E-CASH", abbreviated name of legal entity in English: "E-CASH" LLC.

Date of entry in the Unified State Register on the state registration of a legal entity: 29.08.2017.

Number of entry in the Unified State Register on the state registration of a legal entity: 1 070 102 0000 070226.

Identification code of legal entity: 41548844.

Legal address of the Company: 01021, Kyiv, Klovskyi Descent , 7 A

Legal form: Limited Liability Company

Main activity: 64.92 Other types of lending.

Financial institution registration certificate: series ФК No. 953 dated 02.11.2017

The Company has a license to lend, including on the financial loan terms, issued on December 05, 2017, valid for an indefinite period, issued by the National Financial Services Commission.

Governing bodies of the Company: Supreme body of the Company – the General Meeting of Members;

Executive body – the Director;

Controlling body – the Audit Committee.

The average number of employees of the Company as of 31.12.2019 is 116 employees.

Reporting period: reporting year 2019.

Reporting currency: Ukrainian national currency – UAH.

The unit of measurement of the reporting currency – in thousand UAH without decimal point.

The main activity of the Company is the provision of financial services, namely, lending, including on the financial loan terms.

The Company has no subsidiaries, branches, representative offices or other separate subdivisions.

The official website on the Internet https://www.e-cash.com.ua/

Email address info@e-cash.com.ua

The Company's founder holding a 100% share is a legal entity: Melivesa Holding Ltd, registration number HE 371022, registered office: Vasili Michailidi, 9, 3026, Limassol, Cyprus.

2. Basis of preparation of financial statements

The Company's financial statements as of 31.12.2019 were prepared using the general-purpose conceptual framework, which is based on the application of International Financial Reporting Standards (hereinafter – the "IFRSs").

The conceptual framework of the financial statements is accounting policies based on the requirements of IFRSs, including disclosure of the impact of the transition from the Accounting Regulations (Standards) of Ukraine to IFRSs, assumptions adopted by the Company's management regarding the standards and interpretations that have entered into force, and policies adopted on the date of preparation by the Company's management of the full IFRS financial statements as of 31.12.2019. The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as amended, approved by the International Financial Reporting Standards Board, which have been promulgated by the Ministry of Finance of Ukraine since the beginning of operations, namely since 2017.

The Company adheres to the accounting rules and prepares financial statements in accordance with new and amended IFRSs.

The following IFRSs were amended at the date of these statements:

1. IFRS 16 Leases.
Effective for a financial year beginning on 01.01.2019
2. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards.
Effective for a financial year beginning on 01.01.2019.
3. Amendments to IFRS 3 Business Combinations.
Effective for a financial year beginning on 01.01.2019.
4. Amendments to IFRS 4 Insurance Contracts.
Effective for a financial year beginning on 01.01.2019.
5. Amendments to IFRS 7 Financial Instruments: Disclosures.
Effective for a financial year beginning on 01.01.2019.
6. Amendments to IFRS 9 Financial Instruments.
Effective for a financial year beginning on 01.01.2019.
7. Amendments to IFRS 13 Fair Value Measurement.
Effective for a financial year beginning on 01.01.2019.
8. Amendments to IFRS 15 Revenue from Contracts with Customers.
Effective for a financial year beginning on 01.01.2019.
9. Amendments to IAS 1 Presentation of Financial Statements.
Effective for a financial year beginning on 01.01.2019.
10. Amendments to IAS 2 Inventories.
Effective for a financial year beginning on 01.01.2019.
11. Amendments to IAS 7 Cash Flow Statement.
Effective for a financial year beginning on 01.01.2019.
12. Amendments to IAS 12 Income Taxes.
Effective for a financial year beginning on 01.01.2019.
13. Amendments to IAS 16 Property, Plant and Equipment.
Effective for a financial year beginning on 01.01.2019.
14. IAS 21 Impact of Changes in Foreign Exchange Rates.
Effective for a financial year beginning on 01.01.2019.
15. Amendments to IAS 23 Borrowing Costs.
Effective for a financial year beginning on 01.01.2019.
16. Amendments to IAS 32 Financial Instruments: Presentation.
Effective for a financial year beginning on 01.01.2019.
17. Amendments to IAS 37 Collateral, Contingent Liabilities and Contingent Assets.
Effective for a financial year beginning on 01.01.2019.
18. Amendments to IAS 38 Intangible Assets.
Effective for a financial year beginning on 01.01.2019.
19. Amendments to IAS 40 Investment Property.
Effective for a financial year beginning on 01.01.2019.
20. Amendments to IAS 41 Agriculture.
Effective for a financial year beginning on 01.01.2019.
21. Amendments to IFRIC 1 Changes in Decommissioning, Restoration and Similar Liabilities.
Effective for a financial year beginning on 01.01.2019.
22. Amendments to IFRIC 12 Service Concession Arrangements.
Effective for a financial year beginning on 01.01.2019.
23. Amendments to SIC-29 Service Concession Arrangements: Disclosures.
Effective for a financial year beginning on 01.01.2019.
24. Amendments to SIC-32 Intangible Assets – Website Costs.
Effective for a financial year beginning on 01.01.2019.
25. ***IAS 28 Investments in Associates and Joint Ventures*** – The amendments to IAS 28 Investments in Associates and Joint Ventures, approved in October 2017 and effective from January 1, 2019, relate to long-term investments in associates and joint ventures and are dictated by another standard, IFRS 9 Financial Instruments. It is stated that the shares of long-term investments in associates and joint ventures, to which the equity method is not applied, are accounted for in accordance with IFRS 9 Financial Instruments. Paragraph 14A was added to IAS 28 Investments in

Associates and Joint Ventures and paragraph 41 was deleted. Several special transitional provisions were also added to the standard.

26. ***IAS 19 Employee Benefits*** – In February 2018, the IASB approved some revisions to IAS 19 Employee Benefits under the common title of "Plan Amendment, Curtailment or Settlement" concerning two separate issues submitted to the IFRS Interpretation Committee. Although the standard had outlined the procedure for accounting for defined benefit plans for employees, not everyone was clearly aware of how to account for changes in them, including the curtailment or settlement. The standard now requires entities to re-measure their net liabilities or benefit plan assets.

27. In doing so, entities should apply the assumptions made for this re-measurement to determine the current value of current benefit plan maintenance costs and net interest payments for the portion of the reporting annual period remaining after the plan is revised. This is a fundamentally new point in IAS 19 Employee Benefits, which did not contain any such requirements until February 2018. ***IAS 12 Income Taxes*** – IAS 12 Income Taxes as amended clarifies the requirements for recognizing tax consequences in the event of dividends payment at the time of recognition of dividend obligations. These requirements now cover all the tax consequences of dividends.

28. ***IAS 23 Borrowing Costs*** – IAS 23 Borrowing Costs, as amended, in paragraph 14 clarifies the procedure for calculating the costs that can be capitalized in the case of borrowing for general purposes.

29. ***IFRIC 23 Uncertainty over Income Tax Treatments*** – The IASB endorsed this interpretation in June 2017. Its main essence is transparently defined by the name itself. IAS 12 Income Taxes, until then, determined how current and deferred taxes should be reported, but did not provide guidance to entities in the event of uncertainty about how the tax office would choose their tax approach – whether it would be legitimate in its eyes.

30. On January 23, the IASB promulgated amendments to ***IAS 1 Presentation of Financial Statements***. The purpose of the amendments is to clarify the classification of liabilities as current. In addition to the amendments to the standard itself, appropriate analysis and detailed descriptions are included in the Basis for Opinions to IAS 1. The amendments should be applied retrospectively when preparing annual statements for the periods beginning on or after January 1, 2022.

31. The amendments to the standards approved in March 2018 came into force since January 2020. Their purpose is to reflect the impact of the adoption of the amended IFRS Conceptual Framework on the texts of individual standards. These amendments are mainly technical in nature and relate to the Conceptual Framework references in IFRSs.

IFRS 16 Leases.

On January 13, 2016, the IFRS Board published a new lease accounting standard.

IFRS 16 establishes principles for recognizing, evaluating, presenting and disclosing lease information to ensure that lessees and lessors disclose in the financial statements the relevant information that fairly represents the contents of those transactions. IFRS 16 will resolve the issue of non-disclosure of operating leases in the financial statements by requiring all leases to be reflected in the assets and liabilities of the Company. IFRS 16 eliminates the division of operating and financial leases. In addition, IFRS 16 requires lessors and lessees to disclose more information than IFRS 17. Adoption is mandatory for periods beginning on or after January 1, 2019. The Company's management is currently assessing the impact of this standard on its financial statements and assumes that the application of this standard will affect the accounting for the lease of the Company's head office by recognizing a right to use asset and lease liability as of 01.01.2019.

The Company transitioned to IFRS 16 Leases since 01.01.2019. Currently, IFRS 16 has impacted the Company's financial statements as follows: during the second quarter of 2019, the Company's assets and liabilities increased, and the Company began to recognize interest expense on lease liabilities and amortization expenses on the rights to use assets.

There was no reclassification in the financial statements for the reporting year compared to the previous year's financial statements.

To prepare the financial statements, the Company's management evaluates the assets, liabilities, income and expenses reflected in the financial statements, based on the going concern concept and adheres to the same accounting policies.

Pursuant to Article 121 of the Law of Ukraine on Accounting and Financial Reporting in Ukraine (hereinafter – the "Law on Accounting"), the Company submits a balance sheet (statement of financial position) as of 31.12.2019, income statement (statement of comprehensive income) for 2019, statement of cash flows for 2019, statement of equity for 2019, statement of equity for 2018, notes that include explanations and disclose accounting policies for 2019.

The financial statements also comply with the requirements of the National Financial Services Commission applicable as of the date of the financial statements.

These financial statements have been prepared on the basis of appropriate accounting records, the data of which have been properly adjusted and reclassified for the purpose of objective presentation in accordance with IFRSs.

The Company has an independent balance sheet, bank accounts, a seal bearing its name, maintains accounting and prepares financial statements in accordance with the legislation and the Articles of Association of the Company.

Statement of Compliance

Based on all the available information, we confirm the following:

The financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Financial Reporting Standards Board, accurately reflect the Company's assets, liabilities, financial position and profit (or loss).

The management report accurately reflects the development and results of operations, as well as the financial position of the Company, including a description of major risks and uncertainties.

These financial statements for the year ended on December 31, 2019, were approved by the Company's management on 10.02.2020

Historical cost

The financial statements have been prepared on the basis of a historical cost which is measured at cost, except for available for sale financial assets that are carried at fair value.

Functional and financial reporting currency

The functional currency and the reporting currency for the purposes of these financial statements is a hryvnia (UAH), rounded to the nearest thousand, unless otherwise stated.

Going concern

The Company's financial statements have been prepared on the assumption that the Company will continue to operate indefinitely in the future; this assumption involves the realization of assets and the fulfillment of liabilities in the ordinary course of business.

The 2019 financial statements have been authorized for issue by the Director on February 10, 2020.

Neither the Company's members nor any other persons are entitled to make any changes to these financial statements after being authorized for issue.

In the event of significant events after the reporting period that require adjustment, the Company adjusts the amounts recognized in the financial statements or recognizes items not previously recognized in the financial statements.

The Company divides adjusting events into two groups:

- events that confirm the conditions that existed at the reporting date;
- events that indicate that the going concern principle is unacceptable when preparing the financial statements (if there are indications that the Company will not continue as a going concern, such events may require adjustments to all financial statements).

Adjustment of financial statements is required only on the basis of material information.

The Company does not adjust the financial statements to reflect events that occurred after the reporting period.

However, if these events are material and likely to affect the views of the statements' users, the Company discloses such events in the notes to the financial statements.

The declaration of dividends to owners after the reporting period is also considered by the Company as an event that does not require adjustment after the reporting period. Such dividends are not recorded as a liability at the reporting date. If the dividend declaration occurs before the date of approval of the financial statements, the Company discloses the relevant information in the notes to the financial statements.

3. Operating environment of the Company

The Company operates in Ukraine. As legislation and regulations affecting the business environment in Ukraine change frequently, the Company's assets and operations may be at risk due to adverse changes in the political and business environment. Developing economies, such as Ukraine, are at greater risk than those in the more advanced economies, including economic, political and social, as well as legal and regulatory risks. Tax, currency and customs legislation in Ukraine is interpreted differently, and other legal and fiscal obstacles add to the difficulties faced by entities operating in Ukraine. The future economic direction of Ukraine is significantly influenced by the fiscal and monetary policies adopted by the government, as well as changes in the legislative, regulatory and political environment. The management monitors developments in the current environment and takes appropriate measures to minimize any adverse effects. Further adverse changes in political, macroeconomic and/or international trade conditions may have an additional adverse effect on the Company's financial position and results, which cannot be determined at present.

Tax, currency and customs legislation in Ukraine allows for different interpretations and often changes.

The Tax Code, which regulates the accrual and payment of taxes and fees, often changes, its provisions are not always fully implemented. Nor is there sufficient judicial precedent to resolve such issues. Often there are different points of view on the interpretation of legal rules by different authorities, which generates general uncertainty and gives rise to conflicts. These factors determine the existence of tax risks in Ukraine much higher than those existing in countries with more advanced tax systems.

4. Basic accounting policies

Accounting for foreign currency transactions

Transactions carried out in foreign currency at initial recognition are recorded in the functional currency at the rate of the National Bank of Ukraine (the NBU) at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the reporting date. Foreign exchange gains and losses are recognized in the income statement as a result of foreign currency transactions – exchange differences.

Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items that are carried at fair value in foreign currency are translated using the exchange rates prevailing at the date that the fair value was determined.

Foreign exchange differences arising on translation are reflected cumulatively in the income statement for the period in which they arise.

Differences between the contractual exchange rate for a given foreign currency transaction and the official rate of the NBU at the date of such transaction are also included in the result of trading in foreign currency.

Cash and cash equivalents

Cash includes cash due from banks and cash in hand.
Cash equivalents are short-term, highly liquid financial investments that can easily and quickly be converted into a known amount of money and have a low risk of changes in value.
Cash flow is the receipt and payment of cash and cash equivalents.
Cash in transit is funds that:

1) are held on the accounts (transit accounts) of the agents with whom the Company cooperates within the framework of cooperation agreements on the transfer of the loaned funds to the Customers' card accounts.

2) paid by the Company's Customers by means of software and hardware autonomous electronic complexes (software and hardware suite, POS terminals, software capable of accounting and registration of transactions, mobile devices, operating cash desks, customer's personal account, etc.) of agents accumulated on the accounts (transit accounts) of the agents for their subsequent transfer to the Company's current accounts.

Cash in transit is recorded in the statement of financial position at the date of:
- crediting to agents' accounts in case of debt repayment by the customer;
- debiting from the agent's account in case of granting funds to the Customers.

An agent is a bank or financial institution that is entitled to transfer funds when making payments between the customer and the Company.
To account for the availability and movement of cash held in the Company's bank accounts and available for use for current operations, Accounts with Banks account is assigned. The debit of Accounts with Banks account reflects the cash inflow, the credit – their use.
Current Accounts in National Currency and Other Accounts with Bank in National Currency subaccounts are intended to summarize information on the availability and cash flow of the Company in the currency of Ukraine.
Cash and cash equivalents are carried at amortized cost using the effective interest rate method.

Disclosure of financial instruments

According to IFRS 9, all debt financial assets that do not meet the criterion of "Solely Payments of Principal and Interest" (SPPI) are classified on initial recognition as financial assets measured at fair value through profit or loss (FVTPL). According to this criterion, debt instruments that do not meet the definition of a "base loan agreement", such as instruments with embedded conversion features, or non-recourse loans, are assessed at FVTPL. For debt financial instruments that meet the SPPI criterion, the initial recognition classification is determined on the basis of the business model under which these instruments are managed:

- instruments held to obtain contractual cash flows are measured at amortized cost;
- instruments held to obtain contractual cash flows and for sale are measured at fair value through other comprehensive income (FVOCI);
- instruments held for other purposes are assessed at FVTPL.

Equity financial assets, upon initial recognition, should be classified as FVTPL, unless a decision was made at its own discretion, without the right of subsequent cancellation, to classify the equity financial asset at FVOCI. For equity financial instruments classified as FVOCI, all realized and unrealized income and expenses, except dividend income, are recognized in other comprehensive income, without the right to further reclassification to net profit or loss.
The Company expects loans and receivables to meet the SPPI criterion and will continue to measure them at amortized cost.
Financial instruments are accounted for in accordance with IAS 32 Financial Instruments: Presentation and IFRS 9 Financial Instruments.
Financial assets and financial liabilities recorded on the Company's balance sheet are represented by cash and cash equivalents, accounts receivable and payable.

Types of assets and liabilities	Measurement methods	Assessment method	Reference	Revaluation result

			data	
1	2	3	4	5
Cash and cash equivalents	Initial and subsequent measurement of cash and cash equivalents is carried at amortized cost using the effective interest rate		Official rate of the NBU	Profit, loss
Accounts receivable	On initial recognition, there is usually a net contract value and subsequent recognition is recognized at amortized cost using the effective interest method and less any impairment loss.	Income	Contract terms, repayment probability, expected cash inflows	Profit, loss
1	2	3	4	5
Current liabilities	The initial and subsequent measurement of current liabilities is carried at amortized cost	Cost	Contract terms, repayment probability, expected cash outflows	Profit, loss
Long-term liabilities	On initial recognition, long-term liabilities are recognized at fair value less transaction costs directly attributable to the acquisition of the liability. Subsequent measurement is carried out at amortized cost.	Cost	Contract terms, repayment probability, expected cash outflows	Profit, loss

Evaluation of business model. The Company evaluates the purpose of a business model within which the asset is held at the level of the portfolio of financial instruments, as it best reflects the way the business is managed and the information is provided to the management. The following information will be considered:

• policies and objectives set for a given portfolio of financial assets, as well as the effect of those policies in practice, in particular, whether the management's target strategy is to obtain the contractual interest income, maintain a specific interest rate structure, and ensure that the maturity of financial assets coincides the maturity of financial liabilities used to finance these assets or to realize cash flows through the sale of assets;

• how portfolio performance is evaluated and how this information is communicated to the management;

• risks that affect the performance of the business model (and the financial assets held under that business model) and how those risks are managed;

• how the managers who manage the business are rewarded (for example, whether this remuneration depends on the fair value of the assets they manage or the cash flows provided by the contract received by them);

• frequency, volume and timing of past sales, reasons for such sales, and expectations about future sales. However, information on sales levels is not considered in isolation but within the framework of a single holistic analysis of how the Bank's stated objective of managing its financial assets is achieved and how cash flows are realized.

Derecognition of financial assets and liabilities

Financial assets

Financial asset (or a part of financial asset or a part of the group of similar financial assets of the Company) is derecognised when:

- the rights to receive cash flows from the financial asset have expired;
- the Company retained the rights to receive cash flows from the asset, but assumed the contractual obligation to transfer them in full without significant delay to the third party under the terms of the “transit agreement”;
- the Company has transferred the rights to receive cash from such an asset and either (a) has transferred substantially all the risks and benefits of the asset, or (b) has not transferred and retained virtually all of the risks and benefits of the asset, but transferred control of this asset.

Financial liabilities

Derecognition of a financial liability occurs when the obligation is fulfilled, canceled or expires.

When one existing financial liability is replaced with another liability before the same lender on materially different terms or in the event of significant changes to the conditions of the existing liability, the original liability is derecognized, and the new liability is recognized with stating the difference in the carrying amount of the liabilities in the income statement.

Impairment of financial assets

Financial assets are measured for impairment at the end of each reporting period. Financial assets are considered impaired if there is objective evidence that the expected future cash flows from the investment have changed as a result of one or more events that occurred after the initial recognition of the financial asset.

Objective evidence of impairment may include:

- significant financial difficulties countered by the issuer or counterparty;
- breach of contract, such as failure to pay or evasion of interest or principal payment;
- it becomes probable that the borrower will initiate bankruptcy or financial reorganization proceedings;

Objective evidence of impairment of the loan portfolio and accounts receivable may include the Company’s past experience in obtaining payments, increasing the number of delayed payments in the portfolio, as well as obvious changes in national or local economic conditions that coincide with the default on the receivable.

For financial assets carried at amortized cost, the amount of the impairment loss is recognized as the difference between the asset’s carrying amount and the present value of expected future cash flows discounted at the asset’s initial effective interest rate.

Provision for expected credit losses

The Company calculates a provision for expected losses to cover potential losses in the event of the debtor’s failure to make the necessary payments.

In assessing the adequacy of the provision for expected losses, the management takes into account the current general economic conditions, the solvency of the debtor and changes in the conditions for making payments.

The adjustment to the amount of the expected loss provision reflected in the financial statements may result from a change in economic or industry situation, or financial status of individual customers.

The Company assesses its credit risk using a standard metric of expected credit losses. According to IFRS 9, an expected losses forecast model is used. Expected credit losses are calculated using the default probability function, default risk and default costs. Loan portfolio classification thresholds are based on the loan default rates. Given the uniformity of the loan portfolio, segmentation is not applied, and all parameters are estimated by the portfolio method.

In accordance with IFRS 9, the Company applies a three-stage impairment model that reflects the overall picture of loan default risk.

Stage 1 includes loans with no overdue financial payments, which are made under contractual terms, and which do not have the critical signs of increasing credit risk or have no significant increase in credit risk since initial recognition. With a significant increase in the credit risk of the loan from initial recognition, the loan goes to Stage 2. Finally, Stage 3 applies to impaired loans.

In each reporting period, the Company assesses at what stage is the loan which is subject to impairment testing. The stage defines the relevant impairment requirements.

Recognition of financial assets

Financial instruments for the purpose of preparing financial statements are classified into the following categories: available for sale and held to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The date of recognition of receivables for loans (credits) granted by the Company is the date of transfer of funds to the borrower in accordance with the terms of the respective loan agreement. Due to the fact that the Company issues short-term loans, the debt is measured in the financial statements at fair value through profit or loss.

Held to maturity financial instruments are measured at amortized cost using the effective interest method.

Income and expenses are recognized in profit or loss on derecognition, as well as amortization using the effective interest method..

Long-term liabilities

Long-term liabilities are amounts payable more than twelve months after the reporting date.

Contingent assets and liabilities

Contingent liabilities are not reflected in the statement of financial position. Disclosure of such liabilities is provided unless there is an unlikely outflow of resources to fulfill such liabilities. Contingent assets are not recognized in the statement of financial position. Such assets are disclosed when the inflow of economic benefits associated with them is probable.

Operating lease

Lease accounting is carried out in accordance with the requirements of IFRS 16 Leases. At the date of the lease commencement, the Company estimates the asset in the form of an initial use right, which includes:

- value of the initial estimate of the lease liability;
- lease payments on or before the lease commencement date, net of discounts received;
- any initial direct costs incurred by the lessee;
- estimate of the costs that the lessee will incur during dismantling and moving the underlying asset upon completion of the contract.

At the commencement date of the lease, the Company estimates the lease liability at the stated cost of the lease payments not yet made at that date. Lease payments are discounted using the effective interest rate of borrowing in the same currency (hryvnia) as at the effective date of the recognition of the lease under IFRS 16.

The Company does not apply the above requirements for recognizing assets and liabilities for short-term leases (12 months or less) or for leases where the underlying asset is valued at less than USD 5,000.

Inventories

Inventories are accounted for in accordance with IAS 2 Inventories. Inventories are recognized as an asset if it is probable that the Company will receive in the future the economic benefits associated with its use and the value can be measured reliably.

The accounting unit of inventories is their name or a homogeneous group (type).

Acquired (received) inventories are credited to the Company's balance sheet at cost. The initial cost of inventories purchased for consideration is their cost, which includes all acquisition costs, processing costs and other costs incurred in delivering the inventories to their present location and bringing them to their present condition.

"E-Cash" LLC applies a permanent inventory accounting system. The valuation of inventories at their disposal is carried out by the Company using the FIFO method.

The value of low value and wearable items put into service is excluded from the assets (written off from the balance sheet) with the further organization of operational quantitative accounting of such items by the place of operation and responsible persons during the period of their actual use. The threshold of materiality of value for determination of low value and wearable items is less than UAH 6000.00 having a useful life of at least one year or at least one operating cycle.

Fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment allowance, if applicable. An asset is recognized as a fixed asset if its expected useful life (operation) is greater than one year (or an operating cycle if it is longer than one year) and its initial cost is equal to or exceeds UAH 6,000.

Minor repair and maintenance costs are expensed as incurred. The cost of replacing major equipment components of other fixed assets is capitalized and the components replaced are written off.

At the end of each reporting period, the management assesses whether there is evidence of impairment of fixed assets. If any such evidence exists, the Company's management estimates the recoverable amount equal to the fair value of the asset minus the cost of sale or cost of use, whichever is higher.

Gains and losses on disposal of equipment and other fixed assets, determined as the difference between the amount of disposal proceeds and the carrying amount of the asset at the date of disposal, are recognized in profit or loss for the year (in other operating income and expenses).

Depreciation is charged on a straight-line basis over the estimated useful lives of fixed assets, without taking into account the expected residual value.

The useful life of fixed assets by groups:

Group	Useful life
Buildings	At least 20 years
Transmission devices	At least 10 years
Machinery and equipment	At least 5 years
of which: electronic computers, other machines for automatic processing of information, related means of reading or printing information, related computer programs (other than programs costs for the acquisition of which are recognized as royalties and/or programs that are recognized as intangible assets), other information systems, telephones (including cellular), microphones and radio sets the cost of which exceeds UAH 6000.00	At least 2 years
Vehicles	At least 5 years
Tools, fixtures and fittings (furniture)	At least 4 years
Other fixed assets	At least 12 years

Depreciation begins to accrue when an item of fixed assets becomes available for use. Depreciation of an asset is determined on the earlier of the following dates: the date from which the asset is classified as held for sale or the date on which the asset is derecognised. In this case, the depreciation in the month of fitness for use of fixed assets and commissioning shall be considered as a full month, regardless of the date of fitness or commissioning, and shall not include depreciation in the last month in which the asset is no longer recognized as a fixed asset.

An item of fixed assets is withdrawn from the asset (written off from the balance sheet) if it is eliminated as a result of the free transfer or non-compliance with the criteria for recognition as an asset. The liquidation value of fixed assets is considered to be zero UAH. The depreciation period for fixed assets is reviewed at the end of each financial year.

Intangible assets

The Company's intangible assets are represented by the rights to use the software, computer programs. Intangible assets are accounted for at their actual cost. Expenses on the acquisition of intangible assets are capitalized and amortized on a straight-line basis over their useful lives.

After the intangible assets are written off, their original cost, together with the corresponding accumulated depreciation amounts, is removed from the accounts.

Intangible assets are carried at cost.

Depreciation is charged on a straight-line basis over the useful life of intangible assets.

The useful life of intangible assets by groups:

No.	Type of intangible assets	Useful life
1	Property use rights	According to the title document
2	Business names rights	According to the title document
3	Industrial property rights	At least 5 years, unless lesser term is specified in the title document
4	Copyrights and associated rights	At least 2 years, unless lesser term is specified in the title document
5	Other intangible assets	According to the title document

Asset impairment

At each reporting date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recovery cost of the asset is measured to determine the amount of the impairment loss (if any). If it is not possible to estimate the recovery cost of an individual asset, the Company estimates the cost of recovering the cash-generating unit to which the asset belongs. When a reasonable and consistent allocation method can be identified, corporate assets are also allocated to cash-generating units or, otherwise, to the smallest cash-generating units of the Company for which a reasonable and continuing allocation method can be determined.

Intangible assets with an indefinite useful life, and intangible assets not yet available for use, are reviewed for impairment at least annually, and when there is evidence of a possible impairment of the asset.

The recovery cost is the greater of the two amounts: fair value less costs to sell and cost of use. In estimating cost of use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks inherent in the asset.

If the asset's (or cash-generating unit's) recovery cost is lower than its carrying amount, the asset's carrying amount (cash-generating unit) is reduced to its cost. An impairment loss is recognized immediately in the income statement, except when the asset is not carried at revalued amount, in which case the impairment loss is considered to be an impairment loss.

If the impairment loss is subsequently reversed, the carrying amount of the asset (the cash-generating unit) is increased to the revised estimate of its revaluation value, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined if the impairment loss of an asset (cash-generating unit) had not been recognized in previous years. Impairment losses are reversed immediately in the income statement, except when the asset is not carried at revalued amount, in which case the impairment loss is recognized as revaluation income.

Revenues

Revenues are recognized if there is a high likelihood that the Company will receive economic benefits and revenue can be reliably measured. Revenues are measured at the fair value of the consideration received or payable, net of discounts, bonuses and sales taxes. The revenues recognized in the income statement are classified into the following groups:

- net income from the sale of services (income from using loans – upon accrual);
- other operating income;
- financial income;
- other income.

Other operating income of the Company includes:

- revenues from penalties (fines) – upon accrual of the right thereto upon recognition by a counterparty, by court decision, and also in the case of direct compensation for losses. The counterparty's recognition is the date when the amount of the penalty is credited to the Company's current accounts and agents' transit accounts.
- foreign exchange gains – a positive value from the results of operating exchange gains, foreign currency purchases and the negative value of foreign exchange gains and losses;
- revenues from write-off of accounts payable;
- revenues from free-of-charge current assets – upon obtaining ownership of the assets, the time of recognition of income on overpayments on repaid loans (credits) – on the 21 day from the date of repayment of the loan (credit);
- revenues from the sale of current assets – upon transfer of ownership of the assets.

The Company receives income in the form of accrued interest on loan. The Company receives income from lending to individuals. The loan agreement shall enter into force in full from the date specified in the agreement. Revenues for the use of the loan are accrued in accordance with the Rules of Lending of "E-CASH" LLC approved by the Director of the Company. At the same time, when calculating interest, fact 365 method is used, which takes the actual number of days in a month, but conditionally – 365 days in a year.

Loans granted by the Company are short-term, therefore revenues are recognized using the accrual method and are measured at fair value equal to the cost of repayment, that is, the amount of expected contractual cash flows at the valuation date.

The Company's financial income includes interest income and other financial transactions income.

Other revenues of the Company include:

- proceeds from the sale of non-current assets are recognized at the time of transfer of the rights to the property and the risks associated with the ownership and disposal of the property;

- proceeds from the sale of financial investments are recognized at the moment of transfer of ownership and control in the sale of securities, corporate rights and other financial instruments;

- proceeds from assets received free of charge upon receipt of non-current assets are recognized at the time of receipt and minus the amount of accrued depreciation. Non-depreciated part of a non-current asset is recognized as income upon its disposal. Receipt of a non-current asset is recognized by the occurrence of the asset and additional capital in the amount of the cost of the non-current asset. The amount of additional capital is written off into income together with the depreciation charge, or is reflected directly by the write-down of part of the current asset and additional capital in the amount of depreciation. In this case, the income and expenses are not recorded, and the residual value of the non-current asset is written off at the expense of additional capital;

The following revenue is not recognized as income:

- amount of advance payment for the prepayment of services, goods, etc.;

- other taxes and statutory payments subject to transfer to the budget and extrabudgetary funds.

Expenses

Expenses for the reporting period are recognized as either a decrease in assets or an increase in liabilities, which results in a decrease in the Company's equity (except for a decrease in equity as a result of its removal or distribution by owners), provided that these expenses can be measured reliably.

Recognized expenses are classified in the Company's accounting into the following groups:

- administrative expenses;
- selling expenses;
- other operating expenses;
- financial expenses;
- other expenses.

Administrative expenses are general economic expenses incurred in servicing and managing the Company. Administrative expenses are accounted for by the following classification:

- material costs (costs for the acquisition of inventories that are used for business activities);
- general corporate expenses (organizational expenses, annual meeting fees, representation expenses, etc.); expenses for business trips;
- utilities (costs for heating, lighting, water supply, drainage, security, etc.);
- cost of maintaining fixed assets (property insurance, repair, etc.);
- operating lease expenses (operating lease expenses for premises and equipment);
- remuneration for professional services (legal, auditing, property valuation, etc.);
- communication costs (postal, telegraph, telephone, telex, fax, etc.);
- depreciation of fixed assets and intangible assets used for administrative purposes;
- labor costs and contributions to the compulsory state social insurance of employees of the administration;
- payment for settlement and cash servicing of current accounts opened with banks; other expenses related to the maintenance and management of the Company.

The company's selling expenses include:

- depreciation of fixed assets and intangible assets used by the sales department;
- labor costs and contributions to compulsory state social insurance for employees of the sales department;
- expenses for business trips of employees engaged in sales;
- presentation and representation expenses;
- advertising and market research (marketing) costs;

The Company does not allocate to a separate type of operating expenses the costs associated with the conduct of PR events, PR campaigns, as well as costs associated with the positioning of the Company and its brand in the media, product promotion, participation in exhibitions and auctions, and takes into account them as marketing costs for the "Advertising & Marketing" item.

Financial expenses include:

- interest on the use of loans;
- other financial expenses.

Other operating expenses include:

- losses from purchase and sale of foreign currency;
- cost of inventories;
- amount of written off bad receivables;
- losses from operating exchange rate differences (from changes in the exchange rate for transactions, assets and liabilities that are related to the Company's operating activities);
- impairment losses on inventories;
- disadvantages and costs of damage to values;
- recognized fines, penalties;
- research and development costs;

- other operating expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, that is, an asset whose preparation for foreseeable use or sale necessarily requires considerable time, are added to the value of those assets until such assets are in mostly ready for use or for sale. All other borrowing costs are recognized in the statement of comprehensive income and expenses for the period in which they are incurred, as financial expenses.

Other expenses include expenses that have arisen in the ordinary course of business (except financial expenses) but are not directly related to the production and/or sale of products (goods, works, services).

Such costs include:

- cost of realized financial investments;
- cost of realized non-current assets;
- amount of the impairment of fixed assets and financial investments;
- write-off of fixed assets;
- other costs of ordinary activities.

Current provisions. Personnel costs and related deductions

Expenses for labor remuneration to the personnel of E-CASH LLC, medical, incentive and compensation payments, compensation of expenses in connection with business trips, are paid according to the employment contract between administration and the employee, the Regulation on Business Trips, the Regulation on Employee Compensation and other regulatory documents of the Company with the observance of requirements of the current legislation of Ukraine.

Personnel costs are recorded as expenses for the month in which they arise, regardless of the date of payment. Any payment to an employee of the Company as work compensation is recognized as an expense.

The following deductions are made from employee taxable income:

- compulsory deductions from wages – according to the current legislation of Ukraine for the benefit of legal entities or individuals on the written application of an employee or on the basis of other documents in accordance with the current legislation of Ukraine;
- for the benefit of “E-CASH LLC” – to cover the employee’s accounts receivable to the Company upon his/her application or under the agreement.

In addition to the compulsory deductions from the wages of the employees of “E-CASH” LLC, the Company makes compulsory social security contributions to the total wagebill.

Equity

Equity is the portion of the Company’s assets that remains after deducting its liabilities.

The authorized capital is determined by the General Meeting of Members and approved by the minutes. The amount of the contribution to the authorized capital is set in UAH. In the event of exchange rate differences on actually received funds in foreign currency, they are reflected as income or expenses respsectively on foreign currency transactions.

In addition to the authorized capital, the Company creates other funds necessary for business activities. The procedure for use and creation of funds is determined by the decision of the General Meeting of the Company’s Members. The Company creates and uses a reserve fund in the amount determined by the General Meeting of the Company’s Members, but not less than 25 percent of its Authorized Capital. Formation of reserve capital is carried out by annual allocations until it reaches the set size. Annual allocations to the reserve fund account for 5 percent of the net income.

The Company’s capital management aims to achieve the following objectives:

- compliance with the capital requirements set by the regulator;
- ensuring the Company’s ability to continue as a going concern.

The Company’s management believes that the total amount of capital it manages is equal to the amount of capital reflected in the balance sheet. The profit of uncovered loss is accounted for in accordance with applicable law.

Taxation

The Company pays income tax on a common basis. In 2019, the income tax rate was 18%.

Separate accounting subaccounts are used for the purpose of accounting for the Company's income and expenses related to lending to individuals. Expenses, assets, and income tax liabilities are accounted for in accordance with IAS 12 Income Taxes.

Related party transactions

Parties are usually considered to be related if they are under common control or if one party has the ability to control the other or may have significant influence over the other party in making financial or operational decisions.

The following are considered to be related parties:

- entities under the control or significant influence of others;
- entities and individuals who directly or indirectly exercise control over the entity or substantially influence its activities, as well as close family members of that individual.

In analyzing each case of relationships that may represent relationships between related parties, attention is paid to the nature of those relationships, not just their legal form.

Changes to financial statements and correction of errors.

In the process of correcting errors and disclosing relevant information in the notes to the financial statements, the Company considers the following materiality limit:

- for income and expenses – 2% of the amount of net profit (loss) of the Company received in the reporting period;

- for individual accounting items related to the Company's assets, liabilities and equity – 2% of the amount of assets, liabilities and equity, respectively.

Errors made in the preparation of financial statements in prior years are corrected by adjusting the retained earnings (uncovered loss) at the beginning of the reporting year, if such errors affect the amount of retained earnings (uncovered loss).

Operating segments

The Company is engaged in a single type of activity, in one operating segment – lending, and in a single geographical segment – Ukraine. In this regard, the industry segments are not divided. In the event of the expansion of the activities of "E-CASH" LLC and the emergence of new activities, the Company will present financial statements in accordance with IFRS 8 Operating Segments.

5. Financial risks management

The Company is exposed to market, interest rate, credit, liquidity and currency risks arising from the financial instruments held by it. The Company's risk management policies are described below:

5.1 Market risk

Market risk is a risk that the Company's profits, or the value of its net assets, or its ability to meet its business goals will be adversely affected by changes in market rates or prices, or their tendency to fluctuate sharply. Market risk includes interest rate risk, currency risk and other price risks to which the Company is exposed.

Interest rate and market risk management is carried out by managing the Company's interest rate position, providing a positive interest margin. The Company's management monitors current results of the Company's activity, determines the sensitivity of the Company to changes in interest rates and its impact on the Company's profitability.

5.2 Interest rate risk

Interest rate risk is a risk associated with the effect of fluctuations in market interest rates on the value of financial instruments. Loans issued at variable interest rates expose the Company to interest rate risk related to cash flows. Fixed interest rate loans give rise to the Company's fair value interest rate risk. The Company's management monitors interest rate fluctuations on an ongoing basis and takes appropriate measures.

At the reporting date, the interest rates on the Company's interest bearing financial instruments were as follows:

	2019 (thous. UAH)	2018 (thous. UAH)
Fixed rate financial instruments		
Financial assets	**73,910**	**20,601**
Financial liabilities	**(76,754)**	**(23,535)**
	-2,844	**-2,934**

5.3 Credit risk

The Company is exposed to credit risk, which is a risk that one of the parties to the agreement will fail to fulfill its obligations and therefore cause financial loss to the other party.

Risk management and monitoring are carried out within the established limits of authority. The Company structures the credit risk levels by approving credit limits on the amount of risk acceptable for a single borrower. Credit risk limits for borrowers are approved by the Company's management. Actual risk exposure compared to set limits is monitored on a regular basis.

The credit risk of the loan portfolio is assessed on a cumulative basis using the model of credit transfer from one rating to another. The loan portfolio is divided into pools of overdue loans. The observation period for each pool is three months before the end of the month preceding the reporting date. The Company's management considers such observation period to be acceptable given the average expected life of the Company's credit products.

During the credit monitoring period, as of the end of the month and taking into account the number of credits in each pool, 1-month migration matrices are created.

The migration matrix calculates the likelihood of borrowers defaulting on each credit pool. The level of possible losses resulting from such default is calculated on the basis of repayment of funds.

The carrying amount of financial assets is the maximum amount that is exposed to credit risk. The maximum amount of credit risk at the reporting date was as follows:

	2019 (thous. UAH)	2018 (thous. UAH)
Accounts receivable on loans	73,910	20,601
Cash in bank accounts	22,165	11,004
Receivables	2,218	496
Total	**98,293**	**32,101**

5.4 Liquidity risk

Liquidity risk is a risk arising from a divergence in the maturity of assets and liabilities. A divergence in the maturity of assets and liabilities potentially increases profitability, but may also increase the risk of loss. The Company has procedures in place to minimize such losses, such as maintaining an adequate level of cash and other highly liquid current assets.

The table below shows the financial liabilities of the Company in terms of remaining maturities. The table is based on undiscounted cash flows on financial liabilities at the earliest date that the Company may be required to repay the obligation.

December 31, 2019	**Carrying value**	**Contractual cash flows**	**3 months or less**	**3-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**
	(thous. UAH)	**(thous. UAH)**	**(thous. UAH)**	**(thous. UAH)**	**(thous. UAH)**	**(thous. UAH)**	**(thous. UAH)**
Payables	7,134	7,134	6,619	515	-	-	-
Accounts payable to related parties	77,729	77,729	-	43,909	-	33,820	-
	84,863	**84,863**	**6,619**	**44,424**	**-**	**33,820**	**-**
December 31, 2018	**Carrying value**	**Contractual cash flows**	**3 months or less**	**3-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**
	(thous. UAH)	**(thous. UAH)**	**(thous. UAH)**	**(thous. UAH)**	**(thous. UAH)**	**(thous. UAH)**	**(thous. UAH)**
Payables	1,756	1,756	1,756	-	-	-	-
Accounts payable to related parties	23,535	23,535	-	23,535	-	-	-
	25,291	**25,291**	**1,756**	**23,535**	**-**	**-**	**-**

5.5 Currency risk

Currency risk is a risk associated with the effects of exchange rate fluctuations on the value of financial instruments. Currency risk arises when future business transactions and recognized assets and liabilities are denominated in a currency that is not the currency of the Company's financial statements. The Company is exposed to currency risks arising from different currency positions, primarily in relation to the US dollar. The Company's management monitors interest rate fluctuations on an ongoing basis and takes appropriate measures.

5.6 Operational risk

Operational risk is a risk of loss due to system failure, personnel error, fraud or external events. In the event of a failure in the internal control system, operational risk may cause damage to reputation, have legal or regulatory consequences or result in financial loss. The Company is not able to avoid all operational risks, but it does make efforts to manage those risks by controlling and monitoring and responding to potential risks. The control system provides for an efficient division of responsibilities, access, powers and procedures of reconciliation, staff training, and evaluation procedures.

6. Significant accounting estimates and judgments

The preparation of IFRS financial statements requires the management of the Company to use certain material accounting estimates and make judgments in applying the Company's accounting policies. The preparation of IFRS financial statements also requires the use of assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date, as well as the amounts of revenue and expenses for the reporting period. Although such estimates are based on management's information about current events and operations, actual results may differ from those estimates.

Estimates and judgments are regularly reviewed and based on the management's experience and other factors, including expectations of future events that are considered reasonable under the circumstances. Where necessary, such adjustments are recognized in profit or loss as they become known.

Assets are resources controlled by the Company as a result of past events that are expected to generate economic benefits in the future.

Commitment is the Company's current indebtedness arising from past events, the settlement of which will result in the outflow of economic benefits from the Company.

Capital is the part of the Company's assets remaining after deducting all its liabilities.

Income is an increase in economic benefits over the reporting period, in the form of an increase (or growth) in assets or a decrease in liabilities, which results in an increase in capital not related with the owners' contributions.

Expenses are a decrease in economic benefits during the reporting period, which occurs in the form of an outflow of assets or an increase in liabilities that cause a decrease in capital that is not related to its distribution between owners (participants).

The following elements are to be recognized in the financial statements:

- those meeting the definitions of either element;
- those meeting the recognition criteria.

Recognition criteria:

a) it is probable that in the future the entity will receive the economic benefits associated with the asset;

b) the value of the asset to the entity can be estimated reliably.

All assets owned by the Company are considered to be controlled and accurately valued based on the initial value stated in the primary documents at the time of recognition.

Also, assets that are not used in the main activity but are expected to generate economic benefits when sold to third parties are considered as assets.

Items that are not considered as assets are approved by special order of the Company's Director.

Fair value measurement

Fair value is a price that would be received for the sale of an asset or paid for the transfer of a liability in a ordinary transaction between market participants at the valuation date.

The fair value measurement assumes that an asset sale or liability transfer takes place:

a) in the primary market for that asset or liability, or

b) in the absence of a primary market, in the most favorable market for that asset or liability.

The Company must have access to the main or most favorable market at the valuation date.

In assessing fair value, the Company considers the characteristics of the asset or liability that market participants would consider in determining the price of the asset or liability at the valuation date. Such characteristics include, for example, the following:

a) the status and location of the asset;

b) restrictions, if any, on the sale or use of the asset.

The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits through the most advantageous and best use of the asset or by selling it to another market participant who will use that asset in the most advantageous and best way.

The Company applies cost-based valuation techniques that are sufficient in the circumstances to estimate fair value, maximizing the use of relevant open inputs and minimizing the use of closed inputs.

The estimated fair value of financial assets and liabilities that are not carried at fair value, but the disclosure of fair value of which is required requires fair value measurements.

As of December 31, 2019 and 2018, the Company has no assets or liabilities measured at fair value.

Judgments about transactions, events or conditions in the absence of specific IFRSs.

Unless there is an IFRS specifically applicable to an operation, other event or condition, the Company's management applies judgments in the development and application of accounting policies to ensure that information is relevant to users' economic decision-making needs and is reliable, in the sense that the financial statements: • present the financial position, financial results of operations and cash flows of the Company; • reflect the economic nature of transactions, events or conditions other than the legal form; • are neutral, i.e. free from prejudice; • are complete in all material respects. In making such judgments, the Company's management refers to the admissibility of the following sources and takes them into descending order: a) requirements in IFRSs that address similar and related issues; and (b) the definition, recognition criteria and concepts of measuring assets, liabilities, income and expenses in the Conceptual Framework for Financial Statements. In making such judgments, the Company's management takes into account the most recent provisions of other bodies that develop and approve standards that apply a similar conceptual framework for the development of standards, other professional accounting literature and accepted industry practices, to the extent that they do not contradict the above sources. There are no transactions not regulated by IFRSs.

The Company creates future vacation expenses to ensure that they are evenly attributed to expenses and to ensure that future premiums are paid in the previous period.

There have been no reclassifications to the financial statements for the reporting year compared to the previous year's financial statements.

Previous period errors were corrected in accordance with paragraph 37 of IAS 8 by adjusting the carrying amount of the related liability in the 2019 equity item to reduce the loss in previous years.

7. Explanations of items of the Statement of Financial Position as of 31.12.2019

7.1 Fixed and intangible assets

As of December 31, 2019, fixed and intangible assets may be presented as follows:

	Machinery and equipment	Vehicles	Tools, fixtures, fittings, furniture	Other fixed assets	Total
Initial (adjusted) cost					
Balance as of 01.01.2018	**384**	**-**	**25**	**-**	**409**
Acquisition	825	-	51	14	890
Disposal	-	-	-	-	-
Internal transfer *(I)*	-	-	-	-	-
Balance as of 31.12.2018	**1,209**	**-**	**76**	**14**	**1,299**
Acquisition	1,042	3,359	74	10	4,485
Disposal	-	-	-	-	-
Internal transfer *(I)*	-	-	-	-	-
Balance as of 31.12.2019	**2,251**	**3,359**	**150**	**24**	**5,784**
Accumulated depreciation					
Balance as of 01.01.2018	**22**	**-**	**2**	**-**	**24**
Allocation for depreciation	198	-	10	1	209
Disposal	-	-	-	-	-
Internal transfer	-	-	-	-	-
Balance as of 31.12.2018	**220**	**-**	**12**	**1**	**233**

Allocation for depreciation	448	560	32	2	1 042
Disposal	-	-	-	-	-
Internal transfer	-	-	-	-	-
Balance as of 31.12.2019	**668**	**560**	**44**	**3**	**1 275**
Carrying cost					
Balance as of 01.01.2018	**362**	**-**	**23**	**-**	**385**
Balance as of 31.12.2018	**989**	**-**	**64**	**13**	**1,066**
Balance as of 31.12.2019	**1,583**	**2,799**	**106**	**21**	**4,509**

Fixed assets in the group “Vehicles” are assets acquired under the terms of financial leasing contract No. 3187/01/19-Г dated 02.01.2019, the carrying cost of these fixed assets is UAH 2,799 thousand.

As of 31.12.2019, the Company has a car with limited ownership rights under the financial leasing.

As of December 31, 2019, the initial cost of the fully depreciated assets still in use by the Company was UAH 46 thousand.

	Lease use rights	Other intangible assets	Total
Initial (adjusted) cost			
Balance as of 01.01.2018	**-**	**67**	**67**
Acquisition	-	2	2
Disposal	-	-	-
Balance as of 31.12.2018	**-**	**69**	**69**
Acquisition	6,503	-	6,503
Disposal	-	-	-
Balance as of 31.12.2019	**6,503**	**69**	**6,572**
Depreciation			
Balance as of 01.01.2018	**-**	**3**	**3**
Allocation for depreciation	-	13	13
Disposal	-	-	-
Balance as of 31.12.2018	**-**	**16**	**16**
Allocation for depreciation	1,556	13	1,569
Disposal	-	-	-
Balance as of 31.12.2019	**1,556**	**29**	**1,585**
Residual cost as of 01.01.2018	**-**	**64**	**64**
Residual cost as of 31.12.2018	**-**	**53**	**53**
Residual cost as of 31.12.2019	**4,947**	**40**	**4,987**

As of 31.12.2019, the Company recognized the intangible asset “Lease Use Rights” in the amount of UAH 4,947 thousand.

In transition to IFRS 16, the Company applies a fully retrospective cumulative approach whereby initial recognition of an asset and liability is made on the first day of the period in which IFRS 16 applies. This means that comparative figures still reflect figures calculated in accordance with the previous standard – IAS 17.

In transition to IFRS 16, the Company has implemented the following procedures:

- the inventory of leases concluded as of 01.01.2019 was made for compliance with the criteria for recognizing the lease;
- the list of contracts that meet the criteria for exemption from the recognition of lease was determined (no more than 12 months, lease of assets with low cost), under which the Company has not changed the accounting of expenses;

- the list of contracts that meet the criteria for recognizing the lease was determined under which the lessee has recognized the lease obligations as of January 1, 2019, as well as the assets presented in the form of the right to use the underlying asset during the lease term.
Currently, IFRS 16 has affected the Company's financial statements as follows: during the second and fourth quarter of 2019, the Company's assets and liabilities increased at the date of the lease, and the Company began to recognize interest expense on the lease obligations and depreciation expenses on the rights to use assets. The effect of applying IFRS 16 is presented in the following tables:

	Carrying amount as of 31.12.2018	Carrying amount as of 01.01.2019	Carrying amount as of 31.12.2019
ASSETS			
Intangible assets incl. right to use asset			**6,572** **6,503**
LIABILITIES			
incl. right to use liability:			6,503
- long-term			1,696
- current			4,807

7.2 Investments

As of 31.12.2019, the Company does not have uncompleted capital investments.

7.3 Inventories

Inventories	31.12.2019	31.12.2018
Accessories	9	-
Fuel	24	-
Returnables	4	3
Other materials	27	21
Consumable supplies	-	-
Total	**64**	**24**

7.4 Accounts receivable on budget settlements.

	31.12.2019	**31.12.2018**
Accounts receivable on budget settlements:		
- personal income tax	4	5
- defense contribution	1	1
Total accounts receivable from the budget	**5**	**6**

7.5 Accounts receivable on accrued income settlements

	31.12.2019	**31.12.2018**
Accrued income	15,774	12,766
Provision for expected losses on the accrued income debt	(6,309)	(9,504)
Total accounts receivable on accrued income settlements	**9,465**	**3,262**

Disclosure regarding accrued income settlements, which was included in the Company's financial statements in 2019 and 2018:

As of December 31, 2019	**Not overdue**	**1-15 days**	**16-30 days**	**Over 30 days**	**Total**
Accounts receivable on accrued interest (gross carrying amount)	8,922	3,140	2,699	1,013	15,774
Share	56.56%	19.91%	17.11%	6.42%	**100.0%**

As of December 31, 2018	**Not overdue**	**1-15 16-30 days**	**Over 30 days**	**Total**	**As of December 31, 2018**
Accounts receivable on accrued interest (gross carrying amount)	2,295	783	751	8,937	**12,766**
Share	17.98%	6.13%	5.88%	70.01%	**100.0%**

7.6 Other current receivables

	31.12.2019	**31.12.2018**
Settlements with domestic suppliers	413	436
Settlements with state trust funds	61	54
Settlements with other debtors	1,743	9
Provision for doubtful debts on other receivables	-	(9)
Payments on loans granted	74,891	29,112
Provisions of doubtful debts on outstanding loans	(10,445)	(11,773)
Total other current receivables	**66,663**	**17,829**

Disclosure regarding settlements on loans granted which was included in the Company's financial statements in 2019 and 2018:

As of December 31, 2019	**Not overdue**	**1-15 days**	**16-30 days**	**Over 30 days**	**Total**
Receivables	65,757	4,819	3,119	1,196	74,891

on loans granted (gross carrying amount)					
Share	87.80%	6.43%	4.16%	1.60%	**100.0%**

As of December 31, 2018	**Not overdue**	**1-15 days**	**16-30 days**	**Over 30 days**	**Total**
Receivables on loans granted (gross carrying amount)	17,075	1,361	931	9,745	**29,112**
Share	58.65%	4.68%	3.20%	33.47%	**100.0%**

As of December 31, 2019 and 2018, all loans granted were unsecured loans.

As of December 31, 2019 and 2018, all loans were repayable within one year after the reporting date.

7.7 Cash

Analysis of cash balances includes the following:

Cash and cash equivalents	**31.12.2019**	**31.12.2018**
National currency accounts	597	3,881
Foreign currency accounts	6,581	4,153
Cash in transit	14,987	2,970
TOTAL:	**22,165**	**11,004**

Cash in bank was denominated in the following currencies:

	31.12.2019	**31.12.2018**
UAH	15,584	6,851
EUR	6,581	4,153
Total	**22,165**	**11,004**

In 2019, cash was not placed on the deposit accounts.

7.8 Equity

As of the date of incorporation, on August 29, 2017 the authorized capital of the Company amounted to UAH 5,000 thousand. According to the current legislation of Ukraine, the authorized capital is reflected in UAH. Since the date of incorporation, the Company's members approved a number of amendments to the Company's constituent documents and contributed additional funds to finance the issuance of loans.

As of 31.12.2019, the authorized capital was:

Founders	Contribution, thous. UAH	% in the Authorized Capital
Melivesa Holding LTD	76,003	100.0
TOTAL:	**76,003**	**100.0**

Amounts denominated in currencies other than hryvnias are translated into hryvnias at the historical exchange rate prevailing on the day of approval by the members of the new Articles of Association or amendments to the Articles of Association. Any differences in the value in hryvnias at the date of the foreign currency contribution and the value in hryvnias approved by the members are recognized directly in profit or loss.

The contributions to the Authorized Capital were made exclusively by cash.

During 2019, the Company's members contributed a total of UAH 49,179 thousand. The authorized capital of the Company was increased due to the amount of the claim of the Company's Member (MELIVESA HOLDING LTD) under the financial assistance agreement.

During 2018, the Company's members contributed a total of UAH 21,824 thousand (2017: UAH 5,000 thousand).

Other provisions

Other provisions are created in accordance with the laws of Ukraine and the Company's articles of association for general risks, including future losses and other unforeseen risks or contingencies. Allocations to provisions for the year are set at 5% of net profit and must be approved by the Company's members.

The reserve (insurance) fund of the Company as of 31.12.2019 was not formed.

7.9 Current provisions

The Company creates a provision for future vacation expenses to ensure that they are evenly attributed to expenses. The provision is calculated on a monthly basis based on the payroll, the reserve ratio and the correction factor (22% – single contribution rate). The provisioning ratio is calculated from the beginning of the year as the ratio of the annual planned amount of vacation pay to the total planned payroll.

The Company also provides for future expenses for the payment of premiums in the previous period.

At the balance sheet date, provisions are adjusted according to the inventory data.

	31.12.2019	**31.12.2018**
Labor costs	775	218
Costs of social contributions	167	131
Expenses for payment of bonuses	-	394
Total:	**942**	**743**

As of 31.12.2018 – current provisions were UAH 743 thousand.

As of 31.12.2019 – current provisions were UAH 942 thousand.

7.10 Long-term commitments and provisions

	31.12.2019	**31.12.2018**
Debt to related parties in foreign currency	33,820	-

Rent arrears	1,705	-
Total:	**35,525**	**-**

The Company’s long-term commitments for the loans received are represented by unsecured interest-bearing loans from the company’s member Melivesa Holding Ltd., which were received at the end of 2019. The maturity is 2024. Interest rate on Euro loans is 5% (October 2019).

7.11 Payables and other current liabilities

Current payables were as follows:

	31.12.2019	31.12.2018
For goods, works and services	7,134	1,735
Current liabilities for settlements with the budget	42	-
Current liabilities for insurance payment	14	5
Current liabilities for payroll	61	54
Accounts payable to subordinates	-	1
Accounts payable to other creditors	44	20
Accounts payable to related parties in foreign currency	10,022	23,535
Accounts payable to related parties	32,912	-
Accounts payable to related parties on accrued interests	975	-
Total:	**51,204**	**25,350**

The Company's current liabilities on the loans received are represented by unsecured interest-bearing loans from the company's member Melivesa Holding Ltd., which were obtained during 2019. Maturity period from May 2020 to August 2020 The interest rate on loans which at the date of receipt is fixed in UAH equivalent at the official exchange rate of the National Bank of Ukraine is 19%, in USD – 9% (June 2020), in EUR – 8.94% (May 2019).

Explanations of items of the Statement of Comprehensive Income for 2019

7.12 Net income from the sale of services

The net income from the sale of services (income for the use of loans (credits)) for 2019 is UAH 173,448 thousand (for 2018 – UAH 37,546 thousand).

7.13 Other operating income

Income arising from the use of interest-bearing assets by the Company is recognized if:
- there was a high likelihood that the Company would receive the economic benefits associated with such a transaction;
- revenues can be reliably determined.

Other operating income includes the following types of income:

Income	2019	2018
Income from current assets received free of charge	190	65
Penalty income	8,376	3,744
Foreign exchange gains (operating and foreign currency sales)	5,210	-
Income from write-back of vacation provisions	95	-
Income from write-back of provisions	87,639	-
Income from claim assignment	2,797	-
Total other operating income	**104,307**	**3,809**

7.14 Administrative costs

This item reflects the overhead costs associated with managing and maintaining a business.
The structure of administrative costs is as follows:

Costs	2019	2018
Material costs	964	544
Depreciation of fixed and intangible assets	2,563	182
Personnel costs	18,586	4,011
Social contributions from employees' wages	2,241	891
Rental of premises and equipment	2,481	2,264
Communication and Internet services, SMS messaging	3,867	801
Software maintenance	4,518	-
Costs of audit, consulting, legal, information services	6,315	1,864
Bank and commission fees charged by payment systems	9,969	2,665
Utility costs	243	128
Debt collection services	10,967	-
Others	1,042	1,151
Total administrative costs	**63,756**	**14,501**

7.15 Sales expenses

The structure of sales expenses is as follows:

Expenses	2019	2018
Depreciation of fixed and intangible assets	48	40
Personnel costs	11,428	5,977
Social contributions from employees' wages	2,535	1,310
Advertising and marketing expenses	47,514	15,365
Other sales expenses	283	569
Total sales expenses	**61,808**	**23,261**

7.16 Other operating expenses

Other operating expenses include the following expenses in the income statement:

Expenses	2019	2018
Expenses for the creation of a doubtful debt provision	83,637	21,295
Expenses on foreign exchange differences and differences on the sale and purchase of foreign currency	-	793
Other expenses	67	30
Expenses related to the assignment of claims, i.e. the amount of claims	103,772	-
Total:	**187,476**	**22,118**

7.17 Other finance income

Income	2019	2018
Interest on account balances	3	4
Income from borrowings received	7,875	-

Total:	**7,878**	**4**

7.18 Other income

Income	**2019**	**2018**
Income from cost recovery of previously sold asset (loans)	31	-
Total:	**31**	**-**

7.19 Finance costs

Costs	**2019**	**2018**
Expenses on accrued interest on loans received	10,759	-
Accrued interest on lease right use (IFRS 16)	613	-
Expenses on accrued interest on leasing	287	-
Expenses on assignment of monetary claims (Factoring)	32	-
Total:	**11,691**	**-**

7.20 Other expenses

No other expenses were incurred in 2019 and 2018.

7.21 Income tax

For 2019 the Company received uncovered losses in the amount of UAH 39,067 thousand. (in 2018 – UAH 18,521 thousand), which is reflected in the statement of comprehensive income and the statement of equity.

Starting in 2018, the Company determines the object of taxation, adjusting the financial result before tax.

Income tax expense is a sum of current and deferred tax expenses. Current tax is defined as the amount of income taxes payable (recoverable) in respect of taxable profit (loss) for the reporting period. The tax rates and tax laws used to calculate this amount are the rates or laws in force or actually enacted at the reporting date. Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred tax liabilities are recognized against all temporary tax differences. Deferred income tax assets are recognized for all negative temporary differences, unused tax benefits, and unused tax losses to the extent that there is a significant likelihood that there will be a pre-tax deductible income against which deductible temporary differences, unused tax benefits and unused tax losses can be offset. The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced if the probability that there will be sufficient taxable income to allow all or part of the deferred tax asset to be used is low. According to the results of 2018, the Company received an uncovered loss of UAH 18,521 thousand and, in accordance with the current tax code, decided to apply the adjustments to the financial result before tax on the differences stipulated in the tax legislation. Thus, in the tax statements loss before tax in the amount of UAH 18,521 thousand increased by a difference of UAH 1,068 thousand, which resulted in a tax loss of UAH 19,589 thousand. Based on the principle of prudence in preparing the financial statements for the reporting year 2019, the Company did not account for deferred tax assets, as the standard deferred tax asset should be recognized for the carrying forward of unused tax losses, if it is probable that future taxable profit will be available against which unused tax losses can be used. As a result of the reporting year, the Company received a loss of UAH 39,067 thousand and, in accordance with the current Tax Code of Ukraine, decided to apply the adjustments to the financial result before tax on the differences stipulated in the tax legislation. Thus, in the tax statements the loss in the amount of UAH 39,067 thousand was increased by the difference of UAH 18,979 thousand, which resulted in a tax loss of UAH 58,046 thousand. Based on the principle of prudence in preparing the financial statements for the reporting year 2019, the Company did not account for deferred tax assets, as the standard deferred tax asset should be recognized for the carrying forward of unused tax losses, if it is probable that future taxable profit will be available against which unused tax losses can be used.

7.22 Lease

The Company obtains non-current assets for lease on the basis of concluded agreements, which also determine the composition of the leased assets, lease term, lease payments, etc. Assets received by the Company for operating leases are accounted for in the off-balance sheet account 01 "Leased non-current assets" at the value stated in the lease agreement (contract) throughout the lease term. Such non-current assets are not amortized over the lease term. The maintenance and operation of fixed assets leased out under operating leases is carried out in accordance with the terms of the lease.

As of December 31, 2019, the Company has operating lease agreements. The total carrying amount of fixed assets leased out under operating lease amounts to UAH 44,170 thousand:

- rental of office premises at the address: Kyiv, Klovskyi Descent , building 7 letter A, office 17, contract No. 1/5 dated 03.05.2018, with carrying value of UAH 2,000 thousand;
- rental of office premises at the address: Kyiv, Klovskyi Descent , building 7 letter A, office 20, contract No. 1206/01 dated 12.06.2018, with carrying value of UAH 42,165 thousand;
- leasing of drinking water coolers, contract No. 29/1 dated 01.09.2018, with a total carrying value of UAH 5 thousand;

The term of agreements for rental of office premises is limited to one year. The following restrictions are provided in lease agreements::

- not to transfer the leased property to third parties, including on sublease, without the consent of the lessor;
- not to make major repairs, redevelopment, completion, reconstruction of premises without the consent of the lessor.

As of 31.12.2019, the Company did not enter into sublease agreements.

Lease accounting is carried out in accordance with the requirements of IFRS 16 Leases.

Each contract, at the effective date of the lease, is analyzed for the value of the asset and the lease term.

As of December 31, 2019, the Company has concluded car leasing contract No. 3187/01/19-Г dated 02.01.2019, which is valid from 02.01.2019 to 28.03.2020.

The residual value of the vehicle purchased under financial leasing as of 31.12.2019 is UAH 2,799 thousand (as of 31.12.2018 – nil).

Given that, under this lease contract, lease payments are determined based on the fair value of the leased asset, no debt under this contract is discounted.

As of 31.12.2019, the Company has assessed the lease obligation No. 1/5 dated 03.05.2018, which was extended from 03.05.2019 to 02.05.2020. The Company, under an additional agreement to extend this lease, has made a management decision on the long-term use of the office at: Kyiv, Klovskyi Descent , building 7 letter A, office 17, for not less than 2 years from the date of the first extension. Lease commitments were recognized at the present value of the lease payments not yet made at the contract commencement date (03.05.2019). As of 03.05.2019 a right to use asset in the amount of UAH 3,562 thousand and liabilities in the amount of UAH 3,353 thousand were recognized.

As of 31.12.2019 the carrying value of the asset under contract No. 1/5 dated 03.05.2018 was UAH 2,375 thousand (depreciation accrued – UAH 1,187 thousand).

Liabilities as of 31.12.2019 under contract No. 1/5 dated 03.05.2018 were UAH 2,123 thousand (interest accrued on liabilities – UAH 469 thousand).

As of 31.12.2019, the Company assessed the liability under lease contract No. 1206/01 dated 12.06.2018, which was extended from 01.10.2019 to 30.09.2020. The Company, under an additional agreement to extend this lease, has made a management decision on the long-term use of the office at: Kyiv, Klovskyi Descent , building 7 letter A, office 20, for not less than 2 years from the date of the first extension. Lease commitments were recognized at the present value of the lease payments not yet made at the contract commencement date (01.10.2019). As of 01.10.2019 a right to use asset in the amount of UAH 2,941 thousand and liabilities in the amount of UAH 2,909 thousand were recognized.

As of 31.12.2019, the carrying amount of the asset under contract 1206/01 dated 12.06.2018 was UAH 2,572 thousand (depreciation accrued – UAH 368 thousand).

Liabilities as of 31.12.2019 under contract No. 1206/01 dated 12.06.2018 were UAH 2,504 thousand (interest accrued on liabilities – UAH 144 thousand).

7.23 Settlements with related parties

Related parties are considered to be the parties, one of which has the ability to control the other or make significant influence on the other party's adopting financial and operational decisions, as defined in IAS 24 "Related Party Disclosures". The decision as to which parties are related is made not only on the basis of their legal form but also on the basis of the nature of the relationship with the related parties.

A related party is a person who controls a business entity and reports or exercises the common control over it.

Related parties or related party transactions include:

• entities that directly or indirectly control or are under control or common control with the Company;
• associated companies;
• joint ventures in which the Company is a controlling party;
• members of the Company's leading management staff;
• close relatives of a person mentioned above;
• companies that control the Company, or have significant influence or hold a significant percentage of votes in the Company;
• employment termination programs for the Company's employees or those of any other entity that is a related party of the Company.

During the reporting period, there were no related party transactions, except for interest loans received and interest accrued on these loans, as well as transactions on payment of remuneration to the management staff.

The Company's founder holding a 100% share is a legal entity: Melivesa Holding Ltd, registration number HE 371022, registered office: Vasili Michailidi, 9, 3026, Limassol, Cyprus.

Ultimate beneficial owners of the Company are as follows:

No.	Full name of corporate member(founder, shareholder)	EDRPOU code of legal entity or taxpayer record card registration number* of individual exercising control over the member (founder, shareholder)	Full name of legal entity or surname, name, patronymic of individual exercising control over the member (founder, shareholder)	Location of legal entity or passport details of individual exercising control over the member (founder, shareholder)	Share in the authorized capital held by the member (founder, shareholder), %
1	MELIVESA HOLDING LTD	Personal data	GAI BEN-LEVY	Personal data	23.30
2	MELIVESA HOLDING LTD	Personal data	VIKA BASHIROV	Personal data	23.40

3	MELIVESA HOLDING LTD	Personal data	DAVID UZARASHVILI	Personal data	23.40
4	MELIVESA HOLDING LTD	Personal data	JACKY LEVI	Personal data	10
5	MELIVESA HOLDING LTD	Personal data	OKSANA KISTRUGA	Personal data	10

Related party transactions for the reporting period:

	For 2019	**For 2018**
	MELIVESA HOLDING LTD	MELIVESA HOLDING LTD
Loans commitments: As of January 01, 2019	23,535	-
Received during the year	99,711	45,846
Interest accrued	4,855	-
Interest paid	(3,880)	-
Decrease due to increase in the Authorized Capital	(39,386)	(21,906)
Other	(7,106)	(405)
Debt as of December 31 of the reporting period on other current liabilities	77,729	23,535

Related party	**2019**	**2018**
	Key administration staff	Key administration staff
Current payments to the management staff	5,539	571

Payments to related parties include the payment of wages to key management personnel. Amounts of related party transactions disclosed in these tables are included in the expense of the reporting period.

Explanations of items of the Statement of Cash Flow for 2019

The cash flow statement for 2019 is prepared using the direct method. The item “Proceeds from the sale of products (goods, works, services)” (code 3000) reflects cash receipts from repayment of interest on loan agreements in the amount of UAH 119,508 thousand.

In the item “Other Proceeds” (code 3095) in section I Cash flow from operating activities, the amount of UAH 1,586 thousand of overpaid cash on repayment of obligations under the loan agreements, funds from the Social Insurance Fund, funds received for the assignment of the rights of the claim under the loan agreements is reflected.

In the item “Other Expenses” (code 3190) the transfer of funds received in error from individuals, payment of services to other creditors (for rental services), payments to accountable persons on business trips and advance reports, payment of banking services, the impact of exchange differences on cash flows, payment of fines in the amount of 4,519 thousand UAH are reflected.

In the item "Other payments", section III Cash flow from financial activities, the finance lease payments for office space in the amount of UAH 1,626 thousand are reflected.

Explanations of items of the Statement of Equity for 2019

The Statement of Equity for 2019 reflects the correction of prior period errors that have been corrected in accordance with IAS 8.

In accordance with paragraph 37 of IAS 8, by adjusting the carrying amount of the related liability in the 2019 equity item to reduce the loss in previous years. In February 2018, the extra social security contribution for a disabled employee was canceled in the amount of UAH 662.51, in March 2018 in the amount of UAH 661.49, in July in the amount of UAH 1.11. In April 2018, a single social contribution in the amount of UAH 259.17 was made, in May 2019 it amounted to UAH 78.16, and in September 2018 it amounted to UAH 0.41. Material assistance in the total amount of UAH 0.04 was donated to employees. Total error in the charges is 987,37 UAH. The correction of these errors resulted in a decrease of uncovered loss of previous years in the amount of UAH 1 thousand.

The line "Other changes in capital" (4290) shows a negative exchange rate difference of UAH 10,880.66, which arose from the restatement of the liabilities of the founders in the formation of the Authorized Capital.

The aforementioned errors have not materially affected the financial statements of previous years, were not made to achieve a special financial condition, and were not intentionally made. Based on the above, the Company has decided that the financial statements for the periods in which the errors were made, will not be re-published with the corrected figures.

Capital management policy and procedures

The main objectives of the Company's capital management are:
- ensuring the ability of the Company to continue as a going concern.
- ensuring sufficient returns for members by setting prices for financial services in proportion to risk levels.

The Company monitors capital based on the book value of equity and its subordinated debt.

Correction of errors and events after the balance sheet date

At the date of approval of the financial statements, information about events that have a material impact on the financial performance is unknown.

Events after the interim period which are not reflected in the financial statements are provided by IAS 10.

Events after the reporting date:

Event	Existence
Deciding on the reorganization of the Company	no
Announcement of termination plan	no
Substantial acquisitions of assets, classification of assets as held for sale, other disposal of assets or expropriation of significant assets by the government	no
Destruction (loss) of the Company's assets due to fire, accident, natural disaster or other emergency	no
Abnormally large changes after the balance sheet date in asset prices or foreign exchange rates	no
Adoption of legislative acts that affect the Company's activities	no

Event	Existence
Acceptance of significant liabilities or contingencies, for example due to the provision of significant guarantees	no
Commencement of a large litigation arising solely from events occurring after the balance sheet date	no
Dividends for the reporting period are declared by the Institution after the balance sheet date	no
Conclusion of contracts for significant capital and financial investments	no
Bankruptcy of the Company’s debtor, whose debt was previously declared doubtful.	no
Revaluation of assets after the reporting date, which indicates a steady decrease in their value determined at the balance sheet date.	no
Inventory sale, which indicates that the valuation of the net realizable value at the balance sheet date is not justified	no
Identification of errors or breaches of law resulted in the misstatement in the financial statements	no
Change of the Company’s Members, redistribution of shares	no

10.02.2020

Director of “E-CASH” LLC **O.Ya. Lylyk**

Chief Accountant **O.V. Mezhenko**