AUDIT FIRM
“OLESIA”
Ukraine, 03040 Kyiv
Vasylkivska street, building 13, apt. 4
Tel./fax 044 257-69-13
e-mail: auditOLESIA@gmail.com

АУДИТОРСКАЯ ФИРМА
«ОЛЕСЯ»
Украина, 03040 г. Киев
ул. Васильковская, д.13,к.4
Тел. /факс 044 257-69-13
e-mail: auditOLESIA@gmail.com

Independent auditor's report on financial statements of LIMITED LIABILITY COMPANY CREDIT INSTITUTION "EUROPEAN CREDIT GROUP" as of (for) December 31, 2019 (2019)

Attn: management of Limited Liability Company CREDIT INSTITUTION "EUROPEAN CREDIT GROUP"

National Commission for State Regulation of Financial Services Markets

Financial Statements Audit Report

Opinion

We conducted an audit of the financial statements of Limited Liability Company CREDIT INSTITUTION "EUROPEAN CREDIT GROUP", USREOU code 40203427, registered address - 02000, Kyiv, Nyzhniy Val Street, building 51 (hereinafter - the Company), which consists of the Balance Sheet (Statement of financial position) as of December 31, 2019, Profit and Loss Account (Statement of Comprehensive Income) for 2019, Statement of Cash Flows (by direct method) for 2019, Statement of Equity for 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the attached financial statements accurately reflect, in all material respects, the financial position of the Company as of December 31, 2019, and its financial results and cash flows for the year then ended, in accordance with International Financial Reporting Standards (hereinafter - IFRS), and meets the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" of 16.07.1999 No.6996-XIV on the preparation of financial statements.

Basis for opinion

We conducted our audit in accordance with International Auditing Standards (2016-2017 version) (hereinafter - the ISA). Our responsibility under these standards is set out in the section “Auditor's Responsibility for the Financial Statements Audit” of our report.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (hereinafter - IESBA Code) and the ethical requirements applicable in Ukraine to our audit of financial statements, as well as other ethical obligations in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to serve a basis for our opinion.

Significant uncertainty regarding going concern

We draw attention to the situation regarding the future uncertainty related to the introduction by the Government of Ukraine of the restrictions established during the quarantine in connection with the outbreak of coronavirus in the world. As a result, there is significant uncertainty that may cast doubt on the Company's ability to continue as a going concern and that may affect future operations and the ability to maintain the value of its assets. The impact of such future uncertainty cannot be estimated at this time. These financial statements do not include any adjustments that may arise as a result of such uncertainty. Such adjustments will be notified if they become known and can be measured. Our opinion on this issue has not been modified.

Key audit issues

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

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

formation of the authorized capital was carried out by the member of the Company in foreign currency (euro). We investigated the procedure for forming the authorized capital in foreign currency, taking into account changes in exchange rates (the Company discloses the issues in Note 12);

- *recognition of expected credit losses*

In compliance with IFRS 9 “Financial instruments”, the Company recognizes provisions for impairment losses on expected credit losses on financial assets that are measured at amortized cost and fair value through other comprehensive income.

Determining a significant increase in credit risk since initial recognition requires multifactorial and comprehensive analysis, appropriate consideration of a particular factor and analysis of its weight compared to other factors that depend on the type of product, the characteristics of financial instruments and the borrower. (The Company discloses this issue in the section "Provisions" of the Notes to the financial statements, notes 9.2, 9.3, 21).

Among other things, our procedures included the following:

- We analyzed a list of information that may be relevant for assessing changes in credit risk;
- We examined the process and methodology of the Company's use of credit ratings of rating agencies;

Other information – audit for previous period

The audit of the company's financial statements for the previous year ended December 31, 2018 was conducted by another auditor, who on May 24, 2019 expressed an unmodified opinion on these financial statements.

Other information - Information that is not a financial statement and the auditor's report on it

The Company's management is responsible for other information.

Other information obtained at the date of this auditor's report is:

- a part of the annual report provided by the Company in accordance with the "Procedure for reporting by financial companies, financial institutions - legal entities under public law, trust companies, as well as legal entities - business entities, which by their legal status are not financial institutions, but have the opportunity provided by laws and regulations of State Financial Services Commission or National Financial Services Commission to provide financial leasing services", approved by the order of the National Commission for State Regulation of Financial Services Markets No.3840 of September 26, 2017, consisting of
  - ✓ title page (Appendix 6);
  - ✓ information on the scope and number of financial services agreements concluded and executed (Appendix 7);
  - ✓ information on the volume and number of financial services provided under financial leasing contracts (Appendix 8);
  - ✓ certificates on factoring agreements concluded and executed (Appendix 9);
  - ✓ certificates on loan agreements concluded and executed, including on the terms of a financial loan (Appendix 12);
  - ✓ information on the fixed capital structure of the financial institution (Appendix 14);
  - ✓ information on the assets of the financial institution (Appendix 15);
  - ✓ information on the high risks of the financial institution (Appendix 16).

Our opinion on the annual reporting data is contained in the independent report on providing assurance on the annual reporting data of the financial company Limited Liability Company CREDIT INSTITUTION "EUROPEAN CREDIT GROUP" for 2019.

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

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

If, on the basis of our work on other information obtained before the date of the auditor's report, we conclude that there is a material misstatement of that other information, we are required to report that fact.

We did not find any material misstatement of other information that should have been included in the report.

Responsibility of management and senior executives for financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, where applicable, going concern issues and using going concern assumptions as a basis for accounting, unless management either plans to liquidate or dissolve the Company, or has no other real alternative to this.

The senior executives are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditor's report that contains our opinion. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs will always reveal a material misstatement, if any. Misstatements may be the result of fraud or error; they are considered material if, individually or in combination, they are reasonably expected to influence the economic decisions of users made on the basis of these financial statements.

When performing an audit in accordance with ISA requirements, we use professional judgment and professional skepticism throughout the audit. In addition, we:

- identify and assess the risks of material misstatement of the financial statements as a result of fraud or error, develop and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and reasonable to use them as a basis for our opinion. The risk of not detecting material misstatement due to fraud is higher than for misstatement due to error, as fraud may include conspiracy, forgery, willful misconduct, misstatement, or neglect of internal control measures;
- gain an understanding of internal control measures related to the audit to develop audit procedures that would be appropriate to the circumstances, rather than to express an opinion on the efficiency of the internal control system;
- evaluate the acceptability of the applied accounting policies and the validity of the accounting estimates and relevant disclosures made by management;
- conclude on the acceptability of management's use of the going concern assumption as a basis for accounting and, based on the audit evidence obtained, conclude whether there is significant uncertainty about events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is such significant uncertainty, we should draw attention in our auditor's report to the relevant disclosures in the financial statements or, if such disclosures are inappropriate, modify our opinion. Our conclusions are based on audit evidence obtained before the date of our auditor's report. However, future events or conditions may cause the Company to cease operations as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements show the underlying transactions and events, so as to achieve a reliable presentation.

We provide the senior executives, along with other matters, with information about the planned scope and timing of the audit and significant audit results, including any material deficiencies in the internal control measures identified by us in the course of the audit.

We also acknowledge to the senior executives that we have complied with the relevant ethical requirements for independence, and inform them of any relationship and other matters that could reasonably be considered to affect our independence and, where applicable, on appropriate precautions.

From the list of all issues on which information was provided to the senior executives, we identified those that were most significant during the audit of the financial statements for current period, i.e. those that are key audit issues. We describe these issues in our auditor's report unless the law or regulation prohibits the public disclosure of such issue, or when, in extremely exceptional circumstances, we determine that such issue should not be covered in our report because the adverse effects of such disclosure are expected to outweigh its usefulness for the public interest.

Report on the requirements of other laws and regulations

This section of the report was prepared in order to disclose additional information on the Company's compliance with the provisions of laws and regulations in accordance with the Order of the National Commission for State Regulation of Financial Services Markets No.362 of 25.02.2020.

Formation (alteration) of the authorized capital of the Company

The authorized capital of the Company is paid exclusively in cash and placed on the bank accounts of commercial banks, which are legal entities under the laws of Ukraine.

The amount of the authorized capital of the Company reflected in the financial statements corresponds to the data of the Company's Charter.

In 2019, there were no changes in the authorized capital.

Criteria and standards for capital adequacy and solvency, liquidity, profitability, asset quality and risk of operations

During 2019, the Company submitted reports to the National Commission for State Regulation of Financial Services Markets in accordance with Order No.3840 of 26.09.2017. During this period, equity requirements (no less than UAH 5 mln.) were met.

Indicators of the financial position of the Company

No. of item	Indicators	As of 31.12.18	As of 31.12.198	Standard value
1. Liquidity analysis of the Company				
1.1. Total (coverage ratio)				
К 1.1. = F.1 line 1195 / F.1 line 1695		2,62	1,45	>1
1.2. Quick liquidity ratio				
К 1.2. = F.1 line 1195-(line 1100-1110) / F.1 line 1695		2,62	1,45	>0,5
1.3. Absolute liquidity				
К 1.3. = F.1 line 1160+1165 / F.1 line 1695		0,67	0,04	>0
1.4 Net working capital				
К 1.4 = F.1(line 1195 - line 1695)		22800	14455	>0
2. Indicators of the financial position of the Company				
2.1 Solvency ratio				
К 2.1. = F.1 line 1495 / F.1 line 1900		0,67	0,47	>0,5
2.2 Ratio of own working capital				
К 2.2. = F.1(line 1195 – line 1695) / F.1 line 1695		1,62	0,45	>0,1

Based on the values of the ratios calculated above, it is possible to characterize the overall financial position of the Company as of 31.12.2019 as satisfactory.

Investment portfolio structure

As of 31.12.2019, the Company has no current and long-term financial investments.

Admissibility of combining individual business transactions for which the entity has received a license

In accordance with the Law of Ukraine "On licensing of economic activities" and "Licensing conditions for conducting economic activities for the provision of financial services (except for professional activities in the securities market)" approved by the Resolution of the Cabinet of Ministers of Ukraine dated 07.12.2016 No. 913, by Order No. 291 of 28.02.2019 the Financial company received an indefinite license to conduct business activities for the provision of financial services, namely:

- provision of credits, including on the terms of a financial loan.

When carrying out economic activities and providing financial services, the Company adheres to the restrictions on combining the types of economic activities established by paragraph 37 of the License Conditions for conducting business activities for the provision of financial services (except for professional activities in the securities market) No. 913 dated 07.12.2016 and Section 2 of the Regulation "On the Establishment of Restrictions on Combining the Activities of Financial Institutions for the Provision of Certain Types Of Financial Services" No. 1515 of 05.02.2013.

Provision of financial services on the basis of an agreement in accordance with the law and internal rules for the provision of financial services by an economic entity

In compliance with the requirements of the current legislation of Ukraine, the Financial company has developed and approved by the Order No. 12/07 of 12.07.2017 Rules for lending, including on the terms of a financial loan and a sample Loan Agreement.

Placing information on own website (webpage) and its updating

The Company, in accordance with the Law of Ukraine "On Access to Public Information", provided access to information on its activities. Also Company posted the information specified in Articles 12 and 12^1 of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets" on its website https://www.eurogroshi.com.ua and ensured its updating.

Decision making in case of conflict of interest

In the event of a conflict of interest or interest of individuals in the transaction, the resolution to commit such transaction shall be adopted by the general meeting of members. In 2019, the auditor found no conflict cases in the Company.

Correspondence of premises in which service of clients (consumers) is carried out, their accessibility for persons with disabilities and other low-mobility groups of the population

The Company complies with the requirements of paragraph 28 of the License Conditions for conducting business activities for the provision of financial services (except for professional activities in the securities market) No. 913 dated 07.12.2019 regarding the availability of premises for financial services for people with disabilities and other low mobility groups.

Documentary confirmation in the form of the Report on technical inspection of non-residential premises at the address: 02000, Kyiv, Nyzhniy Val Street, building 51, and the Conclusion on accessibility for low mobility groups of population to non-residential premises at the above address was provided by IE LOGINOV YEVHEN MYKHAILOVYCH (code 1994118218, address: 54025, Mykolaiv, Heroiv Ukrainy str., building 39-A), qualification certificate of the Ministry of Regional Development of Construction and Housing and Communal Services of Ukraine for the responsible executor of certain types of works (services) related to the creation of the architecture object expert Loginov Yevhen Mykhailovych series AE № 003468 as of 27.11.2014 registration number 49.

Entry of information by an economic entity about all its separate subdivisions into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations and into the State Register of Financial Institutions in accordance with the requirements established by law

As of December 31, 2019, the Company has no separate divisions in its structure, information on which was not entered into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations and into the State Register of Financial Institutions.

Internal control and internal audit

Conducting internal audit in the company is regulated by the Regulations "On the Internal Audit Service" and "On the Internal Audit System", which was approved by the Resolution of the sole member of LIMITED LIABILITY COMPANY CREDIT INSTITUTION "EUROPEAN CREDIT GROUP" No. 24/09/18 as of 24.09.2018.

The Company's internal control system defines the internal rules and control procedures established by the financial institution's management. Therefore, the internal control and internal audit of a financial company is carried out properly in accordance with the requirements of current legislation of Ukraine.

Storage of funds and documents and the availability of the required security equipment

The company provided storage of documents and has the required security measures in place (including safes for storing documents, security alarms and/or appropriate security). The Company did not conduct cash transactions in 2019.

Procedure for formation of the authorized capital

As of 31.12.2019, the Company's authorized capital in accordance with the financial statements and the Company's Charter is UAH 5,800,000 (five million eight hundred thousand) 00 kopecks.

According to the Charter, the member of the Company is a legal entity - resident of Lithuania: IMARINA CJSC (address: VILNIUS CITY MUNICIPALITY, TERRITORY OF VILNIUS CITY MUNICIPALITY, LITHUANIA, PERKUNKIEMIO STREET 13-91) – 100%.

The authorized capital was paid by the member solely in cash in foreign currency as follows:

Date of payment according to the bank statement	Amount, EUR	Official NBU rate as of the date of payment	Amount, UAH	Credited to the authorized capital, UAH	Credited to the income, UAH
18.02.2016	-	-	1 000,00	1 000,00	
16.03.2016	115 000,00	29,867012	3 434 706,38	3 199 000,00	235 706,38
10.11.2016	9 985,00	28,17446	281 321,98	281 321,98	
14.12.2016	9 985,00	27,701458	276 599,06	276 599,06	
30.12.2016	9 985,00	28,422604	283 799,70	283 799,70	
12.01.2017	9 985,00	28,476993	284 342,78	284 342,78	
10.05.2017	9 985,00	29,056889	290 133,04	290 133,04	
24.05.2017	9 985,00	29,500505	294 562,54	294 562,54	
20.06.2017	4 992,50	29,058656	145 075,34	89 240,90	55 834,44
13.10.2017	9 985,00	31,578052	315 306,85	315 306,85	
20.10.2017	9 000,00	31,360041	282 240,37	282 240,37	
24.10.2017	10 000,00	31,201109	312 011,09	312 011,09	
27.10.2017	8 500,00	31,529325	267 999,26	267 999,26	

02.11.2017	20 000,00	31,211202	624 224,04	624 224,04	
06.11.2017	30 000,00	31,430358	942 910,74	942 910,74	
16.11.2017	30 000,00	31,35495	940 648,50	940 648,50	
24.11.2017	20 000,00	31,825434	636 508,68	636 508,68	
21.12.2017	45 000,00	33,001202	1 485 054,09	1 485 054,09	
09.01.2018	24 975,00	33,97091	848 423,48	848 423,48	
10.01.2018	15 000,00	33,652111	504 781,67	504 781,67	
12.03.2018	39 000,00	32,400861	1 263 633,58	1 263 633,58	
22.03.2018	30 000,00	32,288805	968 664,15	968 664,15	
*		**Усього:**	**16 704 335,92**	**14 392 406,50**	**291 540,82**
24.05.2018		Reduced authorized capital to UAH 5 800 000.00		-8 592 406,50	*
31.12.2019			**Total:**	**5 800 000,00**	*

That is, the actually paid-up authorized capital is UAH 5,800,000.00 (Five million eight hundred thousand).

The amount of the authorized capital of the Company, which is reflected in the financial statements, corresponds to the Charter of the Company.

The member did not use promissory notes, funds received on credit, loan and pledge, budget funds and intangible assets to create the registered authorized capital.

Sources of origin of equity components

As of 31.12.2019, the amount of the Company's equity is presented as follows:

- registered (share) capital: UAH 5,800 thou. - the amount of the registered authorized (share) capital;
- additional capital: UAH 24 354 thou. - balance of the retained earnings of the current and previous years.

The amount of the Company's equity meets the requirements for the amount of equity of financial institutions (no less than UAH 3,000 thou.) established by the National Commission for State Regulation of Financial Services Markets.

Methods of measuring the fair value of assets

The Company applies valuation techniques of the fair value that are appropriate to the circumstances and for which there is sufficient data to measure fair value, maximum use of relevant open input data and restricted use of closed input data.

If the fair value of financial assets and financial liabilities reflected in the statement of financial position cannot be determined on the basis of prices in an active market, it is determined using various valuation models, including mathematical models as well as expert estimates.

Auditor's basic data

Full name: Audit Firm "OLESIA" Limited Liability Company;
Identification code of the legal entity: 22930490;
Address: 03040, Kyiv, Vasylkivska street, building 13, apartment 4.
Registration number in the Register of Auditors and Auditing Entities Section "Auditing Entities" No. 4423;
Registration number in the Register of Auditors and Auditing Entities Section "Auditing entities entitled to conduct a statutory audit of financial statements" No. 4423;

Registration number in the Register of Auditors and Auditing Entities Section "Auditing entities that have the right to conduct a statutory audit of financial statements of public interest entities" No. 4423;

Auditors who participated in the audit:

Tiahun Nataliia Hryhorivna - Auditor's Certificate №006372, issued by ACU's resolution of 13.12.07 No.185/3. Registration number in the Register of Auditors and Audit Entities Section "Auditors" No. 100294;

Basic information about the terms of the audit contract

Date and number of the audit contract: Contract №107 dated 11.11.2019;

Audit began on: 03.02.2019;

Audit ended on: 12.05.2020.

Key audit partner,
auditor of AF Olesia LLC
Certificate No. 006372

(signature)

N.H. Tiahun

Date of the auditor's report: 12.05.2020
Kyiv

Appendix 1
to the National Accounting Regulation (Standard) 1
"General Requirements for Financial Reporting"

/Stamp: Document is accepted/		CODES		
	Date (year, month, day)	2020	01	01
Company LIMITED LIABILITY COMPANY CREDIT INSTITUTION "EUROPEAN CREDIT GROUP"	under USREOU	40203427		
Territory Podilskyi district of Kyiv	under KOATUU	8038500000		
Type of business limited liability company	under KOPFG	240		
Type of economic activity other types of lending	under KVED	64.92		

Average number of employees[1] 29

Address, telephone Nyzhniy Val street, bld. 51, KYIV, 02000 0952049663

Unit of measurement: thousand UAH without a decimal point (except for section IV of the Profit and Loss Account (Statement of Comprehensive Income) (Form No. 2), monetary indicators whereof are given in hryvnias with kopecks)

Complied (mark «v» as appropriate):

according to the accounting regulations (standards)	
according to international financial reporting standards	V

BALANCE SHEET
(Statement of financial position)
As of December 31, 2019

Form No.1 DKUD code 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	4 795	13 734
initial value	1001	5 838	16 881
accumulated depreciation	1002	1 043	3 147
Incomplete capital investments	1005	-	-
Fixed assets	1010	609	3 512
initial value	1011	720	4 779
wear and tear	1012	111	1 267
Investment real estate	1015	-	-
Initial value of investment real estate	1016	-	-
Depreciation of investment property	1017	-	-
Long-term biological assets	1020	-	-
Initial cost of long-term biological assets	1021	-	-
Accumulated depreciation of long-term biological assets	1022	-	-

Long-term financial investments: accounted for using the equity method	1030	-	-
other financial investments	1035	-	-
Long-term receivables	1040	-	-
Deferred tax assets	1045	-	-
Goodwill	1050	-	-
Deferred acquisition costs	1060	-	-
Balance in centralized insurance reserve funds	1065	-	-
Other non-current assets	1090	-	-
Total Section I	**1095**	**5 404**	**17 246**
II. Current assets			
Stocks	1100	-	-
Inventories	1101	-	-
Unfinished production	1102	-	-
Final products	1103	-	-
Cargo	1104	-	-
Current biological assets	1110	-	-
Reinsurance deposits	1115	-	-
Promissory notes received	1120	-	-
Accounts receivable for products, goods, works, services	1125	-	-
Accounts receivable fir settlements for: on issued advances	1130	18	1 031
to the budget	1135	-	35
including income tax	1136	-	-
Accounts receivable on the basis of accrued income	1140	3 888	3 172
Accounts receivable from internal settlements	1145	-	-
Other current accounts receivable	1155	23 521	41 299
Current financial investments	1160	-	-
Cash and equivalents	1165	9 394	1 298
Cash at hand	1166	-	-
Bank accounts	1167	9 394	1 298
Deferred expenses	1170	35	-
Reinsurer's share in insurance reserves	1180	-	-
including in: reserves for long-term liabilities	1181	-	-
loss reserves or reserves for due payments	1182	-	-
reserves for unearned premiums	1183	-	-
other insurance reserves	1184	-	-
Other current assets	1190	-	-
Total Section II	**1195**	**36 856**	**46 835**
III. Non-current assets held for sale and disposal groups	**1200**	**-**	**-**
Balance	**1300**	**42 260**	**64 081**

LIABILITIES	Line code	As of the beginning of the reporting period	As of the end of the reporting period
1	**2**	**3**	**4**
I. Equity			
Registered (share) capital	1400	5 800	5 800
Contributions to unregistered authorized capital	1401	-	-
Capital in revaluations	1405	-	-
Additional capital	1410	-	-
Issue income	1411	-	-
Accumulated exchange rate differences	1412	-	-
Reserve capital	1415	-	-
Retained earnings (uncovered loss)	1420	22 404	24 354
Unpaid capital	1425	(-)	(-)
Withdrawn capital	1430	(-)	(-)
Other reserves	1435	-	-
Total Section I	**1495**	**28 204**	**30 154**
II. Long-term liabilities and collaterals			
Deferred tax liabilities	1500	-	-
Retirement liabilities	1505	-	-
Long-term bank loans	1510	-	-

Other long-term liabilities	1515	-	1 547
Long-term securities	1520	-	-
Long-term personnel costs	1521	-	-
Targeted financing	1525	-	-
Charity	1526	-	-
Insurance reserves	1530	-	-
including: reserve for long-term liabilities	1531	-	-
loss reserve or due payments reserve	1532	-	-
reserve for unearned premiums	1533	-	-
other insurance reserves	1534	-	-
Investment contracts	1535	-	-
Prize fund	1540	-	-
Reserve for jackpot payout	1545	-	-
Total Section II	**1595**	**-**	**1 547**
III. Current liabilities and collateral			
Short-term bank credits	1600	-	-
Promissory notes issued	1605	-	-
Current accounts payable for: long-term liabilities	1610	-	-
goods, works, services	1615	1 591	4 920
calculations with the budget	1620	862	3 535
including income tax	1621	716	3 535
insurance calculations	1625	213	-
payroll calculations	1630	1 189	-
Current accounts payable on received advances	1635	-	-
Current accounts payable for settlements with members	1640	1 153	15 155
Current accounts payable from internal settlements	1645	-	-
Current accounts payable for insurance activities	1650	-	-
Current supplies	1660	469	560
future revenues	1665	-	-
Deferred commission income from reinsurers	1670	-	-
Other current liabilities	1690	8 579	8 210
Total section III	**1695**	14 056	32 380
IV. Liabilities related to non-current assets held for sale and disposal groups	**1700**	-	-
V. Net asset value of a private pension fund	**1800**	**-**	**-**
Balance	**1900**	42 260	64 081

Director ES Khovriak Volodymyr Mykolaiovych Khovriak Volodymyr Mykolaiovych

Chief Accountant ES Kalashnykova Natalia Mykolaivna Kalashnykova Natalia Mykolaivna

/Seal: electronic signature/

Defined in the manner established by the central executive body implementing policy in statistics.

	CODES		
Date (year, month, day)	2020	01	01
under USREOU	40203427		

Company LIMITED LIABILITY COMPANY CREDIT INSTITUTION "EUROPEAN CREDIT GROUP"
(name)

/Stamp: Document is accepted/

Profit and Loss Account (Statement of Comprehensive Income)
for year 2019

Form No.2 under DKUD 1801003

1. PROFIT AND LOSS

Item	Line code	For the reporting period	For the same period of the previous year
1	2	3	4
Net income from sales of products (goods, works, services)	2000	229 532	129 844
Net earned insurance premiums	*2010*	-	-
premiums underwritten, gross amount	*2011*	-	-
premiums transferred to reinsurance	*2012*	-	-
change in the reserve for unearned premiums, gross amount	*2013*	-	-
change in the share of reinsurers in the reserve for unearned premiums	*2014*	-	-
Cost of goods sold (goods, works, services)	2050	(-)	(20 705)
Net incurred losses on insurance payments	*2070*	-	-
Gross: profit	2090	229 532	109 139
loss	2095	(-)	(-)
Income (expenses) from changes in reserves of long-term liabilities	*2105*		
Income (expenses) from changes in other insurance reserves	*2110*	-	-
change in other insurance reserves, gross amount	*2111*	-	-
change in the share of reinsurers in other insurance reserves	*2112*	-	-
Other operating income	2120	145 789	52 352
including: income from changes in the value of assets measured at fair value	*2121*	-	-
income from the initial recognition of biological assets and agricultural products	*2122*	-	-
income from the use of funds exempt from taxation	*2123*	-	-
Administrative expenses	2130	(120 183)	(53 308)
Selling expenses	2150	(-)	(2 235)
Other operating expenses	2180	(220 380)	(85 153)

including: *costs of changes in the value of assets measured at fair value*	*2181*	-	-
costs of initial recognition of biological assets and agricultural products	*2182*	-	-
Financial result from operating activities: profit	2190	34 758	20 795
loss	2195	(-)	(-)
Income from equity participation	2200	-	-
Other financial income	2220	21	86
Other income	2240	-	-
including: *income from charity*	*2241*	-	-
Financial expenses	2250	(8 866)	(332)
Losses from equity participation	2255	(-)	(-)
Other expenses	2270	(-)	(-)
Profit (loss) from the impact of inflation on monetary items	*2275*	-	-
Financial result before tax: profit	2290	25 913	20 549
loss	2295	(-)	(-)
Expenses (income) on income tax	2300	(4 664)	(3 699)
Profit (loss) from discontinued operations after tax	2305	-	-
Net financial result: profit	2350	21 249	16 850
loss	2355	(-)	(-)

II. COMPREHENSIVE INCOME

Item	Line code	For the reporting period	For the same period of the previous year
1	2	3	4
Revaluation (depreciation) of non-current assets	2400	-	-
Revaluation (depreciation) of financial instruments	2405	-	-
Accumulated currency differences	2410	-	-
Share of other comprehensive income of associates and joint ventures	2415	-	-
Other total income	2445	-	-
Other comprehensive income before tax	**2450**	-	-
Income tax related to other comprehensive income	2455	-	-
Other total income after tax	**2460**	-	-
Total income (sum of lines 2350, 2355 and 2460)	**2465**	21 249	16 850

III. ELEMENTS OF OPERATING COSTS

Item	Line code	For the reporting period	For the same period of the previous year
1	2	3	4
Material costs	2500	419	131
Labour costs	2505	5 715	5 603
Deductions for social benefits	2510	1 314	1 240

Amortization	2515	3 262	1 213
Other operating expenses	2520	329 853	132 509
Total	**2550**	340 563	140 696

IV. CALCULATION OF SHARE RETURN INDICATORS

Item	Line code	For the reporting period	For the same period of the previous 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 income (loss) per ordinary share	2615	-	-
Dividends per ordinary share	2650	-	-

Director ES Khovriak Volodymyr Mykolaiovych Khovriak Volodymyr Mykolaiovych

Chief Accountant ES Kalashnykova Natalia Mykolaivna Kalashnykova Natalia Mykolaivna

/Seal: electronic signature/

	CODES		
Date (year, month, day)	2020	01	01
under USREOU	40203427		

Company LIMITED LIABILITY COMPANY CREDIT INSTITUTION "EUROPEAN CREDIT GROUP"
(name)

/Stamp: Document is accepted/

Cash flow statement (by direct method)
for year 2019

Form N3 Code under DKUD 1801004

Item	Line code	For the reporting period	For the same period of the previous year
1	2	3	4
I. Cash flow from operating activities Proceeds from: Sales of products (goods, works, services)	3000	220 566	108 969
Refund of taxes and fees	3005	-	-
including value added tax	3006	-	-
Targeted funding	3010	-	-
Proceeds from subsidies, grants	3011	-	-
Receipts of advances from buyers and customers	3015	-	-
Proceeds from the return of advances	3020	346	12
Proceeds from income on current account balances	3025	19	-
Proceeds from debtors penalties (fines, forfeitures)	3035	142 844	1 455
Proceeds from operating leases	3040	-	-
Proceeds from receiving royalties	3045	-	-
Proceeds from insurance premiums	3050	-	-
Proceeds of financial institutions from repayment of loans	3055	298 146	235 819
Other proceeds	3095	54 981	-
Expenditure on payment for: Goods (works, services)	3100	(99 597)	(38 559)
labour	3105	(5 747)	(660)
Deductions for social benefits	3110	(1 540)	(1 029)
Taxes and fees	3115	(5 726)	(5 229)
Expenses for payment of income tax liabilities	3116	(2 515)	(4 202)
Expenses for payment of value added tax liabilities	3117	(925)	(-)
Expenses for payment of liabilities from other taxes and fees	3118	(-)	(1 027)
Expenses for payment of advances	3135	(8 821)	-
Expenses for payment of return of advances	3140		(-)
Expenses for payment of target contributions	3145	(-)	(-)
Expenses for payment of obligations under insurance contracts	3150	(-)	(-)
Expenditure of financial institutions on lending	3155	(532 892)	(290 971)

Other expenses	3190	(55 824)	(388)
Net cash flow from operating activities	**3195**	7 205	9 419
II. Cash flow from investing activities Proceeds from the sale: of financial investments	3200		
non-current assets	3205	-	-
Proceeds from received: interest	3215		
dividends	3220	-	-
Proceeds from derivatives	3225	-	-
Proceeds from loan repayment	3230	-	-
Proceeds from disposal of a subsidiary and other entity	3235	-	-
Other receipts	3250	-	-
Acquisition costs: financial investments	3255	(-)	(-)
non-current assets	3260	(12 102)	(4 939)
Payments on derivatives	3270	(-)	(-)
Expenditures on loans	3275	(-)	(-)
Expenditures for the acquisition of a subsidiary and other business unit	3280	( )	( )
other payments	3290	(-)	(-)
Net cash flow from investing activities	**3295**	-12 102	-4 939
III. Cash flow from financing activities Proceeds from: Equity	3300	-	3 586
Obtaining loans	3305	90 608	-
Proceeds from the sale of share in a subsidiary	3310	-	-
Other proceeds	3340	-	-
Expenditure on: Redemption of treasury shares	3345	(-)	(-)
Repayment of loans	3350	81 519	-
Payment of dividends	3355	(4 248)	(-)
Interest expenses	3360	(7 789)	(-)
Expenses for payment of financial lease arrears	3365	(-)	(-)
Expenses for the acquisition of a share in a subsidiary	3370	(-)	(-)
Expenses for payments to uncontrolled shares in subsidiaries	3375	(-)	(-)
other payments	3390	(-)	(-)
Net cash flow from financing activities	**3395**	-2 948	3 586
Net cash flow for the reporting period	**3400**	-7 845	8 066
Balance of funds at the beginning of the year	3405	9 394	1 297
Impact of changes in currency rates on the balance of funds	3410	(251)	31
Balance of funds at the end of the year	3415	1 298	9 394

Director ES Khovriak Volodymyr Mykolaiovych Khovriak Volodymyr Mykolaiovych

Chief Accountant ES Kalashnykova Natalia Mykolaivna Kalashnykova Natalia Mykolaivna

/Seal: electronic signature/

CODES		
2020	01	01
40203427		

Date (year, month, day)

Company LIMITED LIABILITY COMPANY CREDIT INSTITUTION "EUROPEAN CREDIT GROUP"
(name)

under USREOU

/Stamp: Document is accepted/

Statement of equity

For year 2019

Form No. 4 Code under DKUD 1801005

Item	Line code	Registered (share) capital	Capital in revaluations	Additional capital	Reserve capital	Undivided profit (uncovered loss)	Unpaid capital	Withdrawn capital	Total
1	2	3	4	5	6	7	8	9	10
Balance at the beginning of the year	**4000**	5 800	-	-	-	22 404	-	-	28 204
Adjustment: Change in the accounting policies	4005	-	-	-	-	-	-	-	-
Correction of errors	4010	-	-	-	-	-	-	-	-
Other changes	4090	-	-	-	-	-	-	-	-
Adjusted balance at the beginning of the year	**4095**	5 800	-	-	-	22 404	-	-	28 204
Net profit (loss) for the reporting period	**4100**	-	-	-	-	21 249	-	-	21 249
Other comprehensive income for the reporting period	**4110**	-	-	-	-	-	-	-	-
Revaluation (depreciation) of non-current assets	4111	-	-	-	-	-	-	-	-
Revaluation (depreciation) of financial instruments	4112	-	-	-	-	-	-	-	-
Accumulated currency differences	4113	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures	4114	-	-	-	-	-	-	-	-
Other comprehensive income	4116	-	-	-	-	-	-	-	-
Profit distribution: Payments to holders (dividends)	4200	-	-	-	-	(19 299)	-	-	(19 299)

Assignment of profits to registered capital	4205	-	-	-	-	-	-	-	-
Deductions to reserve capital	4210	-	-	-	-	-	-	-	-
Amount of net profit payable to the budget in accordance with the law	4215	-	-	-	-	-	-	-	-
Amount of net profit for the creation of special (trust) funds	4220	-	-	-	-	-	-	-	-

1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Amount of net income for financial incentives	4225								
Members' contributions: Capital contributions	4240	-	-	-	-	-	2200	-	2229
Repayment of debt on capital	4245	-	-	-	-	-	-	-	-
Withdrawal of capital: Redemption of shares (stakes)	4260	-	-	-	-	-	-	-	-
Resale of redeemed shares (stakes)	4265	-	-	-	-	-	-	-	-
Cancellation of redeemed shares (stakes)	4270	-	-	-	-	-	-	-	-
Withdrawal of a share in the capital	4275	-	-	-	-	-	-	-	-
Decrease in the nominal value of shares	4280	-	-	-	-	-	-	-	-
Other changes in equity	4290	-	-	-	-	-	-	-	-
Acquisition (sale) of an uncontrolled interest in a subsidiary	4291								
Total changes in capital	**4295**	-	-	-	-	1 950	-	-	1 950
Balance at the end of the year	**4300**	5 800	-	-	-	24 354	-	-	30 154

Director ES Khovriak Volodymyr Mykolaiovych Khovriak Volodymyr Mykolaiovych

Chief Accountant ES Kalashnykova Natalia Mykolaivna Kalashnykova Natalia Mykolaivna

/Seal: electronic signature/

LIMITED LIABILITY COMPANY
CREDIT INSTITUTION
"EUROPEAN CREDIT GROUP"

Financial statements in accordance with IFRS
for the year ended December 31, 2019

1. GENERAL INFORMATION ABOUT THE COMPANY

LIMITED LIABILITY COMPANY CREDIT INSTITUTION "EUROPEAN CREDIT GROUP" (hereinafter referred to as the Company) (USREOU code 40203427) was registered on 29.12.2015 and is existing in accordance with the legislation of Ukraine, record number: 1 074 102 0000 041591.

According to the Order No. 1754 of 21.07.2016, the National Commission for State Regulation of Financial Services Markets (National Financial Services Commission) registered the Company as a financial institution (certificate No. 177 series IK).

In accordance with the Law of Ukraine "On licensing of economic activities" and approved by the Resolution of the Cabinet of Ministers of Ukraine dated 07.12.2016 No. 913 "Licensing conditions for conducting business activities for the provision of financial services (except for professional activities in the securities market), by Order No. 2400 dated 08.06.2017 the Company received an indefinite license to conduct business activities for the provision of financial services, namely:

- for lending, including on the terms of a financial loan.

The governing bodies of the Company are the General Meeting of the Company's Members.

The direct management of the Company's activities is carried out by the director - the executive body of the Company.

The control over the financial and economic activity of the Company is carried out by the audit committee of the Company and the internal auditor.

The founder of the Company with a 100% share is a legal entity - a resident of Lithuania: IMARINA CJSC (address: VILNIUS CITY MUNICIPALITY, TERRITORY OF VILNIUS CITY MUNICIPALITY, LITHUANIA, PERKUNKIEMIO STR. 13-91). Authorized capital as of 31.12.2019 – UAH 5,800,000 (Five million eight hundred thousand).

The company has no separate divisions as of 31.12.2019. As of 31.12.2019, the total number of employees was 45 people, the average for 2019 was 29 people.

Registered address of the Company's office: 04071, Kyiv, Nyzhniy Val Street, building 51. Official webpage: https://www.eurogroshi.com.ua/. E-mail address: info@eurogroshi.ua.

2. BASIS FOR PREPARATION, APPROVAL AND SUBMISSION OF FINANCIAL STATEMENTS

Management compliance statement

We have prepared the financial statements as of 31 December 2019 and for the 2019 financial year, which present objectively, in all material respects, the financial position of the Company and results its operations for 2019 financial year in accordance with International Financial Reporting Standards (IFRS).

The Company's management is responsible for ensuring that the Company's financial statements disclose with sufficient accuracy the Company's financial position and ensure that its financial statements comply with IFRS and Ukrainian laws and regulations. The Company's management is also generally responsible for taking all possible measures to ensure the preservation of the Company's assets and to prevent and detect cases of abuse and other violations.

Management believes that in the process of preparation of the financial statements, the appropriate accounting policies have been applied, their application has been consistent and confirmed by reasonable and considered assumptions and calculations. All relevant International Financial Reporting Standards effective as of 01.01.2019 were also complied with. Early application of IFRS was not performed.

Date of approval of financial statements for issue

These annual financial statements were approved for issue by the Director of the Company on February 25, 2020.

Basis for preparation

These financial statements have been prepared in accordance with all the requirements of IFRS, International Accounting Standards (IAS) and Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”), which were officially approved by the Ministry of Finance of Ukraine as of January 1, 2019 and posted on its official website as of the date of preparation of these financial statements.

In preparing the financial statements, the Company used historical (actual) cost to value the assets.

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied throughout the reporting periods.

Functional currency and presentation currency

The financial statements are presented in Ukrainian hryvnia, which is the Company's functional currency. All financial information presented in Ukrainian hryvnias is rounded to the nearest thousand, unless otherwise indicated.

Assumptions about the Company’s operation in the near future

The financial statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future, which includes the sale of assets and the settlement of liabilities in the ordinary course of business. In forming such professional judgment, management took into account the financial condition, its existing intentions, possible financial support from the Company's members, planned future profitability and access to financial resources, and analyzed the impact of the current financial and economic situation on the Company's future activities.

It should be noted that as of the reporting date, the Company operates in an unstable political and economic situation, the factors of which are threats to the territorial integrity of the state, ongoing armed aggression, significant reduction and weak recovery of the national economy and public finances, financial market volatility, periodic surges in inflation and devaluation of the national currency. Despite signs of improvement in the Ukrainian economy, stabilization of the banking system and international support for reforms, it must be acknowledged that the financial market remains quite vulnerable, the range of its participants and available tools continues to narrow, and emission and investment activity are not recovering. with the increase in the capital of banks, primarily state-owned and nationalized), the reform of the capital market is quite controversial and has not yet been associated with significant positive results. Stabilization of the economic situation in Ukraine and resumption of capital market development will largely depend on the effectiveness of reforming the financial sector, legal framework, judiciary and other socio-economic factors, which should lead to the implementation of best European practices, compliance with the EU-Ukraine Association, creation of a more attractive investment climate. Due to insufficiently fast pace of reforms, certain uncertainty of their terms and contradictory attitude of society and investment environment to their current consequences, as well as periodic bursts of instability in world financial markets, a reliable assessment of the impact of the current economic situation on the Company's financial condition difficulties. As a result, there is uncertainty that may affect future transactions, the ability to recover the value of the Company's assets and the Company's ability to service and pay its debts as they fall due. These financial statements do not include any adjustments that may occur as a result of such uncertainty. Such adjustments will be notified if they become known and can be assessed.

Application of new standards and interpretations

In preparing its financial statements for the year ended 31 December 2019, the Company has applied all new and revised standards and interpretations that are relevant to its operations and are mandatory for application in the annual reporting as of January 1, 2019. The Company has not applied published standards, interpretations or amendments that have been issued early but have not entered into force. The nature and impact of these changes are discussed below. Although the new standards and amendments were applied for the first time in 2019, they did not have a significant impact on the Company's annual financial statements. The nature and effect of each new standard/amendment are described below:

Standards applied by the Company since 01.01.2019

IFRS 16 "Lease"

IFRS 16 was issued in January 2016 and replaces IAS 17 Lease, IFRIC Interpretation 4 Determination of Lease Signs in an Agreement, SIC Interpretation 15 "Operating leases - incentives" and the Explanation of the SIC 27 "Defining the nature of transactions that have a legal form of lease". IFRS 16 establishes the principles for recognizing, measuring, presenting and disclosing leases and requires lessees to reflect all leases using a single balance sheet model, similar to the accounting procedures in IAS 17 for financial lease.

The standard provides for two exemptions for lessees: the lease of low-value assets (such as personal computers) and short-term leases (i.e. leases of up to 12 months). At the inception of the lease, the lessee will recognize the lease payment obligation (i.e. the lease obligation) as well as the asset that represents the right to use the underlying asset during the lease period (i.e. the asset in the form of the right of use).

Lessees will be required to recognize interest expense on the lease obligation separately from the depreciation expense of the asset in the form of a right of use.

Lessees should also revaluate the lease obligation when an event occurs (for example, a change in the lease period, a change in future lease payments as a result of a change in the index, or the rate used to determine such payments). In most cases, the lessee considers the amount of the revaluation of the lease as an adjustment to the asset in the form of a right of use.

The accounting procedure for a lessor in accordance with IFRS 16 is virtually unchanged from the current requirements of IAS 17. The lessors will continue to classify lease using the same classification principles as in IAS 17, highlighting there are two types of lease: operating and financial.

In addition, IFRS 16, effective for annual periods beginning on or after 1 January 2019, requires lessors and lessees to disclose more information than IFRS 17. The Company will apply the exemptions proposed in the standard for lease agreements that expire within 12 months from the date of first application, as well as lease agreements for low-value underlying assets.

IFRIC Interpretation 23 "Uncertainty over Income Tax Calculation Rules"

The Interpretation considers how to account for income taxes when there is an uncertainty in tax interpretations that affects the application of IAS 12. The Interpretation does not apply to taxes or fees that do not fall within the scope of IAS 12, and does not contain special requirements regarding interest and penalties associated with uncertain tax interpretations. In particular, the Interpretation addresses the following issues:

► whether the organization considers uncertain tax interpretations separately;

► assumptions that the organization makes regarding the verification of tax interpretations by tax authorities;

► how the organization determines taxable profit (tax loss), tax base, unused tax losses, unused tax benefits and tax rates;

► how the organization considers changes in facts and circumstances.

The entity shall decide whether to consider each uncertain tax interpretation separately or in conjunction with one or more other uncertain tax interpretations. It is necessary to use an approach that will enable to more accurately predict the uncertainty outcome. The interpretation is effective for annual periods beginning on or after 1 January 2019. The Company applies the Interpretation from the date of its entry into force. As the Company operates in a complex tax environment, the application of the interpretation in the future may affect the financial statements. In addition, the Company may be required to establish procedures and methods for obtaining the information necessary for the timely application of the interpretation. Currently, the Company considers the possibility of such impact to be insignificant.

Amendments to IFRS 9 "Conditions for Early Repayment with Potential Negative Reimbursement"

In accordance with IFRS 9, a debt instrument may be measured at fair value or at fair value through other comprehensive income, provided that the contractual cash flows are "solely payments of principal and interest on outstanding principal" (SPPI test) and the instrument is maintained within an appropriate business model that allows such classification. The amendments to IFRS 9 clarify that a financial asset satisfies the SPPI test regardless of which event or circumstance results in early termination of the contract, as well as regardless of which party pays or receives reasonable compensation for early termination of the contract. These amendments are applied retrospectively and come into force for annual periods beginning on January 1, 2019. These amendments do not affect the Company's financial statements.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets in Agreements between the Investor and its Associate or Joint Venture"

The amendments address the inconsistencies between IFRS 10 and IAS 28 in accounting for the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that gains or losses arising from the sale or contribution of assets that are business as defined in IFRS 3 are fully recognized in the agreement between the investor and its associate or joint venture. However, gains or losses arising from the sale or contribution of non-business assets are recognized only to the extent of the interest held by investors other than the entity in the associate or joint venture. The IFRS Board has postponed the effective date of these amendments indefinitely, but an organization that applies these amendments ahead of time should apply them prospectively. The Company will apply these amendments when they enter into force. Currently, the Company does not expect any impact on the financial statements from the application of these amendments. The company does not expect any impact from the application.

Amendments to IAS 28 "Long-Term Investments in Associates and Joint Ventures"

The amendments clarify that an entity applies IFRS 9 to long-term investments in associates or joint ventures to which the equity method does not apply, but which are, in essence, part of the net investment in the associate or joint venture (long-term investments). This clarification is important because it implies that the model of expected credit losses in IFRS 9 is applied to such long-term investments.

The amendments also clarify that in applying IFRS 9, an entity does not take into account losses incurred by an associate or joint venture or impairment losses on net investments recognized as adjustments to net investments in an associate or joint venture arising from application of IAS 28 "Investments in Associates and Joint Ventures".

These amendments apply retrospectively and are effective for annual periods beginning on or after 1 January 2019. Application is allowed until this date. As the Company does not have such long-term investments in an associate or joint venture, these amendments do not affect its financial statements.

Improvements to IFRS include the following amendments:

IFRS 3 Business Combinations

The amendments clarify that if an entity obtains control of a business that is a joint venture, it shall apply the step-by-step business combination requirements, including the revaluation of interests that previously accounted for the assets and liabilities of the joint venture. cost. In this case, the acquirer must re-evaluate the entire previously existing share of participation in joint operations. The organization shall apply these amendments to business combinations that coincide with or occur after the beginning of the first annual reporting period beginning on or after January 1, 2019. Application is allowed until this date. These amendments will apply to future business combinations of the Company.

IFRS 11 Joint Ventures

A party that is a party to joint operations but does not have joint control may acquire joint control of joint operations in which the business is a business, as defined in IFRS 3. The amendments clarify that in such cases, previously shares in this joint operation are not revalued.

The organization shall apply these amendments to agreements under which it obtains joint control and the date of which coincides with or occurs after the beginning of the first annual reporting period beginning on or after January 1, 2019. Application is allowed until this date. At present, these amendments are not applicable to the Company, but they may be applied to future agreements.

IAS 12 Income Taxes

The amendments clarify that the tax consequences of dividends are more related to past transactions or events that generated distributed income than to distributions between owners. Therefore, an entity shall recognize the tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity first recognized such past transactions or events. The organization shall apply those amendments for annual periods beginning on or after January 1, 2019. Application is allowed until this date. When these amendments are first applied, an entity shall apply them to the tax consequences for dividends recognized on or after the beginning of the earliest comparative period. As the Company's current practice meets the requirements of the amendments, the Company does not expect that they will have any impact on its financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity should consider loans obtained specifically for the acquisition of a qualifying asset under joint-use loans when virtually all of the work required to prepare the asset for its intended use or sale has been completed.

An entity shall apply those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. The organization shall apply those amendments for annual periods beginning on or after 1 January 2019. Application is allowed until this date. As the Company's current activities meet the requirements of the amendments, it is expected that these amendments will not affect the Company's financial statements.

3. MAIN PROVISIONS OF ACCOUNTING POLICY

The accounting policies set out below have been consistently applied to all periods presented in these financial statements. No changes were made to the accounting policy during the reporting period.

Fixed assets

Fixed assets are recognized at actual production cost less accumulated depreciation and impairment losses. Annually, the Company's management determines the deviation of the residual value of fixed assets from their fair value. In case of detection of significant deviations, their revaluation is carried out by the standing commission of the Company.

Depreciation of fixed assets is accrued on a straight-line basis using the terms established for each item of property, plant and equipment, in particular:

- houses - *20 years*
- buildings - *15 years*
- transmitting devices - *10 years*;
- machinery and equipment - *5 years*, of which:

- computers, other machines for the automatic processing of information, associated means of reading or printing information, related computer programs (other than programs for which royalties are recognized and/or programs recognized as intangible asset), other information systems, switches, routers, modules, modems, uninterruptible power supplies and means of their connection to telecommunications networks, telephones (including cellular), microphones and walkie-talkies, the cost of which exceeds UAH 6,000 - *2 years*;

- vehicles - *5 years*;
- tools, devices, inventory, furniture - *4 years*;
- other fixed assets - *12 years*.

The fixed asset is derecognized upon disposal or if no further economic benefits are expected from its continued use. Gains or losses on disposals of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the period in which the asset is derecognized.

Residual value, useful lives and depreciation methods are analyzed at the end of each financial year and adjusted as necessary.

Intangible assets

The company uses the model of accounting for intangible assets at cost. This model assumes that an intangible asset after recognition is carried at cost less accumulated amortization and accumulated impairment losses. The useful life of each intangible asset is determined. The liquidation value of intangible assets is zero. The cost of an intangible asset with a finite useful life that is subject to amortization is allocated on a systematic basis over its useful life. Depreciation begins when the asset is usable. Depreciation ceases on the earlier date: either the date the asset is classified as held for sale or the date the asset is derecognized. The Company applies the straight-line method of amortization of intangible assets throughout their useful lives:

- the right to use natural resources (the right to use subsoil, other resources of the natural environment, geological and other information about the natural environment) - *in accordance with the title document*;

- the right to use the property (the right to use the land, except for the right of permanent use of the land in accordance with the law, the right to use the building, the right to lease premises, etc.) - *in accordance with the title document*;
- the right to commercial designations (rights to trademarks (marks for goods and services), commercial (brand) names, etc.), except for those for the acquisition of which are recognized as royalties - *in accordance with the title document*;
- the right to industrial property (right to inventions, utility models, industrial designs, plant varieties, animal breeds, layout (topography) of integrated circuits, trade secrets, including know-how, protection against unfair competition, etc.), except those whose acquisition costs are recognized as royalties - *in accordance with the title document, but no less than 5 years*;
- copyright and related rights (the right to literature, artistic, musical works, computer programs, computer programs, data compilations (databases), phonograms, videograms, programs of broadcasting organizations, etc.), except for those for the acquisition of which are recognized as royalties - *in accordance with the title document, but not less than 2 years*;
- other intangible assets (the right to conduct business, use economic and other privileges, etc.) - *in accordance with the title document*.

Expected useful lives and depreciation methods are reviewed at the end of each reporting year. If necessary, appropriate changes in valuations are made to take into account their effect in future reporting periods.

Impairment of assets

At each reporting date, the Company determines whether there is any indication that the asset may be impaired. If any such indication exists, the cost of the asset is calculated to determine the amount of the impairment loss (if any). The expected return on an asset is the higher of its fair value less costs to sell and its value in use. The amount of the expected return is determined for an individual asset, except for assets that do not generate cash inflows and are largely independent of the receipts generated by other assets or a group of assets. If the carrying amount of an asset exceeds its expected recoverable amount, the asset is deemed to be impaired and is written off to its recoverable amount. When estimating the value in use of an asset, future cash flows are discounted at the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statement of comprehensive income for the period in those cost categories that correspond to the function of the impaired asset.

Fair value

Fair value is the price that would be received to sell an asset or paid on a liability in the ordinary course of business between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is a market in which asset and liability transactions take place with sufficient frequency and volume to provide current pricing information.

The Company applies valuation techniques that are appropriate to the circumstances and for which there is sufficient data to measure fair value, maximizing the use of relevant open input data and minimizing the use of closed input data. The purpose of applying the measurement method is to determine the price at which a normal sale of an asset or transfer of a liability would occur between market participants at the measurement date of current market conditions. The company uses the following valuation methods: market approach, cost approach and income approach. If several valuation techniques are used to measure fair value, the results are evaluated taking into account the acceptability of the range of values indicated by such results. Fair value measurement is the point in the range that best represents fair value in the circumstances. The Company selects inputs that meet the characteristics of the asset or liability that would be taken into account by market participants in the transaction with the asset or liability. The company uses inputs from stock markets.

Fair value estimates are analyzed at the levels of the fair value hierarchy as follows:

Level 1 is an estimate of quoted prices (excluding adjustments) in active markets for identical assets and liabilities;

Level 2 are valuation techniques with all the relevant parameters available to monitor assets and liabilities, directly (i.e., prices) or indirectly (i.e., determined on the basis of prices), and

Level 3 are estimates that are not based solely on market-available data (i.e., the assessment requires significant application of non-observable parameters).

The transition from level to level of the fair value hierarchy is considered to have taken place at the end of the reporting period.

Cash and equivalents

Cash includes cash on hand and current account balances with banks. Cash equivalents include short-term investments with an original maturity of three months or less, which can be converted into certain amounts of cash and which are characterized by a small risk of changes in value.

Inventories

Inventories are valued at the lower of cost and net realizable value. Valuation of inventories at disposal is carried out using the weighted average valuation method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the transaction. Inventories are periodically reviewed to create reserves for deterioration, aging or excess inventories.

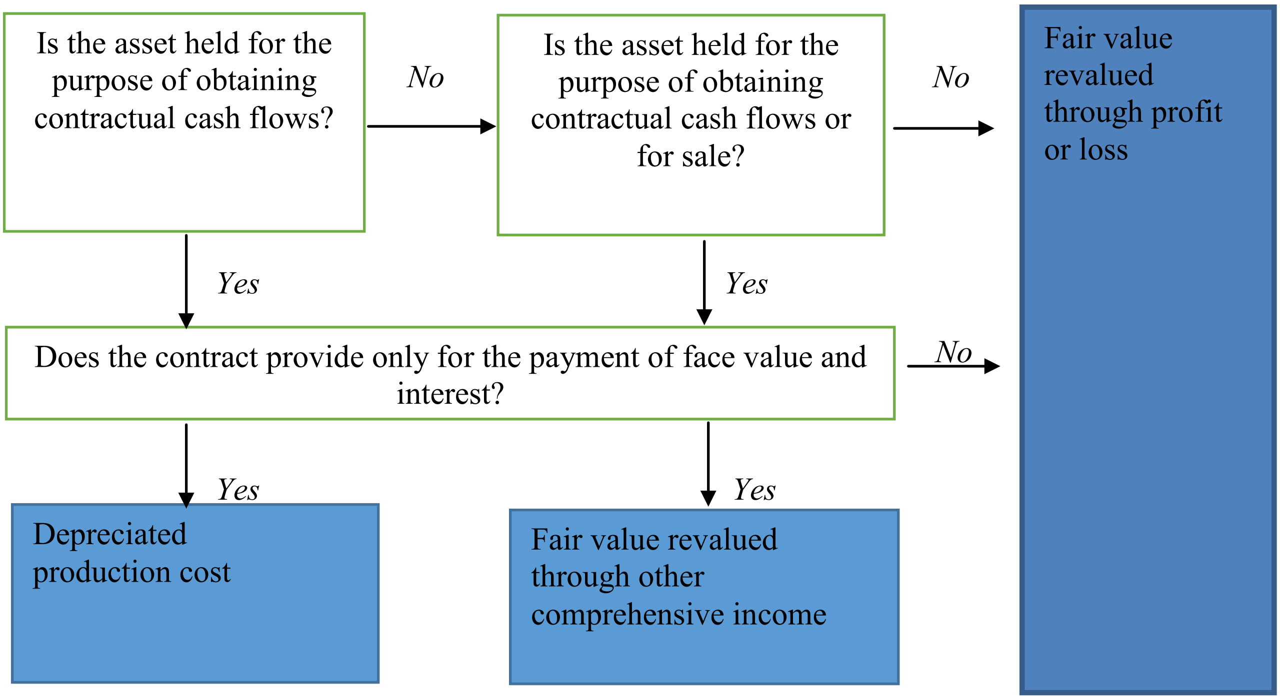
Financial assets

The Company distinguishes the following categories of classification and valuation of financial assets:

- financial assets carried at amortized cost;
- financial assets carried at fair value through revaluation through other comprehensive income;
- financial assets carried at fair value through profit or loss.

The Company classifies and evaluates financial assets based on the business model that the Company will use to manage these assets and the characteristics of cash flows provided for in the contract. In some cases, as required by IFRS 9, use the option to measure financial assets at fair value, even if such measurement was not the result of an assessment of the business model and cash flow characteristics, but the company did not plan to use such an option in its accounting and reporting.

Diagram of the decision tree to determine the category of classification and valuation of financial assets:



The Company's financial assets carried at amortized cost include receivables from issued financial loans and receivables at accrued interest for the use of these loans, as well as receivables from repayable financial assistance for up to 12 months.

Applying discounted cash flow analysis, the Company uses one or more discount rates that meet market prevailing rates of return for financial instruments that have substantially similar terms and characteristics, including credit quality, an instrument for which the remaining interest rate is fixed, as well as the balance of the maturity and the currency in which payments will be made.

The Company applies the materiality criterion for discounting short-term debt, namely, if the difference between the nominal amount of debt and its discounted value is less than 20%, such debt is not subject to discounting.

Derecognition of financial assets

A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) shall be derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company transferred its rights to receive cash flows from the asset or retained the right to receive cash flows from the asset, but undertook to pay them in full without significant delay to a third party under the transfer agreement; and
- the Company has either (a) transferred substantially all the risks and rewards of the asset, or (b) has not transferred or retained substantially all the risks and benefits of the asset, but has transferred control of the asset.

After the transfer, the Company reassesses the extent to which it retains the risks and rewards of ownership of the transferred asset. If all significant risks and rewards have been retained, the asset continues to be recognized in the statement of financial position. If all significant risks and rewards have been transferred, the asset ceases to be recognized. If all significant risks and rewards have not been retained or transferred, the Company assesses whether it has retained control of the asset. If the Company does not retain control, the asset ceases to be recognized. If the Company retains control of an asset, it continues to recognize the asset to the extent to which it continues to participate in it.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation is discharged, canceled or expires.
When an existing financial liability is replaced by other liability to the same creditor on materially different terms, or the terms of an existing liability change significantly, such exchange or change is accounted for as derecognition of the original obligation and recognition of the new obligation. the difference in the corresponding carrying amount is recognized in the statement of comprehensive income/(loss).

Offsetting financial assets and liabilities

Financial assets and liabilities shall be offset, and the statement of financial position reflects the net residual amount only when the Company has a legally enforceable right to offset the recognized amounts and intends to either offset on a net basis or sell the asset and repay the liability at the same time. knitting. When accounting for a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the related liability.

Lease

IFRS 16 “Lease” replaces the current lease accounting requirements in IAS 17 “Lease”, IFRIC 4, “Determining whether an Agreement Contains a Lease”, SIC-15 “Operating Leases - Incentives” and SIC-27 “Assessing the substance of transactions, which have the legal form of a lease agreement”.

The company switched to IFRS 16 from January 1, 2019 using a modified retrospective approach. IFRS 16 introduces a single model for tenants to account for leases that reflect them on the lessee's balance sheet.

Under this model, the lessee recognizes an asset in the form of a right of use, which is a right to use the underlying asset, and a lease obligation, which is an obligation to make lease payments.

The Company took the opportunity to be exempted from the need to recognize short-term leases and leases of low-value facilities. A short-term lease is a lease that has a lease term of 12 months or less at the inception of the lease in accordance with the terms of the lease agreement, and this agreement does not contain an automatic extension of the lease term and the Company does not intend to extend the lease term or acquire the asset. The low value of the underlying asset is the value, which is less than UAH 30 thou.

Previously, the Company recognized lease expenses on a straight-line basis over the term of the lease and recognized assets and liabilities only to the extent that there was a difference in terms between actual lease payments and recognized expenses. The introduction of IFRS 16 did not affect the retained earnings.

Contingent liabilities

Contingent liabilities are not recognized in the financial statements, except when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of such liabilities can be measured reliably. Information about such liabilities should be disclosed, except when the possibility of an outflow of resources embodying economic benefits is unlikely.

Reserves

The impairment requirements of IFRS 9 are complex and require judgments and assumptions, especially to assess whether there has been a significant increase in the credit risk of a financial instrument since its initial recognition; and the inclusion of forecast information in the assessment of expected credit losses. The level of judgment required to assess expected credit losses depends on the availability of detailed information. Expected credit losses are an estimated estimate weighted according to the probability of credit losses. In order to assess whether there has been a significant increase in credit risk on the financial instrument, the Company compares the default risk at the reporting date with the default risk at the time of initial recognition of the financial instrument. In general, the Company applies the general rule: financial assets should be measured as assets for which credit risk has increased significantly since initial recognition, before they become clearly impaired.

Valuation of provisions for expected credit losses requires the use of significant professional judgment. The Company regularly reviews its loans to assess whether there is a significant increase in credit risk or default. The Company assesses provisions for expected credit losses in order to maintain the amount of provisions at a level that, in the opinion of management, will be sufficient for the expected losses on financial assets and liabilities of a credit nature.

Income recognition

The Company recognizes income in the form of accrual of interest. Interest is recognized in the reporting period to which it belongs and is calculated based on the basis of their accrual and the term of use of the Company's relevant assets, i.e. the Company recognizes income according to the accrual method (according to documents confirming the loan, such as: loan agreement, payment schedule, etc.).

Net financial costs

Net financial costs include interest expenses on borrowings and loans, discounts and losses from the discount of financial instruments. Net financial costs are reflected in the statement of comprehensive income. Interest expense on borrowings is recognized as an expense when incurred.

Income tax

Income tax expense includes income tax for the current period. Current income tax is the amount of tax payable or receivable in respect of taxable profit or tax loss for the year, calculated on the basis of current or effective tax rates at the reporting date, and any adjustments to liabilities on payment of income tax for previous years.

Borrowing costs

Borrowing costs that are not part of a financial instrument and are not capitalized as part of the cost of an asset are recognized as an expense in the period.

Foreign currency transactions

Foreign currency transactions are accounted for in Ukrainian hryvnia at the official exchange rate of the NBU on the date of transactions.

In the financial statements, assets are reflected in hryvnia equivalent at the official exchange rate of the NBU as of the reporting date.

The official exchange rates of hryvnia to foreign currencies at the end of the period used by the Company in preparing these financial statements are presented as follows:

	December 31, 2019	December 31, 2018
• UAH/USD 1	23.6862	27.688264
• UAH /EUR 1	26.422	31.714138

Contingent liabilities and assets

The Company does not recognize contingent liabilities in the Statement of Financial Position (Balance Sheet). A contingent liability is disclosed unless the potential for disposal of resources embodying economic benefits is remote.

The Company does not recognize contingent assets. A summary of the contingent asset is disclosed when economic benefits are probable.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATED VALUES AND ASSUMPTIONS

The preparation of financial statements in compliance with IFRS requires management to determine estimates and assumptions that affect the amount of assets and liabilities, disclosure of contingent assets and liabilities as at the reporting date, and the amount of income and expenses for the reporting period. The determination of such estimates includes subjective factors and depends on past experience, current and expected economic conditions and other available information. Actual results may differ from the estimated estimates.

The most significant areas that require the use of management estimates and assumptions are as follows:

- useful life of fixed assets and intangible assets;
- estimating the fair value of property, plant and equipment based on revaluation and impairment;
- reserve for expected credit losses.

Useful life of fixed assets and intangible assets

The assessment of the useful lives of fixed assets property and intangible assets is subject to professional judgment based on the experience of using similar assets. Future economic benefits from these assets arise mainly from their current use in the provision of services. However, other factors, such as physical and moral wear and tear, often lead to changes in the size of future economic benefits that are expected to result from the use of these assets.

The Company's management periodically assesses the correctness of the final useful life of fixed assets and intangible assets. The effect of the revision of the useful life of property, plant and equipment and intangible assets is reflected in the period in which such revision took place or in future reporting periods, if applicable. Accordingly, it may affect the amount of future depreciation charges and the carrying amount of fixed assets.

Estimating the fair value of fixed assets based on revaluation and impairment

The company should periodically, as established by management, test for a possible revaluation of its fixed assets.

In addition, the Company's property, plant and equipment are analyzed for signs of impairment. When identifying signs of impairment, assets that do not generate independent cash flows are related to the corresponding cash-generating unit. The management inevitably applies subjective judgment when assigning assets that do not generate independent cash flows to the relevant generating units, as well as when estimating the timing and amount of the relevant cash flows in calculating the value of an asset in use.

Reserve of expected credit losses

The Company discloses assets in the financial statements subject to impairment, which is accounted for in accordance with IAS 36 Impairment of Assets.

Impairment of financial instruments is reflected in accordance with IFRS 9 in the following order.

The Company recognizes a provision for expected loan losses on a financial asset measured at amortized cost or a loan liability.

Expected credit losses are a probabilistic estimate of credit losses (i.e. the present value of all outstanding amounts of cash for the entire expected life of the financial instrument. Outstanding amounts of cash are the difference between the cash flows to be paid to the Company under the agreement and the cash. As the expected credit losses take into account the amount and timeliness of payments, the credit loss occurs even when the Company expects to receive payment in full, but later than the contractual period of its payment.

The Company assesses at each reporting date a provision for losses on a financial instrument in the amount equal to the expected credit loss for the entire life of the financial instrument, if the credit risk on such a financial instrument has increased significantly since initial recognition. If as of the reporting date the credit risk on a financial instrument has not increased significantly since initial recognition, the Company estimates the provision for losses on such financial instrument at the amount equal to the 12-month expected credit loss.

If in the previous reporting period the Company has estimated the provision for losses on the financial instrument in the amount equal to the expected credit losses for the entire term of the financial instrument, but as of the current reporting date found that the criteria for such recognition are no longer met, the Company estimates the provision for losses in the amount equal to the 12-month expected credit losses as of the current reporting date.

The Company recognizes the amount of expected credit losses (or restores usefulness) that is necessary to adjust the provision for losses as at the reporting date, to the amount to be recognized as profit or loss from impairment of profit or loss.

As at each reporting date, the Company assesses whether the credit risk on the financial instrument has increased significantly since initial recognition. In performing such an assessment, the Company instead of changing the amount of expected credit losses uses the change in the risk of default during the expected life of the financial instrument.

5. FIRST APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements for the year ended December 31, 2016 were first prepared in accordance with International Financial Reporting Standards (IFRS). Accordingly, as stated in the accounting policy, the Company has prepared financial statements in accordance with the requirements of IFRS, which are applicable to the reporting periods beginning on or after January 1, 2016.

6. INTANGIBLE ASSETS

The movement of intangible assets for the year ended December 31, 2019 was as follows:

	Software	Total

(in thousands of Ukrainian hryvnias)

Initial value		
as of 01.01.2019	5838	5838
received	11044	11044
disposed of	1	1
as of 31.12.2019	16881	16881
Depreciation on 01.01.2019	1043	1043
accrued	2104	2104
on 31.12.2019	3147	3147
Book value:		
on 01.01.2019	**4795**	**4795**
on 31.12.2019	**13734**	**13734**

The Company did not revalue its intangible assets available.

7. FIXED ASSETS (LINES 1010, 1011, 1012):

The movement of fixed assets for the year that ended on December 31, 2019 was as follows:

	Office appliances and equipment	**Vehicles**	**Other non-current tangible assets Underlying lease asset**	**Total**
Initial value				
as of 01.01.2019	720	0	0	720
received	1057		3253	4310
disposed of	251	0	0	251
as of 31.12.2019	1526	0	3253	4779
Depreciation				
as of 01.01.2019	111	0	0	111
received	356		800	1156
disposed of	0	0	0	0
as of 31.12.2019	467	0	800	1267
Book value:				
as of 01.01.2019	**609**	**0**	**0**	**609**
as of 31.12.2019	**1059**	**0**	**2453**	**3512**

The Company did not revalue property, plant and equipment at the reporting date. After examining the prices of similar fixed assets (for which such information is available), the Company's management has concluded that the fair value of property, plant and equipment does not differ materially from their carrying amount.

(in thousands of Ukrainian hryvnias)

At the reporting date, property, plant and equipment were not pledged as collateral and were not restricted in the Company's disposal and use.

The Company has no fixed assets, whose initial cost, the residual value of which is zero and which continue to be used as of December 31, 2019.

As of December 31, 2019, there no fixed assets that are temporarily not used.

8. LONG-TERM FINANCIAL INVESTMENTS (LINE 1160):

The Company does not have long-term financial investments.

9. CURRENT ACCOUNTS RECEIVABLE

Current receivables at the end of the reporting period include receivables for goods, works, services, loans to individuals and legal entities and accrued interest for the use of these loans, which were not paid at the reporting date.

The Company recognizes a loss reserve for expected loan losses on a financial asset measured at amortized cost or a loan liability.

The net carrying amount of receivables is considered to be a significant approximation of fair value. The accounts receivable are expected to be repaid within 1 month from the reporting date. Given this, the value of money over time is not significant.

The Company's management believes that the receivables will be repaid by receiving cash.

The current accounts receivable as of December 31, 2019 are:

9.1. ACCOUNTS RECEIVABLE UNDER ADVANCES ISSUED (LINE 1130):

Indicators	01.01.2019	31.12.2019
Accounts receivables from resident suppliers for advances paid for future supplies of goods, works and services (line 1130)	18	1031
Accounts receivable with provided advance payments from the budget (line 1135)	0	35

9.2. ACCOUNTS RECEIVABLE IN ACCRUED INCOME CALCULATIONS (LINE 1140):

Indicators	01.01.2019	31.12.2019
Balance of accrued but unpaid interest on loans by individuals	20114	87545
Recognized provision for expected credit losses on unpaid interest on loans by individuals	(16226)	(84629)
Balance of accrued but unpaid interest on loans by legal entities	0	289
Recognized provision for expected credit losses of unpaid interest on issued loans by legal entities	0	(33)
Total	**3888**	**3172**

9.3. OTHER CURRENT ACCOUNTS RECEIVABLE (LINE 1155):

(in thousands of Ukrainian hryvnias)

Indicators	01.01.2019	31.12.2019
Balance of debt on issued and outstanding loans by individuals	59117	200223
Recognized provision for expected credit losses on issued and outstanding loans by individuals	(43296)	(193079)
Balance of debt on issued and outstanding loans by legal entities	7700	5500
Recognized provision for expected credit losses on issued and outstanding loans by legal entities	0	(494)
Balance of debt for issued repayable financial assistance for up to 12 months	0	98
Balance of debt under agreements of assignment of the right of monetary claim of legal entities	0	33255
Recognized provision for expected credit losses under agreements on assignment of the right of monetary claim of legal entities	0	(4204)
Total	**23521**	**41299**

10. CURRENT FINANCIAL INVESTMENTS (LINE 1160):

As of 31.12.2019, there are no current financial investments.

11. CASH AND EQUIVALENTS (LINE 1165, 1167):

As of December 31, 2019, cash and equivalents include cash on current accounts of banks:

Indicators	01.01.2019	31.12.2019
Ukrainian hryvnias on current accounts	9394	1298
Cash	0	0
Balances on the account in the payment system	**9394**	**1298**
Total	9394	1298

Access to money is free, there are no restrictions.

12. AUTHORIZED CAPITAL (LINE 1400):

As of December 31, 2019, the declared authorized capital of the Company amounted to UAH 5,800,000 (five million eight hundred thousand).

According to the Charter, the member of the Company is a legal entity - a resident of Lithuania: IMARINA CJSC (address: VILNIUS CITY MUNICIPALITY, TERRITORY OF VILNIUS CITY MUNICIPALITY, LITHUANIA, PERKUNKIEMIO STR. 13-91). The actually paid-up authorized capital as of 31.12.2019 – UAH 5,800,000 (Five million eight hundred thousand).

The Company's founder paid contributions to the authorized capital by transferring funds in foreign currency (Euro) to the current currency accounts of the Company in "BANK SICH" JSC and CB "PRIVATBANK" JSC as follows:

(in thousands of Ukrainian hryvnias)

Date of payment according to the bank statement	Amount, EUR	Official NBU rate as of the date of payment	Amount, UAH	Credited to the authorized capital, UAH	Credited to the income, UAH
16.03.2016	115 000,00	29,867012	3 434 706,38	3 199 000,00	235 706,38
10.11.2016	9 985,00	28,17446	281 321,98	281 321,98	
14.12.2016	9 985,00	27,701458	276 599,06	276 599,06	
30.12.2016	9 985,00	28,422604	283 799,70	283 799,70	
12.01.2017	9 985,00	28,476993	284 342,78	284 342,78	
10.05.2017	9 985,00	29,056889	290 133,04	290 133,04	
24.05.2017	9 985,00	29,500505	294 562,54	294 562,54	
20.06.2017	4 992,50	29,058656	145 075,34		145 075,34
21.06.2017	4 992,50	29,044512	145 004,73		145 004,73
26.07.2017	9 985,00	30,221647	301 763,15		301 763,15
18.08.2017	4 985,00	29,834847	148 726,71		148 726,71
01.09.2017	9 985,00	30,03831	299 932,53		299 932,53
07.09.2017	5 985,00	30,999378	185 531,28		185 531,28
14.09.2017	9 985,00	31,240804	311 939,43		311 939,43
21.09.2017	9 988,00	31,445894	314 081,59		314 081,59
02.10.2017	9 988,00	31,378572	313 409,18		313 409,18
13.10.2017	9 985,00	31,578052	315 306,85	315 306,85	
20.10.2017	9 000,00	31,360041	282 240,37	282 240,37	
24.10.2017	10 000,00	31,201109	312 011,09	312 011,09	
27.10.2017	8 500,00	31,529325	267 999,26	267 999,26	
02.11.2017	20 000,00	31,211202	624 224,04	624 224,04	
06.11.2017	30 000,00	31,430358	942 910,74	942 910,74	
16.11.2017	30 000,00	31,35495	940 648,50	940 648,50	
24.11.2017	20 000,00	31,825434	636 508,68	636 508,68	
21.12.2017	45 000,00	33,001202	1 485 054,09	1 485 054,09	
09.01.2018	24 975,00	33,97091	848 423,48	848 423,48	
10.01.2018	15 000,00	33,652111	504 781,67	504 781,67	
12.03.2018	39 000,00	32,400861	1 263 633,58	1 263 633,58	
22.03.2018	30 000,00	32,288805	968 664,15	968 664,15	
*			**Total:**	**14 302 165,60**	**2 401 170,32**
24.05.2018			Reduced authorized capital to UAH 5 800 000.00	-8 502 165,60	*
31.12.2019			**Total:**	**5 800 000,00**	*

That is, the actually paid-up authorized capital is UAH 5,800,000.00 (Five million eight hundred thousand).

(in thousands of Ukrainian hryvnias)

To establish the registered authorized capital, the founders and members did not involve promissory notes, insurance reserves, as well as funds received on credit, loan and pledge, budget funds and intangible assets.

The authorized capital as of 31.12.2019 is UAH 5,200 thou.

13. RETAINED EARNINGS (LINE 1420):

As of January 1, 2019, retained earnings amounted to UAH 22 404 thou.

As of December 31, 2019, retained earnings amounted to UAH 24 354 thou.

14. OTHER LONG-TERM LIABILITIES (LINE 1515):

The Company recognizes new assets and liabilities under operating lease agreements on the lease date and measures the lease liability at the present value of the lease payments not paid at that date at the effective rate.

The discount value of other long-term liabilities under the lease agreement for office space as of 31.12.2019 is UAH 1 547 thou.

15. CURRENT LIABILITIES

As of December 31, 2019, current liabilities include:

Indicators	**01.01.2019**	**31.12.2019**
Current accounts payable for goods, works, services (line 1615)	1591	4920
Current accounts payable (according to line 1620)	862	3535
Current accounts payable for insurance (line 1625)	213	0
Current accounts payable for salaries (line 1630)	1189	0
Current accounts payable for settlements with participants (line 1640)	1153	15155

Other current liabilities as of December 31, 2019 are represented by the following calculations (line 1690):

Indicators	**01.01.2019**	**31.12.2019**
Current accounts payable on loan of non-resident (Lithuania)	7951	8059
Accrued interest on a short-term loan	327	151
Current accounts payable for settlements with the payment system	301	0
Total	**8579**	**8210**

16. PROVISION OF LABOUR COSTS (LINE 1660):

Provision of labour costs include obligations to pay leave to employees that the Company will pay in the future when granting leave, or in the form of compensation in case of dismissal of employees who have unused leave.

Indicators	**01.01.2019**	**31.12.2019**
Provision of payment for unused leave	469	560
Total	**469**	**560**

(in thousands of Ukrainian hryvnias)

17. NET INCOME (REVENUE) FROM SALES (LINE 2000):

For the year ended December 31, 2019, income from the sale of services includes:

Indicators	2019	2018
Income on accrued interest for the use of financial loans	229532	129844
Total	**229532**	**129844**

18. OTHER OPERATING INCOME (LINE 2120):

For the year ended December 31, 2019, other operating income is determined in the amount of:

Indicators	2019	2018
Received fines, penalties	142844	51973
Currency revaluation income	2937	17
Other income	8	362
Total	**145789**	**52352**

19. ADMINISTRATIVE EXPENSES:

For the year ended December 31, 2018, administrative expenses include:

Indicators	2019	2018
Remuneration	5482	6502
Deductions for SSC	1314	1240
Amortization	3260	1213
Material costs	421	0
Payment for bank services	9530	6378
Office rental	0	759
Traveling allowance	62	0
Information and consulting services	24458	16927
VAT from consulting services for non-residents	914	0
Other expenses (services of third parties)	11271	4750
Vacation reserve	233	407
Internet services, messaging services	22288	2066
Lead generation services	15348	7106
Advertising	25602	5960
Total	**120183**	**53308**

20. SALES COSTS (LINE 2150):

For the year ended December 31, 2019, sales costs include:

Indicators	2019	2018
Acquiring services	0	2235
Total	**0**	**2235**

(in thousands of Ukrainian hryvnias)

21. OTHER OPERATING COSTS (LINE 2180):

For the year ended December 31, 2019, other operating costs include:

Indicators	2019	2018
Revaluation costs on foreign currency transactions	1152	240
Accrual of the reserve of expected credit losses	176110	84886
Other expenses	0	27
Penalties of the NFSC	61	0
Penalties for income tax	353	0
Other taxes on expenses	597	0
The cost of financial assets on disposal under the assignment of the right of monetary claim	42107	0
Total	**220380**	**85153**

22. OTHER FINANCIAL INCOME (LINE 2220):

For the year ended December 31, 2019, other financial income includes:

Indicators	2019	2018
Bank interest	21	86
Total	**21**	**86**

23. OTHER FINANCIAL EXPENSES (LINE 2250):

For the year ended December 31, 2019, other financial expenses include:

Indicators	2019	2018
Financial costs of rental obligations	367	0
Interest on a loan agreement received from a financial company	8499	332
Total	**8866**	**332**

24. FINANCIAL RESULT (LINE 2290, 2300, 2350):

For the year ended December 31, 2019, the financial result and net financial result were formed as follows:

Indicators	2019	2018
Financial result before taxes (Profit) (line 2290)	25913	20549
Income tax expense (line 2300)	(4664)	(3699)
Net financial result (Profit) (line 2350)	21249	16850

25. CASH FLOW (BY DIRECT METHOD):

The statement of cash flows for 2019 is prepared in accordance with the requirements of IAS 7 by the direct method, which discloses information about the main classes of gross cash inflows or gross cash disbursements on a net basis. The report reflects cash flows from operating, investing and financing activities.

Operating activity is the profit from ordinary activities. Operating activities are the main activity of the Company for income. The amount of cash flows from operating activities is a key indicator used to assess an enterprise's ability to generate sufficient cash flows to repay loans, maintain operating capacity, pay dividends and make new investments without external sources of financing.

(in thousands of Ukrainian hryvnias)

Investment activity is the receipt or use of cash that has occurred as a result of the purchase or sale of non-current assets, including those classified as long-term financial investments; assets classified as current financial investments and other investments that are not considered as cash equivalents. Transactions classified as investment activities, but not requiring the use of cash and cash equivalents (non-cash transactions) are not reflected in the Statement of Cash Flows.

Financial activity is the receipt or use of equity and debt capital. The inflow of funds as a result of financial activities occurs due to the issue of own shares, loans, and disposal - when repaying loans, paying dividends on the redemption of treasury shares.

For the year ended December 31, 2019, the Company's cash flow was as follows:

Indicators	**2019**	**2018**
Proceeds from the sale of products (goods, works, services) - interest received on loan agreements (line 3000)	220566	108969
Proceeds from the return of advances (line 3020)	346	12
Interest income on current account balances (line 3025)	19	0
Proceeds from debtors of penalties (fines, penalties) - repayment of penalties under credit agreements made in cash for late execution of settlements by individuals (line 3035)	142844	1455
Proceeds of financial institutions from repayment of loans - repayment of the body of the loan under loan agreements made in cash with individuals and legal entities (line 3055)	298146	235819
Other proceeds (line 3095) including:	54981	0
- return of repayable financial assistance	*42*	*0*
- refund with clarification of payment	*228*	*0*
- from transactions of purchase and sale of foreign currency	*54703*	*0*
- other income	*8*	*0*
Expenses for payment for goods, works, services (line 3100)	99597	38559
Labour costs (line 3105)	5747	660
Expenses for social benefits (line 3110)	1540	1029
Expenses for taxes and fees (line 3115)	5276	5229
Expenses on payment of income tax liabilities (line 3116)	2515	4202
Expenses on VAT liabilities for consulting services of non-residents (line 3117)	925	0
Expenses for payment of liabilities from other taxes and fees (line 3118)	0	1027
Expenses for payment of advances (line 3135)	8821	0

(in thousands of Ukrainian hryvnias)

Expenses of financial institutions on loans to customers-borrowers that are individuals or legal entities (line 3155):	532892	290971
Other expenses (line 3190) including:	55824	388
- to provide short-term repayable financial assistance to legal entity	*140*	*0*
- for settlement and cash service	*599*	*0*
- to provide an advance payment under the report for travelling allowance	*66*	*388*
- for penalties of NFSC	*61*	*0*
- for foreign currency purchase and sale transactions	*54864*	*0*
- return of overpayments to borrowers	*91*	*0*
- for other expenses	*3*	*0*
Net cash flow from operating activities (line 3195)	**7205**	**9419**
Expenses for acquisition of non-current assets (line 3260)	12102	4939
Net cash flow from investing activities (line 3295)	**(12102)**	**(4939)**
Proceeds from equity (line 3300)	0	3586
Proceeds from loans (line 3305)	90608	0
Repayment of loans (line 3350)	81519	0
Payment of dividends (line 3355)	4248	0
Expenses on interest payments (line 3360)	7789	0
Net cash flow from financing activities (line 3195)	**(2948)**	**3586**
Net cash flow for the reporting period (line 3400)	**(7845)**	**8066**
Balance at the beginning of the year (line 3405)	**9394**	**1297**
Effect of changes in exchange rates on the balance of funds (line 3410)	(251)	31
Balance at the end of the year (line 3415)	**1298**	**9394**

26. EQUITY

The Company's equity as of January 1, 2019 amounted to UAH 28,204 thousand, as of December 31, 2019 the amount of equity amounted to UAH 30,154 thousand.

Movement of equity ended on December 31, 2019, was as follows:

	Authorized capital	Retained earnings	Total
Balance as of 01.01.2019 (line 4000)	5800	22404	28204
Net profit (loss) for 2019 (line 4100)	-	21249	21249
Accrual of dividends to participants (line 4200)	-	(19299)	(19299)
Balance as of 31.12.2019 (line 4300)	**5800**	**24354**	**30154**

Correction of errors for previous year

The Company corrected insignificant mistakes inadvertently made in 2018 in a promising way as a result of which the balance of retained earnings at the beginning of the reporting year did not change.

Thus, equity as of 31.12.2019 amounts to UAH 30,154 thou. and meets the requirements of paragraph 1 of section XI "Regulations on the State Register of Financial Institutions", approved by the State Commission for Regulation of Financial Services Markets of Ukraine dated 28.08.2003 No. 41 (as amended by the National Commission for State Regulation of Financial Services Markets dd. 28.11.2013 No. 4368).

27. DISCLOSURE OF INFORMATION REGARDING THE USE OF FAIR VALUE

The Company performs only continuous estimates of the fair value of assets and liabilities, i.e. those estimates required by IFRS 9 and IFRS 13 in the statement of financial position at the end of the reporting period.

Classes of assets and liabilities measured at fair value	Evaluation methods	Valuation method (market, discounted cash flow, cost)	Outputs
Cash and equivalents	Initial and subsequent measurement of cash and equivalents is carried out at fair value, which is equal to their nominal value.	Market	Official NBU rates
Accounts receivable	Initial and subsequent measurement of receivables is carried out at fair value, which is equal to the cost of repayment, i.e. the amount of expected contractual cash flows at the measurement date	Discounted cash flow	Contract terms, probability of repayment, expected cash inflows
Equity instruments	The initial measurement of equity instruments is at their fair value, which is usually equal to the transaction price in which the asset was received. Subsequent measurement of equity instruments is carried at fair value at the measurement date	Market, cost	Official exchange rates of trading organizers on the valuation date, in the absence of a specified exchange rate on the valuation date, the last book value, closing prices of the exchange trading day are used
Current liabilities	Initial and subsequent measurement of current	Cost	Contractual terms, probability of

(in thousands of Ukrainian hryvnias)

	liabilities is carried out at cost		repayment, expected cash outflows

There were no changes in the valuation of debt securities and redistribution between fair value hierarchies.

The Company's management believes that the disclosures regarding the application of fair value are sufficient, and does not consider that any significant information about the application of fair value that may be useful to users of financial statements remains outside the financial statements.

28. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 Related Party Disclosures, parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party's financial or operating decisions. When considering each possible related party, special attention is paid to the content of the relationship, not just their legal form.

Related parties may enter into agreements that would not be entered into between unrelated parties. The prices and terms of such agreements may differ from the prices and terms of agreements between unrelated parties.

During 2019, the Company conducted transactions with related parties. The terms of the transaction with related parties did not differ from the terms of similar transactions with other counterparties of the Company.

The direct owner of the Company is a legal entity - a resident of Lithuania: IMARINA CJSC (address: VILNIUS CITY MUNICIPALITY, TERRITORY OF VILNIUS CITY MUNICIPALITY, LITHUANIA, PERKUNKIEMIO STR. 13-91), which holds 100% of Company's authorized capital, that as of December 31, 2019 amounts to UAH 5,800,000 of which UAH 5,800,000 were actually paid-up.

The related parties in 2019 were also determined:

- Director of IMARINA CJSC - Ingas Dundulis;
- Director of CREDIT INSTITUTION "EUROPEAN CREDIT GROUP" LLC - Volodymyr Mykolaiovych Khovriak;
- Chief Accountant of CREDIT INSTITUTION "EUROPEAN CREDIT GROUP" LLC - Kalashnikova Natalia Mykolaivna;
- Founder of IMARINA CJSC and ultimate beneficial owner - Ignas Dundulis, born on March 4, 1986, personal number 38603041403, Lithuania, Panevezys, who holds 100% of IMARINA CJSC.

Operations with the founder during 2019:

Indicators	2019	2018
Receipt of interest loan from the participant	3418	7951
Repayment of the interest loan to the participant	11369	0
Refund to the participant of the share of contributions due to the reduction of the authorized capital in 2018	0	7951
Interest paid to the participant under the loan agreement	896	0
Dividends paid to the participant for 2017	3300	0
Dividends accrued to the participant for 2018	16000	0
Dividends paid to the participant for 2018	1397	0
Reduction of the declared authorized capital	0	14200

Thus, the debt to the participant of the Company –IMARINA CJSC as of 31.12.2019 is UAH 15,155 thousand including:

- accrued dividends for 2018 in the amount of UAH 14,604 thousand;
- balance of the unpaid share of contributions due to the reduction of the authorized capital in 2018 in the amount of UAH 552 thousand.

Payments to senior management in 2019 amount to UAH 1234 thou. (salary).

29. LAWSUITS

In the course of its current activities, the Company from time to time has to act as a defendant in lawsuits filed with the courts against the Company. Based on its own assessment, as well as the recommendations of internal and external professional consultants, the Company's management believes that the results of such lawsuits will not lead to significant losses for the Company, and accordingly did not accrue reserves for such lawsuits.

30. TAX LAW AND RECOGNITION OF DEFERRED TAXES

Currently, Ukraine has a number of laws and regulations regarding various taxes and fees levied by both state and local authorities. Taxes that apply include income tax, value added tax, payroll taxes, and other taxes and fees. The laws governing these taxes change frequently, and their provisions are often vague or undeveloped. There are also not enough court precedents on these issues. There are different points of view regarding the interpretation of legal norms among state ministries and organizations (for example, the tax administration and its inspections), which causes general uncertainty.

The correctness of tax returns, as well as other issues of compliance with the law, are subject to verification and study by a number of regulatory authorities, which are legally authorized to impose fines and penalties in significant amounts.

These factors determine the presence of tax risks in Ukraine much greater than those in countries with more developed tax systems. The management believes that the Company's activities are carried out in full compliance with applicable law governing its activities, and that the Company has accrued all relevant taxes. In cases where there is uncertainty about the amount of taxes payable, the accruals are based on the estimates of the Company's management based on the analysis of information available to it.

31. ECONOMIC ENVIRONMENT, INFLUENCE OF INFLATION ON MONETARY ARTICLES

The Company's management has analyzed the criteria that characterize the hyperinflation rate and provided for in paragraph 3 of IAS 29, namely:

a) the majority of the population prefers to preserve their values in the form of non-monetary assets or in a relatively stable foreign currency. Amounts held in national currency are immediately invested to maintain purchasing power;

b) the majority of the population considers monetary amounts not in the national currency, but in a relatively stable foreign currency. Prices can also be quoted in this currency;

c) the sale and purchase on deferred payment terms is carried out at prices that compensate for the expected loss of purchasing power during the deferred payment period, even if this period is short;

d) interest rates, wages and prices are indexed according to the price index;

e) the cumulative inflation rate for a three-year period approaches or exceeds 100%.

In 2019, consumer inflation slowed to 4.1% (from 9.8% in 2018) - the lowest level in six years. The NBU reached the medium-term inflation target of 5% ± 1 in. n., which he declared since 2015. This was due to a decrease in fundamental inflationary pressure, which was reflected in the slowdown in core inflation (to 3.9% yoy). The reduction of inflation to the target in 2019 was primarily due to the NBU's consistent monetary policy aimed at achieving price stability, combined with prudent fiscal policy.

The strengthening of the hryvnia exchange rate due to the foreign exchange surplus in the market, which was maintained for most of last year, had a decisive impact on the rapid slowdown in inflation. In turn, the expansion of the currency supply was due to high sales of foreign exchange earnings by exporters and a lively interest of foreign investors in government bonds. Against the background of long-term preservation of macroeconomic stability with attractive yields, the portfolio of DGLBs in the national currency owned by non-residents increased by $ 4.3 billion in 2019. On the other hand, the growth of economic productivity, especially in agriculture and, as a result, another record harvest of grain and oilseeds provided high export earnings. Contributed to the growth of the currency surplus in Ukraine and improved trade conditions due to a deeper decline in world import prices compared to export prices.

In addition to the exchange rate, the factors reducing inflation were improved inflation expectations, cheaper fuel and reduced pressure from the food supply and the administrative component of inflation. Nevertheless, there was still pressure from consumer demand and rapid wage growth, as evidenced by only a moderate slowdown in the cost of services.

Economic growth in 2020 will accelerate to 3.5% in 2020 and 4% in the coming years. This will be facilitated by easing monetary policy. High levels of private consumption and investment will remain the main driver of economic growth. At the same time, the contribution of net exports to GDP will continue to be negative due to the significant need of the real sector of the economy for investment imports.

Quite high growth rates of real incomes will lead to a further reduction in the wage gap compared to neighboring countries. This will further increase the interest of Ukrainians in employment in Ukraine, not abroad. Fiscal policy on the forecast horizon will be close to neutral and will not create pressure on inflation and economic growth.

The GSAS deficit will remain at around 2% of GDP each year and will be largely financed by the government's issuance of securities in the national currency, which will continue to be in demand by non-residents. Public and government-guaranteed debt will decline relative to GDP throughout the forecast period (below 50%) due to continued economic growth, low exchange rate volatility, and the maintenance of a positive primary budget balance. The currency structure of public debt will improve.

Given the significant reduction in inflationary pressures on the horizon of monetary policy and the constant balance of risks, the NBU Board accelerated the rate of discount reduction: in the fourth quarter of 2019, the NBU Board twice reduced the discount rate by a total of 300 b. n. - up to 13.5% and another 250 b. n. in January 2020. The reduction of the key rate and the expectation of its further reduction contributed to a decrease in the yield of DGLBs and most hryvnia rates for bank customers.

Due to the rapid improvement of the macroeconomic situation in the country, the NBU predicts a more decisive reduction in the discount rate than previously expected. Given the low inflationary environment in 2020 and in order to support economic growth, the discount rate may be reduced to 7% by the end of 2020. In the future, it will remain at this level, provided that inflation stabilizes at around 5%. It is at the level of 7% that the NBU estimates the new neutral level of the discount rate.

(in thousands of Ukrainian hryvnias)

The most rapid reduction in the discount rate is expected during the first half of this year. This will reduce the cost of loans for businesses and individuals and stimulate business activity. On the other hand, a more significant reduction in the discount rate would create risks of inflation exceeding the upper limit of the target range in 2021.

The hryvnia REER in 2020-2022 will be relatively stable against the background of low inflationary pressures and easing of monetary policy.

Having analyzed other criteria, the Company believes that the indicators given in subparagraphs c) and d) of paragraph 3 of IAS 29 on the economic situation in Ukraine does not correspond to the situation characterized by hyperinflation. The NBU discount rate at the beginning of the year was 18%, but decreased five times during the year and reached 13.5% per annum at the end of the year.

Given that in accordance with IAS 29, the application of the provisions of the standard and the restatement of financial statements taking into account the possible impact of hyperinflationary processes is a matter of judgment of management, the Company decided not to re-estimate the financial statements for 2019.

32. FURTHER DEVELOPMENTS

According to the Company's management, no significant events have occurred that may affect the status of the information disclosed in the financial statements for 2019 after the reporting date.

Developments	Availability
Decision-making on reorganization of the Company	No
Announcement of the termination plan	No
Announcement of significant restructuring or the beginning of its implementation	No
Significant acquisitions of assets, classification of assets as held for sale, other disposals 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 (NBU rate)	No
Making significant commitments or contingent liabilities, for example, as a result of providing significant guarantees	No
Beginning of a major lawsuit that arose solely as a result of events that occurred after the balance sheet date	No
Dividends for the reporting period are declared by the Company after the balance sheet date	No
Concluding contracts for significant capital and financial investments	No
Bankruptcy of the Company's debtor, whose debt was previously considered doubtful	No
Revaluation of assets after the reporting date, which indicates a steady decrease in their value determined at the balance sheet date	No
Sale of inventories, which indicates the unfounded estimate of the net realizable value at the balance sheet date	No

33. FINANCIAL RISK FACTORS

Financial risk factors

In the course of its activities, the Company is subject to various financial risks. The Company pays special attention to the unpredictability of financial markets and aims to minimize their negative consequences for the results of the Company's activities. In particular, to limit the market risk associated with adverse changes in the market value of financial instruments due to price fluctuations in financial market sensitive segments, the Company closely analyzes financial assets before their acquisition and monitors further information taking into account existing regulatory restrictions on investment areas for the financial company, current and forecast prices and interest rates, the level of liquidity, diversification of the investment portfolio.

The Company is exposed to the risk of not receiving funds from the repayment of receivables formed with counterparties, in particular individuals who have been issued short-term loans.

The key for the Company as a financial company is operational risk, which includes risks associated with personnel, imperfect operation of information systems and means of communication, as well as legal risk. To minimize these risks, the following measures are taken:

- staff training, advanced training, end-to-end automation of business processes;
- use of modern equipment and software, regular modification of the functionality of the electronic trading system;
- use of electronic document management and reliable protection of information;
- monitoring of existing and potential changes to the legislation of Ukraine to bring the rules of the stock exchange, other internal documents, contractual relations in line with such changes, rule-making activities, etc.

Capital management

The Company considers borrowed funds and equity as the main sources of financial resources. The objectives of capital management are: to ensure the ability of the Company to continue to operate as a permanent enterprise for profit, as well as to provide funding for operating needs, investments and development strategies. The Company’s capital management policy is aimed at ensuring and maintaining its optimal structure in order to reduce the total cost of raising capital, as well as maintaining the confidence of investors, creditors and market participants and ensuring the future development of its business.

Director V.M. Khovriak

Chief Accountant N.M. Kalashnikova