



ANNUAL REPORT

Beginning of financial year: 01.01.2016
End of financial year: 31.12.2016

Business name: TavexWise AS
Registry number: 12641402

Street/farm, house and flat number: Aia 5
City: Tallinn
County: Harju County
Postal code: 10111

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MANAGEMENT REPORT

TavexWise AS started its actual economic activity in 2014. The principal activity of the company is provision of payment services and the company has no secondary activities.

The company provides money remittance service through agents: Tavid AS in Estonia, Tavex SIA in Latvia, Tavex AB in Sweden, Tavex OY in Finland, Tavex A/S in Denmark, Tavex AS in Norway, Tavex Sp. z o.o. in Poland and Tavex EOOD in Bulgaria. From 2016 TavexWise offers money transfer service also to the Philippines. The company started its actual economic activity in December 2014.

In 2016, to manage risks TavexWise reduced the number of large transactions and focused on smaller transactions. The company's main objective was to expand their customer base.

The company's profit in 2016 was 281,374 euros, which is 39% more than in 2015. Compared to 2015, the volume of transactions has decreased 21% and the number of customers has increased 32%. The average profitability of transactions has risen.

The Estonian Financial Supervisory Authority has licensed the company to offer money transition services. In addition to money remittance, the Payment Institutions and E-money Institutions Act lists many other ways to offer payment services, which are treated as payment services. To meet its clients' expectations, TavexWise's goal for 2017 is to expand their range of services and to apply for the licence that would enable the company to offer all payment services that are permitted by law. There are also plans to continue expanding their customer base and find new business partners to cooperate with.

Key financial indicators in 2016

(In euro)

Ratios per year	2016	2015
Revenue	397 151	285 775
Increase in revenue (%)	39%	14 525%
Net profit/loss	281 374	202 716
Increase in profit (%)	39%	51 878%
Net margin (%)	70.84%	70.94%
Current ratio	34	820
ROA (%)	27.93%	28.81%
ROE (%)	28.58%	28.83%

Underlying formulas:

Increase in revenue (%) = (revenue 2016 – revenue 2015) / revenue 2015 * 100

Increase in profit (%) = (net profit 2016 – net profit 2015) / net profit 2015 * 100

Net margin (%) = net profit / revenue * 100

Current ratio = current assets / current liabilities

ROA (%) = net profit / total assets * 100

ROE (%) = net profit / total equity * 100

Translation of the Estonian original

ANNUAL ACCOUNTS

BALANCE SHEET

(In euro)

	31.12.2016	31.12.2015	Notes
Assets			
Current assets			
Cash	616 410	339 054	2
Receivables and prepayments	170 129	96 150	3
Total current assets	786 539	435 204	
Fixed assets			
Intangible fixed assets	220 856	268 432	4
Total fixed assets	220 856	268 432	
Total assets	1 007 395	703 636	
Liabilities and equity			
Current liabilities			
Short-term liabilities			
Payables and prepayments	22 915	530	
Total short-term liabilities	22 915	530	
Total liabilities	22 915	530	
Equity			
Share capital at nominal value	500 000	500 000	5
Retained earnings (loss) from previous periods	203 106	390	
Profit (loss) of the financial year	281 374	202 716	
Total equity	984 480	703 106	
Total liabilities and equity	1 007 395	703 636	

*Translation of the Estonian original***INCOME STATEMENT**

(In euro)

	2016	2015	Note
Revenue	397 151	285 775	6
Other operating revenue	649	0	
Other operating expenses	-30 220	-18 076	
Personnel expenses	-16 725	-9 366	7
Depreciation, amortisation and impairment	-65 856	-55 670	4
Total operating profit (loss)	284 999	202 663	
Other finance income and costs	-3 625	53	
Profit (loss) before income tax	281 374	202 716	
Profit (loss) of the financial year	281 374	202 716	

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NOTES TO THE ANNUAL ACCOUNTS

Note 1 Accounting policies

General information

The annual accounts of TavexWise AS for the year 2016 have been prepared in accordance with the Estonian generally accepted accounting principles, which are based on internationally recognized accounting and reporting standards. The requirements of generally accepted accounting principles are set out in the Estonian Accounting Act and the guidelines issued by the Estonian Accounting Standards Board. In accordance with the Accounting Act, abridged annual accounts of a small business have been drawn up.

The annual accounts have been prepared on the basis of the historical cost method, except in the cases that are described in the following notes.

The income statement of TavexWise AS has been prepared using format 1 in Annex 1 to the Accounting Act.

The annual accounts are prepared in euro.

Financial assets

Financial assets comprise cash, short-term investments, trade receivables and other short- and long-term receivables.

Financial assets are initially recognized at cost, which is equal to the fair value of the consideration paid or received for them. The cost of a financial asset includes all expenses directly related to its acquisition.

A financial asset is derecognized when the company loses its right to cash flows from the financial asset or transfers cash flows from the asset and most of asset-related risks and benefits over to a third party.

Acquisitions and disposals of financial assets are recognized in a consistent manner at the value date, i.e. at the date the company becomes the owner of the purchased asset or loses the ownership of the sold financial asset.

Cash

Cash includes cash on hand and bank balances that are not subjected to a material risk of changes in the market value.

Receivables and prepayments

Trade receivables are recognized in the balance sheet at their amortized cost. Receivables from customers are measured in the balance sheet at their net realizable value. Receivables from each customer are assessed individually, taking into account the available information on the customer's solvency.

As TavexWise AS operates via its agents, trade receivables mainly arise from its agents through which the company provides payment services. When a customer has handed their money accompanied by the payment order over to the agent, TavexWise AS assumes a liability to the customer and a claim against the agent in the amount received from the customer.

Property, plant and equipment and intangible assets

Assets with a cost exceeding 3,200 euros and an estimated useful life of more than one year are recognized in the balance sheet as fixed assets.

Intangible assets are initially recognized at acquisition cost including the costs of acquisition and implementation of the asset. In the balance sheet, intangible assets are carried at their cost less

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accumulated depreciation and any accumulated impairment losses. Intangible assets are amortized using the straight-line method.

At each balance sheet date it is assessed, whether there are any indications that the recoverable amount of intangible assets may have fallen below their book value. If any such indications exist, an impairment test will be carried out and the appropriateness of depreciation and amortization rates will be assessed.

The amortization rate of intangible assets is 20%.

The threshold for accounting for fixed assets is 3,200 euros.

Financial liabilities

Financial liabilities comprise trade payables, accrued expenses and other short- and long-term loan liabilities.

Financial liabilities are initially recognized at cost, which is equal to the fair value of the consideration paid or received for them. The cost of a financial liability includes all transaction expenses directly related to the liability.

Financial liabilities are recognized in the balance sheet at amortized cost and removed from the balance sheet when discharged or cancelled or expired.

Revenues

The revenue of the company is primarily earned from providing payment services and from the changes in currency prices related to the payment services. The revenue is recognized at the fair value of the consideration received or receivable for them after the service has been provided, i.e., at the moment when the customer's payment order is fulfilled.

The revenue from the changes in currency exchange rates arises at the moment receivables are settled with TavexWise's agents.

Taxation

As at 31.12.2016, the company has no tax liabilities or prepayments.

According to the Income Tax Act, corporate income tax is not levied on profits earned but on dividends distributed. The tax rate is 20/80 of the net dividends distributed. Since income tax is levied on dividends, not profits of the company, there are no temporary differences between the tax bases and carrying amounts of assets and liabilities and consequently also no deferred tax assets or liabilities arise.

The corporate income tax arising from the payment of dividends is calculated in the period in which dividends are declared. Corporate income tax is recognized as a liability and an income tax expense in the same period as dividends are declared.

Related parties

Parties are considered related if one party controls the other party or exerts significant influence on the operating decisions of the other party. Related parties include the Group's management board and supervisory board and private individual owners with significant shareholdings, except where the above cannot exert significant influence on the company's operating decisions. Additionally, related parties also include close family members and companies under the control or significant influence of the above.

Events after the balance sheet date

The annual accounts present significant factors affecting the valuation of assets and liabilities that appeared between the balance sheet date, i.e., 31.12.2016, and the reporting date, but are related to transactions in the reporting period or earlier periods.

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Events, that took place after the balance sheet date, that are not taken under consideration when evaluating assets and liabilities, but which have significant impact on the result of the next financial year, are disclosed in the notes of the annual accounts.

Note 2 Cash

(In euro)

	31.12.2016	31.12.2015
Bank account	556 748	14 054
Deposit	0	300 000
Foreign account	59 656	25 000
Cash on hand	6	0
Total cash	616 410	339 054

*Translation of the Estonian original***Note 3 Receivables and prepayments**

(In euro)

	31.12.2016	Within 12 months	Notes
Receivables from related parties	165 463	165 463	8
Other receivables	2 548	2 548	
Accrued income	2 548	2 548	
Prepayments	2 118	2 118	
Deferred expenses	2 118	2 118	
Total receivables and prepayments	170 129	170 129	

	31.12.2015	Within 12 months	Notes
Receivables from related parties	94 300	94 300	8
Prepayments	1 850	1 850	
Deferred expenses	1 850	1 850	
Total receivables and prepayments	96 150	96 150	

Receivables from related parties include 116,651 euros of accounts receivable from agents as at 31.12.2016; 14,254 euros of customers' funds held by agents; 34,558 euros of funds paid to customers, which have not been settled between the agents and TavexWise as at the end of the year.

Note 4 Intangible assets

(In euro)

	Computer software	Total
31.12.2014		
Acquisition cost	79 134	79 134
Accumulated amortization	0	0
Net book value	79 134	79 134
Acquisitions and additions	244 968	244 968
Amortization costs	-55 670	-55 670
31.12.2015		
Acquisition cost	324 102	324 102
Accumulated amortization	-55 670	-55 670
Net book value	268 432	268 432
Acquisitions and additions	18 280	18 280
Amortization costs	-65 856	-65 856
31.12.2016		
Acquisition cost	342 382	342 382
Accumulated amortization	-121 526	-121 526
Net book value	220 856	220 856

*Translation of the Estonian original***Note 5 Share capital**

(In euro)

	31.12.2016	31.12.2015
Share capital	500 000	500 000
Number of shares (pcs)	500 000	500 000
Par value of a share	1	1

As of 30.09.2015, the share capital of TavexWise AS is 500,000 euros.

As at the date of the general meeting of shareholders that approved the annual accounts, the list of TavexWise AS's registered shareholders holding over 10% of the votes determined by the shares was as follows:

1. Tavid AS

Registry number: 10055700
 Address: Aia 5, 10111 Tallinn
 Type of share: ordinary share
 Number of shares: 500,000
 Par value of a share: 1
 Date of acquisition and subscription of the shares: 07.04.2014

As at 31.12.2016, the retained earnings of the company were 484,480 euros.

According to § 335 of the Commercial Code, if a company capitalises the development-related expenditure as intangible assets and the development expenditure has not completely depreciated, profit cannot be distributed unless the sum of the reserves which can be used for the distribution of profit and the retained profit from previous periods at least equals the undepreciated development expenditure.

At the end of 2016, the residual value of capitalized development expenses was 220,856 euros. The maximum amount of distributable profit is 263,624 euros and the resulting income tax liability 52,725 euros. A total of 210,899 euros could be distributed as dividends.

The calculation of the maximum potential income tax liability is based on the assumption that the amount of net dividends to be distributed and the income tax expense shown in the income statement for the year 2016 may not exceed the distributable profit as at 31.12.2016.

Note 6 Sales revenue

(In euro)

	2016	2015
Revenue by geographical areas		
Sales to EU countries		
Estonia	240 786	227 614
Latvia	1 641	4 571
Denmark	28 696	11 676
Bulgaria	22 436	6 849
Finland	10 214	10 492
Sweden	32 212	23 016
Poland	19 071	847
Total sales to EU countries	355 056	285 065

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Sales to countries outside the EU		
Norway	42 095	710
Total sales to countries outside the EU	42 095	710
Total revenue	397 151	285 775
Revenue by activities		
Money remittance service	397 151	285 775
Total revenue	397 151	285 775

In 2016 the total volume of payment transactions was 178,595,587 euros. The sales revenue consists of the service fees received from payment services and from the additional payment transaction, revenue from converting currencies.

Note 7 Personnel expenses

(In euro)

	2016	2015
Salary expenses	12 500	7 000
Social security charges	4 225	2 366
Total personnel expenses	16 725	9 366
Number of employees in full-time equivalent	5	3

In 2016, TavexWise AS paid salary to five employees based on an agency agreement.

Note 8 Related parties

(In euro)

Accounting entity's parent company	Tavid AS
State of registration of the accounting entity's parent company	Estonia

Balances with related parties by groups

(In euro)

	31.12.2016	31.12.2015
	Receivables	Receivables
Parent company	111 467	71 339
Other companies belonging to the same group	53 996	22 961

Purchases and sales

	2016	2016	2015
	Purchases	Sales	Sales
Parent company	0	240 786	227 614
Other companies belonging to the same group	272	156 365	58 161

Tavid AS has secured liabilities of subsidiaries operating as agents of TavexWise AS for the benefit of TavexWise AS in the amount of 3 million euros. The guarantee has been issued to secure the receivables of TavexWise AS's

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customers in case Tavid AS subsidiaries should experience solvency problems. The realization of the commitment is unlikely.

Additional information about receivables and prepayments is disclosed in Note 3.

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SIGNATURES

TavexWise AS's management has prepared the management report and annual accounts for the financial year 2016.

The management board:

Name of the signatory	Role of the signatory	Date of signing
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Kuno Rääk	Member of the Board
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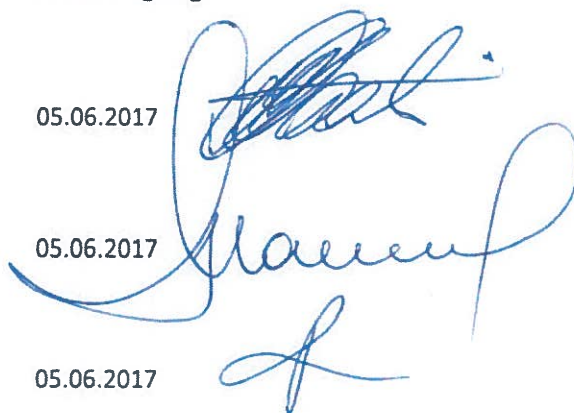
05.06.2017

Jüri Martin	Member of the Board
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05.06.2017

Roman Lossman	Member of the Board
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05.06.2017



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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Tavexwise AS

Opinion

We have audited the financial statements of AS Tavexwise, which comprise the balance sheet as at 31 December 2016, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AS Tavexwise as at 31 December 2016, and its financial performance for the year then ended in accordance with Estonian generally accepted accounting principles.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (Estonia), and we have fulfilled our other ethical responsibilities in accordance with the requirements of code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. Other information consists of management report, but does not consist of the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tallinn, 5. juuni 2017



Olesia Abramova
Authorised Auditor's number 561
Ernst & Young Baltic AS
Audit Company's Registration number 58

*Translation of the Estonian original***PROFIT ALLOCATION PROPOSAL**

(In euro)

	31.12.2016
Profit (loss) carried forward	203 106
Profit (loss) for the financial year	281 374
Total	484 480
Distribution	
Profit (loss) carried forward after the distribution (coverage)	484 480
Total	484 480

The management board proposes to transfer the annual profit to retained earnings. No dividends to be paid.

DECISION ON THE ALLOCATION OF PROFITS

(In euro)

	31.12.2016
Profit (loss) carried forward	203 106
Profit (loss) for the financial year	281 374
Total	484 480
Distribution	
Profit (loss) carried forward after the distribution (coverage)	484 480
Total	484 480

The management board decided not to distribute the annual profit and transfer it to retained earnings.

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REVENUE DISTRIBUTION BY BUSINESS ACTIVITY

Business activity	EMTAK code	Sales revenue (EUR)	Sales revenue %	Main activity
Provision of other financial services, except insurance and pension funding not classified elsewhere	64991	397 151	100.00%	Yes

Contacts

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