

# ANNUAL REPORT

**Beginning of financial year:** 01.01.2021

**End of financial year:** 31.12.2021

**Business name:** TavexWise AS

**Registry code:** 12641402

**Name of street/farm,** Pärnu mnt 186  
**house and/or apartment number:**

**City:** Tallinn

**County:** Harju County

**Postal code:** 11314

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## Management report

TavexWise AS began its economic activities in December 2014. TavexWise AS has been issued an activity licence by the Financial Supervision Authority, which enables it to offer money transfer services to its customers.

In 2021 the company provided money transfer service through agents in eight different countries all over Europe: 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. Since 2016, TavexWise has been offering money transfer service in the Philippines in co-operation with BDO Unibank and since 2020 payments to Ukraine in co-operation with Privat Bank. The main clients of the company are individuals and small businesses.

During the last two financial years, due to the Covid-19 pandemic, the transaction amount by the agents in Finland, Poland and Norway had fallen to such a degree, that activity in those countries was not profitable anymore. At the beginning of 2022, the company decided to concentrate its markets and end agent relations within previously named agents.

In 2021 a new member joined the TavexWise AS board – Vikram Sundarasekhar, who is responsible for development and leading of the company.

Covid-19 health crisis affected the activities of the company in 2020 and in 2021 as well. The total number and volume of transactions fell compared to the previous financial year- they decreased by 30% and 25%, respectively and the turnover and net profit decreased by 49% and 63% respectively. But the company maintained its profitability- the year ended with a net profit of 201 thousand euros. The average net profit per transaction was 11 euros, which was 27 euros lower compared to the year 2020.

As of 31.12.2021 TavexWise AS has net assets valued at 3.32 million compared to 3.16 million euros in 2020, which equates to 98.8% of total assets in the reporting year and 98,9% in the previous year.

The table below showcases the most relevant performance indicators from 2020 and 2021.

Key performance indicators	2021	2020
Sales in euro	380,338	743,003
Revenue growth compared to the previous year, %	-48.8%	-10.9%
Net profit/loss	202,944	550,952
Profit growth compared to the previous year, %	-63.2%	-7.3%
Net profit margin (net profit / sales), %	53.4%	74.2%
Current assets	3,368,953	3,158,519
Current liabilities	40,776	33,286
Current ratio (current assets / current liabilities)	83	95
Total assets	3,368,953	3,158,519
Return on assets (ROA) (net profit / total assets), %	6%	17.4%
Total equity	3,328,177	3,125,233
Return on equity (ROE) (net profit / total equity), %	6%	17.6%

For 2022 we expect turnover growth. As the Covid-19-related restrictions are reduced or removed globally by the mid of 2022, the turnover of currency exchange and money transfers for individuals and businesses are showing an increase.

In February 2022, the Russian invasion of Ukraine sent shock waves across the world. TavexWise AS is constantly monitoring sanctions and directives created by regulators due to war and is applying them to its operations. In addition,

TavexWise is offering its services of money transfer to Ukraine in partnership with Privat bank (the largest commercial bank in Ukraine) to help Ukraine citizens.

The company is improving annually its IT and risk assessment systems and supplementing its internal procedures and documentation with the requirements arising from the changing legal and financial environment and to speed up and simplify customer service processes.

The company does not bear any risk related to interest rates or stock market volatility. TavexWise AS does not offer to its clients a current account service and does not hold customers' money. Money transfer services performed on behalf of customers happen in real-time and on market terms. Transactions are recognized at the spot price of the euro and risks arising from exchange rate fluctuations are minimal. To lower the risk of exchange rate fluctuations for the financial positions denominated in foreign currencies, they are periodically fixed to the euro value.

It is hard to forecast the future years. The company is financially strong and we believe we can survive a great recession.

Vikram Sundarasekhar

TavexWise AS  
Member of the Board

## Financial statements

### Balance sheet

(euros)

	31.12.2021	31.12.2020	Note no.
Assets			
Current assets			
Cash	3,239,894	3,000,091	2
Receivables and prepayments	129,059	158,428	3
<b>Total current assets</b>	<b>3,368,953</b>	<b>3,158,519</b>	
<b>Total assets</b>	<b>3,368,953</b>	<b>3,158,519</b>	
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	40,776	33,268	
<b>Total current liabilities</b>	<b>40,776</b>	<b>33,286</b>	
<b>Total liabilities</b>	<b>40,776</b>	<b>33,286</b>	
Equity			
Share capital at nominal value	500,000	500,000	5
Retained profit (loss)	2,625,233	2,074,281	
Profit (loss) for financial year	202,944	550,952	
<b>Total equity</b>	<b>3,328,177</b>	<b>3,125,233</b>	
<b>Total liabilities and equity</b>	<b>3,368,953</b>	<b>3,158,519</b>	

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## Profit and loss statement

(euros)

	2021	2020	Note no.
Sales	380,338	743,003	6
Miscellaneous operating expenses	-61,228	-78,938	
Labour costs	-117,744	-48,168	7
Depreciation and impairment of intangible assets	0	-63,273	
Other operating charges	-232	-19	
<b>Operating profit (loss)</b>	<b>201,134</b>	<b>552,605</b>	
Other financial revenue and expenses	1,810	-1,653	
<b>Profit (loss) before income tax</b>	<b>202,944</b>	<b>550,952</b>	
<b>Profit (loss) for financial year</b>	<b>202,944</b>	<b>550,952</b>	

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## Notes of financial statements

### Note 1 Accounting policies

#### General information

The 2021 financial statements of TavexWise AS have been prepared in compliance with the Estonian Financial Reporting Standard, which is based on internationally recognised accounting and reporting principles. The basic requirements of the Estonian Financial Reporting Standard are established in the Accounting Act and supplemented by the guidelines issued by the Estonian Accounting Standards Board. According to the Accounting Act, the abridged financial statements of a small company have been prepared.

The financial statements were prepared using the acquisition cost method, except in cases where otherwise described in the notes below.

The profit and loss statement of TavexWise AS has been prepared based on profit and loss statement layout no. 1 specified in Annex 1 to the Accounting Act.

The financial statements have been prepared in euros.

#### Financial assets

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

Financial assets are initially recognised at their acquisition cost, which is equal to the fair value of the consideration paid or payable for the financial assets in question. The initial acquisition cost includes all transaction costs directly attributable to the financial assets.

Financial assets will be taken off the balance sheet when the company loses the right to the cash flow generated by the financial assets or assigns the cash flow generated by the financial assets and most of the risks and benefits related to the financial assets to a third party.

Purchases and sales of financial assets are recognised consistently on the value date, i.e., on the day when the company becomes the owner of the purchased financial asset or forfeits the right of ownership to the sold financial asset.

#### Cash

Cash in hand and in the bank that does not bear any significant risk of changes in their market value are recognised as cash and cash equivalents.

#### Receivables and prepayments

Trade receivables are recognised in the balance sheet at the adjusted acquisition cost. Accounts receivable have been assessed in the balance sheet based on the probability of their receipt. Accounts receivable from each customer are assessed separately, considering the information known about the solvency of the customer.

As TavexWise AS operates through agents, receivables arise mainly from agents through whom the company offers money transfer services. If the customer has given his money together with the payment order to the agent, TavexWise AS has a liability to the customer and at the same time a receivable from the agent, to the extent of, the amount given by the customer.

#### Tangible and intangible assets

Assets that cost more than 3,200 euros and whose useable life exceeds one year have been recognised in the balance sheet as fixed assets.

Intangible assets are recognised at an acquisition cost that comprises the price of the assets and expenses allowing for use. Intangible assets are recognised in the balance sheet at their acquisition cost less accumulated depreciation and

potential write-downs resulting from impairment. Intangible assets are depreciated using the straight-line method.

Assessments are performed on every reporting date to ascertain whether there are any indications that the recoverable amount of the fixed asset may have fallen below its book value. A value test is carried out and the relevance of the depreciation rates is assessed if such indications are found.

The depreciation rate for intangible assets is 20%.

**Threshold for recognition of fixed assets is** 3,200

#### **Financial liabilities**

Financial liabilities include trade creditors, accrued expenses and other short-term and long-term payables.

Financial liabilities are initially registered at their acquisition cost that is equal to the fair value of the consideration paid or received for the financial liability in question. The initial acquisition cost includes all the transaction costs directly associated with the financial liability.

Financial liabilities are recognised in the balance sheet at their adjusted acquisition cost and are taken off the balance sheet if they have been settled, terminated, or expired.

#### **Income**

Most of the income comes from the provision of money transfer services and related currency price changes. Revenue is recognised at the fair value of the consideration received or receivable, after the service has been provided, i.e., when the payment order given by the customer is executed.

Income from currency price changes arises when receivables from agents of TavexWise are set off.

#### **Taxation**

According to the Income Tax Act, profit distributed as dividends is subject to income tax at the rate of 20/80 of the amount paid out as net dividends. Until 31.12.2018 dividend income tax rate was at 20%. As of 1 January, 2018 companies can use a discount rate of 14% (14/86 of the amount to be paid out) in respect of dividends paid out regularly. The 14% discount rate could be used in respect of dividends paid out as of 1 January 2019. A third of the dividends paid out in the previous financial year are subject to the discount rate of 14% and the part of dividends that exceeds this is subject to the 20% tax rate. The 14% discount rate can be used to the extent of the average amount of dividends disbursed in the last three years. 7% is additionally withheld from pay-outs made to natural persons.

Corporate income tax calculated on dividends is showcased as an income tax expense in the income statement for that period, regardless of the period for which they were declared or when they are paid out. Due to the Estonian taxation system for companies registered in Estonia, there are no deferred tax assets and liabilities from temporary differences between the carrying amounts of assets and liabilities and their tax bases.

#### **Related parties**

Parties are related if one party has a dominant influence over another party or exerts significant influence on the business decisions of another party. Related parties include the Group's Management Board and Supervisory Board and private persons who are major shareholders unless these persons are unable to exercise a significant influence on the business-related decisions of the company. Close relatives of the persons listed above and the companies controlled by them or under their significant influence are deemed to be related parties.

#### **Events after the reporting date**

The financial statements disclose the major events which occurred between the balance sheet date (31 December 2021) and the date of preparation of the financial statements and which affect the valuation of assets and liabilities, but which are related to transactions conducted in the accounting period or previous periods.

Events after the reporting date, which have not been considered in the assessment of assets and liabilities, but which considerably affect the results of the following financial year, have been disclosed in the notes to the financial statements.

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**Note 2 Cash**

(euros)

	31.12.2021	31.12.2020
Cash at bank	3,073,144	2,862,871
Foreign bank account	166,744	137,214
Cash in hand	6	6
<b>Total cash</b>	<b>3,239,894</b>	<b>3,000,091</b>

As TavexWise AS has no bank account at Estonian financial institutions, the sums recognised as Cash at bank (as of 31.12.2021 at 3,065,364 euros and 31.12.2010 at 2,855,091 euros) are held as demand deposit on the bank accounts owned by Tavid AS.

**Note 3 Receivables and prepayments**

(euros)

	31.12.2021	Within 12 months	Note no.
Receivables from related parties	118,474	118,474	8
Prepayments	10,585	10,585	
Prepaid expenses	10,585	10,585	
<b>Total receivables and prepayments</b>	<b>129,059</b>	<b>129,059</b>	
	31.12.2020	Within 12 months	Note no.
Receivables from related parties	135,399	135,339	8
Other receivables	4,634	4,634	
Accrued income	4,634	4,634	
Prepayments	18,395	18,395	
Prepaid expenses	18,395	18,395	
<b>Total receivables and prepayments</b>	<b>158,428</b>	<b>158,428</b>	

**Note 4 Intangible assets**

(euros)

	Computer software	Total
<b>31.12.2019</b>		
Acquisition cost	424,981	424,981
Accumulated depreciation	-361,708	-361,708
<b>Residual cost</b>	<b>63,273</b>	<b>63,273</b>
Depreciation cost	-63,273	-63,273
<b>31.12.2020</b>		
Acquisition cost	424,981	424,981
Accumulated depreciation	-424,981	-424,981
<b>Residual cost</b>	<b>0</b>	<b>0</b>
Depreciation cost	0	0
<b>31.12.2021</b>		
Acquisition cost	424,981	424,981
Accumulated depreciation	-424,981	-424,981
<b>Residual cost</b>	<b>0</b>	<b>0</b>

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**Note 5 Share capital**

(euros)

	31.12.2021	31.12.2020
Share capital	500,000	500,000
Number of shares (pcs)	500,000	500,000
Nominal value of shares	1	1

**Note 6 Sales**

(euros)

	2021	2020
Sales by geographical regions		
Sales to European Union Member States		
Estonia	93,438	330,619
Latvia	199	802
Denmark	37,484	28,562
Bulgaria	12,015	11,206
Finland	300	1,696
Sweden	229,560	304,992
Poland	1,372	9,665
<b>Total sales to European Union Member States</b>	<b>374,368</b>	<b>687,542</b>
Sales to outside European Union Member States		
Norway	5,970	55,461
<b>Total sales to outside European Union Member States</b>	<b>5,970</b>	<b>55,461</b>
<b>Total sales</b>	<b>380,338</b>	<b>743,003</b>
Sales by areas of activity		
Money transfer service	380,338	743,003
<b>Total sales</b>	<b>380,338</b>	<b>743,003</b>

The volume of money transfer services in 2021 was 40,864,167 euros. Sales consist of the service fee received from payment transactions and additional payment transaction income arising from currency conversions.

**Note 7 Labour costs**

(euros)

	2021	2020
Salaries and wages	75,000	36,000
Social taxes	13,000	12,168
<b>Total labour costs</b>	<b>88,000</b>	<b>48,168</b>
Average number of employees in full-time equivalents	2	1
Average number of employees by type of work:		
Person working under employment contract	2	1

**Note 8 Related parties**

(euros)

Name of the parent company of accounting entity	Tavid AS
Country of incorporation of the parent company of the accounting entity	Estonia

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**Balances with related parties by group**

	31.12.2021		31.12.2020	
	Receivables	Liabilities	Receivables	Liabilities
Parent company	63,636	0	37,154	0
Other companies belonging to the same consolidation group	54,838	0	70,882	10,641
<b>TOTAL</b>	<b>118,474</b>	<b>0</b>	<b>108,036</b>	<b>10,641</b>

**Purchases and sales of goods and services**

	2021		2020	
	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services
Parent company	0	93,439	0	329,057
Other companies belonging to the same consolidation group	7,040	293,939	13,408	425,792
<b>TOTAL</b>	<b>7,040</b>	<b>387,378</b>	<b>13,408</b>	<b>754,849</b>

Remunerations paid to executives and senior management		
	2021	2020
Salaries and wages	39,000	0

**Additional information to the note 8:**

As TavexWise AS has no bank account at Estonian financial institutions, then as demand deposit on the bank accounts owned by Tavid AS is held 3,065,364 euros as of 31.12.2021 and 2,855,091 euros as of 31.12.2020.

The amounts of sales and purchases with related parties shown in the table above are offset in the Profit and Loss Statement on the row Sales.

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**Signatures of executive management to Annual Report 2021**

The executive management of TavexWise AS has prepared the management report and financial statements for 2021 and the information in the statements is truthful and complete. The management board is of the opinion that the company is a going concern.

The 2021 financial statements of TavexWise AS has been prepared in compliance with the Estonian Financial Reporting Standard, which is based on internationally recognised accounting and reporting principles. The report presents a fair and truthful view of the financial positions and economic performance of the company.



Kuno Rääk  
Chairman of the Management Board  
Signed on 20<sup>th</sup> of May 2022