



ANNUAL REPORT

Beginning of financial year: 07.04.2014
End of financial year: 31.12.2014

Business name: TavexWise AS
Registry number: 12641402

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

Telephone: +372 627 9900
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Translation of the Estonian original

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Management report

TavexWise AS was established on 7th of April 2014. Business operations were launched on December 23rd 2014.

The principal activity of the company is provision of payment services and the company has no secondary activities.

For providing money remittance service, TavexWise AS applied for a payment institution activity licence on 28.03.2014 at the Financial Supervision Authority pursuant to the Payment Institutions and E-money Institutions Act (hereinafter: MERAS). Before that date, all TavexWise AS activities and focuses were directed towards preparation of documents required by law, gathering relevant information into a uniform set and preparation of a business plan pursuant to principles provided for in § 16 of MERAS.

During the application proceeding period, intense information exchange with the Financial Supervisory Authority took place. TavexWise AS complemented the data presented earlier according to the instructions of the Financial Supervisory Authority, gave more detailed information about the provided data and held meetings with the representatives of the Financial Supervisory Authority. After the proceedings that took almost half a year, the Financial Supervisory Authority issued an activity license to TavexWise AS for providing money remittance service with its 25.09.2014 decision number 4.1-1/48.

Preparation and implementation of documents and forms required by regulations applicable to payment institutions also took some time before the actual service was launched. Software had to be developed and introduced for providing the service. Partners and customers were notified of the structural change in the parent company Tavid AS. TavexWise started to provide the actual money remittance service on 23.12.2014. The company had no employees.

The company provides money remittance service through agents: Tavid AS in Estonia as of 25.09.2014 and 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 as of 29.12.2014.

Company's profit in 2014 was 390 euros.

In 2015, the company plans to continue business and software development and expand the customer base. 300 000 to 400 000 euro is planned for development of intangible assets incl. creation of information systems and software development.

*Translation of the Estonian original***Key financial indicators in 2014**

(in euro)

	2014	2013
Revenue	1 954	0
Increase in revenue (%)	100%	0
Net profit/loss	390	0
Increase in profit (%)	100%	0
Net margin (%)	19,96%	0
Current ratio	1,50	0
ROA (%)	0,04%	0
ROE (%)	0,11%	0

Underlying formulas:

Increase in revenue (%) = (revenue 2014 – revenue 2013) / revenue 2013 * 100

Increase in net profit (%) = (net profit 2014 – net profit 2013) / net profit 2013 * 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

Kuno Rääk
Member of the Board

*Translation of the Estonian original***Financial statement****Balance sheet**

(in euro)

	31.12.2014	07.04.2014	Note no
Assets			
Current assets			
Cash and cash equivalents	769 354	350 000	2
Receivables and prepayments	48 866	0	3, 9
Total current assets	818 220	350 000	
Fixed assets			
Intangible fixed assets	79 134	0	4
Total fixed assets	79 134	0	
Total assets	897 354	350 000	
Liabilities and equity			
Current liabilities			
Short-term liabilities			
Payables and prepayments	546 964	0	5, 9
Total short-term liabilities	546 964	0	
Total liabilities	546 964	0	
Equity			
Share capital in nominal value	350 000	350 000	6, 9
Profit (loss) of the financial year	390	0	
Total equity	350 390	350 000	
Total liabilities and equity	897 354	350 000	

Translation of the Estonian original

Income statement

(in euro)

	07.04.2014 - 31.12.2014	07.04.2014 - 07.04.2014	Note no
Revenue	1 954	0	7, 9
Other operating expenses	-1 566	0	
Total operating profit (loss)	388	0	
Other finance income and costs	2	0	
Profit (loss) before income tax	390	0	
Profit (loss) of the financial year	390	0	

*Translation of the Estonian original***Statement of cash flows**

(in euro)

	07.04.2014 - 31.12.2014	07.04.2014 - 07.04.2014	Note no
Cash flows from operating activities			
Operating profit (loss)	388	0	
Change in operation-related receivables and prepayments	-48 866	0	
Change in operation-related liabilities and prepayments	546 964	0	
Total cash flows from operating activities	498 486	0	
Cash flows from investing activities			
Paid on acquisition of tangible and intangible assets	-79 134	0	4
Interest received	2	0	
Total cash flows from investing activities	-79 132	0	
Cash flows from financing activities			
Income from issuing shares	0	350 000	6
Total cash flows from financing activities	0	350 000	
Total cash flows	419 354	350 000	
Cash and cash equivalents at beginning of year	350 000	0	2
Change in cash and cash equivalents	419 354	350 000	
Cash and cash equivalents at end of year	769 354	350 000	2

Translation of the Estonian original

Statement of changes in equity

(in euro)

	Share capital in nominal value	Retained earnings (loss)	Total
Issued share capital	350 000	0	350 000
07.04.2014	350 000	0	350 000
Income (loss) of the year	0	390	390
31.12.2014	350 000	390	350 390

Additional information in Note 6.

Translation of the Estonian original

Notes to the annual report

Note 1 Accounting policies

General information

The financial statement of TavexWise AS for the year 2014 has been prepared in accordance with the Estonian generally accepted accounting principles 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.

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

Currency of the financial statement is 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 given or received for them. The initial 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.

Purchase and sales 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 and cash equivalents

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

Receivables and prepayments

Trade receivables are recognized in the balance at their amortized acquisition cost. Receivables from customers are assessed in the balance based on their expected received amounts. Receivables from each customer are assessed separately, taking into account the available information on the customer's solvency.

Tangible and intangible assets

Assets with cost exceeding 3200 euros and with estimated useful life more than one year are recognized in the balance as fixed assets.

Intangible assets are initially recognized at acquisition cost including the costs of acquisition and implementation of the asset. Intangible assets are amortized using the straight-line method.

Amortization rates of intangible assets are 20–25%.

Min. limit of current assets recognition is 3200 euros.

Financial liabilities

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

Translation of the Estonian original

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

Financial liabilities are recognized in the balance at their amortized acquisition cost.

A financial liability is removed from the balance sheet when it is discharged or cancelled or expired.

Taxation

As of 31.12.2014, the company has no tax arrears and tax prepayments.

Retained earnings of the company as of 31.12.2014 were 390 euros. The maximum income tax liability that could arise on a dividend distribution is 97.50 euros, which means that the amount of net dividends that can be distributed is 292.50 euros.

Calculation of the possible maximum income tax liability is based on presumption that the sum of net dividends distributed and income tax expense on dividends stated in 2015 income statement cannot exceed distributable profit as of 31.12.2014.

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 Group management board and supervisory board and private individual owners with significant shareholding, 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.

Note 2 Cash and cash equivalents

(in euro)

	31.12.2014	07.04.2014
Bank account	269 354	350 000
Deposit	500 000	0
Total cash and cash equivalents	769 354	350 000

Note 3 Receivables and prepayments

(in euro)

	31.12.2014	within 12 months	Note no
Receivables from related parties	48 666	48 666	9
Prepayments	200	200	
Deferred expenses	200	200	
Total receivables and prepayments	48 866	48 866	

*Translation of the Estonian original***Note 4 Intangible assets**

(in euro)

	Computer software	Total
Purchases and updates	79 134	79 134
31.12.2014		
Acquisition cost	79 134	79 134
Accumulated amortization	0	0
Net book value	79 134	79 134

Note 5 Payables and prepayments

(in euro)

	31.12.2014	within 12 months	Note no
Trade payables	252	252	
Deposit payment from parent company	500 000	500 000	9
Advance payments on money remittance services	46 712	46 712	
Total payables and prepayments	546 964	546 964	

Note 6 Share capital

(in euro)

	31.12.2014	07.04.2014
Share capital	350 000	350 000
Number of shares (pcs)	350 000	350 000
Par value of a share	1	1

At the date of the general meeting that approved the annual report, the list of TavexWise AS registered shares owners, 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: 350 000
Par value of a share: 1
Date of acquisition and subscription of the shares: 07.04.2014

Translation of the Estonian original

Note 7 Sales revenue

(in euro)

	07.04.2014 - 31.12.2014	07.04.2014 - 07.04.2014	Note no
Revenue by geographical areas			
Sales to EU countries			
Estonia	1 954	0	9
Total sales to EU countries	1 954	0	
Total revenue	1 954	0	
Revenue by activity			
Money remittance service	1 954	0	9
Total revenue	1 954	0	

Note 8 Personnel expenses

(in euro)

The accounting entity has no employees.

Note 9 Related parties

(in euro)

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

Balance with related parties by groups

(in euro)

	31.12.2014	
	Receivables	Liabilities
Parent company	48 666	500 000

07.04.2014 - 31.12.2014	Sale
Parent company	1 954

As of 31.12.2014, 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 payables of TavexWise AS customers in case Tavid AS subsidiaries should experience solvency problems. Realization of the given claim is unlikely.

Translation of the Estonian original

Digital signatures of the annual report

The date of completion of annual report: 30.06.2015

The veracity of the data provided in TavexWise AS' (registry number 12641402) annual report on the financial year 07.04.2014–31.12.2014 was electronically confirmed by:

Name of the signatory	Role of the signatory	Date of signature
KUNO RÄÄK	Member of the Board	30.06.2015

Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TavexWise AS

We have audited the accompanying financial statements of TavexWise AS, which comprise the balance sheet as at 31 December 2014, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (Estonia). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TavexWise AS as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with the Estonian generally accepted accounting principles.

Tallinn, 2 July 2015

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

Tiina Leif
Authorised Auditor's number 441

Translation of the Estonian original

Digital signatures of the auditors report

The auditor's report accompanying TavexWise AS' (registry number 12641402) 07.04.2014–31.12.2014 annual report was digitally signed by:

Name of the signatory	Role of the signatory	Date of signature
OLESIA ABRAMOVA	Authorised auditor	02.07.2015
TIINA LEIF	Authorised auditor	02.07.2015

*Translation of the Estonian original***Profit allocation proposal**

(in euro)

	31.12.2014
Profit (loss) for the financial year	390
Total	390
Distribution	
Profit (loss) brought forward after the distribution (coverage)	390
Total	390

The management board's proposal is to include the annual profit to retained earnings.

Decision on the allocation of profits

(in euro)

	31.12.2014
Profit (loss) for the financial year	390
Total	390
Distribution	
Profit (loss) brought forward after the distribution (coverage)	390
Total	390

The management board's decision is not to distribute annual profit and include it to the retained earnings.

Translation of the Estonian original

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	1954	100%	Yes

Contacts

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