



ANNUAL REPORT

Beginning of financial year: 01.01.2015

End of financial year: 31.12.2015

Business name: TavexWise AS

Registry number: 12641402

Street/farm, house and flat number: Aia 5

City: Tallinn

County: Harju County

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Translation of the Estonian original

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Translation of the Estonian original

Management report

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 its 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.

In 2015 company's main activity was development and introduction of software necessary for providing the service, company invested 244 968 euros in establishment and development of information systems in 2015. In the next financial year another 100,000 euros is planned to be invested. During the financial year company provided money remittance services via all its agents and the payment transactions volumes exceeded 200 million euros. TavexWise AS increased its share capital to 500 000 euros during the accounting year.

In 2016 company's main objective is enlarging and enriching the base of customers and finding new cooperation partners in order to be able to provide money remittance services to the countries where company doesn't have agents yet.

Company's profit in 2015 was 202 716 euros.

Key financial indicators in 2015

| | 2015 | 2014 |
|---------------------------|---------|--------|
| Revenue (in euro) | 285 775 | 1 954 |
| Increase in revenue (%) | 14 525% | 100% |
| Net profit/loss (in euro) | 202 716 | 390 |
| Increase in profit (%) | 51 878% | 100% |
| Net margin (%) | 70.94% | 19.96% |
| Current ratio | 820 | 1.50 |
| ROA (%) | 28.81% | 0.04% |
| ROE (%) | 28.83% | 0.11% |

Underlying formulas:

Increase in revenue (%) = (revenue 2015 – revenue 2014) / revenue 2014 * 100

Increase in net profit (%) = (net profit 2015 – net profit 2014) / net profit 2014 * 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)

| | 31.12.2015 | 31.12.2014 | Note no |
|------------------------------------------------------|----------------|----------------|---------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 339 054 | 769 354 | 2 |
| Receivables and prepayments | 96 150 | 48 866 | 3, 8 |
| Total current assets | 435 204 | 818 220 | |
| Fixed assets | | | |
| Intangible fixed assets | 268 432 | 79 134 | 4 |
| Total fixed assets | 268 432 | 79 134 | |
| Total assets | 703 636 | 897 354 | |
| Liabilities and equity | | | |
| Current liabilities | | | |
| Short-term liabilities | | | |
| Payables and prepayments | 530 | 546 964 | 8 |
| Total short-term liabilities | 530 | 546 964 | |
| Total liabilities | 530 | 546 964 | |
| Equity | | | |
| Share capital in nominal value | 500 000 | 350 000 | 5 |
| Retained earnings (loss) of prior accounting periods | 390 | 0 | |
| Profit (loss) of the financial year | 202 716 | 390 | |
| Total equity | 703 106 | 350 390 | |
| Total liabilities and equity | 703 636 | 897 354 | |

*Translation of the Estonian original***Income statement**

(in euro)

| | 2015 | 07.04.2014 - 31.12.2014 | Note no |
|--------------------------------------------------|----------------|----------------------------|---------|
| Revenue | 285 775 | 1 954 | 6, 8 |
| Other operating expenses | -18 076 | -1 566 | |
| Personnel expenses | -9 366 | 0 | 7 |
| Depreciation, amortisation and impairment losses | -55 670 | 0 | |
| Total operating profit (loss) | 202 663 | 388 | |
| Other finance income and costs | 53 | 2 | |
| Profit (loss) before income tax | 202 716 | 390 | |
| Profit (loss) of the financial year | 202 716 | 390 | |

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

(in euro)

| | 2015 | 07.04.2014 - 31.12.2014 | Note no |
|---------------------------------------------------------|-----------------|----------------------------|---------|
| Cash flows from operating activities | | | |
| Operating profit (loss) | 202 663 | 388 | |
| Adjustments for | | | |
| Depreciation and amortisation | 55 670 | 0 | |
| Total adjustments | 55 670 | 0 | |
| Change in operation-related receivables and prepayments | -47 285 | -48 866 | |
| Change in operation-related liabilities and prepayments | -546 433 | 546 964 | |
| Total cash flows from operating activities | -335 385 | 498 486 | |
| Cash flows from investing activities | | | |
| Paid on acquisition of tangible and intangible assets | -244 968 | -79 134 | 4 |
| Interest received | 53 | 2 | |
| Total cash flows from investing activities | -244 915 | -79 132 | |
| Cash flows from financing activities | | | |
| Income from issuing shares | 150 000 | 0 | |
| Total cash flows from financing activities | 150 000 | 0 | 5 |
| Total cash flows | -430 300 | 419 354 | |
| Cash and cash equivalents at beginning of year | 769 354 | 350 000 | 2 |
| Change in cash and cash equivalents | -430 300 | 419 354 | |
| Cash and cash equivalents at end of year | 339 054 | 769 354 | 2 |

*Translation of the Estonian original***Statement of changes in equity**

(in euro)

| | Share capital in nominal value | Retained earnings (loss) | Total |
|---------------------------|--------------------------------|--------------------------|---------|
| 07.04.2014 | 350 000 | 0 | 350 000 |
| Income (loss) of the year | 0 | 390 | 390 |
| 31.12.2014 | 350 000 | 390 | 350 390 |
| Income (loss) of the year | 0 | 202 716 | 202 716 |
| Issued share capital | 150 000 | 0 | 150 000 |
| 31.12.2015 | 500 000 | 203 106 | 703 106 |

Additional information in Note 5.

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Notes to the annual report

Note 1 Accounting policies

General information

The financial statement of TavexWise AS for the year 2015 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.

As TavexWise AS operates via its agents, receivables mainly arise from its agents through which company provides payment services. When agent has received cash together with the payment order from the customer, TavexWise AS recognizes the liability towards the customer as well as the receivable from the agent in the amount paid by the customer.

Tangible and intangible assets

Assets with cost exceeding 3 200 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 recognized in the balance at its acquisition cost less any accumulated depreciation and any accumulated impairment losses. 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.

*Translation of the Estonian original***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 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 and financial liability is removed from the balance sheet when it is discharged or cancelled or expired.

Revenues

The revenue of the company is primarily earned from providing the payment services. The revenue is recognized at the fair value of the consideration received or receivable for them after providing the service, i.e. the moment when the payment order received from the customer is completed.

Taxation

As of 31.12.2015, the company has no tax arrears and tax prepayments.

Corporate income tax payable on dividends is calculated in the period, in which the dividends are declared. Corporate income tax is recognized as liability and income tax expense in the period, in which the 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 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.

Events after the reporting period

The financial statements reflect all significant events affecting the valuation of assets and liabilities that became evident between the reporting date (31 December 2015) and the date on which the financial statements were authorized for issue, but are related to transactions that took place in the reporting period or earlier periods.

Subsequent events that are indicative of conditions that arose after the reporting date, but which will have a significant effect on the result of the next financial year are disclosed in the notes to the financial statements.

Note 2 Cash and cash equivalents

(in euro)

| | 31.12.2015 | 31.12.2014 |
|----------------------------------------|----------------|----------------|
| Bank account | 14 054 | 269 354 |
| Deposit | 300 000 | 500 000 |
| Foreign bank account | 25 000 | 0 |
| Total cash and cash equivalents | 339 054 | 769 354 |

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

(in euro)

| | 31.12.2015 | within 12 months | Note no |
|------------------------------------------|-------------------|-------------------------|----------------|
| 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 | |

| | 31.12.2014 | within 12 months | Note no |
|------------------------------------------|-------------------|-------------------------|----------------|
| Receivables from related parties | 48 666 | 48 666 | 8 |
| Prepayments | 200 | 200 | |
| Deferred expenses | 200 | 200 | |
| Total receivables and prepayments | 48 866 | 48 866 | |

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 |
| Purchases and updates | 244 968 | 244 968 |
| Depreciation 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 |

Translation of the Estonian original

Note 5 Share capital

(in euro)

| | 31.12.2015 | 31.12.2014 |
|------------------------|------------|------------|
| Share capital | 500 000 | 350 000 |
| Number of shares (pcs) | 500 000 | 350 000 |
| Par value of a share | 1 | 1 |

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

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: | 500 000 |
| Par value of a share: | 1 |
| Date of acquisition and subscription of the shares: | 07.04.2014 |

Retained earnings of the company as of 31.12.2015 were 203 106 euros. The maximum income tax liability that could arise on a dividend distribution is 40 621 euros, which means that the amount of net dividends that can be distributed is 162 485 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 2016 income statement cannot exceed distributable profit as of 31.12.2015.

Note 6 Sales revenue

(in euro)

| | 2015 | 07.04.2014 - 31.12.2014 |
|----------------------------------------|----------------|----------------------------|
| Revenue by geographical areas | | |
| Sales to EU countries | | |
| Estonia | 227 614 | 1 954 |
| Latvia | 4 571 | 0 |
| Denmark | 11 676 | 0 |
| Bulgaria | 6 849 | 0 |
| Finland | 10 492 | 0 |
| Sweden | 23 016 | 0 |
| Poland | 847 | 0 |
| Total sales to EU countries | 285 065 | 1 954 |
| Sales to non-EU countries | | |
| Norway | 710 | 0 |
| Total sales to non-EU countries | 710 | 0 |
| Total revenue | 285 775 | 1 954 |
| Revenue by activity | | |
| Money remittance service | 285 775 | 1 954 |
| Total revenue | 285 775 | 1 954 |

Translation of the Estonian original

In 2015 the transactions volume was 226 886 220 euros. The revenue consists of transfer commissions received from payment services and incremental revenues received from currency conversions.

Note 7 Personnel expenses

(in euro)

| | 2015 | 07.04.2014 - 31.12.2014 |
|----------------------------------------------------|--------------|----------------------------|
| Salary expenses | 7 000 | 0 |
| Social security charges | 2 366 | 0 |
| Total personnel expenses | 9 366 | 0 |
| Number of employees in full-time equivalent | 3 | 0 |

In 2015 three employees were paid remuneration on the basis of authorisation agreements by TavexWise AS.

Note 8 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)

| | 31.12.2015 | | 31.12.2014 | |
|---------------------------------------------|-------------|-------------|-------------|-------------|
| | Receivables | Liabilities | Receivables | Liabilities |
| Parent company | 71 339 | 0 | 48 666 | 500 000 |
| Other companies belonging to the same group | 22 961 | 0 | 0 | 0 |

| | |
|---------------------------------------------|-------------|
| 2015 | Sale |
| Parent company | 227 614 |
| Other companies belonging to the same group | 58 161 |
| | |
| 07.04.2014–31.12.2014 | Sale |
| Parent company | 1 954 |

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.

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Report signatures

The management board of TavexWise AS has prepared the company's management report and financial statements for 2015.

Management board:

| Name of the signatory | Role of the signatory | Signature | Date |
|-----------------------|----------------------------------|-----------|------------|
| Kuno Rääk | Chairman of the Management Board | | 31.03.2016 |
| Jüri Martin | Member of the Management Board | | 31.03.2016 |
| Roman Lossman | Member of the Management Board | | 31.03.2016 |

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

(in euro)

| | 31.12.2015 |
|-----------------------------------------------------------------|-------------------|
| Profit (loss) brought forward | 390 |
| Profit (loss) for the financial year | 202 716 |
| Total | 203 106 |
| Distribution | |
| Profit (loss) brought forward after the distribution (coverage) | 203 106 |
| Total | 203 106 |

The management board's proposal is to include the annual profit to retained earnings. No dividends to be paid.

Decision on the allocation of profits

(in euro)

| | 31.12.2015 |
|-----------------------------------------------------------------|-------------------|
| Profit (loss) brought forward | 390 |
| Profit (loss) for the financial year | 202 716 |
| Total | 203 106 |
| Distribution | |
| Profit (loss) brought forward after the distribution (coverage) | 203 106 |
| Total | 203 106 |

The management board's decision is not to distribute annual profit and include it to the 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 | 285 775 | 100.00% | Yes |

Contacts

| Type | Contact |
|---------|--------------------|
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| Website | www.tavexwise.com |