FINORA CAPITAL

ANNUAL REPORT
(translation from Estonian language version)

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

Business name: OÜ Finora Capital
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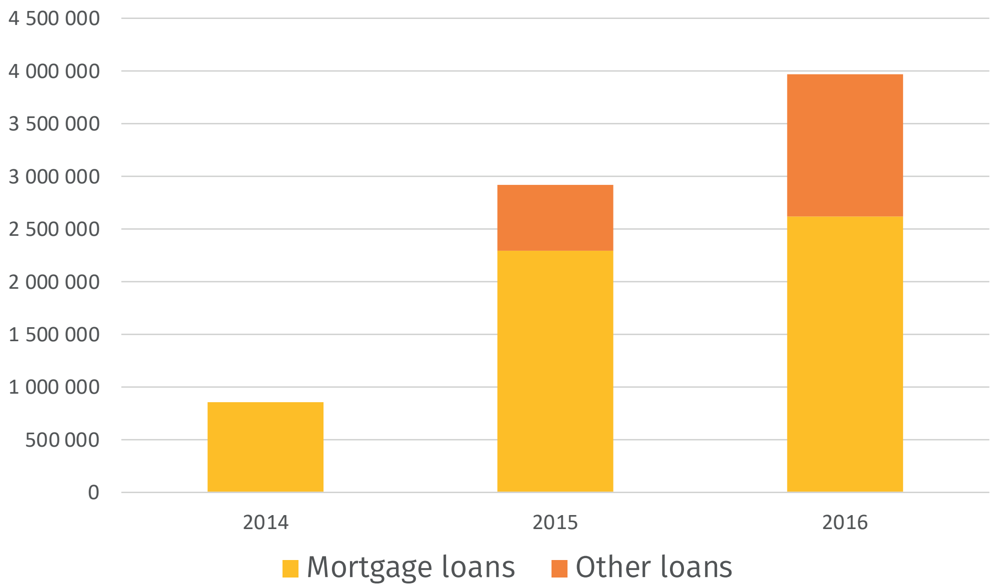
Management report

When the company was established in 2014, the management set objectives to grow the loan portfolio every year, introduce at least one additional product each year, and to end the third year of operations without loss. Also, since the establishment of the company there has been a desire to acquire already functioning loan portfolios in addition to organic growth. All the goals set were successfully accomplished.

In total over 3 200 loan applications were analyzed and new loans in the amount of over 3 million euros were issued during the year ended. It is twice as much as the year before. In addition, a loan portfolio worth nearly half a million euros, consisting of small loans, was acquired. Loan portfolio's net growth in 2016 was slightly over 1 million euro, or 36%, mainly due to expiring loan contracts and early repayments of the loans. The balance of loan portfolio reached 4 million euros by the end of the year. The main growth driver was factoring. As in previous years, mortgage loans to private individuals and corporations represented the largest proportion of loan portfolio. Loans to corporates amounted to 51% of the portfolio.



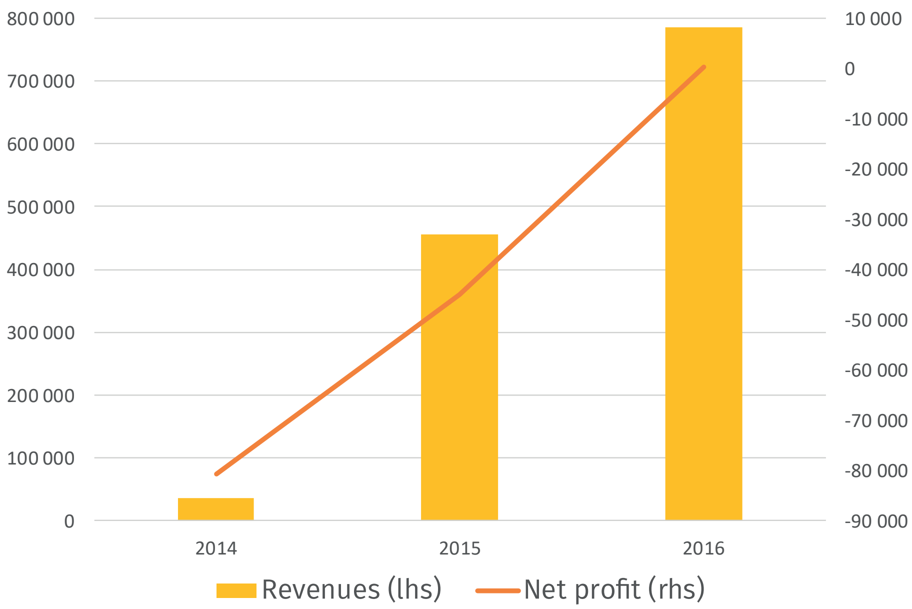
In addition to mortgage loans, and hire purchase and factoring that were launched in spring 2015, we added small unsecured loans to our product range. We entered this market through the acquisition of already existing loan portfolio. However, we do not offer payday loans to our customers.

We wish to apply same principles of responsible lending in small loan segment, and we grant loans only to those, who are able to service their loan obligations. In our hire-purchase and small loan segment, an automated scoring model is used. Finora Capital was the first non-bank lender to integrate queries to second pension pillar to its' scoring model. We hope that within a year the positive credit register will be launched in Estonia that would help to enhance the quality of loan decisions.

In order to increase ease of use of our services we launched a self-service website to our customers in the fourth quarter, where they can see the repayment schedule, amount of next due payment, loan maturity date etc. using high-security log-in option. Within first few months over half of our customers started using the self-service website.

Good quality of loan portfolio enabled to keep the amount of loan provisions low. In 2016 there were no realized losses from mortgage loan contracts. We managed to collect both principle and other recurred claims from all problematic and recalled loans. In unsecured small loan segment we had to make provisions for possible impairment losses, but the amount remained less than 2% of the respective loan portfolio.

In previous year the revenue of the company was over 785 000 EUR. In comparison to previous year the total revenue increased by 73% and net revenue by 89%. Majority of the revenue is interest income from different loan products. The increase in expenses amounted to 56% y-o-y basis, which was slower than revenue growth and the year was ended with a small profit. The highest growth was related to IT and legal expenses.



Company financed its' operations from shareholders' equity contributions, bilateral loans and bonds. In 2016 the company issued bonds in total amount of 2M EUR in two bond issues. In previous year the company had issued ca 2.5M EUR worth of bonds. Public bond offerings were not arranged. The company continues to comply with all the terms of the bonds and is planning to raise additional capital in the starting year. In addition to bonds, the company increased its' share capital, which as of end 2016 exceeded 5 times minimum share capital requirements set to credit providers by law.

Starting from the beginning of 2017 Finora Capital has a Supervisory Board with the chairman of the Supervisory Board Veikko Maripuu, who owns 85% of the company. Two other members are independent experts. Gerly Lõhmus is a senior associate at Raidla Ellex law firm and Urmas Kaarlep, is certified auditor with over 20 years of experience in the field.

At the beginning of 2016 FinanceEstonia established separate working group for credit providers in order to represent credit providers interests and enhance participation in formulation of legislative framework that impact the sector. In co-operation with Ministry of Finance, Estonian Financial Supervision Authority and Estonian Consumer Protection Board the same working group introduced Code of Conduct for credit providers in the autumn of 2016. Finora Capital leads the working group.

In 2017 the company will have its' main focus on acquisition of new loan portfolios, foremost in Estonia, as well as introduction of new loan products to the market.

Financial Ratios

	2016	Change 2016/2015	2015
Average equity, in euros	98 622	+78%	55 257
Return on equity	0,20%	+81%	-81%
Total Assets (average), in euros	4 002 995	+92%	2 085 640
Return on assets	0,00%	+2,20%	-2,20%
Cost and income ratio	89%	+16%	105%

Average equity = (equity at year end + equity at the end of previous year) / 2

Return on equity (ROE) = net profit / average equity * 100

Assets (average) = (assets at year end + assets at the end of previous year) / 2

Return on assets (ROA) = net profit / total assets (average) * 100

Cost and income ratio = operating expenses / net income * 100

Net income = net interest income + other income

The annual accounts

Statement of financial position (in Euros)

	31.12.2016	31.12.2015	Note
Assets			
Current Assets			
Cash	419 972	156 066	
Receivables and prepayments	2 354 850	1 914 941	2
Total current assets	**2 774 822**	**2 071 007**	
Non-current assets			
Receivables and prepayments	1 698 382	1 080 311	2
Investment property	330 000	0	4
Property, plant and equipment	4 597	1 995	5
Intangible assets	24 739	20 136	6
Total non-current assets	**2 057 718**	**1 102 442**	
Total assets	**4 832 540**	**3 173 449**	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	100 000	425 000	7
Payables and prepayments	99 017	57 809	8
Total current liabilities	199 017	482 809	
Non-current liabilities			
Loan liabilities	4 509 026	2 617 893	7
Total non-current liabilities	4 509 026	2 617 893	
Total Liabilities	**4 708 043**	**3 100 702**	
Equity			
Issued capital	250 000	50 000	9
Other reserves	0	148 426	9
Retained earnings (loss)	-125 679	-80 660	
Net profit (loss) for the financial year	176	-45 019	
Total equity	**124 497**	**72 747**	
Total liabilities and equity	**4 832 540**	**3 173 449**	

Income statement (in Euros)

	2016	2015	Note
Interest income	578 184	394 483	10
Interest expense	-381 610	-241 602	
Net interest income	**196 574**	**152 881**	
Other income	208 023	60 836	11
Total revenue	**404 597**	**213 717**	
Miscellaneous operating expenses	-250 070	-140 550	12
Labor expenses	-109 959	-83 521	13
Depreciation and amortization	-12 445	-8 640	5,6
Changes in loan impairment reserve	-31 946	-26 025	
Profit (loss) before tax	**176**	**-45 019**	
Net profit (loss) for the financial year	**176**	**-45 019**	

Statement of cash flows (in Euros)

	2016	2015	Note
Cash flows from operating activities			
Net profit (loss)	176	-45 019	
Adjustments			
Depreciation and amortisation	12 445	8 640	5,6
Change in fair value of investment property	-46 207	0	
Interest expense	381 610	241 602	
Interest income	-578 184	-394 483	10
Total adjustments	**-230 336**	**-144 241**	
Total change in receivables and prepayments related to operating activities	-1 333 137	-2 117 653	
Total change in payables and prepayments related to operating activities	50 607	18 786	
Interest received	594 443	384 070	
Total cash flows from operating activities	**-918 247**	**-1 904 057**	
Cash flows from investing activities			
Purchase of property, plant and equipment	-19 650	-6 488	5,6
Purchase of investment property	-24 895	0	
Total cash flows from investing activities	**-44 545**	**-6 488**	
Cash flows from financing activities			
Loans received	602 300	906 000	
Repayments of loans received	-975 000	-1 000 000	
Proceeds from issue of shares	37 209	0	
Other proceeds from financing activities (bonds)	2 054 350	2 301 850	
Other payments from financing activities (bonds)	-100 000	0	
Interest paid	-392 160	-247 601	
Total cash flows from financing activities	**1 226 698**	**1 960 249**	
Total cash flows	**263 906**	**49 704**	
Cash and cash equivalents at beginning of period	156 066	106 362	
Change in cash and cash equivalents	**263 907**	**49 704**	
Cash and cash equivalents at end of period	419 972	156 066	

Statement of changes in equity (in Euros)

	Share capital	Other reserves	Retained earnings (loss)	Total
31.12.2014	**20 000**	**98 426**	**-80 660**	**37 766**
Net profit (loss) for the financial year	0	0	-45 019	-45 019
Issue of share capital	30 000	-30 000	0	0
Changes in reserves	0	80 000	0	80 000
31.12.2015	**50 000**	**148 426**	**-125 679**	**72 747**
Net profit (loss) for the financial year	0	0	176	176
Issue of share capital	200 000	-162 791	0	37 209
Changes in reserves	0	14 365	0	14 365
31.12.2016	**250 000**	**0**	**-125 503**	**124 497**

In order to improve company's capital structure and increase capital buffers share capital was increased to 250 000 euros. It was partially financed with contributions to share capital and part of it was financed by converting voluntary reserves into share capital. More detailed information about share capital and other equity items can be found on note 9.

Notes to the financial statements

NOTE 1. Accounting Policies

General information

The financial statements have been prepared in accordance with accounting principles generally accepted in Estonia. The generally accepted accounting principles are prescribed by the Estonian Accounting Act and supplemented by guidelines issued by the Accounting Standards Board.

The financial statements are presented in euros (EUR).

The financial statements have been prepared under the historical cost convention.

The main accounting policies used in preparing these financial statements are set out below.

Changes in accounting policies or in the presentation

In previous years the company has recorded penalty interests from mortgage loans as part of interest income. Starting from current financial year penalty interests are recorded as Other income.

Impact on 2015 Income Statement

	Amount cognised in annual report of 2015	Change	Adjusted amount in annual report of 2016
Interest income	445 004	-50 521	394 483
Other income	10 315	+50 521	60 836
Total impact on income	0	0	0

Cash and Cash equivalents

For the purposes of the balance sheet and the cash-flow statements, cash and cash equivalents comprise bank account balances, and term deposits with original maturities of 3 months or less.

Foreign currency transactions and financial assets and liabilities denominated in foreign currency

Foreign currency transactions are recorded based on the foreign currency exchange rates of the European Central bank prevailing on the dates of the transactions. Monetary assets and liabilities, and non-monetary assets and liabilities that are carried at fair value, have been translated to euros using the official foreign currency exchange rates prevailing on the balance sheet date.

Non-monetary assets and liabilities, which are not carried at fair value (i.e. prepayments, tangible and intangible assets), are not translated; instead, foreign currency exchange rates prevailing on the transaction date are used. Gains and losses arising from currency translation differences are recognized in the profit or loss of the financial year on net basis.

Receivables and prepayments

Trade receivables, accrued income and other short and long term receivables (including loans and deposits) are recognized at amortized cost. Amortized cost of short-term receivables is usually equal to the nominal value (less provision made for impairment), therefore short term receivables are recorded in the balance sheet at the collectible amount. All long-term assets are initially recognized at the fair value of the consideration receivable, calculating interest income on the receivable in the following periods using the effective interest rate method.

Factoring

Factoring transactions are considered to be financing transactions where the company provides the financial resources to its sales partner's through transfer of the rights to the receivables from these sales transactions. The company acquires the right for the receivables payable by the buyer subject to the sales contract.

Factoring is the transfer (sale) of receivables where depending on the terms of the factoring contract the buyer either retains the right to transfer the risks and rewards back to the seller during a pre-specified term (recourse factoring) or accepts the transfer of substantially all the risks and rewards of the ownership of the receivable (non-recourse factoring). The receivable to the client is recognized as of the moment of factoring the purchase-sale agreement, i.e. as of assuming the receivable. Transaction is booked as financing (e.g loan secured with the receivable) in case the company does not own all the rights related to claim. The claim is booked in statement of financial position until payment is received or recourse is expired. If contract does not include seller's guarantee and the company acquires control of all rights at the moment of selling the claim, the transactions is booked as acquisition of claim. Purchased receivables are initially recorded at fair value and subsequently measured in amortised cost.

Impairment of financial assets

At each balance sheet date the company assesses whether there is evidence that financial assets or group of financial assets carried at amortised cost or at cost are impaired. Whenever evidence of impairment exist financial assets carried at amortised cost are written down to the present value of estimated future cash flows (discounted at the original effective interest rate) and financial assets carried at cost are written down to the amount that according to a reasoned estimate could be obtained if the financial asset were to be sold at balance sheet date. The impairment of financial assets that are individually significant is assessed separately. All financial assets that are not individually significant and for which there is no direct evidence of their impairment are assessed collectively for impairment.

Impairment losses are recognised as an expense in the income statement.

Investment property

The property (land or a building) held by the company for earning rental yields or for capital appreciation, rather than for its own operations, is recorded as investment property. Investment property is initially recognized in the balance sheet at cost, including any directly attributable expenditure.

Subsequently the investment property is accounted for at fair value. Investment property, which fair value cannot be reliably determined without undue cost and effort, is accounted for at cost. The method is the same as for tangible assets: any accumulated depreciation and any impairment losses are deducted from the cost.

Tangible and intangible assets

Property, plant and equipment

Property, plant and equipment are assets held by the company for use in production or supply of services, or for administrative purposes with a useful live of over one year and cost of more than 400 euros. Property, plant and equipment are recorded at cost, comprising of purchase price and any costs directly attributable to the acquisition.

The straight-line method is used for calculating depreciation. The depreciation rates are set separately for each item of property, plant and equipment depending on its useful life.

Improvements to property, plant and equipment are capitalized if they comply with the definition of property, plant and equipment and the criteria for recognizing an asset in the balance sheet. Costs related to ongoing repairs are charged to period expenses.

Intangible Assets

Intangible assets are assets with useful life of more than one year and are controllable by the entity, and the cost of an asset can be measured reliably and its future economic benefits will flow to the entity. Intangible assets are initially measured at cost, comprising purchase price less any costs directly attributable to the acquisition. The straight-line method is used for amortizing intangible assets.

Minimum acquisition cost

400 EUR

Useful life by assets group (years)

Assets group name	Useful life
Computers and IT systems	2-5 years
Other tangible assets	2-5 years
Intangible assets	2-5 years

Financial Liabilities

Financial liabilities (trade payables, received loans, accrued expenses, issued bonds and other current and non-current liabilities) are recognized at amortized cost. The amortized cost of current financial liabilities generally equals to their nominal value, therefore current financial liabilities are carried in the balance sheet in their redemption value. For determining the amortized cost of non-current financial liabilities, they are initially recognized at the fair value of the consideration received (less any transaction costs), calculating interest expense on the liability in subsequent periods using the effective interest rate method.

A financial liability is classified as current when it is due to be settled within 12 months after the balance sheet date or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date or borrowings that the lender has the right to recall on the balance sheet date as a consequence of a breach of contractual terms are also recognized as current liabilities.

Leases

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases.

Company as a lessee

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are allocated between the interest expense and liability.

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease

Contingent liabilities

All possible or present obligations whose settlement is not probable or the amount cannot be measured with sufficient reliability, are disclosed as contingent liabilities in the notes to the financial statements.

Unused factoring limit arising from differences between total credit limit granted to the seller according to the contract, and the total amount used by the seller, indicating the amount of invoices the seller is eligible to have financed as of the balance sheet date is considered a contingent liability.

Revenue recognition

The company's main revenue stream is interest income from lending activities. Interest income is received from mortgage loans, small loans, hire purchase contracts and factoring contracts.

Revenue is measured on an accrual basis at the fair value of the consideration received or receivable, meaning amounts receivable for services provided, taking into account the amount of any discounts and rebates as specified in the contract. Revenue from rendering the service is recognized during the period of rendering the services when then the receipt of payment from the transaction is probable and the amount of revenue and the costs incurred relating to the transaction can be measured reliably.

Interest income and expenses are recognized in the income statement for all interest bearing financial assets and liabilities carried at amortized cost using effective interest rate method. Interest income is calculated and allocated over the lifetime of the contract applying effective interest rate and outstanding principal amount and the income is recorded as „Interest income" ain the income statement.

Taxation

According to the Estonian Income Tax Act the annual profit earned is not taxed. Income tax is charged on fringe benefits, gifts, donations, costs of entertaining guests, dividends, and non-business related disbursements. Thus, there are no temporary differences between the tax bases and carrying values of assets and liabilities and no deferred tax assets and liabilities arise.

Related parties

Parties are considered to be related either when one party has a control over another party, or significant influence over on the business decisions of another party. Related party is management and their close relatives and legal entities controlled by them.

NOTE 2. Receivables and prepayments (in Euros)

		ALLOCATION BY REMAINING MATURITY		
	31.12.2016	within 12 months	1 - 5 years	over 5 years
Other receivables	**4 042 505**	**2 344 123**	**1 358 657**	**339 725**
Loan receivables	3 984 377	2 285 995	1 358 657	339 725
Accrued income	58 128	58 128		
Prepayments	**10 727**	**10 727**		
Other paid prepayments	110	110		
Prepaid expenses	10 617	10 617		
Total receivables and prepayments	**4 053 232**	**2 354 850**	**1 358 657**	**339 725**

		ALLOCATION BY REMAINING MATURITY		
	31.12.2015	within 12 months	1 - 5 years	over 5 years
Other receivables	**2 993 369**	**1 913 058**	**596 039**	**484 272**
Loan receivables	2 952 714	1 872 403	596 039	484 272
Interest receivables	16 259	16 259		
Accrued income	24 396	24 396		
Prepayments	**1 883**	**1 883**		
Prepaid expenses	1 883	1 883		
Total receivables and prepayments	**2 995 252**	**1 914 941**	**596 039**	**484 272**

All the issued loans are denominated in euro with maturity ranging from 1-20 years (except for factoring contracts, where the usual length of invoice is between 30-90 days). Annual interest rate of the issued loans is 16-25% and the effective interest rate does not differ significantly from the contractual interest rate. As at the end of 2016 majority of portfolio consisted of mortgage loans. Weighted average loan period for mortgage loans is 6 years and average loan-to-value is 53%.

NOTE 3. Tax prepayments and tax liabilities (in Euros)

	31.12.2016 Tax liabilities	31.12.2015 Tax liabilities
Corporate income tax	11	0
Value-added tax	94	0
Personal income tax	5 095	3 056
Social security tax	4 938	3 387
Contributions to mandatory funded pension	329	235
Unemployment insurance premium	229	98
Total tax prepayments and liabilities	**10 696**	**6 776**

The company does not have any overdue tax debts.

The tax authorities have the right to verify the company's tax records up to 5 years from the time of filing the tax return and upon finding errors, impose additional taxes, interest and fines. The company's management estimates that there are not any circumstances which may lead the tax authorities to impose additional significant taxes on the company.

NOTE 4. Investment property (in Euros)

Fair value method	
31.12.2015	**0**
Additions and improvements	283 793
Profit/loss from revaluation	46 207
31.12.2016	**330 000**

In 2016 company acquired an investment property from enforcement proceeding that was set as a collateral for a loan. The property is located in Tallinn, and is meant to be sold in 2017.

During the financial year no revenue was generated nor any related expenses arise from investment properties. In order to determine the fair-value the company used information of recent transactions involving similar properties and valuations of independent real estate valuation experts of property's probable sales price within next 12 months.

NOTE 5. Property, plant and equipment (in Euros)

	Computers and IT systems	Other property, plant and equipment	Total
31.12.2014			
Cost	930	0	930
Accumulated depreciation	-213	0	-213
Carrying amount	**717**	**0**	**717**
Additions and improvements	435	1 744	2 179
Depreciation	-610	-291	-901
31.12.2015			
Cost	1 365	1 744	3 109
Accumulated depreciation	-823	-291	-1 114
Carrying amount	**542**	**1 453**	**1 995**
Additions and improvements	4371	0	4 371
Depreciation	-1333	-436	-1 769
31.12.2016			
Cost	5 736	1 744	7 480
Accumulated depreciation	-2156	-727	-2883
Carrying amount	**3 580**	**1 017**	**4 597**

NOTE 6. Intangible assets (in Euros)

	Concessions, patents, licenses, trade marks	Other intangible assets	Projects in progress and prepayments	Total
31.12.2014				
Cost	0	0	23 566	23 566
Accumulated depreciation	0	0	0	0
Carrying amount	**0**	**0**	**23 566**	**23 566**
Additions and improvements	3 073	1 236	0	4 309
Depreciation cost	-4 375	-3 364	0	-7 739
Reclassification	13 600	9 966	-23 566	0
31.12.2015				
Cost	16 673	11 202	0	27 875
Accumulated depreciation	-4 375	-3 364	0	-7 739
Carrying amount	**12 298**	**7 838**	**0**	**20 136**
Additions and improvements	8 772	6 507	0	15 279
Depreciation costs	-4 308	-6 368	0	-10 676
31.12.2016				
Cost	25 445	17 709	0	43 154
Accumulated depreciation	-8 683	-9 732	0	-18 415
Carrying amount	**16 762**	**7 977**	**0**	**24 739**

NOTE 7. Loan liabilities (in Euros)

	ALLOCATION BY REMAINING MATURITY				
	31.12.2016	within 12 months	1-5 years	over 5 years	Due date
Current loans					
Legal entities	100 000	100 000			01.2017
Current loans total	**100 000**	**100 000**			
Non-current loans					
Legal entities	100 000	0	100 000		01.2019
Fees related to non-current loans	-383	-383	0		
Non-current loans total	**99 617**	**-383**	**100 000**		
Long term bonds					
Long term bonds	3 865 000	0	3 865 000		03.2018
Long term bonds	630 000	0	630 000		05.2019
Fees related to bonds	-85 591	0	-85 591		
Long-term bonds total	**4 409 409**	**0**	**4 409 409**		
Loan liabilities total	**4 509 026**	**-383**	**4 509 409**		

	ALLOCATION BY REMAINING MATURITY				
	31.12.2015	within 12 months	1-5 years	over 5 years	Due date
Current loans					
Legal entities	425 000	425 000			
Current loans total	**425 000**	**425 000**			**Q1 2016**
Non-current loans					
Legal entities	162 065	0	162 065		01.2017
Fees related to non-current loans	-767	0	-767		
Non-current loans total	**161 298**	**0**	**161 298**		
Long term bonds	2 549 000	0	2 549 000		03.2018
Fees related to bonds	-92 405	0	-92 405		
Long-term bonds total	**2 456 595**	**0**	**2 456 595**		
Loan liabilities total	**3 042 893**	**425 000**	**2 617 893**		

Interest rates of loans range between 8-12% depending on the maturity of the loans and agreed level of collateralization. Since 2015 the main source of financing has been secured bonds: one set of bonds has a maturity of March 2018 and annual interest rate of 9.75% and the other has the maturity of May 2019 and interest rate 9,25%. Effective interest of loans and bonds does not vary much from the contractual interest rate. Bonds are secured by mortgages, claims arising from the loan agreements and account pledges that according to contracts, must cover bond related obligations at least 100%. As at the end of the financial year 67% of collateral comprised of mortgages and real estate pledges, 8% claims on factoring receivables, 16% pledged unsecured consumer loans and 9% account pledges. All the loans received and bonds are in euros.

NOTE 8. Payables and prepayments (in Euros)

	31.12.2016	Within 12 mo	Note
Trade payables	14 156	14 156	
Payables to employees	6 603	6 603	
Tax liabilities	10 696	10 696	3
Other liabilities	58 129	58 129	
Interest liabilities	18 479	18 479	
Other accrued expenses	39 650	39 650	
Prepayments received	9 433	9 433	
Deferred income	9 433	9 433	
Total payables and prepayments	**99 017**	**99 017**	

	31.12.2015	Within 12 mo	Note
Trade payables	6 543	6 543	
Payables to employees	5 116	5 116	
Tax liabilities	6 776	6 776	3
Other liabilities	35 612	35 612	
Interest liabilities	20 679	20 679	
Other accrued expenses	14 933	14 933	
Prepayments received	3 762	3 762	
Deferred income	3 762	3 762	
Total payables and prepayments	**57 809**	**57 809**	

NOTE 9. Share capital (in Euros)

	31.12.2016	31.12.2015
Share capital	250 000	50 000
Number of shares (pcs)	2	2

In order to improve company's capital structure and increase capital buffers share capital was raised to 250 000 euros. Increase in share capital was financed through paid-in capital of existing owners (37 209 EUR), and the rest (162 791 EUR) through the conversion of long-term loans from owners and voluntary reserve capital (148 426 EUR) into share capital.

NOTE 10. Interest income (in Euros)

	2016	2015
Geographical breakdown of sales revenue		
Sales to EU countries		
Estonia	578 184	394 483
Sales to EU countries, total	**578 184**	**455 319**
Sales revenue total	**578 184**	**455 319**
Sectoral breakdown of sales revenue		
Interests from mortgage loans	347 399	293 904
Other interests	203 655	76 737
Fee income	27 130	23 842
Sales revenue total	**578 184**	**394 483**

Company's main source of revenue is interest received from lending activities. Interest is received from mortgage loans, small loans, hire-purchase and factoring contracts. All revenue was earned in Estonia.

NOTE 11. Other revenues (in Euros)

	2016	2015	Note
Penalty interest	157 988	59 467	
Other fee income	3 260	1 369	
Revaluation of investment property	46 207	0	4
Profit from exchange rate changes	17	0	
Other operating revenues	551	0	
Other revenues total	**208 023**	**60 836**	

NOTE 12. Miscellaneous operating expenses (in Euros)

	2016	2015
Office expenses	10 176	8 007
State and local taxes	3 570	2 293
IT services costs	63 528	33 003
Legal costs	28 960	7 850
Advertising costs	28 593	30 605
Marketing costs	21 073	816
Accounting services (incl. audit costs)	11 700	10 795
Other	82 470	47 181
Total miscellaneous operating expenses	**250 070**	**140 550**

NOTE 13. Labor expense (in Euros)

	2016	2015
Wages and salaries	82 337	62 480
Labor taxes	27 594	20 784
Vacation reserve	28	257
Total labor expense	**109 959**	**83 521**
Average number of employees in full time equivalent units	**4**	**3**

NOTE 14. Related parties (in Euros)

Name of accounting entity's parent company: **Nebbiolo Capital OÜ**

Country, where parent company is registered: **Estonia**

Related party balances according to groups

	31.12.2016	31.12.2015
	Liabilities	Liabilities
Parent company	0	12 283
Other companies within the same consolidation group	1 895	2 100
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher supervisory body	37	3 540

2016	Purchases	Loans received
Other companies within the same consolidation group	33 832	0
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher supervisory body	0	2 300

2015	Purchases	Loans received	Repayments of received loans
Parent company	6 404	86 065	5 750
Other companies within the same consolidation group	97 165	0	0
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher supervisory body	0	11 750	0

Remuneration and other significant benefits calculated for members of management and highest supervisory body	2016	2015
Remuneration	39 962	41 700

Parties are considered to be related either when one party is controlled by another, or one party possesses significant influence over the business decisions of another. Related party is management and their close relatives and legal entities controlled by them.

Management received management fees and did not receive any other significant benefits.

The company does not have any contingent liabilities in connection with its management.

NOTE 15. Contingent liabilities (in Euros)

	2016	2015
Unused factoring limits	335 524	66 784
Total contingent lisabilities	**335 524**	**66 784**

NOTE 16. Events after the balance sheet date

At start of 2017 Finora Capital established its Supervisory Board. The chairman of the Supervisory Board is Veikko Maripuu, who owns 85% of the company, and two other seats are filled by two external members. Gerly Lõhmus is a senior associate at Raidla Ellex law firm and Urmas Kaarlep is certified auditor with over 20 years of experience in the field.

In 2017 owners of the company are planning to increase share capital in order to raise equity buffer and to comply with the net asset requirement set in Commercial Code.

Signatures of the report

Conclusion of the report: **27.04.2017**

The correctness of the annual report of OÜ Finora Capital (registry number 12324050) 01.01.2016 – 31.12.2016 has been approved:

Name:	Position:	Date and signature:
Andrus Alber	Member of the Board	27.04.2017
signed		

INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)

To the Shareholders of OÜ Finora Capital

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of OÜ Finora Capital (the Company) as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Estonia.

We audited the Company's financial statements that comprise:

- the statement of financial position as at 31 December 2016;
- the income statement for the year then ended;
- the cash flow statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Auditors Activities Act of the Republic of Estonia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Auditors Activities Act of the Republic of Estonia.

Other information

The Management Board is responsible for the other information contained in the annual report in addition to 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 identified above 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 the Management Board and those charged with governance for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Estonia and for such internal control as the Management Board 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, the Management Board 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 the Management Board 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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 the Management Board.
- Conclude on the appropriateness of the Management Board'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.

AS PricewaterhouseCoopers

/signed/	/signed/
Tiit Raimla Auditor's certificate no.287	Evelin Lindvers Auditor's certificate no.622

28 April 2017

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Proposal of distribution of profits (in Euros)

	31.12.2016
Retained earnings (loss)	-125 679
Net profit (loss) for the financial year	176
Total	**-125 503**
Distribution	
Retained earnings (loss) after distribution	-125 503
Total	**-125 503**

Decision of distribution of profits (in Euros)

	31.12.2016
Retained earnings (loss)	-125 679
Net profit (loss) for the financial year	176
Total	**-125 503**
Distribution	
Retained earnings (loss) after distribution	-125 503
Total	**-125 503**

Declaration of the Supervisory Board to the annual report 2016

The management board of OÜ Finora capital has prepared company's annual report, consisting of the management report and financial statements for the financial year.

The Supervisory Board has reviewed the 2016 annual report prepared by the management board, consisting of management report, financial statements, independent auditor's report, the management board's profit allocation proposal, and has approved the annual report for presentation on the annual general meeting. The annual report is signed by all members of the Supervisory Board.

Veikko Maripuu

Chairman of the

Supervisory Board

signed

Gerly Lõhmus

Member of the

Supervisory Board

signed

Urmas Kaarlep

Member of the

Supervisory Board

signed

Distribution of sales revenue by field of activity

Field of activity	EMTAK code	Sales revenue (EUR)	Sales revenue (%)	Main field of activity
Other credit products, excl pawnshops	64929	578 184	100.00%	Yes

Owners

Name	Registry code	Location	Size of ownership
OÜ Bukler	10281394	Eesti	37 500 EUR
Nebbiolo Capital OÜ	11918037	Eesti	212 500 EUR

Contact details

Type	Data
Phone	+372 6581300
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