Swaper
Platform OÜ

Annual report **for the year ended 31 December 2019**

Prepared in accordance with
the Estonian financial reporting standard
together with independent auditors' report.
Translation of the Estonian original.

SWAPER

Tallinn, 2020

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General information

Name of the company	**Swaper Platform OÜ**
Webpage	**www.swaper.com**
Legal status of the company	**Private limited company**
Register code	**14726410**
Registered office	**Viru väljak 2, 10111 Tallinn, Estonia**
Telephone	**+372 6000393**
E-mail address	**info@swaper.com**
Board Members	**Marina Tjulinova – Board Member**
Financial year	**20.05.2019 – 31.12.2019**

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Management report

General description of Swaper Platform OÜ activities

Swaper Platform OÜ (hereinafter – the Company) operates Swaper peer-to-peer (P2P) loan platform (hereinafter – Swaper), www.swaper.com. Swaper provides European platform users with the ability to earn interest by purchasing claim rights arising from short-term consumer loans issued by loan originators in Europe. Loans are first issued from the loan originator's own funds and placed on the platform; thereafter claim rights are assigned to platform users through cession agreements concluded with the Company (hereinafter – funding). Cession agreements can include a BuyBack clause stipulating that such loan claims that are in default for more than 30 days should be bought back from platform users. Thus Swaper acts as an intermediary between platform users seeking stable return on their placed funds and loan originators looking for a reliable source of financing.

Company's main source of income are service fees charged to loan originators for placing the loans and for the related services provided by the platform, whereas platform users do not incur any fees for making investments by acquiring the claim rights.

Financial results of the Company

Swaper platform moved its operations to Estonia in August 2019. It was the first year of Company's operations, however Swaper platform has already been successfully operating since 2016. Decision to acquire Swaper platform was made as the Company's management sees great potential in the constantly growing P2P marketplace. By acquiring an established platform with fully developed IT processes and extensive client base Company's management is confident that the Company will be able to grow the business rapidly of the forthcoming years. Company's management sees Estonia as a country supporting financial technologies innovations and having a viable business environment in relation to P2P marketplaces. These considerations will help to ensure a stable finance environment for our platform users and business partners.

During 2019 the Company actively developed its business and revenues reached EUR 1,34 million EUR and gross profit margin amounted to 43%. For 2019 earnings before interest, taxes, depreciation and amortization (EBITDA) amounts to 429 thousand EUR and Company generated a net profit of 404 thousand EUR in line with management's expectations. By 31 December 2019 total amount of funds provided by platform users reached 10,83 million EUR, which signals a strong growth during 2019.

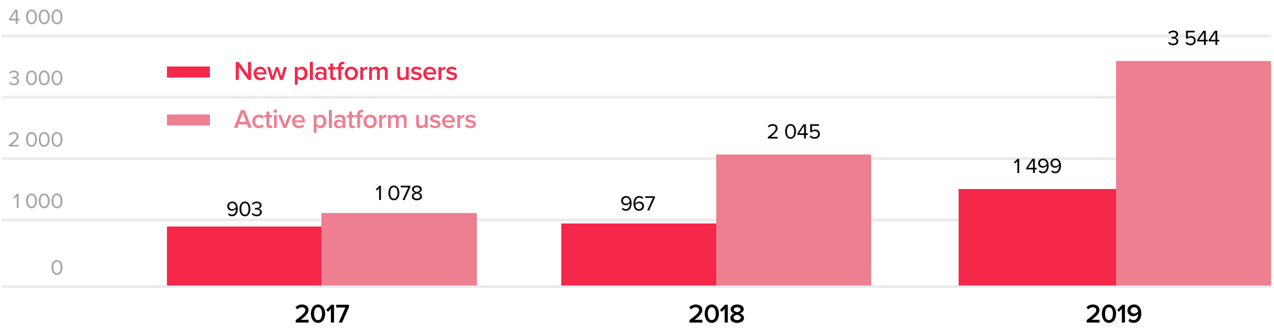
The financial results were mainly driven by continual improvements in our customer service and effective cooperation with the loan originators and promotional affiliates.

Swaper P2P platform results

Below graphs shows the rapid development of Swaper platform over the last three years over key measurement metrics: active platform users, loans funded, and interest paid. Activities in the marketing, loan availability and cooperation with the loan originators have all contributed to the rapid platform growth of the platform.

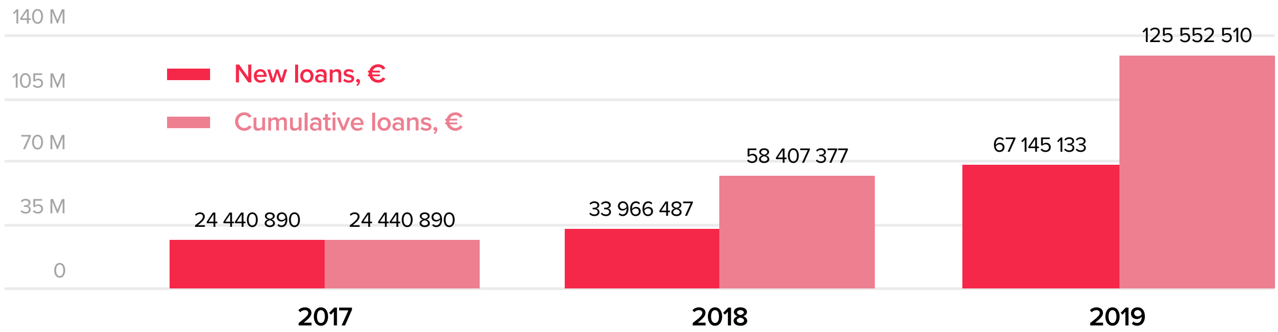
Active Platform users at Swaper

In 2019 Swaper platform saw a very rapid increase of 55% in the growth of new platform users, which significantly exceeded the increase observed in 2018: 7%. In 2019 total number of platform users have increased by 73%.



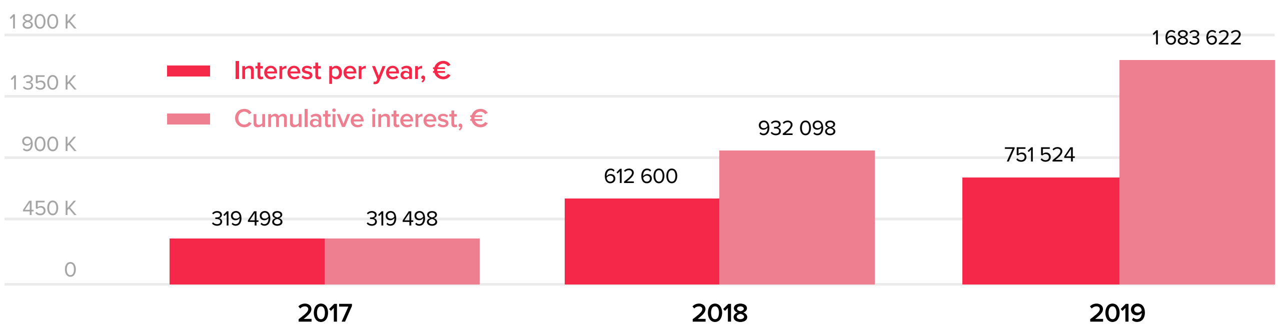
Loans funded at Swaper

With active business development of loan originators, total loans funded in 2019 reached 125.5 million EUR, which signaled a strong increase of 115% over the previous year. In 2019 the number of new loans funded in the platform nearly doubled.



Interest paid at Swaper

In line with the increase of the loans funded on the platform, as well as Swaper interest rate policy, yearly interest paid in 2019 increased by 23%, bringing the cumulative interest paid to 1.6 million EUR and sharp 81% increase over 2018.



Risk management

The Company may face certain risks in the P2P and general business environment, which are actively managed by Swaper management.

Market and operational risk management

Company operations are not subjected to P2P-specific regulation or licensing; however it is subjected to other legal requirements related to the nature of its business. Company's management has implemented strict internal policies and actively monitors the changing personal data protection, know your customer (KYC), anti-money laundering and other legal requirements, involving external counsel where required. Furthermore, the Company maintains a strong IT system for payment and data processing.

Financial risk management

Main financial instruments held by the Company are platform users' funds, loans received and issued, as well as cash balances. Main financial risks arising from the Company's operations are liquidity risk and credit risk.

The Company manages its liquidity and cash flow risk by maintaining sufficient cash balance and actively manages the future cash flow, which mainly includes forecasting the cash flow of platform users' funding and transactions with loan originators.

Credit risk management entails Company's activities to prevent financial losses which could arise in case loan originators cannot perform their contractual obligations. This risk is mostly associated with the deterioration of the quality of the debts of their borrowers - natural persons resulting in late payments from loan originators. The Company sustains a close cooperation with the loan originators and monitors their payment discipline.

Company's exposure to foreign currency risk is insignificant, as most transactions are recorded in EUR. Company is not exposed to interest rate risk as all borrowings are with a fixed interest rate.

Future operations of the Company

Goals and strategy

Main goal of the Company is to continue growing the number of loans funded, keep developing the platform and sustaining platform user satisfaction with Swaper services. Company's management is working towards ensuring that platform users can enjoy stability and reliability with the platform, and to introduce additional technical features to the Swaper webpage and mobile application.

Company also plans to continue cooperate closely with the current and prospective loan originators and aims to introduce new service offerings to our platform users.

Our response to COVID-19

Subsequent to the financial year end, in March 2020, restrictions related to the spread of the COVID-19 have entered into force in Estonia and many other countries. This also significantly reduced the overall economic activity in the countries of our platform users and loan originators. As with many other businesses, the situation posed challenges to maintain sufficient liquidity. This resulted from decreased amount of issued loans by loan originators, as they were performing additional steps to maintain the quality of loan portfolio.

Company's management introduced daily cash flow monitoring procedures, which were aimed at ensuring that there are no delays in outstanding payments on Swaper platform. This was ensured by constantly monitoring the situation and payments between Swaper and loan originators. The Company obtained daily reports from loan originators outlining the measures taken to ensure timely payments to Swaper, such as actions done to reduce costs, as well as revisions to risk management and debt collection procedures.

Currently BuyBack and interest payments to platform users are executed as usual and there are no delays in the services provided. Company's operating costs are few and remain stable. Company's management remains positive on the current outlook as restrictions are being relaxed across the Europe. Swaper has launched several initiatives for the platform users, such as increased interest rates and introduced Refer friend program, which will help to further platform's growth. See further disclosure under Note 1.

Events after the end of the financial year

Subsequent to the year end the Company has received commitment from its strategic partners for the provision of additional long-term funding with a total credit limit of 4 million EUR in case it is needed.

In 2020 the Company has reached an agreement to accelerate repayment of loan receivables, originally due by 31 December 2024, in yearly tranches and the largest tranche payment have been received.

By August 2020 the total number of active platform users has exceeded reached 4 300.

Marina Tjulinova
Board Member

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Financial Statements

Statement of Income

	EUR
	20.05.2019 – 31.12.2019
Net Sales [2]	1 346 950
Cost of sales [3]	(766 564)
Gross profit	**580 386**
Distribution costs [4]	(56 727)
Administrative expense [5]	(154 491)
Other operating expense [6]	(27 840)
Total operating profit	**341 328**
Interest income [7]	62 905
Profit before income tax	**404 233**
Net profit for the reporting year	**404 233**

Statement of financial position

	EUR	EUR
Assets	**31.12.2019**	**20.05.2019**
Non-Current Assets		
Intangible assets [9]	1 724 199	–
Receivables and prepayments [10]	6 257 947	–
Total Non-Current Assets	**7 982 146**	–
Current Assets		
Receivables and prepayments [10]	3 128 402	–
Cash and cash equivalents [11]	569 691	2 500
Total Non-Current Assets	**3 698 093**	**2 500**
Total Assets	**11 680 239**	**2 500**
Equity		
Issued capital [12]	2 500	2 500
Profit for the reporting year	404 233	–
Total Equity	**406 254**	**2 500**
Liabilities		
Loan liabilities [13]	8 872 653	
Payables and prepayments [14]	2 400 853	–
Total Current Liabilities	**11 273 506**	–
Total Liabilities	**11 273 506**	–
Total Equity and Liabilities	**11 680 239**	**2 500**

Notes to the Financial Statements

1. Accounting policies

Corporate and business information

Swaper Platform OÜ (hereinafter – the Company) operates Swaper peer-to-peer (P2P) loan platform (hereinafter – Swaper), www.swaper.com. The Company is established in Viru väljak 2, 10111 Tallinn, Estonia. The ultimate beneficial owner of the Company is Estonian resident Marina Tjulinova.

Swaper provides European platform users with the ability to earn interest by purchasing claim rights arising from short-term consumer loans issued by loan originators in Europe. Loans are first issued from the loan originator's own funds and placed on the platform; thereafter claim rights are assigned to platform users through cession agreements concluded with the Company (hereinafter – funding). Cession agreements can include a BuyBack clause stipulating that such loan claims that are in default for more than 30 days should be bought back from platform users. Thus Swaper acts as an intermediary between platform users seeking stable return on their placed funds and loan originators looking for a reliable source of financing.

The Company started active business in August 2019, when Swaper platform moved its operations to Estonia. 2019 is the first year of Company's operations, however Swaper platform has already been successfully operating since 2016.

Basis of preparation

The financial statements of the Company have been prepared in accordance with the Estonian financial reporting standard. The Estonian financial reporting standard is based on internationally accepted accounting and reporting principles, the main requirements of which are established in the Accounting Act and which are supplemented by the guidelines issued by the Accounting Standards Board.

The financial statements are prepared on a historical cost basis. The monetary unit used in the financial statements is the euro (EUR). The financial statements cover the period 20 May 2019 through 31 December 2019 as the first year of operations.

The Company has prepared small companies' financial statements.

Going concern

As at 31 December 2019 the Company's current liabilities exceeded its current assets, creating a working capital gap as at this date. Current liabilities mainly include funds received from the platform users (see Note 13) which are used to acquire claim rights in short term loans placed on the platform. All loans placed on the platform are due for repayment within 30 days. BuyBack clause is typically established in the cession agreements signed with the platform users. In case a loan, whose claim is subject to BuyBack, is delayed for 30 days, the Company buys back the loan from platform users. Once the loan is repaid or bought back, these funds and earned interest are allocated to platform users and majority of funds are reinvested in new loans repeating the process. Due to the revolving structure of such a setup, all payments due to the platform users' are disclosed under short term liabilities on the basis of the legal form of these liabilities. Only a fraction of funds will be eventually withdrawn in cash. Given the short-term legal nature of these liabilities and the fact that part of receivables from the loan originators are long term, this creates an working capital gap for the Company, especially in the first year of its operations.

Working capital gap is expected to decrease over time and payment schedules with loan originators are structured in way to ensure sufficient liquidity in terms of available cash. Settlements with loan originators are structured under long term agreements. Payments are transferred as revolving structure between the Company and loan originators with the final settlement date beyond 12 months. As a result, these receivables are classified as long term based on their legal status at reporting date despite the fact that under the current revolving structure they are continuously used to settle Company's current liabilities.

Covid-19 had a negative impact on the Company's business. Main impact of the COVID-19 has been increased challenge to maintain sufficient liquidity in the face of lower loan origination volumes and a period of higher amount of from platform users' withdrawals. Following COVID-19 escalation, from March 2020 placed loan volumes continued to decrease and the Company observed an increase in uninvested funds withdrawal requests. Company's management ensured that platform users seeking cash withdrawals are paid timely. To ensure sufficient liquidity the Company secured available borrowing facilities amounting to 4 million EUR from its strategic partners.

To respond to these challenges Company's management prepared a cash flow forecast based on historical withdrawal/ reinvestment rates using internal grading systems and probability-weighted outcomes also considering the impact of COVID-19.

Based on management's forecast 31 December 2019 funding volumes will be reached by the end of quarter three of 2020, returning to pre- COVID-19 levels. In 2020 to date the Company is on plan or exceeding the initial forecast performed in March. In quarter two funding surpassed management's estimate by 17% and actual withdrawal volumes were lower than forecasted by 7%.

In 2020 funding increased by 50% from April to May and has further doubled within June in comparison with May. Following management actions to increase interest rates and introduce Refer friend program the number of registered platform users in the year to date has increased by 200% comparing to the same period in 2019.

Therefore, management has concluded that in considering the outcome of its forecast the current situation does not give rise to material uncertainty in relation to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

It cannot be excluded, however, that COVID-19 could result in further aggravation of the overall economy which in turn will have a negative effect on the loan originators, platform users and the Company. Under such scenario the Company may experience further liquidity challenges if the situation deteriorates, in which case it shall utilize the 4 million EUR funding available.

Management will continue to monitor the situation and address the impact in case of such events, if they occur in the future. Company's strategic partner has provided a letter of financial support to the extent that is required for the Company to meet its obligations as they fall due towards platform users.

The Company's management therefore believes it will have sufficient and adequate financing for the Company to continue operating as a going concern. The financial statements are prepared on the basis that the Company will continue to be a going concern.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Foreign currency translation

The functional and presentation currency of the Company is the euro (EUR), the monetary unit of the Republic of Estonia. Transactions in foreign currencies are translated into the euro at the euro foreign exchange reference rate published by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the euro applying the euro foreign exchange reference rate published by the European Central Bank at the last day of the reporting year. The differences arising on settlements of transactions or on reporting foreign currency transactions at rates different from those at which these transactions have originally been recorded are netted in the statement of income.

Intangible assets

Intangible non-current assets are stated at cost and amortized over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount.

Goodwill

Goodwill arising upon acquisition of a business is recognized at the cost as at the date of acquisition less any impairment loss. Based on the management's decision, computer software is amortized over 10 years starting from the date of recognition.

Computer software

Computer software comprises of acquired intangible assets relating to P2P platform applications and IT infrastructure. Based on the management's decision, goodwill is amortized over 5 years starting from the date of recognition.

Receivables and prepayments

Trade receivables, as well as other short-term and long-term receivables are recognized and carried at amortized cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when recovery is deemed impossible.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Loans and borrowings

All loans issued and borrowings received are initially recognized at cost, being the fair value of the consideration received or paid, net of issue costs associated with the borrowing.

After initial recognition loans and borrowings are carried at adjusted cost. When applying the adjusted cost method loans are recognized in the statement of financial position at their acquisition cost, adjusted if necessary, by the following amounts:

— principal repayments (for example, in the case of a loan taken out or granted);

— interest calculated and paid;

— possible impairment due to impairment or improbability to collect the loans issued (for doubtful receivables).

When a loan or borrowing is removed from statement of financial position, the difference between the carrying amount of the asset or liability and the consideration paid for it is recognized in the income of statement as income or expense.

Net sales

Net sales is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. Revenue is recognized in the period when the services are rendered.

Transactions with loan originators and platform users in P2P platform

The Company has signed agreements with loan originators who place their issued loans on the P2P platform. The agreements are in force for indefinite term.

Platform user claim rights are established through cession agreements concluded between the Company, as the cedent, and individual platform users as the cessionaries. P2P platform users are entitled to receive interest and principal cash flows from loan issued by the loan originators proportionally to their principle claim in these loans.

Cession agreements include recourse rights which establish the Company should make full repayment of funds by the platform users in case of default of loan originator's borrower (BuyBack). In case the Company performs BuyBack, platform users shall be entitled to receive respective compensation from the Company.

Revenue and receivables from loan originators

P2P platform commissions fees comprise Net sales and are fees charged by the Company to loan originators for servicing the loans placed on the platform. Commission amount is determined on the basis of the number of loans placed and repaid. In accordance with agreements signed with loan originators settlements might occur on prepayment basis.

Accounts receivable corresponds to the due payments from loan originators, including cases where BuyBack has occurred and the related payment made by the Company is not yet reimbursed by loan originators.

Funding attracted through peer-to-peer platform

Liabilities arising from platform users' funding attracted are initially recognized at cost, being the fair value of the consideration (cash) received from platform users and shown as other payables.

Cession agreements concluded are recognized at cost, being the value of the price paid (i.e. funds placed) in a specific loan that is available on the platform and are disclosed as loan liabilities. After initial recognition ceded claims are subsequently measured at acquisition cost adjusted for repayments and interest calculated. Interest expense calculated for the ceded share is being shown under Cost of sales.

Expenses

Expenses are recognized on accrual basis. Expenses are recognized net of the amount of value added tax. In certain situations value added tax incurred on a services received or calculated in accordance with legislation requirements is not recoverable in full from the taxation authority. In such cases value added tax is recognized as part of the related expense item as applicable. The same principles is applied if value added tax is not recoverable on acquisition an asset.

Corporate income tax

According to the Income Tax Act currently in force in Estonia, the companies registered in Estonia shall not pay income tax on earned profits. The companies pay income tax on profits distributed as dividends or other profit distributions, including payments made from equity which exceed the monetary and non-monetary contributions made into the equity of the company when they are paid out either in monetary or non-monetary form. Based on the mentioned Act, the profits distributed by the company as dividends and in another form shall be subject to income tax at the rate of 14/76 from the payment made.

Related parties

Parties are deemed to be related if one party has control over the other party or significant influence over the business decisions of the other party, including parent companies, other entities belonging into same group, owners and members of the management board, their family members and entities which are under the control or material influence of the persons described above.

Subsequent events

Post-year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

2. Net sales

Net sales by operating activities	EUR 20.05.2019 – 31.12.2019
Commission income	1 346 950
Total	**1 346 950**

Commission income comprises fees charged to loan originators for loans placed and maintained on the P2P platform.

Net sales by geographical location	
Poland	1 290 563
Spain	56 162
Denmark	225
Total net sales in European Union	**1 346 950**

3. Cost of sales

	EUR 20.05.2019 – 31.12.2019
Interest expenses for loans from P2P platform users	413 533
Trademark license costs	218 132
IT service costs	116 015
Labor expenses [8]	18 128
Rent expenses	756
Total	**766 564**

Interest expenses represents P2P platform users' revenues and the fees accrued to the platform users for their funding in the loans available on the platform.

4. Distribution expense

	EUR 20.05.2019 – 31.12.2019
Advertising expenses	56 727
Total	**56 727**

5. Administrative expense

	EUR
	20.05.2019 – 31.12.2019
Amortization of intangible assets [9]	87 791
Legal and other professional services	59 572
Bank charges	3 001
Employee training expenses	1 907
Other administrative expenses	2 220
Total	**154 491**

6. Other operating expense

	EUR
	20.05.2019 – 31.12.2019
Currency exchange loss, net	27 066
Fines, penalties and compensations	128
Other operating expenses	646
Total	**27 840**

7. Interest income

	EUR
	20.05.2019 – 31.12.2019
Interest income from loans issued	62 905
Total	**62 905**

8. Labor expense

	EUR 20.05.2019 – 31.12.2019
Wages and salaries	12 833
Social security taxes	4 579
Accrued vacation pay expenses	716
Total	**18 128**

Number of employees	20.05.2019 – 31.12.2019
Average number of employees in full time equivalent units	2
Average number of employees by types of employment:	
Person employed under employment contract	2
Member of management or controlling body of legal person	1

9. Intangible assets

	EUR Goodwill	EUR Computer software	EUR Total
Acquisitions and additions	1 516 990	295 000	1 811 990
Amortization	(63 208)	(24 583)	(87 791)
31.12.2019			
Carried at cost	1 516 990	295 000	1 811 990
Accumulated amortization	(63 208)	(24 583)	(87 791)
Residual cost	**1 453 782**	**270 417**	**1 724 199**

Goodwill arises due to acquisition of Swaper business and represents the difference between the fair values of assets acquired and liabilities assumed. It represents the future economic benefits arising from the assets acquired the business combination that are not individually identified and separately recognized.

10. Receivables and prepayments

Allocation by remaining maturity	EUR 31.12.2019	EUR Within 12 months	EUR 1 – 5 years
Trade receivables	**1 346 950**	**1 346 950**	–
Trade receivables	1 346 950	1 346 950	–
Other receivables	**6 257 947**	–	**6 257 947**
Loan receivables	6 196 764	–	6 196 764
Accrued interest	61 183	–	61 183
Prepayments	**1 781 452**		–
Deferred expenses	238	238	–
Other prepayments	1 781 214	1 781 214	–
Total	**9 386 349**	**3 128 402**	**6 257 947**

Trade receivables and prepayments made includes receivables from loan originators.

Loan receivable final term is 31.12.2024 and interest at 2,79% is to be paid at maturity. Subsequent to the year end these receivables have been restructured, see Note 18.

11. Cash and cash equivalents

	EUR 31.12.2019	EUR 20.05.2019
Cash at bank	569 691	2 500
Total	**569 691**	**2 500**

12. Issued capital

	EUR 31.12.2019	EUR 20.05.2019
Issued capital	2 500	2 500
Total	**2 500**	**2 500**

The share capital of the Company is EUR 2 500. The share capital is fully paid in.

13. Loan liabilities

	EUR 31.12.2019	EUR Within 12 months
Funding attracted through peer-to-peer platforms	8 821 793	8 821 793
Accrued funding interest expenses	50 860	50 860
Total	**8 872 653**	**8 872 653**

Funding attracted through peer-to-peer platforms bears an annual interest rate of 14-16% and is repayable in accordance with the terms of respective cession agreements.

Total investor funding attracted by the Company can be divided as follows:	31.12.2019
Loan liabilities	8 872 653
Other payables [14]	2 000 623
Total	**10 873 276**

14. Payables and prepayments

	EUR 31.12.2019	EUR Within 12 months
Trade payables	304 032	304 032
Employee payables [15]	3 070	3 070
Tax payables [16]	72 023	72 023
Other payables	2 000 623	2 000 623
Prepayments received	**2 021 728**	**2 021 728**
Other received prepayments	21 105	21 105
Total	**2 400 853**	**2 400 853**

Other payables represent P2P platform users' funds that are received by the Company and are not yet invested in loans available in the platform.

15. Employee payables

	EUR 31.12.2019
Salary payable	2 112
Accrued unused vacation	958
Total	**3 070**

16. Tax prepayments and liabilities

	EUR 31.12.2019
Value added tax	68 981
Personal income tax	978
Social tax	1 733
Contributions to mandatory funded pension scheme	77
Unemployment insurance tax	126
Interest	128
Total	**72 023**

17. Related parties

Related party balances according to groups	31.12.2019 Receivables	31.12.2019 Liabilities	20.05.2019 Receivables	20.05.2019 Liabilities
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	–	924	–	–

Purchases and sales of goods and services	20.05.2019 – 31.12.2019
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	924

18. Events after the reporting date

Subsequent to the year end the Company has received commitment from its strategic partners for the provision of additional long-term funding with a total credit limit of 4 million EUR in case it is needed.

In 2020 the Company has reached an agreement to accelerate repayment of loan receivables, originally due by 31 December 2024, in yearly tranches and the largest tranche payment have been received.

By August 2020 the total number of active platform users has reached 4 300.

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.

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Signatures

Date of completion of the Annual Report is: 04.09.2020.

The correctness of information in the annual report of Swaper Platform OÜ (registry code: 14726410) of 20.05.2019 - 31.12.2019 has been confirmed by:

Name of the signatory	Role of the signatory	Date and signature
Marina Tjulinova	Board Member	04.09.2020

Swaper Annual Report 2019

Profitius AUDIITORBÜROO	OÜ Audiitorbüroo PROFITIUS Aadress: Mõisatalli 16, Vahi alevik Tartu vald Tartumaa 60534 Registrikood 10597826 Telefon: 7 304 933; 51 38 682

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Swaper PlatformOÜ .

Opinion

We have audited the financial statements of Swaper PlatformOÜ (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance for the year then ended in accordance with Estonian financial reporting standard.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia) (ISAs (EE)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (Estonia), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the managament report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (EE) 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 (EE), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

K. Loog

Kaja Loog

Auditor's number 257

Mõisatalli 16, Vahi alevik Tartu vald

Tartu maakond

04.09.2020