Swaper

Platform OÜ

ANNUAL REPORT
for the year ended 31 December 2020

Prepared in accordance with the Estonian financial reporting standard together with independent auditors' report

Translation of the Estonian original

SWAPER

Tallinn, 2021

Swaper Annual report 2020

Swaper Annual report 2020

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	**+372 600 03 93**
E-mail address	**info@swaper.com**
Board Members	**Marina Tjulinova – Board Member (until 18.09.2020)** **Indrek Puolokainen – Board Member (since 18.09.2020)**
Financial year	**01.01.2020 – 31.12.2020**
Previous 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), https://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.

The Company was acquired in August 2019, however Swaper platform has already been successfully operating since 2016. 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 great potential in the constantly growing P2P marketplace and 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.

Financial results of the Company

During 2020 the Company developed its business and revenues reached EUR 1,94 million EUR and gross profit margin amounted to 34% (2019: 43%). Gross margin in 2020 decreased as the Company continued to expand and offered increased interest rates for the platform users starting from February 2020.

For 2020 earnings before interest, taxes, depreciation and amortization (EBITDA) amounts to 95 thousand EUR (2019: 429 thousand EUR) and Company generated a net profit of 89 thousand EUR (2019: 404 thousand EUR). Decrease in 2020 is driven by the impact of Covid-19 and the related restrictions.

As at 31 December 2020 total amount of funds provided by platform users amounted to 9,68 million EUR (2019: 10,82 million EUR), which is the result the challenges posed by Covid-19. During 2020 the Company actively cooperated with the loan originators to ensure stable financing flow towards platform users.

The financial results were mainly driven by Covid-19 impact, which resulted in limited funding from investors during the outbreak of Covid-19 in the first part of 2020, whereas the situation has stabilized during the second part of 2020. In 2020 the Company also expanded its team with Indrek Puolokainen being elected as the new Chief Executive Officer in September 2020.

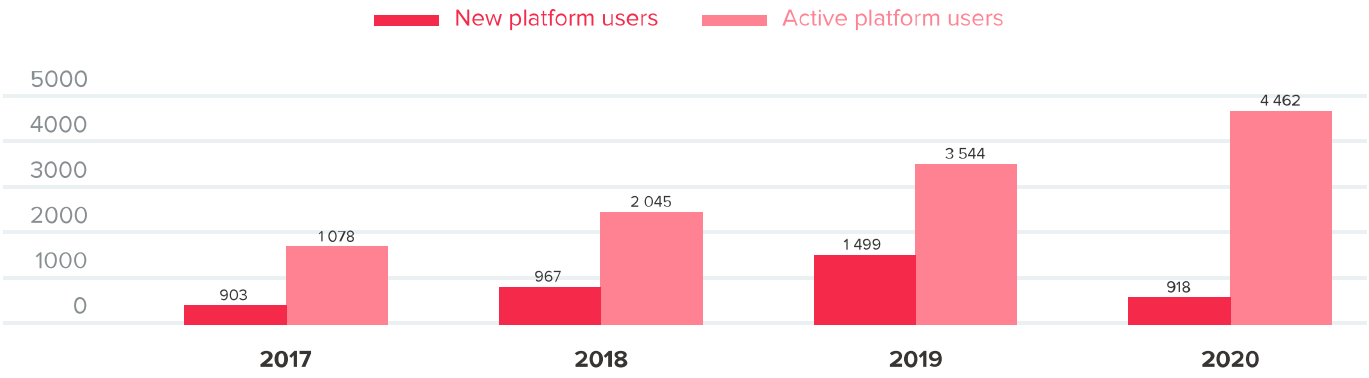
Swaper P2P platform results

Below graphs shows the rapid development of Swaper platform over the last four 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.

Throughout 2020 Swaper has launched several initiatives for the platform users, such as increased interest from 12% to 14% (16% for Loyalty program) and 'Refer a Friend' program, which will help to further platform's growth.

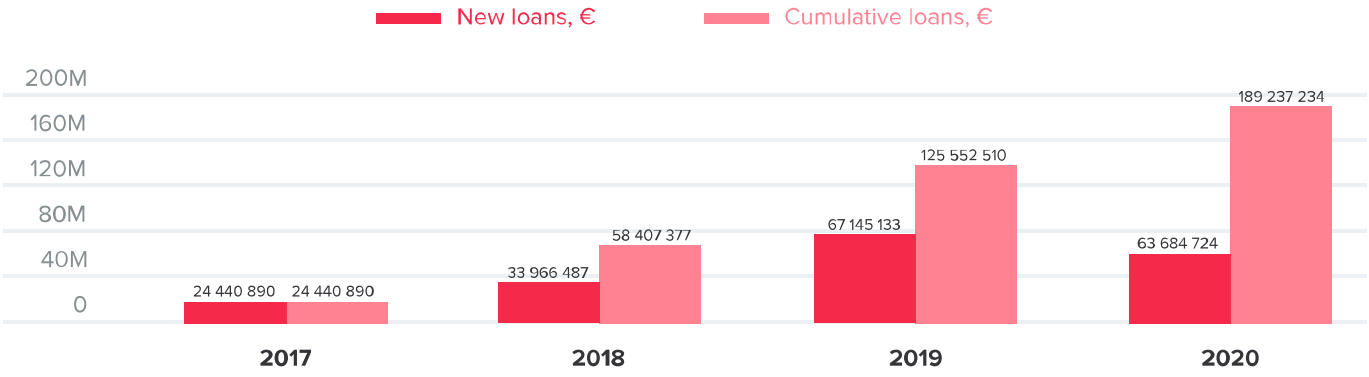
Active Platform users at Swaper

In the light of Covid-19 pandemic during 2020 Swaper platform saw a yearly decrease in new users by 39%. At the same time, the total number of active platform users have increased by 26% compared to 2019.



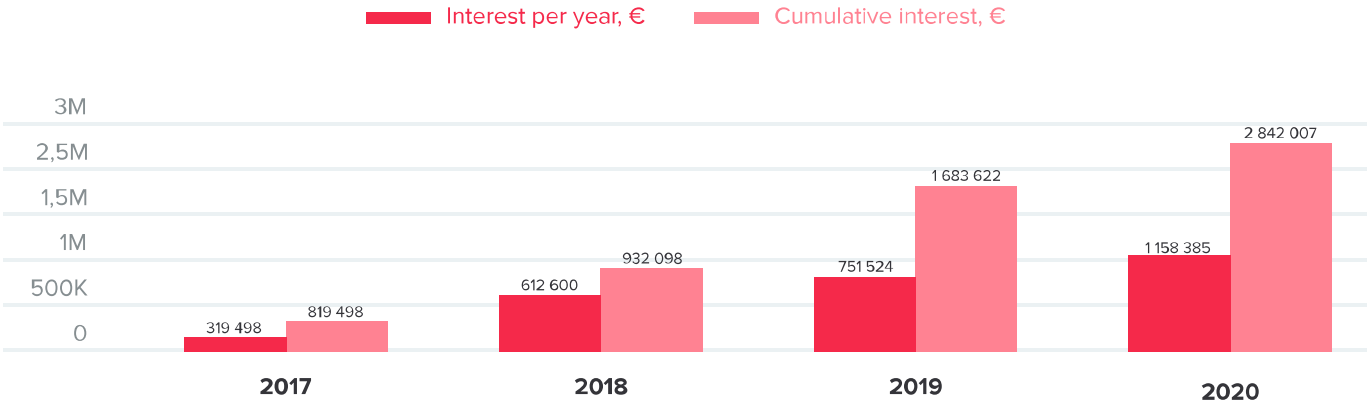
Loans funded at Swaper

Total cumulative loans funded in 2020 reached 189.2 million EUR, which corresponds to 51% increase over the previous year. New loan placement volume in 2020 slightly below 2019 volumes by 5%, mainly resulting from lower loan originator issuance levels due to Covid-19.



Interest paid at Swaper

Due to increased interest rates paid to platform users from February 2020 yearly interest paid in 2020 increased by 54%. By the end of 2020 cumulative interest increased by 69% and reached 2.8 million EUR.



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

At the start of 2020 restrictions related to the spread of the COVID-19 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. Following COVID-19 escalation, from March 2020 placed loan volumes temporarily decreased and the Company observed an increase in uninvested funds withdrawal requests. Company's management ensured that platform users seeking cash withdrawals are paid timely. As with many other businesses, the situation posed challenges to maintain sufficient liquidity. This was further tied to decreased amount of issued loans by loan originators, as they were performing additional steps to maintain the quality of loan portfolio, and it was the right decision considering the situation.

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.

Throughout 2020 and to date 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 low and remain stable. Company's management remains positive on the current outlook despite possible wave of new restrictions being enforced in the foreseeable future due to new Covid variants.

It cannot be excluded, however, that COVID-19 new variants and further restrictions imposed by the governments 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. Management will continue to monitor the situation and address the impact in case of such events if they occur in the future.

Going concern

As at 31 December 2020 the Company's current liabilities exceeded its current assets by 4 735 680 EUR It may indicate a potential uncertainty about Company's ability continue a going concern as at this date. Reasons for this deficiency is related to the business model of the Company. Current liabilities mainly include funds received from the platform users which are used to acquire claim rights in short term loans placed on the platform (see Note 13). All loans placed on the platform are due for repayment within 30 to 35 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 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 a working capital gap for the Company, especially in the first couple of years of its operations.

Working capital gap is expected to decrease over time and payment schedules with loan originators are structured in a way to ensure a 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.

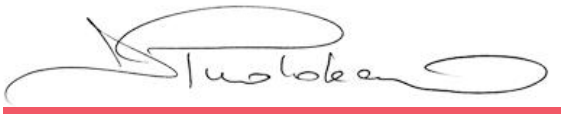
Events after the end of the financial year

Subsequent to the year end the Company has received loan originator repayments on trade receivables, advances and loans issued amounting to 2,3 million EUR, which substantially improved Company liquidity (see more in Note 21).

The Company strengthen the team and has hired Head of Legal and Compliance with the aim towards the upcoming licensing which Estonia is preparing to publish into law at the end of 2021. Even though the final version of the regulation has not been published as of the date of these financial statements, the Company is enhancing and improving its policies and procedures to be aligned with all applicable laws.

By December 2021 the total number of active platform users has reached 4 950.

The Company introduced new Auto-Invest strategies which make investing even more easy to match Swaper vision to make investing easy and recurring activity. Besides adding two new strategy schemes also new compounding interest calculator was added to web and mobile app. All these improvements are a start towards including new loan originators to the platform. This is a relatively long process due to the thorough legal review and due diligence the Company performs in order to onboard new loan originators.



Member of the Board: **Indrek Puolokainen**

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Financial Statements

Statement of income	EUR	EUR
	2020	20.05.2019 - 31.12.2019
Net Sales [2]	1 939 989	1 346 950
Cost of sales [3]	(1 285 115)	(766 564)
Gross profit	**654 874**	**580 386**
Distribution costs [4]	(210 072)	(56 727)
Administrative expense [5]	(486 202)	(154 491)
Other operating income [6]	47 939	-
Other operating expense [7]	(7 377)	(27 840)
Total operating profit	**(838)**	**341 328**
Interest Income [8]	161 330	62 905
Interest expense [9]	(71 513)	-
Profit before income tax	**88 979**	**404 233**
Net profit for the reporting year	**88 979**	**404 233**

Statement of financial position

Assets	31.12.2020	31.12.2019
Non - Current Assets	EUR	EUR
Intangible assets [11]	1 485 513	1 724 199
Property, plan and equipment [12]	1 582	-
Receivables and prepayments [13]	4 799 654	6 257 947
Total Non - Current Assets	**6 286 749**	**7 982 146**
Current Assets		
Receivables and prepayments [13]	4 792 327	3 128 402
Cash and cash equivalents [14]	413 121	569 691
Total Current Assets	**5 205 448**	**3 698 093**
TOTAL ASSETS	**11 492 197**	**11 680 239**
Equity and Liabilities		
Equity		
Issued capital [15]	2 500	2 500
Retained earnings	404 233	-
Profit for the reporting year	88 979	404 233
Total Equity	**495 712**	**406 733**
Liabilities		
Non - Current Liabilities		
Loan liabilities [16]	1 055 357	-
Total Non - Current Liabilities	**1 055 357**	**-**
Current Liabilities		
Loan liabilities [16]	7 480 509	8 872 653
Payables and prepayments [17]	2 460 619	2 400 853
Total Current Liabilities	**9 941 128**	**11 273 506**
Total Liabilities	**10 996 485**	**11 273 506**
TOTAL EQUITY AND LIABILITIES	**11 492 197**	**11 680 239**

Notes to the Financial Statements

1. Accounting policies

Corporate and business information

Swaper Platform OÜ 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.

2020 is the second year of Company's operations, however Swaper platform has already been successfully operating since 2016.

The financial statements of Swaper Platform OÜ 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). Financial statements cover the period 1 January 2020 through 31 December 2020. Comparative numbers cover the period 20 May 2019 through 31 December 2019 as the first year of operations.

The Company has prepared a small companies' abridged financial statements. Company continues to operate.

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.

Cash

Cash and cash equivalents comprise cash at bank.

Foreign currency transactions and assets and liabilities in foreign currency

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.

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.

Tangible fixed assets and Intangible assets

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, goodwill 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.

Tangible fixed assets

Tangible fixed assets are assets that the company uses in the course of its business for more than one year.

Tangible fixed assets are recorded at acquisition cost, which is the money paid for the acquisition of the asset (or during construction) or the fair value of the consideration given in cash and the fair value of the consideration given or consideration received to settle the obligation. Later repair costs are added to the cost of property, plant and equipment only to the extent that they relate to property, plant and equipment definition and balance sheet recognition criteria. Expenses related to current maintenance and repairs are expensed as incurred. Material

Depreciation is calculated on a straight-line basis. Property, plant and equipment are depreciated over 3-5 years from the date of recognition.

Fixed assets capitalization limit is 300 EUR.

Useful life by group of fixed assets (years)

Fixed assets group	Useful life
Inventory	3
Computers	3

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.

The Company earns revenue from agreements signed with loan originators. In accordance with the agreements Company earns a fixed percentage of each loan placed on the platform. Furthermore, the Company also earns commission and discount fees in case the loans placed on platform are repaid by the original borrowers. These fees are calculated once per month and billed quarterly.

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 are 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, and also profits distributed by bonus issue are not subject to taxation. 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 20/80 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.

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 of P2P platform

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 P2P 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.

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 2020	EUR 20.05.2019 - 31.12.2019
Commission income	1 939 989	1 346 950
Total	**1 939 989**	**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	EUR 2020	EUR 20.05.2019 - 31.12.2019
Poland	1 733 528	1 290 563
Spain	206 333	56 162
Denmark	128	225
Total net sales in European Union	**1 939 989**	**1 346 950**

3. Cost of sales

	EUR 2020	EUR 20.05.2019 - 31.12.2019
Interest expenses for loans from P2P platform users	1 186 898	413 533
Trademark license costs	23 280	218 132
IT service costs	20 145	116 015
Labor expenses[10]	53 496	18 128
Rent expenses	1 296	756
Total	**1 285 115**	**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 2020	EUR 20.05.2019 - 31.12.2019
Advertising expenses	203 820	56 727
Investor rewards expense	6 252	-
Total	**210 072**	**56 727**

5. Administrative expense

	EUR 2020	EUR 20.05.2019 - 31.12.2019
Amortization of intangible assets 11 & 12	239 022	87 791
Legal and other professional services	233 911	59 572
Bank charges	5 780	3 001
Employee training expenses	228	1 907
Other administrative expenses	7 261	2 220
Total	**486 202**	**154 491**

6. Other operating income

	EUR 2020	EUR 20.05.2019 - 31.12.2019
Currency exchange gain, net	15 598	-
Other operating income	32 341	-
Total	**47 939**	**-**

7. Other operating expense

	EUR 2020	EUR 20.05.2019 - 31.12.2019
Fines, penalties and compensations	92	128
Currency exchange loss, net	-	27 066
Other operating expenses	7 285	646
Total	**7 377**	**27 840**

8. Interest income

	EUR 2020	EUR 20.05.2019 - 31.12.2019
Interest income from loans issued	161 330	62 905
Total	**161 330**	**62 905**

9. Interest expense

	EUR 2020	EUR 20.05.2019 - 31.12.2019
Interest expense from loans received	71 513	-
Total	**71 513**	**-**

10. Labor expense

	EUR 2020	EUR 20.05.2019 - 31.12.2019
Wages and salaries	42 144	12 833
Social security taxes	11 215	4 579
Accrued vacation pay expenses	137	716
Total	**53 496**	**18 128**

Number of employees	2020	20.05.2019 - 31.12.2019
Average number of employees in full time equivalent units	2	2
Average number of employees by types of employment:		
• Person employed under employment contract	2	2
• Member of management or controlling body of legal person	1	1

11. Intangible assets

	Goodwill	Computer software	Total
2019			
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 and impairment	(63 208)	(24 583)	(87 791)
Residual cost 31.12.2019	**1 453 782**	**270 417**	**1 724 199**
2020			
Amortization	(151 464)	(59 000)	(210 464)
Impairment	(28 222)	-	(28 222)
31.12.2020			
Carried at cost	1 516 990	295 000	1 811 990
Accumulated amortization and impairment	(242 894)	(83 583)	(326 477)
Residual cost 31.12.2020	**1 274 096**	**211 417**	**1 485 513**

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. In 2020, Goodwill was impaired by 28 222 EUR. The adjustment was due to the acquisition of assets and liabilities incurred difference. Goodwill is decreased by the above amount.

12. Property, plant and equipment

	Computers and computer systems	Total
2020		
Acquisitions and additions	1 918	1 918
Depreciation	(336)	(336)
31.12.2020		
Carried at cost	1 918	1 918
Accumulated depreciation	(336)	(336)
Residual cost 31.12.2020	**1 582**	**1 582**

13. Receivables and prepayments

	31.12.2020	Allocation by remaining maturity within 12 months	1 - 5 years
Trade receivables	**1 526 883**	**1 526 883**	**-**
Trade receivables	1 526 883	1 526 883	-
Other receivables	**5 227 154**	**427 500**	**4 799 654**
Loan receivables	5 068 894	427 500	4 641 394
Accrued interest	158 260	-	158 260
Prepayments	**2 837 944**	**2 837 944**	**-**
Other prepayments	2 837 944	2 837 944	-
Total:	**9 591 981**	**4 792 327**	**4 799 654**

	31.12.2019	Allocation by remaining maturity within 12 months	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**	**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**

Loan receivables final term is 31.12.2024 and interest at 2,79% is to be paid in yearly tranches next due 31.12.2021.

Trade receivables and prepayments made includes receivables from loan originators.

	31.12.2020	31.12.2019
Receivables from loan originators	4 364 827	3 128 164
Total:	**4 364 827**	**3 128 164**

14. Cash and cash equivalents

	31.12.2020	31.12.2019
Cash at bank	413 121	569 691
Total:	**413 121**	**569 691**

15. Issued capital

	31.12.2020	31.12.2019
Issued capital	2 500	2 500
Number of parts	1	1

16. Loan liabilities

	EUR 31.12.2020	EUR within 12 months	EUR 1 - 5 years	Rate	Term
Funding attracted through peer-to-peer platform	7 400 159	7 400 159	-	14-16%	
Accrued funding interest expenses	80 350	80 350	-		
Other loans received	1 055 357	-	1 055 357	4%	31.12.2025
Total:	**8 535 866**	**7 480 509**	**1 055 357**		

	EUR 31.12.2019	EUR within 12 months	EUR 1 - 5 years	Rate	Term
Funding attracted through peer-to-peer platform	8 821 793	8 821 793	-	12-14%	
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 (liabilities term 30-35 days).

17. Payables and prepayments

	EUR 31.12.2020	EUR 31.12.2019
Trade payables	137 757	304 032
Employee payables (Note 18)	3 947	3 070
Tax payables (Note 19)	29 103	72 023
Other payables	2 289 416	2 000 623
Prepayments received	**396**	**21 105**
Other received prepayments	396	21 105
Total	**2 460 619**	**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.

All payables and prepayments are due within 12 months.

18. Employee payables

	EUR 31.12.2020	EUR 31.12.2019
Salary payable	2 806	2 112
Accrued unused vacation	1 141	958
Total	**3 947**	**3 070**

19. Tax prepayments and liabilities

	EUR 31.12.2020	EUR 31.12.2019
Value added tax	24 921	68 981
Personal income tax	821	978
Social tax	3 159	1 733
Contributions to mandatory funded pension scheme	92	77
Unemployment insurance tax	110	126
Interest	-	128
Total	**29 103**	**72 023**

20. Related parties

	EUR		EUR	
	31.12.2020		31.12.2019	
Related party balances according to groups	**Receivables**	**Liabilities**	**Receivables**	**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	**2020**	**20.05.2019 - 31.12.2019**
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	1 584	924

21. Events after the reporting date

Subsequent to the year end the Company has received loan originator repayments on trade receivables, advances and loans issued amounting to 2,3 million EUR.

By December 2021 the total number of active platform users has reached 4 950.

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.

Swaper Annual report 2020

Signatures

Date of completion of the Annual Report is: 23.12.2021.

The correctness of information in the annual report of Swaper Platform OÜ (registry code: 14726410) of 01.01.2020 - 31.12.2020 has been confirmed by:

Name of the signatory	Role of the signatory	Date and signature
Indrek Puolokainen	**Member of the Board**	**23.12.2021**

Swaper Annual report 2020

Profitius
AUDIITORBÜROO

OÜ Audiitorbüroo PROFITIUS
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Registrikood 10597826
Telefon: 7 304 933; 51 38 682

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Swaper Platform OÜ

We have audited the financial statements of Swaper Platform OÜ (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of cash flows and statement of changes in equity 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, 2020, 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) (including Independence Standards), 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 management 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.

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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
23.12.2021