

## Report of Independent Accountants

To the Management of DealDash, Inc:

We have examined management's assertions included in the accompanying "Report of Management on DealDash, Inc.'s Online Auction Service" regarding the effectiveness of its controls surrounding DealDash, Inc.'s Online Auction Service (DealDash.com) to provide reasonable assurance that, during the period January 1, 2019 through January 31, 2020, it believes that bids on auctions were placed by bona fide users, with no use of bots, shill bidding or bidding by DealDash, Inc's employees or any employees of the companies within the same group of companies, and winning auctions were fulfilled in accordance with the terms and conditions as stated on the website and mobile applications (i.e., shipped). These assertions are the responsibility of DealDash, Inc.'s management. Our responsibility is to express an opinion on the assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of DealDash, Inc.'s Online Auction Service website and mobile application system, including evaluating and testing the operating effectiveness of the controls supporting management's assertions, and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in controls, error or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that the validity of such conclusions may be altered because of changes made to the system or controls, the failure to make needed changes to the system or controls, or deterioration in the degree of effectiveness of the controls.

In our opinion, management's assertions referred to above, during the period January 1, 2019 through January 31, 2020, are fairly stated, in all material respects, based on the criteria specified by management in Appendix A of the accompanying report.

*A-LIGN Compliance and Security Inc.*

February 14, 2020



## Report of Management on DealDash, Inc.'s Online Auction Service

DealDash Inc (DealDash) is responsible for operating DealDash.com's Online Auction environment.

With regard to its responsibility for operating DealDash.com's Online Auction Service, management believes that during the period from January 1, 2019 through January 31, 2020:

1. DealDash maintained effective controls to provide reasonable assurance that bids are placed by bona fide users, with no use of bots, shill bidding or bidding by employees.
2. DealDash maintained effective controls to provide reasonable assurance that winning auctions were fulfilled (i.e. shipped).

Because of inherent limitations in any control, no matter how well designed, misstatements due to error or fraud may occur and not be detected, including the possibility of the circumvention or overriding of controls. Accordingly, even effective controls can provide only reasonable assurance with respect to the achievement of any objectives of controls. Further, because of changes in conditions, the effectiveness of controls may vary over time.

DealDash has assessed its controls over DealDash.com's Online Auction Service. Based upon this assessment, DealDash believes that, during the period from January 1, 2019 through January 31, 2020, its controls related to its Online Auction Service website and mobile application were effective in providing reasonable assurance that the criteria contained in Attachment A supporting management's assertions above were achieved.

Refer also to Attachment B ("Description of DealDash.com's Online Auction Service") which summarizes those aspects of DealDash.com's Online Auction Service and management team supporting our assertions.

A handwritten signature in blue ink, appearing to read "Pasi Lohi", is positioned above the typed name.

Pasi Lohi  
CEO  
DealDash Inc.  
February 14, 2020

## Attachment A - Management Criteria

For each assertion, DealDash management has defined specific criteria indicating how DealDash meets the assertions. These criteria are listed below:

### *Assertion #1*

DealDash maintained effective controls to provide reasonable assurance that bids are placed by bona fide users, with no use of bots, shill bidding or bidding by employees.

#### Criteria

1. Standard policies have been developed regarding employee conduct, awareness, and responsibilities associated with non-registered user bids.
2. Procedures have been developed to restrict nonuser/employee bids from being placed on items being auctioned in accordance with disclosed business practices.
3. Procedures have been developed to monitor authenticity of user bid activity / transactions captured.
4. Procedures exist to investigate unusual bid activities and take appropriate action when necessary.
5. Policies have been developed and disclosed to registered users regarding authenticity of user bids placed on auctions.

### *Assertion #2*

DealDash maintained effective controls to provide reasonable assurance that winning auctions were fulfilled (i.e. shipped).

#### Criteria

1. Policies have been developed and disclosed to registered users regarding shipment of items won via auction.
2. Procedures exist to monitor winning auction transactions and confirm shipment and delivery.
3. Procedures exist to ship items won via auction in accordance with DealDash's disclosed business practices.
4. Procedures have been designed and implemented to investigate and resolve customer complaints/issues that arise related to the shipment of items won via auction.
5. Standard policies have been developed that define employee responsibilities for the shipment of winning auctions.

## Attachment B - Description of DealDash.com's Online Auction Service

DealDash is an online auction website and mobile application that sells new consumer goods and retail gift cards at potentially deep discounts from retail prices. Some of the auction items on DealDash ranges from iPads to flat screen televisions. All items are new, name-brand, in-the-box products. This form of "auction entertainment" offers consumers a fast paced, entertaining and price conscious alternative to many of the retail channels currently available in the marketplace.

### Use of DealDash and Bidding

Bidding on the DealDash website or mobile application begins after the successful completion of these three steps:

1. Create an account by submitting required personal information.
  - a. Personal information submitted by user
    - i. Primary e-mail address
    - ii. Desired account username
    - iii. Password
    - iv. Acceptance of Terms & Conditions
  - b. Other personally identifiable information is stored
    - i. Internet Protocol (IP) address and device information
    - ii. Tracking information to help trace back to origin and advertising
2. Activate their account by purchasing credits ("bids").
  - a. Personal information submitted by user
    - i. Full name
    - ii. State of residence
3. Bid on auctions for brand new products.

#### *Create an account by submitting required personal information*

Guests on the DealDash website or mobile application must register for an account in order to bid on auctions. Creating an account is free and requires that personal information is properly submitted.

#### *Activate their account by purchasing credits*

Credits, "Bids", must be purchased by users prior to online bidding. Only registered users can submit the convenient online bids, which can be purchased in packages ("Bid Packs") at the currently applicable prices, which can be viewed under the "Buy Bids" section of the website or mobile applications. The bids must be paid for in advance. When the bids are purchased and deposited into the user's DealDash account, a contract for the purchase of the bids materializes. The associated invoice is due immediately. If a user is suspended for whatever reason, all of their credits will be lost and are not to be refunded. Bids are offered in Bid Packs of varying sizes such as 50, 200, 500. Users can choose the desired bid pack to purchase using their own credit card, debit card or PayPal. Purchased credits will be placed in the registered guests account for immediate use. Credit amounts are visible to the user when logged into their account on the DealDash website or mobile applications.

#### *Bid on auctions for brand new products*

An individual bid can be submitted by clicking the "Bid Now!" button, or the "BidBuddy" can be used. Once a bid is submitted, it is no longer valid and is deducted from the user's account accordingly. A user selects an item that they are interested in buying from the Home Page. Once the bid has been placed, the user will see their name as the highest bidder underneath the current auction price. Each bid raises the price of the auction by \$0.01 and restarts the countdown timer, giving others the chance to match the previous bid. For every bid placed, a credit is deducted from the account total. All auctions start at \$0.

## Timing

When an auction opens, a 10 second running countdown clock is displayed on the DealDash website or mobile applications for that auction. Auction duration is based on continued interest in auction items. If auction interest remains high as indicated by continued bidding activity, the bid clock will continue to reset to 10 seconds.

When a bid is placed, the auction timer countdown clock is reset back up to a maximum of 10 seconds to give someone else the chance to bid if they're interested. If no one else bids and the counter clock does reach zero, the highest bidder for the auction wins. The winner pays the final auction price separate from the cost of used bids. The winner then completes the check-out process in order to arrange for payment and shipping.

The bidder pays the final auction price, and any applicable sales tax in certain States.

## Alternative Options

DealDash gives all users who have participated in an auction and lost, the option to purchase an identical product at a non-discounted DealDash store price and get all the bids they used while bidding refunded back to their account, for free.

## Organization Overview

DealDash is run by DealDash Plc and its fully owned subsidiary DealDash Inc. Both companies' employees, board members and relatives of DealDash employees and board members are strictly bound to follow DealDash's terms & conditions. DealDash has implemented an organization structure that supports defined roles and responsibilities and segregation of functional duties. The following functional teams have been established:

### Product development

1. Software development
2. User experience development
3. Product optimization

### Merchandising

1. Business development and brand signing
2. Fulfillment

### Sales & Marketing

1. Lead generation off-site
2. Customer acquisition on-site

### Customer service & Community

1. Customer service
2. Community management

### Financial administration & Back-office

1. Fundraising & venture capital
2. Financial reporting
3. Financial projections
4. Legislative compliance and reporting

## **Policies and Procedures**

DealDash has established and implemented formal policies and procedures to govern DealDash's commitment to internal control. These policies include e.g. a formal business plan, HR policies, and guidelines for employees and board members. Weekly staff meetings and monthly board meetings are conducted. In addition, there are formal policies and procedures that govern the areas of development, product optimization and IT operations. Formal procedures are in place to monitor auction activities and fulfillment of all won auctions and products purchased in the DealDash store.

DealDash uses a back-end administration panel that has among many other tools software that regularly scans through all users on a daily basis to find high-risk or "related accounts". Related accounts are user accounts that the system has determined may be run by the same individual. This is done by checking similarities with other accounts, for instance those that share personal information and other collected data. This helps DealDash assure that there is no collusion taking place and that auctions remain fair for all DealDash users. Each individual may only use one account on DealDash.

DealDash's financial status and statements are audited by Ernst & Young (EY) in Helsinki, Finland. All DealDash employees and board members understand that they may not under any circumstances take part of or bid on any public auctions run by DealDash.