

Tatari tn 39 / 10134 Tallinn / 627 4135 / info@aki.ee / www.aki.ee Registry code 70004235 PRELIMINARY WARNING in personal data protection case no. 2.1.-1/21/3262 Issuer of the injunction Legal advisor of the Data Protection Inspectorate Kirsika Berit Reino Time and place of the injunction 17.12.2021 Tallinn Recipient of the injunction - personal data processor address: Narva mnt 7b 10117 Tallinn e-mail address: finance@paxful.com Personal data processor responsible official board members RESOLUTION: On the basis of § 56 (1), (2) point 8, § 58 (1) of the Personal Data Protection Act (IKS), Article 5(1)(a) and (2), Article 58(1)(a) and (2)(d) of the General Regulation on Personal Data Protection I issue a mandatory injunction to fulfill: 1. PEACEFUL TECH OÜ board members Artur Schaback or Mohamed Azab Youssef to respond to the proposal sent by the Data Protection Inspectorate on 18.11.2021 in case No. 2.1.-1/21/3262. The proposal is attached to this prescriptive warning. I set the deadline for the execution of the order as 17.01.2022. Report compliance with the order to the e-mail address of the Data Protection Inspectorate at info@aki.ee by this deadline at the latest. REFERENCE FOR DISPUTES: This order can be challenged within 30 days by submitting either: - an appeal under the Administrative Procedure Act to the Data Protection Inspectorate or - an appeal under the Administrative Court Procedure Code to the administrative court (in this case, the appeal in the same matter cannot be reviewed). Challenging a precept does not stop the obligation to fulfill it or the implementation of measures necessary for fulfillment. WARNING: If the injunction is not complied with by the set deadline, the Data Protection Inspectorate will impose a fine of 3,000 euros on the addressee of the injunction based on § 60 of the Personal Data Protection Act. A fine may be imposed repeatedly - until the injunction is fulfilled. If the recipient does not pay the penalty, it will be forwarded to the bailiff to start enforcement proceedings. In this case, the bailiff's fee and other enforcement costs are added to the enforcement money. 2 (3) MISCONDUCT PUNISHMENT WARNING: Failure to comply with the prescription under Article 58 (2) of the Personal Data Protection General Regulation may result in a misdemeanor proceeding based on § 69 of the Personal Data Protection Act. For this act, a natural person may be fined up to EUR 20,000,000, and a legal person may be fined up to EUR 20,000,000 or up to 4 percent of its global annual turnover of the previous financial year, whichever is greater. The out-of-court procedure for a misdemeanor is the Data Protection Inspectorate. FACTUAL FACTS: A notice has been sent to the Data Protection Inspectorate, according to which the data protection conditions on the website paxful.com (hereafter referred to as Paxful) do not meet the requirements of the General Regulation on the Protection of Personal Data (GPR): the website has no reference to a contact person located in the European Union, there is no data protection specialist and it is not known how data is transferred between the United States

and the European Union. According to the website paxful.com, it is the company Paxful, Inc. with the belonging website. However, Paxful itself has stated in correspondence with the user that the company also has a place of business in the European Union, namely in the Republic of Estonia¹. According to the website, Paxful is founded by Artur Schaback and Ray Youssef. According to the Estonian business register, both founders are members of the board of Peaceful Tech OÜ². According to Peaceful Tech OÜ's 2020 annual report, Peaceful Tech OÜ belongs to the international Paxful group, whose parent company is located in the United States. The software is being developed for the website www.paxful.com, whose main purpose is to provide people with a virtual currency wallet service. Although the sole shareholder of Peaceful Tech OÜ is Digital Services International Holdings Inc. (located in the United States), a company providing services to citizens of the European Union must follow the conditions set forth in the General Regulation on the Protection of Personal Data (GPR). Insofar as Paxful itself has stated in its correspondence with users that the company's place of business is Estonia, and according to the annual report of Peaceful Tech OÜ, the latter belongs to the Paxful group, the Data Protection Inspectorate has the competence to carry out national supervision over Peaceful Tech OÜ in accordance with § 56 (3) point 8 of the Personal Data Protection Act (IKS). The Data Protection Inspectorate forwarded a proposal to the e-mail address finance@paxful.com entered in the business register (see Appendix 1) and asked for a response no later than 03.12.2021. For the time being, neither Artur Schaback nor Mohamed Azab Youssef, the board members of Peaceful Tech OÜ, have responded to the proposal or asked for an extension of time to respond. In the said proposal, the inspectorate also drew attention to the imposition of an injunction and a fine in the event that the inspectorate's proposal is not answered by the deadline. Regarding the proposal sent by e-mail, we note that according to § 27 (2) point 3 of the Administrative Procedure Act, a document made available or forwarded electronically is considered delivered if the document or notice has been forwarded to the e-mail address entered in the company's business register. 1 From the extract of correspondence: "as we have an establishment in the EU, namely in the Republic of Estonia" 2 Mohamed Azab Youssef, whose alias is Ray Youssef, is indicated as a member of the board of Peaceful Tech OÜ. 3 (3) In accordance with § 58 subsection 1 of the Personal Data Protection Act and Article 58 subsection 1 point a of the General Regulation on Personal Data Protection and taking into account point e of the same subsection, the inspectorate has the right to demand explanations and other information, including the submission of documents necessary for conducting the supervision procedure. In addition, according to Article 58(2)(d) of the General Regulation on Personal Data Protection, the inspectorate has the right to order that the responsible processor or

authorized processor, in appropriate cases, bring personal data processing operations into compliance with the provisions of this regulation in a certain way and within a certain period of time. Taking into account that it is mandatory to respond to the proposal made by the administrative body as part of the supervisory procedure, but Artur Schaback and Mohamed Azab Youssef have not responded to the inspection's proposal, the inspection considers that issuing a mandatory injunction is necessary in the supervisory procedure in order to bring the data protection conditions specified on the www.paxful.com website into line with the current legislation . If there are problems in responding to the inspection by the set deadline, it is possible to explain to the supervisory authority which circumstances were an obstacle to responding and to request an additional deadline for responding. In addition, we explain that if Artur Schaback or Mohamed Azab Youssef want to be represented by a lawyer in this matter, a power of attorney proving the representation must be submitted to the inspectorate. As long as the corresponding power of attorney is not submitted, the Data Protection Inspectorate will only send documents to members of the board of Peaceful Tech OÜ as part of the supervision procedure. /signed digitally/ Kirsika Berit Reino, legal advisor under the authority of the general director

Appendix 1: proposal sent on 18.11.2021 in personal data protection case No. 2.1. – 1/21/3262