

ANNUAL REPORT

beginning of financial year: 01.01.2019

end of the financial year: 31.12.2019

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Management report

Northern Horizon Capital AS is an entity established on 24 March 2004 for the management of real estate and real estate investments. The founder and the parent company of Northern Horizon Capital AS is Northern Horizon Capital A/S registered in the Kingdom of Denmark. Northern Horizon Capital AS is a management company of Baltic Horizon Fund which is a real estate fund registered with the Estonian Financial Supervision Authority.

Baltic Horizon is a registered public closed-end real estate fund that was listed on Nasdaq Tallinn stock exchange on 6 July 2016. This is the first time when a security listed on Nasdaq Tallinn stock exchange has been dual-listed on Nasdaq Stockholm stock exchange. Baltic Horizon is also the first AIF on the alternative investment funds list of Nasdaq Stockholm stock exchange. The first trading day with the fund's units on Nasdaq Stockholm was 23 December 2016.

Baltic Horizon is administered by Northern Horizon Capital AS, Northern Horizon group's subsidiary. Northern Horizon Capital AS is a licensed fund manager and reports to the Estonian Financial Supervision Authority.

In 2019, the company's revenue amounted to EUR 2,223,508 (2018: EUR 1,394,049) and the profit to EUR 1,297,102 (2018: EUR 558,154). As of 31 December 2019, the company had 5 employees (31.12.2018: 3 employees) whose salary expense totaled EUR 293,427 in 2019 (2018: EUR 268,197).

As of year-end, the Management Board consists of three members. The Management Board members were paid remuneration in the amount of EUR 24,000. The Supervisory Board consists of three members.

In 2020, the company continues its activities of managing the investments of Baltic Horizon Fund and plans to increase the volume of managed assets.

Key financial ratios		2019	2018
Change in revenue (%)		59	21
Change in equity (%)		10	17
Liquidity ratios			
Current ratio	current assets / current liabilities	9.33	2.51
Quick ratio	(current assets - inventories - prepayments) / current liabilities	8,77	2.33
Cash ratio	cash / current liabilities	0.79	0.93
Profitability ratios			
Net profit margin (%)	net profit / revenue * 100	58	40
ROA (%)	net profit / average total assets * 100	26	12
ROE (%)	net profit / average equity * 100	27	12
Leverage ratios			
Debt ratio (%)	total liabilities / total liabilities and equity * 100	2	6
Debt-to-equity ratio (%)	total liabilities / equity * 100	3	6

The annual accounts

Statement of financial position

(In Euros)

	31.12.2019	31.12.2018	Note
Assets			
Current assets			
Cash and cash equivalents	102 520	235 320	
Receivables and prepayments	1 099 879	403 213	2
Total current assets	1 202 399	638 533	
Non-current assets			
Financial investments	10 274	648 922	4
Receivables and prepayments	3 945 419	3 522 939	2
Property, plant and equipment	3 634	3 394	
Total non-current assets	3 959 327	4 175 255	
Total assets	5 161 726	4 813 788	
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	128 884	254 230	5
Total current liabilities	128 884	254 230	
Non-current liabilities			
Payables and prepayments	0	23 818	5
Total non-current liabilities	0	23 818	
Total liabilities	128 884	278 048	
Equity			
Issued capital	138 899	138 899	7
Share premium	95 803	95 803	
Statutory reserve capital	13 890	12 500	
Retained earnings (loss)	3 487 148	3 730 384	
Annual period profit (loss)	1 297 102	558 154	
Total equity	5 032 842	4 535 740	
Total liabilities and equity	5 161 726	4 813 788	

Income statement

(In Euros)

	2019	2018	Note
Revenue	2 223 508	1 394 049	8
Cost of sales	-861 627	-934 344	9
Gross profit (loss)	1 361 881	459 705	
Distribution costs	-18 320	-18 946	
Administrative expense	-34 763	-31 317	
Operating profit (loss)	1 308 798	409 442	
Gain (loss) from financial investments	19 728	-6 489	
Interest income	158 372	129 744	
Interest expenses	-796	0	
Other financial income and expense	11 000	25 457	
Profit (loss) before tax	1 497 102	558 154	
Income tax expense	-200 000	0	
Annual period profit (loss)	1 297 102	558 154	

Statement of cash flows

(In Euros)

	2019	2018	Note
Cash flows from operating activities			
Operating profit (loss)	1 308 798	409 442	
Adjustments			
Depreciation and impairment loss (reversal)	2 715	2 389	
Other adjustments	-3 090	7 158	
Total adjustments	-375	9 547	
Changes in receivables and prepayments related to operating activities	-697 090	-47 581	2
Changes in payables and prepayments related to operating activities	-149 164	-111 064	5
Interest paid	-796	0	
Total cash flows from operating activities	461 373	260 344	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-2 954	0	
Other cash payments to acquire other financial investments	0	-674 010	
Other cash receipts from sales of other financial investments	658 375	0	4
Loans given	-1 700 000	-620 000	11
Repayments of loans given	1 277 520	1 000 000	11
Interest received	158 372	129 744	
Dividends received	14 514	25 458	
Total cash flows from investing activities	405 827	-138 808	
Cash flows from financing activities			
Proceeds from issuing shares	0	109 702	
Dividends paid	-800 000	0	
Income tax refund (paid)	-200 000	0	
Total cash flows from financing activities	-1 000 000	109 702	
Total cash flows	-132 800	231 238	
Cash and cash equivalents at beginning of period	235 320	4 082	
Change in cash and cash equivalents	-132 800	231 238	
Cash and cash equivalents at end of period	102 520	235 320	

Statement of changes in equity

(In Euros)

					Total
	Issued capital	Share premium	Statutory reserve capital	Retained earnings (loss)	
31.12.2017	125 000	0	12 500	3 730 384	3 867 884
Annual period profit (loss)	0	0	0	558 154	558 154
Issue of equity	13 899	95 803	0	0	109 702
31.12.2018	138 899	95 803	12 500	4 288 538	4 535 740
Annual period profit (loss)	0	0	0	1 297 102	1 297 102
Declared dividends	0	0	0	-800 000	-800 000
Changes in reserves	0	0	1 390	-1 390	0
31.12.2019	138 899	95 803	13 890	4 784 250	5 032 842

Notes

Note 1 Accounting policies

General information

The financial statements 2019 of Northern Horizon Capital AS have been prepared in conformity with the Estonian Financial Reporting Standard. The Estonian Financial Reporting Standard is a body of financial reporting requirements based on the internationally accepted accounting and reporting principles, whose general requirements have been set out in the Estonian Accounting Act and which are supplemented by the guidelines issued by the Estonian Accounting Standards Board (hereinafter ASBG). The financial statements have been prepared based on the cost principle, unless otherwise prescribed in the accounting principles below. The financial statements have been prepared in euros.

Cash and cash equivalents

Cash in hand, bank account balances and deposits with the term of up to 3 months are recorded as cash and cash equivalents in the statement of financial position and statement of cash flows.

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

The functional currency of the company is the euro. Foreign currency transactions have been reported based on official rates of the European Central Bank prevailing at the transaction date. Foreign currency denominated monetary assets and liabilities are translated into the functional currency based on the official foreign currency exchange rates of the European Central Bank prevailing at the balance sheet date. Foreign exchange gains and losses resulting from translation are recognised in the statement of income of the accounting period.

Financial investments

Short-term and long-term financial investments in shares and other equity instruments are recognized at fair value if it can be measured reliably. The fair value is determined based on the market price. If the fair value is not reliably assessed, short-term and long-term financial investments are recognized in the balance sheet at adjusted acquisition cost. The change in the value of short-term and long-term financial investments is recognized in the income statement.

Receivables and prepayments

Accounts receivable, accrued income and other short-term and long-term receivables (incl. loan receivables, deposits) are measured at amortised cost. At each balance sheet date the management shall assess whether there are signs indicating that the financial assets may be impaired. If there exist any such signs, the financial assets carried at amortised cost will be written down to the present value of future expected collectible amounts. Impairment losses are recognised as an expense in the statement of income.

Plant, property and equipment and intangible assets

Asset items with the cost of over 1,700 euros and the useful life of over one year are recognised as property, plant and equipment. Assets that have a useful life of over one year but the cost of which is less than 1,700 euros, are fully expensed, with the exception of computers which are recognised as property, plant and equipment even if their cost is below the established threshold for recognizing the non-current assets.

Property, plant and equipment are initially recognised at their acquisition cost, which consists of the purchase price and any costs directly attributable to the acquisition of the asset.

Subsequently the items of property, plant and equipment are carried in the statement of financial position at cost, less accumulated depreciation and any accumulated impairment losses. The straight-line method is used for depreciating items of property, plant and equipment. The ranges of useful lives of the non-current assets are 3-5 years.

Leases

The lease agreements where all material risks and rewards related to the ownership of the assets are transferred to the lessee are classified as finance leases. All other lease transactions are classified as operating leases.

The company as the lessee

The finance lease is recognised as an asset and a liability at amounts equal to the fair value of the leased asset or at the present value of the minimum lease payments, if lower. Lease payments are allocated to the interest expense and the reduction of the residual value of the liability.

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

Financial liabilities

Financial liabilities are initially recognised at their cost which is the fair value of the consideration received for the financial liability. Subsequently the financial liabilities are measured at their amortised cost, by using the effective interest rate method. All transactions costs are taken into consideration upon calculating the effective interest rate and are expensed over the term of the financial liability. The interest expense accompanying the financial liabilities is recorded on an accrual basis in the statement of income under the row "financial income and expense". A financial liability is derecognised when it is discharged, cancelled or it expires.

Provisions and contingent liabilities

A provision is recognized if the company has a present legal or constructive obligation as a result of events that occurred before the balance sheet date, the settlement of the obligation is probable and the amount of the obligation can be measured reliably. Other potential or present obligations whose settlement is not probable or whose amount of accompanying costs cannot be measured with sufficient reliability are disclosed as contingent liabilities in the notes to the financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates granted. Revenue from the sale of goods is recognised when all significant risks incidental to ownership have been transferred from the seller to the buyer, the amount of revenue and the costs incurred in connection with the transaction can be measured reliably and the receipt of the economic benefits associated with the transaction is probable.

Revenue from the sale of services is recognised after the provision of services or, if services are performed over a longer time-period, based on the stage of completion method.

Taxation

In accordance with the Income Tax Act, profits distributed as dividends are taxed at the rate of 20/80 of the amount paid out as a net dividend. The corporate income tax accompanying the payment of dividends is recognized as a liability and an income tax expense in the statement of income in the period in which the dividends are declared, regardless of the period for which the dividends are declared or when the actual payment is made.

From 2018, an amendment to the law came into force, which allows for the application of a tax rate to the payment of dividends 14/86. A more favorable tax rate can be used for a dividend payment of up to the average dividend yield of the previous three financial years which were taxed at a rate of 20/80. When calculating the average dividend payment of the three previous financial years, 2018 is the first year to be taken into account. For the first time, the lower tax rate can be used for dividends paid in 2019 to the extent of 1/3 of the dividends paid in 2018. Due to the nature of the taxation system, companies registered in Estonia do not differ from the tax accounting and balance sheet residual values of their assets and consequently, deferred tax assets and liabilities. No contingent income tax liability is recognized in the balance sheet which would arise from retained earnings on the payment of dividends.

Related parties

A related party is a person or a company that is related to Northern Horizon Capital AS (the Company) to such an extent that transactions between them may be conducted on terms not equivalent to those used in arm's length transactions.

A person or a close member of that person's family (i.e. a family member who may be associated with significant influence such as the spouse or the domestic partner or a child) is a related party for the Company if that person:

- (a) is a member of the management of the Company or its parent company (i.e. a person having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly); or
- (b) has control of or significant influence over the Company (e.g. through an ownership interest).

A company is a related party for the Company if any of the following conditions apply:

- (a) the other company and the Company are under common control (i.e. they are members of the same group or controlled by the same person (or a close family member of that person));
- (b) one is under the control of a third party (that may be a company or a person) and the other is under the significant influence of that third party (if the third party is a person, then that person or a close family member of that person);
- (c) the other company has control of or significant influence over the Company;
- (d) the other company is under the control or significant influence of the Company;
- (e) a member of the management of the Company or the Company's parent company (i.e. a person having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly or its direct family member) has control of or significant influence over the other company;
- (f) the other company's management includes persons (or close family members of those persons) that have control of or significant influence over the Company.

Subsequent events

The financial statements include all material events that affect the valuation of assets and liabilities, which were disclosed between the

balance sheet date and date of preparing the report, but which are related to transactions that occurred during the reporting period or earlier periods. Post balance sheet date events, which have not been considered upon the valuation of assets and liabilities, but which significantly affect the result of the next financial year have been disclosed in the financial statements.

Note 2 Receivables and prepayments

(In Euros)

	31.12.2019	Allocation by remaining maturity			Note
		Within 12 months	1 - 5 years	Over 5 years	
Accounts receivable	473 537	473 537	0	0	11
Tax prepayments and receivables	976	976	0	0	3
Other receivables	4 490 419	545 000	0	3 945 419	
Loan receivables	3 945 419	0	0	3 945 419	11
Accrued income	545 000	545 000	0	0	11
Prepayments	72 369	72 369	0	0	
Deferred expenses	72 369	72 369	0	0	
Other receivables	7 997	7 997	0	0	
Total receivables and prepayments	5 045 298	1 099 879		3 945 419	
	31.12.2018	Allocation by remaining maturity			Note
		Within 12 months	1 - 5 years	Over 5 years	
Accounts receivable	356 286	356 286	0	0	11
Tax prepayments and receivables	527	527	0	0	3
Other receivables	3 522 939	0	500 000	3 022 939	
Loan receivables	3 522 939	0	500 000	3 022 939	11
Prepayments	46 400	46 400	0	0	
Deferred expenses	42 227	42 227	0	0	
Other paid prepayments	4 173	4 173	0	0	
Total receivables and prepayments	3 926 152	403 213	500 000	3 022 939	

Loan receivables are the loan receivable from parent company with interest rate 3% (2018: 3-3,5%), due date 31.12.2025, base currency EUR.

Note 3 Tax prepayments and liabilities

(In Euros)

	31.12.2019		31.12.2018	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Value added tax	370	0	0	1 311
Personal income tax	0	3 397	0	2 343
Fringe benefit income tax	0	1 027	0	57
Social tax	0	7 100	0	4 139
Contributions to mandatory funded pension	0	347	0	246
Unemployment insurance tax	0	368	0	247
Prepayment account balance	606		527	
Total tax prepayments and liabilities	976	12 239	527	8 343

Information on prepaid taxes is disclosed in Note 2 and on tax liabilities is disclosed in Note 5.

Note 4 Long-term financial investments

(In Euros)

	31.12.2017		Total
	Shares		
31.12.2017		0	0
Acquisition		655 412	655 412
Profit (loss) from disposal and revaluation		-6 490	-6 490
31.12.2018		648 922	648 922

	31.12.2018		Total
	Shares		
31.12.2018		648 922	648 922
Disposal at selling price or redemption		-658 375	-658 375
Profit (loss) from disposal and revaluation		19 727	19 727
31.12.2019		10 274	10 274

In 2019, 491 434 units of Baltic Horizon Fund were sold (2018: 0), number of units as at 31.12.2019 were 7 737 (31.12.2018: 499 171).

Note 5 Payables and prepayments

(In Euros)

	31.12.2019	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Trade payables	81 765	81 765	0	
Tax payables	12 239	12 239	0	3
Other payables	34 866	34 866	0	
Prepayments received	14	14	0	
Total payables and prepayments	128 884	128 884	0	

	31.12.2018	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Trade payables	188 624	164 806	23 818	
Employee payables	141	141	0	
Tax payables	8 343	8 343	0	3
Other payables	80 940	80 940	0	
Total payables and prepayments	278 048	254 230	23 818	

As of 31.12.2019, payables to related parties amounted to EUR 49,691 (31.12.2017: EUR 28,746). See Note 11.

Note 6 Contingent liabilities and assets

(In Euros)

	31.12.2019	31.12.2018
Contingent liabilities		
Distributable dividends	3 827 400	3 430 830
Income tax liability on distributable dividends	956 850	857 708
Total contingent liabilities	4 784 250	4 288 538

The calculation of the maximum potential income tax liability is based on the assumption that the sum of distributable net dividends and the accompanying income tax on payment of dividends in the statement of income 2020 may not exceed the distributable profit as of 31.12.2019.

The tax authorities may at any time inspect the tax accounting of the company within 5 years subsequent to the due date for submitting tax declarations, and may impose additional tax assessments, interest and fine if any mistakes are disclosed in the tax accounting.

The company's management is not aware of any circumstances which may give rise to a potential material tax liability in this respect.

Note 7 Share capital

(In Euros)

	31.12.2019	31.12.2018
Share capital	138 899	138 899
Number of shares (pcs)	26 399	26 399

The share capital of Northern Horizon Capital AS consists of 12,500 Class A shares with a nominal value of EUR 10 and 13,899 Class B shares with a nominal value of EUR 1. The B Class shares were issued with a premium in the amount of EUR 95,803.

Note 8 Net sales

(In Euros)

	2019	2018
Net sales by geographical location		
Net sales in European Union		
Estonia	2 223 508	1 394 049
Total net sales in European Union	2 223 508	1 394 049
Total net sales	2 223 508	1 394 049
Net sales by operating activities		
Fund management	2 223 508	1 394 049
Total net sales	2 223 508	1 394 049

Note 9 Cost of goods sold

(In Euros)

	2019	2018
Leases	26 633	25 857
Miscellaneous office expenses	32 613	27 411
Travel expense	48 299	28 134
Labor expense	333 681	300 961
Depreciation	2 715	2 389
Legal and other consultations	9 465	18 528
Management services	374 382	500 352
Other	33 839	30 712
Total cost of goods sold	861 627	934 344

Note 10 Labor expense

(In Euros)

	2019	2018
Wage and salary expense	219 463	200 689
Social security taxes	73 964	67 508
Employee insurance		
Other	40 254	32 764
Total labor expense	333 681	300 961
Average number of employees in full time equivalent units	5	3

Note 11 Related parties

(In Euros)

Name of accounting entity's parent company	Northern Horizon Capital A/S
Country where accounting entity's parent company is registered	Denmark

Related party balances according to groups

	31.12.2019		31.12.2018	
	Receivables	Liabilities	Receivables	Liabilities
Parent company	3 945 419	14	3 522 939	0
Other entities belonging into same consolidation group	1 546	49 691	1 988	28 746
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	1 018 537	0	354 299	0

Loans

2019	Given loans	Given loans repayments	Interest received	Interest rate	Base currencies	Due date
Parent company						
Parent company	1 700 000	1 277 520	158 372	3,0%	EUR	31.12.2025

2018	Given loans	Given loans repayments	Interest received	Interest rate	Base currencies	Due date
Parent company						
Loan to the parent company	754 845	1 000 000	129 744	4,2%	EUR	31.12.2025

Purchases and sales of goods and services

	2019		2018	
	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services
Other entities belonging into same consolidation group	388 344	0	500 352	0
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	2 223 508	0	1 394 049

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2019	2018
Remuneration	116 522	106 000

Northern Horizon Capital AS has provided fund management services to related parties (these transactions are reflected in the table above under row "Management and higher supervisory body and individuals with material ownership interest and entities under their prevalent or material influence") and purchased IT, event organizing, office and other re-invoiced services from related parties.

In case of premature termination of the employment contract with members of the Management Board, the company has an obligation to pay termination compensation (the compensation for members of the Management Board amounts to twelve months' average salary according to the contracts in place as of the balance sheet date).

In 2019 and 2018, no impairment was recognized in respect of accounts receivable from related parties. Additional information on transactions and balances with related parties has been disclosed in Notes 2 and 5.

Note 12 Events after the reporting date

At the beginning of 2020, the existence of a new coronavirus (Covid-19) was confirmed and by now it has spread all over the world, including Estonia, causing problems for businesses and economic activity. The company will not treat this outbreak after the reporting date corrective event, which impact will be reflected in the 2020 financial statements. As the situation is precarious and rapidly evolving, we do not consider it appropriate to make a quantitative assessment of the potential impact of the outbreak on the company.



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Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Northern Horizon Capital AS

Opinion

We have audited the financial statements of Northern Horizon Capital AS which comprise the balance sheet as at 31 December 2019, and the income statement, statement of changes in equity and statement of cash flows 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 Northern Horizon Capital AS as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Estonian Financial Reporting Standard.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). 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 (including International Independence Standards) (Estonia), and we have fulfilled our other ethical responsibilities in accordance with the requirements of code of ethics.

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. Other information consists of management report, but does not consist of 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 and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 International Standards on Auditing (Estonia) 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 International Standards on Auditing (Estonia), 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.

Tallinn, 29 April 2020

Stan Nahkor
Authorised Auditor's number 508
Ernst & Young Baltic AS
Audit Company's Registration number 58