

Corporate Governance Report

For Eastnine AB (publ) (“the Company”) corporate governance involves the way in which the Company works and is organised for the purpose of safeguarding all the stakeholders’ interests and achieving the Company’s objective of providing good returns in the long term.

Corporate governance at Eastnine is based on both external and internal rules. The external rules are the Companies Act, Nasdaq Stockholm’s Rules for Issuers, the Swedish Code of Corporate Governance (“the code”), as well as other applicable Swedish and foreign legislation and provisions. The Company’s internal rules include the articles of association, rules and guidelines for corporate governance, the board’s rules of procedures, instructions to the CEO and the policy documents adopted by the Company. The Company follows the code.

The purpose and nature of the Company

Eastnine is a public limited company established in 2007, the purpose of which is to invest in real estate located in the Baltic capitals. The Company is in the process of transformation from having been a diversified eastern European investment company into a Baltic real estate company and the transformation is expected to be completed by the end of 2020. The Company’s purpose is to create the highest possible risk-adjusted return for the Company’s shareholders through long-term ownership of real estate and active property management. The Company’s headquarters is located in Stockholm.

The board of Eastnine

The composition of the board

According to the articles of association the board shall consist of three to six members without deputies. Board members are elected by the annual general meeting for a period of one year. The annual general meeting decided to re-elect Peter Elam Håkansson, Liselotte Hjorth and Nadya Wells as board members. Liselotte Hjorth was elected new chairman of the board. Further, Johan Ljungberg and Peter Wågström were elected as new board members in the Company.

The board’s independence

According to applicable regulations, Liselotte Hjorth, Johan Ljungberg, Peter Wågström and Nadya Wells are considered independent of the Company and its management, as well as in relation to the Company’s major shareholders. The independent members of the board have been appointed because of their considerable experience of international corporate management and business activities, with a focus on financial knowledge and real estate experience as well as various listed companies.

Peter Elam Håkansson is not considered independent in relation to major shareholders since he is closely related to East Capital, which was a major shareholder in 2018 as defined in the code.

On 31 December 2018 there were no other major shareholders in the Company as this term is defined by Nasdaq Stockholm’s Rulebook for Issuers and the code. More information about each of the board members may be found on pages 34–35.

The board’s responsibility and duties

The Company’s board has overall responsibility for the Company’s organisation, administration and financial reporting. The board is also responsible for evaluating and taking decisions on all investments and divestments that the CEO and management implement through the Company’s property management organisation. The board also decides on issues that are related to the capital structure, such as initiating distributions to shareholders or increasing the capital available for investments, by issuing new shares or taking up loans for example. The board regularly oversees the investment strategy and evaluates whether it is in the best interests of the Company’s shareholders. The board also evaluates existing investments, investigates how management performs its tasks and decides on remuneration to management.

The work of the board is governed by the rules of procedures that have been adopted. The chairman of the board Liselotte Hjorth leads the work of the board and maintains ongoing contact with the CEO and the Company’s other executive functions, for the purpose of monitoring the Company’s activities. The board has also formulated and approved work instructions for the CEO, as well as a number of policy documents. The Company’s CEO Kestutis Sasnauskas, the (during 2018 resigned) CFO Lena Krauss and Interim CFO Mattias Lundgren also attended board meetings during 2018 to report on their respective areas.

The board holds five ordinary meetings per year. More meetings may be held if needed, to discuss and decide on investment proposals and other strategic issues.

Board meetings and main topics

During 2018 a total of 13 board meetings were held. Main topics discussed in the meetings were investment proposals and divestment proposals of non-core holdings, reporting from management on the ongoing property management, financial reports, valuations, strategic questions, and internal risk- and control matters. During 2018 the board adopted a standard yearly plan apart from the regularly occurring items on the board agenda such as investment decisions, property management matters and status reports from the Company management.

Evaluation of the board

The work of the board is continuously evaluated and the evaluation is used to develop the work of the board and as a basis for the nomination committee’s evaluation of the composition of the board. In 2018 the board was evaluated by the Company’s chairman as well as by the independent members of the nomination committee in order to provide supplementary information for the nomination committee’s work of preparing proposals to the 2018 annual general meeting.

The audit committee

The duties of the audit committee have been performed by the board as a whole since June 2016. The board discusses the financial reporting, as well as valuation and auditing issues. The Company’s authorised auditor from KPMG reported to the board on the general oversight and audit of interim reports during the year.

Remuneration to board members

On 24 April 2018 the annual general meeting decided that remuneration to the chairman of the board should amount to SEK 800,000 for the period up until the 2019 annual general meeting. Other board members should receive an annual remuneration of SEK 400,000 each for the same period.

Remuneration committee

In view of the limited number of employees in the Company, the board has decided that no remuneration committee is needed. The duties that would have been performed by a remuneration committee are instead performed by the entire board.

The management of Eastnine

The CEO and management are responsible for ensuring that the

ongoing administration of activities is performed in line with the board’s directions. Management is also responsible for the internal controls that are necessary for the board’s supervision of the investment- and property management activities. Management regularly reports to the board on these issues.

Remuneration to management

During the year, remuneration to the CEO and CFO consisted of fixed and variable salary as well as pension and insurance benefits. The board decides on a discretionary basis on whether variable salary shall be paid to management. This decision is based on internal evaluation criteria where strategic and operational activity based targets are evaluated. The targets are set and evaluated yearly by the board. During 2018 the board granted the CEO a variable salary of 40 percent of fixed salary, and the during 2018 resigned CFO 50% of fixed salary. Maximum variable salary is 50% of the fixed salary.

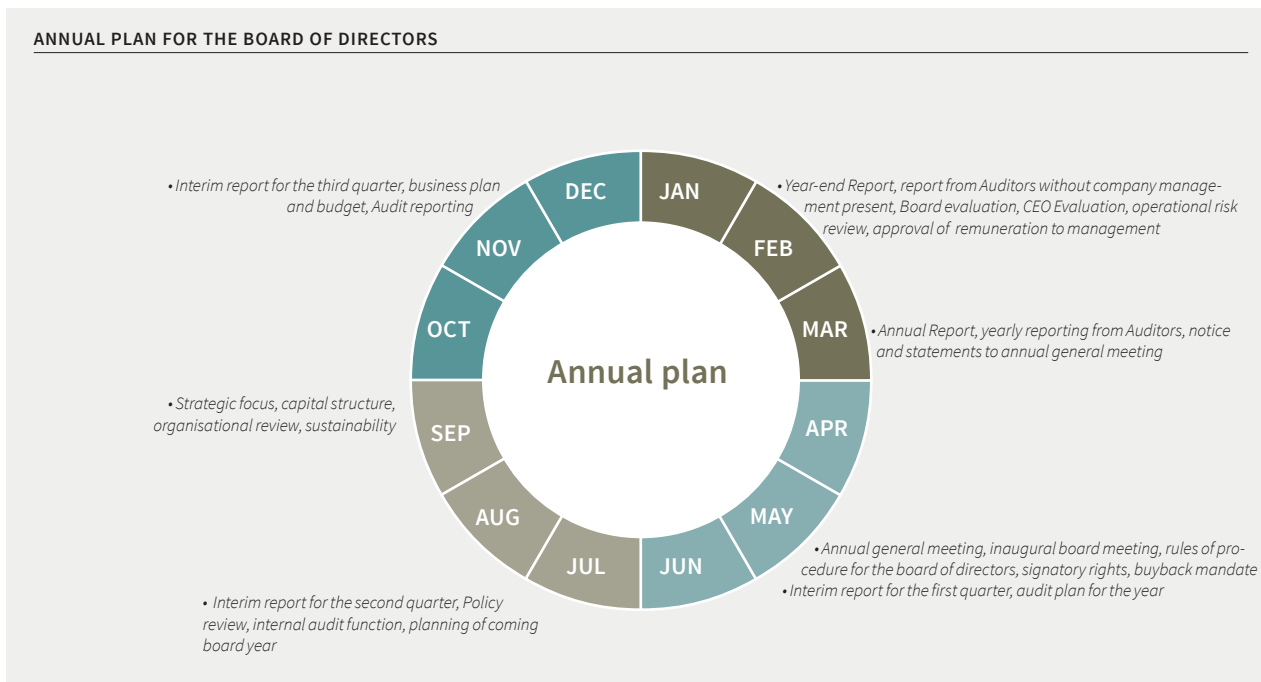
During 2019 the board granted the CEO a variable salary of 40% of the fixed salary, of a maximum of 50% of the fixed salary.

The CEO had an individual premium based pension plan during 2018, of which the Company pays premiums corresponding to 4.5% of the fixed salary up to 7.5 income base amounts and premiums of 30% of the fixed salary for the amount of salary that exceeds 7.5 income base amounts.

Detailed information about remuneration to management may be found in note 8 on page 55.

CEO

The CEO is responsible for the day-to-day activities of the Company according to the instructions from the board and other guidelines and policy documents. Together with the chairman of the board, the CEO prepares the agenda for board meetings and is



responsible for producing the necessary data for decision making. The CEO also ensures that the board regularly receives information about Eastnine's development and market information, so that well-grounded decisions can be taken.

The CEO Kestutis Sasnauskas has two board appointments outside the company, Agro Region Stockholm Holding and Rytu Invest, and has a significant shareholding in the latter. Kestutis also has a direct shareholding in Eastnine AB, corresponding to 2% of the outstanding shares. Information about the CEO may be found on page 36.

Share related incentive programmes

The annual general meeting on 24 April 2018 approved the board's proposal on a long term incentive programme for the full time employees in the Company, with the purpose of increasing shareholder value and long term value creation through adequate resources to retain and attract competent personnel in the Company, and increase motivation amongst participants through own ownership. The incentive programme is available to all employees in the group employed since 2018, and is divided into three categories: CEO & CFO, Investment managers and lease managers, and other employees.

Participation in the programme requires that the participants acquire shares in the Company for an amount corresponding to a maximum of two monthly salaries as of 1 April 2018 (savings shares). Each savings share give the participants right to receive a share in the Company (matching share) free of charge, and to receive no more than five shares (performance shares) depending on participant category and predetermined conditions. The right to receive matching shares or performance shares are conditioned upon the employee's agreement not having been terminated and that the savings shares are kept throughout the vesting period from 30 June 2018 until the day of publication of the interim report January - September 2021. Matching shares and performance shares are awarded the employees within 45 days of publication of the interim report for the third quarter 2021. To read more on full terms and performance requirements for performance shares, please see our webpage on www.eastnine.com.

Risk management and internal control

Internal control

Internal control at Eastnine is designed to manage risks associated with financial reporting and property management activities. It includes ensuring that the buying and selling of holdings is reliably reported, that holdings and properties are valued correctly and that information is conveyed to the market effectively and correctly. The board is responsible for monitoring investment and property management activities and ensuring, by means of defined reporting routines and relevant policies, that it has access to the necessary information. All policies are tested for accuracy and are approved by the board annually. The board maintains an effective control environment for investment activities and financial reporting by means of a clear distribution of responsibilities and authority to management and employees. The board discusses reporting issues, valuations and the financial reporting. Company manage-

POLICIES PREPARED BY THE BOARD

- Rules of Procedure for the Board of Directors
- Accounting & Reporting manual & policy
- Business Continuity policy
- Code of Conduct policy
- Environmental policy
- Information policy
- Insider policy
- IT Security policy
- Privacy guidelines
- Whistleblowing policy
- Financial policy
- Work instruction for the CEO

ment constantly oversees that policies, instructions and administrative agreements are followed.

Each year, the board of Eastnine assesses whether the Company is in need of an internal auditing function, an independent investigative function that performs ongoing review and presents reports to the board and management with recommendations for improvements to internal control of the Company's activities, such as outsourced service functions and internal procedures, in order to maintain good governance and compliance with the Company's policies. During 2018, the board decided that, because of its limited size and its adequate competencies in evaluating service functions and internal activities itself, the Company did not need an internal auditing function.

Eastnine acts in accordance with generally accepted practice on the stock market and regularly follows-up that the Company is in compliance with the listing agreement.

Risk management

Eastnine is through its operations exposed to different risks. As the operations are increasingly focused on directly owned real estate investments in the Baltics, the total risk is more limited in the portfolio, as Eastnine's long term property strategy is to own commercial properties in prime locations with stable tenants and low vacancies, which has historically proven less volatile in terms of cash flow and an overall lower business risk compared to its previous investment focus. The focus on real estate in the Baltic capitals further limits other risks such as currency risk, share price risk and geopolitical risk, while exposure towards interest- and credit risks as well as rent and vacancy risks increase. A broader overview of the Company's risk management can be found on pages 26-27 and in note 28 on pages 64-65.

Annual General Meeting

The annual general meeting is the company's highest decision-making body and is where the shareholders can exercise their influence. The annual general meeting shall be held within six months after the end of the financial year. All shareholders who are registered in the shareholders register and who have announced their attendance in time are entitled to attend the

annual general meeting. Shareholders can vote according to the total number of shares that they own and may be accompanied by a maximum of two assistants. Shareholders who cannot be present may be represented by a proxy.

The annual general meeting addresses issues relating to election of the board, where appropriate the election of an auditor, dividend, adoption of the income statement and balance sheet and release from liability for the board members and the CEO. Shareholders are entitled to have issues discussed at the meeting provided that these have been properly notified to the Company in ample time before the publication of the notice of the annual general meeting.

The annual general meeting is an important channel for communicating with shareholders. At the time of the annual general meeting, all shareholders are also invited to a seminar on the Company's markets and development. Shareholders are encouraged to attend the annual general meeting and all shareholders receive a written notice and invitation. The board and company management attend the general meeting to answer questions from shareholders.

Annual general meeting 2018

The annual general meeting 2018 was held on 24 April 2018 at the IVA Conference Centre in Stockholm. All documents from the annual general meeting - notice, documents presented at the meeting and the minutes - are all available on www.eastnine.com. The annual general meeting 2018 was attended by 58 persons, including shareholders which represented a total of 38.7 percent of the Company's shares, the chairman of the board and available board members, the Company's employees and a number of guests. The annual general meeting 2018 approved the adoption of the financial results for 2017 fiscal year, release from liability for the board and management, dividend proposal with semi-annual payments, number of board members and board remuneration. The annual general meeting also approved the board's proposal to reduce the share capital by cancellation of shares, as well as to increase the share capital by way of bonus issue. The board was authorised to decide on repurchases of own shares, and a long term incentive programme.

The Nomination Committee

The task of the nomination committee is to evaluate the board and its work before the annual general meeting, to prepare and present proposals to the meeting regarding the chairman of the meeting, chairman of the board and board members, and to propose an auditor where appropriate. The committee also proposes fees to the board, any fees to sub-committees and fees to the company's auditor, as well as proposing a process for the appointment of a nomination committee before the next annual general meeting. All shareholders have the opportunity to present proposals to the committee.

The work of the Nomination Committee during 2018/2019

According to the decision of the annual general meeting on 24 April 2018, Eastnine shall have a nomination committee con-

sisting of at least three and no more than four members, a maximum of three of whom shall be appointed by the three largest shareholders (or ownership groups) in the Company who wish to appoint a representative. The chairman of the board is also a member. Before the 2019 annual general meeting, the committee has consisted of:

- Liselotte Hjorth, as the chairman of Eastnine
- David Bliss, as representative of Lazard Asset Management
- Magnus Lekander, as representative of East Capital (chairman)
- Mathias Svensson, as representative of Keel Capital.

The composition of the nomination committee was announced in a press release and on the Company's website on 19 October 2018. No remuneration has been paid to the members of the committee. The shareholders have been given the opportunity to present suggestions to the committee. The committee's proposals to the 2019 annual general meeting will appear in the notice to the annual general meeting and will be found on www.eastnine.com in due time prior to the annual general meeting.

The annual general meeting 2019

The annual general meeting 2019 will be held on Wednesday 15 May 2019 at 15.00 CET at Näringslivets Hus, Storgatan 19, in Stockholm. More information will be found on www.eastnine.com in due time prior to the annual general meeting.

Auditors

External auditors

On 21 April 2015, the annual general meeting decided to re-elect the registered auditing company KPMG as auditor for the period until the end of the 2019 annual general meeting.

The company's auditors have received fees for auditing and other prescribed review and for counselling in respect of observations from auditing and review, totalling EUR 133k during 2018.

Communication with the company's auditors

The board of directors, which has assumed the duties of the audit committee since June 2016, maintains regular contact with the auditors. The auditors attend board meetings when annual reports and interim reports audited by the auditors are discussed. The auditors present observations from auditing and report on their assessment of the Company's internal control. The board also meets the auditor once per year for the auditor to report observations directly to the board without management attendance.

Auditor – KPMG AB

Principal auditor:

Peter Dahllöf

Born 1972. Responsible auditor for Eastnine AB since 2018.

Authorised accountant and partner in KPMG AB. Responsible for real estate audit group and active within KPMG:s international real estate network.

Selection of other audit assignments: Hemfosa, Humlegården, Intea, Midstar Hotels and Peab Fastighet.

Board of Directors



Liselotte Hjorth
Board member since 2014, Chairman since 2018



Johan Ljungberg
Board member since 2018

Independent in relation to the company, company management and the company's major shareholders. Born 1957.

Independent in relation to the company, company management and the company's major shareholders. Born 1972.

Education

Economics degree from Lund University

MSc from KTH and BSc from Tufts University.

Work experience

More than 30 years experience in the financial sector, focused on share- and capital markets, real estate and risk. Held several leading positions at SEB, as deputy CEO and Group Credit Officer, and Global Head of Commercial Real Estate and Member of the Management Board of SEB, Frankfurt.

Extensive background from real estate, venture capital and technology start-ups. Previous roles as trader at SeaCarriers, developer at Proceedo and consultant at Accenture.

Other board assignments

Chairman of White arkitekter, Board member of BNP Paribas Real Estate Investment Management Germany, Kungsleden, Rikshem, Hoist Finance, Emilshus and Ativo Finans.

Chairman of Atrium Ljungberg, Tagehus Holding and Credentia. Board member of K2A Fastigheter and John Mattsson Fastighets AB.

Own holdings and those of closely related parties

6,500 shares as per 1 March 2019.

115,853 shares as per 1 March 2019.

Citizenship

Swedish

Swedish

Independence

Yes

Yes

Elected

2014

2018

Presence board meetings 2018

13/13

7/7



Peter Elam Håkansson
Board member since 2014



Peter Wågström
Board member since 2018



Nadya Wells
Board member since 2016

Not independent in relation to the company's largest shareholder. Born 1962.

Independent in relation to the company, company management and the company's major shareholders. Born 1964.

Independent in relation to the company, company management and the company's major shareholders. Born 1970.

Degree in Business Management from Stockholm School of Economics, studied at EDHEC in Lille.

MSc from Kungliga Tekniska Högskolan in Stockholm.

MBA from INSEAD, and an MA in Modern history and Modern Languages from Oxford University, MSc in Global Health from the University of Geneva.

Founder, chairman and head of investment at East Capital. Experience of growth and frontier markets since the early 1990s and other markets since the early 1980s. A number of management positions at Enskilda Securities, most recently as share manager and head of global analysis.

Many years of experience from property development and real estate, most recently as CEO and group CEO of NCC, and previously Business Area Manager at NCC Property Development and NCC Housing, which included leading commercial property developments in the Nordics. Peter has held previous roles within Drott (now Fabege) as Real Estate Manager and CEO of subsidiaries, and roles within rental, property management and valuation at Skanska.

More than 20 years of experience in frontier and growth markets as investor and corporate governance expert. Worked at Capital Group for 13 years, most recently as portfolio manager and analyst of EMEA markets. Former investment manager at INVESCO Asset Management.

Chairman of East Capital as well as a number of board positions in the East Capital group. Board member of Bonnier Business Press and Atlantic Group in Croatia. Chairman of the foundation behind Swedish Music Hall of Fame and member of the board of Inter Peace Sweden.

Chairman of MIPE-Q Badrummoduler AB. Board member of Amasten Fastighets AB, Arlanda Stad Holding, Homemaker and the own Company Arrecta.

Board member of Sberbank of Russia and Barings Emerging Europe, and responsAbility Investments.

6,048,551 shares as per 1 March 2019

10,000 shares as per 1 March 2019

0 shares as per 1 March 2019

Swedish

Swedish

Switzerland

No

Yes

Yes

2014

2018

2016

13/13

5/7

13/13

Management



Kestutis Sasnauskas
CEO since 2017

Not independent in relation to the company's largest shareholder. Born 1973.

Education Studied economics at Stockholm School of Economics, Vilnius University and Gotland University.

Work experience 2016–2017 Chief Investment Officer, Eastnine, 1997–2016 Co-founder and Partner of East Capital, responsible for private equity and real estate. 1995–1997 Analyst at Enskilda Securities.

Own holdings and those of closely related parties 437,343 shares as per 1 March 2019.



Mattias Lundgren
Interim CFO since 2018

Born 1971

M.Sc. in Business and Economics from the Stockholm School of Economics.

2016-2018 Group CFO and Executive SVP at NCC AB, 2015 Group SVP Strategy & Controlling at NCC AB, 2013-2015 CEO at NCC Housing Sverige (Bonava), 1999-2012 various roles at NCC AB and NCC Housing.

0 shares as per 1 March 2019.

Employees



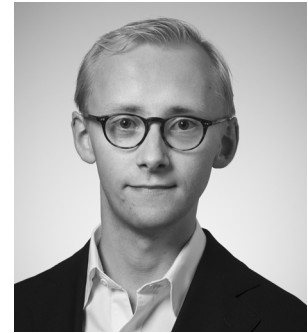
Julius Niedvaras
Head of Lithuanian Operations,
Vilnius



Meelis Sokman
Head of Estonian Operations,
Tallinn



Ruta Narutavice
Office Centres Director,
Vilnius



Emil Holmström
Investment Manager,
Stockholm



Irmantas Trimonis
Project Administration
Manager, Vilnius



Greta Dorthé Ladow
Administrative & Executive
Coordinator, Stockholm



Lilia Kouzmina, CFA
Head of Sustainability,
Stockholm



Eric Stadler
Structuring and Treasury
Manager, Stockholm



Farzad Bahador
Head of Group Controlling,
Stockholm



Tatjana Potrebko
Finance manager,
Vilnius



Aleksandra Chafizova
Accountant,
Vilnius



Donata Montvydaite
Group General Counsel,
Vilnius

Auditors' Report

(Translation from the Swedish original)

To the general meeting of the shareholders of Eastnine AB (publ), corp. id 556693-7404

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Eastnine AB (publ) for the year 2018, except for the corporate governance statement on pages 30-37, and the pro-forma information on pages 40-41 and 67-68. The company's annual report and consolidated annual accounts are included on pages 40-69 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 30-37, and the pro-forma information on pages 40-41 and 67-68. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and balance sheet for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of directors in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

VALUATION OF UNLISTED INVESTMENTS

See disclosures 15 and 18, and accounting principles on pages 51-52 in the annual account and consolidated accounts for detailed information and description of the matter.

DESCRIPTION OF KEY AUDIT MATTER

Eastnine has unlisted investments in the form of investment properties, shares and fund units that are measured at fair value, which is determined with reference to market information as well as significant unobservable input.

Some of the investments constitute illiquid instruments which are valued based on models and assumptions not observable by third parties ("level 3" investments in accounting terms). The fact that sales transactions of similar investments are rare, makes it difficult to support the estimated fair values with reference to other transactions. Therefore, valuation of level 3 investments are inherently risky and subsequent transactions in such securities may have significantly different outcomes compared to the previous valuations.

As of December 31, 2018, assets classified as level 3 amount to EUR 252 m, which corresponds to 79 percent of the company's total assets.

RESPONSE IN THE AUDIT

Assessment of Eastnine's valuation principles in relation to the accounting framework (IFRS).

Assessment of key controls over the valuation process including management's assessment and approval of assumptions and methodologies used in model-based calculations, as well as management's review of valuations provided by external experts.

Audit procedures to challenge the methodology and assumptions used in the valuation of level 3 assets.

Assessment of the methods of valuation models in comparison with industry practices and valuation guidelines.

Checking completeness and adequacy of the information disclosed in the Financial Statements relating to valuation of unlisted investments

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group'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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Eastnine AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 30-37 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Eastnine AB (publ) by the general meeting of the shareholders on the 9 June 2016. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2007.

Stockholm 20 March 2019

KPMG AB

Peter Dahllöf
Authorized Public Accountant