

# Corporate Governance Report

For Eastnine AB (publ) (“the Company”) corporate governance involves the way in which the Company works and is organised for the purposes of safeguarding all the shareholders’ interests and achieving the Company’s objectives.

## Applicable regulations

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 framework include the articles of association, rules and guidelines for corporate governance, the Board’s rules of procedure, 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 Swedish public limited company, established in 2007, which invests in modern and sustainable office properties in prime locations in the Baltic capitals. The customers are chiefly Nordic tenants with international business. The Company is undergoing a transformation from a diversified Eastern Europe investment entity to a purely focused real estate company. The goal is for this transformation to be completed at the latest by the end of 2020. At the end of 2019, only two non-real-estate investments remained: East Capital Baltic Property Fund II and the Russian fashion chain Melon Fashion Group, respectively. The Company’s headquarter is located in Stockholm.

## The share and the owners

Eastnine’s share capital at year-end was EUR 3,659,775.0242. The number of ordinary share issued amounted to 22,370 261, giving a quotient value of EUR 0.1636 per share. All shares have one vote and equal right to share in the Company’s assets and earnings. At the end of 2019, Peter Elam Håkansson owned, directly and indirectly, 27.0 per cent of the total number of shares outstanding and Keel Capital 10.1 per cent. There were no additional owners who owned more than 10 per cent of the shares in the Company.

## 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 (“AGM”) for a period of one year. At the 2019 AGM, Board members Liselotte Hjorth, Peter Elam Håkansson, Johan Ljungberg, Nadya Wells and Peter Wågström were re-elected. Liselotte Hjorth was elected Chairman of the Board.

### 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

Board members have been appointed on the basis of their experiences from public companies, international corporate management and business as well as their experiences from financial and real estate markets respectively. Peter Elam Håkansson is not considered to be independent in relation to major shareholders since he is closely related to East Capital, which in 2019 was a major shareholder in the Company such as this is defined in the Code. For more information, refer to pages 76-77.



### The Board’s responsibility and duties

The Board holds the overarching responsibility for the Company’s strategy, internal control, risk management and long-term business focus. The Board is also responsible for other material concerns which, based on Eastnine’s size and focus, is of extraordinary financial, legal or general character. The Board is, among others, responsible for the following points:

- Determining business plans, key policies and targets for Eastnine, and continually ensuring that they are followed, updated and revised.
- Deciding on Eastnine’s overall organisational structure and ensure that Eastnine’s organisation is laid out in a satisfactory manner.
- Appointing and, if necessary, dismissing the CEO, as well as continually evaluating the CEO’s performance in relation to the short- and long-term targets that have been set.
- Recommending the principles for remuneration of the Company’s management to the AGM, and determining the fixed and variable compensation to the management.
- Regularly monitor and evaluate Eastnine’s financial position and development, as well as deciding on questions related to Eastnine’s capital structure, including presenting proposals to the AGM in regards to shareholder dividends.
- Approving acquisitions and divestments of holdings as well as major additional investment.
- Approving all financial reports before they are released.

The work of the Board is governed by the rules of procedure 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 CFO for the purpose of monitoring the Company's activities. The Board has also designed and approved the work instruction for the CEO and a number of policy documents. The Company's CEO and CFO attended all Board meetings during 2019 to report on their areas of responsibility. The Board shall meet for at least five ordinary meetings per year. Further meetings are held as necessary in order to discuss and decide on e.g. investment and financial recommendations, budget and other strategic questions.

**Board meetings and key topics**

In 2019, a total of 18 board meetings were held. The key topics discussed were: investment recommendations and divestments of non-core holdings, reports from the executive management regarding operations, financial reports, evaluations, strategy questions and internal risk and control questions.

**Evaluation of the Board**

The work of the Board is continuously evaluated. 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 2019 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 2019 AGM and to continuously improve the efficiency of the Board's work.

**Audit committee**

The duties of the audit committee is performed by the Board as a whole. The Board handles the financial statements as well as questions relating to valuation and audit. The Company's authorised auditor from KPMG reported to the Board on the general oversight and audit of the Year-end report 2018 and the Interim report January-September 2019 during the year. The auditor also reported his view on the internal control.

**Remuneration to Board members**

On 15 May 2019 the AGM decided that remuneration to the chair-

man of the Board should amount to SEK 800,000 for the period up until the 2020 AGM. 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 executive 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.

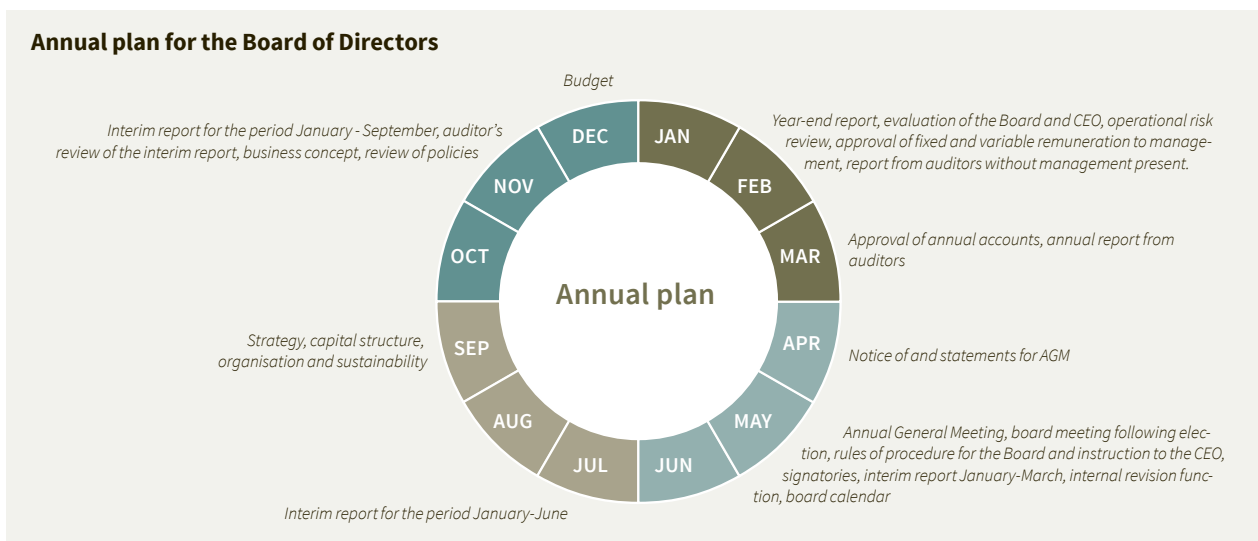
**CEO**

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 the preparation of such data and information as is necessary for decisions. In addition, the CEO ensures that the Board is continually informed about Eastnine's development and market conditions from the internal management, so that the Board can reach well-informed decisions.

The Company's CEO, Kestutis Sasnauskas, has three board appointments outside the Company: Agro Region Stockholm Holding AB, Rytu Invest AB and Melon Fashion Group AO. The CEO holds an ownership stake in the privately-owned company Rytu Invest of 27.4 per cent, as well as a direct shareholding in Eastnine AB corresponding to 2.0 per cent of the total number of outstanding shares in the Company. For more information about the CEO, please refer to page 78.

**Remuneration to management**

The management consists of the CEO and CFO. Remuneration to the management during the year consisted of fixed and variable



**Policies prepared by the Board**

- Rules of Procedure for the Board of Directors
- Work instruction for the CEO
- Financial policy
- Accounting & reporting manual and policy
- Business continuity policy
- Code of conduct
- Environmental policy
- Information policy
- Insider policy
- IT security policy
- Integrity guidelines
- Social equality policy
- Anti-corruption policy
- Whistleblowing policy

component and pension and insurance benefits. The Board decides on a discretionary basis if variable compensation shall be paid to the management. The decision is based on internal evaluation criterias including strategic and operational activity-based targets are evaluated. The targets are set and evaluated annually by the Board. Variable salary for both CEO and CFO can at most amount of 50 per cent of the fixed salary. The Board has the right to diverge from the guidelines decided on the AGM, if there are particular reasons to do so in isolated cases. The Company's management has individually defined premium based pensions plans, according to which the Company pays premiums corresponding to 4.5 per cent of the fixed salary up to 7.5 income base amount and premiums corresponding to 30 per cent of the fixed salary exceeding 7.5 income base amounts. In 2019, the CEO was granted variable salary for 2018, corresponding to 40 per cent, and CFO as other variable salary 25 per cent, of the fixed annual salary. During the beginning of 2020, the Board has granted the CEO a variable salary of 38 per cent and CFO of 33 per cent of fixed annual salary for the 2019 financial year. Detailed information about remuneration to management may be found in note 5 on page 51.

**Share-related incentive programmes**

The AGM on 24 April 2018 approved the Board's recommendation for the establishment of a long-term incentive programme for all permanent employees, who were employed in the Company as of January 1, 2018. The purpose of the programme was to boost shareholder value and the Company's long-term value creation, by creating conditions to retain competent staff, increase motivation among the participants, as well as to increase the employees' shareholding in the Company.

The incentive programme was divided into three categories: i) the CEO and CFO, ii) investment managers and lease managers, and iii) other staff. Participation in the programme required that the participants acquired shares in the Company for an amount corresponding to a maximum of two monthly salaries as of 1 April 2018 (the savings shares). Each savings share gives the participants the right to receive a share in the Company (the matching share) without additional payment, and to receive up to five shares (performance shares) without additional payment, depending on participant category and contingent on predetermined conditions. The right to receive matching shares or performance shares are conditioned upon the employee's contract 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 for January - September 2021.

Matching shares and performance shares are awarded to the employees within 45 days of publication of the interim report for the third quarter 2021. For the full list of conditions and performance requirements tied to the award of performance shares, please refer to Eastnine's website, [www.eastnine.com/sv/incitamentsprogram](http://www.eastnine.com/sv/incitamentsprogram).

**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 in an effective and correct way. 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. The Board evaluates all policies each year for their suitability, and any change of policy are to be approved by the Board. The whistleblower and environmental policies were deemed not to be in need of revision and were not reviewed by the Board in 2019. However, the environmental policy was reviewed in February 2020. 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 financial reporting. The Company's management continually monitors 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, i.e. an independent investigative function that performs ongoing review and presents reports to the Board and management with recommendations for improvements of the 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 2019, 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 exposed to different risks through its operations. As the Company's activities is ever more focused on directly-owned real estate investments in the Baltics, the total risk in the portfolio is geographically limited and focused on property risks, since Eastnine's strategy is to be a long-term owner of modern and sustainable office properties, with stable tenants in first-class locations. Historically, this focus has been shown to mean less volatile cash-flow and lower business risk than the Company's previous investment orientation toward multiple different types of investments in different industries and countries. This change of orientation reduces risks such as exchange rate risks, share price risk and geopolitical risks, while the exposure to interest and credit risk as well as rent level and vacancy risks increases. For more information on the Company's risk management, please refer to pages 28-29 and note 30 on pages 61-62.

## Annual General Meeting

The Annual General Meeting is the Company's highest decision-making body and constitutes the way for shareholders to exercise their influence. The AGM 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 AGM. Shareholders can vote according to the total number of shares that they own and may be accompanied by a maximum of two assistants. Shareholders may choose to be represented by a proxy.

The AGM 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 AGM. The AGM is an important channel for communicating with shareholders. Barring any circumstances preventing this, the Board and the Company's management attend the general meeting to answer questions from shareholders.

### *The Annual General Meeting 2019*

The AGM was held on 15 May 2019 at Närings- livets Hus in Stockholm. All documents from the AGM - notice, documents presented at the meeting and the minutes - are available on [www.eastnine.com](http://www.eastnine.com). The AGM 2019 was attended by 86 people, including shareholders representing 52 per cent of the Company's shares (not including repurchased shares), the Chairman of the Board, those Members of the Board who were available, the CEO, parts of the Company's staff as well as a number of guests.

The AGM 2019 approved, among other things, the adoption of the financial results for 2018 fiscal year, release from liability for the Board and management, dividend proposal with semi-annual payments, the number of Board members, Board remuneration as well as the choice of auditor. The Board was given a mandate to decide on the acquisition and transfer of shares in treasury, in accordance with the proposal presented to the AGM. In connection with the AGM 2019, shareholders were also invited to attend a seminar about the Company and the Baltic real estate market.

## The Nomination Committee

The task of the nomination committee is to evaluate the Board and its work before the AGM, 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 Board remuneration, any remuneration 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 AGM. All shareholders have the opportunity to present suggestions to the Nomination Committee.

### *Work in the Nomination Committee during 2019/2020*

According to the decision of the AGM on 15 May 2017, Eastnine shall have a nomination committee consisting of at least three and no more than four members, a maximum of three of whom shall be appointed by the three largest (in terms of actual voting rights) shareholders (or ownership groups) in the Company who wish to appoint a representative. The final member is the Compa-

ny's Chairman of the Board. Before the 2020 AGM, the Nomination Committee has consisted of:

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

The composition of the Nomination Committee was announced in a press release and on the Company's website on 8 October 2019. The Nomination Committee has (until March 22, 2020) met three times ahead of the AGM 2020. 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 2020 AGM will appear in the notice and will be found on [www.eastnine.com](http://www.eastnine.com) in due time prior to the AGM.

### *The Annual General Meeting 2020*

The AGM 2020 will be held on Tuesday 12 May 2020 at 15.00 CET at IVA, Grev Turegatan 16, in Stockholm. More information can be found on [www.eastnine.com](http://www.eastnine.com).

## Auditors

### *External auditors*

At the AGM on 15 May 2019, the registered public accounting firm KPMG was appointed, with Peter Dahllöf as auditor in charge, for the period until the end of the Annual General Meeting 2020.

### *Auditor fees*

The Company's auditors have received fees for auditing and other prescribed review, as well as for counselling in respect to observations made during auditing and review. For the 2019 financial year, the fees paid to the auditors totalled EUR 163k.

### *Communication with the Company's auditors*

The Board maintains a regular contact with the auditors. The auditors attend board meetings when annual reports are considered, and normally also when those interim reports that have been reviewed by the auditors are considered. The auditors then present their observations from the review of the Year-end report and the Interim report for the first nine month of the year and report on their assessment of the Company's internal control. The Board also meet 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*

Authorised public accountant and partner in KPMG AB. Responsible for the industry group for real estate auditing and active in KPMGs international real estate network. Responsible auditor for Eastnine AB since 2018.

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

# Board of Directors



**Liselotte Hjorth**  
Chairman of the Board



**Johan Ljungberg**  
Member of the Board



**Peter Elam Håkansson**  
Member of the Board

<b>Born</b>	1957	1972	1962
<b>Education</b>	Bachelor's degree in Economics, Lund University.	Master of Engineering, Royal Institute of Technology and Tufts University.	Master of Business Administration, Stockholm School of Economics; studies at EDHEC in Lille.
<b>Work experience (selection)</b>	Former deputy CEO and Head of group credit and Head of SEBs global real estate clients.	Former trader at SeaCarriers, developer at Proceedo and consultant at Accenture.	Founder and former investment manager at East Capital. Former Head of stock trading and Head of analysis at Enskilda Securities in the Nordics and globally.
<b>Board appointments</b>	Chairman in White arkitekter, member in BNP Paribas Real Estate Investment Management Germany, Rikshem, Hoist Finance, Emilshus, Brunswick Real Estate Capital Advisory and Ativo Finans.	Chairman in Atrium Ljungberg and Tagehus Holding. Board member in K2A Knaust & Andersson and John Mattson Fastighetsföretagen.	Chairman in East Capital and board appointments within the East Capital Group. Chairman of the foundation Swedish Music Hall of Fame. Board Member in Bonnier Business Press and Atlantic Grupa in Croatia.
<b>Shareholding (March 1, 2020)</b>	6,500, incl. related parties and companies	115,853, incl. related parties and companies	6,067,090, incl. related parties and companies
<b>Appointed in</b>	2014, chairman since 2018	2018	2014
<b>Independent in relation to the Company and management</b>	Yes	Yes	Yes
<b>Independent in relation to major shareholders</b>	Yes	Yes	No
<b>Annual remuneration, SEK thousands</b>	800	400	400
<b>Presence at board meetings 2019, (18)</b>	18	16	16



**Peter Wågström**  
Member of the Board



**Nadya Wells**  
Member of the Board

<b>Born</b>	1964	1970
<b>Education</b>	Master of Engineering, Royal Institute of Technology in Stockholm.	MBA, INSEAD, MA in Modern History and Modern Languages from Oxford University and MSc in Global Health from the University of Geneva.
<b>Work experience (selection)</b>	Former CEO and group chief executive at NCC, Head of business area for NCC Property Development and NCC Housing.	Extensive experience from growth markets as an investor and corporate governance expert. Most recently as a portfolio manager and analyst at Capital Group.
<b>Board appointments</b>	Chairman of the Board at MIPE-Q Badrumsmöbler, Assentio, Penta Construction Group and Volabo. Board Member of Amasten Fastigheter, Arlanda Stad Holding, Home-maker, SSM and Arrecta.	Board Member in Sberbank Russia, Hansa Investment Company Limited and Baring Emerging Europe plc.
<b>Shareholding (March 1, 2020)</b>	10,000, incl. related parties and companies	0
<b>Appointed in</b>	2018	2016
<b>Independent in relation to the Company and management</b>	Yes	Yes
<b>Independent in relation to major shareholders</b>	Yes	Yes
<b>Annual remuneration, SEK thousands</b>	400	400
<b>Presence at board meetings 2019, (18)</b>	18	18

# Management



**Kestutis Sasnauskas**  
CEO since 2017

**Britt-Marie Nyman**  
Deputy CEO and CFO since 2019

<b>Born</b>	1973	1965
<b>Education</b>	Economic studies at the Stockholm School of Business, Vilnius University and Gotlands University.	Master in Business Administration, Umeå University.
<b>Work experience (selection)</b>	Former Chief Investment Officer Eastnine. Partner, co-founder, responsible for private equity and real estate at EastCapital.	Former Head of Capital Markets Catella Corporate Finance, deputy CEO, Head of finance and IR at Klöver and Head of information and IR at Fastighets AB Tornet.
<b>Board appointments</b>	Chairman in Agro Region Stockholm Holding, Board member in Rytu Invest and Melon Fashion Group AO.	None
<b>Shareholding (March 1, 2020)</b>	446,443	14,025, incl. related parties

# Country managers



**Saule Zabulionyte**  
Country manager, Latvia  
since 2019



**Julius Niedvaras**  
Country manager, Lithuania  
since 2018



**Meelis Sokman**  
Country manager, Estonia  
since 2017

<b>Born</b>	1976	1978	1972
<b>Education</b>	Professional Qualification FCCA by the Association of Chartered Certified Accountants, bachelor's degree in Economics at Vilnius University.	Master's degree in business administration and management at Vilnius University, master's degree in technology and economics at the Pforzhaim Hochschule für Gestaltung.	Master's degree in economic cybernetics at Tartu University.
<b>Work experience (selection)</b>	Former CEO of Akropolis Group, in Lithuania and Audit manager at PwC, Russia.	Former Country manager for East Capital Real Estate in Lithuania, Manager for SEB Real Estate.	Former CEO of Ektornet Estonia companies, Head of Financial Restructuring and Recovery department in Swedbank Estonia, CEO of Q Vara OÜ, Head of Corporate Finance Division in Swedbank Estonia.
<b>Board appointments</b>	None	None	None
<b>Shareholding (March 1, 2020)</b>	0	1,800, incl. related parties and companies	1,773, incl. related parties and companies



# Auditor's report

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 2019, except for the corporate governance statement on pages 72-79 and the proforma information on pages 64-65. The annual accounts and consolidated accounts of the company are included on pages 35-67 and 72-79 in 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 2019 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 2019 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 72-79 and the proforma information on pages 64-65. 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 statement of financial position 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 10 and 12, and accounting principles on pages 45-47 in the annual account and consolidated accounts for detailed information and description of the matter.

#### Description of key audit matter

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

The investments 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, 2019, assets classified as level 3 amount to 380 MEUR, which corresponds to 90 per cent of the groups's total assets.

#### Response in the audit

We have assessed the group's valuation principles in relation to the accounting framework.

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

As a part of our audit procedures, we have challenged the methodology and assumptions used in the valuation of level 3 assets.

We have assessed the methods of valuation models in comparison with industry practices and valuation guidelines.

In addition, we have checked completeness and adequacy of the information disclosed in the annual accounts and consolidated accounts relating to valuation of unlisted investments.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-34 and 80-91. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, 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 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 respon-

sive 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 2019 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 72-79 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 15 May 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2007.

Stockholm 24 March 2020  
KPMG AB

Peter Dahllöf  
Authorized Public Accountant