



AS Avaron Asset Management

**ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED ON
31 DECEMBER 2021**

Audited by KPMG

COMPANY FACTS

Beginning of the financial year	01/01/2021
End of the financial year	31/12/2021
Name of the Company	AS Avaron Asset Management
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Main activity	Management of investment funds (EMTAK 66301) Portfolio management services (EMTAK 66199)
Sworn auditor	KPMG Baltics OÜ (reg. no. 10096082)
Documents enclosed with the annual report	Sworn Auditor's Report Proposal for Profit Distribution Division of revenues in accordance with EMTAK classification standard

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MANAGEMENT REPORT

General Information

AS Avaron Asset Management (hereafter: “Avaron” or “Company”) is an independent asset management company that was established in 2007. **Our core activity involves investing the assets of our mutual funds and institutional investor managed accounts into Emerging Europe listed equities.** We create additional value to our clients by applying active value investing and responsible investing principles while also adhering to the UN Principals of Responsible Investment. As at the end of 2021 Avaron managed 354 million euros of investor assets. The firm employs 21 investment and finance specialists. Avaron holds a licence from the Estonian Financial Supervision Authority to manage investment portfolios and funds. Avaron is also a registered Investment Advisor with the U.S Securities and Exchange Commission (SEC).

In March 2021 Avaron celebrates its 15-year anniversary. I take this opportunity to thank you all - our employees, investors and co-operation partners for this amazing journey and growth as an organisation. I am really proud that large part of our core team – Avaron three founding partners (including two investment managers), three key senior analysts and our Head of Back-Office have evolved with Avaron since its early years in 2007-2008. Below is our team in January 2022.



Description of the Business Model

Avaron is mainly focused on offering institutional investors the opportunity to invest part of their emerging markets portfolio into Emerging Europe listed equities. An investor can achieve this by either investing directly into mutual funds managed by Avaron or by giving us a managed account to invest the assets directly. Today Avaron manages two mutual funds domiciled in Estonia which are open to any investor that has a European bank account. **Avaron Emerging Europe Fund**, targeted to institutional investors, is focused on Emerging Europe ex-Russia listed equities. The fund is a UCITS fund, SFDR Article 8 and registered for public sale in Estonia, France, Germany, United Kingdom, Finland, Sweden, Norway, Latvia and Lithuania.

Avaron Flexible Strategies Fund, targeted to high-net worth investors in Estonia, is an asset allocation fund that has a global mandate but focuses on investments in listed equities and bonds in Europe. In our institutional investors' managed accounts we mainly focus on Emerging Europe listed equity investments. Our managed accounts are all tailor-made with focus on Emerging Europe ex-Russia and Emerging Europe cum-Russia region. At the end of the year the assets of Avaron Emerging Europe Fund amounted to 40

million euros and Avaron Flexible Strategies Fund to 12 million euros. Total assets under management amounted to 354 million euros.

Avaron focuses on Emerging Europe listed equity asset class with an objective to deliver positive risk-adjusted return to our clients over the market cycle. Our investment region encompasses 15 Emerging Europe countries. Today most of our investments are made into listed companies in Poland, Hungary, the Czech Republic, Romania, Turkey, Estonia, Austria, Slovenia, Greece and Croatia. Our team's close to 15 years of experience in the region has given us extensive knowledge about the public companies and countries we are active in. Our ten-person investment team analyses close to 300 listed companies, researches their business models, assesses their corporate governance and evaluates their development plans. For all the companies under our coverage we establish our own target price based on our internal financial model and estimates. As such our investment decisions rely solely on in-house research. We aim to deliver alpha to our investors by constructing a portfolio of companies that maximises the aggregate upside to internally set target prices of individual companies in our investment universe taking into account the quality and ESG profile of a company, liquidity of an instrument and where relevant, also FX outlook. Based on our research we discover around 30-50 most attractive investment opportunities where we make an investment in.



EE	Estonia	LV	Latvia	LT	Lithuania
SK	Slovakia	SI	Slovenia	HR	Croatia
BA	Bosnia & Herzegovina			SR	Serbia
MK	North-Macedonia	A	Albania	M	Montenegro
CZ	Czech Rep.				

Avaron funds and our institutional clients pay us an annual management fee based on the value of assets under management and we are also entitled to earn performance fees if we outperform the set benchmark. Both the management and performance fee rates and terms can be found in the respective fund's prospectus and are also available on our webpage. The fees agreed upon with institutional investors are confidential. The Company's financial success mainly depends on the amount of assets under management and return of the assets managed, which underpins the performance fees and long-lasting client relationship.

Investment Philosophy: Value Investing, Stock-Picking and Responsible Investing

Our investment philosophy is based on value investing principles. Over time stock prices tend to over or underreact to market news and thus deviate from fundamental value of a company. In order to take advantage of such occurrences our portfolio construction is fully bottom-up, assessing every investment case on a standalone basis. Our idea generation is proprietary, driven

predominantly by upside to internally set fair value targets. We tend to have long term holding periods but our upside oriented investment process also allows us to take advantage of short-term market volatility without losing focus of the underlying fundamental value of the company. We search for well managed companies with leading market positions, identifiable competitive advantage(s) and strong recurring revenue based business models that we understand and are able to model ourselves.

Within our investment process **we put strong emphasis on company quality that is assessed by using an internal Quality Score** focusing on management team and business model quality, and financial strength of the company. Besides conventional financial and non-financial aspects **we have integrated ESG Score (environmental, social, governance) analysis into our investment process** leveraging upon our bottom-up regional expertise with an aim to identify material ESG risks and value creation opportunities. Our

investment team has been following vast majority of our current listed equity universe for close to 15 years, which serves as an important strength in assessing the companies' future potential. In order to have an extensive knowledge base of the companies in our universe we have taken a **strategic decision not to outsource ESG analysis to third party providers** but rather to educate our research team and develop the knowhow in-house.

Avaron Goals and Values

Avaron's mission is to be the most suitable partner for institutional investors catering for their needs in investing into Emerging Europe listed equities. Avaron's main objective is to offer our investors positive risk weighted long-term return through value based and responsible investing. To achieve this, we adhere to our investment style and process, respectively value investing and fundamental analysis, which deliver bottom up stock picks to the portfolios. Avaron's investment team has a key role in achieving our objective and this is why the Investment Managers and key employees are also Avaron's shareholders. The Company's Investment Managers have worked at Avaron since its launch in 2007, while the three Senior Analysts joined during 2007-2011.

Avaron's second key objective is to offer its employees opportunities for personal growth and its third key goal is to increase the Company's worth via creation of value to its shareholders. We have invested and continue to invest considerable resources into our employees. Today our investment team consisting of 10 investment specialists (3 Investment Managers, 2 Senior Analysts, 5 Analysts) is one of the largest teams dedicated to Emerging Europe region stock analysis. We have invested a lot also into support team (Operations & Back-Office) and compliance function over the past five years, including building up back-up functions inside the teams. In parallel with its fast growth the Company has also dedicated significant resources to IT systems to further enhance operational efficiency and improve risk management processes.

Avaron has a strong corporate culture with passion for investing, diligence and flexibility. Passion for investing is a key characteristic we look for during our employee selection process as we consider it to be essential for self-development and long-lasting job satisfaction. It also serves as an important driver in our search for attractive investment ideas. Diligence is key to delivering strong investment returns, a measure of quality of our work. In small sized organizations self-motivation and efficiency together with perseverance are important in successfully working towards our goals. Alongside that flexibility, both towards clients and employees, is essential in building mutually beneficial professional relationships.

Sustainability at Avaron

Avaron is committed to sustainable business practices, which are embedded into our corporate identity. As an asset management boutique the largest impact we can make is via our investment decision making process. We believe that environmental, social and corporate governance (ESG) issues and stewardship activities are material to delivering strong risk-adjusted investment returns over the long-term and contribute to a more cohesive and fairer society. **Since 2011 Avaron is a signatory of the UN PRI and we have integrated ESG factors into our quantitative and qualitative investment analysis and decision-making processes.** We take an active approach to communicating our views to the companies we invest in and seek improvements where there are shortcomings in performance. From our website's section [Responsible Investment](#) you can download our Responsible Investment Policy, Responsible Investment Report, UN PRI Transparency and Assessment Reports, Voting Policy and Voting Records.

During 2021 we continued to apply our internal ESG analysis process as well as active engagement with our portfolio companies on ESG issues. Since the implementation of the ESG rating system in 2018 the aggregate ESG score of Avaron Emerging Europe Fund has improved by 6% to 3.38. Part of the positive change can be attributed to the rise in ESG quality of the portfolio due to the changes made as the rating system is integrated into investment decision-making. However, improved ESG performance and

disclosure among regional issuers has been also visible and an important contributor. We are especially proud of the improved issuer performance as a result of our engagement efforts.

In 2021 we continued to engage with selective portfolio companies on environmental topics. We engaged individually with 3 companies on climate change and with 8 as lead investors within the scope of CDP Non-Disclosure Campaign. In addition, we conducted a broader themed engagement effort on gender pay gap across all of our portfolio companies. No reactive engagements were launched related to controversies discovered.

A key part of being an active responsible owner of listed equities is using voting rights in an informed way at company meetings. Starting from 2018 we committed to systematically exercise our voting rights on all shareholder meetings. In 2021 we voted in 88% of the shareholders' meetings of the companies we own in all portfolios for which we hold the discretion to exercise voting rights. This compares to 92% and 89% participation rate in 2020 and 2019, respectively. On less than 1% of agenda points we voted against the management proposals and on 2% we abstained. Starting from 2019 we are disclosing all our voting details for our publicly sellable funds, which are available in the Responsible Investment section on our website.

Going into 2022 as an UN PRI signatory **we continue to be committed to the responsible investment principles as we believe that these accompanied with our bottom-up stock picking approach will deliver solid risk adjusted returns. We continue as a signatory of the CDP** as it is one of the largest investor collaborations globally with combined \$110+ trillion in assets, aiming to improve climate change, water usage and deforestation related disclosure, and related risk management of publicly traded companies. Also, **our participation in Climate Action 100+ will continue.** It is a 5-year investor initiative launched in 2018 to engage with 167 global companies that have significant greenhouse gas emissions or are critical to the net-zero emissions transition and to meeting the objectives of the Paris Agreement. As of 2021 signatory assets under management totaled \$65 trillion. Since 2018 we hold a supporting role in the collaboration.

Since 2017 Avaron is a member of the Responsible Business Forum in Estonia, a non-profit organization with an aim to inspire and support furthering corporate social responsibility (CSR) in Estonian society through being the centre of competence building and communication on CSR. During 2021 we successfully completed the Estonian Responsible Business Index assessment and retained our gold level quality label for the following 2 years. We are proud that we have been able to hold on to the gold level for five years. This quality label is given to organizations that show high performance and systematic approach in responsible activities towards local community, environment, workplace and marketplace.

During 2021 Christmas we made our annual donation, this time to the [Junior Achievement Estonia](#) program which injects entrepreneurship and economic thinking into young people. When we asked our colleagues for feedback on this idea, it turned out that Avaron also has several graduates of the Junior Achievement program where they gained valuable experience. During 2020 we supported the Estonian foundation Kiusamisvaba Kool Antibullying Program which educates and gives teachers materials and tools to create a bullying free school environment for kids in Estonia and in 2019 Back to School Project to finance online investment lectures.

Remuneration

The remuneration principles of Management Board members, investment managers and risk-takers are set in the Company's [Remuneration Policy](#). All Avaron employees receive a fixed salary.

Employee bonuses depend on the fulfilment of Avaron's long-term goals, the Company's sustainability and employees' personal contribution, and are not linked to the return of portfolios managed by the Company. After awarding a bonus to the Management Board members or employees the Company has a three-year period during which it has the right to reduce the bonus, stop the payments of the announced bonus or even require partial or full repayment according to the rules set out in the Remuneration Policy.

All bonuses are paid out during four years with annual payment of 40%-20%-20%-20% each year. Management Board members and risk-takers can be paid a severance which cannot exceed 6-month salary.

Ownership, Company and Management Structure

Avaron is fully owned by its employees and the Company has no institutional or outside investors.

82.41% of Avaron belongs to OÜ Avaron Partners, which is owned and its final beneficiaries are Kristel Kivinurm-Priisalm (CEO/COO), Peter Priisalm (co-CIO), Valdur Jaht (co-CIO) and Maris Jaht. 33.33% of Avaron Partners shares belong to Drusba Investments OÜ, which is equally owned by Valdur Jaht and his wife Maris Jaht. 66.67% of OÜ Avaron Partners belongs to OÜ Princo, which is equally owned by Kristel Kivinurm-Priisalm and Peter Priisalm. 17.6% of the Company is owned by the senior research team - Rain Leesi (Investment Manager & Head of Research and Trading, CFA, 6.85%), Piotr Jurga (Senior Analyst, CFA, 5.86%) and Reino Pent (Senior Analyst, 4.88%).

The Company's Supervisory Board consists of Peter Priisalm (Chairman), Maris Jaht and Priit Sander. Mrs. Jaht and Mr. Sander are an independent Supervisory Board members and have no other function in Avaron. The Management Board consists of Kristel Kivinurm-Priisalm and Valdur Jaht. The Company and its Estonia domiciled funds are audited by KPMG. Internal audit of the Company and its Estonia domiciled funds is carried out by PwC. Compliance and risk control functions are internalised and are being carried out by an independent employee, the Company's Chief Compliance Officer.

The Company functions as a partnership, which is being managed by the three founding partners: Kristel Kivinurm-Priisalm, Valdur Jaht and Peter Priisalm. Kristel Kivinurm-Priisalm is the Managing Partner of the Company and acts as CEO and COO. She is responsible for general management, investor relations management and operations management. Valdur Jaht and Peter Priisalm are Partners and act as the Company's Investment Managers, who are responsible for the investments made by the funds and managed accounts as well as the smooth running of the investment team's work. *Below are Avaron's three founding partners: Valdur, Kristel and Peter, partners for 15 years, since 2007.*

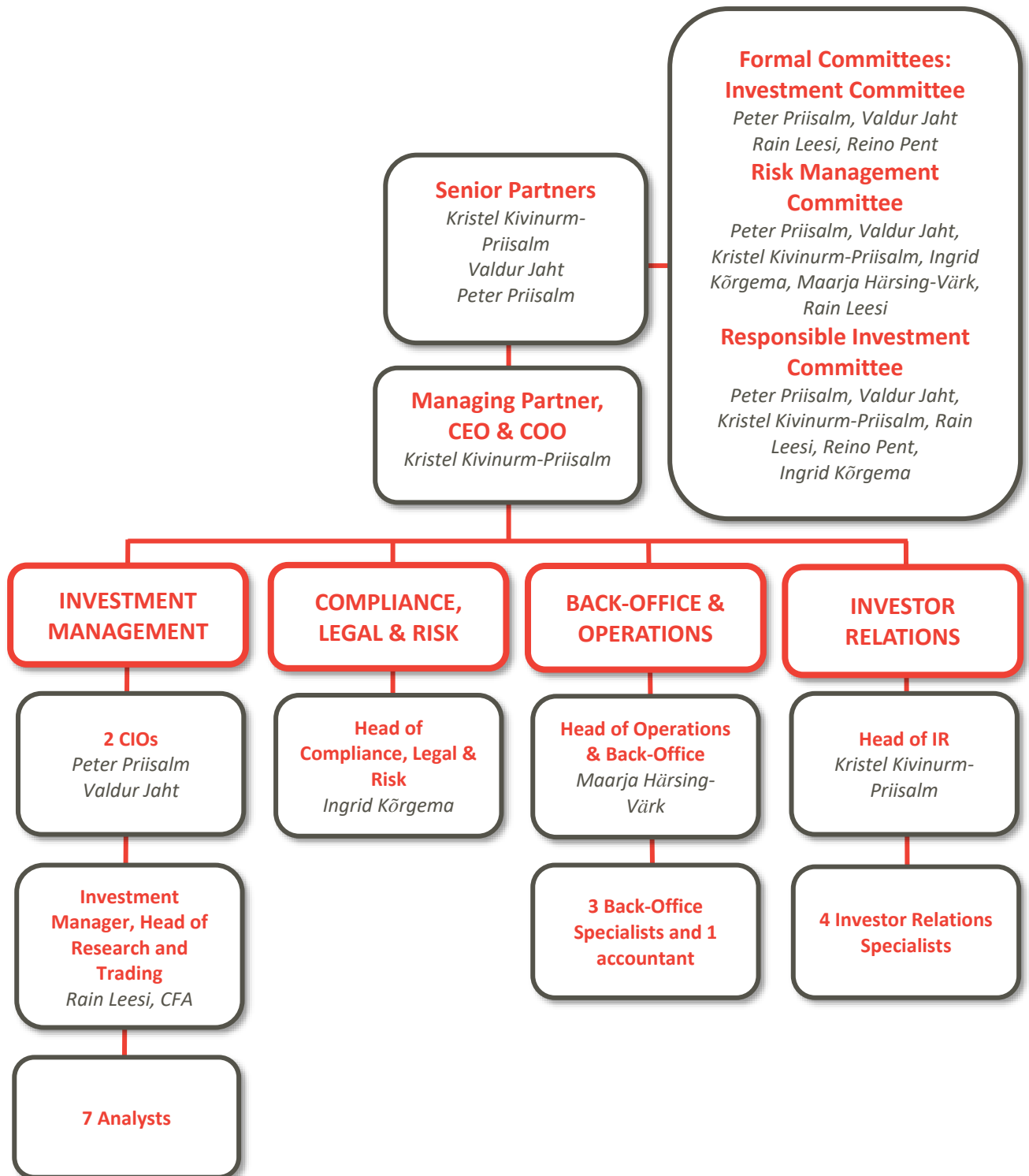


Over the years we have built strong middle management as well. Rain Leesi (at Avaron since 2007) acts as the Investment Manager and Company's Head of Research and Trading and is responsible for the development, training and operations of the research team and trading function. Maarja Härsing-Värk (at Avaron since 2007) acts as Head of Back-Office & Operations and is responsible for day to day operations as well as development of the back-office function. Ingrid Kõrgema (at Avaron since 2020) is the Company's Chief Compliance Officer and Head of Compliance, Legal & Risk. She is responsible for compliance and risk management function of Avaron-run funds and portfolios as well as Avaron group companies. *Below is Avaron middle management: Maarja, Ingrid and Rain.*



Avaron has established three committees to guide its business activities and risk management. *Investment Committee* is the main body to manage and oversee Avaron's investment funds' and managed accounts' investment decision-making and portfolios' risk management. *Risk Management Committee* performs an oversight function of the risk management, determines the Company's risk appetite and tolerance as well as ensures that risk assessments are performed regularly. *Responsible Investment Committee* steers the implementation of the Responsible Investment Policy framework within the Company.

Figure 1. Structure of the Company



Risk Management

Risk Management Committee sets the groundwork for risk management strategy and implementation at the Company. Risk management in Avaron occurs simultaneously on two levels that cover the Company's main day-to-day business risks. One being the management of the operational risks and the other being the risk management of Avaron's investment funds' and managed accounts' portfolios. In both of these functions our goal is to first determine the material risks and then manage these by applying appropriate risk management methods.

The most significant operational risks are related to Avaron's personnel. Due to this we have divided everyday operations into core and non-core activities. Core activities are carried out by Avaron employees while the non-core activities that would create significant personnel related risks or require substantial investments have been, when possible, outsourced to respective professionals. Avaron has outsourced the fund administration, transfer agent and custody functions of investment funds and portfolios to blue chip banking groups, and IT services to a blue chip IT and telecom group. Our core and non-core operational risks are mainly managed through rigorous staff selection and training together with detailed procedural guidelines and policies as well as IT systems. Our activities are insured by a policy for investment management activities and crime insurance. The Company's employees must report all personal interests and financial transactions, including all securities transactions. For trading and investment risk management and operations risk management we have built in-house trade order management system TOM.

Main Developments in 2021

In 2021 we continued to build and fine-tune the Company's business processes and operations with the aim to service our clients better and to further mitigate potential business risks. We continued to support the personal growth of our employees by continuous in-house trainings, involvement of employees into new processes and tasks, and lectures carried out by guest speakers. We also continued to carry out learning sessions whereby employees of different departments introduced job-specific knowledge to other departments with the aim for all to better understand full company activities. For investment team members we continued to support and finance CFA training, a core training to become an outstanding analyst. At present we have 3 CFAs at Avaron and 3 analysts have passed level I.



Throughout the two years Avaron has coped well with the Covid-19 situation. We took a cautious approach from day one to protect our people and mitigate risk to Avaron, our clients and our business. Avaron's Risk Management Committee has actively monitored the situation and set guidelines depending on the overall virus situation. Apart from some key investment team members and trading desk most of our employees have been working from home during peak periods of the pandemic. All our systems have worked flawlessly, and our collective effort has ensured that Avaron continues to service the clients at the highest level.

Company Financial Results

Avaron fee income totalled 3.7 million euros (2020: 2.5 million euros) and net service income 2.7 million euros (2020: 1.8 million euros). The Company's net profit in 2021 was 1.9 million euros (2020: 0.9 million euros). The Company's total assets amount to 5.3 million euros (2020: 4.6 million euros). In 2021 Avaron paid 1 million euros as dividends. The financial results during the 5 year period can be found in table 1.

Table 1. Avaron's financials

EUR '000	2017	2018	2019	2020	2021
Fee income	3,105	2,793	2,231	2,505	3,680
Net fee income	2,167	1,935	1,593	1,821	2,697
Expenses	823	794	810	881	808
Net profit	980	794	860	938	1,885
Owners Equity	3,117	2,578	3,168	3,369	4,645

7 April 2022



Kristel Kivinurm-Priisalm
Member of the Management Board

MANAGEMENT BOARD DECLARATION

The Management Board is declaring its responsibility for the preparation of the annual accounts of AS Avaron Asset Management for the financial year ended on 31 December 2021.

The annual accounts are prepared according to the Accounting Principles Generally Accepted in Estonia, and present a true and fair view of the financial position, economic performance and cash flows of AS Avaron Asset Management.

Preparation of the annual accounts according to the Accounting Principles Generally Accepted in Estonia assumes the Management Board to make estimates on the assets and liabilities of AS Avaron Asset Management as of the reporting date, and on income and expenses for the reporting period. These estimates are based on up-to-date information about the state of AS Avaron Asset Management and consider the plans and risks as of the annual accounts' preparation date. The ultimate outcome of the business transactions recorded may differ from those estimates.

The annual accounts reflect those significant circumstances that have an effect on the valuation of assets and liabilities until the preparation date of the annual accounts, 7 April 2022.

The Management Board considers AS Avaron Asset Management to carry its activities as a going concern.

Name	Position	Signature	Date
Kristel Kivinurm-Priisalm	Member of the Management Board	/Signed digitally/	7 April 2022
Valdur Jaht	Member of the Management Board	/Signed digitally/	7 April 2022

FINANCIAL STATEMENTS**BALANCE SHEET**

EUR '000	Note	31/12/2021	31/12/2020
ASSETS			
Cash and cash equivalents	2	3,341	2,903
Receivables and prepayments			
Trade receivables		424	289
Tax prepayments and receivables		56	24
Other receivables and prepayments	5	157	30
Total receivables and prepayments		637	343
Financial investments			
Bonds	3	899	693
Loan receivables	14	-	200
Units of own investment funds	3; 14	452	413
Total financial investments		1,351	1,306
Tangible assets	4	17	14
TOTAL ASSETS		5,346	4,566
LIABILITIES AND SHAREHOLDERS' EQUITY			
Payables and prepayments			
Payable to employees	7	469	511
Tax payables	6	27	130
Other liabilities	8	205	556
Total payables and prepayments		701	1,197
Shareholders' equity			
Share capital in nominal value	11	272	272
Statutory legal reserve		27	27
Retained earnings	10	2,461	2,132
Profit for the financial year	10	1,885	938
TOTAL SHAREHOLDERS' EQUITY		4,645	3,369
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,346	4,566

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07.04.2022

Signature / allkiri
 KPMG, Tallinn

INCOME STATEMENT

EUR '000	Note	2021	2020
Fee income	12	3,680	2,505
Fee expense	12	983	684
Net fee income		2,697	1,821
Financial income and expenses			
Interest income		51	32
Interest expense		-23	-59
Change in value of financial investments		29	16
Other financial income		-	-
Net financial income		57	-11
Operating expenses			
Wages and salaries	13	488	445
Social tax and unemployment insurance contribution expenses	13	175	153
Miscellaneous operating expenses incl. advertising expense		137	276
Total operating expenses		800	874
Depreciation and impairment of tangible assets	4	8	7
Profit before income tax		1,946	929
Income tax		61	-9
Profit for the financial year		1,885	938

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07.04.2022
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KPMG, Tallinn

STATEMENT OF CASH FLOW

EUR '000	Note	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the financial year		1,885	938
Adjustments:			
Depreciation and impairment of tangible assets	4	8	7
Interest income/-expense		-29	27
Change in value of financial investments		-29	-16
Income tax		61	-9
Change in receivables and prepayments made		-295	169
Change in liabilities and prepayments collected		23	-71
Total cash flow from operating activities		1,624	1,045
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of financial instruments		-411	-443
Sale of financial instruments		197	2,003
Acquisition of tangible assets	4	-11	-6
Loans given	14	-	-200
Repayment of loans given	14	200	-
Interest received		52	31
Total cash flow from investing activities		27	1,385
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from sale of treasury shares		-	48
Purchases of treasury shares		-	-560
Dividends paid		-1,043	-895
Income tax paid		-170	-159
Total cash flow from financing activities		-1,213	-1,566
Total cash flow		438	864
Cash and cash equivalents at beginning of period		2,903	2,039
Cash and cash equivalents at end of period	2	3,341	2,903

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07.04.2022
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 KPMG, Tallinn

STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Treasury shares	Statutory reserve capital	Retained earnings	Profit for the financial year	Total equity
31/12/2019	272	512	-	27	1,497	860	3,168
Distribution of profit	-	-	-	-	860	-860	-
Distributed dividends	-	-	-	-	-225	-	-225
Proceeds from sale of treasury shares	-	-512	560	-	-	-	48
Purchases of treasury shares	-	-	-560	-	-	-	-560
Profit for the financial year	-	-	-	-	-	938	938
31/12/2020	272	-	-	27	2,132	938	3,369
Distribution of profit	-	-	-	-	938	-938	-
Distributed dividends	-	-	-	-	-609	-	-609
Profit for the financial year	-	-	-	-	-	1,885	1,885
31/12/2021	272	-	-	27	2,461	1,885	4,645

Additional information on the share capital has been provided in Note 11.

NOTES TO THE ANNUAL ACCOUNTS

NOTE 1. ACCOUNTING POLICIES

The annual accounts of AS Avaron Asset Management for the financial year 2020 have been prepared according to the Investment Funds Act as supplemented by the Regulations by the Minister of Finance, and the Accounting Principles Generally Accepted in Estonia. The requirements of the Accounting Principles Generally Accepted in Estonia comply with the internationally acknowledged accounting and reporting principles, and are stipulated in the Estonian Accounting Act, which is supplemented by the guidelines issued by the Estonian Accounting Standards Board. In accordance with Section 12-13 and 26-27 of Guideline No 2 of the Estonian Accounting Standards Board, the Company has adopted specially modified scheme of Income Statement and Balance Sheet that are better suited for presenting the operations of the Company as a fund management company. The Regulation of the Minister of Finance No 12 dated 5 February 2017 "Fund management company's Financial Supervisory Authority reports bases for preparations and presentation, and the requirements for reporting the fund management company's own funds" was adopted for the financial year 2020.

The annual accounts have been prepared in thousands of EUR unless indicated differently. The annual accounts have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that have been accounted for at fair value.

The principal accounting policies adopted are presented below.

Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange quoted by the European Central Bank (hereafter: "ECB") at the transaction date. Foreign currency monetary items and those non-monetary items that are carried at fair value are retranslated into EUR at the official foreign currency exchange rates prevailing on the reporting date. Non-monetary items, which are not carried at fair value (i.e. prepayments and tangible assets), are not retranslated; instead, foreign currency exchange rates prevailing on the transaction date are used. Gains and losses from foreign currency transactions are recorded in the income statement on net basis.

Financial assets and financial liabilities

Cash, contractual rights to receive cash or other financial assets (i.e. trade receivables) from third parties, equity instruments of other entities and contractual rights to exchange financial assets with third parties under the conditions that are potentially favourable to the Company, are considered to be financial assets. Contractual obligations to deliver cash or other financial assets to third parties and contractual obligations to exchange financial assets with third parties under the conditions that are potentially unfavourable to the Company are considered to be financial liabilities.

Financial assets and liabilities are initially measured at cost, which is the fair value of consideration given or received to acquire the financial asset or liability. Initial cost of all financial assets and liabilities include direct transaction costs.

A regular purchase or sale of financial assets is recognised on value date. If the reporting date is between trade date and value date of a transaction, the change in value between the trade date and the reporting date shall be recognised as the accounting period's profit or loss. Depending on their category, financial assets and liabilities are subsequently measured at fair value, cost or amortized cost.

Financial instruments carried at fair value are re-valued on each reporting date. Change in fair value of financial assets and liabilities that are acquired for trading, as well as derivatives are recognised in the

income statement for the period. Changes in the value of other financial assets accounted for at fair value are recognised directly in equity as a revaluation reserve.

The amortized cost of a financial instrument is the amount at which it is measured at initial recognition, discounted using the effective interest method less principal repayments and any reduction for impairment or uncollectibility.

Financial assets are derecognised when the Company loses the right to the cash flows arising from the financial asset or transfers the cash flows derived from the financial asset and most risks and rewards of ownership of the financial asset to a third party. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

Trade receivables

Current and non-current trade receivables are recorded at amortized cost, i.e. at their net present value, from which doubtful accounts are deducted.

Trade receivables, which partly or fully are not expected to be collected, are expensed and reported in the income statement as "Miscellaneous operating expenses". Receivables, collection of which is not feasible or economically justified, are considered to be non-collectible and written-off from the balance sheet.

Tangible assets

Assets held for use in the supply of services or for administrative purposes, with useful life of over one year and with a minimum value EUR 640 are considered to be tangible assets. Tangible assets are recorded at cost, which comprises purchase price and other directly attributable expenditures.

Depreciation is calculated on the straight-line method. Depreciation rates are assigned separately to each tangible asset or its separately identifiable component depending on its estimated useful life as follows:

- IT equipment – 30% per annum,
- Office equipment – 30% per annum,
- Furniture – 25% per annum,
- Other equipment – 25% per annum.

Improvements to tangible assets are capitalised if they comply with the definition of a tangible asset and the criteria for recognizing an asset on the balance sheet, including the participation of these costs in generating future economic benefits. Maintenance and repairs are expensed when incurred.

Impairment of assets

At each reporting date, it is reviewed whether there is any indication that assets are impaired. If the management board of the Company detects any indication that the value of an asset may have declined below its carrying amount, impairment test is carried out.

Financial assets

Impairment of individually significant financial assets is assessed separately for each asset. Impairment of financial assets that are not individually significant and for which there are no objective evidence of impairment, are assessed in aggregate.

If there is any objective evidence that a financial asset is impaired, financial assets carried at amortized cost are written down to their net present value of the estimated future cash inflows (discounted with the effective interest rate of the financial asset determined at recognition). Impairment of a financial asset is recognized as expense in the income statement for the financial year.

If the value of financial assets carried at amortized cost increases in subsequent periods, the previously recognized impairment loss is reversed up to the amount which is lower from both the following:

- net present value of expected future cash inflows from the financial asset,
- carrying amount measured at amortized cost as if no impairment loss had been recognized.

The amount of the reversal of impairment losses are recognized in the income statement for the financial year on the same expense account as a reverse entry.

Tangible assets

The recoverable amount of a tangible asset recognized at cost is estimated to conduct the impairment test. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a cash-generating unit to which the asset belongs, is determined.

The recoverable amount is the higher of the asset's net selling price and asset's value in use. In assessing the value in use, the estimated future cash flows from continuous use and subsequent disposal are discounted to their present value using a discount rate that reflects expected return on similar investments.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognized in the income statement as "Change in value of tangible assets" when incurred.

The Company assesses at each reporting date whether there are any indications that the recoverable amount of an impaired asset has increased by performing an impairment test. If it appears as a result of the impairment test, that the recoverable amount has increased and the previously recognized impairment loss is no longer justified, the carrying amount is increased. The reversal should not result in a carrying amount exceeding the amortized cost if no impairment had been recognized.

The amount of the reversal of impairment loss is recognized in the income statement as "Change in value of tangible assets" for the financial year on the same expense account as a reverse entry.

Liabilities and obligations

All known liabilities that can be reliably measured and the realisation of which is probable are recognised in the balance sheet as liabilities. All financial liabilities are measured at amortised cost in the balance sheet, except for derivatives with a negative fair value that are measured at fair value.

Other liabilities the realisation of which is dependent on the fulfilment of certain conditions are disclosed in the notes to the annual accounts as contingent liabilities.

Holiday pay has been expensed in the period when the obligation was due, i.e. when an employee becomes entitled to demand paid holiday. Bonuses to employees have been expensed in the period for which the bonuses are payable. The creation of a provision for holiday pay and bonuses together with the applicable social tax and unemployment insurance tax or the relevant change in the provision is recognized as an expense in the income statement and as a liability on the balance sheet.

Reserves

The statutory legal reserve is recorded according to the requirements of the Commercial Code and comprises distributions made out of the net profit. The annual contribution must amount to at least 1/20 of the net profit for the financial year until the statutory legal reserve equals at least 1/10 of the share capital amount.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, i.e. representing the amounts receivable for the services provided. Fee income is recognised in the period when the service was provided, provided that the collection of the relevant receivables is probable, and income and expenses incurred in respect of the transaction can be measured reliably. The revenues have been received for services provided in the Republic of Estonia.

Interest income is recognised on accrual basis.

Fee income includes fund management fees, subscription and redemption fees, fees from managing discretionary securities portfolios, investment advisory fees and fees for providing services in to third-party funds under outsourcing agreements.

Fee expense includes expenses directly related to earning fee income, i.e. rebates of fund management and other service fees, fees payable for the services of credit institutions and registrars, and other fee expense directly related to providing the Company's main services.

Leases

Assets held under operating lease are not reported on the balance sheet. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease, irrespectively from disbursements.

Cash and cash flows

Cash in the cash flow statement includes cash at hand, demand deposits and other deposits with credit institutions (with remaining term up to 3 months).

Cash flows from operating activities are reported using the indirect method. Cash flows from investing and financing activities are reported based on gross receipts and disbursements made during the financial year.

Equity instruments

Equity instruments are recognised after the entity has issued these instruments and the other party has a contractual obligation to pay for them. Equity instruments are recorded at the fair value of proceeds received or receivable less issuance costs. If the fair value of proceeds receivable differs from the nominal value of issued equity instruments, the positive difference will be recorded in the item "Share premium" and the negative difference as a reduction of "Share premium" in case it has a positive balance, otherwise in the item "Retained earnings".

NOTE 2. CASH AND CASH EQUIVALENTS**Original currency, '000**

	31/12/2021	Exchange rate of the ECB's used	Value in EUR	% of Cash, converted
Current account EUR	2,155	1	2,155	64%
Current account USD	1,316	1.1326	1,162	35%
Current account PLN	112	4.5969	24	1%
Total			3,341	100%

	31/12/2020	Exchange rate of the ECB's used	Value in EUR	% of Cash, converted
Current account EUR	2,463	1	2,463	85%
Current account USD	525	1.2271	428	15%
Current account PLN	56	4.5597	12	0%
Total			2,903	100%

NOTE 3. FINANCIAL INVESTMENTS**Financial investments at amortised cost**

In 2021 the loan was repaid before maturity (initial maturity 31/12/2022). In 2020 the loan amount was 200,000 EUR, interest rate 0.5% (Note 14).

Financial investments at fair value**EUR '000**

	Units of own investment		
	funds	Bonds	Total
31/12/2019	399	502	901
Purchase of investments	-	443	443
Sale or redemption of investments	-	-253	-253
Gain/loss from sales or revaluation of investments	14	1	15
31/12/2020	413	693	1 106
Purchase of investments	-	411	411
Sale or redemption of investments	-	-198	-198
Gain/loss from sales or revaluation of investments	39	-9	30
31/12/2021	452	899	1,349

Securities are accounted for on the basis of market prices quoted in an active market.

NOTE 4. TANGIBLE ASSETS

EUR '000	IT and office equipment	Furniture and other equipment	Total
Acquisition cost			
31/12/2020	44	70	114
Addition	11	-	11
Write off	- 9	-	- 9
31/12/2021	46	70	116
Accumulated depreciation			
31/12/2020	33	67	100
Depreciation charge and impairment for the year	6	2	8
Accumulated depreciation of written off tangible	- 9	-	- 9
31/12/2021	30	69	99
Net book value			
31/12/2020	11	3	14
31/12/2021	16	1	17

NOTE 5. ACCRUED INCOME AND PREPAID EXPENSES

EUR '000	31/12/2021	31/12/2020
Other prepaid expenses	14	17
Other receivables	142	12
Receivables from employees	1	1
Total	157	30

NOTE 6. TAX PAYABLES

EUR '000	31/12/2021	31/12/2020
Corporate income tax	-	105
Social tax	21	14
Personal income tax withheld	9	6
Unemployment insurance payables	1	1
Pension payables	1	1
Value added tax	-5	3
Total	27	130

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KPMG, Tallinn

NOTE 7. PAYABLE TO EMPLOYEES

EUR '000	31/12/2021	31/12/2020
Accrued salaries and wages	21	9
Provisions for bonuses	423	478
Vacation reserve	24	22
Other liabilities to employees	1	2
Total	469	511

67 thousand euros from "Provisions for bonuses" are classified as short-term liability with maturity 31 December 2022 and 356 thousand euros as long-term with maturity 31 December 2025.

NOTE 8. OTHER LIABILITIES

EUR '000	31/12/2021	31/12/2020
Trade payables	41	32
Accrued expenses payable	164	103
Dividend payable	-	421
Total	205	556

Information on dividend payable can be found in Note 14.

NOTE 9. OPERATION LEASE

The Company is renting an office space on the conditions of an operating lease. Future expenses from operating leases are as follows:

EUR '000	31/12/2021	31/12/2020
Less than 1 year	18	18
Total payments from non-cancellable operating leases	18	18

Operating lease expense amounted to EUR 43 thousand (2020: EUR 43 thousand).

NOTE 10. CONTINGENT INCOME TAX ON DIVIDENDS AND OTHER DISTRIBUTIONS OF NET PROFIT

According to the effective Estonian Income Tax Act the accrued profit of a resident legal entity is not subject to corporate income tax, instead the tax is due on dividends and other distribution of profits as well as other payments made out of the equity of the legal entity that exceed the monetary and non-monetary contributions to the entity's share capital. Based on the effective law, resident legal entities are liable to pay income tax on all profit distributions paid out as dividends or in another form with a tax rate of 20/80 on the actual dividends paid. From 2019 onwards, a lower tax rate of up to 14/86 for companies making regular profit distributions will become available according to the effective Estonian Income Tax Act.

The contingent tax liability that may occur if all distributable retained earnings should be paid out or if the share capital would be reduced is not reported in the balance sheet. The income tax due on dividend distribution is expensed in the income statement when dividends are declared or when other payments

reducing the share capital are made. The Company has not executed any bonus issues of shares that would affect the size of income tax in case the Company decided to reduce share capital.

The Company's distributable retained earnings amounted to EUR 4,346 thousand as of 31 December 2021 (as of 31 December 2020: EUR 3,070 thousand). Consequently, the maximum possible tax liability which would become payable if retained earnings in gross were fully distributed is EUR 812 thousand (2020: EUR 551 thousand).

NOTE 11. SHARE CAPITAL

The Company's share capital amounted to EUR 271,383.30 as of 31 December 2020 (as of 31 December 2020: EUR 271,383.30), comprising of 3,500 ordinary shares and 747 preferred shares with nominal value of EUR 63.90 per share.

The Company has an option to repurchase the preferred shares from the shareholder, exercisable at any time at the discretion of the Company. The shareholder may request that the Company exercises the repurchase option of the preferred shares to ensure commitments. The preferred shares can be pledged and grant a dividend in the amount of at least 0.5% of the nominal value of the share.

The shareholders of the Company are as follows:

	Number of shares	Share type	Equity stake	Voting power
OÜ Avaron Partners (reg n0 12135426)	3,500	Common share	82.41%	+
Rain Leesi	291	Preferred share	6.85%	-
Piotr Jurga	249	Preferred share	5.86%	-
Reino Pent	207	Preferred share	4.88%	-
Total	4,247		100.00%	

Additional information on paid up capital instruments in the statement of own funds can be found in Note 15.

NOTE 12. FEE INCOME

EUR '000	2021	2020
Fee income		
Investment funds management fee	3,680	2,505
Portfolio management services and investment advisory services	-	-
Total fee income	3,680	2,505
Fee expense		
Other distribution and related fees	983	684
Total fee expense	983	684

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KPMG, Tallinn

NOTE 13. WAGES AND SALARIES

The remuneration principles of all Avaron employees including investment managers and risk-takers are set in the Company's Remuneration Policy. The remuneration of Avaron employees consists of fixed and variable remuneration. The total remuneration is based on local labour market conditions, and is designed so as to achieve a reasonable balance between the fixed and variable components of the salary.

Avaron employees receive a fixed salary, which reflects relevant professional experience and organisational responsibility as set out in the employee's job description. Variable remuneration depends on the performance of the employee, the business unit concerned and Avaron's overall results. The assessment of the performance is set in a three-year framework, to ensure, that the assessment process is based on longer-term performance taking into account the business cycle of the Company and its business risks. After awarding a bonus to the employees the Company has a three-year period during which it has the right to reduce the bonus, stop the payments of the announced bonus or even require partial or full repayment. The full Remuneration Policy of AS Avaron Asset Management can be downloaded here www.avaron.com/documents.

The Company employed, on average, 20 specialists in 2021 (2020: 19 specialists). Members of the Management Board did not receive extra remuneration for participating in the work of the managing bodies. Independent members of the Supervisory Board were paid, in total with applicable social tax EUR 11 thousand in the financial year 2021 and EUR 8 thousand in 2020 (Note 14). Total remuneration amounted to:

EUR '000	2021	2020
Wages and salaries	488	445
Social tax and unemployment insurance contributions	175	153
Total	663	598
incl. bonus program cost with applicable taxes	63	44

NOTE 14. TRANSACTIONS WITH RELATED PARTIES

Parties are considered related if one party is controlled by another, or one party has significant influence over another, including the parent company and other group companies, managed investment funds, shareholders, the members of the Supervisory Board and the Management Board, their families and the companies in which they hold majority interest or have significant influence.

As of the end of the report period, OÜ Avaron Partners owns 82.41% of the Company's common shares. Additional information can be found in Note 11 regarding the issuance of preferred shares and list of shareholders.

The transactions with related parties were as follows:

EUR '000	2021	2020
Parent company		
Interest income	0	0
Fees paid	877	607
Loans given	0	200
Repayment of loans given	-200	-
Costs paid for other legal entities	36	30
Beneficiaries, executive and non-executive management and the related legal entities		
Share capital contribution into managed investment fund	125	0
Management fees, performance fees, subscription and redemption fees of Avaron Estonia domiciled investment funds	1,389	1,400
Distribution fees and related fees for the management of funds and discretionary portfolios	30	17
Payments to members of management and control bodies, incl. social taxes	11	8
Other payments to members of management and control bodies,	48	76
Total	2,316	2,338

Avaron is entitled to earn performance fees if we outperform the set benchmark. Performance fee rates and terms can be found in the respective fund's prospectus and are also available on our webpage.

Information on payments to members of management and control bodies can be found in Note 13. Other payments to members of management and control bodies are included in Note 13 under wages and salaries expense.

The balances outstanding with related parties were as follows:

EUR '000	Note	31/12/2021	31/12/2020
Parent company			
Loans given*	3	-	200
Other receivables and prepayments (accrued interest)		-	0
Accounts receivable		-	7
Supplier payables and customer prepayments		113	81
Dividend payables (present value)	8	0	421
Beneficiaries, executive and non-executive management and the related legal entities			
Units of Avaron Flexible Strategies Fund	3	452	413
Accounts receivable		2	2
Receivables from Avaron Estonia domiciled investment funds		284	87
Supplier payables and customer prepayments		22	9
Potential future payments to members of management and control bodies, incl. social taxes		256	357
TOTAL		1,129	1,577

As at the end of 2020, loans were given in nominal currency EUR, interest rate 0.5%, with maturity 31 December 2022 (in the amount of 200,000 euros). Loans were repaid during 2021, thus as of 31 December 2021 there are no loan receivables.

NOTE 15. STATEMENT OF OWN FUNDS

EUR '000	Note	31/12/2021	31/12/2020
Own funds section			
Own funds		2,389	2,054
Tier 1 capital		2,389	2,054
Common equity Tier 1 capital		2,389	2,054
Capital instruments eligible as CET 1 capital		224	224
Paid up capital instruments	11	224	224
Retained earnings		2,461	2,132
Other reserves		22	22
CET 1 instruments of financial sector entities where the institution has no significant investment (-)		-318	-324
Minimum net own funds section			
Own funds		2,389	2,054
Minimum net own funds		220	203
Minimum own funds according to minimum amount of share capital		125	125
Minimum own funds according to fixed overheads		220	203
Excess of own funds (+)		2,169	1,852

NOTE 16. SUBSTANCIAL EVENTS AFTER THE REPORTING DATE

The Russian invasion to Ukraine has influenced Avaron's business but not significantly. Although we invest in Eastern Europe with our products, the share of Russian investments stood at around 2% of our total assets under management ahead of the war. Our flagship fund Avaron Emerging Europe Fund does not invest in Russia.

Before the war between Russia and Ukraine broke out, Avaron Flexible Strategies Fund had invested 3.5% of its assets into Russia (out of which 2.6% in equities traded on Moscow Stock Exchange). Trading on Moscow Stock Exchange was suspended on February 28th, 2022. Because of that Avaron started to determine the value of Russian positions in Avaron Flexible Strategies Fund based on the market price of GDRs listed on London Stock Exchange. Due to heavy fall of Russian equity market, which amounted to approximately 90% compared to the price level before the war, Avaron decided to value the Russian local shares at zero as of March 1st, 2022. As trading is prohibited for non-resident investors, Russia has suspended dividend payments of the issuers and it is restricted to vote in General Meetings it makes the shareholders' rights worthless.

However, the war has brought along changes in investors' perception on the risk level of countries neighbouring to Russia. Thus, we believe investors are looking for higher risk-return once they invest into Emerging Europe going forward. On top, higher commodity prices globally, if they stay for a longer period of time, will bring along lower consumer confidence and higher costs for industrials, triggering lower margins for corporates, calming down equity markets and investor confidence. On one hand it makes it more difficult to raise money but on the other hand it might give great entry points for long-term investors on the market again.

SIGNATURES OF MANAGEMENT BOARD

To the Annual Report for the financial year ended on 31 December 2021

On 7 April 2022, the Management Board prepared the management report and the annual accounts of AS Avaron Asset Management together with the Management Board's proposal for profit distribution and the sworn auditor's report for the financial year ended 31 December 2021, and has presented them to the sole shareholder for approval.

By signing the annual report, all members of the Management Board validate the fair presentation of the annual report.

Name	Position	Signature	Date
Kristel Kivimurm-Priisalm	Member of the Management Board	/Signed digitally/	7 April 2022
Valdur Jaht	Member of the Management Board	/Signed digitally/	7 April 2022



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Independent Auditors' Report

(Translation of the Estonian original)

To the shareholders of AS Avaron Asset Management

Opinion

We have audited the financial statements of AS Avaron Asset Management (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, the statements of cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements presented on pages from 14 to 29 present fairly, in all material respects, the financial position of the Company as at 31 December 2021, 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 (Estonia) (including Independence Standards) and we have fulfilled our other 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 opinion.

Other Information

Management is responsible for the other information. The other information comprises the management report, but does not include the financial statements and our auditors' 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.



Auditors' 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 auditors' 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 Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism 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 auditors' 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 auditors' 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.

KPMG Baltics OÜ
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/digitally signed/

Eero Kaup

Certified Public Accountant, Licence No. 459

Tallinn, 7 April 2022

PROPOSAL FOR DISTRIBUTION OF PROFIT

The Management Board of AS Avaron Asset Management proposes to distribute the net profit for the financial year ended on 31 December 2021 of EUR 1,885 thousand as follows:

To allocate to:

dividends	EUR 946 thousand
retained earnings	EUR 939 thousand

7 April 2022

/Signed digitally/

Kristel Kivinurm-Priisalm
Member of the Management Board

DIVISION OF REVENUES IN ACCORDANCE WITH EMTAK CLASSIFICATION STANDARD

The revenues (fee income) of AS Avaron Asset Management were divided in accordance with EMTAK classification standard as follows:

EUR '000	2021	2020
66301 Management of investment funds	3,680	2,505
66199 Portfolio management services and investment advisory services	0	0
Total	3,680	2,505