TRIGON ASSET MANAGEMENT

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ANNUAL REPORT 2021
(Translation of the Estonian original)

Beginning of the financial year	01.01.2021
End of the financial year	31.12.2021
Business name	Trigon Asset Management AS
Registration number	11339670
Address	Pärnu mnt 18, Tallinn, 10141, Estonia
Phone number	(372) 6679 200
Fax number	(372) 6679 201
E-mail address	legal@trigoncapital.com
Company website	www.trigoncapital.com
Main business activities	- Management of Investment funds - Providing fund management services for funds that it does not manage itself
Auditor	PricewaterhouseCoopers AS
Documents enclosed with the Annual Report	Independent auditor's report Proposal for profit distribution Distribution of sales revenue according to EMTAK classification

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MANAGEMENT REPORT

General information

AS Trigon Asset Management was established in 2007 and as of 31 December 2021 it manages three common equity funds: Trigon New Europe Fund, Trigon Dividend Fund and Trigon Russia Top Picks Fund. In addition, AS Trigon Asset Management manages common investment fund Luka Adriatic Property Real Estate Fund I, which was established in 2008, as well as provides investment management services under mandate agreements to other client portfolios.

The net asset value of the equity funds under management at the end of 2021 amounted to 335.5 million euros (at the end of 2020: 261.5 million euros).
The net asset value of the real estate fund under management at the end of 2021 amounted to 11.2 million euros (at the end of 2020: 11.6 million euros).
The total assets under management at the end of the year 2021 totaled 647.3 million euros (at the end of 2020: 573.4 million euros).

Net profit for the reporting period was 1,718 thousand euros (2020: 1,104 thousand euros).

Business activities of AS Trigon Asset Management are as follows:

- management of investment funds,
- fund management related services for funds it does not manage itself.

The year 2021 turned out positive for the markets of Central and Eastern Europe. Consumer confidence remained strong in the context of support from the state and low unemployment rate, allowing many companies to have significant profit growths compared to the low base of year 2020. In 2021, sectors that had suffered more due to Covid a year before, such as banking, energy, and retail, showed exceptionally good profit dynamics. In contrast, the sectors that benefited from Covid in 2020, such as e-commerce, computer and mobile game manufacturers, IT companies, were unable to show an increase in profits in line with investors' expectations. The high inflation rate, which quickly became a global problem in the second half of the year, also had a negative effect on the pricing of growth shares and supported the global rotation from growth shares to value shares. In this environment, the MSCI EFM CEEC ex-Russia Index, which reflects the Eastern European stock markets, was able to deliver a 26% growth and MSCI Russia 10/40 TR Index reflecting the stock markets in Russia a 21.7% return, both well above the 4.9% return of the MSCI World Index, which reflects the movement of the developing world.

Trigon New Europe Fund was once again able to deliver a better return than its regional benchmark index, rising by 27.0% year-on-year (D-share). Over 5 and 10 years and since the beginning of the strategy, the fund has outperformed the benchmark index by 12.0%, 97.4% and 202.3%, respectively. The fund ended the year with a record volume of 330 million euros (257 million euros a year earlier).

The year 2021 became very successful for Trigon Russian Top Picks Fund as well. The fund rose by 32.6% year-on-year (A-share), surpassing the MSCI Russia TR Index, which rose by 28.0%. The fund has an even more positive alpha compared to the MSCI Russia 10/40 TR Index, which increased by 21.7%. Compared to its competitors, the Fund once again delivered one of the best returns this year and continued to show the best long-term returns. The Fund ended the year with a volume of 1.5 million euros. A year earlier, the volume was 1 million euros.

The first year of the Trigon Dividend Fund was also very successful. The Fund was able to offer a return of 27.5% (C-share), which outperformed the 24.4% return of the MSCI World High Dividend Yield Index. The volume of the Fund increased from 1.62 million euros to 4 million euros during the year. The number of investors in the dividend paying unit, who were paid a dividend of 7.1% from the share price in December, increased from 20 investors to 400 during the year. The total number of investors rose to 800 in a year.

Owners of the Company and staff salaries

In 2021, the Management Board members of AS Trigon Asset Management were Mehis Raud and Jelena Rozenfeld. The members of the Supervisory Board are Joakim Johan Helenius, Torfinn Losvik and Kairi Ratas. The majority shareholder of AS Trigon Asset Management (61% of the share capital and 65.59% of the voting shares) is AS Trigon Capital, Mehis Raud through OÜ Fero Invest owns 27% (29.03% of the voting shares) and Jelena Rozenfeld has a 5% (5.38% of the voting shares) shareholding. In addition, AS Trigon Asset Management owns 7% of its own shares, which do not give shareholder rights. As at the end of year 2021, Trigon Asset Management AS had 10 employees (2020: 11). The overall staff salaries and bonuses including social tax and unemployment insurance tax expense of the Company amounted to 508 thousand euros in 2021 (2020: 597 thousand euros), of which salaries and bonuses paid to Management Board members including social tax and unemployment insurance tax expense accounted for 141 thousand euros (2020: 119 thousand euros). The Company did not pay additional compensation for participation in governing bodies to Management and Supervisory Board members.
The Management Board of AS Trigon Asset Management proposes to the shareholders to distribute dividends in the amount of 1,663 thousand euros in 2022. Corporate income tax arising from the dividends amounts to 330 thousand euros.

Social responsibility and sustainability

AS Trigon Asset Management is a member of the United Nations Principles for Responsible Investment (UNPRI) programme from 2018. AS Trigon Asset Management follows the principles and practices of responsible investment in managing funds.

Taking sustainability into account in investment analysis and in decision making is essential to facilitate long-term returns on investments in funds.

When evaluating companies and the potential of their stocks, both financial and sustainability factors are taken into consideration. In its evaluation of the sustainability criteria, AS Trigon Asset Management applies the method of negative screening. The investments exclude stocks of companies in several fields of activity and the companies that do not comply with international standards. The investment team of AS Trigon Asset Management continuously monitors and analyses the existing stock portfolio and companies of potential interest to evaluate their fit in the portfolio based on the principles of sustainable investing.

When managing funds and mandates as well as making investments, the following factors are taken into consideration, among others:

- environmental aspects (e.g., environmental and climate impact of companies)
- social aspects (e.g., human rights, workers' rights, equal opportunities, work practices)
- corporate governance aspects (e.g., shareholders' rights, remuneration of management and anti-corruption issues).

The principles of sustainable investing are disclosed on the AS Trigon Asset Management website.

Climate strategy

Trigon Asset Management aims to contribute to the positive development of society and the environment, committing to reducing climate risks and creating opportunities to transition to a more climate friendly life. Consequently, the company has adopted two main goals in terms of climate change:

1. The main goal is to achieve the highest possible level of efficiency in all its daily activities, with an emphasis on environmental protection and to minimize the impact of its business activities on the environment.

Therefore, we follow the principles of responsible work and environmental protection both in shaping the values of our employees as well as in our daily activities:

- √ We reduce waste generation and promote separate collection of waste by type
- √ We avoid and reduce the use of paper and promote paperless document circulation and the use of digital signatures.

2. Trigon Asset Management using owner influence excludes shareholdings if they involve confirmed sustainability risks and whose activities, we consider to be harmful to society or to the environment.

Future developments

AS Trigon Asset Management will continue managing the existing funds in 2022. AS Trigon Asset Management will remain focused on managing Central and Eastern Europe mandates and sees room for growth in the number of clients in this business segment.

Mehis Raud
Member of the Management Board

FINANCIAL STATEMENTS

BALANCE SHEET

EUR	Note	31.12.2021	31.12.2020
ASSETS			
Current assets			
Cash and cash equivalents	**2**	1,890,713	1,212,665
Receivables and prepayments	**3**	1,130,227	1,023,141
Total current assets		**3,020,940**	**2,235,806**
Non-current assets			
Intangible assets		27,468	27,468
Total non-current assets		**27,468**	**27,468**
TOTAL ASSETS		**3,048,408**	**2,263,274**
LIABILITIES AND EQUITY			
Payables and prepayments	**4**	1,000,513	962,835
Total liabilities		**1,000,513**	**962,835**
EQUITY			
Share capital	**7**	159,780	159,780
Statutory reserve capital		15,978	15,978
Own shares		-100,000	-100,000
Retained earnings		254,104	121,007
Profit for the period		1,718,033	1,103,674
Total equity		**2,047,895**	**1,300,439**
TOTAL LIABILITIES AND EQUITY		**3,048,408**	**2,263,274**

INCOME STATEMENT

EUR	Note	2021	2020
Fee income	**8**	**4,047,675**	**3,099,653**
Fee expense		**-973,397**	**-606,988**
OPERATING EXPENSES			
Miscellaneous operating expenses	**9**	-311,566	-240,007
Staff costs	**10**	-867,378	-892,969
Significant impairment of current assets	**11**	-8,956	-8,659
Other operating expenses		-5,790	-3,299
TOTAL OPERATING EXPENSES		**-1,193,690**	**-1,144,934**
Other financial income and expense		-177	-372
Total financial income and expenses		**-372**	**-372**
Profit before income tax		**1,880,411**	**1,347,359**
Income tax	**7**	-162,378	-243,685
Profit for the financial year		**1,718,033**	**1,103,674**

Notes to the financial statements

NOTE 1. Accounting policies

The financial statements of AS Trigon Asset Management have been prepared in accordance with Estonian financial reporting standard. The financial statements have also been prepared in accordance with the accounting policies of the group's parent company AS Trigon Capital (address: Pärnu mnt 18, 10141 Tallinn).

The financial statements have been prepared as abridged financial statements in accordance with the Accounting Standards Board's guideline 15 clause 59. These financial statements have been prepared under the historical cost convention, except for the cases described in the following accounting policies.
The 2021 year financial statements are presented in EUR.

Financial assets

The company has the following financial assets: cash and cash equivalents (see also Cash and cash equivalents accounting policies), trade receivables (see also Receivables and prepayments accounting policies) and other receivables.
Purchases and sales of financial assets are recognized on the settlement date (i.e., on the day when company becomes owner of the financial asset purchased, or when claim of ownership of the financial asset sold has been lost). When recognizing financial assets at the time of purchase or sale at their fair value, the change in value is recognized between the transaction day and balance sheet daytime-frame as profit or loss, with similar process applied to other financial assets owned by the company. Cash and cash equivalents, trade receivable and other receivables (accrued income, issued loans and other short and long-term receivables), excluding receivables which were acquired for re-sale, are recognized at amortized cost.
Amortized cost of short-term receivables is usually equal to nominal value (minus repayments and possible write downs). Hence, short-term receivables are recognized in the balance sheet in expected settlement value. To calculate amortized cost of long-term receivables, they are initially recorded at the fair value of expected cash flows, calculating interest income using internal interest method. Receivables acquired for resale are recognized at fair value.

At each balance sheet date, management evaluates if there are any events indicating potential impairment of receivables. If such events occur, financial assets are assessed as follows:
(a) Financial assets carried at amortized cost (such as receivables and bonds held to maturity) are written down to their probable future recoverable value (discounted at the financial asset's initially fixed internal interest rate)
(b) Financial assets carried at acquisition cost (shares and other equity instruments fair value of which cannot be reliably measured) are written down to their probable future recoverable value (discounted at the market rate of return for similar financial assets)
(c) Financial assets at fair value are written down to their fair value. Fair value losses are recognized in the income statement as expense. Financial assets are recognized at fair value through equity revaluation reserve. If the value asset has decreased, then the negative amount reserve is recognized in the income statement as loss.

Reversals of impairment:
(a) If the previously discounted and adjusted financial asset value shall increase in the future, the previous discount is being voided to the sum which is the lowest or when (1) financial asset future price is lower than current value and (2) balance sheet residual value if previously no discounts were applied to the asset. Cancellation of discounts are recognized in the Income Statement.

(b) For those financial assets which are recognized in the amount of their acquisition value, because of their fair value cannot be reliably measured, discounts are not voided.
(c) For changes in fair value of asset through equity reserve revaluation the cancellation of discount is being measured as follows: stocks and other equity instruments discount cancellation is recognized as increase in equity reserve capital; bonds and other debt instrument discount cancellation is recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents presented on the balance sheet line item include demand deposits and in the cash flow statement, include cash in hand, bank account balances and overnight deposits.

Recognition of foreign currency transactions

All other currencies except for the functional currency (the functional currency of the company is euro) constitute as foreign currencies. Foreign currency transactions are recorded at the official currency exchange rates quoted by the European Central Bank prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies (receivables and loans payable in cash) are translated into EUR at the official foreign currency exchange rates quoted by the European Central Bank prevailing at the balance sheet date. Gains and losses from conversion of foreign currencies are recorded in the income statement of the reporting period. Non-monetary financial assets and liabilities in foreign currency which are being measured at fair value (in case of fair value method recognized real estate investments; biological assets; short and long-term financial investments in stocks and other equity financial instruments, fair value of which can be reliably measured), are measured based on the foreign currency exchange rates of the European Central Bank prevailing at the transaction date. Non-monetary financial assets and liabilities in foreign currency which are not measured in fair value method (for example: prepayments, inventory at acquisition cost, tangible and intangible assets), are not subject to revaluation on the balance sheet date but are recognized at the European Central Bank rate of the date of acquisition of the asset or liability.

Receivables and prepayments

Short-term receivables generated in the ordinary course of business are classified as trade receivables. Trade receivables are carried at amortized cost (original invoice amount less provisions made for impairment of these receivables). The impairment of the receivables that are individually significant (i.e., need for a write-down) is assessed individually for each customer, using the present value of expected future collectible amounts as the basis. For receivables which are individually not important and for which knowledge of discount does not exist, their discount is being valued in aggregate, using the previous year experience. The impairment of receivables is recognized in other operating expenses line item. The collection of the receivables that have previously been written down are accounted for as a reversal of the loss from doubtful receivables.

Financial liability

All financial liabilities (supplier payables, accrued expenses, and other short-term borrowings) are initially recorded at cost, net of transaction costs incurred. They are subsequently measured at amortized.
The amortized cost of current financial liabilities generally equals their nominal value; therefore, current financial liabilities are carried in the balance sheet in their net redemption value. A financial liability is classified as short-term when it is due to be settled within 12 months after the balance sheet date or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.
Liabilities which payment date is longer than a year are recognized as long-term liabilities. For measurement of long-term financial liability adjusted acquisition value the acquisition cost is taken in fair value amount (reduced by the amount of transaction costs) and considering future periods interest using the internal interest method.

Provisions and contingent liabilities

Present obligations arising from past events whose timing or amounts are uncertain are recognized as provisions. The provisions are recognized based on the management's estimates regarding the amount and timing of the expected outflows. A provision is recognized on the balance sheet in the amount, which according to the management is necessary at the balance sheet date for meeting the obligation arising from the provision or transfer to the third party. Other contingent liabilities where the realization is less probable than non-realization or related costs cannot be determined reliably, that in certain circumstances may become obligations, are disclosed in the notes to the financial statements as contingent liabilities.

Revenue

Revenue is recognized on an accrual basis if revenue and transactions cost are determined reliably. Fee and commission income are recognized during the period of service. Revenue reflects the fees received from investments funds, fees for providing fund management services for funds that it does not manage and fees from other provided services. The management fee charged from the funds that are managed is calculated based on the terms and conditions of the respective fund prospectus.

Investment funds' maximum fees are outlined in the funds' terms and conditions, which are registered by Financial Supervision Authority. According to management's decision, AS Trigon Asset Management may charge lower fees than indicated in the terms and conditions. Aforementioned fees are disclosed in funds' prospectuses and are the following:

Fees from investment funds

Luka Adriatic Property Real Estate Fund I: Management fee is 25 thousand euros per annum and is paid out on the following month of the accounting month. In case of the share subscription the fund manager charges subscription fee. The maximum amount of the subscription fee is 1% from net value of the share. Fund management company may reduce or amend subscription fees.

Trigon - New Europe Fund. The management fee is calculated daily at a rate of 0.75%-2% (depending on the class of the unit) on the market value of the Fund´s assets on an annual basis and is paid to the fund management company once a month.

The Management Company has the right to receive a performance fee from Trigon New Europe Fund Class B unit based on the return of fund. The Management Company has the right to receive a performance fee if the return on the net asset value of the Class B Unit from the beginning of the year exceeds the return of MSCI EFM CEEC ex Russia Net Return from the beginning of the year. The performance fee rate is 15% from the increase of net asset value. The performance fee is calculated and paid out once a year.

Trigon Dividend Fund. The management fee is calculated daily at rate of 0%-2% (depending on the class of the unit) on the market value of the Fund´s assets on an annual basis and paid to the fund management company once a month. The Management Company has the right to receive a performance fee based on the performance of all Trigon Dividend Fund classes. In the case of Class C and Class D Units, the rate of performance fee is 15% of the increase of the unit's net asset value. In the case of Class eQ, management company is entitled to a performance fee if the net asset value of the unit exceeds the highest end-of-month level in the history plus the required minimum return (3.5% on an annual basis). The performance fee is calculated and paid once a month.

Trigon Russia Top Picks Fund. The management fee is calculated daily at a rate of 0.75-2% of the market value of the Fund´s assets on an annual basis, management fee is paid to the Management Company once a month. The Management Company is entitled to receive a performance fee based on the performance of fund. The Fund Management Company is entitled to the performance fee if the net asset value of a Class eQ unit exceeds its highest month-end net asset value plus the required minimum return (3.5% on an annual basis). The Fund Management Company is entitled to the performance fee if the rate of return of a Class D unit based on its net asset value exceeds the MSCI Russia Daily Net TR EUR rate of return starting from the beginning of the year. The rate of the performance fee for Class eQ unit is 15% and for Class D and Class E units 20% of the increase in the net asset value, which exceeds the highest historical month-end net asset value plus the required minimum return. The performance fee is calculated and paid once a month.

Taxation

According to the Estonian Income Tax Act, the annual profit of the company is not taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, reception costs, non-business-related disbursements, and adjustments of the transfer price. As of 01.01.2015 the tax rate on the net dividends paid out of retained earnings is 20/80. As of 2019, tax rate of 14/86 can be applied to dividend payments. This more favorable tax rate can be used for dividend payments in the amount of up to the average dividend payment during the three preceding years that were taxed with the tax rate of 20/80. When calculating the average dividend payment of three preceding financial years, 2018 will be the first year to be considered. Under certain circumstances, it is possible to redistribute received dividends without additional income tax expense. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period in which dividends are declared, regardless of the period for which they are declared or when they are actually paid out. Income tax is due at the 10th day of the month following the payment of dividends. Due to the nature of the taxation system, the companies registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability which would arise due the payment of dividends is not recognized in the balance sheet. The maximum income tax liability which would accompany the distribution of Company’s retained earnings is disclosed in Note 6 of the financial statements.

Related parties

Related parties are parties that have significant control over the company or significant influence over the other party's business decisions in accordance with the Accounting Standard Board guideline 2 “Requirements for Presentation in the Financial Statements” definition. Related parties are not only defined by the legal form of transactions and relationships but their actual substance.

NOTE 2. Cash and Equivalents

EUR	31.12.2021	31.12.2020
Bank account	1,890,496	1,212,449
Cash	217	217
Cash and cash equivalents in total	**1,890,713**	**1,212,665**

NOTE 3. Receivables and prepayments

EUR	Note	31.12.2021	31.12.2020
Trade receivables	11	1,032,291	899,413
Other receivables	11	79,038	94,817
Prepaid value added tax		6,576	6,931
Prepayments		12,322	21,980
Total receivables and prepayments		**1,130,227**	**1,023,141**

NOTE 4. Payables and prepayments

EUR	Note	31.12.2021	31.12.2020
Payables to suppliers		439,819	400,357
Payables to employees	10	456,400	382,728
Tax payables	5	17,464	96,052
Other payables		86,830	83,698
Total payables and prepayments		**1,000,513**	**962,835**

NOTE 5. Tax liabilities

EUR	31.12.2021	31.12.2020
Corporate income tax	0	76,159
Personal income tax	5,679	6,639
Special income Tax	384	410
Social tax	10,160	11,560
Unemployment insurance tax	710	742
Contribution to mandatory pension	531	542
Total tax liabilities	**17,464**	**96,052**

See also Note 4.

NOTE 6. Contingent liabilities

EUR	31.12.2021	31.12.2020
Contingent liabilities		
Possible dividends	1,812,811	1,070,577
Income tax on possible dividends	367,067	187,378
Contingent liabilities in total	**2,179,878**	**1,257,955**

In accordance with the Income Tax Act, a company registered in Estonia does not pay the income tax on the earned profit, but on the distributed dividends or on the income distributed in any other form. Income tax is also to be paid on any payments made from the equity, which exceed the monetary and non-monetary deposits into the equity.

According to the amendment to the Income Tax Act, a more favorable tax rate will apply to dividends paid regularly from 2019 onwards. The general tax rate on dividends and other profit provisions is 20%. Profits distributed in a calendar year that are less than or equal to the average distributed profits of the previous three calendar years are taxed at a rate of 14%. The first year for calculating the three - year average dividend is 2018. As a result, in 2021, a part of the profit distributed in the calendar year was taxed at a lower rate, which was the average of the previous three calendar years' profit.

A contingent income tax liability which would arise due to the payments from the equity is not recognized in the balance sheet. Income tax expenses arisen from distributed dividends or other equity reduction-related payments are at the moment recognized in the income statement as an expense.

In accordance with the additional equity requirements established on the fund managers by the Financial Supervision Authority of the Republic of Estonia, at the balance sheet date it is possible to pay out dividends to the owners from retained earnings in the amount of 1,812,811 euros (31 December 2020: 1,070,577 euros). The corresponding income tax would amount to 367,067 euros (31 December 2020: 187,378 euros).

The tax authorities may at any time inspect the books and records within 5 years after the reported tax year and may impose additional tax assessments and penalties. No tax control was carried out in the Company in 2021 and 2020. The Company's Management is not aware of any circumstances which may give rise to a potential material liability in this respect.

For the reporting period, AS Trigon Asset Management has one case pending with Olympic Entertainment Group AS ("OEG"):

Contingent assets

1) Statement to determine fair compensation to the shareholders of Olympic Entertainment Group AS ("OEG"). It is a non-action procedure in which the court accompanied all minority shareholders of OEG from whom the shares were taken over during the mandatory takeover bid in October 2018, as petitioners. AS Trigon Asset Management represents, inter alia, the funds it manages in this action. This procedure has no negative effect on the financial statements of AS Trigon Asset Management. The general meeting of OEG approved the decision to approve the takeover of the shares owned by the minority shareholders of OEG by Odyssey Europe AS in exchange for financial compensation of 1.40 euros per share. The application pending before the court has been filed for the protection of the rights of minority shareholders and to obtain fair compensation for OEG shares. The petitioners, including Trigon Asset Management AS, find that 1.40 euros per share is clearly incorrect and too low. The financial impact on Trigon Asset Management amounts to a total

of around 20,000 euros for the expenses of the law firm, most of which will be borne by Trigon New Europe Fund. However, if the application is ultimately satisfied and the court determines a higher compensation, OEG will presumably reimburse all the applicants' procedural costs.

NOTE 7. Share capital

EUR	31.12.2021	31.12.2020
Share capital	159,780	159,780
Number of shares (pcs)	798,900	798,900
Nominal value of shares	0.20	0.20

The parent company of the AS Trigon Asset Management group is AS Trigon Capital. As at 31 December 2019 the share capital of AS Trigon Asset Management consisted of 798,900 registered shares with a nominal value of 0.20 euros and the total share capital was 159,780 euros. In 2020, 55,923 shares were repurchased, as a result of which AS Trigon Asset Management owns its own shares. Own shares do not provide shareholder rights. As at 31 December 2021, the share capital amounts to 159,780 euros.

According to the articles of association, the minimum size of the share capital of AS Trigon Asset Management is 159,780 euros and the maximum size is 639,120 euros. In 2021, dividends in the amount of 970,577 euros were paid, income tax from dividends amounted to 162,378 euros. The Company's retained earnings as at 31 December 2021 amounted to 1,972,137 euros (31 December 2020: 1,224,681 euros). For further details on payment of probable dividends, see note 6.

In December 2020, the shareholders of AS Trigon Asset Management decided to issue share options to key employees. According to the decision, employees participating in the option program can acquire up to 1,000 Company preference shares against a financial contribution corresponding to their nominal value. An option agreement was concluded with each key employee with a three-year period that entitles the employee to subscribe for a certain number of preference shares during the subscription period beginning after the three-year period. Share options cannot be exchanged, transferred, pledged, or encumbered, unless the Supervisory Board agrees to transfer the share option to another employee. The share option agreement expires upon termination of the employment contract.

NOTE 8. Fee income

EUR	2021	2020
Fee income by geographical location		
Estonia	80,220	67,049
Other European countries	3,967,455	3,032,604
Total fee income	**4,047,675**	**3,099,653**
Fee income by operating activities		
Management fee	43,928	60,979
Success fee	80,112	24,226
Management fee for mandate-based other investment funds	3,923,635	3,014,447
Total fee income	**4,047,675**	**3,099,653**

NOTE 9. Miscellaneous operating expenses

EUR	2021	2020
Other sales expenses	25,203	35,340
Information expenses	59,565	58,730
Business trip expenses	3,365	6,075
Legal consultations	56,158	1,890
Advertising and representation costs	15,351	5,154
Rental fees	57,600	57,600
Insurance expenses	38,348	24,523
Depositary fees	12,932	13,896
Other purchased goods and services	43,044	36,799
Total miscellaneous operating expenses	**311,566**	**240,007**

Other sales expenses in the amount of 25,203 (2020: 35,340) euros comprise of contractual equity fund's costs related to marketing outside Estonia. Other purchased goods and services in the amount of 43,044 (2020: 36,799) euros include various operating expenses such as additional expenses related to the rented office space, postal services, membership fees, telecom costs, fees to Financial Supervisory Authority, audit costs, IT-services, and acquired small equipment.

In determining the minimum amount of own funds, the following line items from the income statement are considered to be the fixed overheads of the Fund Management Company – Miscellaneous operating expenses, Staff costs, Significant impairment of current assets, Other operating expenses, Other financial income and expenses less calculated bonus (Note 10), one-off bonus together with social tax in the amount of 10,000 euros, which is included in the line item Salaries, and interest income of 68 euros.

NOTE 10. Staff costs

EUR	2021	2020
Salaries	383,605	446,729
Social taxes	124,327	150,596
Calculated bonus (including social tax)	353,470	287,228
Vacation reserve	3,852	7,227
Fringe benefits	2,124	1,189
Total staff costs	**867,378**	**892,969**

Remuneration principles

Management and employees of Trigon Asset Management get monthly fixed basic salary. Key employees are paid an additional performance fee. The fixed salary is the main part of the salaries of all employees and is based on the fixed salary agreement. Fixed salary is determined individually for each employee, considering his or her role and responsibilities, position, achievements, and conditions of the labor market. Variable salary depends on employee's individual results as well as the result of the whole company. In addition, sales bonus is paid to employees, who are directly involved with in gaining new clients. Such performance fees are in line with the results, are assessed separately case by case and are not determined as a fixed amount.

The management company bases its remuneration principles on the principle of proportionality. The Management Company has not implemented severance pay or non-monetary benefits.

The average number of employees in Trigon Asset Management (including board members) in the reporting year was 10 (2020: 11). The total amount of salaries (including taxes) calculated for employees during the reporting period was 507,932 euros (2020: 597,325 euros). During the reporting period, the remuneration (including taxes) of the members of the Management Board was 140,703 euros (2020: 118,641 euros). No remuneration has been paid to the members of the Supervisory Board for their participation in the Supervisory Board. Performance fees were paid to employees who are directly involved in obtaining new customers. Performance fees (including taxes) during the reporting period amounted to 10,000 euros (2020: 48,591 euros).

NOTE 11. Related parties

Following entities are considered as related parties:

- Parent company AS Trigon Capital as well as other companies belonging to the parent company consolidation group;
- Owners with significant influence;
- Members of the Management and Supervisory Board as well as the companies controlled by them;
- Members of Management and Supervisory Board of AS Trigon Capital;
- Close family members of the abovementioned persons as well as their affiliated companies;
- Funds under management of AS Trigon Asset Management: Luka Adriatic Property Real Estate Fund I, Trigon New Europe Fund, Trigon Dividend Fund, Trigon Russia Top Picks Fund.

As at 31 December 2021, the owners of Trigon Asset Management AS are AS Trigon Capital with a 61% shareholding (65.59% of the voting shares), OÜ Fero Invest with a 27% shareholding (29.03% of the voting shares) and Jelena Rozenfeld with a 5% shareholding (5.38% of the voting shares).

Related party balances:

EUR	**2021**	**2020**
Receivables and prepayments		
Parent company	79,038	94,638
Managed investment funds	846,171	729,963
Total receivables and prepayments	**925,209**	**824,601**

The volumes of transactions with related parties in 2021 and 2020 are as follows:

EUR	**2021**	**2020**
Operating expenses		
Parent company	73,740	80,400
Total	**73,730**	**80,400**

As at 31 December 2016, the current account of AS Trigon Asset Management was included in the AS Trigon Capital group current account. In the first quarter of 2017, the current account of Trigon Asset Management was excluded from the Trigon Capital group current account and the respective amount was offset with the purchase price of a transaction under common control in the total amount of 2,966,480 euros. As at 31 December 2021 AS Trigon Asset Management accounted for interest in amount of 79,038 euros as a receivable from the parent company of the consolidation group.

In 2021, AS Trigon Asset Management received management fees, success fees, issue and redemption fees and investment management fees in the amount of 3,563,028 euros from the funds managed by itself (2020: 2,710,468 euros). As at 31 December 2021 the receivables of AS Trigon Asset management from the managed funds for the above-mentioned fees, which are recorded in the balance sheet as trade receivables, amounted to 846,171 euros (31 December 2020: 729,963 euros).

Management remuneration
Remuneration and bonuses (including taxes) paid to the executive management amounted to 140,703 euros (2020: 118,641 euros). No additional considerations were paid to members of the Management Board and Supervisory Board for participation in the governing bodies. No severance pay is provided for members of the Management and the Supervisory Board under employment contracts. For further information, see note 10.

Impairments
In 2021, the outstanding management fees of Luka Adriatic Property Real Estate Fund were written down in a net amount of 8,956 euros (2020: 8,659 euros), which is recognized in the income statement under Significant impairment of current assets. The net amount of the discount includes interest income in the amount of 40,304 euros, less the discount at a discount rate of 10% in the amount of 49,260 euros. When making the write-down, it was considered that receivables arising from the management fees will be realized within 1 year.

As at 31 December 2021 the discounted receivable of AS Trigon Asset Management against the managed Luka Adriatic Property Real Estate Fund was in the amount of 483,648 euros (31 December 2020: 467,604 euros). See also Note 3.

Signatures of the Management Board for Trigon Asset Management AS annual report 2021

The Management Board of AS Trigon Asset Management has prepared the annual report of year 2021, which consists of the management report and financial statements, including independent auditor's report and proposal for profit distribution, and presented these to the shareholders for approval. By signing the annual report, the members of the Management Board confirm its responsibility for the data represented therein.

/signed/

Mehis Raud
AS Trigon Asset Management
Member of the Management Board

/signed/

Jelena Rozenfeld
AS Trigon Asset Management
Member of the Management Board

Tallinn, 3rd of February 2022

Independent Auditor's Report

To the Shareholders of Aktsiaselts Trigon Asset Management

Our opinion

In our opinion, the abridged financial statements present fairly, in all material respects, the financial position of Aktsiaselts Trigon Asset Management (the "Company") as at 31 December 2021, and the Company's financial performance for the year then ended in accordance with the Estonian financial reporting standard.

What we have audited

The Company's abridged financial statements comprise:
- the balance sheet as at 31 December 2021;
- the income statement for the year then ended; and
- the notes to the abridged financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the abridged financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The Management Board is responsible for the other information. The other information comprises the Management report and revenue allocation according to EMTAK classification (but does not include the abridged financial statements and our auditor's report thereon).

Our opinion on the abridged 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 abridged financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the abridged 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.

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Responsibilities of the Management Board and those charged with governance for the abridged financial statements

The Management Board is responsible for the preparation and fair presentation of the abridged financial statements in accordance with the Estonian financial reporting standard and for such internal control as the Management Board determines is necessary to enable the preparation of abridged financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the abridged financial statements, the Management Board 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 the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the abridged financial statements

Our objectives are to obtain reasonable assurance about whether the abridged financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 abridged financial statements.

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 abridged 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 the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the abridged financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the abridged financial statements, including the disclosures, and whether the abridged financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Translation note:

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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.

AS PricewaterhouseCoopers

/signed /	/signed /
Verner Uibo Auditor’s certificate no. 568	Liina Nöörlaid Auditor’s certificate no. 686

3 February 2022
Tallinn, Estonia

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Proposal for profit distribution

The Management Board of Trigon Asset Management AS proposes to the General Meeting of Shareholders to distribute 2021 profit as follows:

EUR	**31.12.2021**
Dividends	1,662,811
Add to retained earnings	55,222

Revenue allocation according to EMTAK classification

Revenue of AS Trigon Asset Management according to EMTAK classification:

EMTAK	Activity	2021	2020
66301	Funds management	4,047,675	3,099,653
Total		**4,047,675**	**3,099,653**