

# CONSOLIDATED ANNUAL REPORT

**beginning of financial year:** 1 January 2019

**end of the financial year:** 31 December 2019

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## **MANAGEMENT REPORT**

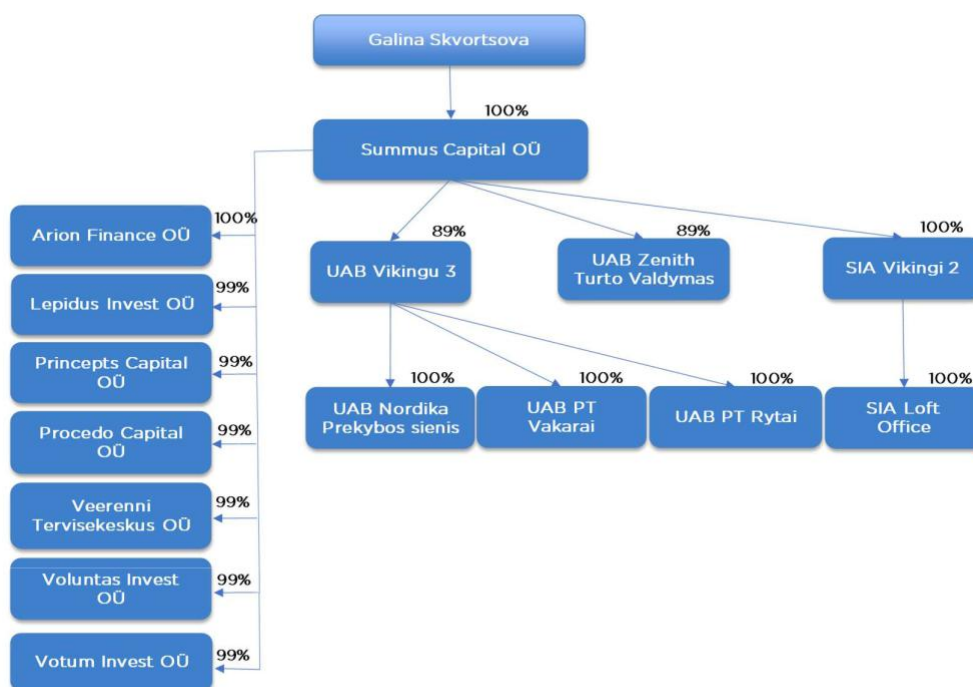
Summus Capital OÜ is an asset management company registered in Estonia, founded in 2015, which invests the owner's assets for the purpose of capital growth and receipt of current income. Investments are made primarily in the Baltics due to the long-term prospects of investment opportunities and administrative capacity to implement projects.

Summus Capital OÜ has made investments to the companies that own real estate or are planning to acquire real estate in Estonia, Latvia and Lithuania. The main source of income for the consolidation group is the leasing of real estate. At the same time, for the purpose of liquidity management, investments have also been made to the financial instruments of various companies, including deposits and bonds.

The real estate portfolio of the companies owned by Summus Capital OÜ consists of commercial real estate with cash flow and has been prepared with a longer-term investment period in mind, which means that the portfolio should be long-term in the context of both lease relationships and investment liquidity. The portfolio strategy assumes that the share of any sector, such as the retail, business or industrial segment, should not significantly exceed 50% of the portfolio. The stability of the cash flows of the portfolio, which is guaranteed by long-term lease contracts with anchor tenants, is considered important. At the assessment of the risk scenario we have taken into account the fact that there would be no dominant sector or group of tenants in the portfolio during the negative economic cycle which could significantly affect the cash flow of the portfolio. The aim is to keep the share of anchor tenants in the cash flow of the portfolio at the level of at least 60%. As at the end of 2019 the portfolio of the companies owned by Summus Capital OÜ consists of eight real estate projects in Estonia and Lithuania with the total leasable area of 107,973 m<sup>2</sup> and 138 tenants, the weighted average unexpired lease length (WAULT) is 6.1 and the loan-to-value ratio (LTV) is 56.1%.

Summus Capital OÜ has prepared the repeat report for 2019 and ordered this audit from KPMG Baltics OÜ. The repeat report has been prepared upon the initiative of Summus Capital in order to ensure that the reports of the group companies are prepared on a uniform basis across the three Baltic countries. Due to the rapid growth of the group and the expanding number of partners, KPMG Baltics OÜ was selected to perform the repeat audit who have the capacity to cover all 3 Baltic countries with common approach and who have a broad base of professionals to advise on making the reporting of Summus Capital more institutional, including carrying out ongoing consolidation and preparing for the transition to IFRS.

## Structure of the consolidation group as at the end of the financial year



## Significant events in the financial year 2019

The most important events in the consolidation group, in addition to regular activities in subsidiaries, during 2019 were the following:

- in order to acquire the second project of Veerenni Health Centre, the subsidiary Procedo Capital OÜ, 99% owned by Summus Capital OÜ, with a share capital of 2,500 euros, has been established, which has granted a bridge financing loan to the developer related to the project;
- the company Summus Z OÜ was acquired and sold at the nominal price without having started operations;
- several real estate projects have been analyzed in Latvia, many of which are potential investment candidates and due to which a new subsidiary is established for each project owned by Summus Capital OÜ.

## Overview of expected development trends in the next financial year

It is planned to continue with the high-quality management of existing projects and, when market opportunities arise, to acquire new investments that meet the group's criteria, primarily in the Baltics.

The plan is to diversify the sources of financing of Summus Capital, either by involving additional banks or by issuing new financial instruments, such as bonds.

After the date of the report the contracts have been concluded in 2020 and 2021 for the acquisition of three projects in Lithuania, Latvia and Estonia, which will increase the portfolio

GLA of the consolidation group to 260,000 m<sup>2</sup> and volume to approximately 270 million euros. It is planned to increase the volume of the portfolio to 500 million within five years, which is mostly covered by pre-negotiated projects by now.

The strategy is to increase the share of new buildings in the portfolio, which in the long run provides a stable cash flow with moderate growth. We believe that in the context of liquidity, it is important to look for investments in sustainable and energy-efficient buildings, so we are focusing on new assets.

No known changes in the composition of the group (e.g. proposed merger, division, transfer of shareholding) or in the field of activity of the group entity are currently foreseen. The new holdings will be acquired upon concluding new investment contracts.

The first reports of the new coronavirus (COVID-19) arrived from China to the World Health Organization (WHO) in December 2019, and it has now spread around the world, causing problems for businesses and general economic activity. On 11 March 2020 WHO called the coronavirus outbreak a pandemic, and therefore in March 2020, the state of emergency was declared in many countries, including Estonia. In order to prevent the spread of coronavirus, the crossing of the internal and external Schengen borders was temporarily restricted and border controls in Europe were restored. At the same time the countries and governments have confirmed that trade and transport will continue without restrictions. The countries, individually and collectively as the EU, have been developing exit scenarios based on both the protection of human health and economic stabilization and are preparing for the second wave. We treat this outbreak as a post-balance sheet date, not a corrective event. Due to the uncertain and rapidly evolving situation, we do not consider it possible to provide realistic quantitative estimates. The management estimates that the company will be a going concern for the next 12 months and beyond. On both the revenue and the expenditure side, there may be some downward adjustments, including due to lower lease income, write-down of asset prices, but also decline in the level of current expenses. The management will continue to monitor this potential impact on an ongoing basis and will take all possible steps to mitigate any effects. The owners have been actively involved in decision-making and have sufficient liquidity to provide additional support to the company in the event of short-term problems. There are no plans to turn to state aid packages for help.

Summus Capital OÜ has contributed to the science-based approach in COVID-19 impact analysis, enabling almost 10,000 free COVID-19 antibody tests to be performed in Harjumaa and Saaremaa in the period from May to August 2020. The testing was carried out in collaboration with the private clinic Confido.

#### **Other circumstances**

The company pays dividends according to the company's results and the shareholder's annual decision. In 2019 the remuneration of 6 employees has been accounted (Summus Capital OÜ and UAB Vikingu 3). The required services have been mostly outsourced.

The private limited company has two members of the management board. The gross remuneration of the management board in 2019 was 24,000 euros.

The main ratios are the following:

	2019	2018
Current ratio (in times) (current assets/current liabilities)	1.38	0.77
ROA (%) (net profit/ total assets * 100)	1.17	3.28
ROE (%) (net profit/ total owners' equity * 100)	13.42	39.65

## The annual accounts

### Consolidated statement of financial position

(In euros)

	31 Dec 2019	31 Dec 2018	Note
Assets			
Current assets			
Cash	21 687 855	8 238 198	
Receivables and prepayments	4 154 134	998 518	2
Inventories	8 645	22 793	
<b>Total current assets</b>	<b>25 850 634</b>	<b>9 259 509</b>	
Non-current assets			
Financial investments	0	520 000	
Receivables and prepayments	819 575	185 000	2
Investment property	164 870 000	164 821 396	5
Property, plant and equipment	8 705	31 329	
Intangible assets	3 178 295	4 016 318	6
<b>Total non-current assets</b>	<b>168 876 575</b>	<b>169 574 043</b>	
<b>Total assets</b>	<b>194 727 209</b>	<b>178 833 552</b>	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	5 632 267	3 684 303	7
Payables and prepayments	13 053 322	8 410 638	8
<b>Total current liabilities</b>	<b>18 685 589</b>	<b>12 094 941</b>	
Non-current liabilities			
Loan liabilities	151 387 875	145 210 328	7
Provisions	7 639 880	6 749 221	9
<b>Total non-current liabilities</b>	<b>159 027 755</b>	<b>151 959 549</b>	
<b>Total liabilities</b>	<b>177 713 344</b>	<b>164 054 490</b>	
Equity			
Equity held by shareholders and partners in parent company			
Issued capital	67 500	67 500	
Retained earnings (loss)	12 688 082	7 603 684	
Annual period profit (loss)	1 872 970	5 148 912	
<b>Total equity held by shareholders and partners in parent company</b>	<b>14 628 552</b>	<b>12 820 096</b>	
Minority interests	2 385 313	1 958 966	
<b>Total equity</b>	<b>17 013 865</b>	<b>14 779 062</b>	
<b>Total liabilities and equity</b>	<b>194 727 209</b>	<b>178 833 552</b>	

## Consolidated income statement

(In euros)

	2019	2018	Note
Revenue	15 532 704	13 959 010	11
Other income	67 926	4 226 075	12
Raw materials and consumables used	-3 292 369	-2 997 096	13
Other operating expense	-1 225 308	-1 253 105	14
Employee expense	-198 425	-187 491	15
Depreciation and impairment loss (reversal)	-860 648	-865 210	
Other expense	-5 830	-7 094	
<b>Operating profit (loss)</b>	<b>10 018 050</b>	<b>12 875 089</b>	
Profit (loss) from subsidiaries	0	39 292	
Gain (loss) from financial investments	-10 400	0	
Interest income	151 802	209 518	16
Interest expenses	-6 923 947	-6 124 236	17
Other financial income and expense	-4 002	-10 810	
<b>Profit (loss) before tax</b>	<b>3 231 503</b>	<b>6 988 853</b>	
Income tax expense	-948 795	-1 129 172	23
<b>Annual period profit (loss)</b>	<b>2 282 708</b>	<b>5 859 681</b>	
Profit (loss) from shareholders and partners in parent company	1 872 970	5 148 912	
Profit (loss) from minority interests	409 738	710 768	



## Consolidated statement of cash flows

(In Euros)

	2019	2018	Note
Cash flows from operating activities			
Operating profit (loss)	10 018 050	12 875 089	
Adjustments			
Depreciation and impairment loss (reversal)	860 648	865 210	
Other adjustments	-30 232	-4 215 853	
<b>Total adjustments</b>	<b>830 416</b>	<b>-3 350 643</b>	
Changes in receivables and prepayments related to operating activities	44 182	-69 854	
Changes in inventories	14 148	4 008	
Changes in payables and prepayments related to operating activities	-19 148	-525 890	
Income tax refund (paid)	0	-857	
Other cash flows from operating activities	-23 619	78 797	
<b>Total cash flows from operating activities</b>	<b>10 864 029</b>	<b>9 010 650</b>	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	0	-3 000	
Purchase of investment property	-18 372	-23 005 543	5
Net cash flow from sales of subsidiaries and operating activities	-25	0	
Other cash payments to acquire subsidiaries	0	-2 800	
Other cash receipts from sales of subsidiaries	19 702	19 709	
Other cash receipts from sales of other financial investments	509 600	0	
Loans given	-3 634 575	-65 000	
Interest received	43 702	36 273	
<b>Total cash flows from investing activities</b>	<b>-3 079 968</b>	<b>-23 020 361</b>	
Cash flows from financing activities			
Loans received	11 731 136	23 922 649	
Repayments of loans received	-3 602 520	-3 194 291	
Repayments of finance lease liabilities	-3 104	-1 668	
Interest paid	-2 262 116	-2 098 652	
Proceeds from issuing shares	0	65 000	
Dividends paid	-63 200	-23 650	23
Income tax refund (paid)	-12 500	0	23
Other cash outflows from financing activities	-122 100	0	
<b>Total cash flows from financing activities</b>	<b>5 665 596</b>	<b>18 669 388</b>	
<b>Total cash flows</b>	<b>13 449 657</b>	<b>4 659 677</b>	
Cash and cash equivalents at beginning of period	8 238 198	3 578 521	
<b>Change in cash and cash equivalents</b>	<b>13 449 657</b>	<b>4 659 677</b>	
Cash and cash equivalents at end of period	21 687 855	8 238 198	

## Consolidated statement of changes in equity

(In Euros)

				Total
	Equity held by shareholders and partners in parent company		Minority interests	
	Issued capital	Retained earnings (loss)		
31 Dec 2017	2 500	6 987 263	1 835 673	8 825 436
Annual period profit (loss)	0	6 548 912	710 768	7 259 680
Issue of equity	65 000	0	0	65 000
Other changes in equity		-927 579	-587 475	-1 515 054
31 Dec 2018	67 500	12 608 596	1 958 966	14 635 062
Effect of correction of errors	0	144 000	0	144 000
Restated balance 31 Dec 2018	67 500	12 752 596	1 958 966	14 779 062
Annual period profit (loss)	0	1 872 970	409 738	2 282 708
Declared dividends	0	-50 000	0	-50 000
Other changes in equity	0	-14 514	16 609	2 095
31 Dec 2019	67 500	14 561 052	2 385 313	17 013 865

## Notes

### Note 1 Accounting policies

#### General information

The consolidated annual report of Summus Capital OÜ (hereinafter the company) for 2019 has been prepared in accordance with the Estonian Financial Reporting Standard.

The main requirements of the Estonian Financial Reporting Standard have been established in the Accounting Act of the Republic of Estonia, complemented by the guidelines issued by the Accounting Board.

Summus Capital OÜ has prepared a repeat report for 2019 and ordered this audit from KPMG Baltics OÜ. The repeat report has been prepared upon the initiative of Summus Capital in order to ensure that the reports of the group companies are prepared on a uniform basis across the three Baltic countries. Due to the rapid growth of the group and from an expanding range of partners, KPMG Baltics OÜ was chosen to perform the repeat audit, who have the capacity to cover all 3 Baltic countries with common approach and who have a broad base of professionals to advise on making the reporting of Summus Capital more institutional, including carrying out ongoing consolidation and preparing for the transition to IFRS.

As a result of the repeat audit of 2019 the classification of loan liabilities changed.

Compared to the original report, short-term loan liabilities decreased by 26,257 thousand euros, while long-term loan liabilities increased by the same amount.

The consolidated annual report includes the financial indicators of Summus Capital OÜ (hereinafter: the parent company) and its subsidiaries Voluntas Invest OÜ, Votum Invest OÜ, Pricepts Capital OÜ, Lepidus Invest OÜ, Veerenni Tervisekeskus OÜ, Procedo Capital OÜ, Arion Finance OÜ, UAB "Vikingu 3", UAB Nordika Prekybos sienis, UAB PT Vakarai, UAB PT Rytai, UAB Zenith Turto Valdymas, SIA Vikingi 2, SIA Loft Office (together hereinafter: the group).

The consolidated annual report has been prepared in euros.

#### Correction of errors

Pursuant to the confirmation of the consolidated annual report for 2018, an error was identified in the classification of income and expenses and in recording the interest expenses, and as its effect is significant, the consolidated comparative data for 2018 have been adjusted as follows:

Name of the additional entry	31 Dec 2018	Change	31 Dec 2018
STATEMENT OF FINANCIAL POSITION:			
Current receivables and prepayments	854 518	144 000	998 518
Current payables and prepayments	9 306 368	-895 730	8 410 638
Long-term loan liabilities:	144 314 598	895 730	145 210 328
Retained earnings	6 059 684	1 544 000	7 603 684
Profit for the financial year	6 548 912	-1 400 000	5 148 912
INCOME STATEMENT			
Profit (loss) from subsidiaries	0	39 292	39 292
Other financial income and expenses	1 428 482	-1 439 292	-10 810



Profit (loss) before income tax	8 388 853	-1 400 000	6 988 853
Profit (loss) for the financial year	7 259 682	-1 400 000	5 859 682
Share of parent company of profit (loss)	6 548 912	-1 400 000	5 148 912
STATEMENT OF CASH FLOWS			
Other adjustments of operating profit	-3 086 681	-1 129 172	-4 215 853
Change in liabilities and prepayments related to operating activities	95 125	-621 015	-525 890
Other cash flows from operating activities	-11 514	90 311	78 797
Loans received	22 436 830	1 485 819	23 922 649
Interests paid	-2 296 360	197 708	-2 098 652
Dividends paid	0	-23 650	-23 650

### Preparation of the consolidated report

#### Consolidation principles

All subsidiaries have been consolidated line by line in the consolidated report. All in-group transactions, receivables and liabilities and unrealised profits and loss from the transactions carried out between the group companies have been eliminated. The minority share in the result and owners' equity of the subsidiaries has been recorded at the separate entry in the consolidated statement of income and consolidated within the owners' equity recorded in the consolidated statement of financial position separately from the owners' equity belonging to the owners of the parent company. Since the foundation of the group the accounting policies of the subsidiaries have been changed to comply with the accounting policies of the group.

#### Business combinations

The acquisition of the subsidiary is recorded based on the purchase method (excluding the business combinations under joint control recorded based on the adjusted purchase method). According to the purchase method assets, liabilities and contingent liabilities of the acquired subsidiary are recorded at their fair value and the difference between the acquisition cost of the acquired share and fair value of the acquired net assets are recorded as positive or negative goodwill. From the date of acquisition, the assets, liabilities and contingent liabilities of the acquired subsidiary and the resulting goodwill are recorded in the consolidated statement of financial position and the share of the income and expenses of the acquired subsidiary is recorded in the consolidated income statement. Negative goodwill is recorded immediately as income.

#### Business combinations between jointly controlled entities

Business combinations between entities under joint control are recorded by using the adjusted purchase method, whereby the acquired share is recorded in the book value of the net assets acquired in another company (i.e. as the acquired assets and liabilities acquired were recorded in the statement of financial position of the acquired company) and the difference between the acquisition cost of the acquired share and the book value of the net assets acquired is recorded as a decrease or increase in the equity of the acquiring company.

#### Transactions with minority share

Transactions in which the company increases or decreases its share in a subsidiary under its control (transactions with minority share) are recorded as transactions between owners that do not give rise to goodwill or profit or loss. Any differences between the purchase or sale price and the changed book value of the minority share are recorded directly in equity.

Non-consolidated financial statements of the parent company provided in the notes to the consolidated financial statements.

The separate non-consolidated financial statements of the consolidating entity (parent company) are disclosed in the notes to the consolidated financial statements. The main financial statements of the parent company have been prepared in accordance with the same accounting policies as applied also in the preparation of the consolidated financial statements, except for investments in subsidiaries, which are recorded in the non-consolidated statement by using the equity method.

Under the equity method, an investment is initially recorded at cost, which is adjusted in the next periods with the investor's share in the changes in the equity of the investment object (both changes in the profit or loss of the subsidiary and changes in other equity items) and by eliminating or depreciating the difference between the fair value and book value found in the purchase analysis of the assets, liabilities and contingent liabilities of the investment object. Unrealised profits incurred in the mutual transactions are eliminated according to the size of the share of the parent company. Unrealised losses are also eliminated, unless the reason of loss is the decrease in the value of assets.

If the parent's share of the losses of a subsidiary recorded based on the equity method exceeds the book value of the subsidiary, the book value of the investment is reduced to zero and the long-term receivables that form part of the investment are written down. Further losses are recorded off-balance sheet. If the parent company has guaranteed or is obliged to satisfy the liabilities of the subsidiary, both the corresponding liability and the loss of the equity method are recorded in the statement of financial position. Other receivables from the subsidiary are assessed according to the probability of receipt of the receivable.

The share in the assets and liabilities of the acquired subsidiary and goodwill arising from the acquisition are recorded in the statement of financial position as a net amount in the line "Shares of subsidiaries".

### **Financial assets**

Financial assets include cash, short-term financial investments, customer receivables and other current and non-current receivables. Financial liabilities include unpaid invoices to suppliers and short-term and long-term debt liabilities.

Financial assets and liabilities are initially recorded at their cost which is the fair value of the fee given or received for the financial asset or liability. Initial cost includes all transaction costs that are directly attributable to the financial asset or liability. Financial liabilities are recorded statement of financial position at adjusted cost.

A financial asset is removed from the statement of financial position when the company loses the right to receive cash flows from the financial asset or transfers the cash flows from the assets and most of the risks and benefits related to the financial asset to the third party. A financial liability is removed from the statement of financial position when it is satisfied, cancelled or expired.

Purchases and sales of financial assets are recorded on an on-going basis on the value date, i.e. on the date the company becomes the owner of the financial assets purchased or loses the right of ownership over the sold financial assets.

### **Cash and cash equivalents**

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

### **Foreign currency transactions and assets and liabilities fixed in foreign currency**

The functional currencies of the companies belonging to the group are the currency of the main economic environment of the companies' business operations. The functional currency of the parent company and subsidiaries is euro. The consolidated financial statements are presented in euros. Transactions in foreign currencies are recorded at the official exchange rates of the European Central Bank on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rates of the European Central Bank valid on those dates. Foreign exchange gains and losses resulting from revaluation are recorded in the income statement of the accounting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the European Central Bank valid on the date that the fair value was determined.

Non-monetary assets and liabilities denominated in foreign currencies that are not recorded at fair value (e.g. prepayments, inventories, property, plant and equipment and intangible assets recorded based on the method of acquisition cost) are not revalued on the reporting date but continue to be recorded based on the exchange rate of the central bank valid on the date of transaction.

### **Shares of subsidiaries and associated companies**

A subsidiary is a company over which the company has control. A subsidiary is considered to be under the control of the company if it has, directly or indirectly, more than 50% of the voting power of the subsidiary or otherwise has the power to govern the financial and operating policies of the subsidiary.

The financial indicators of the subsidiaries (entries of the statement of financial position, income statement and statement of cash flows as well as the financial indicators disclosed in the notes and other parts of the report) are consolidated line by line in the consolidated annual report.

The assets, liabilities and contingent liabilities of the subsidiary and the resulting positive goodwill are recorded in the consolidated statement of financial position and the share of the income and expenses of the acquired subsidiary is recorded in the consolidated income statement.

Investments in associated companies are recorded based on the acquisition cost method. An investment in an associate is initially recorded at its acquisition cost, which is the fair value of the fee to be paid and the costs directly attributable to the acquisition (except for jointly controlled entities). Under the acquisition cost method, the initial acquisition cost is adjusted in subsequent periods, if necessary, with impairment losses on the investment. An assessment is made at each balance sheet date to determine whether there is any indication that the recoverable

amount of an investment may have fallen below its book value. If such indications exist, the value test of the assets is carried out. Dividends paid by the investee are recorded as income when the investor becomes entitled to the dividends.

Subsidiaries are recorded in the parent company's separate statement using the equity method.

### **Receivables and prepayments**

Short-term receivables arising in the ordinary course of business are recorded as customer receivables. Customer receivables are recorded at cost (i.e. nominal value less repayments and discounts, if any). The book value of receivables is reduced by the amount of doubtful receivables and recorded in the income statement as miscellaneous operating expenses. If a receivable is considered to be uncollectible, the receivable and its discount are written off the balance sheet. Receivables from previously written-down doubtful receivables are recorded as a reduction of the cost of doubtful receivables.

### **Investment property**

Investment property is real estate (land, building) that the company holds (either as an owner or leased under finance leases) for the purpose of earning lease income or increasing market value and which is not used in its economic activities.

Investment property is initially recorded in the statement of financial position at cost, which also includes directly the transaction fees directly related to the purchase (i.e. notary fees, state fees, fees paid to advisers and other expenses without which the purchase transaction would not have taken place). Investment properties are further recorded at fair value based on an annual market price determined by an independent appraiser based on the prices of recent transactions for similar items (adjusting for differences) by using the discounted cash flow method.

The basis for determining the fair value of investment property is the independent expert opinions of BPT Real Estate AS for Estonian properties and UAB Ober-Haus, UAB "NWC VALUATIONS LT" for Lithuanian properties.

In expert opinions, the discounted cash flow method has been used to find the market value of an object in accordance with asset valuation standards.

In preparing the valuation reports, the specifics of each object and market have been taken into account as assumptions, as well as the discount and capitalization rates determined for each object accordingly.

Investment property includes buildings and the related long-term building right that the company holds for the purpose of earning lease income and which are not used in its economic activities. Investment property is initially recorded in the statement of financial position at its acquisition cost which also includes transaction fees directly related to the acquisition.

Investment property is assessed at its fair value on each reporting date by using the assistance of external professional appraisers. The determination of the fair value is based on the market price of the object, which is considered to be the most favourable price that the seller could receive when selling the object on the open market or the buyer when buying it. Profits or losses arising from changes in value are recorded in the income statement for the period. The assessment of the fair value has been based on the assessment of an independent expert.

The fair value of investment properties as at 31 December 2019 has been found by using the discounted cash flow method. As at the reporting date the fair value has been found based on the company's future cash flows from operating activities and the discount rate in the range of 9.5-11.0% and capitalization rates of 7.5-9.0%.

The changes in fair value are recorded in the income statement on the separate entry "Profit / loss from revaluation of investment property". Investment property recorded based on fair value method is not depreciated.

Investment property is removed from the statement of financial position upon disposal or decommissioning of the object, if no future economic benefits are expected from the asset. Profits or losses arising from the termination of recording of investment property are recorded in the income statement of the period of termination in other operating income or other operating expenses.

### **Property, plant and equipment and intangible assets**

When recording property, plant and equipment in the statement of financial position, accumulated depreciation and the discounts arising from the decrease in the value of assets are deducted from their acquisition cost. Based on the materiality principle, those assets with an acquisition cost exceeding 639 euros and the useful life of more than one year are recorded as non-current assets. The assets with lower acquisition cost or shorter useful life are expensed when these are taken into use and are accounted for off-balance sheet. If an item of property, plant and equipment consists of distinguishable significant components that have different useful lives, those components are accounted for as separate items of property, plant and equipment at separate depreciation rates based on the useful life of the component.

The company uses straight-line method to depreciate property, plant and equipment.

Intangible assets (development costs, patents, licenses, trademarks, software) are recorded in the statement of financial position in case the asset is controlled by the company, usage of the asset will be economically beneficial in the future and the acquisition cost of the asset is reliably measurable. The acquired intangible assets are initially recorded at cost, which comprises the purchase price and directly attributable acquisition costs. After recording intangible assets are carried at cost less any accumulated depreciation and potential discounts proceeding from the decrease in value.

Intangible assets are expected to have a limited useful life. If the intangible asset has arisen from contractual or other rights, the useful life of the asset is no longer than the term of those contractual rights, but may be shorter if the company plans to use the asset for a shorter period. If the contractual rights can be renewed, the useful life of the intangible asset may include a renewable period, provided that the renewal does not require significant expenses.

If the company cannot reliably estimate the useful life of an intangible asset, the asset is depreciated over a period of up to ten years.

Intangible assets with fixed useful lives are depreciated on a straight-line basis proceeding from the estimated useful lives.

On each reporting date the validity of the asset's depreciation periods and method is assessed.

The residual value of depreciated intangible assets is considered to be zero, unless it is highly probable that the asset will be available for sale after the end of its useful life (e.g. there is an active market for the asset or a third party has committed to repurchase the asset).

Intangible assets are assessed for impairment whenever events or changes in circumstances refer to the potential decrease in value.

#### Goodwill

Goodwill is the positive difference between the cost of an interest in a business combination and the fair value of the net assets acquired, by reflecting the portion of the acquisition cost paid for the identifiable assets of the acquiree that cannot be identified and accounted for separately. On the date of acquisition goodwill is recorded at its cost as an intangible asset.

Subsequent to initial recording goodwill is measured at cost less any impairment losses.

If any event or change in circumstances indicates that goodwill may be impaired, an impairment test is performed annually (or more frequently). The value test is always performed with the cash-generating unit to which the goodwill belongs. Goodwill is written down to its recoverable amount if it is less than its residual book value. Goodwill allowances are not reversed.

Negative goodwill is the amount by which the fair value of the net assets acquired exceeds the cost of the acquired share. Negative goodwill is recorded in the income statement as income.

#### Minimum level of recording fixed assets 500

##### Useful life by groups of fixed assets (years)

Name of the fixed asset group	Useful life
Other tangible assets	3 years
Goodwill	6-10 years

Due to the specifics of an item of property, plant and equipment, its useful life may differ from that of other similar groups. In this case it is considered separately and an appropriate depreciation period is assigned.

The depreciation rates applied to property, plant and equipment are reviewed if circumstances have arisen that may significantly change the useful life of the property, plant and equipment or group of property, plant and equipment. The effect of changes in estimates is recorded in the reporting period and subsequent periods.

If the residual value of an asset exceeds its residual book value, the asset is depreciated; depreciation is restarted when the asset's residual value falls below its book value.

If an item of property, plant and equipment has incurred costs that meet the definition of property, plant and equipment, those costs are added to the acquisition cost of the fixed asset. The expenses related to current maintenance and repairs are recorded as expenses in the reporting period.

When an item of property, plant and equipment is replaced, the cost of the new component is added to the cost of the item, provided that it meets the definition of an item of property, plant and equipment. The replacement component is written off the balance sheet. If the cost of the component to be replaced is not known, the depreciable amount is estimated based on the cost of the replacement, less estimated depreciation.



**Leases**

Lease transactions, where all material risks and benefits from ownership of an asset are transferred to the lessee, are handled as finance lease. All other lease contracts are recorded as operating lease.

*Group as a lessor*

Assets leased out under operating lease terms are recognized in the balance sheet as usual, similarly to other assets recorded in the company's statement of financial position. Leased assets are depreciated based on the depreciation principles applied in the company for the same type of assets. Operating lease payments are recorded as income on a straight-line basis over the lease term. Initial costs directly attributable to the conclusion of operating lease contracts are recorded in the lessor's statement of financial position as an asset (in the same line as the leased asset) and depreciated within the lease term in proportion to the recording of the lease income.

Operating lease payments are recorded as an expense in the income statement on a straight-line basis over the lease term.

**Financial liabilities**

Financial liabilities are initially recorded at cost, which is the fair value of the fee given or receivable for the financial liability. Financial liabilities are subsequently recorded at their adjusted cost.

Interest expenses related to financial liabilities are recorded as an expense of the period on an accrual basis in the income statement line "Financial income and expenses". A financial liability is de-recorded when the latter is paid, cancelled or expired.

The company uses interest rate swaps on derivative instruments to cover interest rate risks. Such derivatives are initially recorded at their fair value on the date of the contract and are subsequently reassessed according to the change in fair value of the instrument. If the fair value is positive, the derivative is recorded as an asset, if negative, it is recognized as a liability. The profits and losses arising from the change in the fair value of a derivative are recorded in the income statement in the period in which they arise, except for derivatives that qualify for hedge accounting. The latter have been non-existent in the company's reporting period and also in the comparison period.

**Provisions and contingent liabilities**

The provisions include probable operating or legal liabilities arising from the events that occurred before the reporting date.

The establishing of a provision or an increase in an existing provision is recorded as an expense in the income statement for the period.

The provisions of Summus Capital OÜ include the deferred income tax liability of the Lithuanian subsidiaries. The calculation has been provided in the notes to the report.

**Revenue**

Revenue consists of the revenue from the leasing of real estate and revenue from utilities and other resold services. Revenue is recorded at the fair value of the received or receivable fee. If payment is made for a longer period than usual, the income is recorded at the present value of the fee received. Revenue from the sale of services is recorded based on the percentage of completion method, revenue and profit from the provision of services are recorded in proportion to the same periods as the costs associated with the provision of the service.

**Taxation**

Parent company and subsidiaries registered in Estonia.

According to the Income Tax Act no profit of the financial year of the company is taxed in Estonia. Income tax is paid on dividends, fringe benefits, gifts, donations, reception costs, payments not related to the business and adjustments of transfer price. The tax rates on profit distributed as dividends are either 20/80 or 14/86 of the net amount paid out from 1 January 2019 (the tax rate was 20/80 up to 31 December 2018). 1/3 of the profit distributed in 2018 and 2019, on which the resident company has paid income tax, can be paid out as net dividends with a reduced rate (14/86) from 1 January 2020.

The net dividends taxed with tax rate of 14/86 by the legal person to the natural persons, incl also non-resident natural persons, are taxed with 7% income tax rate. Taxation takes place by withholding tax by the distributor.

At the certain conditions the dividends can be re-allocated without additional income tax costs. The corporate income tax involved with the payment of dividends is recorded as a liability and as the income tax expenses in the income statement in the same period when the dividends are announced, regardless of the period for which these are actually announced or paid out. The income tax payment liability incurs on the 10<sup>th</sup> of the month following the payment of dividends.

Proceeding from the peculiarity of the taxation system the companies registered in Estonia have no differences between the tax accounting and residual book values of the assets and thus also neither income tax receivables nor liabilities. The statement of financial position is not recording the contingent income tax liability which would incur in payment of dividends from retained earnings. The maximum income tax liability that would involve in payment of retained earnings as dividends has been provided in the notes of the financial statements.

Income tax assets and liabilities and income tax expenses and income are classified as realized (payable) income tax and deferred income tax. The payable income tax is presented as a current asset or liability and deferred income tax is presented as a non-current asset or liability.

The consolidated income statement includes the corporate income tax expense and deferred income tax expense or income calculated on the profits of subsidiaries located in Latvia and Lithuania, as well as income tax expense on dividends of companies registered in Estonia. Foreign subsidiaries.

#### Foreign subsidiaries.

Latvia has a similar valid income tax act, where corporate profits are not taxed, dividends paid are taxed at 20% income tax rate.

According to Lithuanian income tax regulations, the taxpayer as a company in the respective country incurs an obligation to pay income tax on taxable profit earned in the accounting year; in Lithuania, the income tax rate was 15% in 2019 (2018: 15%).

For foreign subsidiaries, the deferred income tax asset or liability is found between the temporary differences of the taxation values of assets and liabilities and temporary differences of accounting values on the reporting date. Deferred income tax is calculated by using tax rates that have been enacted or substantively enacted by the end of the reporting period in which the temporary differences or tax losses are realized. Deferred income tax assets and liabilities are offset only within one company. Deferred income tax assets are recorded in the statement of financial position only if, in the foreseeable future, it is probable that an amount of income tax liability that is comparable to deferred tax assets will arise that could be used for offsetting.

#### **Related parties**

The related parties in preparing the financial statements of Summus Capital OÜ are the following:

- owners with significant holdings;
- subsidiaries;
- other companies belonging to the same group (incl other subsidiaries of the parent company);
- executive and top management and the companies under their dominant or significant impact;
- close family members of the executive and top management and the companies under their dominant or significant impact.

## Note 2 Receivables and prepayments

(In euros)

	31 Dec 2019	Allocation by remaining maturity	
		Within 12 months	Over 5 years
Accounts receivable	830 983	830 983	0
Accounts receivables	830 983	830 983	0
Tax prepayments and receivables	42 461	42 461	0
Other receivables	4 051 806	3 232 231	819 575
Loan receivables	3 819 575	3 000 000	819 575
Interest receivables	110 131	110 131	0
Dividend receivables	122 100	122 100	0
Prepayments	28 422	28 422	0
Deferred expenses	20 872	20 872	0
Other paid prepayments	7 550	7 550	0
<b>Total receivables and prepayments</b>	<b>4 973 709</b>	<b>4 154 134</b>	<b>819 575</b>

	31 Dec 2018	Allocation by remaining maturity	
		Within 12 months	Over 5 years
Accounts receivable	796 723	796 723	0
Accounts receivables	820 808	820 808	0
Allowance for doubtful receivables	-24 085	-24 085	0
Tax prepayments and receivables	28 144	28 144	0
Other receivables	187 031	2 031	185 000
Loan receivables	185 000	0	185 000
Interest receivables	2 031	2 031	0
Prepayments	39 978	39 978	0
Deferred expenses	25 122	25 122	0
Other paid prepayments	14 856	14 856	0
<b>Total receivables and prepayments</b>	<b>1 183 518</b>	<b>998 518</b>	<b>185 000</b>

Receivables and prepayments include receivables from related parties as at 31 December 2019 in amount of 192,205 euros (31 December 2018: 177,730 euros), which have been provided in more detail by groups in Note 18.

## Note 3 Tax prepayments and liabilities

(In euros)

	31 Dec 2019		31 Dec 2018	
	Prepayment	Tax liability	Prepayment	Tax liability
Corporate tax	0	5 790	0	3 108
VAT	42 461	259 107	28 144	292 512
Personal income tax	0	1 145	0	2 240
Social tax	0	1 898	0	3 060
Land tax	0	18 642	0	18 602
<b>Total tax prepayments and liabilities</b>	<b>42 461</b>	<b>286 582</b>	<b>28 144</b>	<b>319 522</b>

## Note 4 Shares of subsidiaries

(In euros)

Shares of subsidiaries, general information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31 Dec 2018	31 Dec 2019
12546253	Lepidus Invest OÜ	Estonia		99	99
12687677	Votum Invest OÜ	Estonia		99	99
12841749	Princepts Capital OÜ	Estonia		99	99
12828715	Voluntas Invest OÜ	Estonia		99	99
12874035	Veerenni Tervisekeskus OÜ	Estonia		99	99
14142229	Arion Finance OÜ	Estonia		100	100
12983261	Procedo Capital OÜ	Estonia		0	99
304102137	UAB Vikingu 3	Lithuania		89	89
304139370	UAB Zenith Turto Valdymas	Lithuania		89	89
40203161265	Vikingi 2 SIA	Latvia		100	100

Shares of subsidiaries, detailed information					
Name of subsidiary	31 Dec 2018	Acquisition	Dividends	Profit (loss) by equity method	31 Dec 2019
Procedo Capital OÜ	0	2 475	0	7 852	10 327
Lepidus Invest OÜ	1 729 652	0	0	-1 198 684	530 968
Votum Invest OÜ	1 150 712	0	0	-183 637	967 075
Princepts Capital OÜ	345 626	0	0	-53 728	291 898
Voluntas Invest OÜ	238 139	0	0	489 416	727 555
Veerenni Tervisekeskus OÜ	539 428	0	0	-23 043	516 385
Arion Finance OÜ	11 751	0	0	4 698	16 449
UAB Vikingu 3	13 860 858	0	0	3 009 145	16 870 003
UAB Zenith Turto Valdymas	1 795 263	0	0	384 615	2 179 878
Vikingi 2 SIA	0	0	0	0	0
<b>Total shares of subsidiaries, at the end of previous period</b>	<b>19 671 429</b>	<b>2 475</b>	<b>0</b>	<b>2 436 634</b>	<b>22 110 538</b>

Acquired ownership interests			
Name of subsidiary	Acquired ownership interest %	Acquisition date	Cost of acquired ownership interest
Procedo Capital OÜ	99	21 March 2019	2 475
Summus Z OÜ	100	17 July 2019	2 690

Disposed ownership interests			
Name of subsidiary	Disposed ownership interest %	Disposed ownership interest at selling price	Sales profit (-loss) on disposed ownership interest
Summus Z OÜ	100	2 500	-190

## Note 5 Investment property

(In euros)

Fair value method	
<b>31 Dec 2017</b>	137 600 000
Acquisitions and additions	23 005 543
Profit (loss) from revaluation	4 215 853
<b>31 Dec 2018</b>	<b>164 821 396</b>
Acquisitions and additions	18 372
Profit (loss) from revaluation	30 232
<b>31 Dec 2019</b>	<b>164 870 000</b>

	2019	2018
Lease income earned on investment property	12 592 260	11 280 246
Direct administrative expenses on investment property	3 292 369	2 997 096

More specifically, sales revenue, the part of which is lease income earned on investment properties, is disclosed in Note 11.

## Note 6 Intangible assets

(In euros)

		Total
	Goodwill	
<b>31 Dec 2017</b>		
Acquisition cost	6 443 130	6 443 130
Accumulated depreciation	-1 588 788	-1 588 788
<b>Residual cost</b>	4 854 342	4 854 342
Depreciation	-838 024	-838 024
<b>31 Dec 2018</b>		
Acquisition cost	6 443 130	6 443 130
Accumulated depreciation	-2 426 812	-2 426 812
<b>Residual cost</b>	4 016 318	4 016 318
Depreciation	-838 023	-838 023
<b>31 Dec 2019</b>		
Acquisition cost	6 443 130	6 443 130
Accumulated depreciation	-3 264 835	-3 264 835
<b>Residual cost</b>	3 178 295	3 178 295

## Note 7 Loan commitments

(In Euros)

	31 Dec 2019	Allocation by remaining maturity			Interest rate	Base currency	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Non-current loans							
Bank loans	86 814 819	5 632 267	81 182 552	0	EURIBOR +1,82%-2,5%	EUR	2019-2026
Other non-current loans	70 205 323	0	10 155 609	60 049 714	2%-9%	EUR	2024-2029
<b>Non-current loans total</b>	<b>157 020 142</b>	<b>5 632 267</b>	<b>91 338 161</b>	<b>60 049 714</b>			
<b>Loan commitments total</b>	<b>157 020 142</b>	<b>5 632 267</b>	<b>91 338 161</b>	<b>60 049 714</b>			
	31 Dec 2018	Allocation by remaining maturity			Interest rate	Base currency	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Non-current loans							
Bank loans	90 420 442	3 684 303	67 712 739	19 023 400	EURIBOR +1,82%-2,5%	EUR	2019-2026
Other non-current loans	58 474 189	0	0	58 474 189	7%-9%	EUR	2024-2028
<b>Non-current loans total</b>	<b>148 894 631</b>	<b>3 684 303</b>	<b>67 712 739</b>	<b>77 497 589</b>			
<b>Loan commitments total</b>	<b>148 894 631</b>	<b>3 684 303</b>	<b>67 712 739</b>	<b>77 497 589</b>			

The pledged assets with the total book value of 164,870,000 euros (2018: 164,821,396 euros) are pledged as collateral for non-current bank loans.

Other non-current loans include loans from related parties as at 31 December 2019 in amount of 70,205,323 euros (31 December 2018: in amount of 58,474,189 euros). The loan balances with related parties have been provided in more detail in Note 18.

The owners are actively involved in decision-making and have sufficient liquidity to provide additional support to the company in the event of short-term problems.

## Note 8 Payables and prepayments

(In euros)

	31 Dec 2019		Within 12 months
Trade payables	555 464		555 464
Employee payables	2 980		2 980
Tax payables	286 582		286 582
Other payables	11 317 680		11 317 680
Interest payables	10 918 790		10 918 790
Other accrued expenses	398 890		398 890
Rental deposits and other prepayments received	890 616		890 616
<b>Total payables and prepayments</b>	<b>13 053 322</b>		<b>13 053 322</b>
	31 Dec 2018		Within 12 months
Trade payables	486 493		486 493
Employee payables	1 600		1 600
Tax payables	319 522		319 522
Other payables	6 685 883		6 685 883
Interest payables	6 256 958		6 256 958
Other accrued expenses	428 925		428 925
Rental deposits and other prepayments received	917 140		917 140
<b>Total payables and prepayments</b>	<b>8 410 638</b>		<b>8 410 638</b>

The payables and prepayments include payables to related parties as at 31 December 2019 in amount of 9,588,346 euros (31 Dec 2018: 6,492,623 euros), which have been provided in more detail by groups in Note 18.

## Note 9 Provisions

(In euros)

	31 Dec 2018	Establishing/Adjustments	31 Dec 2019
<b>Total provisions</b>	<b>6 749 221</b>	<b>890 659</b>	<b>7 639 880</b>
<b>Non-current</b>	<b>6 749 221</b>	<b>890 659</b>	<b>7 639 880</b>
Other provisions	6 749 221	890 659	7 639 880
	31 Dec 2017	Establishing/Adjustments	31 Dec 2018
<b>Total provisions</b>	<b>5 644 681</b>	<b>1 104 540</b>	<b>6 749 221</b>
<b>Non-current</b>	<b>5 644 681</b>	<b>1 104 540</b>	<b>6 749 221</b>
Other provisions	5 644 681	1 104 540	6 749 221

The provisions include deferred income tax liability of the Lithuanian subsidiaries.



**Note 10 Contingent liabilities and assets**

(In euros)

	31 Dec 2019	31 Dec 2018
Contingent liabilities		
Distributable dividends	11 650 004	10 202 076
Income tax liability on distributable dividends	2 911 048	2 550 519
<b>Total contingent liabilities</b>	<b>14 561 052</b>	<b>12 752 595</b>

## Note 11 Net sales

(In euros)

	2019	2018
Net sales by geographical location		
Net sales in European Union		
Estonia	5 545 414	5 438 601
Lithuania	9 987 290	8 520 409
<b>Total net sales in European Union</b>	<b>15 532 704</b>	<b>13 959 010</b>
<b>Total net sales</b>	<b>15 532 704</b>	<b>13 959 010</b>
Net sales by operating activities		
Rental income	12 592 261	11 280 247
Advertising income	41 774	36 672
Other resold goods and services	2 898 669	2 642 091
<b>Total net sales</b>	<b>15 532 704</b>	<b>13 959 010</b>

## Note 12 Other operating income

(In euros)

	2019	2018	Note
Profit from fair value change of investment property	30 232	4 215 853	5
Fines, penalties and compensations	37 694	10 222	
<b>Total other operating income</b>	<b>67 926</b>	<b>4 226 075</b>	

## Note 13 Goods, raw materials and services

(In euros)

	2019	2018
Goods purchased for resale	50	9 533
Services purchased for resale	3 292 319	2 987 563
<b>Total goods, raw materials and services</b>	<b>3 292 369</b>	<b>2 997 096</b>

## Note 14 Miscellaneous operating expenses

(In euros)

	2019	2018
Miscellaneous office expenses	44 364	36 016
Advertising	285 996	306 348
Insurance	14 900	17 846
Legal services	594 075	364 767
Consulting services	276 147	431 236
Bank fees	6 021	33 825
Other	3 805	63 067
<b>Total miscellaneous operating expenses</b>	<b>1 225 308</b>	<b>1 253 105</b>

## Note 15 Labour expenses

(In euros)

	2019	2018
Wage and salary expense	151 047	142 633
Social security taxes	47 378	44 859
<b>Total labour expenses</b>	<b>198 425</b>	<b>187 492</b>
Average number of employees in full time equivalent units	6	6

## Note 16 Interest expenses

(In euros)

	2019	2018
Interest expense from loans	6 923 947	6 124 236
<b>Total interest expense</b>	<b>6 923 947</b>	<b>6 124 236</b>

Interest expense from related parties amounts to 3,669,527 in 2019 (3,821,95 in 2018)  
Additional information has been provided in Note 18.

## Note 17 Interest income

(In Euros)

	2019	2018
Interest income from bonds	36 631	33 158
Interest income from loans	115 132	176 360
Other interest income	39	0
<b>Total interest income</b>	<b>151 802</b>	<b>209 518</b>

Interest income from related parties amounts to: 2,000 in 2019 (2018: 1,848)

Additional information has been provided in Note 18.

## Note 18 Related parties

(In Euros)

### Balances with related parties by categories

	31 Dec 2019		31Dec 2018	
	Receivables	Liabilities	Receivables	Liabilities
Management, higher supervisory body and individuals with material ownership interest and the entities under their control or significant influence	69 948	289 794	66 148	1 600
Close family members of the management, higher supervisory body and individuals with material ownership interest and the entities under the control or significant influence of close family members	122 257	76 310 764	111 582	60 604 055

### Loans

2019	Loans given	Loans received	Interests paid	Interest rate	Base currency	Due date
Management, higher supervisory body and individuals with material ownership interest and the entities under their control or significant influence						
Loan	0	0	22 404	7-9%	EUR	2024-2027
Close family members of the management, higher supervisory body and individuals with material ownership interest and the entities under the control or significant influence of close family members						
Loan	0	11 700 824	84 000	7-9%	EUR	2028-2029

2018	Loans given	Loans received	Interests paid	Interest rate	Base currency	Due date
Management, higher supervisory body and individuals with material ownership interest and the entities under their control or significant influence						
Management, higher supervisory body and individuals with material ownership interest and the entities under their control or significant influence	65 000	0	0	2%	EUR	2028

**Purchases and sales of goods and services**

	2019		2018	
	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services
Close family members of the management, higher supervisory body and individuals with material ownership interest and the entities under their control or significant influence	290 479	0	459 978	0

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2019	2018
Remuneration	24 000	21 200

Additional information regarding loan commitments has been provided in Note 7.

Interest income and expenses on related party loans have been disclosed separately in Notes 16 and 17.

## Note 19 Events after the reporting date

The first reports of a new coronavirus (COVID-19) arrived from China to World Health Organization (WHO) in December 2019, and it has now spread around the world, causing problems for businesses and general economic activity. On 11 March WHO called the outbreak of the coronavirus a pandemic, and therefore a state of emergency was declared in many countries, including Estonia. In order to prevent the spread of coronavirus, the crossing of the internal and external Schengen borders was temporarily restricted and border controls in Europe were re-established. The countries, individually and collectively as the EU, are developing exit scenarios based on both the protection of human health and economic stabilization. We treat this outbreak as a non-corrective event after the reporting date. The management estimates that the company will be a going concern for the next 12 months.

The owners are actively involved in decision-making and have sufficient liquidity to provide additional support to the company in the event of short-term problems. There are no plans to address state aid packages for help.

Pursuant to the date of the report the contracts have been concluded in 2020 and 2021 for the acquisition of three projects in Lithuania, Latvia and Estonia, which will increase the GLA portfolio of the consolidation group to 260,000 m<sup>2</sup> and the volume to approximately 270 million euros. It is planned to increase the volume of the portfolio to 500 million within five years, which is mostly covered by pre-negotiated projects by now.

## Note 20 Non-consolidated statement of financial position

(In Euros)

	31 Dec 2019	31 Dec 2018
Assets		
Current assets		
Cash and cash equivalents	1 333 877	81 262
Receivables and prepayments	12 517	157 892
<b>Total current assets</b>	<b>1 346 394</b>	<b>239 154</b>
Non-current assets		
Investments in subsidiaries and associates	22 110 538	19 671 429
Financial investments	0	520 000
<b>Total non-current assets</b>	<b>22 110 538</b>	<b>20 191 429</b>
<b>Total assets</b>	<b>23 456 932</b>	<b>20 430 583</b>
Liabilities and equity		
Liabilities		
Current liabilities		
Payables and prepayments	2 173 552	996 724
<b>Total current liabilities</b>	<b>2 173 552</b>	<b>996 724</b>
Non-current liabilities		
Loan liabilities	6 599 330	6 599 330
<b>Total non-current liabilities</b>	<b>6 599 330</b>	<b>6 599 330</b>
<b>Total liabilities</b>	<b>8 772 882</b>	<b>7 596 054</b>
Equity		
Issued capital	67 500	67 500
Retained earnings (loss)	12 717 029	7 674 570
Annual period profit (loss)	1 899 521	5 092 459
<b>Total equity</b>	<b>14 684 050</b>	<b>12 834 529</b>
<b>Total liabilities and equity</b>	<b>23 456 932</b>	<b>20 430 583</b>

## Note 21 Non-consolidated income statement

(In euros)

	2019	2018
Revenue	9 000	0
Other operating expense	-61 142	-153 249
Employee expense	-31 920	-28 196
Other expense	-4 830	0
<b>Total operating profit (loss)</b>	<b>-88 892</b>	<b>-181 445</b>
Profit (loss) from subsidiaries	2 436 634	5 674 414
Gain (loss) from financial investments	-10 399	0
Interest income	36 631	33 158
Interest expenses	-461 953	-433 668
<b>Profit (loss) before tax</b>	<b>1 912 021</b>	<b>5 092 459</b>
Income tax expense	-12 500	0
<b>Annual period profit (loss)</b>	<b>1 899 521</b>	<b>5 092 459</b>

## Note 22 Non-consolidated statement of cash flows

(In euros)

	2019	2018
Cash flows from operating activities		
Operating profit (loss)	-88 892	-181 445
Changes in receivables and prepayments related to operating activities	21 367	-25 468
Changes in payables and prepayments related to operating activities	-139 525	142 609
Interest received	0	39
<b>Total cash flows from operating activities</b>	<b>-207 050</b>	<b>-64 265</b>
Cash flows from investing activities		
Other cash payments to acquire subsidiaries	-4 975	-1 115 303
Other cash receipts from sales of subsidiaries	19 708	19 708
Other cash receipts from sales of other financial investments	509 600	0
Loans given	0	-2 800
Interest received	36 632	33 123
Dividends received	106 800	191 350
Other cash inflows from investing activities	854 400	106 800
<b>Total cash flows from investing activities</b>	<b>1 522 165</b>	<b>-767 122</b>
Cash flows from financing activities		
Loans received	0	600 000
Repayments of loans received	0	-250 000
Interest paid	0	-3 958
Proceeds from issuing shares	0	65 000
Dividends paid	-50 000	0
Income tax refund (paid)	-12 500	0
<b>Total cash flows from financing activities</b>	<b>-62 500</b>	<b>411 042</b>
<b>Total cash flows</b>	<b>1 252 615</b>	<b>-420 345</b>
Cash and cash equivalents at beginning of period	81 262	501 607
<b>Change in cash and cash equivalents</b>	<b>1 252 615</b>	<b>-420 345</b>
Cash and cash equivalents at end of period	1 333 877	81 262



## Note 23 Non-consolidated statement of changes in equity

(In Euros)

			Total
	Issued capital	Retained earnings (loss)	
<b>31 Dec 2017</b>	2 500	7 674 570	7 677 070
Annual period profit (loss)		5 092 459	5 092 459
Issue of equity	65 000		65 000
<b>31 Dec 2018</b>	67 500	12 767 029	12 834 529
<b>Restated non consolidated equity 31 Dec 2018</b>	<b>67 500</b>	<b>12 767 029</b>	<b>12 834 529</b>
Annual period profit (loss)	0	1 899 521	1 899 521
Declared dividends	0	-50 000	-50 000
<b>31 Dec 2019</b>	67 500	14 616 550	14 684 050
<b>Restated non consolidated equity 31 Dec 2019</b>	<b>67 500</b>	<b>14 616 550</b>	<b>14 684 050</b>

The subsidiaries have been recorded in the statement of financial position of the parent company based on the equity method.

**Note 24. Income tax**

	<b>2019</b>	<b>2018</b>
	<hr/>	<hr/>
<b>Income tax components</b>		
Income tax on expenses of reporting period	127 031	31 552
Income tax paid on dividends	12 500	0
Deferred income tax liability	809 264	1 097 620
<b>Total income tax of reporting period</b>	<b>948 795</b>	<b>1 129 172</b>
	<hr/>	<hr/>

	<b>2019</b>	<b>2018</b>
	<hr/>	<hr/>
<b>Deferred income tax on assets</b>		
Tax losses	720 440	504 969
Depreciation of goodwill	132 839	93 747
Deferred income tax on assets before change in value	853 279	598 716
<b>Total deferred income tax on assets</b>	<b>853 279</b>	<b>598 716</b>
	<hr/>	<hr/>

	<b>2019</b>	<b>2018</b>
	<hr/>	<hr/>
<b>Deferred income tax on liabilities</b>		
Change in fair value of investments	- 6 193 022	- 5 977 231
Depreciation of investments	- 2 300 137	- 1 370 707
Deferred income tax on liabilities before change in value	- 8 493 159	- 7 347 937
<b>Total deferred income tax on liabilities</b>	<b>- 8 493 159</b>	<b>- 7 347 937</b>
<b>Total deferred income tax liability</b>	<b>- 7 639 880</b>	<b>- 6 749 220</b>
	<hr/>	<hr/>

Deferred income tax liability has arisen from the income tax accounting of Lithuanian subsidiaries.

In 2019 the dividends in amount of 50,000 euros were paid to the shareholder of the parent company, on which income tax of 12,500 euros (2018: 0 euros) was paid. Dividends to the minority shareholder of the Lithuanian subsidiary in amount of 13,200 euros (2018: 23,650 euros).

## Digital signatures of the report

The date of completion of the report is: 3 March 2021

**The correctness of the data of the annual report of Summus Capital OÜ (register code: 12838783) for 1 January 2019 – 31 December 2019 has been electronically confirmed:**

Name of signatory	Role of signatory	Date of signing
KRISTEL MEOS	Member of the management board	3 March 2021

## INDEPENDENT SWORN AUDITOR'S REPORT

To the shareholder of Summus Capital OÜ

### Opinion

We have audited the consolidated financial statements of **Summus Capital OÜ** and its subsidiaries (the group), which comprise the statement of financial position as at December 31, 2019, and the consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at December 31, 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with 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 *Sworn auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the group in accordance with the Code of Ethics for Professional Accountants (Estonia), 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.

### Emphasizing the fact

Summus Capital OÜ has prepared the consolidated repeat report as at 31 December 2019, the relevant explanatory information has been disclosed in Note 1 of the annual report.

### Other fact

The consolidated annual report for the year ended on 31 December 2018 was audited by another auditor who disclosed an unmodified opinion on this consolidated annual report on 1 July 2019.

### Other information

Management is responsible for the other information. The other information comprises the information included in the management report, but does not include the consolidated financial statements and our sworn auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 related to the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Estonian Financial Reporting Standard and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

The ones charged with governance are responsible for performing the supervision of the accounting reporting process of the company.

### Sworn auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a sworn 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 (EE) 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 consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated 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 group'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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our sworn auditor's report to the related disclosures in the consolidated 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 sworn auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we obtain sufficient appropriate evidence about the financial information of the group's entities or businesses to express an opinion on the group's consolidated financial statements. We are responsible for directing, supervising and conducting group audits. We are solely responsible for our audit opinion.

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.

/digitally signed/  
Helen Veetamm  
Sworn auditor no. 606

/digitally signed/  
Liisa Piirsalu  
Sworn auditor no. 709

KPMG Baltics OÜ  
Activity licence of auditing company no 17  
Narva mnt 5, Tallinn, Harju county, 10117  
4 March 2021

## Digital signatures of auditors

The auditor's report attached to the annual report of Summus Capital OÜ (register code: 12838783) for 1 January 2019 – 31 December 2019 has been digitally signed by:

Name of signatory	Role of signatory	Date of signing
HELEN VEETAMM	Sworn auditor	4 March 2021

# Profit allocation proposal

(In euros)

	31 Dec 2019
Retained earnings (loss)	12 688 082
Profit (loss) for the financial year	1 872 970
<b>Total</b>	<b>14 561 052</b>

## Division of sales revenue by fields of activities

Field of activity	EMTAK code	Sales revenue (EUR)	Sales revenue %	Main field of activity
<b>Business and other management consultancy activities</b>	<b>70221</b>	<b>9000</b>	<b>100.00%</b>	<b>Yes</b>

## Communication means

Type	Content
<b>Mobile phone</b>	<b>+372 5050496</b>
<b>E-mail address</b>	<b>km@zenith.ee</b>