



# Linda Nektar

## **INTERIM REPORT FOR SIX MONTH PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

**reporting period:** 01.01.2020 – 30.06.2020

**financial year:** 01.01.2020 - 31.12.2020

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## Management report

AS Linda Nektar (the 'Company') is closely monitoring and where necessary promptly responding to the impact of COVID-19 and related effects on the beverage industry, as the coronavirus-related pandemic (COVID-19) has affected people and businesses across the globe. The Company considers it essential to ensure the safety and well-being of its employees, suppliers, customers and the general public. Although the production process has continued without any interruptions, the Company has increased its critical stockpiles to ensure the availability of production inputs in the event of any supply disruptions.

Demand for fermented fruit wine bases has remained solid and the new products launched at the beginning of the financial year have been very well accepted by customers. The cutback of Estonian alcohol excise duties implemented last year has had a positive effect on overall domestic demand. Even though a number of sales channels (HORECA) for end products were shut down and borders were closed for tourism (due to the COVID-19 pandemic), the decline has been more than offset by increased consumer spending via other sales channels.

The Company, as a producer of wholesale unpacked fruit wines has therefore endured no overall direct material influence from pandemic-related restrictions up until the date of this report. This includes the movement of goods in its markets (via both production and delivery).

In H1 2020 AS Linda Nektar's revenue amounted to EUR 1,315,669 marking an increase of 25.5% year-on-year (H1 2019: EUR 1,048,569). A minor contribution to sales in H1 2020 was generated by sales of aroma (EUR 4,832).

H1 2020 produced a net profit of EUR 52,639 (H1 2019 came in with a net loss of EUR 21,510). This helps to reinforce the management's view that conditions within the industry are beginning to stabilise following a few years of uncertainty due to volatile market conditions (H1 2018 came in with a net loss of EUR 51,013).

The company's product portfolio is widening to enable its customers to meet future trends. The broadened portfolio is also a key to expand the client base. Ongoing co-operation with partners such as Germany's Symrise is part of the toolbox in this work. The Company is also investing in the development of new ferments ('fingerprinted' / unique base as well as various strain combinations) together with the accumulated knowledge in aroma technologies. Altogether the offering is expected to be quite distinctive for clients.

Operating cash flow in H1 2020 was a negative EUR 13,860 (H1 2019: positive EUR 76,528). This was primarily due to a greater need for working capital as the business levels expanded.

As of 30 June 2020, the Company's total assets came to EUR 3,770,468 (H1 2019: EUR 3,966,072) marking a decrease of 4.93% year-on-year. Current assets amounted to EUR 1,768,313 (H1 2019: EUR 1,694,119) or 46.9% of total assets. Fixed assets amounted to EUR 2,002,155 (H1 2019: EUR 2,271,953) or 53.1% of the balance sheet total. The liabilities of AS Linda Nektar totalled EUR 112,398 (H1 2019: EUR 214,152) and equity capital amounted to EUR 3,658,070 (H1 2019: EUR 3,751,920).

As of 30 June 2020, there were no loan commitments, while cash and cash equivalents came to EUR 697,377 (H1 2019: EUR 859,878).

A total of EUR 57,157 was invested in fixed assets (H1 2019: EUR 125,863).

Depreciation costs in H1 2020 amounted to EUR 190,650 (H1 2019: EUR 185,800).

In H1 2020, the Company paid EUR 126,009 euros in dividends (H1 2019: EUR 126,009). The income tax cost on dividends was EUR 24,176 (H1 2019: EUR 27,839).

As of 30 June 2020, the Company had 13 employees, one Management Board Member, and four Supervisory Board Members. Labour costs in H1 2020 (including taxes) amounted to EUR 181,515 (H1 2019: EUR 163,346).

Management's guidance for revenues in 2020 remains at EUR 2.5m. This reflects the shift towards a greater variety of higher value-added products being requested from clients. Capacity utilisation remains sufficient to materially expand production further should market conditions warrant this.

**Financial Ratios:**

		<b>January - June 2020</b>	<b>January - June 2019</b>
Current Ratio = Current Assets/ Current Liabilities	x	15.73	7.91
Quick ratio = (Current Assets – Inventories) / Current Liabilities	x	11.77	6.20
Working Capital = Current Assets - Current Liabilities		1,655,915	1,479,967
Equity Ratio = Total Equity / Total Assets	%	97.02	94.60
Net Profit Margin = Net Profit / Sales Revenue	%	4.00	-2.05
Debt to Assets = Total Liabilities / Total Assets	x	0.03	0.05

## Financial Statements

### Statement of financial position

(In Euros)

	30.06.2020	31.12.2019	30.06.2019	Note
Assets				
Current assets				
Cash and cash equivalents	697 377	883 944	859 878	2
Receivables and prepayments	625 591	378 175	466 949	3
Inventories	445 345	446 680	367 292	4
<b>Total current assets</b>	<b>1 768 313</b>	<b>1 708 799</b>	<b>1 694 119</b>	
Non-current assets				
Receivables and prepayments	12	42	48	3
Property, plant and equipment	1 997 004	2 129 820	2 264 271	6
Intangible assets	5 139	6 225	7 634	7
<b>Total non-current assets</b>	<b>2 002 155</b>	<b>2 136 087</b>	<b>2 271 953</b>	
<b>Total assets</b>	<b>3 770 468</b>	<b>3 844 886</b>	<b>3 966 072</b>	
Liabilities and equity				
Liabilities				
Current liabilities				
Payables and prepayments	112 398	113 447	214 152	9
<b>Total current liabilities</b>	<b>112 398</b>	<b>113 447</b>	<b>214 152</b>	
<b>Total liabilities</b>	<b>112 398</b>	<b>113 447</b>	<b>214 152</b>	
Equity				
Issued capital	1 575 109	1 575 109	1 575 109	11
Share premium	617 517	617 517	617 517	
Statutory reserve capital	70 672	70 672	70 672	
Other reserves	11 416	11 416	8 809	
Retained earnings (loss)	1 330 717	1 501 323	1 501 323	
Reporting period profit (loss)	52 639	-44 598	-21 510	
<b>Total equity</b>	<b>3 658 070</b>	<b>3 731 439</b>	<b>3 751 920</b>	
<b>Total liabilities and equity</b>	<b>3 770 468</b>	<b>3 844 886</b>	<b>3 966 072</b>	

## Income statement

(In Euros)

	01.01.2020 - 30.06.2020	01.01.2019- 30.06.2019	Note
Revenue	1 315 669	1 048 569	12
Other income	773	7 609	13
Changes in inventories of finished goods and work in progress	21 391	9 344	
Raw materials and consumables used	-807 895	-624 706	14
Other operating expense	-64 907	-85 323	15
Employee expense	-181 515	-163 346	16
Depreciation and impairment loss (reversal)	-190 650	-185 800	6,7
Significant impairment of current asset	-16 046	0	4
Other expense	-43	-66	
<b>Operating profit (loss)</b>	<b>76 777</b>	<b>6 281</b>	
Interest income	38	48	
<b>Profit (loss) before tax</b>	<b>76 815</b>	<b>6 329</b>	
Income tax expense	-24 176	-27 839	17
<b>Reporting period profit (loss)</b>	<b>52 639</b>	<b>-21 510</b>	

## Statement of cash flows

(In Euros)

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019	Note
Cash flows from operating activities			
Operating profit (loss)	76 777	6 281	
Adjustments			
Depreciation and impairment loss (reversal)	190 650	185 800	6,7
Profit (loss) from sale of non-current assets	-58	-861	
<b>Total adjustments</b>	<b>190 592</b>	<b>184 939</b>	
Changes in receivables and prepayments related to operating activities	-247 386	-170 510	
Changes in inventories	1 335	-41 564	
Changes in payables and prepayments related to operating activities	-11 002	125 221	
Income tax refund (paid)	-24 176	-27 839	17
<b>Total cash flows from operating activities</b>	<b>-13 860</b>	<b>76 528</b>	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-46 736	-124 278	6,7
Proceeds from sales of property, plant and equipment and intangible assets	0	21 250	
Interest received	38	48	
<b>Total cash flows from investing activities</b>	<b>-46 698</b>	<b>-102 980</b>	
Cash flows from financing activities			
Dividends paid	-126 009	-126 009	17
<b>Total cash flows from financing activities</b>	<b>-126 009</b>	<b>-126 009</b>	
<b>Total cash flows</b>	<b>-186 567</b>	<b>-152 461</b>	
Cash and cash equivalents at beginning of period	883 944	1 012 339	2
<b>Change in cash and cash equivalents</b>	<b>-186 567</b>	<b>-152 461</b>	
Cash and cash equivalents at end of period	697 377	859 878	2

**Statement of changes in equity**

(In Euros)

	Issued capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings (loss)	Total
<b>31.12.2018</b>	<b>1 575 109</b>	<b>617 517</b>	<b>70 672</b>	<b>8 809</b>	<b>1 627 332</b>	<b>3 899 439</b>
Reporting period profit (loss)	0	0	0	0	-21 510	-21 510
Declared dividends	0	0	0	0	-126 009	-126 009
<b>30.06.2019</b>	<b>1 575 109</b>	<b>617 517</b>	<b>70 672</b>	<b>8 809</b>	<b>1 479 813</b>	<b>3 751 920</b>
Reporting period profit (loss)	0	0	0	0	-23 088	-23 088
Changes in reserves	0	0	0	2 607	0	2 607
<b>31.12.2019</b>	<b>1 575 109</b>	<b>617 517</b>	<b>70 672</b>	<b>11 416</b>	<b>1 456 725</b>	<b>3 731 439</b>
Reporting period profit (loss)	0	0	0	0	52 639	52 639
Declared dividends	0	0	0	0	-126 009	-126 009
Other changes in equity	0	0	0	0	1	1
<b>30.06.2020</b>	<b>1 575 109</b>	<b>617 517</b>	<b>70 672</b>	<b>11 416</b>	<b>1 383 356</b>	<b>3 658 070</b>

The minimum share capital allowed by the Articles of Association of AS Linda Nektar is 1,200,000 euros, and the maximum share capital is 4,800,000 euros. The share has a nominal value of 1 euro. A total of 1,575,109 shares have been issued.

As of 30 June 2020, the Company had 89 shareholders (30.06.2019: 68 shareholders).

In 2017, an option agreement was signed with a member of the AS Linda Nektar supervisory board. The share option gives the supervisory board member a right to acquire 5,034 ordinary shares of AS Linda Nektar. Upon exercising the option holder must pay the share nominal value of 1 euro per share, ie 5,034 euros. The vesting period of the option agreement is three years from the date of signing the contract. To exercise the option the option holder has to have a work relationship or participate in the work of management or highest supervisory body of the company during the whole vesting period.

The fair value of the services received is determined on the fair value of equity instruments granted to the employee at the grant date. The market price of the share is the closing price of the share on the last day of the financial year in Nasdaq First North Alternative Market. The proportional part of the share option for 2017 (2 months out of 36 months), for 2018 (12 months out of 36 months) and for 2019 (12 months out of 36 months) is recognised as an employee expense in the income statement and as a reserve in equity. At the end of the option period in 2020, the balances will be adjusted.



## Notes

### Note 1 Accounting policies

#### General information

The H1 2020 unaudited Report of Financial Statements of AS Linda Nektar have been prepared in accordance with the Estonian financial reporting standard. The main requirements of the Estonian financial reporting standard have been stipulated in the Accounting Act of the Republic of Estonia and supplemented by the guidelines issued by the Accounting Board of the Republic of Estonia.

The company belongs to the small business category. The H1 2020 unaudited Report of Financial Statements is compiled completely according to the regulations introduced for middle-sized companies.

The financial statements have been prepared in euros.

#### Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are cash in hand, demand deposits in banks.

#### Foreign currency transactions and assets and liabilities denominated in a foreign currency

Foreign currency transactions are recorded based on the currency exchange rate valid on the transaction date. Monetary entries denominated in foreign currency are translated on the basis of the currency exchange rates of the European Central Bank officially valid on the balance sheet date. Foreign exchange gains and losses from revaluation are recorded in the income statement. Foreign exchange gains and losses are recorded under revenue and expenses in the income statement of the reporting period.

#### Receivables and prepayments

Accounts receivable are short-term receivables generated in the course of ordinary business, except for receivables from other group companies and associated companies. Accounts receivable are recorded at amortised cost (i.e. nominal value less possible write-downs).

Accounts receivable are evaluated on an individual basis, if possible. If the evaluation of the receivables on an individual basis proves impossible, only the material receivables will be evaluated. Other receivables are evaluated as a set of receivables, considering the information available regarding the customer's previous debts. Collection of receivables, which have been previously expensed as doubtful receivables, are reported as an adjustment to doubtful receivables.

All other receivables (accrued income, loans granted, other short-term and long-term receivables), except for receivables held for trading, are recorded at amortised cost. Receivables held for trading are recorded at their fair value.

#### Inventories

Raw materials are recorded at cost, consisting of the purchase price, non-refundable taxes and direct transportation costs and other expenses directly related to the acquisition, incurred upon bringing the inventories to their present condition and location, less discounts and subsidies.

Finished products and work-in-progress are recorded at production cost, consisting of the direct production costs (cost of raw materials), staff remuneration and a proportional part of the production overheads (depreciation of production buildings and equipment).

The acquisition cost of inventories is calculated based on the FIFO method.

#### Plant, property and equipment and intangible assets

Assets with an acquisition cost of over 1,000 euros and a useful life of over 1 year are recorded as property, plant and equipment (PPE) in the balance sheet. Assets with a useful life of over 1 year, but an acquisition cost of less than 1,000 euros, are recorded as low-value items (in inventories) and are fully expensed when the asset is taken into use. Low-value items that have been expensed are accounted for off-balance sheet.

PPE are initially recorded at acquisition cost, consisting of the purchase price and expenses incurred with the aim of taking the asset item into use. Subsequent to initial recognition, PPE are recorded at net book value. PPE constructed for own use is recorded at acquisition cost, consisting of the actual manufacturing expenses.

aktsiaselts Linda Nektar

Depreciation is calculated on a straight-line basis, depending on the estimated useful life of the asset item:

- production buildings: 15-16 years, improvements: 5 years
- other buildings: 15-16 years, improvements: 5 years
- machinery and equipment: 3-10 years
- IT equipment: 3-5 years
- office furniture: 3-7 years
- means of transport: 5 years
- tools and equipment: 3-5 years
- software: 5 years
- other intangible assets: 3 years

Land is not depreciated.

## **Leases**

### ***Accounting entity as lessor***

Operating lease payments are recorded during the rental period as expenses based on the straight-line method.

### ***Accounting entity as lessee***

Operating lease payments are recorded during the rental period as income based on the straight-line method.

## **Financial liabilities**

All financial liabilities (accounts payable, loans taken, accrued expenses, bonds issued, other short-term and long-term payables) are initially accounted for at their acquisition cost, which includes all expenses directly related to the acquisition. Subsequent to initial recognition, financial liabilities are recorded based on the amortised cost method.

As a rule, the amortised cost of short-term financial liabilities equals their nominal value. Therefore, short-term financial liabilities are recorded in the balance sheet at the payable amount. The amortised cost of long-term liabilities is calculated based on the effective interest rate method.

## **Government grants**

Assets acquired with the help of government grants are recorded in the balance sheet at net acquisition cost, i.e. the acquisition cost, less government grants received for the purpose of acquiring assets (the acquisition cost of assets received free of charge is zero). Subsequent to initial recognition, the acquired assets are measured according to Accounting Board standard number 5 for tangible and intangible fixed assets.

Government grants allocated for operating expenses will be charged to income, if the collection of the grant is certain and the conditions related to the grant have been fulfilled. If the conditions for recognition of the government grant under income have not been met, the grant will be recorded under liabilities in the balance sheet. The corresponding liability is recorded under current or non-current liabilities in the balance sheet, depending on when the conditions related to the government grant are met.

## **Revenue recognition**

Revenue and expenses are recognised on an accrual basis, based on the matching principle. Income statement format No 1 is used.

Revenue is recognised on an accrual basis under the revenue recognition principle. Revenue from sales of goods is recorded on the moment the right of ownership is transferred to the buyer.

## **Expense recognition**

Expenses on vacation pay are recorded in the period when they are incurred. The vacation reserve is adjusted on an annual basis at the end of each financial year. The earned vacation pay is charged to expenses in the income statement, and recorded in the balance sheet under current liabilities to employees.

## **Taxation**

Pursuant to the applicable laws, Estonian companies are not subjected to pay income tax on the profit. Therefore, all temporary differences between the tax bases and carrying values of assets and liabilities cease to exist. Rather than being subjected to income tax on the profit, Estonian companies are subjected to 20/80 income tax on the net dividends paid from retained earnings. From year 2019, a lower tax rate (14/86) applies to part of dividends paid by the Estonian resident company regularly (The profit distributed in a calendar year, which is smaller than or equal to the average distributed profit of the previous three calendar years (starting from 2018) on which a resident company has paid

income tax). The natural person receiving such dividends taxed at a lower rate (14/86) in the hands of the Estonian company, has to pay income tax at a rate of 7% in addition. It has to be withheld by the payer. Corporate income tax on the payment of dividends is recorded under income tax expense in the income statement at the moment of announcing the dividends, irrespective of the period for which the dividends were announced or when the dividends are actually paid.

#### Related parties

For the purposes of the financial statements of AS Linda Nektar, the following are considered related parties:

- owners (parent company and owners of the parent company);
- management board and higher management;
- close relatives of the above persons, and the companies related to them.

#### Share-based Payments

Option contracts are carried in the balance sheet at their fair value. The fair value of services (work contribution) provided by employees to the entity in return for shares is recognised as employee costs in the income statement and as an equity reserve from the date of granting the share option and during the period when the services have been provided. The fair value of the services received is determined on the fair value of equity instruments (market price) granted to employees at the grant date. The market price of the share is the closing price of the share on the last day of the financial year in Nasdaq First North Alternative Market. Derivatives are revalued at balance sheet date according to the change in fair value of the instrument.

## Note 2 Cash and cash equivalents

(In Euros)

	30.06.2020	30.06.2019
Cash on hand	26	205
Bank accounts	697 351	859 673
<b>Total cash and cash equivalents</b>	<b>697 377</b>	<b>859 878</b>

## Note 3 Receivables and prepayments

(In Euros)

	30.06.2020	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	534 781	534 781	0	
Accounts receivables	534 781	534 781	0	
Tax prepayments and receivables	86 015	86 015	0	5
Prepayments	4 807	4 795	12	
Deferred expenses	4 807	4 795	12	
<b>Total receivables and prepayments</b>	<b>625 603</b>	<b>625 591</b>	<b>12</b>	
	30.06.2019	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	422 632	422 632	0	
Accounts receivables	422 632	422 632	0	
Tax prepayments and receivables	30 440	30 440	0	5
Prepayments	13 925	13 877	48	
Deferred expenses	13 925	13 877	48	
<b>Total receivables and prepayments</b>	<b>466 997</b>	<b>466 949</b>	<b>48</b>	

## Note 4 Inventories

(In Euros)

	30.06.2020	30.06.2019
Raw materials	137 008	113 073
Work in progress	244 879	224 222
Finished goods	58 578	28 048
Merchandise	4 880	680
Inventory prepayments	0	1 269
<b>Total Inventories</b>	<b>445 345</b>	<b>367 292</b>

In H1 2020 AS there was a write-down of finished goods for the consideration of EUR 16,046. No write-down of inventories was made in H1 2019.

## Note 5 Tax prepayments and liabilities

(In Euros)

	30.06.2020		30.06.2019	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Value added tax	10 745	0	0	750
Personal income tax	0	4 469	0	4 322
Fringe benefit income tax	0	154	0	171
Social tax	0	9 045	0	8 563
Contributions to mandatory funded pension	0	480	0	457
Unemployment insurance tax	0	472	0	435
Excise duty tax	68 769	0	30 440	0
Other tax prepayments and liabilities	0	392	0	701
Prepayment account balance	6 501		0	
<b>Total tax prepayments and liabilities</b>	<b>86 015</b>	<b>15 012</b>	<b>30 440</b>	<b>15 399</b>

## Note 6 Property, plant and equipment

(In Euros)

	Land	Buildings				Machinery and equipment	Other property, plant and equipment			Unfinished projects and prepayment	Total
			Transportation	Computers and computer systems	Other machinery and equipment			Unfinished projects	Pre-payments		
<b>31.12.2018</b>											
Carried at cost	6 700	1 332 579	68 022	14 520	3 125 449	3 207 991	81 791	88 412	2 000	90 412	4 719 473
Accumulated depreciation	0	-389 388	-35 869	-13 746	-1 884 902	-1 934 517	-52 445	0	0	0	-2 376 350
<b>Residual cost</b>	<b>6 700</b>	<b>943 191</b>	<b>32 153</b>	<b>774</b>	<b>1 240 547</b>	<b>1 273 474</b>	<b>29 346</b>	<b>88 412</b>	<b>2 000</b>	<b>90 412</b>	<b>2 343 123</b>
Acquisitions and additions											
Acquisition of buildings, new building, renovations	0	0	58 242	2 345	11 555	72 142	1 962	51 759	0	51 759	125 863
Other acquisitions and additions	0	0	58 242	2 345	11 555	72 142	1 962	51 759	0	51 759	125 863
Depreciation	0	-41 780	-8 394	-864	-127 797	-137 055	-5 366	0	0	0	-184 201
Impairment loss	0	0	0	0	-125	-125	0	0	0	0	-125
Sales	0	0	-20 389	0	0	-20 389	0	0	0	0	-20 389
Reclassifications	0	0	2 000	0	0	2 000	0	0	-2 000	-2 000	0
Reclassifications from unfinished projects	0	0	2 000	0	0	2 000	0	0	-2 000	-2 000	0
<b>30.06.2019</b>											
Carried at cost	6 700	1 332 579	75 075	16 865	3 135 874	3 227 814	83 753	140 171	0	140 171	4 791 017
Accumulated depreciation	0	-431 168	-11 463	-14 610	-2 011 694	-2 037 767	-57 811	0	0	0	-2 526 746
<b>Residual cost</b>	<b>6 700</b>	<b>901 411</b>	<b>63 612</b>	<b>2 255</b>	<b>1 124 180</b>	<b>1 190 047</b>	<b>25 942</b>	<b>140 171</b>	<b>0</b>	<b>140 171</b>	<b>2 264 271</b>
<b>31.12.2019</b>											
Carried at cost	6 700	1 385 513	75 076	18 023	3 193 246	3 286 345	83 753	73 572	0	73 572	4 835 883
Accumulated depreciation	0	-473 680	-18 972	-13 668	-2 137 227	-2 169 867	-62 516	0	0	0	-2 706 063
<b>Residual cost</b>	<b>6 700</b>	<b>911 833</b>	<b>56 104</b>	<b>4 355</b>	<b>1 056 019</b>	<b>1 116 478</b>	<b>21 237</b>	<b>73 572</b>	<b>0</b>	<b>73 572</b>	<b>2 129 820</b>
Acquisitions and additions											
Acquisition of buildings, new building, renovations	0	0	0	2 025	18 232	20 257	2 167	34 733	0	34 733	57 157
Other acquisitions and additions	0	0	0	2 025	18 232	20 257	2 167	34 733	0	34 733	57 157
Depreciation	0	-43 570	-7 507	-1 080	-132 850	-141 437	-4 557	0	0	0	-189 564
Sales	0	0	0	0	0	0	-409	0	0	0	-409
<b>30.06.2020</b>											
Carried at cost	6 700	1 385 513	75 075	20 049	3 211 478	3 306 602	83 818	108 305	0	108 305	4 890 938
Accumulated depreciation	0	-517 250	-26 478	-14 749	-2 270 077	-2 311 304	-65 380	0	0	0	-2 893 934
<b>Residual cost</b>	<b>6 700</b>	<b>868 263</b>	<b>48 597</b>	<b>5 300</b>	<b>941 401</b>	<b>995 298</b>	<b>18 438</b>	<b>108 305</b>	<b>0</b>	<b>108 305</b>	<b>1 997 004</b>

**Disposed property, plant and equipment at selling price**

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Machinery and equipment	0	21 250
Transportation	0	21 250
Other property, plant and equipment	467	0
<b>Total</b>	<b>467</b>	<b>21 250</b>

In H1 2020 AS Linda Nektar did not dispose of any non-current assets. In H1 2019 AS Linda Nektar wrote off non-current assets which were unfit for use and were technically outdated. The acquisition cost of these assets was EUR 1,132 and impairment loss EUR 125.

As at 30 June 2020, outstanding payables to suppliers of the non-current assets amounted to EUR 9,954 (H1 2019: EUR 3,178).

**Note 7 Intangible assets**

(In Euros)

	Computer software	Other intangible assets	Total
<b>31.12.2018</b>			
Carried at cost	10 648	222 560	233 208
Accumulated depreciation	-7 462	-216 638	-224 100
<b>Residual cost</b>	<b>3 186</b>	<b>5 922</b>	<b>9 108</b>
Depreciation	-718	-756	-1 474
<b>30.06.2019</b>			
Carried at cost	10 648	222 560	233 208
Accumulated depreciation	-8 180	-217 394	-225 574
<b>Residual cost</b>	<b>2 468</b>	<b>5 166</b>	<b>7 634</b>
<b>31.12.2019</b>			
Carried at cost	10 648	7 560	18 208
Accumulated depreciation	-8 833	-3 150	-11 983
<b>Residual cost</b>	<b>1 815</b>	<b>4 410</b>	<b>6 225</b>
Depreciation	-330	-756	-1 086
<b>30.06.2020</b>			
Carried at cost	10 648	7 560	18 208
Accumulated depreciation	-9 163	-3 906	-13 069
<b>Residual cost</b>	<b>1 485</b>	<b>3 654</b>	<b>5 139</b>

## Note 8 Operating lease

(In Euros)

### Accounting entity as lessor

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019	Note
Operating lease income	0	6 105	12
Residual cost of leased assets			
Machinery and equipment	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	

AS Linda Nektar leased out certain equipment under operating lease terms until November 2019.

### Accounting entity as lessee

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Operating lease expenses	4 211	2 508

## Note 9 Payables and prepayments

(In Euros)

	30.06.2020	Within 12 months	Note
Trade payables	88 242	88 242	
Employee payables	8 517	8 517	
Tax payables	15 012	15 012	5
Other payables	627	627	
Other accrued expenses	627	627	
<b>Total payables and prepayments</b>	<b>112 398</b>	<b>112 398</b>	
	30.06.2019	Within 12 months	Note
Trade payables	187 821	187 821	
Employee payables	8 003	8 003	
Tax payables	15 399	15 399	5
Other payables	2 929	2 929	
Other accrued expenses	2 929	2 929	
<b>Total payables and prepayments</b>	<b>214 152</b>	<b>214 152</b>	

**Note 10 Contingent liabilities and assets**

(In Euros)

	30.06.2020	30.06.2019
Contingent liabilities		
Distributable dividends	1 106 685	1 183 850
Income tax liability on distributable dividends	276 671	295 963
<b>Total contingent liabilities</b>	<b>1 383 356</b>	<b>1 479 813</b>

**Note 11 Share capital**

(In Euros)

	30.06.2020	30.06.2019
Share capital	1 575 109	1 575 109
Number of shares (pcs)	1 575 109	1 575 109
Nominal value of shares	1	1

**Note 12 Net sales**

(In Euros)

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Net sales by geographical location		
Net sales in European Union		
Estonia	473 726	379 831
Finland	195 127	173 867
Latvia	634 956	472 997
Germany	0	120
Lithuania	11 846	21 754
Sweden	14	0
<b>Total net sales in European Union</b>	<b>1 315 669</b>	<b>1 048 569</b>
<b>Total net sales</b>	<b>1 315 669</b>	<b>1 048 569</b>
Net sales by operating activities		
Manufacture of cider and other fruit wines	1 297 444	1 033 252
Equipment rent	0	6 105
Wastewater treatment	7 396	7 315
Sale of goods/services	5 997	1 897
Sale of aroma	4 832	0
<b>Total net sales</b>	<b>1 315 669</b>	<b>1 048 569</b>



## Note 13 Other operating income

(In Euros)

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Profit from sale of plant, property and equipment	58	861
Sale of metal scrap	0	2 167
Fines, penalties and compensations	445	4 581
Other operating income	270	0
<b>Total other operating income</b>	<b>773</b>	<b>7 609</b>

## Note 14 Goods, raw materials and services

(In Euros)

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Raw materials	-645 014	-476 057
Services	-162 881	-148 649
<b>Total goods, raw materials and services</b>	<b>-807 895</b>	<b>-624 706</b>

## Note 15 Miscellaneous operating expenses

(In Euros)

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Exploration and development expense	-6 578	-12 505
Travel expense	-4 496	-18 777
State and local taxes	-2 639	-3 083
"First North" costs	-11 155	-10 776
Legal and audit expenses	-8 142	-9 325
Training expense	-1 509	-1 803
Communications	-5 186	-6 037
Other	-25 202	-23 017
<b>Total miscellaneous operating expenses</b>	<b>-64 907</b>	<b>-85 323</b>

## Note 16 Labour expense

(In Euros)

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Wage and salary expense	-136 731	-123 162
Social security taxes	-44 784	-40 184
<b>Total labour expense</b>	<b>-181 515</b>	<b>-163 346</b>
Average number of employees in full time equivalent units	17	16
Average number of employees by types of employment:		
Person employed under employment contract	12	11
Member of management or controlling body of legal person	5	5

## Note 17 Income tax

(In Euros)

Income tax expense components	01.01.2020 - 30.06.2020		01.01.2019 - 30.06.2019	
	Taxable amount	Income tax expense	Taxable amount	Income tax expense
Declared dividends	126 009	24 176	126 009	27 839
Estonia	121 674	23 344	121 818	21 001
Other countries	4 335	832	4 191	6 838
<b>Total</b>	<b>126 009</b>	<b>24 176</b>	<b>126 009</b>	<b>27 839</b>

## Note 18 Related parties

(In Euros)

Name of accounting entity's parent company	Fermex International OÜ
Country where accounting entity's parent company is registered	Estonia

### Related party balances according to groups

	30.06.2020		30.06.2019	
	Receivables	Liabilities	Receivables	Liabilities
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	0	0	5 790

### Purchases and sales of goods and services

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
	Purchases of goods and services	Purchases of goods and services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	295	1 298

### Purchases and sales of non-current assets

	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
	Purchases of non-current assets	Purchases of non-current assets
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	815

<b>Remuneration and other significant benefits calculated for members of management and highest supervisory body</b>		
	<b>01.01.2020 - 30.06.2020</b>	<b>01.01.2019 - 30.06.2019</b>
Remuneration	41 250	41 250

For the purposes of the financial statements of AS Linda Nektar, the following are considered related parties:

- owners (parent company and owners of the parent company);
- management board and higher management;
- close relatives of the above persons, and the companies related to them.

In 2017, an option agreement was signed with a member of the AS Linda Nektar supervisory board. See detailed information in Statement of changes in equity.

## Signatures

The management has prepared the AS Linda Nektar unaudited Interim Report for the six month period ended 30 June 2020 and confirms that the Report provides a true and fair view of the business operations.

Report completion date: 12.08.2020



Kadri Rauba

CEO