Linda Nektar

Company Description
May 2015

LHV

Contents

Overview
AS Linda Nektar, an Estonian-based (EU, Eurozone, NATO, OECD) beverage company is looking to expand existing capacity as well as develop new revenue streams

Key Attractions
The Company aims to generate both capital growth and distribute income as dividends, subject to favourable operating conditions and respective shareholder decisions at general meetings

A long operating track record for the existing business is in place and the operations have been profitable for the past five years

Background
The enterprise currently generates core revenues as a contract fruit wine manufacturer

Over time it has developed (through its R&D programme) some very innovative technologies relating to aroma stripping and recovery plus also ways of reducing alcohol content in wines

Future Plans
The plan is to attract funds to:

- Expand production capacity
- Invest further to scale up R&D food technologies (a global market)

Introductory Information

Nature of Company Description
This Company Description has been drawn up by the Management Board of AS Linda Nektar ('Linda Nektar', hereinafter also 'Company'), a public limited company (in Estonian: aktsiaselts) incorporated and operating under the laws of Estonia (the Company) in connection with the admission to trading of the Company on First North.

First North
First North is a multilateral trading facility (an alternative market), operated by NASDAQ OMX Tallinn AS. It does not have the same legal status as a regulated market. Companies listed in First North are subject to the Rules of First North and not the legal requirements for admission to trading on a regulated market. An investment in a company that is traded on First North may therefore encounter higher risks than an investment in a company that is traded on a regulated market. All companies with shares admitted to trading on First North have a certified adviser that monitors the company's compliance with the rules. The approval of admitting to trading on First North is in the competence of NASDAQ OMX Tallinn AS.

Applicable Law
This Company Description has been drawn up in accordance with the laws of the Republic of Estonia and the Rules of First North as adopted by NASDAQ OMX Tallinn AS.

Certified Adviser
The Company and AS LHV Pank (register code in the Estonian Commercial Register 11098261, registered address Tartu mnt 2, 10145 Tallinn, Estonia) has agreed to act as the Certified Adviser of the Company in the essence of the Rules of First North. AS LHV Pank is an Estonian credit institution operating as a bank as its main field of business. The persons providing Certified Adviser services to the Company are Ivars Bergmanis, on a daily basis acting as the Head of Institutional Markets in AS LHV Pank, and Daniel Haab, on a daily basis acting as the Head of Legal Department of AS LHV Pank. The agreement has been concluded for an indefinite term.

Presentation of Information
Numerical and quantitative values in this Company Description (e.g. monetary values, percentage values etc.) are presented with such precision, which is deemed by the Company to be sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation.

In this Company Description, financial information is presented in euro (EUR), the official currency of the Republic of Estonia and the EU Member States in the Eurozone.

This Company Description is drawn up based on information which was valid as of 25 May 2015. Where information is presented as of a date other than 25 May 2015, this is identified by either specifying the relevant date or by the use of expressions "the date of this Company Description", "to date", "until the date hereof" and other similar expressions, which must all be construed to mean the date of this Company Description (25 May 2015).

For portions of this Company Description, certain information may have been sourced from third parties. Such information is accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by such third parties, no facts have been omitted, which would render the reproduced information inaccurate or misleading. Certain information with respect to the markets in which the Company operates is based on the best assessment made by the Management and Supervisory Board of the Company. With respect to the industry in which the Company is active, reliable market information is often not available or is incomplete. While every reasonable care was taken to provide best possible assessments of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation of the relevant markets or employ a professional consultant.

Forward-Looking Statements
This Company Description includes forward-looking statements (notably under the Sections "Business Overview" and "Risk Factors"). Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management and Supervisory Board of the Company. Certain statements are based on the beliefs of the Management and Supervisory Board of the Company as well as assumptions made by and information currently available to the Management and Supervisory Board of the Company. Any forward-looking statements included in this Company Description are subject to risks, uncertainties and assumptions about the future operations of the Company, the macro-economic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as "strategy", "expect", "plan", "anticipate", "believe", "will", "continue", "estimate", "intend", "project", "goals", "targets" and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Company Description whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Company operates in a competitive business. This business is affected by changes in domestic and foreign laws and regulations (including those of the European Union), taxes, developments in competition, economic, strategic, political and social conditions, consumer response to new and existing products and technological developments and other factors. The Company's actual results may differ materially from the expectations of the Management and Supervisory Board of the Company because of changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Company (please see "Risk Factors" for a discussion of the risks which are identifiable and deemed material at the date hereof).

Background and Reasons for Admission to Trading on First North

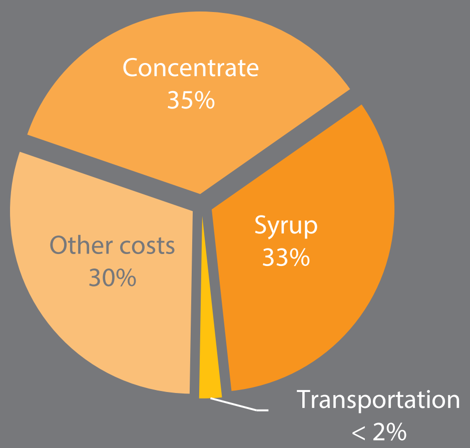
The Company's aim is to take a large step in developing its present business and generate new aroma-based activities. Presently operations are mainly in the Baltic countries and Finland. In order to expand the business, including targeting new markets (Sweden, Denmark, Germany etc.), investments in production facilities and manufacturing capacity are required. The Company's present role as an enterprise with a strong balance sheet that forms a reliable link in the customer's value chain, forms the basis of this plan.

Growing the business in the aroma field would require new technology for the Company and investment in both developing and manufacturing new equipment. The buildup of this business would not be possible within the framework of the existing operations, without putting the balance sheet under strain and influencing the development of the present wine business. Currently 100% of operating revenues come from producing the Company's fruit wine base. The admission to trading would also provide access to capital markets and gives tools to take further steps and action.

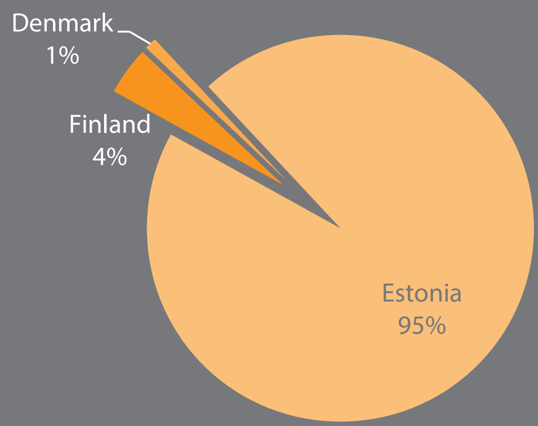
Linda Nektar:

- ***An Estonian company with origins in the 1940s***
- ***The production facility is geographically located between the Estonian and Latvian capitals of Tallinn and Riga***
- ***Contract manufacturing of fermented beverages***
- ***Focusing on unpacked fruit wines for the drinks industry***
- ***Present output ~10 million litres per annum***
- ***Restructured from a B-C to a B-B platform***
- ***Significant investments have been made in R&D to improve the present process***

Typical Cost and Pricing Structure



2014 Revenue Breakdown



Present Business Model and Process Simplified

Buying required ingredients (components widely available) → Fermentation of this mixture into wine for ciders etc → Selling to breweries as well as beverage producers

Mainly apple concentrate and dextrose, available as standardised commodities

The aim is cost efficient production coupled with innovative technology

Majority of sales to Estonia, other markets include Latvia, Denmark and Finland

Key Financial Attractions

- Strong profitability and growing sales
- Solid financials and good cash flow
- R&D progress: has produced several innovations
- Significant growth and expansion potential
- A dividend payer for the past 5 years
- Raw materials are a global commodity
- Clear cost and pricing structure
- Established buyers, contracts negotiated once a year
- Strong and experienced management and shareholders
- Well-established co-operation partners

Key Financials EUR 000	2010	2011	2012	2013	2014
Cash	277	751	325	623	710
Total assets	975	1,505	2,176	2,728	2,722
Total liabilities	119	129	126	248	180
Retained earnings	489	702	1,166	1,712	2,187
Total equity	856	1,376	2,050	2,481	2,542
Operating cashflow	402	683	704	866	862
Revenues	1,931	2,790	3,460	3,659	2,745
Operating profit	469	673	900	819	394
Net profit	451	642	853	737	324
Net debt	-181	-627	-199	-375	-530
Net margin (%)	23	23	25	20	12
ROE (%)	70	57	50	33	13

Where Are We Heading?

To grow further more capital is needed. The benefits of admission to trading are seen as important drivers of future value growth including: acquisition options, corporate visibility and quality staff attraction and retention.

Existing owners want to retain a controlling majority

Only new shares would be available in case of a transaction

Linda Nektar is looking to raise funding for the following three priorities:

1. Expand production capacities

Current premises allow expansion, require additional equipment

2. R&D to scale-up existing products and develop new ones

Aroma stripping and recovery possibilities (various foods)

Reducing wine alcohol content

3. Licence existing know-how (a global market)

Earn future licensing revenues

Penetrate larger markets where company alone can not enter

Avoid 'blueprinting' via patents

Timeline of Major Milestones

The Company's roots are in a Soviet-era enterprise founded in the late 1940s. Wine production of local apples and berries started in the 1960s. Estonia declared independence 1991 and in 1992 Linda Nektar was privatised. The Company's more recent history can be illustrated in three distinct phases:

1993-2002: B2C, *A Traditional Beverage Producer*

1993
- Primalco, the Finnish alcohol monopoly, purchases majority of Linda Nektar's shares
- Production co-operation starts

1998
- Transfer of new tanks and equipment from Primalco's site in Helsinki / Finland

2002
- OÜ Fermex International (Fermex) becomes majority owner
- End of bottling operations and final consumer products
- Focus on wine fermentation starts

2003-2011: *Period of Evolution*

2004-2005
- New fermentation tanks and modern cross flow filtration

2005
- 1st in world to install Iso Mix mixers to boost fermentation efficiency

2009
- Neutral wine of 14 % vol strength is introduced to the market

2010
- Fermex and OÜ Rododendron acquire new shares via capital raising

2011
- New cross flow filter is installed

2012 Onwards: *Moving Further into Tech*

2012
- 1st stage new fermentation building completed (new tanks)
- Multi-year aroma stripping development project is initiated

2013
- 3 new fermentation tanks installed

2014
- 2nd stage of fermentation hall (in-line mixing / automation), office completed
- Aroma stripping project continues

Strategy and Investments

Linda Nektar

Wine

Fruit wines are a key component in many products produced by breweries and beverage bottlers. Typically these products are a mixture of fruit wine, carbonated water and flavours.

The Company has developed a unique fermenting and treatment process for fruit wines, which enables the customer to produce a great number of final products from a single base. This makes it possible for customers to keep inventory low and simplify production flows. The core arguments for using the Company's wines are the possibility to produce a wide range of consumer beverages from relatively few ingredients and the fact that the Company's product is taxed favourably as wine.

To take the Company to the next level requires geographical growth and the implementation of newly-developed technology, together with increased capacity.

Aroma concentration

The aroma concentration technique was originally a spin-off from the development of wine treatment processes. The technique involves the construction and management of equipment and own production of consumables needed in the process.

The strategy for developing the aroma concentration business is to identify and engage partners for both building equipment and distributing the technology and products worldwide.

Initially, investments are needed to finish developing the equipment and the related production of consumables and build-up of the business model.

The Process Today vs Plans

Today's equation on-site:

Fruit concentrate + dextrose + water + other

↓

Fermentation

↓

Filtration + Treatment

↓

Fruit wine sold

Then blended into final consumer products by brewers/drinks manufacturers

Future equation on-site:

Fruit concentrate + dextrose + water + other

↓

Fermentation

↓

Aroma stripping (new technology)

↓

Aroma-stripped wine sold

\+

Future offsite licencing

Supply of aroma stripping and recovery equipment etc. at various food producing facilities (not just drinks makers). A global market.

Supply of aroma stripping and recovery equipment etc. at various food producing facilities (not just drinks makers). A global market.

Business models possible:

- Sales of know-how/ equipment
- Sales of consumables (polymer) for the process
- Own aroma production (local)

Significant growth is seen by the company through scaling-up its R&D know-how

For further information concerning the breakdown of the use of proceeds, please refer to the section on capex requirements on page 13

Material Agreements, Related Party Transactions & Court and Arbitration Proceedings

Client Agreement with A. Le Coq AS
On 21.08.2012, the Company and AS A. Le Coq as one of the largest clients of the Company executed a co-operation agreement related to the supply of fruit wine to AS A. Le Coq, as amended and supplemented from time to time. The agreement shall expire on 31.12.2016 (unless extended automatically for another 2 years).

Client Agreement with Unnamed Customer No.1
Sales to customers other than A. Le Coq AS are carried out on the basis of separate orders. In 2014, this unnamed Estonian beverage producer accounted for less than 10% of sales.

Client Agreement with Unnamed Customer No.2
Sales to customers other than A. Le Coq AS are carried out on the basis of separate orders. In 2014, this unnamed Nordic-domiciled beverage group accounted for less than 10% of sales.

Logistics Services Agreement
Among the service providers, one of the important co-operation partners for the Company is a transportation and logistics firm from the Baltics with which the Company has had a long-term relationship and which is able to meet the specific logistics requirements of the Company. On 02.01.2015, a written co-operation agreement was signed for an indefinite term with the ordinary cancellation right of both parties upon 6 months prior notice.

Credit Limit Agreement
The Company and a Baltic financial intermediary executed a credit limit agreement in the amount of EUR 500,000, dated 14.11.2014, with the purpose of financing the Company's investments. The agreed interest rate is 6-months EURIBOR + the margin of 1.600%. The loan is secured by mortgages and commercial pledges encumbering the assets of the Company. As at the date of this Company Description, no drawdowns have been made from the credit limit.

R&D Agreement
For the purposes of carrying out the R&D activities related to the aroma extraction project, the Company has engaged a European R&D company. Respective written agreement was executed on 04.01.2013, which, among other terms, contains the provisions of protection of the intellectual property rights of the Company.

Wastewater Services Agreement
The Company has an agreement with AS Võru Vesi to purify the waste water of residents at Kobela village, as well as to operate the Kobela sewage plant at its own expense.

Related Party Transactions
As a general rule, the Company avoids entering into any agreements with related parties. There is one exemption though – on 01.07.2014 the Company executed a sponsorship agreement with the Chairman of the Supervisory Board Mr Ernst Erik Hagström regarding his participation in a world sailing championship, whereas Mr Hagström undertook to advertise the Company's name and logo at this event. This agreement was complied with and there are no outstanding claims arising therefrom. There are no other related party agreements in place by the Company.

Court and Arbitration Proceedings
As at the date of this Company Description, the Company is not involved in any court and arbitration proceedings, nor has it been in the past three years.

Summary of Financial Data

Balance Sheet, EUR '000s (Audited)	31.12.2010	31.12.2011	31.12.2012	31.12.2013	31.12.2014
Current assets					
Cash	277	751	325	623	710
Receivables and prepayments	185	247	402	493	198
Inventories	194	239	344	363	243
Total current assets	**655**	**1,237**	**1,071**	**1,479**	**1,151**
Fixed assets					
Receivables and prepayments	0	0	0	7	1
Tangible assets	318	265	1,103	1,240	1,566
Intangible fixed assets	2	3	2	2	5
Total fixed assets	**320**	**268**	**1,105**	**1,249**	**1,571**
Total assets	**975**	**1,505**	**2,176**	**2,728**	**2,722**
Liabilities and owner´s equity					
Obligations					
Current liabilities					
Loan liabilities	24	5	0	0	0
Debts and prepayments	90	124	126	248	180
Total current liabilities	**114**	**129**	**126**	**248**	**180**
Long-term liabilities					
Loan liabilities	5	0	0	0	0
Long-term liabilities	**5**	**0**	**0**	**0**	**0**
Total liabilities	**119**	**129**	**126**	**248**	**180**
Owner´s equity					
Share capital (nominal value)	42	28	28	28	28
Share premium	23	0	0	0	0
Less: Own shares	-152	0	0	0	0
Legal reserve	4	4	3	3	3
Retained profit/loss	489	702	1,166	1,712	2,187
Net profit/loss for financial year	451	642	853	737	324
Total owner´s equity	**856**	**1,376**	**2,050**	**2,481**	**2,542**
Total liabilities and owner´s equity	**975**	**1,505**	**2,176**	**2,728**	**2,722**

Income Statement, EUR '000s (Audited)	2010	2011	2012	2013	2014
Sales revenue	1,931	2,790	3,460	3,659	2,745
Other operating revenue	25	2	25	3	8
Changes in inventories of finished goods and work in progress	18	20	93	19	-100
Goods, raw materials and services	-933	-1,570	-2,000	-1,941	-1,220
Other operating expenses	-259	-225	-312	-489	-607
Staff costs	-195	-227	-255	-267	-244
Wages and salaries	0	0	0	0	0
Social security costs	0	0	0	0	0
Pension expenses	0	0	0	0	0
Depreciation and impairment of fixed assets	-115	-117	-112	-163	-184
Other operating charges	-2	-1	-0	-4	-4
Operating profit (loss)	**469**	**673**	**900**	**819**	**394**
Financial income and expenses	-6	1	1	0	-0
Profit (loss) before income tax	**463**	**674**	**901**	**819**	**394**
Income tax expense	-13	-32	-48	-82	-70
Net profit (loss)	**451**	**642**	**853**	**737**	**324**

Financial Ratios	2010	2011	2012	2013	2014
Current Ratio (x)	5.7	9.6	8.5	6.0	6.4
Quick Ratio (x)	4.0	7.7	5.8	4.5	5.0
Asset Turnover (x)	2.2	2.3	1.9	1.5	1.0
Inventory Turnover Ratio (x)	11.4	12.9	11.9	10.3	9.1
Working Capital EUR '000s	541	1,108	945	1,232	971
Net Profit Margin (%)	23.3	23.0	24.7	20.2	11.8
Return on Assets (%)	52.2	51.7	46.4	30.1	11.9
Return on Equity (%)	70.2	57.5	49.8	32.6	12.9
Debt to Assets (%)	12.0	9.0	6.0	9.0	6.6
Debt to Equity (%)	13.0	9.0	6.0	10.0	7.1

Investments and Product Development, EUR '000s	2010	2011	2012	2013	2014
Investments in fixed assets	53	63	960	504	622
Product Development	6	3	10	171	273
Amount invested as % of sales	3.1	2.4	28.0	18.4	32.6

Cash Flow Statement, EUR '000s (Audited)	2010	2011	2012	2013	2014
Cash Flow from operations					
Operating profit	469	673	900	819	394
Adjustments:	0	0	0	0	0
Depreciation and impairment of fixed assets	115	117	112	163	184
Change in receivables related to operating activities	-4	-62	-155	-99	302
Change in inventories	-47	-45	-106	-19	120
Change in liabilities and prepayments relating to operating activities	-124	34	1	83	-68
Other adjustments:	-2	-0	0	0	-0
Interest paid	-4	-1	-0	0	0
Income tax paid	0	-32	-48	-82	-70
Total Cash Flow from Operations	**402**	**683**	**704**	**866**	**862**
Cash Flow from investment					
Purchase of tangible and intangible fixed assets	-56	-64	-960	-465	-626
Loans granted	0	50	0	0	0
Repayment of loans granted	0	-50	0	0	0
Target financing received	0	0	11	204	113
Interest received	0	2	2	0	0
Total Cash Flow from Investments	**-55**	**-62**	**-947**	**-261**	**-513**
Cash Flow from financing					
Loans received	0	0	0	0	0
Repayment of loans	-83	-14	-5	0	0
Net changes in bank overdraft	5	-5	0	0	0
Capital lease repayments	-12	-5	0	0	0
Proceeds from sale of own shares	25	0	0	0	0
Target financing received	0	0	0	0	0
Proceeds from issue of shares	0	0	0	0	0
Dividends paid	-48	-122	-179	-307	-262
Total Cash Flow from Financing	**-114**	**-146**	**-184**	**-307**	**-262**
Total Cash Flow	**233**	**475**	**-426**	**298**	**87**
Cash and cash equivalents at beginning of year	44	277	751	325	623
Change in cash and cash equivalents	**233**	**475**	**-426**	**298**	**87**
Cash and cash equivalents at the end of the year	277	751	325	623	710

Commentary on Financials & Outlook

The Company's accounting period extends from 1 January to 31 December.

The audited financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in Estonia, whose main requirements are prescribed by the Accounting Act of the Republic of Estonia and that are supplemented by the guidelines issued by the Accounting Standards.

The main revenue comes from selling wine base (beverage). The sales price of this is linked to cost components.

The main cost items are raw materials (apple concentrate, syrup, yeasts and various additives). There are long-term agreements for all key raw materials. Other operating expenses consist mostly of energy, repair costs and building maintenance and personnel costs. Also expenses for R&D, market development. Such costs are mainly written off in the year they occur.

There are 11 employees in the Company at the moment. The salary paid in the Company is in line with the sector average. Bonuses have been paid to workers when the results of the Company have been good. In the near future the Company sees the need for some additional specialists due to their innovation and product development projects.

The average "time limit" for the Company's invoices is 30-45 days.

There is no formal dividend policy. The dividends have been paid according to respective decisions of the shareholders.

The company's functional reporting and operating currency is EUR. Therefore there have been no risk policies set for foreign exchange risk consideration.

While there are no pre-set limits on gearing, the Company's main source of funding is deemed to be equity capital.

Capex requirements
The Company's production plant is equipped with the latest fermentation and treatment technology. Nevertheless investments are needed to expand current production capacity, as well as new product development processes – to build up the aroma business.

The Company is planning to invest in a new flavour processing and production line capable of manufacturing a range of authentic natural aroma extracts to supply the flavour and food industry. The planned investments are based partly on the same technology for treating wine.

The Company's most recent capital expenditure programme involves investing EUR 2.5m into the following items:

- EUR 1.0m - increase current production capacity by 50% and implement new aroma stripping technology (tanks/pipework/automation/filters etc)
- EUR 0.4m - two aroma recovery modules (equipment incl. sensor technology)
- EUR 0.1m - Quality control laboratory equipment
- EUR 0.1m - The polymerisation technique
- EUR 0.9m - Expansion

R&D comment
R&D costs have successively gone up during 2014. This trend is expected to continue in the coming year as the Company continues to invest in research and development according to its plan. Research and development includes projects to develop new products, processes and production methods, as well as further development of existing products.

Corporate and Social Responsiblity (CSR) policy
There is no formal CSR policy but the Company has supported local sportsmen and other cultural activities. The Company purifies the waste water of the residents of Kobela village as well as operating the Kobela sewage plant at its own expense.

Grants: off-balance sheet item
From 2010–2014, AS Linda Nektar received grants for the construction and renovation of buildings and purchase of machinery, equipment, technology from the Estonian Agricultural Registers and Information Board (PRIA) in the amount of EUR 353,000. A grant relating to assets is presented by deducting the grant from the asset's carrying amount.

Brief discussion on sales and profitability for the past 3 years
Positive revenue growth during the period 2012-2014 reflects increasing sales of fermentation-based long drinks and cocktails in the Baltics and Finland. In 2014 the prices of sugar and apple juice concentrate in the European market dropped dramatically, also reducing pricing of the Company's product.

Guidance
Assuming that the Company proceeds to:
(i) increase its capacity by >50% over the next four years; and
(ii) commences earning revenues from its aroma recovery project.

Conservative estimates (including status quo for product pricing) indicate combined revenues (existing plus new products) of around EUR 5m in 2017.

- This is based on at least EUR 1.3m of capital expenditure being applied in 2015.
- Adjusted for capex, existing product profitability is largely expected to remain in historical ranges.
- It is important to remember that much capex has been written off immediately or depreciated more aggressively than required by accounting standards.

Market Overview & Competitive Position

Wine for bottlers

Consumers are showing increased preferences for flavours of a natural origin, as well as choosing products with lower alcohol content. By 2016 global consumption of alcoholic beverages is expected to have grown to 283bn litres, an increase of 15 % from 2011. Factors driving this growth include increased consumer power and new products and flavour innovations. Wine and wine-based products, alongside beer and beer mixes, are important segments.

The wine base is typically manufactured by one of two sources. The first of these are the integrated brewers themselves, the second are niche manufacturers such as the Company. Due to the flexibility granted by outsourcing, the Company believes that it can more efficiently service the operational needs of beverage producers utilising fermented wine. Part of this relates to the beverage producer avoiding the management of a parallel fermentation process vis a vis to its standard brewing operations. No reliable market analysis available for the field the Company is operating in.

The Company supplies brewers and bottlers with a multi-purpose wine base for a wide range of products.

The dividing line between cider/perry and alco-pop differs between countries. In the Nordic countries, with its monopoly on distributing alcoholic drinks, only fermented beverages can be sold in supermarkets. As such alco-pops, in their traditional meaning, are not permitted for sale in supermarkets. In Germany an alco-pop tax on beverages made from distilled spirits practically hinders the sale of such products, though wine-based (without added alcohol) products are favourably taxed and allowed in almost every country. In wine producing countries, like Germany again, different wine spritzers and blends are popular, though these are not included in brewery statistics. From a total consumption of 1.75bn litres of alcohol consumed in the EU, an average of 70 litres of beer is consumed per person, with fermented beverage mixes holding a potential 3.5 – 14 litres per capita.

Wine-based products compete in a segment where different tastes and flavours come and go with a shorter product life cycle than is the case with beer brands and beer products.

Aroma-Adjusted Wine for Ciders and Low Alcohol Fermented Beverages

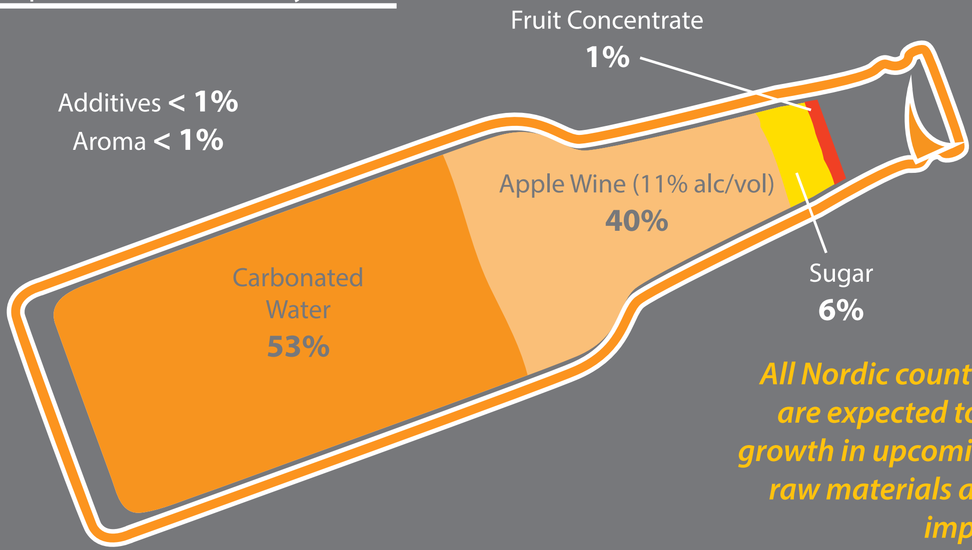
The Company's focus for several years has been on serving beverage producers with high quality fruit wines. Intense investment in developing the Company's production techniques has led to a number of innovations in the processing of wine to meet bottlers' needs. Along with the traditional range of fruit wines, Linda Nektar has developed a process where only the unwanted flavour components are stripped out from the wine.

Flexibility

By stripping out unwanted flavours, this method does not disturb the development of the final beverage, making it possible to use the same wine for a wide range of fermented alcohol beverages. The stripping process does not violate the fundamental markers of a fermented alcohol beverage. The natural fruit acids and fermenting markers remain practically

A selection of local retail products containing fermented wine

Typical Components in a Brewery Cider

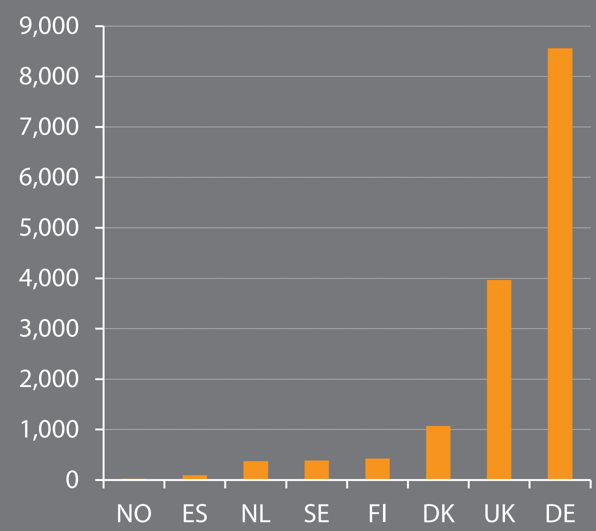


All Nordic countries, except Finland are expected to see volume sales growth in upcoming years and natural raw materials are becoming more important

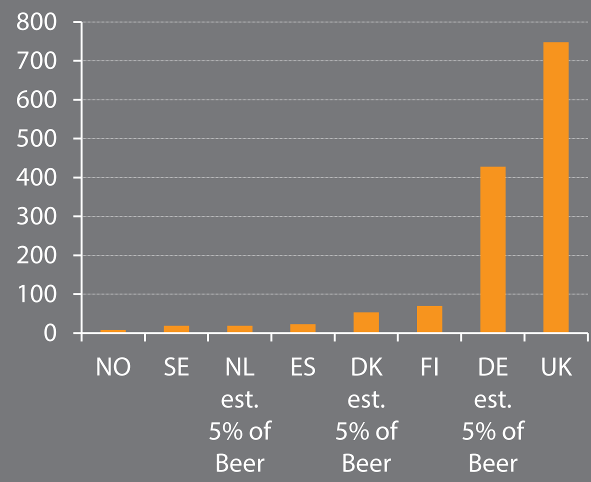
Brewery Industry Overview

- The market for global alcoholic beverages is growing by an estimated 15% between 2011-2016
- The EU's average annual consumption of beer per person is 70 litres
- The average potential consumption of ciders and fermeted brewery products in the EU is 5-10% of beer volumes, i.e. 3.5-7.0 litres per capita

2013 Beer Consumption, Million Litres



2013 Cider and Fermented Beverages, Million Litres



Brewery industry analysis in most cases refers only to beer, since it is the main component of sales

Many breweries, who are producing beer, alongside produce cider and some fruit wines. Cider is usually a niche product compared to the widely-used beverage: beer, comprising 5-20% of beer volume in Nordic countries

The number of breweries in the EU is still growing in 2012, reaching around 4500, and includes global leaders, regional players and 1,000's of small and medium-sized companies and microbreweries

Source: Brewers of Europe research

unchanged, enabling their classification under customs code 2206 throughout all of the EU.

Cost savings
One wine for many final products leads to savings in terms of tank capacity, reduced inventories, as well as making the blending process easier to overview and execute.

Safety
The products have an alcohol content of 14.5%, making them safer from microbiological contamination for handling and storage. Combined with reliable shipments the solution is optimal for any brewery.

The Company has been approved by Lloyd's Register Quality Assurance to the Management System Standard ISO 9001:2008. The Management System is applicable to: Production of fermented beverages.

The company has implemented HACCP control system for ensuring the production of safe and quality products.

The wine is produced in accordance with Estonian Food Law and Regulation (EC) No 178/2002 of the European Parliament and of the Council.

Status and Proposition
The Company's proposition is for long-term co-operation, sharing the results from the development and skills in handling and treating of fruit wines. The new aroma stripping process is ready to be put into full-scale production at the Company's production plant in Southern Estonia.

Natural Concentrated Aroma Market
Linda Nektar is planning to invest in a new flavour processing and production line capable of manufacturing a range of authentic natural aroma extracts to supply the flavour and food industry. The planned investments are based partly on the same technology for treating wine.

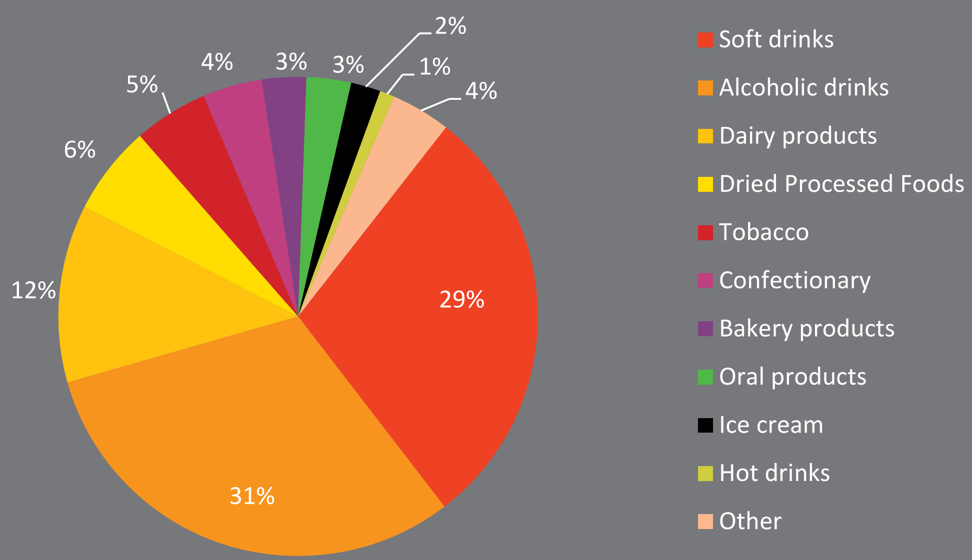
Currently a number of flavours, including natural and synthetic ones, are used alone or in conjunction with other food flavourings to achieve, or intensify, the desired taste profile of the final food product. There is actively growing demand for exchanging synthetic flavours with natural flavours due to trends associated with health and wellness [glossary reference: 1,2,3,4], as well as changes in EU legislation [5].

According to reports on developments in the flavour market, the demand for flavours and fragrances — including those for flavour and fragrance blends, essential oils and natural extracts, and aroma chemicals — is expected to rise 4.4% a year to reach USD 26.5bn in 2016 [1, 2]. These studies [1, 2] forecast robust gains in demand for flavours and fragrances in the developing economies of the Asia/Pacific region, Central and South America, and the Africa/Mideast region. Eastern Europe is expected to show growth in line with the global average, though still significantly faster than Western markets. China and India are projected to see particularly rapid advances, boosting consumption of flavours and fragrances in the Asia/Pacific region.

Leading flavour and fragrance producers will continue making investments in developing regions to capture an increasing share of the global market in the abovementioned areas [1]. Sales of food and beverages should rise in line with growing urbanisation, rising incomes and increasing interest in Western foods and lifestyle. These trends will lead to rising output of processed and convenience foods [1].

In terms of global flavour consumption, the biggest volumes and shares are made up by soft and alcoholic drinks [6]. See chart below.

Global Flavour Consumption by Food Industry Sector



Estimated value of aroma components in waste streams from three major areas: apple, oranges and malt concentration is greater than EUR 1bn globally

Source: Euromonitor International (2010)

Recent reports on developments in the soft drink industry confirm increasing demand for authentic natural aroma profiles, which showed that the industry is looking for more sources of supply. Sensient Flavors LLC, one of the world's leading flavour houses, has introduced a new line of natural and true-to-type varietal (a wine made from a single type of grape) apple flavours in response to consumer demand for fruit varietals. [7]

Driven by the health and wellness trend, consumers are choosing fruit varietals as a means to diversify their diet as they embrace the notion of positive nutrition. As a result, its new range of natural and true-to-type varietal apple flavours allows manufacturers to create products, with multiple apple profiles suitable for a variety of applications [7].

Other reports on trends in categories like the confectionary industry forecast that natural flavours, innovative flavour combinations, and seasonal flavour profiles are becoming a key part of the booming confectionery industry, which continues on a path of rapid global growth [8].

The process being implemented by the Company will be able to produce natural flavours as well as natural true-to-type aromas for any kind of industrial application. Linda Nektar will be able to fulfil the different demands of the flavour industry by supplying authentic natural flavours.

Management

Management Structure
In accordance with Estonian law, the operational management of the Company is structured as a two-tier system. The Management Board is responsible for the day-to-day management of the Company's operations and is eligible to represent the Company on the basis of the law and the Articles of Association. The Supervisory Board of the Company is responsible for the strategic planning of the business activities of the Company and supervising the activities of the Management Board.

Management Board
The Management Board of the Company comprises of one sole member – Ms Kadri Rauba. Ms Rauba was born in 1970. Ms Rauba graduated from the University of Tartu in 2011. Ms Rauba is currently pursuing her studies and is doing her masters degree in business administration and management of technology. Before joining the Company in 2005, Ms Rauba worked as the Chairman of Management Board of OÜ Liitva Puit. Her previous professional engagements include consultant work in a notary's office and an office manager position at AS Räpina Metsamajand. Kadri Rauba does not own any shares in the Company.

Kadri Rauba
CEO since 2005

Supervisory Board
The Chairman of the Supervisory Board of the Company, Mr Ernst Erik Hagström, was born in 1956. In 1980 he graduated as an engineer of production technology from Tekniska Läroverket i Helsingfors. Between 1979 – 1981, he studied economics at Svenska Handelshögskolan i Helsingfors. Since 2001 Mr Hagström has been acting as the manager of B&S Nordic Ab and as the Chairman of the Supervisory Board of the Company. Between 1996 and 2000 Mr Hagström held the position of business development manager of Oy Chymos Juomat Ab Helsinki. His previous positions include the managing director of Oy Suomen Marjat Ab (1989 – 1995), business development manager of Uponor Oy / Ab Group function at Fristad Sweden (1986 – 1989) and other roles, including the position of managing director, of Oy Suomen Muovitehdas Ab. Erik Hagström indirectly owns 1,273,726 (80.87%) of the shares in the Company as of the date of this Company Description.

Erik Hagström
Shareholder and Chairman of the Supervisory Board.
Associated with company since 2001

Member of the Supervisory Board, Mr Kuldar Leis, was born in 1968. Mr Kuldar Leis graduated from the University of Tartu in 1993, specialising in credit and finance. He also holds a diploma in dairy technology. He is currently serving as a member of the Supervisory Board of an Estonian listed company, AS PRFoods. Before being elected to the Supervisory Board of AS PRFoods, he served as the Chairman of the Management Board of AS PRFoods. He has previously been employed as the Chairman of the Management Board of the food company, AS Nordic Foods (2004 - 2007), and the beverages company, AS Ösel Foods (2001 - 2003), and as sales and marketing director of AS Ösel. Prior to that, he held managing positions in dairy processing companies, AS Ühinenud Meiereid (1998 - 2000) and AS Põlva Piim (1991 - 1994). During 1996 - 1998, Mr Kuldar Leis was the regional manager of Hoiupank. He is currently a member of the Supervisory Board of the Food and Competence Centre of Food and Fermentation Technology. He is also a Council member of the Estonian Food Industry Association. Kuldar Leis indirectly owns 155,846 (9.89%) of the shares in the Company as of the date of this Company Description.

Kuldar Leis
Shareholder and Supervisory Board member. Associated with company since 2010

The third member of the Supervisory Board, Mrs Margit Pill, was born in 1956. In 1979 she graduated from the Faculty of Chemistry and Physics of the University of Tartu and obtained a degree in organic chemistry. Since 2006 Mrs Pill has been acting as the division manager of AS Saarek. Before joining AS Saarek she worked as the production manager of the Reola production unit of AS A Le Coq. Between 1995 and 2003 Mrs Pill worked as the laboratory manager of AS Ösel Foods. Her previous positions include project manager of pheromones and laboratory manager in OÜ Flora and engineer in the Institute of Geology. Margit Pill does not own any shares in the Company.

Margit Pill
Supervisory Board Member.
Associated with company since 2009

General Meeting of Shareholders

The General Meeting of shareholders is the highest governing body of the Company. The shareholders are entitled to take part in the corporate governance of the Company through the General Meeting of shareholders, where they can exercise their powers to decide on certain important corporate matters, such as amending the Articles of Association, increasing and decreasing share capital, issuing convertible bonds, the election and removal of the members of the Supervisory Board and the auditor, approval of the annual accounts and distributing profits, the dissolution, merger, division or transformation of the Company and certain other matters.

Stock Option Programme

On 9 April 2015, the General Meeting of shareholders of the Company resolved to approve the stock option programme of the Company on the following terms and conditions:

(i) The purpose of the option programme is to align the interests of the members of the management bodies of the Company and the key employees thereof with the interests of the shareholders of the Company, raise the level of motivation of the personnel of the Company and achieve improvement of the financial results of the Company;

(ii) The volume of the option programme shall be up to 3% of the total registered share capital of the Company as at 31.12.2015 and involves the issue of new shares.

(iii) The exercise price of the share option shall be determined by the Supervisory Board of the Company considering the share issue price during the most recent share capital increase of the Company, whereas such price may be adjusted if it is objectively justified due to corporate changes in the Company. The exact terms and conditions of adjustment shall be set forth in option agreements executed with persons entitled to participate in the option programme;

(iv) The option programme is directed to the members of the managing bodies and key employees of the Company, whereas the Supervisory Board of the Company shall be entitled and authorised to determine the exact persons eligible to participate in the option programme and the number of options granted to such persons;

(v) The term of the options shall be 3 years from the time of being granted;

(vi) Option agreements reflecting the terms and conditions referred to above shall be executed with each person eligible to participate in the option program, whereas the additional terms and conditions not referred to above shall be determined by the Supervisory Board of the Company.

General Corporate Information & Shares

General Corporate Information
The business name of the Company is AS Linda Nektar. It was registered in the Estonian Commercial Register under the code 10211034 on 30 May 1997.

The Company has been established and is currently operating under the laws of the Republic of Estonia in the form of a public limited company (in Estonian: aktsiaselts or AS) and is established for an indefinite term.

The contact details of the Company are as follows:
AS Linda Nektar
Address: Kobela Borough, Antsla vald, 66407 Võrumaa, Estonia
Phone: +372 785 5768
E-mail: info@lindanektar.ee

As of 1 January 2007, public limited companies established under Estonian law are not required to list their fields of activity in the Articles of Association, which was the case before 1 January 2007. Instead of listing the fields of activity in the Articles of Association, public limited companies are required to provide such information in their annual reports using the Estonian Classification of Economic Activities (EMTAK).

According to the latest available annual report of the Company, i.e. the annual report for the financial year ended on 31.12.2014, the fields of activity of the Company was the production of cider and other fruit wines (NACE 11.03 / EMTAK 11031).

Articles of Association
The latest version of the Articles of Association of the Company was adopted at the General Meeting of shareholders, dated 9 April 2015. These have been attached to the appendix of the Company Description.

Share Capital and Shares
The current (as at 25 May 2015) registered share capital of the Company is EUR 1,575,109, which is divided into 1,575,109 shares of the Company with the nominal value of EUR 1.00. The shares are registered in the Estonian Central Register of Securities under ISIN code EE3100060344.

The following resolutions were adopted at the Company's General Meeting of shareholders, held on 9 April 2015.

Reducing of Nominal Value of Shares without Changing Share Capital Size

5.1 The Company's shareholders have resolved to reduce the nominal value of the Company's shares from EUR 63.90 per share to EUR 1.00 per share in such a way that the size of the share capital remains unchanged, but the number of the Company's shares increases accordingly (share split). As a result of the reduction of the nominal value of the shares the Company's 440 shares with the nominal value of EUR 63.90 per share will be replaced with 28,116 shares with the nominal value of EUR 1.00 per share and the Company's share capital will remain unchanged, constituting EUR 28,116.

5.2 Following the reduction of the nominal value of the Company's shares the Company's shares shall be distributed between the Company's shareholders as follows:

5.2.1 OÜ Rododendron – 3067 Company's shares with the nominal value of EUR 1.00 per share, which represents in total 10.9084% of the Company's share capital;

5.2.2 OÜ Fermex International – 25,049 Company's shares with the nominal value of EUR 1.00 per share, which represents in total 89.0916% of the Company's share capital.

In the course of the reduction of the nominal value of the Company's shares the number of shares shall be rounded to the closest whole number, as a result of which the participation of OÜ Rododendron in the Company's share capital shall decrease from 10.9091% to 10.9084%, and the participation of OÜ Fermex International in the Company's share capital shall increase from 89.0909% to 89.0916%. By signing this resolution the Company's shareholders confirm that they agree with the said change in the shareholdings and with the distribution of shares after the reduction of the nominal value of the Company's shares as referred to in Sections 5.2.1 – 5.2.2 above, and that they have no claims related thereto.

Increasing of Share Capital by Means of Bonus Issue

6.1 The Company's shareholders have resolved to increase the Company's share capital by EUR 1,400,564 from the former EUR 28,116 to EUR 1,428,680. The increase of the Company's share capital shall be carried out on the account of the Company's equity capital without making of contributions, by means of a bonus issue.

6.2 In the course of the bonus issue 1,400,564 new shares with the nominal value of 1 euro per share shall be issued. The share capital shall be increased in the volume corresponding to the sum of the nominal values of the newly issued shares.

6.3 By means of the bonus issue the participation of the Company's shareholders in the share capital (i.e. the number of shares) shall be increased proportionally to the size of the shareholdings of the Company's shareholders (nominal values of the shareholdings) prior to the carrying out of the bonus issue, whereas upon the distribution of the Company's new shares the number of shares shall be rounded to the nearest whole number. The new 1,400,564 Company's shares to be issued in the course of the bonus issue shall be distributed between the Company's shareholders as follows:

6.3.1 OÜ Rododendron – 152,779 Company's new shares with the nominal value of EUR 1.00 per share. Following the share split and the increase of the Company's share capital OÜ Rododendron shall hold in total 155,846 Company's shares;

6.3.2 OÜ Fermex International – 1,247,785 Company's new shares with the nominal value of EUR 1.00 per share. Following the share split and the increase of the Company's share capital OÜ Fermex International shall hold in total 1,272,834 Company's shares;

6.4 As in the course of the bonus issue the newly issued shares shall be acquired by the Company's current shareholders proportionally to the size of the shareholders' shareholdings and as all the Company's shareholders hereby give their consent to the acquisition of the new shares, no additional subscription of the new shares shall take place and the subscription time and place shall not be ascertained.

6.5 The bonus issue shall be carried out on the ground of the 2014 Annual Report, which is prepared and approved as at 31.12.2014, and which is subject to approval by this resolution. The bonus issue shall be carried out on the basis of the equity capital entry of the balance sheet "Retained earnings" in the amount of EUR 1,400,564. The bonus issue shall be carried out as at 31.12.2014, i.e. as at the date of the preparing and approving of the 2014 Annual Report, whereas the increase of the share capital shall take effect at the time of making of the relevant entries in the Commercial Register.

6.6 The increase of the share capital does not bring about any additional rights of the shareholders.

Please refer to sections three and four of the Articles of Association (prior section) for further information on the share capital and shares.

Other Securities
The Company has issued no other securities than the ordinary shares as described above.

Additional Information
The following was adopted by respective resolutions of the General Meeting of shareholders of the Company, dated 9 April 2015.

Distribution of Profit
The Company's shareholders have resolved to approve the Company's net profit for the 2014 financial year in the amount of EUR 323,838 and to distribute it as follows:

(i) to pay the shareholders of the Company dividends in the total amount of EUR 129,100, i.e. EUR 293.41 per share, on the account of the accounting year's profit. Therefore, OÜ Fermex International shall receive dividends in the amount of EUR 115,015.19 and OÜ Rododendron in the amount of EUR 14,084.81;

(ii) the net profit of the accounting year, which exceeds the amount of payable dividends, i.e. in the amount of EUR 194,738, shall be allocated to the retained earnings.

Shareholders
The shareholder structure of the Company as at the date of this Company Description is indicated the table below:

Name of Shareholder	No. of Shares	% of shares
Fermex International OÜ and Omnicap OY (under the control of the Chairman of the Supervisory Board, Erik Hagström)	1,273,726 (Including Omnicap OY: 892)	80.87%
OÜ Rododendron (under the control of the member of the Supervisory Board of the Company Mr Kuldar Leis)	155,846	9.89%

Private Placement
The Company raised additional capital by way of private placement on the following terms.

On 12 May 2015, the shareholders of the Company resolved to increase the Company's share capital. In the course of the share capital increase exactly 146,429 new shares with the nominal value of EUR 1 per share were to be issued. The size of the share premium per 1 newly issued share was EUR 4.60.

146,429 shares were subscribed for at a price of EUR 5.60 per share. A total of EUR 820,002.40 was raised in gross proceeds.

Following the registration of this capital increase with the Estonian Commercial Register as well as with the Estonian Central Register of Securities the total number of shares on issue, as of the date of this Company Description, is 1,575,109.

Lock-up Arrangement of Key Shareholders
The Certified Adviser, Fermex International OÜ (a company under the control of the Chairman of the Supervisory Board of the Company Mr Ernst Erik Hagström) and OÜ Rododendron (a company under the control of the member of the Supervisory Board of the Company Mr Kuldar Leis) have executed a lock-up agreement. The parties to the lock-up agreement have agreed that, without the prior written consent of the Certified Adviser, Fermex International OÜ and OÜ Rododendron will not offer, sell, and contract to sell, or otherwise dispose of any shares of the Company owned by them at any time. The same restriction applies to any securities convertible into or exchangeable for the shares of the Company and

to any swap or other agreement or any transaction the economic consequence of which would be the transfer of the ownership to the shares. The lock-up agreement will remain valid for 12 months from the execution of the agreement. Under the lock-up agreement, the Certified Adviser is not entitled to unreasonably withhold its consent, provided that the proposed new owner of the locked-up shares has executed or has committed to execute a lock-up agreement on similar terms as Fermex International OÜ and OÜ Rododendron as set forth in the agreement described herein.

Auditor
Grant Thornton Rimess OÜ (register code 10384467) has been elected to act as the auditor firm of the Company.

Risk Factors

Business Risks

Location Risk: The Company and the Company's production unit are located in Võrumaa, Estonia, which is the most southern municipality of Estonia and is located near the border of Estonia and Latvia. The location of the Company makes finding qualified personnel challenging. Due to low employment rates outside the cities of Estonia, qualified workers tend to move to the bigger cities.

Dependency on Limited Number of Clients: The Company has only a limited number of clients and is therefore dependant on its major clients. Should any of such major client relationships be terminated, there could be a significant drop in the Company's turnover.

Production Related Risks: Production activities always embrace certain risks such as dependency on the development of technology, exposure to civil liability, personal injury risks of personnel, breakdown of equipment.

Management Risk: From 2005, the Management Board of the Company comprises of one member and therefore the management of the Company is, to a certain extent, dependent on one person only.

Evolving Market: The Company is currently exploring its opportunities for starting aroma extraction operations and developing new products. The market for such products is an evolving one and is subject to rapid development and change. Although in the opinion of the management team of the Company it is market with great potential, there can be no certainty as to the market developing for the Company's products.

Industry-Specific Risks

Exposure to Fluctuations in Prices of Global Commodities: The raw materials of the Company's products are apple concentrate, sugar syrup, yeasts and various additives, which are all global commodities and the prices of which are subject to constant fluctuations. The fluctuation of prices in an adverse direction may have a significant effect on the profitability of the Company.

Limited Market: Due to the specifics of the Company's products, the market where the Company operates as at the date of this Information Memorandum is limited to the producers of alcoholic beverages. In addition to being limited to certain clients only, the market is also limited geographically with particular export ranges. The Company expects to mitigate the limited market related risks, among other means, by expanding its operations and developing new products (aroma extraction).

Dependency on Logistics Services Providers: The Company has no logistics operations of its own and is dependent on third-party service providers. The transportation of the Company's products requires specific vehicles with particularly high sanitary requirements. There are only a limited number of service providers able to meet the needs of the Company. Losing any of its current logistics partners may have adverse effect on the Company's operations.

Seasonality: The revenues from the sales of light alcoholic beverages are subject to seasonal variations. The revenues are highest during the second and third quarters (in particular the summer months), while sales slow down during the first and fourth quarter. Such seasonality has a respective adverse effect on the financial results of the Company; however, the Company's management team makes its best efforts to consider this while planning its operations.

Political Risks: The production and sales of alcoholic beverages is a field of activity subject to remarkable political risks, especially in Estonia. The Estonian public authorities, on both, state and local municipality level, are constantly seeking opportunities to limit and decrease the consumption of alcoholic beverages. The examples of the means used for doing that are limiting the selling hours of alcoholic beverages, restricting the advertising opportunities of the sellers and producers of alcoholic beverages, increasing the field specific taxes (excise of alcoholic beverages). Further to the actions on public level, active work is done also on non-governmental level to promote healthy lifestyle and emphasise the harming effect of alcohol to human health. Such tendency may have adverse effect on the financial results and profitability of the Company's operations. In addition to the Estonian political risks, the operations of the Company, especially taxation of the Company's products (excise of alcoholic beverages), may be adversely influenced by constant changes in the legal regulations on the European Union level and the different interpretation of the main piece of legislation affecting taxation, the Combined Nomenclature (the Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff), by the authorities of different member states.

Risks related to Shares and Admission to Trading

Active Market for Shares May Not Develop: The multilateral trading facility, First North, as operated by NASDAQ OMX Tallinn AS is substantially less liquid and more volatile than the regulated market or even established alternative markets, such as those in other countries with highly developed securities markets. The relatively small market capitalization and low liquidity of the market may impair the ability of shareholders to sell the shares on First North, or could increase the volatility of the share price. Since the market is also characterised by relatively low investor activity, the impact of individual transactions on the market price of securities may be significant. Lower investor activity may lead to wider spreads between the bid and ask prices and a correspondingly lower liquidity of traded securities. Therefore there can be no certainty that an active market will develop for the Company's shares.

Payment of Dividends: The Company is under no lasting and definite obligation to pay regular dividends to its shareholders and no representation can be made with respect to the payment and amount of future dividends. The management's recommendations for the distribution of profit will be based on financial performance, working capital requirements, reinvestment needs and strategic considerations which may not necessarily coincide with the short-term interests of all shareholders. The payment of dividends and the amount thereof will be subject to the ultimate discretion of the majority of the Company's shareholders.

Lack of Adequate Analyst Coverage: There is no guarantee of continued analyst research coverage for the Company. Over time, the amount of third-party research available in respect of the Company may increase or decrease with little or no correlation with the actual results of its operations as the Company has no influence on the analysts who prepare such reports. Negative or insufficient third-party reports would be likely to have an adverse effect on the market price and the trading volume of shares in the Company.

Taxation in Estonia

This Section is meant to give an overview of the tax regime applicable to the Company and its shareholders, including the taxation of dividends and capital gains as applied to the dividends paid out and the shares issued by the Company. The summary below is in no way exhaustive and is not meant to constitute professional advice to any person.

Corporate Income Tax

The system of taxation of corporate income currently in force in Estonia differs from the traditional model of corporate income taxation in that it shifts the point of corporate taxation from the moment of earning to the moment of distribution. Therefore, in Estonia corporate income tax is charged only on the distributed profit with the reinvested profits remaining untaxed until distribution.

Corporate income tax is charged on profit distributions such as dividends, payments in the course of the reduction of share capital and redemption of own shares, as well as on implicit distributions such as fringe benefits, gifts and donations, expenditures and payments not related to the business activities of the Company.

All of the above profit distributions are taxed at the rate of 20/80 (approximately 25%) of the net amount of the distribution, i.e. 20% of the gross amount of the distribution. The corporate income tax charged on above profit distributions is payable only at the company level with the Company being responsible for calculating, declaring and paying the respective corporate income tax. Corporate income tax imposed on distributed profit is not a withholding tax and thus is not influenced by the applicable international tax treaties.

Payments made in the course of the reduction of share capital and redemption of shares are taxable at the company level only to the extent such payments exceed the monetary and non-monetary contributions previously made by the shareholders into the company.

Taxation of Dividends

Dividend payments made by Estonian resident companies are exempt from income tax in Estonia at the level of the recipient of dividend payments, regardless of the corporate (legal person or individual) and residential status of the recipient. Therefore, no withholdings are made from the dividends, instead, all distributions in the form of dividends are taxed with corporate income tax at the company level as described above. Non-resident shareholders receiving dividends from the Company may; however, be subject to declaring and paying income tax from such dividend payments in their respective countries of residence.

There are certain exceptions under which Estonian resident companies are exempt from the payment of income tax on dividends. In particular, dividend payments are not subject to income tax, if the income underlying the dividends originates from dividends that have been received by the Estonian resident company from a company which is a resident taxpayer in an EEA member state or Switzerland (except offshore territories), and provided that at the moment of receiving the dividends the Estonian company was the owner of at least 10% of the votes in the subsidiary.

Capital Gains from Sale or Exchange of Shares

Gains realized by Estonian resident individuals upon the sale or exchange of shares shall be subject to income tax at the rate of 20%. Since all earnings of resident legal persons, including capital gains, are taxed only upon distribution, capital gains realized by resident legal persons are not subject to immediate taxation.

For the purposes of capital gains taxation, the gain derived from the sale of shares is the difference between the acquisition cost and the sales price of the shares. The gain derived from the exchange of shares is the difference between the acquisition cost of the shares subject to exchange and the market price of the property received as the result of the exchange. The certified expenses directly related to the sale or exchange of shares may be deducted from the shareholder's gain.

Estonian resident individuals and non-residents are subject to paying income tax (20%) on the gains from the receipt of payments in the course of the reduction of share capital or redemption of shares or from the receipt of liquidation proceeds. The taxable gain is calculated as the difference between the value of the received payment and the acquisition cost of the relevant shareholding (which has been reduced, redeemed or liquidated), whereas part of the gain that has been already taxed at company level, shall be exempt.

Articles of Association
The latest version of the Articles of Association of the Company was adopted at the General Meeting of shareholders, dated 9 April 2015:

1 Business Name / Seat
1.1 Business name. The business name of the company is AS Linda Nektar (hereinafter the Company).
1.2 Seat. The seat of the Company is Kobela Borough, Antsla rural municipality, Võru county, the Republic of Estonia.

2 Financial Year
2.1 The financial year of the Company shall start on the first of January and end on the thirty first of December (01.01 – 31.12).

3 Share Capital and Shares
3.1 Minimum and maximum amount of share capital. The minimum share capital of the Company shall amount to EUR 1,200,000 and the maximum share capital shall amount to EUR 4,800,000. Within the limits of the minimum and the maximum amounts of share capital, the Company's share capital may be increased or reduced without amending these Articles of Association.

3.2 Shares. The share capital is divided into registered shares of one type. The nominal value of each share is 1 euro. Each share shall grant one vote at the General Meeting. The shares of the Company are registered with and the share register of the Company is kept by the Estonian Central Register of Securities.

3.3 Rights arising from share. A share shall grant the shareholder the right to participate in the management of the Company and in the distribution of profit and, upon the dissolution of the Company, in the distribution of the remaining assets of the Company, as well as other rights provided for by the law or the Articles of Association.

3.4 Pre-emptive right to subscribe for shares. A shareholder has a pre-emptive right to subscribe for new shares proportionally to the sum of the nominal value of the shareholder's shares, unless otherwise provided by the resolution on the increase of the share capital.

3.5 Contributions into share capital. The share capital is formed of monetary and non-monetary contributions of shareholders. A monetary contribution shall be transferred to the bank account of the Company. The value of the non-monetary contribution shall be determined by the resolution of the Management Board of the Company, and the valuation shall be audited by the Company's auditor who shall provide the Management Board with a written opinion regarding the value of the non-monetary contribution. If generally recognized experts are available for the valuation of the property, the valuation of the object of the non-monetary contribution shall be obtained from them.

3.6 Share premium. The issue price of a share may be greater than the nominal value of the share, i.e. the shares may be issued with a share premium. The share premium may be used for the covering of loss and for the increase of the share capital by a bonus issue.

3.7 Reserve capital. To cover possible losses, the Company shall form a reserve capital which shall amount to 1/10 of the share capital. At least 1/20 of the net profit of the Company shall be transferred to the reserve capital every year until the minimum reserve capital amount is attained.

3.8 Convertible bonds. The Company is entitled to issue convertible bonds upon the relevant resolution of the General Meeting. The procedure and the terms of payment for convertible bonds, as well as the procedure and the terms of converting bonds into shares, shall be set forth in the resolution on the issue of convertible bonds.

4 Transfer and Encumbrance of Shares
4.1 Transfer of shares. The shares of the Company may be freely transferred.
4.2 Pledging of shares. The shares of the Company can be pledged pursuant to the procedure provided by law.
4.3 Transfer of share to successor. Upon the death of a shareholder, the share shall transfer to a successor of the shareholder.

5 General Meeting
5.1 Role of General Meeting. The shareholders exercise their rights in the Company at the General Meeting of Shareholders, which is the highest managing body of the Company.

5.2 Competence of General Meeting. The General Meeting of Shareholders is competent to:
5.2.1 change or supplement the business activities of the Company;
5.2.2 amend or supplement the Articles of Association of the Company or the rights attached to the Company's shares;
5.2.3 increase or reduce the share capital of the Company;
5.2.4 issue convertible bonds;
5.2.5 redeem or buy back the shares of the Company;
5.2.6 elect and recall the members of the Supervisory Board and decide on their remuneration;
5.2.7 elect and recall the auditor of the Company;
5.2.8 designate a special audit and decide on its remuneration;
5.2.9 decide on the assertion of a claim against a member of the Supervisory Board, and on the conclusion of a transaction with a member of the Supervisory Board, as well as on the appointment of the Company's representative in such claim or transaction;
5.2.10 approve the Annual Report and distribute profit;
5.2.11 decide on dissolution, merger, division and transformation of the Company;

5.2.12 decide on other matters placed in the competence of the General Meeting either by law or upon the request of the Supervisory Board.

5.3 Convening General Meeting. The shareholders shall be informed about the holding of an ordinary (annual) General Meeting at least 3 weeks in advance. The shareholders shall be informed about the holding of an extraordinary General Meeting at least 1 week in advance. The agenda of the General Meeting shall be appended to the notice of the General Meeting, and the notice shall be sent by the Management Board to all the shareholders of the Company, except if the Company has more than 50 shareholders, in which case the notice of the General Meeting shall be published in at least one daily national newspaper. The notice of convening the General Meeting shall be sent to the addresses entered into the share register by registered mail. The notice may be sent via unregistered mail, fax or e-mail, provided that a notification concerning the obligation to immediately send acknowledgement of receipt of the document is appended to such notice. A notice sent by unregistered letter, fax or electronic mail is deemed to have been delivered if the recipient sends the Management Board acknowledgement of receipt of the document in writing, by fax or electronic mail at the recipient's discretion.

5.4 Annual General Meeting. An annual General Meeting shall be held at least once a year not later than 6 months after the end of the financial year, whereas the agenda of the annual General Meeting shall include at least (i) approval of the Annual Report for the preceding financial year, (ii) resolving distribution of profit and (iii) election of an auditor for the next financial year.

5.5 Quorum and majority requirements. The General Meeting has a quorum provided that more than one-half of the votes determined by shares are represented at the meeting. If the required number of shares is not represented at the General Meeting, the Management Board shall convene a new General Meeting with the same agenda within 3 weeks but not earlier than after 7 days. The new General Meeting has a quorum regardless of the number of votes represented at the meeting. A resolution of the General Meeting shall be passed provided that more than one-half of the votes represented at the General Meeting are given in favour thereof, except for the resolutions on the amendment of the Articles of Association, recalling of the Supervisory Board members before the expiration of their term, increase and reduction of the share capital, merger, division, reorganization and dissolution of the Company, in which case more than 2/3 of the votes represented at the General Meeting shall be given in favour in order to adopt the resolution, and except for other resolutions in respect of which a requirement for a larger majority of votes is set forth by law.

5.6 List of participating shareholders. The list of shareholders entitled to take part in a General Meeting shall be determined as at 7 days before the date of holding the General Meeting.

6 Supervisory Board

6.1 Role of Supervisory Board. The Supervisory Board plans the activities of the Company, organizes the management of the Company and supervises the activities of the Management Board.

6.2 Competence of Supervisory Board. The Supervisory Board is competent to:

6.2.1 plan the activities of the Company and organize its management;

6.2.2 elect and recall the members of the Management Board and appoint the chairman of the Management Board;

6.2.3 determine the responsibilities of the members of the Management Board and decide on the principles of remuneration of the members of the Management Board;

6.2.4 give orders to the Management Board in the course of organizing the Company's operations, and supervise the activities of the Management Board;

6.2.5 approve the budget for the financial year;

6.2.6 appoint and recall a procurator;

6.2.7 prepare and approve the agenda of the General Meeting;

6.2.8 provide consent to the Management Board for concluding transactions and taking actions set out in this Section 6.2.8, whereas the Supervisory Board may establish general rules for the conclusion of transactions and carrying out of actions of certain types, without the obligation to provide each time consent to the Management Board. The consent of the Supervisory Board is required for the conclusion of the following transactions:

(i) acquiring, transferring, encumbering, increasing or reducing of any shareholding in another company or otherwise disposing of shareholdings (including by way of waiver of the pre-emptive right to subscribe for or to acquire a shareholding);

(ii) incorporation of a subsidiary or resolving on the merger, division, transformation or dissolution of such subsidiary;

(iii) establishing or closing of a foreign branch;

(iv) acquisition, transfer or termination of the activities of an enterprise or its organizationally independent unit;

(v) acquisition, transfer or encumbrance of immovable property and of registered movables;

(vi) making of investments in excess of the cost amount provided for in the Company's budget for the relevant financial year;

(vii) assuming any loans, credits or any other debt obligations, as well as amending of the material terms and conditions of the agreement entered into for the purpose of assuming such loan, credit or debt obligation;

(viii) making loans, granting credit or issuing any securities or encumbrances with regard to the property of the Company, or issuing guarantees, sureties or undertaking other similar obligations;

(ix) entering into, amending or terminating any contract or agreement that is beyond the scope of everyday business activities or that has a purpose of binding the Company for more than 12 months and that obliges the Company to incur expenses or carry obligations, including on unforeseeable grounds, in the volume of more than EUR 500,000 per year;

(x) concluding of transactions with the members of the Management Board or their related parties, including determining the terms and conditions of the transactions and deciding on the amendment of the material terms and conditions of the transactions, as well as deciding on the conduct of legal disputes;

(xi) changing the Company's accounting and financial accounting principles and practices;

(xii) offering or transferring of any gift, donation, contribution, sponsorship or other similar instrument to any person, entity, foundation, association, organization or political party;

(xiii) deciding on any matter at the request of another body of the Company.

6.3 Members of the Supervisory Board. The Supervisory Board consists of 3-5 members, who shall be elected for 5 years by the General Meeting. The members of the Supervisory Board shall elect a chairman from among themselves. The chairman shall organize the activities of the Supervisory Board.

6.4 Meetings of Supervisory Board. The meetings of the Supervisory Board shall take place according to necessity but not less often than once in every three months. Advance notice of at least 1 day shall be given of a meeting and its agenda. The agenda of the meeting of the Supervisory Board shall be prepared and the meeting shall be convened and chaired by the chairman of the Supervisory Board or a member of the Supervisory Board substituting him/her.

6.5 Quorum and majority requirements. The meeting of the Supervisory Board has a quorum provided that more than one-half of the members of the Supervisory Board participate at the meeting. A resolution of the Supervisory Board is passed if more than one-half of the members of the Supervisory Board have voted for it. Upon equal division of votes, the chairman of the Supervisory Board shall have the deciding vote. A member of the Supervisory Board is not allowed to participate in the voting, if granting of the consent for the conclusion of a transaction between him/her and the Company is being decided upon, as well as if the conclusion of a transaction between the Company and a legal person, in which such member of the Supervisory Board or a person related to him/her has a qualifying holding, is being decided upon.

6.6 Adoption of resolutions without calling meeting. In the course of adopting resolutions without calling a meeting, the chairman of the Supervisory Board shall send a relevant draft resolution to all the members of the Supervisory Board. The draft resolution shall be sent to the e-mail address of each respective member of the Supervisory Board in a format that can be reproduced in writing. The draft resolution is deemed to have been delivered on the bank day following the day of sending the e-mail, unless the sender receives within 3 bank days after sending out the e-mail a notice issued by an electronic mail management program, informing about the failed delivery of the relevant e-mail. The member of the Supervisory Board shall submit his/her written opinion (hand-signed or digitally signed) regarding the resolution within 5 calendar days following its receipt. If a member of the Supervisory Board does not provide a notice on whether he/she is in favour or against the resolution during the said term, he/she shall be deemed to have voted against the resolution.

7 Management Board

7.1 Role of Management Board. The Management Board is the management body of the Company that represents and manages the Company. The Management Board organizes the accounting of the Company. In management, the Management Board shall adhere to the lawful orders of the Supervisory Board.

7.2 Members of Management Board. The Management Board consists of 1 to 3 members. The members of the Management Board shall be elected for 3 years.

7.3 Election or recalling of members of Management Board. The members of the Management Board shall be elected and recalled by the Supervisory Board that shall also decide upon the remuneration of the members of the Management Board. If the Management Board has more than two members, the Supervisory Board shall appoint the chairman of the Management Board from among the members of the Management Board.

7.4 Reporting to Supervisory Board. The Management Board shall submit an overview of the business activities and economic position of the Company to the Supervisory Board at least once in every three months, and immediately give notice about the material deterioration of the economic position of the Company as well as about other material circumstances related to the business activities of the Company.

8 Representation

The Company may be represented by the Chairman of the Management Board acting solely or two members of the Management Board acting jointly.

9 Reports

9.1 Annual Reports. The Management Board shall prepare the Annual Report together with the profit distribution proposal and the management report, and submit it to the Supervisory Board within 5 months after the end of the financial year. The Annual Report shall be approved by the General Meeting.

9.2 Audit of Annual Report. The annual accounts and the management report shall be submitted to the auditor in such manner that the General Meeting would be able to approve the audited report before the expiry of the term set forth by law.

10 Distribution of Profit

10.1 Payment of dividend. A share of the net profit (dividend) shall be paid to a shareholder pro rata to the number of shares belonging to him/her. The date of fixing the list of shareholders entitled to receive dividends shall be determined by the General Meeting.

10.2 Resolution on distribution of profit. The General Meeting shall pass the resolution on the distribution of profit on the basis of the approved Annual Report. The amount of the dividend shall be approved by the General Meeting upon the proposal of the Management Board coordinated with the Supervisory Board. The procedure for payment of dividend shall be provided for in the resolution of the General Meeting on dividend payment.

10.3 Prepayments of profit. With the consent of the Supervisory Board of the Company, the Management Board of the Company shall be entitled to make prepayments to the shareholders from the account of the presumed profit to the extent of up to one-half of the amount that can be distributed among the shareholders after the end of the financial year and before the approval of the Annual Report.

11 Distribution of Assets Upon Dissolution of Company

Upon the dissolution of the Company, payments shall be made in money. If the shareholders consent thereto, instead of monetary payments the assets of the Company may be distributed.

Management Board Message

We declare that, to the best of our knowledge, the information provided in this Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

Signed ___________________________

Ms. Kadri Rauba
CEO AS Linda Nektar

Notes & Glossary

Footnotes:

1. http://www.perfumerflavorist.com/flavor/trends/172503081.html
2. http://www.marketresearch.com/Ken-Research-v3771/Flavors-Fragrances-Outlook-Ageing-Population-7329511/
3. http://www.freedoniagroup.com/DocumentDetails.aspx?DocumentId=595551
4. http://www.rnrmarketresearch.com/food-flavors-market-by-type-natural-natural-extract-aroma-chemical-essential-oil-synthetic-savory-citrus-fruit-application-beverage-savory-snack-bakery-confectionery-dairy-froze-market-report.html
5. http://www.perfumerflavorist.com/flavor/trends/106129723.html?utm_source=Related+Items&utm_medium=website&utm_campaign=Related+Items
6. MARKET ANALYSIS REPORT | MARCH 2011, International Markets Bureau, Canada, Datamonitor. (2010, June) Food Market Watch. (a)
7. http://www.perfumerflavorist.com/flavor/trends/Sensients-Health--Wellness-Trend-Includes-New-Line-of-Apple-Flavors-179294721.html?utm_source=Related+Items&utm_medium=website&utm_campaign=Related+Items
8. http://www.perfumerflavorist.com/flavor/trends/Confectionery-Flavor-Market-Focuses-on-Innovation-and-Natural-Solutions-237337721.html

Calculations used for multiples:

Current Ratio = Current Assets/ Current Liabilities
Quick ratio = (Current Assets – Inventories) / Current Liabilities
Asset Turnover = Sales Revenue/ Average Total Assets
Inventory Turnover Ratio = Sales Revenue/Average Inventory
Working Capital Ratio = Current Assets - Current Liabilities
Net Profit Margin = Net Profit/Sales Revenue
Return on Assets (ROA) = Net Profit/Average Total Assets*100
Return on Equity (ROE) = Net Profit/Average Owners` equity
Debt to Assets = Total Liabilities/Total Assets
Debt to Equity = Total Liabilities/Total Owners` equity