



**Linda Nektar**

**Management report and**

**Financial Statements**

**for the 12 month period ended 31 December 2018**

**(unaudited)**

**beginning of financial year:** 01.01.2018

**end of the financial year:** 31.12.2018

**business name:** aktsiaselts Linda Nektar

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## Background Information

AS Linda Nektar is an Estonian-based beverage company with origins in the 1940s. The company is providing fermented beverages for the drinks industry focusing on unpacked fruit wines under a Business-to-Business model. The company's production facility is located in a logistically favourable position relative to the Baltic and Northern European markets.

Extensive R&D efforts have led to breakthroughs in the field of aroma stripping and recovery and this, along with the planned geographical expansion, will be the key focal points in the coming years.

The shares of Linda Nektar are admitted to trading on Nasdaq Baltic First North Market



## Management report

The sales revenue of AS Linda Nektar (the 'Company') for the 12 months of 2018 amounted to EUR 2,176,363, representing a 11.65% decrease compared to the same period in 2017 (12 months 2017: EUR 2,463,309). Geographical diversification saw Estonia's share of total sales decrease below the 50% level for the first time (58% in 2017), reaching 41%. Latvia presented the largest absolute increase, coming in at 37% (21% in 2017).

The loss for the financial year came to EUR 76,537 (12 months 2017: EUR 85,402 profit). Management sees this as a realistic outcome with the ongoing Estonian excise tax impact playing a major role. As a follow up to the extended discussion on these impacts in the 2017 Annual Report, the Estonian Breweries Association stated that the sale of long drinks and ciders sold on the Latvian border (with Estonia) increased 120% year on year in 2018.

The Company continues work to diversify its existing beverage client base (alcoholic and non-alcoholic varieties) beyond the existing geographies while in parallel examining co-operation possibilities for its aroma recovery proprietary technology. All of this requires significant lead time and is being undertaken with strategic co-operation partners such as Germany's Symrise. European beverage producers are also presently awaiting further clarity for European Commission guidelines on alcoholic drink classification principles. With this in mind, sales revenue guidance for 2019 is EUR 2.2m (flat year on year).

As at 31.12.2018, the total assets of AS Linda Nektar were EUR 3,986,785 (31.12.2017: EUR 4,194,991), having decreased by 4.96% compared to 2017. Current assets made up EUR 1,634,529 or 41% of the total assets (31.12.2017: EUR 1,269,978). The volume of fixed assets amounted to EUR 2,352,256 (31.12.2017: EUR 2,925,013) or 59% of the balance sheet total. The total liabilities of AS Linda Nektar amounted to EUR 87,346 (31.12.2017: EUR: 100,012) and the equity capital of the company decreased to EUR 3,899,439 (31.12.2017: EUR 4,094,979).

The Company has continued with its conservative leverage policies and does not have any financial debt. The operating cash flows for the 12 months of 2018 came to EUR 313,123 compared with EUR 539,712 in 2017. Moreover, total cash flows came to EUR 291,845 compared with an outflow of EUR 383,023 in 2017. This was achieved by a significant reduction in capital expenditure (a capacity expansion is now largely complete) while being bolstered by proceeds from government grants.

During 2018 the Company invested in property, plant and equipment a total of EUR 197,787 (12 months 2017: EUR 518,306). A significant investment was the commissioning of solar panels (87 kW) as a source of renewable energy for the production process. Some investments either made in 2018 or commenced earlier and completed in 2018 have been implemented through support provided by the Agricultural Registers and Information Board (ARIB). In 2018, the Company received 313,580 euros as support from ARIB for purchasing machinery and equipment and for expanding the production facility. Assets acquired through targeted financing have been recognized using the net method meaning that upon the receipt of support funds the amount of targeted financing was deducted from the acquisition value of assets. Depreciation expenses in 12 months of 2018 amounted to EUR 452,156 (12 months 2017: EUR 435,459).

Development costs in the 12 months of 2018 amounted to EUR 18,436 (12 months 2017: EUR 23,034).

During the 12 months of 2018, the enterprise paid dividends in the amount of EUR 126,009 (12 months 2017: EUR 299,271). The income tax expense entailed in the payment of dividends to the shareholders amounted to EUR 31,502 (12 months 2017: EUR 74,818).

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As at 31 December 2018, the enterprise had 11 employees, 1 member of the management board and 4 supervisory board members. The salary expenses for the 12 months of 2018 (including taxes) were EUR 322,266 (12 months 2017: EUR 325,851).

**Financial Ratios:**

		2018	2017
Current Ratio = Current Assets/ Current Liabilities	x	18.71	12.70
Quick ratio = (Current Assets – Inventories) / Current Liabilities	x	14.98	9.23
Working Capital = Current Assets - Current Liabilities		1,547,183	1,169,966
Equity Ratio = Total Equity / Total Assets	%	97.81	97.62
Net Profit Margin= Net Profit / Sales Revenue	%	-3.52	3.47
Debt to Assets= Total Liabilities / Total Assets	x	0.02	0.02

Kadri Rauba  
CEO

## Financial Statements

### Statement of financial position

(In Euros)

	31.12.2018	30.06.2018	31.12.2017	30.06.2017	Note
Assets					
Current assets					
Cash and cash equivalents	1 012 339	848 124	720 494	689 422	2
Receivables and prepayments	296 462	404 787	202 220	337 263	3
Inventories	325 728	385 246	347 264	325 775	4
<b>Total current assets</b>	<b>1 634 529</b>	<b>1 638 157</b>	<b>1 269 978</b>	<b>1 352 460</b>	
Non-current assets					
Receivables and prepayments	25	25	235	517	3
Property, plant and equipment	2 343 123	2 481 242	2 840 234	2 868 974	6
Intangible assets	9 108	45 322	84 544	111 271	7
<b>Total non-current assets</b>	<b>2 352 256</b>	<b>2 526 589</b>	<b>2 925 013</b>	<b>2 980 762</b>	
<b>Total assets</b>	<b>3 986 785</b>	<b>4 164 746</b>	<b>4 194 991</b>	<b>4 333 222</b>	
Liabilities and equity					
Liabilities					
Current liabilities					
Payables and prepayments	87 346	246 788	100 012	206 570	9
<b>Total current liabilities</b>	<b>87 346</b>	<b>246 788</b>	<b>100 012</b>	<b>206 570</b>	
<b>Total liabilities</b>	<b>87 346</b>	<b>246 788</b>	<b>100 012</b>	<b>206 570</b>	
Equity					
Issued capital	1 575 109	1 575 109	1 575 109	1 575 109	12
Share premium	617 517	617 517	617 517	617 517	
Statutory reserve capital	70 672	70 672	66 402	66 402	
Other reserves	8 809	1 804	1 804	0	
Retained earnings (loss)	1 703 869	1 703 869	1 748 745	1 748 745	
Annual period profit (loss)	-76 537	-51 013	85 402	118 879	
<b>Total equity</b>	<b>3 899 439</b>	<b>3 917 958</b>	<b>4 094 979</b>	<b>4 126 652</b>	
<b>Total liabilities and equity</b>	<b>3 986 785</b>	<b>4 164 746</b>	<b>4 194 991</b>	<b>4 333 222</b>	

## Income statement

(In Euros)

	2018	2018 H2	2017	2017 H2	Note
Revenue	2 176 363	1 084 259	2 463 309	994 011	13
Other income	15 740	9 777	250	250	14
Changes in inventories of finished goods and work in progress	4 886	-38 435	40 333	43 190	
Raw materials and consumables used	-1 268 696	-594 136	-1 362 934	-592 018	15
Other operating expense	-198 903	-99 473	-219 448	-87 328	16
Employee expense	-322 266	-165 894	-325 851	-167 791	17
Depreciation and impairment loss (reversal)	-452 156	-221 618	-435 459	-223 823	6,7
Other expense	-99	-56	-61	-6	
<b>Operating profit (loss)</b>	<b>-45 131</b>	<b>-25 576</b>	<b>160 139</b>	<b>-33 515</b>	
Interest income	96	52	81	38	
<b>Profit (loss) before tax</b>	<b>-45 035</b>	<b>-25 524</b>	<b>160 220</b>	<b>-33 477</b>	
Income tax expense	-31 502	0	-74 818	0	18
<b>Annual period profit (loss)</b>	<b>-76 537</b>	<b>-25 524</b>	<b>85 402</b>	<b>-33 477</b>	

## Statement of cash flows

(In Euros)

	2018	2018 H2	2017	2017 H2	Note
Cash flows from operating activities					
Operating profit (loss)	-45 131	-25 576	160 139	-33 515	
Adjustments					
Depreciation and impairment loss (reversal)	452 156	221 618	435 459	223 823	6,7
Profit (loss) from sale of non-current assets	0	0	-250	-250	
Other adjustments	7 805	7 805	1 804	1 804	
<b>Total adjustments</b>	<b>459 961</b>	<b>229 423</b>	<b>437 013</b>	<b>225 377</b>	
Changes in receivables and prepayments related to operating activities	-94 032	108 325	144 591	135 325	
Changes in inventories	21 536	59 518	-41 207	-21 489	
Changes in payables and prepayments related to operating activities	2 291	-156 459	-86 006	-111 139	
Income tax refund (paid)	-31 502	0	-74 818	0	18
<b>Total cash flows from operating activities</b>	<b>313 123</b>	<b>215 231</b>	<b>539 712</b>	<b>194 559</b>	
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets	-212 745	-51 068	-623 795	-163 775	6,7
Proceeds from sales of property, plant and equipment and intangible assets	0	0	250	250	
Proceeds from government grants	313 580	0	0	0	11
Interest received	96	52	81	38	
Other cash inflows from investing activities	3 800	0	0	0	
<b>Total cash flows from investing activities</b>	<b>104 731</b>	<b>-51 016</b>	<b>-623 464</b>	<b>-163 487</b>	
Cash flows from financing activities					
Dividends paid	-126 009	0	-299 271	0	18
<b>Total cash flows from financing activities</b>	<b>-126 009</b>	<b>0</b>	<b>-299 271</b>	<b>0</b>	
<b>Total cash flows</b>	<b>291 845</b>	<b>164 215</b>	<b>-383 023</b>	<b>31 072</b>	
Cash and cash equivalents at beginning of period	720 494	848 124	1 103 517	689 422	2
<b>Change in cash and cash equivalents</b>	<b>291 845</b>	<b>164 215</b>	<b>-383 023</b>	<b>31 072</b>	
Cash and cash equivalents at end of period	1 012 339	1 012 339	720 494	720 494	2



## Statement of changes in equity

(In Euros)

	Issued capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings (loss)	Total
<b>31.12.2016</b>	<b>1 575 109</b>	<b>617 517</b>	<b>24 819</b>	<b>0</b>	<b>2 089 600</b>	<b>4 307 045</b>
Annual period profit (loss)	0	0	0	0	85 402	85 402
Declared dividends	0	0	0	0	-299 271	-299 271
Changes in reserves	0	0	41 583	1 804	-41 584	1 803
<b>31.12.2017</b>	<b>1 575 109</b>	<b>617 517</b>	<b>66 402</b>	<b>1 804</b>	<b>1 834 147</b>	<b>4 094 979</b>
Annual period profit (loss)	0	0	0	0	-76 537	-76 537
Declared dividends	0	0	0	0	-126 009	-126 009
Changes in reserves	0	0	4 270	7 005	-4 269	7 006
<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>

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 31 December 2018 the Company had 66 shareholders (31.12.2017: 62 shareholders).

In 2017, the share option programme that was approved by the AS Linda Nektar shareholders' decision from 9 April 2015, was cancelled. At the same time, a new share option programme was introduced and approved which covers up to 3% of the total registered share capital as of 7 September 2017. The purpose of the option programme is to balance the interests of the members of management bodies and key employees with the interests of the shareholders, raise the motivation of staff members and improve the financial results of the public limited company.

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 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) and for 2018 (12 months out of 36 months) is recognised as an employee expense in the income statement and as a reserve in equity.

## Notes

### Note 1 Accounting policies

#### General information

The 2018 unaudited 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 unaudited annual report 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.

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-

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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 in 2018. 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

Derivatives (e.g. forward, future, swap and 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)

	31.12.2018	31.12.2017
Cash on hand	281	21
Bank accounts	1 012 058	720 473
<b>Total cash and cash equivalents</b>	<b>1 012 339</b>	<b>720 494</b>

## Note 3 Receivables and prepayments

(In Euros)

	31.12.2018	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	257 730	257 730	0	
Accounts receivables	257 730	257 730	0	
Tax prepayments and receivables	35 130	35 130	0	5
Other receivables	1	1	0	
Interest receivables	1	1	0	
Prepayments	3 626	3 601	25	
Deferred expenses	3 626	3 601	25	
<b>Total receivables and prepayments</b>	<b>296 487</b>	<b>296 462</b>	<b>25</b>	
	31.12.2017	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	172 336	172 336	0	
Accounts receivables	172 336	172 336	0	
Tax prepayments and receivables	26 618	26 618	0	5
Other receivables	0	0	0	
Interest receivables	0	0	0	
Prepayments	3 501	3 266	235	
Deferred expenses	3 344	3 109	235	
Other paid prepayments	157	157	0	
<b>Total receivables and prepayments</b>	<b>202 455</b>	<b>202 220</b>	<b>235</b>	

## Note 4 Inventories

(In Euros)

	31.12.2018	31.12.2017
Raw materials	81 977	111 747
Work in progress	195 681	219 146
Finished goods	45 375	13 283
Merchandise	196	589
Inventory prepayments	2 499	2 499
<b>Total Inventories</b>	<b>325 728</b>	<b>347 264</b>

Finished goods as at 31 December 2018 include goods in transit in the amount of EUR 20,157. As at 31 December 2017 there were no goods in transit. No write-down or reclassifications of inventories were made in 2017 and 2018.

## Note 5 Tax prepayments and liabilities

(In Euros)

	31.12.2018		31.12.2017	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Value added tax	4 690	0	1 418	0
Personal income tax	0	3 808	0	3 984
Fringe benefit income tax	0	656	0	909
Social tax	0	7 810	0	8 483
Contributions to mandatory funded pension	0	418	0	446
Unemployment insurance tax	0	378	0	366
Excise duty tax	30 440	0	25 200	0
Other tax prepayments and liabilities	0	381	0	399
<b>Total tax prepayments and liabilities</b>	<b>35 130</b>	<b>13 451</b>	<b>26 618</b>	<b>14 587</b>

## Note 6 Property, plant and equipment (In Euros)

	Land	Buildings				Machinery and equipment	Other property, plant and equipment			Unfinished projects and prepayments	Total
			Transportation	Computers and computer systems	Other machinery and equipment			Unfinished projects	Prepayments		
<b>31.12.2016</b>											
Carried at cost	6 700	862 071	63 498	14 520	2 744 398	2 822 416	58 318	594 830	0	594 830	4 344 335
Accumulated depreciation	0	-253 729	-20 947	-9 667	-1 330 917	-1 361 531	-32 000		0		-1 647 260
<b>Residual cost</b>	<b>6 700</b>	<b>608 342</b>	<b>42 551</b>	<b>4 853</b>	<b>1 413 481</b>	<b>1 460 885</b>	<b>26 318</b>	<b>594 830</b>	<b>0</b>	<b>594 830</b>	<b>2 697 075</b>
<b>31.12.2017</b>											
Acquisitions and additions	0	10 361	14 833	0	86 281	101 114	21 371	376 809	0	376 809	509 655
Acquisition of buildings, new building, renovations		10 361									10 361
Other acquisitions and additions			14 833	0	86 281	101 114	21 371	376 809	0	376 809	499 294
Depreciation	0	-54 719	-11 626	-2 470	-288 073	-302 169	-9 608	0	0	0	-366 496
Reclassifications	0	0	0	0	399 667	399 667	0	-399 667	0	-399 667	0
Reclassifications from unfinished projects	0	0	0	0	399 667	399 667	0	-399 667	0	-399 667	0
Other changes	0	0	0	0	0	0	0	0	0	0	0
<b>31.12.2018</b>											
Carried at cost	6 700	872 432	68 022	14 520	3 221 930	3 304 472	79 688	571 972	0	571 972	4 835 264
Accumulated depreciation	0	-308 448	-22 264	-12 137	-1 610 574	-1 644 975	-41 607	0	0		-1 995 030
<b>Residual cost</b>	<b>6 700</b>	<b>563 984</b>	<b>45 758</b>	<b>2 383</b>	<b>1 611 356</b>	<b>1 659 497</b>	<b>38 081</b>	<b>571 972</b>	<b>0</b>	<b>571 972</b>	<b>2 840 234</b>
Acquisitions and additions	0	119 508	0	0	19 023	19 023	2 101	55 155	2 000	57 155	197 787
Acquisition of buildings, new building, renovations		119 508							2 000	2 000	121 508
Other acquisitions and additions			0	0	19 023	19 023	2 101	55 155	0	55 155	76 279
Depreciation	0	-80 940	-13 605	-1 609	-274 328	-289 542	-10 838	0	0		-381 320
Reclassifications	0	525 237	0	0	13 478	13 478	0	-538 715	0	-538 715	0
Reclassifications from unfinished projects	0	525 237	0	0	13 478	13 478	0	-538 715	0	-538 715	0
Other changes	0	-184 598	0	0	-128 982	-128 982	2	0	0	0	-313 578

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

	2018	2017
Machinery and equipment	0	250
Transportation	0	250
<b>Total</b>	<b>0</b>	<b>250</b>

In 2018 AS Linda Nektar did not dispose of any non-current assets. In 2017 AS Linda Nektar wrote off non-current



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assets which were unfit for use and were technically out-dated. The acquisition cost of these assets was EUR 8,417.

As at 31 December 2018 outstanding payables to suppliers of non-current assets amounted to EUR 1,592 (2017: EUR 16,549)

In 2018 the company received grants from the Estonian Agricultural Registers and Information Board (ARIB) in the amount of 128,982 euros for machinery and equipment, EUR 29,252 for solar panels and EUR 155,346 for the extension of the production building. These amounts are recorded as other changes. Additional information on grants is provided in Note 11.

Assets that are acquired using grants are recognised at net cost - i.e. at cost of assets less grants received.

## Note 7 Intangible assets

(In Euros)

	Computer software	Other intangible assets	Unfinished projects and prepayments	Total
<b>31.12.2016</b>				
Carried at cost	7 349	215 000	6 810	229 159
Accumulated depreciation	-5 089	-79 213	0	-84 302
<b>Residual cost</b>	<b>2 260</b>	<b>135 787</b>	<b>6 810</b>	<b>144 857</b>
Acquisitions and additions	3 300	750	4 600	8 650
Depreciation	-940	-68 023	0	-68 963
Reclassifications	0	6 810	-6 810	0
<b>31.12.2017</b>				
Carried at cost	10 648	222 560	4 600	237 808
Accumulated depreciation	-6 028	-147 236	0	-153 264
<b>Residual cost</b>	<b>4 620</b>	<b>75 324</b>	<b>4 600</b>	<b>84 544</b>
Depreciation	-1 434	-69 402	0	-70 836
Write offs	0	0	-800	-800
Other changes	0	0	-3 800	-3 800
<b>31.12.2018</b>				
Carried at cost	10 648	222 560	0	233 208
Accumulated depreciation	-7 462	-216 638	0	-224 100
<b>Residual cost</b>	<b>3 186</b>	<b>5 922</b>	<b>0</b>	<b>9 108</b>

## Note 8 Operating lease

(In Euros)

### Accounting entity as lessor

	2018	2017	Note
Operating lease income	98 200	250 181	13
Residual cost of leased assets			
Machinery and equipment	2 047	15 235	
<b>Total</b>	<b>2 047</b>	<b>15 235</b>	

AS Linda Nektar has leased out some of its equipment under operating lease terms until November 2019.

### Accounting entity as lessee

	2018	2017	Note
Operating lease expenses	4 409	4 322	
Future lease expense under non-cancellable lease contracts			
	31.12.2018	31.12.2017	Note
Within 12 months	0	235	

## Note 9 Payables and prepayments

(In Euros)

	31.12.2018	Within 12 months	Note
Trade payables	62 780	62 780	
Employee payables	7 999	7 999	
Tax payables	13 451	13 451	5
Other payables	3 116	3 116	
Other accrued expenses	3 116	3 116	
<b>Total payables and prepayments</b>	<b>87 346</b>	<b>87 346</b>	
	31.12.2017	Within 12 months	Note
Trade payables	77 910	77 910	
Employee payables	7 369	7 369	
Tax payables	14 587	14 587	5
Other payables	146	146	
Other accrued expenses	146	146	
<b>Total payables and prepayments</b>	<b>100 012</b>	<b>100 012</b>	

## Note 10 Contingent liabilities and assets

(In Euros)

	31.12.2018	31.12.2017
Contingent liabilities		
Distributable dividends	1 301 866	1 467 318
Income tax liability on distributable dividends	325 466	366 829
<b>Total contingent liabilities</b>	<b>1 627 332</b>	<b>1 834 147</b>

## Note 11 Grants

(In Euros)

### Assets at net cost

	2018	2017
	Received	Received
Grants for acquisition of non-current assets		
ARIB	313 580	0
<b>Total grants for acquisition of non-current assets</b>	<b>313 580</b>	<b>0</b>
<b>Total grants</b>	<b>313 580</b>	<b>0</b>

Management estimates that all conditions related to the grant that have been described in the decree no 58 of the Minister of Rural Affairs from 8th of May 2015 are being fulfilled.

## Note 12 Share capital

(In Euros)

	31.12.2018	31.12.2017
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 13 Net sales

(In Euros)

	2018	2017	Note
Net sales by geographical location			
Net sales in European Union			
Estonia	887 270	1 419 211	
Finland	403 679	520 963	
Latvia	802 596	521 974	
Lithuania	82 220	0	
Germany	598	1 161	
<b>Total net sales in European Union</b>	<b>2 176 363</b>	<b>2 463 309</b>	
<b>Total net sales</b>	<b>2 176 363</b>	<b>2 463 309</b>	
Net sales by operating activities			
Manufacture of cider and other fruit wines	2 060 813	2 197 444	
Equipment rent	98 201	250 181	8
Wastewater treatment	14 684	10 251	
Sale of material	1 691	2 613	
Sale of goods	394	1 827	
Sale of aroma	580	993	
<b>Total net sales</b>	<b>2 176 363</b>	<b>2 463 309</b>	

## Note 14 Other operating income

(In Euros)

	2018	2017
Profit from sale of plant, property and equipment	0	250
Sale of metal scrap	15 740	0
<b>Total other operating income</b>	<b>15 740</b>	<b>250</b>

## Note 15 Goods, raw materials and services

(In Euros)

	2018	2017
Raw materials	-982 296	-1 017 498
Services	-286 400	-345 436
<b>Total goods, raw materials and services</b>	<b>-1 268 696</b>	<b>-1 362 934</b>

## Note 16 Miscellaneous operating expenses

(In Euros)

	2018	2017
Exploration and development expense	-18 436	-23 034
Travel expense	-52 765	-52 616
Training expense	-12 064	-13 862
State and local taxes	-9 103	-10 639
First North costs	-17 433	-15 989
Legal and audit expenses	-9 303	-19 432
Communications	-11 840	-9 029
Other	-67 959	-74 847
<b>Total miscellaneous operating expenses</b>	<b>-198 903</b>	<b>-219 448</b>

## Note 17 Labour expense

(In Euros)

	2018	2017
Wage and salary expense	-244 489	-245 803
Social security taxes	-77 777	-80 048
<b>Total labour expense</b>	<b>-322 266</b>	<b>-325 851</b>
Average number of employees in full time equivalent units	16	16
Average number of employees by types of employment:		
Person employed under employment contract	12	12
Member of management or controlling body of legal person	5	5

## Note 18 Income tax

(In Euros)

Income tax expense components	2018		2017	
	Taxable amount	Income tax expense	Taxable amount	Income tax expense
Declared dividends	126 009	31 502	299 271	74 818
Estonia	121 818	30 454	290 293	72 573
Other countries	4 191	1 048	8 978	2 245
<b>Total</b>	<b>126 009</b>	<b>31 502</b>	<b>299 271</b>	<b>74 818</b>

## Note 19 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**

	31.12.2018		31.12.2017	
	Receivables	Liabilities	Receivables	Liabilities
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	3 547	0	214

**Purchases and sales**

	2018	2017
	Purchases	Purchases
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	4 118	3 817

<b>Remuneration and other significant benefits calculated for members of management and highest supervisory body</b>		
	2018	2017
Remuneration	89 256	81 804

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.

Kadri Rauba  
CEO