



Linda Nektar

ANNUAL REPORT

beginning of financial year: 01.01.2020

end of the financial year: 31.12.2020

business name: aktsiaselts Linda Nektar

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Management report

In 2020 AS Linda Nektar's (the 'Company') turnover amounted to EUR 2,512,281 and marked an increase of 19.76% year-on-year (12 months 2019: 2,097,789). This is exactly in line with management guidance. The change in the product portfolio during the past 12 months has been progressing well.

The Company continues to observe requirements relating to the COVID-19 pandemic. The availability of raw materials and the health situation among personnel have been good. No production disruptions have taken place. In terms of operational impact, ongoing investments are continuing to be made, however, delays are occasionally endured due to factors such as travel restrictions.

All of our markets were affected, by the COVID-19 outbreak in 2020. The consumption of lower alcohol content beverages in Europe has fluctuated somewhat due to factors including border closures, hence, with various regional differences. The focus of consumer demand has shifted from cross-border and on-trade sales to retail sales. HORECA-related demand together with traditional Estonian-Finnish travel purchases has been softer than in previous years, however, this has been compensated by new products and geographical sales diversification.

12 months 2020 resulted in a net profit of EUR 65,523 (12 months 2019 came in with a loss of EUR 44,598). Operating cash flow for the 12 months of 2020 was a positive EUR 398,018 (12 months 2019: EUR 155,150).

As at 31 December 2020, the Company's total assets came to EUR 3,864,511 (31.12.2019: EUR 3,844,886), up 0.51% year-on-year. Current assets amounted to EUR 1,717,386 (31.12.2019: EUR 1,708,799) or 44.44% of total assets. Fixed assets amounted to EUR 2,147,125 (31.12.2019: EUR 2,136,087) or 55.56% of the balance sheet total. The liabilities of AS Linda Nektar totalled EUR 178,796 (31.12.2019: EUR 113,447). Equity capital amounted to EUR 3,685,715 (31.12.2019: EUR 3,731,439). As of 31 December 2020, there were no loan commitments. The Company retains a conservative financial leverage policy.

A total of EUR 398,429 was invested into fixed assets (12 months 2019: EUR 177,290). Depreciation costs for the 12 months of 2020 amounted to EUR 386,952 (12 months 2019: EUR 370,257). This investment is being undertaken to enable a wider as well as higher product quality capability. In turn, such activity provides the possibility for generating more sophisticated products. Moreover, some additional adjoining land for more efficient expansion capabilities was also acquired. The Company has also invested into upgrading its corporate presence with an upgraded web presence (please see www.lindanektar.ee) as well as engaging in greater use of digitalisation for embracement of both existing and corporate customers via interactive communications. Strategic co-operation with partners such as Germany's Symrise is ongoing.

In 2020, the Company paid EUR 126,009 euros in dividends (12 months 2019: EUR 126,009). The income tax cost on dividends was EUR 24,176 (12 months 2019: EUR 27,839).

As of 31 December 2020, the Company had 13 employees, one Management Board Member, and four Supervisory Board Members. Labour costs for the 12 months of 2020 (including taxes) amounted to EUR 393,193 (12 months 2019: EUR 346,269). The services received of the share option of fair value is recognised as an employee expense in the income statement and as a reserve in equity (non-cash item).

In light of the market conditions, management believes that the overall operating environment remains better than during 2020. Therefore revenue guidance for 2021 is set for EUR 2.7m. This is predicated on limited additional impacts stemming from COVID-19 related issues.

Financial Ratios:

		2020	2019
Current Ratio = Current Assets / Current Liabilities	x	9.61	15.06
Quick ratio = (Current Assets – Inventories) / Current Liabilities	x	7.07	11.13
Working Capital = Current Assets - Current Liabilities		1 538 590	1 595 352
Equity Ratio = Total Equity / Total Assets*100	%	95.37	97.05
Net Profit Margin= Net Profit / Sales Revenue*100	%	2.61	-2.13
Debt to Assets= Total Liabilities / Total Assets	x	0.05	0.03

The annual accounts

Statement of financial position

(In Euros)

	31.12.2020	31.12.2019	Note
Assets			
Current assets			
Cash and cash equivalents	835 166	883 944	2
Receivables and prepayments	429 059	378 175	3
Inventories	453 161	446 680	4
Total current assets	1 717 386	1 708 799	
Non-current assets			
Receivables and prepayments	12	42	3
Property, plant and equipment	2 136 844	2 129 820	6
Intangible assets	10 269	6 225	7
Total non-current assets	2 147 125	2 136 087	
Total assets	3 864 511	3 844 886	
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	178 796	113 447	8
Total current liabilities	178 796	113 447	
Total liabilities	178 796	113 447	
Equity			
Issued capital	1 575 109	1 575 109	10
Share premium	617 517	617 517	
Statutory reserve capital	70 672	70 672	
Other reserves	26 177	11 416	
Retained earnings (loss)	1 330 717	1 501 323	
Reporting period profit (loss)	65 523	-44 598	
Total equity	3 685 715	3 731 439	
Total liabilities and equity	3 864 511	3 844 886	

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Income statement

(In Euros)

	2020	2019	Note
Revenue	2 512 281	2 097 789	11
Other income	773	27 074	12
Changes in inventories of finished goods and work in progress	1 402	54 543	
Raw materials and consumables used	-1 497 379	-1 297 803	13
Other operating expense	-131 200	-181 825	14
Employee expense	-393 193	-346 269	15
Depreciation and impairment loss (reversal)	-386 952	-370 257	6,7
Significant impairment of current asset	-16 046	0	
Other expense	-73	-107	
Operating profit (loss)	89 613	-16 855	
Interest income	86	96	
Profit (loss) before tax	89 699	-16 759	
Income tax expense	-24 176	-27 839	16
Reporting period profit (loss)	65 523	-44 598	

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Statement of cash flows

(In Euros)

	2020	2019	Note
Cash flows from operating activities			
Operating profit (loss)	89 613	-16 855	
Adjustments			
Depreciation and impairment loss (reversal)	386 952	370 257	6,7
Profit (loss) from sale of non-current assets	-58	-861	
Other adjustments	14 084	2 606	
Total adjustments	400 978	372 002	
Changes in receivables and prepayments related to operating activities	-50 854	-81 730	
Changes in inventories	-6 481	-118 121	
Changes in payables and prepayments related to operating activities	-11 062	27 693	
Income tax refund (paid)	-24 176	-27 839	16
Total cash flows from operating activities	398 018	155 150	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-320 873	-178 882	6,7
Proceeds from sales of property, plant and equipment and intangible assets	0	21 250	
Interest received	86	96	
Total cash flows from investing activities	-320 787	-157 536	
Cash flows from financing activities			
Dividends paid	-126 009	-126 009	16
Total cash flows from financing activities	-126 009	-126 009	
Total cash flows	-48 778	-128 395	
Cash and cash equivalents at beginning of period	883 944	1 012 339	2
Change in cash and cash equivalents	-48 778	-128 395	
Cash and cash equivalents at end of period	835 166	883 944	2

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Statement of changes in equity

(In Euros)

						Total
	Issued capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings (loss)	
31.12.2018	1 575 109	617 517	70 672	8 809	1 627 332	3 899 439
Reporting period profit (loss)	0	0	0	0	-44 598	-44 598
Declared dividends	0	0	0	0	-126 009	-126 009
Changes in reserves	0	0	0	2 607	0	2 607
31.12.2019	1 575 109	617 517	70 672	11 416	1 456 725	3 731 439
Reporting period profit (loss)	0	0	0	0	65 523	65 523
Declared dividends	0	0	0	0	-126 009	-126 009
Changes in reserves	0	0	0	14 761	0	14 761
Other changes in equity	0	0	0	0	1	1
31.12.2020	1 575 109	617 517	70 672	26 177	1 396 240	3 685 715

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 2020, the Company had 106 shareholders (31.12.2019: 71 shareholders).

In 2017, an option agreement was signed with a member of the AS Linda Nektar supervisory board. The share option gives the supervisory board member a right to acquire 5,034 ordinary shares of AS Linda Nektar. Upon exercising the option holder must pay the share nominal value of 1 euro per share, ie 5,034 euros. The vesting period of the option agreement is three years from the date of signing the contract. To exercise the option the option holder has to have a work relationship or participate in the work of management or highest supervisory body of the company during the whole vesting period. The fair value of the services received is determined on the fair value of equity instruments granted to the employee at the grant date. The market price of the share is the closing price of the share on the expiration date of the option in Nasdaq First North Alternative Market. The fair value of the share option as at 31.10.2020 has been adjusted as an employee expense in the income statement and as a reserve in equity.

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Notes

Note 1 Accounting policies

General information

The 2020 financial statements of AS Linda Nektar have been prepared in accordance with Estonian financial reporting standards. The main requirements of the Estonian financial reporting standards 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 Annual Report 2020 is compiled completely according to the regulations introduced for mid-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 (Raw materials) and individual cost (Work in progress and finished goods) 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

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- 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 income based on the straight-line method.

Accounting entity as lessee

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

Financial liabilities

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

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

Government grants

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

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

Revenue recognition

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

Revenue is recognised on an accrual basis under the revenue recognition principle. Revenues from the sales of goods are recorded at 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

According to the Income Tax Act of the Republic of Estonia, legal entities are not subject to income tax on profits earned. Corporate income tax is paid on fringe benefits, gifts, donations, costs of entertaining guests, dividends and payments not related to business operations. Thus, in Estonia there are no differences between the tax bases and the carrying amounts of assets, which would give rise to a deferred income tax asset or liability.

From 1 January 2015, the tax rate on dividends payable is 20/80 of the amount paid out as net dividends. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared.

From 2019, tax rate of 14/86 can be applied to dividend payments. The more beneficial tax rate can be used for dividend payments in the amount of up to the average dividend payment during the three preceding years that were taxed with the tax rate of 20/80. When calculating the average

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dividend payment of three preceding years, 2018 will be the first year to be taken into account.

Related parties

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

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

Share-based Payments

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

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2020	31.12.2019
Cash on hand	72	168
Bank accounts	835 094	883 776
Total cash and cash equivalents	835 166	883 944

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Note 3 Receivables and prepayments

(In Euros)

	31.12.2020	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	324 818	324 818	0	
Accounts receivables	324 818	324 818	0	
Tax prepayments and receivables	99 118	99 118	0	5
Other receivable	5	5	0	
Interest receivables	5	5	0	
Prepayments	5 130	5 118	12	
Deferred expenses	5 110	5 098	12	
Other paid prepayments	20	20	0	
Total receivables and prepayments	429 071	429 059	12	

	31.12.2019	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	324 370	324 370	0	
Accounts receivables	324 370	324 370	0	
Tax prepayments and receivables	47 489	47 489	0	5
Other receivable	2	2	0	
Interest receivables	2	2	0	
Prepayments	6 356	6 314	42	
Deferred expenses	6 356	6 314	42	
Total receivables and prepayments	378 217	378 175	42	

Note 4 Inventories

(In Euros)

	31.12.2020	31.12.2019
Raw materials	158 594	146 549
Work in progress	232 279	247 797
Finished goods	51 987	50 204
Merchandise	10 301	2 130
Total Inventories	453 161	446 680

In 2020 AS Linda Nektar wrote-down its finished goods ending balance by EUR 16,046. No write-down of inventories was made in 2019.

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Note 5 Tax prepayments and liabilities

(In Euros)

	31.12.2020		31.12.2019	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Value added tax	19 955	0	7 192	0
Personal income tax	0	4 292	0	4 310
Fringe benefit income tax	0	378	0	1 269
Social tax	0	8 764	0	9 266
Contributions to mandatory funded pension	0	478	0	474
Unemployment insurance tax	0	433	0	445
Excise duty tax	68 769	84	29 918	0
Other tax prepayments and liabilities	0	278	0	572
Prepayment account balance	10 394		10 379	
Total tax prepayments and liabilities	99 118	14 707	47 489	16 336

The increased excise duty tax relates to prepayment of a larger volume of raw materials.

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Note 6 Property, plant and equipment

(In Euros)

	Land	Buildings				Machinery and equipment	Other property, plant and equipment			Unfinished projects and prepayment	Total
			Transportation	Computers and computer systems	Other machinery and equipment			Unfinished projects	Pre-payments		
31.12.2018											
Carried at cost	6 700	1 332 579	68 022	14 520	3 125 449	3 207 991	81 791	88 412	2 000	90 412	4 719 473
Accumulated depreciation	0	-389 388	-35 869	-13 746	-1 884 902	-1 934 517	-52 445	0	0	0	-2 376 350
Residual cost	6 700	943 191	32 153	774	1 240 547	1 273 474	29 346	88 412	2 000	90 412	2 343 123
Acquisitions and additions	0	52 934	58 242	5 136	17 440	80 818	1 962	41 576	0	41 576	177 290
Acquisition of buildings, new building, renovations		52 934									52 934
Other acquisitions and additions	0		58 242	5 136	17 440	80 818	1 962	41 576	0	41 576	124 356
Depreciation	0	-84 292	-15 901	-1 555	-255 429	-272 885	-10 071	0	0	0	-367 248
Disposals (in residual costs)	0	0	-20 390	0	0	-20 390	0	0	0	0	-20 390
Reclassifications	0	0	2 000	0	53 587	55 587	0	-53 587	-2 000	-55 587	0
Reclassifications from prepayments	0	0	2 000	0	0	2 000	0	0	-2000	-2000	0
Reclassifications from unfinished projects	0	0	0	0	53 587	53 587	0	-53 587	0	-53 587	0
Other changes	0	0	0	0	-126	-126	0	-2 829	0	-2 829	-2 955
31.12.2019											
Carried at cost	6 700	1 385 513	75 076	18 023	3 193 246	3 286 345	83 753	73 572	0	73 572	4 835 883
Accumulated depreciation	0	-473 680	-18 972	-13 668	-2 137 227	-2 169 867	-62 516	0	0	0	-2 706 063
Residual cost	6 700	911 833	56 104	4 355	1 056 019	1 116 478	21 237	73 572	0	73 572	2 129 820
Acquisitions and additions	22 070	0	0	2 025	57 448	59 473	2 167	308 394	0	308 394	392 104
Acquisition of land and buildings, except new buildings and renovations	22 070	0									22 070
Other acquisitions and additions			0	2 025	57 448	59 473	2 167	308 394	0	308 394	370 034
Depreciation	0	-87 140	-15 014	-2 274	-271 619	-288 907	-8 624	0	0	0	-384 671
Disposals (in residual costs)	0	0	0	0	0	0	-409	0	0	0	-409
Reclassifications	0	0	0	0	37 606	37 606	0	-37 606	0	-37 606	0
Reclassifications from unfinished projects	0	0	0	0	37 606	37 606	0	-37 606	0	-37 606	0
31.12.2020											
Carried at cost	28 770	1 385 513	75 076	20 049	3 279 288	3 374 413	83 818	344 360	0	344 360	5 216 874
Accumulated depreciation	0	-560 820	-33 986	-15 943	-2 399 834	-2 449 763	-69 447	0	0	0	-3 080 030
Residual cost	28 770	824 693	41 090	4 106	879 454	924 650	14 371	344 360	0	344 360	2 136 844

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Disposed property, plant and equipment at selling price

	2020	2019
Machinery and equipment	0	21 250
Transportation	0	21 250
Other property, plant and equipment	467	0
Total	467	21 250

In 2020 AS Linda Nektar wrote off non-current assets which were unfit for use and were technically out-dated. The acquisition cost of these assets was EUR 9,012 and impairment loss EUR 0. In 2019 AS Linda Nektar wrote off non-current assets which were out-dated. The acquisition cost of these assets was EUR 4,862 and impairment loss EUR 126.

As of 31 December 2020, outstanding payables to suppliers of the non-current assets amounted to EUR 76,411 (31.12.2019: EUR 0).

Note 7 Intangible assets

(In Euros)

				Total
	Computer software	Other intangible assets	Unfinished projects and prepayments	
31.12.2018				
Carried at cost	10 648	222 560	0	233 208
Accumulated depreciation	-7 462	-216 638	0	-224 100
Residual cost	3 186	5 922	0	9 108
Acquisitions and additions	0	0	0	0
Depreciation	-1 371	-1 512	0	-2 883
31.12.2019				
Carried at cost	10 648	7 560	0	18 208
Accumulated depreciation	-8 833	-3 150	0	-11 983
Residual cost	1 815	4 410	0	6 225
Acquisitions and additions	0	5 425	900	6 325
Depreciation	-660	-1 621	0	-2 281
31.12.2020				
Carried at cost	10 648	8 449	900	19 997
Accumulated depreciation	-9 493	-235	0	-9 728
Residual cost	1 155	8 214	900	10 269

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Note 8 Payables and prepayments

(In Euros)

	31.12.2020	Within 12 months	Note
Trade payables	154 446	154 446	
Employee payables	9 574	9 574	
Tax payables	14 707	14 707	5
Other payables	69	69	
Other accrued expenses	69	69	
Total payables and prepayments	178 796	178 796	
	31.12.2019	Within 12 months	Note
Trade payables	87 022	87 022	
Employee payables	8 515	8 515	
Tax payables	16 336	16 336	5
Other payables	1 574	1 574	
Other accrued expenses	1 574	1 574	
Total payables and prepayments	113 447	113 447	

The increased total relates to ongoing investments.

Note 9 Contingent liabilities and assets

(In Euros)

	31.12.2020	31.12.2019
Contingent liabilities		
Distributable dividends	1 125 783	1 171 241
Income tax liability on distributable dividends	270 457	285 484
Total contingent liabilities	1 396 240	1 456 725

Note 10 Share capital

(In Euros)

	31.12.2020	31.12.2019
Share capital	1 575 109	1 575 109
Number of shares (pcs)	1 575 109	1 575 109
Nominal value of shares	1	1

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Note 11 Net sales

(In Euros)

	2020	2019
Net sales by geographical location		
Net sales in European Union		
Estonia	917 324	824 212
Finland	381 260	352 416
Latvia	1 174 422	871 394
Lithuania	39 261	49 647
Other EU countries	14	120
Total net sales in European Union	2 512 281	2 097 789
Total net sales	2 512 281	2 097 789
Net sales by operating activities		
Manufacture of unpacked cider and other fruit wines	2 482 393	2 066 971
Equipment rent	0	6 105
Wastewater treatment	10 650	14 939
Sale of goods/services	14 406	9 624
Sale of aroma	4 832	150
Total net sales	2 512 281	2 097 789

Note 12 Other operating income

(In Euros)

	2020	2019	Note
Profit from sale of plant, property and equipment	58	861	6
Sale of metal scrap	0	2 168	
Fines, penalties and compensations	445	23 783	
Other	270	262	
Total other operating income	773	27 074	

Note 13 Goods, raw materials and services

(In Euros)

	2020	2019
Raw materials	-1 184 800	-990 300
Services	-312 579	-307 503
Total goods, raw materials and services	-1 497 379	-1 297 803

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02. 03. 2021

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Note 14 Miscellaneous operating expenses

(In Euros)

	2020	2019
Travel expense	-9 116	-38 480
Training expense	-16 697	-6 894
State and local taxes	-7 092	-7 920
"First North" costs	-18 605	-18 084
Legal and audit expenses	-12 267	-13 974
Communications	-10 691	-11 108
Other	-56 732	-85 365
Total miscellaneous operating expenses	-131 200	-181 825

Note 15 Labour expenses

(In Euros)

	2020	2019
Wage and salary expenses	-299 711	-261 520
Social security taxes	-93 482	-84 749
Total labour expenses	-393 193	-346 269
Average number of employees in full time equivalent units	18	17
Average number of employees by types of employment:		
Person employed under employment contract	13	12
Member of management or controlling body of legal person	5	5

Note 16 Income tax

(In Euros)

Income tax expense components	2020		2019	
	Taxable amount	Income tax expense	Taxable amount	Income tax expense
Declared dividends	126 009	24 176	126 009	27 839
Estonia	121 674	23 344	121 576	26 860
Other countries	4 335	832	4 433	979
Total	126 009	24 176	126 009	27 839

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Note 17 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

	31.12.2020	31.12.2019
	Liabilities	Liabilities
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	432	2 191

Purchases and sales of goods and services

	2020	2019
	Purchases of goods and services	Purchases of goods and services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	3 907	5 563

Purchases and sales of non-current assets

	2020	2019
	Purchases of non-current assets	Purchases of non-current assets
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	815

Remuneration and other significant benefits calculated for members of management and highest supervisory body

	2020	2019
Remuneration	100 011	84 856

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.

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02. 03. 2021

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Signatures

The management has prepared the management report and financial statements of AS Linda Nektar (Reg. code: 10211034) for the financial year 01.01.2020 – 31.12.2020 and confirms that the Annual Report provides a true and fair view of the business operations.

Report completion date: 25.02.2021

A handwritten signature in blue ink, appearing to be 'Kadri Rauba', written in a cursive style.

Kadri Rauba

CEO

INDEPENDENT AUDITOR'S REPORT
(Translation of the Estonian original)

Grant Thornton Baltic OÜPärnu road 22
10141 Tallinn, Estonia**T** +372 626 0500**E** info@ee.gt.comREG No. 10384467
VAT No. EE100086678**To the Shareholders of aktsiaselts Linda Nektar****Opinion**

We have audited the financial statements of aktsiaselts Linda Nektar (the Company), which comprise the balance sheet as at December 31, 2020, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Estonian financial reporting standard.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia) (ISA (EE)s). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Management report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management report and, in doing so, consider whether the Management report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA (EE)s will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Aivar Kangust
Sworn Auditor
License number 223

Grant Thornton Baltic OÜ
License number 3
Pärnu mnt 22, 10141 Tallinn
March 2, 2021