



Linda Nektar

ANNUAL REPORT

reporting period: 01.01.2022 – 31.12.2022

financial year: 01.01.2022 - 31.12.2022

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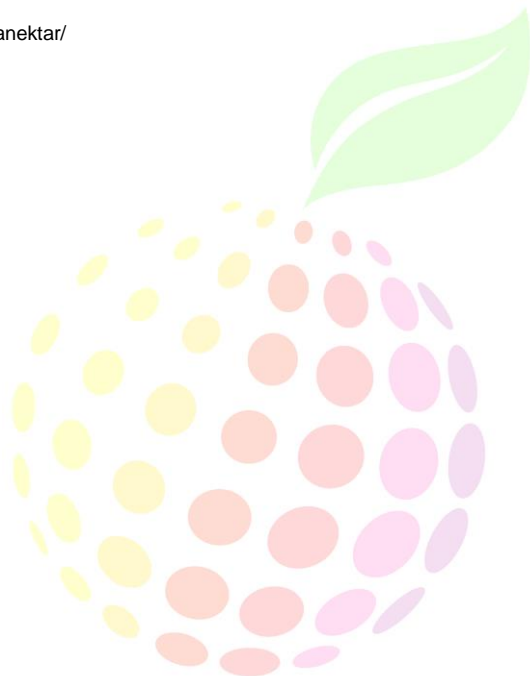
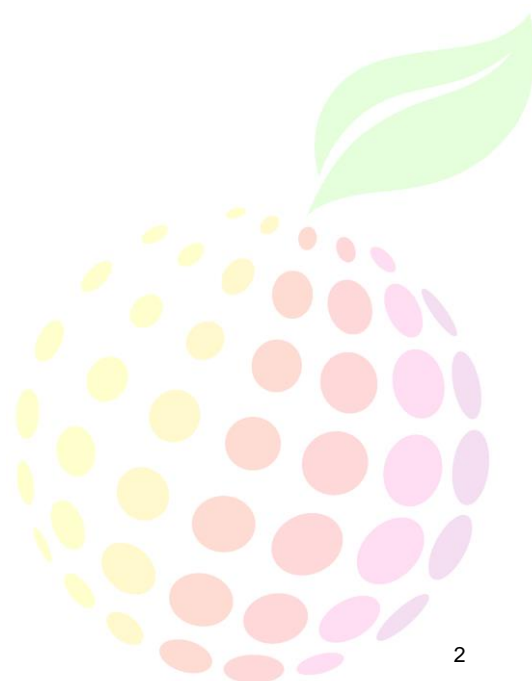


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Management report

In 2022 Linda Nektar's (The Company) turnover was EUR 3.8m, largely in line with management's guidance of EUR 3.6m, while net profitability improved by a couple of percentage points to 7.15% (3.95% in 2021).

In H2 2022 AS Linda Nektar's products experienced solid demand thus resulting in good volume performance. At the same time, external challenges from supply chain constraints, driven by the war in Ukraine led to higher input costs and negatively impacted profitability during the period. The inflationary pressures were led by rising energy costs while supply chain constraints causing momentarily fear for availability of certain raw materials on the market was rapidly driving prices.

In the coming periods the Company strongly believes in the continuity of recognised megatrends in consumer behaviour. The demand for calorie-reduced and low-alcoholic fermented drinks is increasing in popularity. In addition, fermented ready to drink beverages (often known as RTD) are supported by the trend of premiumisation in the category. Consumers have a desire for natural ingredients, with fermentation seen as sustainable production. Premiumisation and innovative products are expected to drive growth in the low-and-no alcohol and RTD segments. The Company is well positioned with a focus on customised, high value-added ingredients for its customers which help them to create innovative fermented drinks. Together with its customers the Company seeks and expects growth in the customer base as well as geographical distribution.

Looking into 2023 the Baltic and Finnish markets, where the Company's products are mainly delivered, the business environment remains challenging with an uncertain macro situation. High inflation and uncertainty among consumers can be expected to affect the purchasing power for certain goods, calling for a preparedness to undertake recipe and/or product changes.

At the end of 2022 the Company experienced a downward development in raw material prices, as the market prices of several agricultural commodities have fallen from record levels in the European market. At the same time, the transfer of more favourable commodity prices to production costs and consumer prices still takes time. Ukraine war developments bring, however, a shadow of uncertainty and volatility, and the circumstances can rapidly change.

Financial review

In 2022 AS Linda Nektar (The Company's) turnover was EUR 3,786,852 (2021: EUR 3,110,589). This marked an increase of 21.7% year-on-year. The net profit of the Company for 2022 was EUR 270,903 (2021: EUR 122,715).

As of 31 December 2022, the Company's total assets came to EUR 4,137,806 (31.12.2021: EUR 3,809,320) marking an increase of 8.6% year-on-year. Current assets amounted to EUR 1,474,446 (31.12.2021: EUR 1,532,607) or 35.6% of total assets. Fixed assets amounted to EUR 2,663,360 (31.12.2021: EUR 2,276,713) or 64.4% of the balance sheet total. The liabilities of AS Linda Nektar totalled EUR 369,467 (31.12.2021: EUR 153,870) and equity amounted to EUR 3,768,339 (31.12.2021: EUR 3,655,450).

As of 31 December 2022, there were no loan commitments, while cash and cash equivalents came to EUR 294,451 (31.12.2021: EUR 651,135). The Company retains its conservative financial leverage policy. Operating cash flow for the 2022 was stable at EUR 552,831 (2021: EUR 560,581).

The Company continues to actively make investments into R&D in order to support future sales growth, improve production efficiency and promote the achievement of responsibility targets with regard to energy efficiency and carbon neutrality. During the period the Company was close to completing investments in new equipment lifting its technical levels, fermentation capacity, and degree of automation. The Company's quality assurance system was also improved, achieving certification according to the FSSC 22000 standard. A total of EUR 821,626 was invested into fixed assets (2021: EUR 554,705). Some investments will be implemented through support provided by the Agricultural Registers and Information Board (ARIB). A subsidy of EUR 217,863 will be paid out if the granted investment project is implemented no later than September 2023.

The Company will also continue its investments into solar energy supply thus lowering its carbon footprint and energy related costs. In 2022 the Estonian Agricultural Registers and Information Board as part of the Rural Development Plan measure 4.2.6 'Investment Support' granted EUR 66,938 for construction of a solar park. The subsidy will be paid out if the investment is implemented no later than November 2024.

Depreciation costs in 2022 amounted to EUR 435,004 (2021: EUR 399,020).

In 2022, the Company paid EUR 158,014 in dividends (2021: EUR 158,014). The income tax cost on dividends was EUR 27,584 (2021: EUR 28,514).

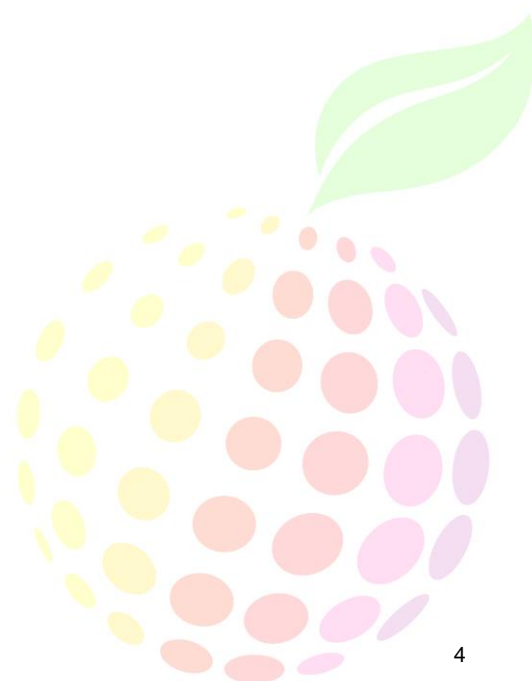
As of 31 December 2022, the Company had 14 employees, one Management Board Member and four Supervisory Board Members. Labour costs in 2022 (including taxes) amounted to EUR 476,525 (2021: EUR 431,138).

Management's revenue guidance for the whole of 2023 is more or less similar to that achieved in 2022, hence EUR 3.8m.

Financial Ratios

		2022	2021
Current Ratio = Current Assets / Current Liabilities	x	3.99	9.96
Quick ratio = (Current Assets – Inventories) / Current Liabilities	x	2.19	7.92
Working Capital = Current Assets - Current Liabilities		1 104 979	1 378 737
Equity Ratio = Total Equity / Total Assets*100	%	91.07	95.96
Net Profit Margin= Net Profit / Sales Revenue*100	%	7.15	3.95
Debt to Assets= Total Liabilities / Total Assets	x	0.09	0.04

Kadri Rauba
CEO



The annual accounts

Statement of financial position

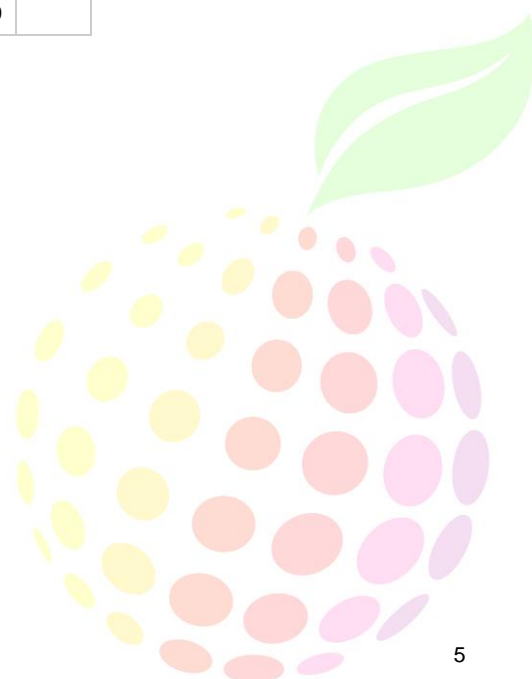
(In Euros)

	31.12.2022	31.12.2021	Note
Assets			
Current assets			
Cash and cash equivalents	294 451	651 135	2
Receivables and prepayments	515 099	568 144	3
Inventories	664 896	313 328	4
Total current assets	1 474 446	1 532 607	
Non-current assets			
Receivables and prepayments	45	20	3
Property, plant and equipment	2 647 768	2 269 900	6
Intangible assets	15 547	6 793	7
Total non-current assets	2 663 360	2 276 713	
Total assets	4 137 806	3 809 320	
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	369 467	153 870	8
Total current liabilities	369 467	153 870	
Total liabilities	369 467	153 870	
Equity			
Issued capital	1 580 143	1 580 143	11
Share premium	617 517	617 517	
Statutory reserve capital	80 084	73 948	
Retained earnings (loss)	1 219 692	1 261 127	
Reporting period profit (loss)	270 903	122 715	
Total equity	3 768 339	3 655 450	
Total liabilities and equity	4 137 806	3 809 320	

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Income statement

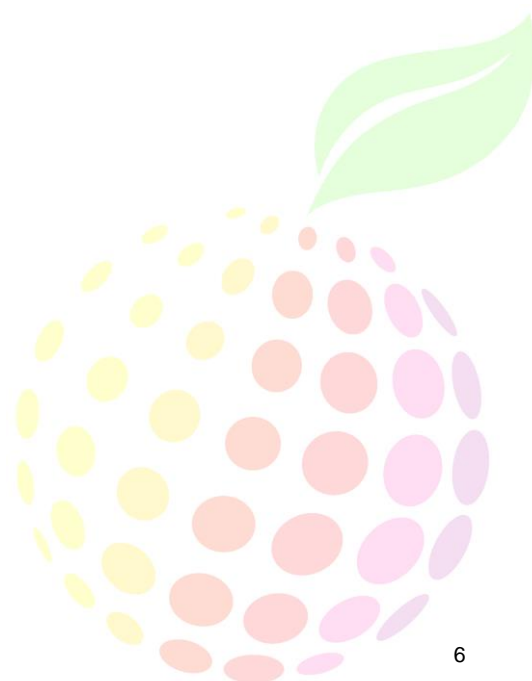
(In Euros)

	2022	2021	Note
Revenue	3 786 852	3 110 589	12
Other income	13 824	3 587	10
Changes in inventories of finished goods and work in progress	224 182	-129 648	
Raw materials and consumables used	-2 528 575	-1 800 469	13
Other operating expenses	-284 899	-177 526	14
Employee expenses	-476 525	-431 138	15
Depreciation and impairment loss (reversal)	-435 004	-399 020	6,7
Significant impairment of current asset	0	-23 783	
Other expenses	-1 428	-1 431	
Operating profit (loss)	298 427	151 161	
Interest income	60	68	
Profit (loss) before tax	298 487	151 229	
Income tax expense	-27 584	-28 514	16
Reporting period profit (loss)	270 903	122 715	

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Statement of cash flows

(In Euros)

	2022	2021	Note
Cash flows from operating activities			
Operating profit (loss)	298 427	151 161	
Adjustments			
Depreciation and impairment loss (reversal)	435 004	399 020	6,7
Profit (loss) from sale of non-current assets	0	-1 395	
Other adjustments	-13 790	0	10
Total adjustments	421 214	397 625	
Changes in receivables and prepayments related to operating activities	53 020	-139 093	
Changes in inventories	-353 268	139 833	
Changes in payables and prepayments related to operating activities	147 232	39 569	
Income tax refund (paid)	-27 584	-28 514	16
Proceeds from government grants	13 790	0	10
Total cash flows from operating activities	552 831	560 581	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-751 561	-619 200	6,7
Proceeds from sales of property, plant and equipment and intangible assets	0	27 500	
Interest received	60	68	
Total cash flows from investing activities	-751 501	-591 632	
Cash flows from financing activities			
Proceeds from issuing shares	0	5 034	
Dividends paid	-158 014	-158 014	16
Total cash flows from financing activities	-158 014	-152 980	
Total cash flows	-356 684	-184 031	
Cash and cash equivalents at beginning of period	651 135	835 166	2
Change in cash and cash equivalents	-356 684	-184 031	
Cash and cash equivalents at end of period	294 451	651 135	2

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Statement of changes in equity

(In Euros)

	Issued capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings (loss)	Total
31.12.2020	1 575 109	617 517	70 672	26 177	1 396 240	3 685 715
Reporting period profit (loss)	0	0	0	0	122 715	122 715
Issue of equity	5034	0	0	-26 177	26 177	5 034
Declared dividends	0	0	0	0	-158 014	-158 014
Changes in reserves	0	0	3 276	0	-3 276	0
31.12.2021	1 580 143	617 517	73 948	0	1 383 842	3 655 450
Reporting period profit (loss)	0	0	0	0	270 903	270 903
Declared dividends	0	0	0	0	-158 014	-158 014
Changes in reserves	0	0	6 136	0	-6 136	0
31.12.2022	1 580 143	617 517	80 084	0	1 490 595	3 768 339

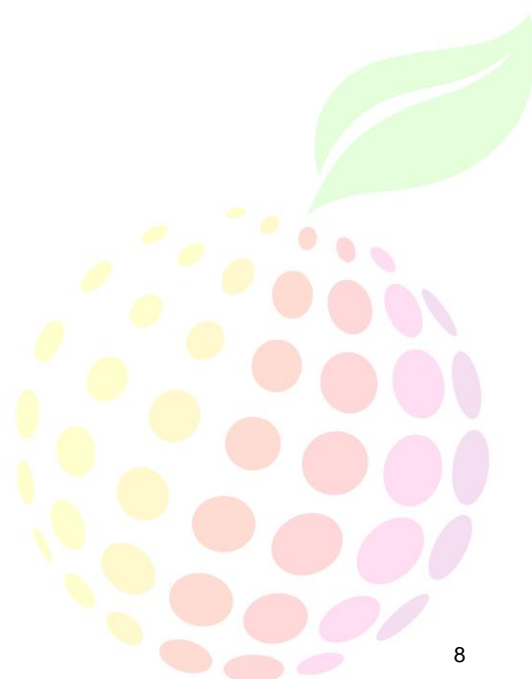
The minimum share capital allowed by the Articles of Association of AS Linda Nektar is 1,200,000 euros, and the maximum share capital is 4,800,000 euros. The share has a nominal value of 1 euro. A total of 1,580,143 shares have been issued.

As of 31 December 2022, the Company had 172 shareholders (31.12.2021: 164 shareholders).

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Notes

Note 1 Accounting policies

General information

The 2022 Financial Statements of AS Linda Nektar have been prepared in accordance with 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 Annual Report 2022 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
- other buildings: 15-16 years, improvements: 5 years

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- 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, a 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 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 the Nasdaq First North Alternative Market. Derivatives (such as these option contracts) are revalued at balance sheet date according to the change in fair value of the instrument.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2022	31.12.2021
Cash on hand	8	86
Bank accounts	294 443	651 049
Total cash and cash equivalents	294 451	651 135

Cash levels have decreased from previous years due to higher levels of inventories together with ongoing increased investment-related capex.

Note 3 Receivables and prepayments

(In Euros)

	31.12.2022	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	334 996	334 996	0	
Accounts receivables	334 996	334 996	0	
Tax prepayments and receivables	176 129	176 129	0	5
Prepayments	4 019	3 974	45	
Deferred expenses	3 827	3 782	45	
Other paid prepayments	192	192	0	
Total receivables and prepayments	515 144	515 099	45	

	31.12.2021	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	408 962	408 962	0	
Accounts receivables	432 745	432 745	0	
Allowance for doubtful receivables	-23 783	-23 783	0	
Tax prepayments and receivables	153 891	153 891	0	5
Prepayments	5 311	5 291	20	
Deferred expenses	5 311	5 291	20	
Total receivables and prepayments	568 164	568 144	20	

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Note 4 Inventories

(In Euros)

	31.12.2022	31.12.2021
Raw materials	265 038	165 067
Work in progress	306 174	114 403
Finished goods	66 097	33 858
Inventory prepayments	27 587	0
Total Inventories	664 896	313 328

This increase in inventories reflects a combination of higher input prices and changes in the product portfolio.

Note 5 Tax prepayments and liabilities

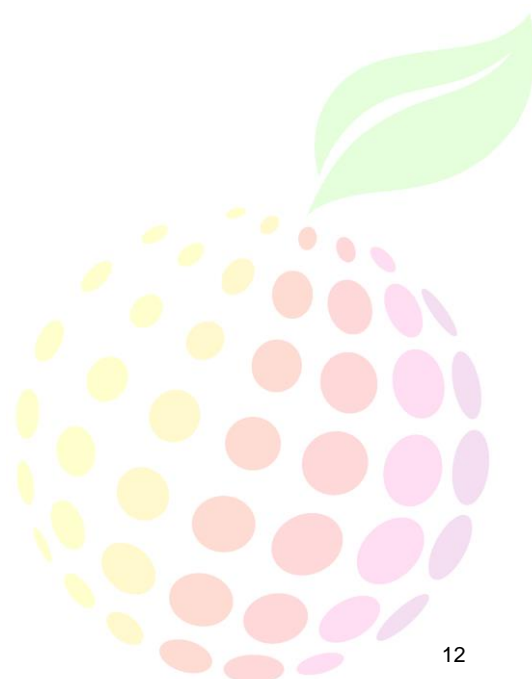
(In Euros)

	31.12.2022		31.12.2021	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Value added tax	29 156	0	15 919	0
Personal income tax	0	8 304	0	5 838
Fringe benefit income tax	0	1 350	0	648
Social tax	0	15 311	0	11 456
Contributions to mandatory funded pension	0	508	0	410
Unemployment insurance tax	0	764	0	561
Excise duty tax	69 450	0	91 663	62
Other tax prepayments and liabilities	0	267	0	308
Prepayment account balance	77 523		46 309	
Total tax prepayments and liabilities	176 129	26 504	153 891	19 283

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Note 6 Property, plant and equipment

(In Euros)

	Land	Buildings	Transportation	Computers and computer systems	Other machinery and equipment	Machinery and equipment	Other property, plant and equipment	Unfinished projects	Pre-payments	Unfinished projects and prepayment	Total
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
Acquisitions and additions	6 240	142 478	59 890	0	275 447	335 337	1 574	69 076	0	69 076	554 705
Acquisition of land and buildings, except new buildings and renovations	6 240	0						0	0	0	6 240
Acquisition of buildings, new building, renovations		142 478						0	0	0	142 478
Other acquisitions and additions			59 890	0	275 447	335 337	1 574	69 076	0	69 076	405 987
Depreciation	0	-96 328	-15 003	-2 387	-275 497	-292 887	-6 329	0	0	0	-395 544
Disposals (in residual costs)	0	0	-26 105	0	0	-26 105	0	0	0	0	-26 105
Reclassifications	0	112 925	0	0	176 231	176 231	0	-289 156	0	-289 156	0
Reclassifications from unfinished projects	0	112 925	0	0	176 231	176 231	0	-289 156	0	-289 156	0
31.12.2021											
Carried at cost	35 010	1 640 916	74 724	17 606	3 726 205	3 818 535	85 392	124 280	0	124 280	5 704 133
Accumulated depreciation	0	-657 148	-14 852	-15 887	-2 670 570	-2 701 309	-75 776	0	0	0	-3 434 233
Residual cost	35 010	983 768	59 872	1 719	1 055 635	1 117 226	9 616	124 280	0	124 280	2 269 900
Acquisitions and additions	0	42 041	0	1 570	29 567	31 137	12 280	734 013	2 155	736 168	821 626
Acquisition of buildings, new building, renovations		42 041						0	0	0	42 041
Other acquisitions and additions			0	1 570	29 567	31 137	12 280	734 013	2 155	736 168	779 585
Depreciation	0	-106 947	-13 956	-1 694	-290 064	-305 714	-6 103	0	0	0	-418 764
Impairment loss	0	0	0	0	0	0	0	-10 517	0	-10 517	-10 517
Reclassifications	0	0	0	0	13 315	13 315	0	-27 792	0	-27 792	-14 477
Reclassifications from unfinished projects	0	0	0	0	13 315	13 315	0	-27 792	0	-27 792	-14 477
31.12.2022											
Carried at cost	35 010	1 682 957	74 724	18 128	3 765 359	3 858 211	97 672	819 984	2 155	822 139	6 495 989
Accumulated depreciation	0	-764 095	-28 808	-16 533	-2 956 906	-3 002 247	-81 879	0	0	0	-3 848 221
Residual cost	35 010	918 862	45 916	1 595	808 453	855 964	15 793	819 984	2 155	822 139	2 647 768

Disposed property, plant and equipment at selling price

	2022	2021
Machinery and equipment	0	27 500
Transportation	0	27 500
Total	0	27 500

As at 31 December 2022, outstanding payables to suppliers of the non-current assets amounted to EUR 80,281 (31.12.2021: EUR 11,916).

Unfinished building impairment loss EUR 10,517, demolition cost EUR 29,700 (Note 14). This is linked to preparation work for further expansion. In addition investments have been made in order to enhance the capability to handle a more complex product portfolio.

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Note 7 Intangible assets

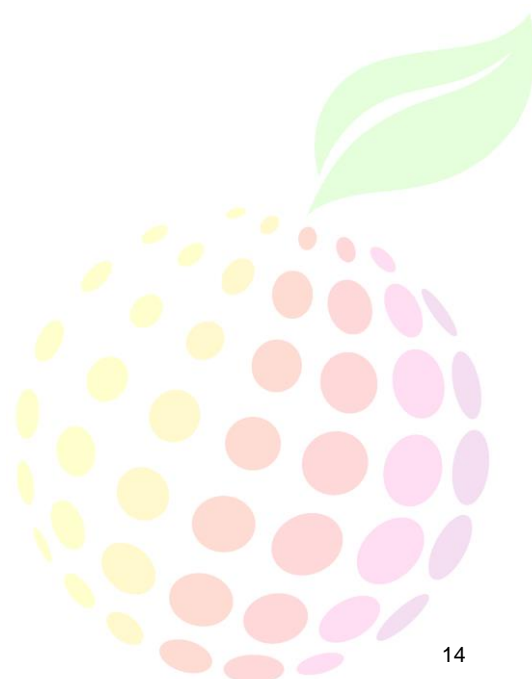
(In Euros)

	Computer software	Other intangible assets	Unfinished projects and prepayments	Total
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
Depreciation	-660	-2 816	0	-3 476
31.12.2021				
Carried at cost	10 649	8 449	900	19 998
Accumulated depreciation	-10 154	-3 051	0	-13 205
Residual cost	495	5 398	900	6 793
Depreciation	-495	-5 229	0	-5 724
Other changes	0	14 478	0	14 478
31.12.2022				
Carried at cost	10 649	22 927	900	34 476
Accumulated depreciation	-10 649	-8 280	0	-18 929
Residual cost	0	14 647	900	15 547

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Note 8 Payables and prepayments

(In Euros)

	31.12.2022	Within 12 months	Note
Trade payables	324 912	324 912	
Employee payables	13 794	13 794	
Related parties payables	780	780	17
Tax payables	26 504	26 504	5
Other payables	3 477	3 477	
Other accrued expenses	1 607	1 607	
Other payables	1 870	1 870	
Total payables and prepayments	369 467	369 467	

	31.12.2021	Within 12 months	Note
Trade payables	123 167	123 167	
Employee payables	10 404	10 404	
Related parties payables	676	676	17
Tax payables	19 283	19 283	5
Other payables	340	340	
Other payables	340	340	
Total payables and prepayments	153 870	153 870	

Note 9 Contingent liabilities and assets

(In Euros)

	31.12.2022	31.12.2021
Contingent liabilities		
Distributable dividends	1 202 756	1 116 609
Income tax liability on distributable dividends	287 839	267 233
Total contingent liabilities	1 490 595	1 383 842

Note 10 Grants

(In Euros)

	2022		2021	
	Received	Recognized in the income statement	Received	Recognized in the income statement
Grants for operating expenses				
EAS	13 790	13 790	0	0
Total grants for operating expenses	13 790	13 790	0	0

Development of non-conventional technology for flavour enhancement and dealcoholisation. The project was financed by the European Regional Development Fund to the sum of EUR 13,790.

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Note 11 Share capital

(In Euros)

	31.12.2022	31.12.2021
Share capital	1 580 143	1 580 143
Number of shares (pcs)	1 580 143	1 580 143
Nominal value of shares	1	1

See detailed information in Statement of changes in equity (summary section).

Note 12 Net sales

(In Euros)

	2022	2021
Net sales by geographical location		
Net sales in European Union		
Estonia	1 618 366	1 088 446
Finland	347 421	345 895
Latvia	1 781 584	1 637 433
Lithuania	20 362	36 765
Other EU	19 119	2 050
Total net sales in European Union	3 786 852	3 110 589
Total net sales	3 786 852	3 110 589
Net sales by operating activities		
Manufacture of cider and other fruit wines	3 761 857	3 093 146
Sale of goods/services	24 995	14 510
Sale of aroma	0	2 933
Total net sales	3 786 852	3 110 589

Aroma sales are not currently a focus for management due to increased demand for natural fermented flavour generating ingredients.

Note 13 Goods, raw materials and services

(In Euros)

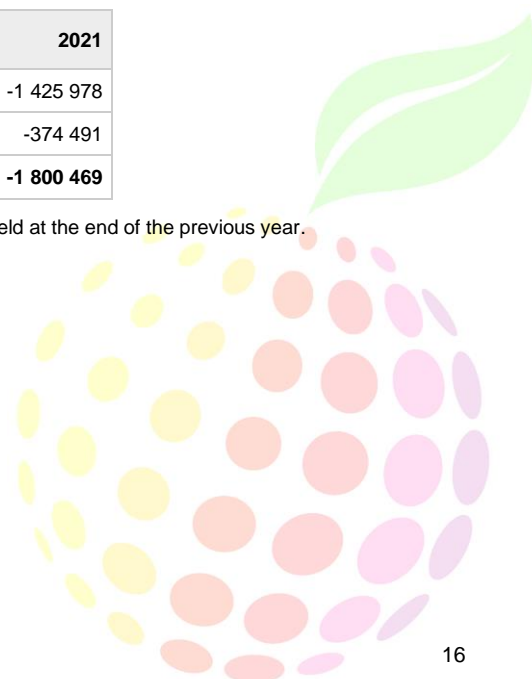
	2022	2021
Raw materials	-2 045 651	-1 425 978
Services	-482 924	-374 491
Total goods, raw materials and services	-2 528 575	-1 800 469

This increase reflects a combination of both higher volumes and costs, as well as stocks held at the end of the previous year.

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Note 14 Miscellaneous operating expenses

(In Euros)

	2022	2021	Note
Exploration and development expenses	-28 700	0	10
Travel expenses	-31 832	-12 927	
Training expenses	-45 869	-41 213	
State and local taxes	-12 317	-7 597	
"First North" costs	-19 548	-18 526	
Legal and audit expenses	-18 088	-15 272	
Communications	-10 896	-10 116	
Other	-117 649	-71 875	
Total miscellaneous operating expenses	-284 899	-177 526	

Unfinished building demolition cost EUR 29,700, impairment loss EUR 10,517 (Note 6).

Development of non-conventional technology for flavour enhancement and dealcoholisation project total costs were EUR 19,700. The project was financed by the European Regional Development Fund to the sum of EUR 13,790 (Note 10).

Note 15 Labour expense

(In Euros)

	2022	2021
Wage and salary expense	-359 531	-324 739
Social security taxes	-116 990	-106 399
Total labour expense	-476 521	-431 138
Average number of employees in full time equivalent units	19	19
Average number of employees by types of employment:		
Person employed under employment contract	14	14
Member of management or controlling body of legal person	5	5

Note 16 Income tax

(In Euros)

Income tax expense components	2022		2021	
	Taxable amount	Income tax expense	Taxable amount	Income tax expense
Declared dividends	158 014	27 584	158 014	28 514
Estonia	152 031	26 539	152 066	27 441
Other countries	5 983	1 045	5 948	1 073
Total	158 014	27 584	158 014	28 514

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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

SHORT TERM	31.12.2022	31.12.2021
Payables and prepayments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	780	676
Total payables and prepayments	780	676

BOUGHT	2022	2021
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	4 060	5 560
Total bought	4 060	5 560

Remuneration and other significant benefits calculated for members of management and highest supervisory body	2022	2021
Remuneration	91 250	91 250

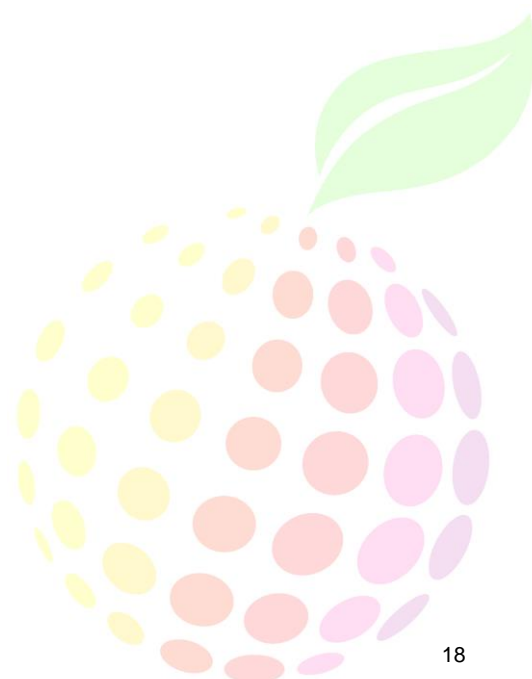
For the purposes of the financial statements of AS Linda Nektar, the following are considered related parties:

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

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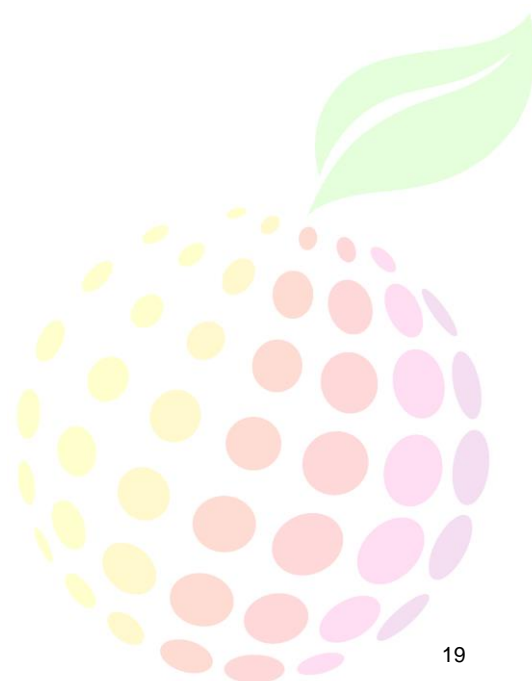
Signatures

The management has prepared the management report and financial statements of AS Linda Nektar for the financial year 01.01.2022 – 31.12.2022 and confirms that the Report provides a true and fair view of the business operations.

Report completion date: 08.03.2023



Kadri Rauba
CEO



INDEPENDENT AUDITOR'S REPORT
(Translation of the Estonian original)**To the Shareholders of AS Linda Nektar****Opinion**

We have audited the financial statements of AS Linda Nektar (the Company), which comprise the balance sheet as at December 31, 2022, 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, 2022, 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.



Janno Greenbaum
Sworn Auditor
License number 486

Grant Thornton Baltic OÜ
License number 3
Pärnu mnt 22, 10141 Tallinn
March 14, 2023