

Mainor Ülemiste AS

Consolidated Interim Report for the 6 month period ended 30 June 2021 (unaudited)

Beginning of financial period	01.01.2021
End of financial period	30.06.2021
Registry Code	10348595
Address	Valukoja 8/1 Tallinn 11415 Harju maakond
Phone	+372 53 04 6992
Main business activity	leased or owned real estate rent and operation
E-mail	info@mainorulemiste.ee
Website	www.mainorulemiste.ee

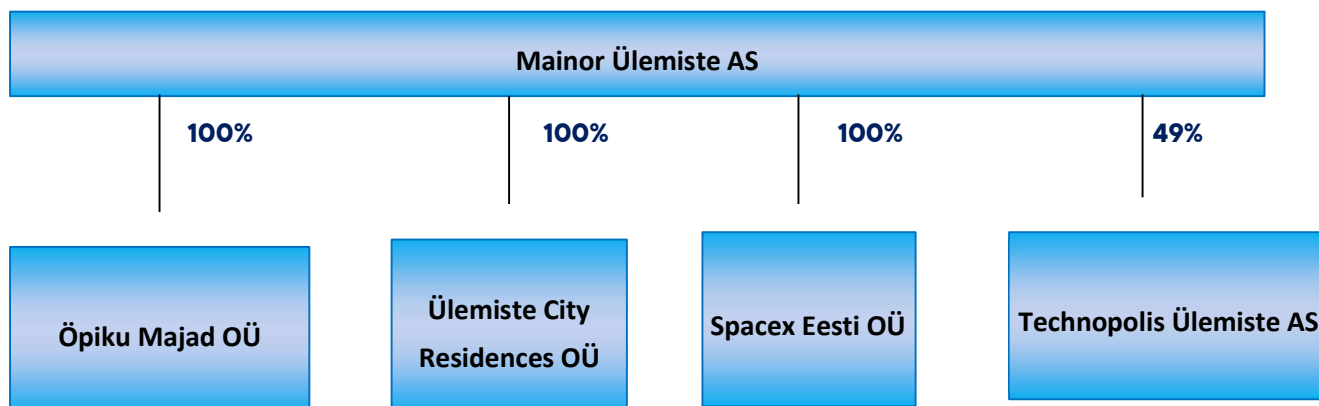
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Business Activity Compilation

Structure of consolidation group



In 2021, the entity was engaged in development of Ülemiste City office space, including construction of new buildings and renovation of existing buildings, renting premises, providing tenants with necessary services and developing these services, preparing new real estate projects.

Alma Tomingas office building with a leasable area of 16.5 thousand m² is under construction, the completion date of which is the end of 2022. This building will be next step on the way to the increasingly human-friendly Ülemiste City.

At the same time, we are designing a new educational complex with mobility and green areas for the growing schools in the town - Emil School and Tallinn International School - and for Kalli-kalli kindergarten. We are designing a new educational complex in cooperation with the architects of Kolm Pluss Üks OÜ. The development of an educational cluster from kindergarten to higher education is a prerequisite for attracting talent.

January - March 2021

As of February 12, Ursel Velve, who has been the Chief Innovation Officer of the largest business campus in Baltics in recent years, replaced Margus Nõlvak, as the Chairman of the Board of Mainor Ülemiste. Velve, who holds a Master's degree in International Marketing from the University of Liverpool, has been a member of the Board of Mainor Ülemiste since 2015. In 2017, she became the company's development manager and in 2019 started as the Chief Innovation Officer of Ülemiste City. Teet Raudsep, the company's long-term Customer Experience Manager, also joined the Management Board. He worked for Telefonica International before joining Mainor.

The training credit program implemented by the developers of Ülemiste City Mainor AS, Mainor Ülemiste AS and Technopolis Ülemiste AS brings together Ülemiste City companies and the largest universities in Estonia. During the year the community will be offered more than 200 different free trainings with a monetary value of up to 150,000 euros. The aim is to encourage employees of companies to participate in the training offered by higher education institutions, while expanding cooperation between companies and educational institutions in the field of research, consulting, and other development areas.

The Future City professorship, born in cooperation with the developers of Ülemiste City – Mainor AS, Mainor Ülemiste AS and Technopolis Ülemiste AS and TalTech, the City of Tallinn, Ericsson Eesti AS and Telia AS won the title of Quality Deed of the Year 2020 issued by the Estonian Quality Association. The award was given for a holistic and innovative approach in promoting education in collaboration between the private and public sectors to address wider issues that have a much wider impact than just the organizations involved.

AS Elcogen signed a contract with Mainor Ülemiste to develop a production unit 50 times larger than the existing plant and to become the world's leading producer of solid oxide fuel cells. Construction of the 10,000 m² production unit will begin in the summer of 2021. Construction is expected to take 12 months at an estimated cost of 6.3 million euros. Elcogen will invest an additional 20 million euros in the equipment of the production unit.

Ülemiste City developers Technopolis Ülemiste AS and Mainor Ülemiste AS, together with the energy group Utilitas, are investing 11 million euros to connect the campus to an efficient district heating and cooling network and to give up heating with fossil gas completely. The first phase of the construction will be completed by the autumn of this year, and by the end of 2022, the entire city will be ready for connection.

April -June 2021

Ülemiste City, the largest and fastest growing business campus in the Baltics, has undergone a brand renewal and wants to grow into the gateway of Estonia. Over the next five years, the airport, Rail Baltic and bus terminals, as well as the FinEst tunnel, will become one entity, creating fast and convenient connections all over the world. You can reach Helsinki in 30 minutes and Pärnu in 40 minutes, Riga and St. Petersburg in 2-3 hours. Every day, it will bring nearly 100,000–150,000 people here and make Ülemiste Estonia's gateway and gateway from Estonia to the world.

Mainor Ülemiste AS has completed a private placement of EUR 5 million unsecured bonds with maturity of five years. Investors subscribed bonds for a total of EUR 6,057,000 which means that the initial issue volume was oversubscribed by 1.2 times. New development projects include the talent-centric and green Alma Tomingas office building, which is already under construction, an educational complex inviting to move and study, and a new smart production building for fuel cell company Elcogen, which construction will start in the second half of this year.

New unsecured bonds issued by Mainor Ülemiste were listed on the Baltic First North Market by Nasdaq Tallinn as of June 11, 2021.

The uniquely designed and talent centric work environment of the Alma Toming office building, developed by Mainor Ülemiste, attracts brands with global reach, such as technology giant Fujitsu and Skeleton, which aspires to be the next unicorn. The building has been built in collaboration with architects, service designers, researchers from the University of Tartu, as well as urban strategists, arborists, indoor climate-, LEED- and digital nomad experts, making it one of the most thoughtful and talent-focused work environments in Estonia and Europe.

According to a recent survey, Ülemiste City has passed Pärnu and Narva last year and has become the third largest economy in Estonia after Tallinn and Tartu in terms of labor tax receipts from commercial companies. The export of companies and the development of the IT cluster remain on a clear upward trend. Ülemiste City IT companies account for as much as 1/3 of the total exports of the Estonian IT sector. The next goal is to grow bigger than Tartu.

As of 30.06.2020 a total of 18 people were employed by Mairor Ülemiste AS, with a total salary of 388 thousand euros (30.06.2019: 354 thousand euros), of which salary expenses to members of the board and management consisted of 113 thousand euros (30.06.2020: 107 thousand euros).

Key financial ratios	30.06.2021	30.06.2020
Return on equity – ROE (%)	2.9%	3.1%
Return on assets – ROA (%)	1.6%	1.7%
Operating margin (%)	80.5%	82.6%
Net Profit margin (%)	56.9%	63.2%
Dividends payout ratio (%)	14.9%	11.4%
Increase in revenue (%)	13.3%	0.8%

Formulas underlying the calculation of ratios:

Return on equity – ROE (%) = net profit / average equity for the reporting period x 100

Return on assets – ROA (%) = net profit / average assets for the reporting period x 100

Operating margin (%) = operating profit / revenue x 100

Net profit margin (%) = net profit / revenue x 100

Dividend payout ratio (%) = dividends paid / net profit for the previous year x 100

Increase in revenue (%) = (revenue for the reporting period / revenue for the previous period – 1) x 100

Management confirmation and signatures

The financial and other additional information published in the 1H 2021 Interim Report is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the group.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

1H 2021 Consolidated financial statements in the report are not audited.



Ursel Velve

Member of the Management Board

Tallinn, 30.09.2021

Consolidated Financial Statements

Consolidated Statement of Financial Position

(in thousands of euros)

	Notes	30.06.2021	31.12.2020	30.06.2020
ASSETS				
Investment property	2	155 949	151 700	146 900
Tangible assets	3	96	110	132
Intangible assets	4	115	136	104
Trade and other receivables	5,6	10 350	10 117	10 308
Financial investment	9	43 391*	44 574	40 811*
Cash and cash equivalents	10	14 131	9 576	9 494
TOTAL ASSETS		224 032	216 213	207 749
EQUITY				
Share capital at par value	11	18 200	18 200	18 200
Statutory capital reserve		1 920	1 920	1 920
Retained earnings		96 131	88 238	88 237
Profit for the financial year		3 455	9 394	3 390
TOTAL EQUITY		119 706	117 752	111 747
LIABILITIES				
Provisions	14	262	262	264
Borrowings	12	98 619	95 097	91 425
Derivatives		345	345	345
Trade and other payables	13	5 100	2 757	3 968
TOTAL LIABILITIES		104 326	98 461	96 002
TOTAL LIABILITIES AND EQUITY		224 032	216 213	207 749

*Without change of valuation of Mainor Ülemiste AS's and associate companies' investments properties

Consolidated Statement of Comprehensive Income

(in thousands of euros)

	Notes	01.01- 30.06.2021	01.01- 30.06.2020
Revenue	15	6 076	5 365
Cost of Sales	17	-1 688	-1 304
Gross Profit		4 388	4 061
Marketing expenses	18	-105	-95
Administration expenses	19	-1 589	-1 453
Revenues from financial investment*	9	2 182	1 881
Other operating income	16	26	43
Other operating expenses	21	-9	-4
Operating Profit		4 893	4 433
<i>Financial income and expenses</i>			
Interest income	22	34	25
Interest expense	23	-1 333	-1 033
Other financial income and expenses	24	-117	-35
Total financial income and expenses		-1 416	-1 043
Profit before tax		3 477	3 390
Income tax expense	26	-22	0
Net Profit for the year		3 455	3 390

*Without change of valuation of Mainor Ülemiste AS's and associate companies' investments properties

Consolidated Statement of Cash Flows

(in thousands of euros)

	Notes	01.01.2021 30.06.2021	30.06.2020 31.12.2020	01.01.2020 30.06.2020
<i>Cash flows from operating activities</i>				
Net profit for the year		3 477	6 004	3 390
Adjustments:				
Depreciation and amortization of non-current assets	3,4	68	62	53
Profit (loss) from fixed asset sales and write-offs		2	-3	0
Change of valuation in investment properties		0	-986	0
Other adjustments		-24	0	-21
Profit (loss) from financial investments	9	-2 182	-3 763	-1 881
Other financial income and other financial expenses		117	34	35
Interest expenses		1 299	1 430	1 008
Changes in receivables from operating activities		-309	175	-410

Changes in payables from operating activities		2 253	-1 339	-121
Net cash generated by operating activities		4 749	1 593	2 053
Cash flows from investing activities				
Sales of property, plant and equipment	3	2	0	31
Payments for property, plant and equipment	3	-61	-37	-46
Payments for investment property	2	-4 107	-3 690	-9 120
Loans granted	5	0	0	0
Repayment of loans granted		0	0	0
Interest received		30	185	0
Dividends received	9,27	1 405	0	1 384
Other cash received from investing activities	9	1 960	0	0
Net cash used in investing activities		-771	-3 542	-7 751
Cash flows from financing activities				
Proceeds from borrowings	12	11 125	44 839	6 233
Repayment of borrowings	12	- 7 577	-41 338	- 1 215
Capital lease payments		-39	-54	-19
Interest paid		-1 395	-1 347	-1 360
Other financial expenses paid		-37	-69	0
Dividends paid	11	-1 500	0	-1 384
Net cash from financing activities		577	2 031	2 255
Total cash flows		4 555	82	-3 443
Cash and cash equivalents at the beginning of the period	10	9 576	9 494	12 937
Net change in cash and cash equivalents		4 555	82	-3 443
Cash and cash equivalents at the end of the period	10	14 131	9 576	9 494

Consolidated Statement of Changes in Equity

(in thousands of euros)

	Share capital	Statutory reserve	Retained earnings	Total Equity
Balance at 31.12.2019	18 200	1 920	89 621	109 741
Dividends declared	0	0	-1 384	-1 384
Total comprehensive income 01.01-30.06.2020	0	0	3 390	3 390
Balance at 30.06.2020	18 200	1 920	91 627	111 747
Total comprehensive income 01.07-31.12.2020	0	0	6 004	6 004
Balance at 31.12.2020	18 200	1 920	97 631	117 751
Dividends declared	0	0	-1 500	-1 500
Total comprehensive income 01.01-30.06.2021	0	0	3 455	3 455

Balance at 30.06.2021	18 200	1 920	99 586	119 7067
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Detailed information on changes in equity is disclosed in Note 11.

Notes to the consolidated financial statements

Note 1. Reporting entity

Mainor Ülemiste AS (hereafter also as „the Group“ or „the Entity“) is a n entity registered in the Republic of Estonia and its main activity is to develop Ülemiste City business area located next to Tallinn Airport at the territory of former Dvigatel factory. Mainor Ülemiste AS shareholders are Estonian registered entities Smart City Group AS with 83.84% of shares and Logit Eesti AS with 16.16% of shares.

Note 2. Investment property

(in thousands of euros)

The Group presents investments property as office and production building which are either rented out or real estate with development potential but without defined exact future purpose. All the property investments are located in Tallinn in a business district Ülemiste City.

	Note	Investment property
Balance at 31.12.2019		137 780
Additions 01.01-30.06.2020		9 120
Balance at 30.06.2020		146 900
Additions 01.07-31.12.2020		3 814
Gain (loss) on property revaluation	20	986
Balance at 31.12.2020		151 700
Additions 01.01-30.06.2021		4 249
Balance at 30.06.2021		155 949

Note 3. Property, plant and equipment

(in thousands of euros)

	Note	Machinery and equipment	Equipment and fixtures	Prepayments	Total
01.01.2020-31.12.2020					
Carrying amount at 01.01.2020		18	80	32	130
Incl. acquisition cost		37	237	32	306
Incl. accumulated depreciation		-19	-157	0	-176
01.01.2020-30.06.2020					
Acquisition and improvements		35	2	8	45
Reclassification from prepayment		0	35	-35	0
Sales		-31	0	0	-31
Depreciation of sold and disposed assets		16	0	0	16

Depreciation		-4	-24	0	-28
Carrying amount at 30.06.2020		34	93	5	132
Incl. Acquisition cost		41	274	5	320
Incl. Accumulated depreciation		-7	-181	0	-188
	Note	Machinery and equipment	Equipment and fixtures	Prepayments	Total
01.07.2020-31.12.2020					
Acquisition and improvements		0	3	14	17
Reclassification to intangible assets	4	0	0	-9	-9
Disposals		0	-30	0	-30
Depreciation of sold and disposed assets		0	30	0	30
Depreciation		-4	-26	0	-30
Carrying amount at 01.01.2021		30	70	10	110
Incl. Acquisition cost		41	250	10	301
Incl. Accumulated depreciation		-11	-180	0	-191
01.01.2021-30.06.2021					
Acquisition and improvements		37	18	0	55
Sales		-35	-2	0	-37
Reclassification from prepayment		0	0	-10	-10
Disposals		0	-14	0	-14
Depreciation of sold and disposed assets		8	15	0	23
Depreciation		-5	-26	0	-31
Carrying amount at 30.06.2021		35	61	0	96
Incl. Acquisition cost		43	248	0	296
Incl. Accumulated depreciation		-8	-187	0	-200

Note 4. Intangible assets

(in thousands of euros)

	Note	Computer software	Other intangible assets	Total
01.01.2020-31.12.2020				
Carrying amount at 01.01.2020		128	0	128
Inkl. Acquisition cost		157	0	157
Inkl. Accumulated depreciation		-29	0	-29
01.01.-30.06.2020				
Purchase of intangible assets		1	0	1
Depreciation		-25	0	-25
Carrying amount at 30.06.2020		104	0	104
Inkl. Acquisition cost		158	0	158
Inkl. Accumulated depreciation		-54	0	-54
01.07.2020-31.12.2020				
Purchase of intangible assets		55	0	55

Reclassification from prepayment	4	9	0	9
Depreciation		-32	0	-32
Carrying amount at 31.12.2020		136	0	136
Inkl. Acquisition cost		222	0	222
Inkl. Accumulated depreciation		-86	0	-86
01.01.2021-30.06.2021				
Purchase of intangible assets		6	0	6
Reclassification from prepayments		10	0	10
Depreciation		-37	0	-37
Carrying amount at 30.06.2021		115	0	115
Inkl. Acquisition cost		238	0	238
Inkl. Accumulated depreciation		-123	0	-123

Note 5. Receivables and prepayment

(in thousands of euros)

	Notes	30.06.2021	Due within 1 year
Financial assets			
Trade receivables	6	1 436	1 436
Allowance for doubtful receivables	6	-87	-87
Receivable from other entities in Mainor AS group	27	8 830	8 830
Total financial assets		10 179	10 179
Non-financial assets			
Prepaid taxes	7	100	100
Other receivables and prepayment		71	71
Total non-financial assets		171	171
Total receivables and prepayment		10 350	10 350

	Note	31.12.2020	Due within 1 year
Financial assets			
Trade receivables	6	1 146	1 146
Allowance for doubtful receivables	6	-68	-68
Receivables from other entities in Mainor AS group	27	8 963	8 963
Total financial assets		10 041	10 041
Non-financial assets			
Prepaid taxes	7	46	46
Other receivables and prepayment		30	30
Total non-financial assets		76	76
Total receivables and prepayments		10 117	10 117

	Lisa	30.06.2020	Due within 1 year
Financial assets			
Trade receivables	6	1 189	1 189
Allowance for doubtful receivables	6	-63	-63

Receivables from other entities in Mainor AS group	27	8 745	8 745
Total financial assets		9 871	9 871
Non-financial assets			
Prepaid taxes	7	339	339
Other receivables and prepayment		98	98
Total non-financial assets		437	437
Total receivables and prepayment		10 308	10 308

Note 6. Trade receivables

(in thousands of euros)

	Note	01.01.2021- 30.06.2020	30.06.2020- 31.12.2020	01.01.2020- 30.06.2019
Trade receivables	5	1 436	1 146	1 189
Doubtful receivables	5	-87	-68	-63
Total		1 349	1 078	1 126
Doubtful receivables				
Doubtful receivables at the beginning of the period		-68	-63	-41
Receivables classified as doubtful		-23	-24	-22
Doubtful receivables classified as uncollectible		4	19	0
Doubtful receivables at the end of period	6	-87	-68	-63

Note 7. Prepaid taxes and taxes payable

(in thousands of euro)		30.06.2021		31.12.2020		30.06.2020	
	Note	Prepayment	Payable	Prepayment	Payable	Prepayment	Payable
Value added tax		100	0	46	30	339	0
Personal income tax		0	27	0	28	0	25
Social tax		0	45	0	45	0	40
Other taxes		0	67	0	6	0	42
Total	7,13	100	139	46	109	339	107

Note 8. Shares in subsidiaries

(in thousands of euros)

Information about shares in subsidiaries is relevant only for Mainor Ülemiste AS stand-alone financial statements. In consolidated financial statements, subsidiaries are presented as consolidated line by line.

Subsidiary registry code	Company	Primary activity	Participation rate (%) 30.06.2020	Participation rate (%) 31.12.2020	Participation rate (%) 30.06.2021
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12804904	Öpiku Majad OÜ	Real Estate activities	100 %	100 %	100 %
14578228	Ülemiste City Residences OÜ	Real Estate activities	100 %	100 %	100 %
12783421	Spacex Eesti OÜ	Real Estate activities	100 %	100 %	100 %

Shares in subsidiaries at cost value

Company	30.06.2019	31.12.2020	30.06.2021
Öpiku Majad OÜ	10 250	10 250	10 250
Ülemiste City Residences OÜ	2	2	2
Total	10 252	10 252	10 252

Shares in subsidiaries by equity method

Company	30.06.2020	Profit by equity method	31.12.2020	Profit by equity method	30.06.2021
Öpiku Majad OÜ	26 092	1 186	27 278	2 278	29 556
Ülemiste City Residences OÜ	2	-2	0	0	0
Spacex Eesti OÜ	0	0	0	0	0
Total	26 092	2 081	27 278	2 278	29 556

According to the decision of the Management Board, Spacex Eesti OÜ will not be consolidated into the Group's report because the company will not have any economic activity since June 2018.

Note 9. Shares in associate companies

(in thousands of euros)

Shares in associate companies, general information

Affiliates registry code	Company	Primary activity	Participation rate (%) 30.06.2020	Participation rate (%) 31.12.2020	Participation rate (%) 30.06.2021
11978111	Technopolis Ülemiste AS	Real Estate activities	49 %	49 %	49 %

Shares in associate companies, detail information

Company	30.06.2020	Profit by equity method	31.12.2020	Dividends	Bonds sale	Profit by equity method	30.06.2021
Technopolis Ülemiste AS	40 811	1 894	44 574	-1 405	-1 960	2 182	43 391*
Kokku	40 811	1 894	44 574	-1 405	-1 960	2 182	43 391*

*Without change of valuation investments properties

At the beginning of 2021, Technopolis Ülemiste AS bought 2,500 thousand shares in the amount of 4,000 thousand euros, of which 1,960 thousand euros were paid to Mainor Ülemiste AS.

According to the Technopolis Ülemiste AS shareholders' agreement, Mainor Ülemiste AS has a right to a put option where the entity has a right to demand that Technopolis OY buys the shares held by Mainor Ülemiste AS within 6 months of the demand. As an annex to the shareholders' agreement it is sätet that the sales price of the shares is the share of net asset value of the company but not less than the net asset value as of the of last quarter.

Note 10. Cash and cash equivalents

(in thousands of euros)

	30.06.2020	31.12.2020	30.06.2020
Current accounts with banks	14 131	9 576	9 494
Kokku	14 131	9 576	9 494

The table below provides information on the credit position of the Group's cash and short-term deposits according to the classification of the Group's counterparties with the credit rating of Moody's Investors Service:

(in thousands of euros)	30.06.2021	31.12.2020	30.06.2020
Banks with a Credit rating A	14 049	9 521	9 425
Banks with a Credit rating B	82	55	69

Mainor Ülemiste AS belongs to the consolidated group of Mainor ASi.

Note 11. Share capital

	30.06.2021	31.12.2020	30.06.2020
Number of shares	30 333 333	30 333 333	30 333 333
Nominal value of shares (in euros)	0.60	0.60	0.60
Share capital (in thousands of euros)	18 200	18 200	18 200

The share capital of Mainor Ülemiste AS consist of 30 333 333 ordinary shares with a face value of 0.60 euros, which is divided as follows:

- Smart City Group, which owns 25 430 311 shares
- LOGiT Eesti AS, which owns 4 903 022 shares

In 2021 the shareholders were paid dividends in the amount 1,500 thousand euros (2020: 1,384 thousand euros), which means that dividend per share was 4.9 eurocents (in 2020 it was 4.5 eurocents per share).

Note 12. Borrowings

<i>(tuhandetes eurodes)</i>		Breakdown by residual maturity		
		Within 12 months	Within 1-5 years	Over 5 years
30.06.2021				
Bank loans	83 541	2 952	80 589	0
Bonds	15 000	0	15 000	0
Finance lease liabilities	78	15	63	0
Total	98 619	2 967	95 652	0
31.12.2020				
		Within 12 months	Within 1-5 years	Over 5 years
Bank loans	84 960	9 027	75 933	0
Bonds	10 000	0	10 000	0
Finance lease liabilities	138	61	76	0
Total	95 097	9 088	86 009	0
30.06.2020				
Bank loans	81 358	3 103	78 255	0
Bonds	10 000	0	10 000	0
Finance lease liabilities	67	30	37	0
Kokku	91 425	3 133	88 292	0

Interest of the bank loans range is 1.8%-4.5%. The loan repayment terms are in the years 2022-2026.

The maturity of the Bonds is in 2023 (10,000 thousand euros, interest 5,5%) and in 2026 (5,000 thousand euros, interest 4,75%).

In June 2021, Mainor Ülemiste refinanced the loan of Luminor Bank AS with a loan of LHV Pank AS in the amount of 6,125 thousand euros.

Note 13. Payables and prepayments

<i>(in thousands of euros)</i>		Breakdown by residual maturity		
	Note	30.06.2021	12 months	1-5 years
Financial liabilities				
Trade payables		3 054	3 054	0
Other payables		197	197	0
incl interest payable		197	197	0
Liabilities to companies in Mainor AS group	27	450	447	0
Total financial liabilities		3 701	3 698	0
Non-financial liabilities				
Payables to employees		154	154	0
Taxes payable	7	139	139	0
Prepayments received		999	191	808
Future expenses		107	107	0
Total non-financial liabilities		1 399	591	808

Total payables and prepayments		5 100	4 289	811
Breakdown by residual maturity				
	Note	31.12.2020	12 months	1-5 years
Financial liabilities				
Trade payables		1 166	1 166	0
Other payables		262	262	0
<i>incl interest payable</i>		262	262	0
Liabilities to companies in Mainor AS group	27	174	174	0
Total financial liabilities		1 602	1 602	0
Non-financial liabilities				
Payables to employees		192	192	0
Taxes payable	7	109	109	0
Prepayments received		759	197	562
Future expenses		95	95	0
Total non-financial liabilities		1 155	593	562
Total payables and prepayments		2 757	2 195	562

Breakdown by residual maturity				
	Note	30.06.2020	12 months	1-5 years
Financial liabilities				
Trade payables		2 680	2 680	0
Other payables		0	0	0
<i>incl interest payable</i>		0	0	0
Liabilities to companies in Mainor AS group		87	87	0
Total financial liabilities		2 767	2 767	0
Non-financial liabilities				
Payables to employees		128	128	0
Taxes payable	7	107	107	0
Prepayments received		871	145	726
Future expenses		95	95	0
Total non-financial liabilities		1 201	475	726
Total payables and prepayments		3 968	3 242	726

Note 14. Provisions

(in thousands of euros)

	30.06.2020	Formation/ Adjustment	31.12.2020	30.06.2021
Compensation for loss of ability to work	264	-2	262	262
incl short-term	54	1	55	55
incl long-term	210	-3	207	207

Provisions have been recognised for former employees of AS Dvigatel for incapacitation benefits and personal pension payment obligations. The balance as of 30.06.2021 includes a short-term portion in the amount of 55 thousand euros and long-term portion in the amount of 207 thousand euros.

Note 15. Sales revenue

<i>(in thousand euros)</i>	Note	01.01.- 30.06.2021	01.01.- 30.06.2020
Revenue from contracts with customer			
Other revenue		413	288
Revenue from administrative services		1 096	1 002
Total revenue from contracts with customer		1 509	1 290
Revenue from other sources			
Rental income from operating leases		4 567	4 075
Total revenue from other sources		4 567	4 075
Total revenue		6 076	5 365

<i>(in thousand euros)</i>	Note	01.01.- 30.06.2021	01.01.- 30.06.2020
Revenue from contracts with customer			
Fixed incidental costs		99	74
Incidental costs		997	928
Conference room service		18	17
Parking		186	171
Illuminated advertising		17	21
Other one-off services		192	79
Total revenue from contracts with customer		1 509	1 290
Revenue from other sources			
Shared office rent		133	124
Office rent		2 487	2 235
Industrial rent		797	851
Accommodation service		223	5
Other rent		927	860
Total revenue from other sources		4 567	4 075
Total revenue		6 076	5 365

Note 16. Other operating income

(in thousands of euros)

	Note	01.01. - 30.06.2021	01.01.- 30.06.2020
Gain/loss from change in fair value from investments in properties	2	0	0
Other income		26	43
Total		26	43

Note 17. Cost of Sales

<i>(in thousands of euros)</i>	01.01. - 30.06.2021	01.01.- 30.06.2020
Elektricity	-536	-379
Heating	-171	-147
Water- and sewage expense	-58	-59
Security costs	-13	-23
State and local taxes	-37	-37
Property maintance	-584	-463
Other	-289	-196
Total	-1 688	-1 304

Note 18. Marketing expense

<i>(in thousands of euros)</i>	Note	01.01. - 30.06.2021	01.01.- 30.06.2020
Salary expenses and taxes		-33	-30
Advertising, PR		-72	-65
Kokku		-105	-95

Note 19. Administration expenses

<i>(in thousands of euros)</i>	Note	01.01. - 30.06.2021	01.01.- 30.06.2020
Salary expenses and taxes	18,20	-590	-503
Compensation expenses for incapacitation		-19	-21
Expenses from doubtful claims		-24	-21
Amortization and depreciation	3,4	-68	-53
Other miscellaneous expenses		-888	-855
Kokku		-1 589	-1 453

Note 20. Salary expenses

<i>(in thousands of euros)</i>	01.01. - 30.06.2021	01.01.- 30.06.2020
Salary expenses	-406	-388
Other payments	-51	0
Social- and unemployment tax expense	-154	-134
Pension expense	-9	-8
Social tax on pensions	-3	-3
Total	-623	-533
Average number of full-time employees	18	18

Note 21. Other operating expenses*(in thousands of euros)*

	01.01. - 30.06.2021	01.01.- 30.06.2020
Loss on disposal of fixed assets	-2	0
Other operating expenses	-6	-4
Total	-8	-4

Note 22. Interest income*(in thousands of euros)*

	01.01. - 30.06.2021	01.01.- 30.06.2020
Interest income from Mainor AS group companies	34	25
Interest income from other receivables	0	0
Total	34	25

Note 23. Interest expenses*(in thousands of euros)*

	01.01. - 30.06.2021	01.01.- 30.06.2020
Interest expenses from loans	-1 055	-877
Interest expense from financial lease	-3	-1
Interest rate fixation fee	0	-10
Interest expense from Bond	-275	-145
Total	-1 333	-1 033

Note 24. Other financial income and expenses*(in thousands of euros)*

Note	01.01.- 30.06.2021	01.01.- 30.06.2020
Other interest expenses from Mainor group liabilities	-34	-34
Other financial income	0	0
Other finance expenses	-83	0
Risk fee	0	0
Total	-117	-35

Note 25. Operating lease*(in thousands of euros)*Entity as a lessee

Mainor Ülemiste AS had leased office furniture for clients under operating lease.

	30.06.2021	30.06.2020
Rental expenses for the reporting period	0	-2
Succeeding periods operating lease cost from active contracts:		
Short-term portion of payment up to 12 months	0	1
Long-term portion of payment up to 2-5 years	0	0

Entity as a lessor

The entity has leased office and production premises.

	Note	30.06.2021	30.06.2020
Income from operating lease	15	4 567	4 075
Succeeding periods operating lease profit from active contracts:			
Within 12 months		7 587	7 584
1 to 5 years		17 635	18 950
Over 5 years		4 529	1 810
Carrying amount of assets leased	6	155 949	146 900

Mainor Ülemiste AS has leased office and production premises.

Lease contracts concluding by the entity are typically 1-5 years in duration. In some exceptional cases, when it comes to large-scale contracts, the lease period is 10-15 years.

Note 26. Income tax

The company's retained earnings as of 30.06.2021 amounted 99,586 thousand euros (31.12.2020: 97,632 thousand euros). As of the 1 January 2019 according to the income tax law (TuMS) § 4 lg 5 ja § 50¹ lower tax rate 14% (14/86) applies to dividends paid on a regular basis. Thus, a resident company can be subject to a lower tax rate of 14/86 and a standard rate of 20/80 for the taxation of dividends. The maximum income tax liability that would arise if all of the undistributed profits were distributed would be 19,917 thousand euros (31.12.2020: 19,526 thousand euros), therefore the net dividend that could be paid out is 79,669 thousand euros (31.12.2020: 78,106 thousand euros). Mainor Ülemiste AS did not pay income tax on dividends paid in the first half of 2021, as the amount of dividends paid was equal to the dividends received from the associated company. Mainor Ülemiste AS accounted for an additional income tax of 22 thousand euros on dividends paid in the first half of 2020.

Note 27. Related party transactions*(in thousands of euros)*

Mainor Ülemiste AS related parties are:

- The ultimate parent of the group Mainor AS through the parent company Smart City Group AS
- Owners of the entity: Smart City Group AS (83.84%), Logit Eesti AS (16.16%)
- Companies related to management and supervisory board

Balances with related parties	Receivables 30.06.2021	Liabilities 30.06.2021	Receivable 31.12.2020	Liabilities 31.12.2020	Receivables 30.06.2020	Liabilities 30.06.2020
Parent company	8 771	0	8 771	0	8 574	0
Other companies in Mainor AS consolidation group	59	477	192	174	171	87
Affiliated companies	10	55	83	58	10	66
Members of the management board and council, their family members and significant shareholders	13	3	18	2	21	2

Transactions with related parties in period 01.01-30.06.2021	Purchases	Sales	Granted loans	Loan repayments
Affiliated companies	310	28	0	0
Other companies in Mainor AS consolidation group	1 132	423	0	0
Members of the management board and council, their family members and significant shareholders	38	123	0	0

Transactions with related parties in period 01.01-30.06.2020	Purchases	Sales	Granted loans	Loan repayments
Affiliated companies	244	34	0	0
Other companies in Mainor AS consolidation group	944	410	0	0
Members of the management board and council, their family members and significant shareholders	54	57	0	0

Companies, who belongs to Mainor AS consolidation group, and with whom has made transaction in 2021 are follows: Eesti Ettevõtluskõrgkool Mainor AS, Dvigatel-Energeetika AS, Doranova Baltic OÜ, Mairnestal OÜ, Tallinn International School OÜ ja Mainor AS.

Companies related to Supervisory Council and the Management Board, their intermediate families and the companies in which they hold Control or have significant influence, and with whom has made transaction in 2021, are follows: Nets OÜ, Ülemiste Center OÜ, RVVE Grupp OÜ, RS Büroo OÜ, Flennert OÜ, Lasteharidus OÜ, SK Kehra Käsipall, Tooma Energia OÜ ja Nordic Financial Group OÜ.

Mainor AS is the company controlling the parent Smart City Group AS with a participation rate of 83.84%.

Affiliated companies, with whom has made transaction in 2021, are Technopolis Ülemiste AS.

The services included in the real estate investment were purchased from consolidation group companies in the amount of 75 thousand euros and in the previous financial year 77 thousand euros.

Accrued interest income for the grant of guarantees to the ultimate parent company's and receivable from immediate parent company was 25 thousands euros (2020: 25 thousands euros).

Associate Technopolis Ülemiste AS paid dividends in the amount of 1,4054 thousand euros (2020: 1,384 thousand euros).

Note 28. Unconsolidated Statement of Financial Position

(in thousands of euros)

	30.06.2021	31.12.2020	30.06.2020
ASSETS			
Investments properties	58 272	57 650	55 541
Property, plant and equipment	95	109	131
Intangible assets	96	112	104
Trade and other receivables	25 404	25 127	22 875
Financial investments into subsidiaries	10 252	10 252	10 252
Financial investments in equity method	43 391	44 574	40 811
Cash and cash equivalents	13 815	9 531	10 307
TOTAL ASSETS	151 325	147 355	140 021
EQUITY			
Share capital	18 200	18 200	18 200
Statutory reserve	1 920	1 920	1 920
Retained earnings	79 276	74 480	74 479
Profit (loss) for the financial year	1 316	6 296	1 331
Total Equity	100 712	100 896	95 930
LIABILITIES			
Provision	262	262	264
Borrowings	49 159	44 725	43 052
Trade and other payables	1 192	1 472	775
TOTAL LIABILITIES	50 613	46 459	44 091
TOTAL LIABILITIES AND EQUITY	151 325	147 355	140 021

Note 29. Unconsolidated Statement of Comprehensive income*(in thousands of euros)*

	01.01- 30.06.2021	01.01- 30.06.2020
Revenue	2 546	2 282
Cost of sales	-814	-627
Gross profit	1 732	1 655
Marketing expenses	-53	-91
Administrative expenses	-1 618	-1 466
Revenue from financial investments	2 182	1 881
Other revenues	26	43
Other costs	-6	-4
Operating profit	2 263	2 018
<i>Financial income and expenses</i>		
Interest income	34	25
Interest expense	-842	-677
Other financial income and expenses	-117	-35
Total financial income and expenses	-925	-687
Profit before tax	1 338	1 331
Income tax expense	-22	0
Net profit for the year	1 315	1 331

Note 30. Unconsolidated Statement of Cash Flows

	01.01- 30.06.2021	01.01- 30.06.2020
<i>Cash flows from operating activities</i>		
Net profit for the year	1 338	1 331
Adjustments:		
Depreciation and amortization of non-current assets	63	53
Profit (less) from fixed asset sales and write-offs	2	-3
Change in fair value of investments property	0	0
Profit (loss) from financial investments	-2 182	-1 881
Other financial income and expenses	117	10
Interest paid and other financial expenses	808	677
Other adjustments	8	-31
Income tax on dividends	0	0
Changes in receivables from operating activities	-277	-269
Changes in payables from operating activities	-331	-372
Net cash from operating activities	-454	485
<i>Cash flows from investing activities</i>		
Sales of property, plant and equipment	2	31
Payments for property, plant and equipment	-60	-46
Payments for investment property	-622	-1 471
Acquisition of a subsidiary	0	0
Loans granted	0	-1 375
Repayment of loans	0	0
Interest received	30	0
Dividends received	1 405	1 384
Other cash from investing activities	1 960	0
Net cash used in investing activities	2 715	-1 477
<i>Cash flows from financing activities</i>		
Loans received	11 125	2 100
Repayment of borrowings	-6 665	-385
Principal payments of finance lease	-15	-6
Interest paid	-885	-854
Other financial expense	-37	0
Dividends paid	-1 500	-1 384
Net cash used in financing activities	2 023	-529
Total cash flows	4 284	-2 491
<i>Cash and cash equivalents at the beginning of the financial year</i>	9 531	12 798
Net change in cash equivalents	4 284	-2 491
<i>Cash and cash equivalents at the end of the year</i>	13 815	10 307

Note 31. Unconsolidated Statement of Changes in Equity

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance at 30.06.2020	18 200	1 920	75 810	95 930
Adjusted unconsolidated equity at 30.06.2020	18 200	1 920	91 627	111 747
Balance at 31.12.2020	18 200	1 920	80 775	100 896
Value of interests Under Control and significant influence under the equity method	0	0	27 278	27 278
Cost value of interests under Control and significant influence	0	0	-10 252	-10 252
Adjusted unconsolidated equity at 31.12.2020	18 200	1 920	97 802	117 922
Dividends declared	0	0	-1 500	-1 500
Comprehensive income for the year	0	0	1 316	1 316
Balance at 30.06.2020	18 200	1 920	80 591	100 712
Value of interests Under Control and significant influence under the equity method	0	0	29 556	29 556
Cost value of interests under Control and significant influence	0	0	-10 252	-10 252
Adjusted unconsolidated equity at 30.06.2020	18 200	1 920	99 895	120 015