

CONSOLIDATED ANNUAL REPORT

beginning of financial year: 01.01.2022

end of the financial year: 31.12.2022

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Table of contents

Management report	3
The annual accounts	7
Consolidated statement of financial position	7
Consolidated income statement	8
Consolidated statement of cash flows	9
Consolidated statement of changes in equity	10
Notes	11
Note 1 Accounting policies	11
Note 2 Receivables and prepayments	15
Note 3 Inventories	16
Note 4 Tax prepayments and liabilities	16
Note 5 Shares of subsidiaries	16
Note 6 Property, plant and equipment	17
Note 7 Intangible assets	18
Note 8 Loan commitments	19
Note 9 Payables and prepayments	20
Note 10 Grants	21
Note 11 Share capital	22
Note 12 Net sales	23
Note 13 Other operating income	23
Note 14 Goods, raw materials and services	24
Note 15 Miscellaneous operating expenses	24
Note 16 Labor expense	24
Note 17 Related parties	25
Note 18 Non consolidated statement of financial position	27
Note 19 Non consolidated income statement	28
Note 20 Non consolidated statement of cash flows	29
Note 21 Non consolidated statement of changes in equity	30
Signatures	31
Sworn auditor's report	32

About company

Bercman Technologies AS (hereinafter "the company" or "Bercman") is a technology company established in 2016, and whose core business has been the development and sale of Smart City and mobility-related technologies and products to European markets. Bercman's subsidiary is Krakul OÜ (hereinafter "Krakul"), a developer of the Internet of Things and autonomous mobility systems. Krakul and Bercman together form the Bercman Group. Together, they implement the Bercman Group's development objectives to bring cost-effective product solutions to more markets and to reach out with development services to the fast-growing areas of Smart City and Smart Living Environment in general.

Company's equity and holdings in other companies

The company's share capital amounted to 143 903 euros during the reporting period. The Company has issued 1 439 031 shares of one class with a nominal value of 10 cents. In addition to the nominal value of the share capital, the company's equity includes share premium, options and other reserves, and retained earnings/losses totalling 914 056 euros. Bercman together with his subsidiary Krakul forms a consolidation group. The company has a 100% stake in Krakul, that is, a share with a nominal value of 2 500 EUR.

Public offerings of company shares

During the period from 22 April to 2 May, the company carried out a secondary public offering of shares. A total of 42 876 shares were subscribed during the offer period by 351 investors for a total value of EUR 264 973. The tertiary public offering of shares was carried out during the period from 4 to 14 October. A total of 97 684 shares were subscribed during the offer period by 392 investors for a total value of EUR 293 052. In 2022, a total of 140 560 shares were subscribed in additional public offerings for a total of EUR 558 026.

Economic results

In line with the sales forecast for 2022, the company's consolidated and audited turnover in 2022 was EUR 1 735 991. For the comparable period in 2021, turnover was EUR 76 096. As of 2022, the consolidated sales results also include the turnover figures of the Bercman Group's subsidiary Krakul. The reporting period ended with a loss of 774 226 euros (12 months of 2021 a loss was EUR 593 252). Loss is due to expenses made for the growth and development of the company, the further development of the company's own products, and non-recurring expenses related to public offerings and admission to trading of shares.

As of 31.12.2022, the company's consolidated balance sheet total was 1 659 545 euros (31.12.2021: EUR 2 144 947). Current assets amounted to 571 255 euros (31.12.2021: EUR 659 578). Fixed assets amounted to 1 088 290 euros (31.12.2021: EUR 1 485 369). The company's equity as of 31.12.2022 was 1 057 959 euros (31.12.2021: EUR 1 604 819). As of 31.12.2022, the company had 77 484 euros in loan liabilities (31.12.2021: EUR 33 294).

In macroeconomic terms, in 2022, the company's operations were impacted by the Russian-Ukrainian war, which created uncertainty and caused delays in customer decisions and project progress. In-progress projects due to the instability caused by the war have not been cancelled by customers. The second half of the year was further impacted by accelerating inflation and rising input prices in the energy market, which were accompanied by some increases in component input prices.

New markets and expansion in existing markets

In 2022, new generation smart pedestrian crosswalks were delivered to export markets in Greece, the UK, Switzerland and Lithuania. Several smart safety systems were installed in Tallinn, Tartu, Haapsalu, Kuressaare, Saue, Viimsi, Narva-Jõesuu and Elva municipalities.

In Greece and the United Kingdom, framework agreements for the resale of in-house developed products were signed with local companies. In Greece, a five-year contract was signed with Eur.Elec Ltd, a local transport infrastructure maintenance and installation company. In the United Kingdom, a two-year resale contract was signed with Clearview Intelligence Ltd, an ITS technology company. Cooperation was launched with 1oT, a data service provider for the Internet of Things market, for the use of 1oT eSIM cards in smart transport infrastructure devices.

In a joint bid with Krakul, the Põlva Smart Road re-tender has been won, which will see the construction of a 2.5 km stretch of road in the city of Põlva with 14 smart crosswalks and average speed measurement capability. At the time of reporting, the contract for the works has not yet been signed.

Krakul continued to work with long-term customers and customer projects and companies from both Estonia and foreign markets were added to the client portfolio. Krakul signed a partnership agreement with u-blox, the world's leading provider of positioning and wireless technologies and services. IoT and autonomous systems solutions were exported to the UK, Germany, Switzerland, Finland, Latvia, Singapore, and the USA.

To increase its network of contacts and export opportunities, the Krakul team participated in the International IoT Solutions Fair "IoT Solutions World Congress Barcelona". Bercman's team attended the Smart City Expo World Congress in Barcelona in November, together with representatives from Krakul. Smart City Expo is one of the world's leading events on smart city developments and opportunities.

At the international level, the company participated in the Public Transport Union Congress in Dubai UITP MENA and in the OECD International Transport Forum in Leipzig and the ITS Europe Congress in Toulouse.

Research and development

In the period from February to April, company participated in a project coordinated by the autonomous driving lab of the University of Tartu together with Tartu City Transport, Traffest OÜ and Modern Mobility OÜ. The aim of the cooperation project was to test the use of autonomous driving vehicle in the provision of on-demand transport services and to validate the technological solutions and processes necessary for this purpose. Within the framework of the cooperation project, Bercman installed radars on the trajectory of an autonomous vehicle in the city of Tartu and outside the city on the highway and interfaced them with the control system of an autonomous car. In addition, the smart pedestrian crosswalk with 5G connection was interfaced with the vehicle control system on Kroonuaia Street in Tartu.

In autumn 2022, the development project "SmartWalk", funded by the German Ministry of Transport and Infrastructure, was completed with the participation of Bercman. The project was carried out in cooperation with the University of Hamburg and technology companies NATIX GmbH, HITeC e.V. and Artificial Intelligence Center Hamburg (ARIC). During the project, a smart crosswalk with cameras and radars was installed on Lammi Road in Tartu, testing innovative artificial intelligence technologies to improve traffic safety.

During 2022, several further developments were carried out within the framework of the Estonian-Norwegian cooperation programme "Green ICT", which aims to develop an environmentally friendly demand-driven mobility platform (VEDAS). The platform is integrated into a network of smart bus stops. At the Transport Administration conference on 30.09.2022, "Where are you going, Estonian public transport? Estonian public transport awards 2022." Tanel Talve, the co-founder of Modern Mobility, presented the results of VEDAS. Bercman's development partner Modern Mobility was also awarded

with the nomination of the Estonian Public Transport Achievement of 2022 for demand-based transport pilot projects in Saaremaa and Tartumaa.

In 2022, Bercman was accepted as a partner in the Swedish innovation programme Drive Sweden. Drive Sweden members work together on every aspect of the future transport revolution, from road safety and legislation to business models, technology, and infrastructure.

Team

As of 31.12.2022, there is one member of the Management Board, three of the Supervisory Board in Bercman, and one of the Management Board in Krakul. A total of 20 specialists work in the Bercman Group. The Group's labour costs with labour taxes amounted to EUR 1 337 921 in 2022 (12 months 2021: EUR 384 855).

Management assessment

The company had no pending legal proceedings, tax, or other disputes during the financial year or at the time of submitting the report.

According to the Management Board, the results of the additional public offerings of shares in 2022 and the non-positive state of the global economy had a slowing effect on the business processes. As a result, changes were made to the company structure. The development competencies of the company and the subsidiary were consolidated under single management to optimise operating costs, and changes were also made to the Boards of Management of the Group companies.

Plans for 2023

The company's strategic focus in 2023 will be on providing the Internet of Things and autonomous platform development services and growing its customer and product portfolio. The company will continue to offer road safety solutions both in Estonia and in European countries through contractual partners.

This year, the company continues to work on increasing sales of its products in Greece, Croatia, and the UK. Six smart crosswalks have already been installed in Greece in early 2023, and volumes in the Greek market are known to be growing. New markets in the first half of 2023 include Bosnia and Herzegovina and Australia, where the first out of Europe smart crosswalk will be installed.

As the most important project in Estonia, it is planned to carry out the work on the Põlva Nutitee procurement in 2023. New crosswalks with smart safety systems are planned to be installed in other Estonian municipalities.

The company's priority for this year is to increase export volumes of both development services and sales of its products. To support this, the company plans to participate in three major sector fairs. In the spring, the team will participate in the world's leading industrial fair in Hannover. In the autumn, it plans to attend the GITEX technology fair in Dubai and Smart City Expo in Barcelona, one of the world's leading smart city fairs.

In research and development, the company plans to participate in domestic and international projects in cooperation with foreign partners.

The increase in the development team is planned for this year to implement long-term and new client projects successfully. New electronic and mechanical engineers will be recruited into the team in the first half of the year.

The company does not plan to raise money on the stock exchange in the current financial year. As there are no larger-scale and resource-intensive development projects planned for this year, and focus is on sales of proprietary products and development services, the company plans to manage with its own financial resources.

The company forecasts consolidated sales revenue of EUR 2.1 million in the fiscal year 2023 and EUR 2.5 million in 2024.

The main financial ratios of the consolidating entity during the reporting and reference period are as follows:

Financial ratio	Methodology for calculation	31.12.2022	31.12.2021
Current ratio	current assets/current liabilities	0,96	1,33
Debts to assets ratio	total liabilities/total assets	0,36	0,23

The annual accounts

Consolidated statement of financial position

(In Euros)

	31.12.2022	31.12.2021	Note
Assets			
Current assets			
Cash and cash equivalents	254 657	378 023	
Receivables and prepayments	221 986	158 412	2
Inventories	94 612	123 143	3
Total current assets	571 255	659 578	
Non-current assets			
Property, plant and equipment	32 175	37 110	6
Intangible assets	1 056 115	1 448 259	7
Total non-current assets	1 088 290	1 485 369	
Total assets	1 659 545	2 144 947	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	73 659	28 472	8
Payables and prepayments	512 934	502 666	9
Provisions	4 168	4 168	
Government grants	7 000	0	10
Total current liabilities	597 761	535 306	
Non-current liabilities			
Loan liabilities	3 825	4 822	8
Total non-current liabilities	3 825	4 822	
Total liabilities	601 586	540 128	
Equity			
Equity held by shareholders and partners in parent company			
Issued capital	143 903	129 847	11
Share premium	2 412 758	1 868 788	11
Other reserves	143 262	473 922	11
Retained earnings (loss)	-867 738	-274 486	
Annual period profit (loss)	-774 226	-593 252	
Total equity held by shareholders and partners in parent company	1 057 959	1 604 819	
Total equity	1 057 959	1 604 819	
Total liabilities and equity	1 659 545	2 144 947	

Consolidated income statement

(In Euros)

	2022	2021	Note
Revenue	1 735 991	76 096	12
Other income	25 526	51 150	13
Work performed by entity and capitalised	157 075	130 178	
Raw materials and consumables used	-585 394	-146 345	14
Other operating expense	-526 999	-231 571	15
Employee expense	-1 337 921	-384 855	16
Depreciation and impairment loss (reversal)	-222 838	-75 938	6,7
Other expense	-4 625	-1 796	
Operating profit (loss)	-759 185	-583 081	
Interest expenses	-14 733	-8 870	
Other financial income and expense	-308	-1 301	
Profit (loss) before tax	-774 226	-593 252	
Annual period profit (loss)	-774 226	-593 252	
Profit (loss) from shareholders and partners in parent company	-774 226	-593 252	

Consolidated statement of cash flows

(In Euros)

	2022	2021	Note
Cash flows from operating activities			
Operating profit (loss)	-759 185	-583 081	
Adjustments			
Depreciation and impairment loss (reversal)	222 838	75 938	6,7
Profit (loss) from sale of non-current assets	1 317	0	6
Other adjustments	-46 286	-39 770	
Total adjustments	177 869	36 168	
Changes in receivables and prepayments related to operating activities	-55 415	-52 517	
Changes in inventories	28 531	-19 994	
Changes in payables and prepayments related to operating activities	37 580	48 715	
Interest received	26	24	
Proceeds from government grants	23 920	38 596	10
Total cash flows from operating activities	-546 674	-532 089	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-172 869	-178 807	6, 7
Proceeds from sales of property, plant and equipment and intangible assets	83	0	6
Net cash flow from acquisition of subsidiaries and operating activities	0	65 095	
Total cash flows from investing activities	-172 786	-113 712	
Cash flows from financing activities			
Loans received	216 900	156 100	17
Repayments of loans received	-172 961	-114 346	
Repayments of finance lease liabilities	-3 492	0	
Interest paid	-2 379	-3 642	
Proceeds from issuing shares	558 026	975 985	11
Total cash flows from financing activities	596 094	1 014 097	
Total cash flows	-123 366	368 296	
Cash and cash equivalents at beginning of period	378 023	9 727	
Change in cash and cash equivalents	-123 366	368 296	
Cash and cash equivalents at end of period	254 657	378 023	

Consolidated statement of changes in equity

(In Euros)

						Total
	Equity held by shareholders and partners in parent company					
	Issued capital	Unregistered equity	Share premium	Other reserves	Retained earnings (loss)	
31.12.2020	75 000	100 592	0	0	-219 007	-43 415
Effect of correction of errors	0	0	0	0	-15 479	-15 479
Restated balance 31.12.2020	75 000	100 592	0	0	-234 486	-58 894
Annual period profit (loss)	0	0	0	0	-593 252	-593 252
Issue of equity	54 847	-100 592	1 868 788	0	0	1 823 043
Changes in reserves	0	0	0	473 922	0	473 922
31.12.2021	129 847	0	1 868 788	473 922	-827 738	1 644 819
Effect of correction of errors	0	0	0	0	-40 000	-40 000
Restated balance 31.12.2021	129 847	0	1 868 788	473 922	-867 738	1 604 819
Annual period profit (loss)	0	0	0	0	-774 226	-774 226
Issue of equity	14 056	0	543 970	0	0	558 026
Changes in reserves	0	0	0	16 290	0	16 290
Other changes in equity	0	0	0	-346 950	0	-346 950
31.12.2022	143 903	0	2 412 758	143 262	-1 641 964	1 057 959

For more information on changes during the reporting period, see Annexes 5 and 11.

Notes

Note 1 Accounting policies

General information

AS Bercman Technologies (hereinafter also "parent company") and its subsidiary (hereinafter together "group") 2022 the consolidated annual accounts are prepared in accordance with the Accounting Act and Estonian Financial Reporting Standard.

The Estonian Financial Reporting Standard comply with the internationally acknowledged accounting and reporting principles, and which is supplemented by the guidelines issued by the Estonian Accounting Standards Board.

The preparation of the consolidated annual accounts is based on the acquisition cost principle, except in cases that are described in the accounting principles below.

The AS Bercman Technologies group's profit statement has been prepared on the basis of profit statement scheme No. 1 given in Annex 2 in the Accounting Act. The financial statements are presented in euros.

The main accounting policies used in the preparation of the consolidated financial statements are set out below.

Error adjustments

In the opening balances of the reporting period, a correction has been made due to the income of future periods that was previously mistakenly entered in income. Corrections was made in the opening balances of the consolidated balance sheet and the unconsolidated balance sheet of the parent company (Appendix 18) as follows:

Additional item name	31.12.2021	Muutus	31.12.2021
Consolidated debts and prepayments	462 666	40 000	502 666
Consolidated previous periods retained profits (loss)	-234 486	-40 000	-274 486
Unconsolidated debts and prepayments	251 568	40 000	291 568
Unconsolidated previous periods retained profits (loss)	-234 486	-40 000	-274 486

Preparation of consolidated statements

The consolidated annual accounts include AS Bercman Technologies and its subsidiary Krakul OÜ financial indicators consolidated line by line. The subsidiary is consolidated from the date of acquisition. Based on the principle of significance is based on the balance sheet at the end of the month closest to the date of acquisition, i.e. 31.12.2021 financial indicators, as it does not differ significantly from the acquisition from the balance sheet of the date (23.12.2021).

The subsidiary company uses the same accounting principles as the parent company when preparing its reports. All intra-group transactions, claims and liabilities and unrealized profits and losses from transactions between group companies are in the annual accounts completely eliminated.

Separate non-consolidated main statements of the parent company are published in the appendices to the consolidated annual accounts. The parent company use the same accounting principles that have been applied in the consolidated accounts and have been followed in the preparation of the main reports when preparing the annual report, except for investments in the subsidiary company, which in the non-consolidated report are recorded using the acquisition cost method.

Financial assets

A Financial assets is any asset that is: cash, a contractual right to receive cash or other financial assets from another entity (e.g. Trade receivables), a contractual right to exchange financial assets with another entity under conditions that are potentially favourable to the entity (e.g. derivatives with a positive fair value).

Financial assets shall initially be recognised at cost which is the fair value of the consideration payables or receivable for the financial assets. Initial cost includes all transaction cost directly attributable to the acquisition of financial assets, except financial assets acquired for the purpose of trading.

Depending on their category, financial assets are subsequently measured at fair value, cost or amortized cost.

Applying the amortised cost method, a financial asset is recognised at its initial cost in the balance sheet discounted by using the effective interest rate method minus principal payments and a potential write-down due to impairment or uncollectibility.

A Financial asset shall be derecognised when an entity loses its right to the cash flows arising from the financial asset or transfers the cash flows derived from the financial asset and most risks and rewards of ownership of the financial asset to a third party.

Cash and cash equivalents

The balance sheet line "Cash" comprises cash on hand and bank accounts.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

The accounting currency of the company is euro. Transactions in foreign currency are recorded based on the day of the transaction officially valid European Central Bank exchange rates.

Financial assets and liabilities denominated in foreign currency have been revalued into euros as of the balance sheet date as of the reporting date based on the exchange rates of the European Central Bank.

Gains and losses from foreign currency transactions are recorded in the income statement on net basis.

Shares of subsidiaries and associates

All entities controlled by the parent company are considered to be subsidiaries. Control is considered to be effective when the parent company has, directly or indirectly through subsidiaries, 50% of voting power in the subsidiary or the parent company is controlling the operating and financial policies of the subsidiary in some other way.

Business combinations are accounted for by applying the purchase method, except businesses under common control. Under the purchase method, the investment is recorded at cost.

According to the purchase method, the assets, liabilities and contingent liabilities of the acquired subsidiary are taken into account at their fair value and the difference between the acquisition cost of the acquired share and the fair value of the acquired net assets is recorded as positive or negative as goodwill. In the event that the acquisition of the shareholding takes place for the acquirer's shares issued for this purpose and to be issued in the future, it is considered the fair value of the shares issued and to be issued as acquisition cost. The best indication of fair value is the market price of the shares.

From the date of acquisition, the acquired subsidiary's assets, liabilities and contingent liabilities and the resulting positive goodwill are recorded in the consolidated balance sheet and participation in the subsidiary's income and expenses in the consolidated income statement.

Receivables and prepayments

Accounts receivable, accruals and other short-term receivables are recorded at amortized cost. Short term the adjusted acquisition cost of receivables is generally equal to their nominal value (minus discounts), therefore short-term receivables are recorded in the balance sheet in the amount likely to be received.

Unreceived invoices from buyers have been assessed in the balance sheet based on the amounts likely to be received. During the assessment of the requirements, each requirement has been considered separately.

A claim is considered hopeless if, in the management's opinion, there are no opportunities to collect the claim. If receipt of outstanding invoices from buyers is considered partially or completely improbable, a discount is recorded in the income statement line "Miscellaneous expenses". Receivables, collection of which is not feasible nor economically justified, are considered to be non-collectible and written-off from the balance sheet. Receipt of an unlikely or hopeless claim during the reporting period is reflected in the adjustment of the amount of unlikely claims and as a reduction of the expense in the period in which the receipt took place.

Inventories

Inventories are initially recognized at cost, which consists of purchase costs and other direct costs that are necessary to move inventory to its existing location and condition. In addition to the purchase price, inventory purchase costs include the purchase of inventory accompanying non-refundable taxes and transport costs directly related to the acquisition of inventory, less price reductions and subsidies.

The FIFO method is used when accounting for inventory costs and calculating the book value of inventory.

Inventories are stated at the lower of cost or net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and making the sale. Inventory discounts to their net realizable value are recorded as sold during the discount period as a cost of production.

Plant, property and equipment and intangible assets

Tangible assets

Assets held for use in the production or supply of goods and services, or for administrative purposes in the Group own economic activity, with useful life of over one year and a value of EUR 500 or more are considered to be tangible assets. Assets below the minimum cost level or useful life less than one year shall be expensed at the time they are taken into use and may be accounted for off-balance sheet.

Intangible assets

An asset is an intangible asset when it has useful life of more than one year and is controlled by the Group, the cost of the asset can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company.

Tangible and intangible assets both are recorded at cost, which comprises purchase price and other directly attributable expenditures that are necessary for bringing the asset to its operating condition and location. In the balance sheet Tangible assets and Intangible assets are recorded at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line method. Depreciation rates are assigned separately to each tangible asset or its separately identifiable component depending on its estimated useful life. If it appears that the actual useful life of the asset is significantly different from the initial estimate, the depreciation period must be changed.

The asset is depreciated from the moment it is put into use and until the depreciable part is fully amortized or the asset until removal from use. If the fully depreciated asset is still in use, both the acquisition cost and accumulated depreciation until the asset is finally removed from use.

Minimal acquisition cost 500

Useful life by assets group (years)

Assets group name	Useful life
Computers and computer systems	4-5 years
Other tangible fixed assets	5 years
Other machinery and equipment	5 years
Development expenditure	3-5 years
Computer software	5 years
Concessions, patents, licenses, trademarks	10 years
Other intangible fixed assets	3-5 years
Goodwill	10 years

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

An asset held under finance lease is recognized as an asset and a liability of the Company at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in income statement on accrual basis of accounting.

Assets held under operating lease are not reported on the balance sheet. Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease, irrespectively from disbursements.

Financial liabilities

Financial liabilities comprise trade and other payables, accrued expenses and other short-term and long-term loans and borrowings.

Financial liabilities are initially recognised at cost, which is equal to the fair value of the consideration received for them. The initial cost of a financial liability comprises all expenses directly related to its acquisition.

Financial liabilities are measured hereinafter at amortised cost. The amortised cost of short-term financial liabilities generally equals their nominal value; therefore short-term financial liabilities are carried in the balance sheet in their redemption amount. For calculating the amortised cost of long-term financial liabilities they are initially recognised at the fair value of the consideration payable, by calculating interest expense on the liabilities in the following periods using the effective interest rate method.

A financial liability is classified as short-term if its payment term is within twelve months from the balance sheet date; or the group does not have unconditional right to postpone the payment of the obligation more than 12 months after the balance sheet date. Loan obligations with a repayment term is within 12 months of the balance sheet date, but which is refinanced long-term after the balance sheet date but before the annual report confirmation, are recorded as short-term. Loan obligations that the lender had the right to call back on the balance sheet date are also recorded as short-term due to the violation of the conditions stipulated in the loan agreement.

A financial liability is removed from the balance sheet when it is discharged or cancelled or expired.

Provisions and contingent liabilities

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable (over 50%) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Appraisal of allocations is based on the board's assessments, experiences and, if necessary, also the assessments of independent experts and they are recorded in the balance sheet in the amount necessary to satisfy the obligations related to the provision as of the balance sheet date.

Government grants

Government grant is aid received from local, national or international authorities or other similar organizations, in the form of transferring certain resources to the Company and for which the Company's economic performance has to correspond to certain specified criteria.

Government grants are recorded as income, when:

- (a) their receipt is practically certain; and
- (b) substantial conditions related to government grants have been met.

In accounting for assets acquired with government grants, the asset is recognised at cost in the balance sheet. The asset is depreciated during its useful life.

Government grants received for supporting Entity's activities are recorded as revenue, when the receipt of the grant is practically certain and substantial conditions for receiving the grant are fulfilled. Received grants for which all necessary conditions are not fulfilled, are recorded as liability on the balance sheet. Respective liability is recorded on the balance sheet either as short or long-term liability, depending on when respective conditions are expected to be fulfilled.

Revenue recognition

Income is measured at the fair value of the consideration received or receivable, taking into account the amount of any discounts as specified in the contract. Sales of goods are recognised when all significant risks and rewards related to ownership of goods have been transferred to the buyer, collection of related receivables is probable, and income and expenses incurred in respect of the transaction can be measured reliably.

Sales of services are recognised in the period when the service was provided, if collection of related receivables is probable, and income and expenses incurred in respect of the transaction can be measured reliably.

Expense recognition

Costs associated with income earned during an accounting period are deducted from such income. Expenses, the corresponding income of which is generated in a different period, are recognised as expenses in the period with income generated in relation to the same. If income associated with certain expenses cannot be directly identified, then indirect methods shall be used for the recognition of expenses. Expenditure not expected to generate income is recognised as an expense at the time when it is incurred.

Related parties

Parties are considered related if one party has significant influence by another, or one party has significant influence over another, including subsidiaries, shareholders, the members of the Supervisory Council and the Management Board, their families and the companies

in which they hold majority interest or have significant influence.

Events after reporting date

The financial statements shall reflect material circumstances affecting the valuation of assets and liabilities that occurred between the balance sheet date of 31 December 2022 and the date of preparation of the report but relate to transactions carried out during the reporting period or earlier periods. Post-reporting events that have not been taken into account in the valuation of assets and liabilities, but which have a material impact on the outcome of the following financial year are disclosed in the notes to the annual report.

Note 2 Receivables and prepayments

(In Euros)

	31.12.2022	Within 12 months	Note
Accounts receivable	190 249	190 249	
Accounts receivables	190 249	190 249	
Receivables from related parties	5 500	5 500	17
Tax prepayments and receivables	2 789	2 789	4
Other receivables	8 160	8 160	
Accrued income	8 160	8 160	10
Prepayments	15 288	15 288	
Deferred expenses	15 288	15 288	
Total receivables and prepayments	221 986	221 986	
	31.12.2021	Within 12 months	Note
Accounts receivable	125 342	125 342	
Tax prepayments and receivables	11 887	11 887	4
Other receivables	8 080	8 080	
Accrued income	8 080	8 080	
Prepayments	13 103	13 103	
Deferred expenses	13 103	13 103	
Total receivables and prepayments	158 412	158 412	

Note 3 Inventories

(In Euros)

	31.12.2022	31.12.2021
Raw materials	57 579	107 187
Work in progress	0	12 774
Finished goods	20 451	0
Merchandise	16 020	0
Inventory prepayments	562	3 182
Total Inventories	94 612	123 143

Note 4 Tax prepayments and liabilities

(In Euros)

	31.12.2022		31.12.2021	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Corporate income tax	0	236	0	58 595
Value added tax	0	10 072	0	4 451
Personal income tax	0	29 385	0	27 775
Fringe benefit income tax	0	4	0	68
Social tax	0	50 656	0	49 142
Contributions to mandatory funded pension	0	2 921	0	2 689
Unemployment insurance tax	0	3 438	0	3 518
Prepayment account balance	2 789		11 887	
Total tax prepayments and liabilities	2 789	96 712	11 887	146 238

Note 5 Shares of subsidiaries

(In Euros)

Shares of subsidiaries, general information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2021	31.12.2022
12458980	Krakul OÜ	Estonia	Research and development	100	100

Shares of subsidiaries, detailed information			
Name of subsidiary	31.12.2021	Other changes	31.12.2022
Krakul OÜ	1 233 600	-344 489	889 111
Total shares of subsidiaries, at end of previous period	1 233 600	-344 489	889 111

In the reference period, Krakul Holding OÜ and AS Bercman Technologies signed an agreement to acquire 100% of Krakul OÜ's stake the

exchange agreement of the share of the conditional limited liability company and the shares of the limited liability company, in which it was agreed to acquire a stake in the shares of AS Bercman Technologies for. Since the acquisition of the shareholding took place in Bercman Technologies AS shares issued for this purpose and to be issued no later than 30.06.2025 for, the acquisition cost is considered to be the fair value of the shares issued and to be issued no later than 30.06.2025, which is the market price at the time of acquisition. The shares to be issued in 2025 are recorded in equity in other reserves (see note 11) and their issuance is dependent of certain additional conditions. During the reporting period, the management has estimated that the additional conditions are partially fulfilled and therefore have been corrected the acquisition cost of the subsidiary and the amount of other reserves in the amount of 346,950 euros.

Positive goodwill in the amount of 1,169,476 euros was created between the acquisition cost of the acquired share and the fair value of the acquired net assets, which is accounted for as an intangible fixed asset in the consolidated balance sheet. During the reporting period, in connection with the fulfillment of the conditions of the exchange agreement of the change, the acquisition cost of goodwill has been adjusted in the amount of 346,950 euros (see appendix 7).

Note 6 Property, plant and equipment

(In Euros)

							Total
	Transportation	Computers and computer systems	Other machinery and equipment	Machinery and equipment	Other property, plant and equipment	Unfinished projects and prepayments	
31.12.2020							
Carried at cost	0	1 119	0	1 119	58 374	51	59 544
Accumulated depreciation	0	-37	0	-37	-27 346	0	-27 383
Residual cost	0	1 082	0	1 082	31 028	51	32 161
Acquisitions and additions	0	11 497	829	12 326	0	0	12 326
Additions through business combinations	1 458	11 371	9 339	22 168	2 406	0	24 574
Depreciation	0	-857	-14	-871	-11 229	0	-12 100
Reclassifications	0	0	0	0	-4 000	-51	-4 051
Reclassifications of inventory	0	0	0	0	-4 000	-51	-4 051
Other changes	0	0	0	0	-15 800	0	-15 800
31.12.2021							
Carried at cost	3 500	33 900	15 889	53 289	12 906	0	66 195
Accumulated depreciation	-2 042	-10 807	-5 735	-18 584	-10 501	0	-29 085
Residual cost	1 458	23 093	10 154	34 705	2 405	0	37 110
Acquisitions and additions	0	9 193	2 294	11 487	0	0	11 487
Depreciation	-58	-10 425	-2 802	-13 285	-1 737	0	-15 022
Other changes	-1 400	0	0	-1 400	0	0	-1 400
31.12.2022							
Carried at cost	0	38 324	18 183	56 507	5 697	0	62 204
Accumulated depreciation	0	-16 463	-8 537	-25 000	-5 029	0	-30 029
Residual cost	0	21 861	9 646	31 507	668	0	32 175

Disposed property, plant and equipment at selling price

	2022	2021
Machinery and equipment	83	0
Transportation	83	0
Total	83	0

During the reporting period, fixed assets were acquired with a capital lease in the amount of 3,743 euros (7,232 euros in 2021).

Note 7 Intangible assets

(In Euros)

	Goodwill	Development expenditures	Computer software	Concessions, patents, licences, trademarks	Other intangible assets	Unfinished projects and prepayments	Total
31.12.2020							
Carried at cost	0	104 170	46 351	3 955	3 327	0	157 803
Accumulated depreciation	0	-38 578	-13 202	-1 307	-1 552	0	-54 639
Residual cost	0	65 592	33 149	2 648	1 775	0	103 164
Acquisitions and additions	0	0	26 796	0	5 420	141 497	173 713
Additions via business combinations	1 169 476	0	49 944	0	0	0	1 219 420
Depreciation	0	-18 749	-11 502	-395	-1 720	0	-32 366
Impairment loss	0	0	-13 513	0	0	0	-13 513
Other changes	0	0	-1 050	0	-1 109	0	-2 159
31.12.2021							
Carried at cost	1 169 476	104 170	136 203	3 955	5 420	141 497	1 560 721
Accumulated depreciation	0	-57 327	-52 379	-1 702	-1 054	0	-112 462
Residual cost	1 169 476	46 843	83 824	2 253	4 366	141 497	1 448 259
Acquisitions and additions	0	0	7 570	0	0	157 555	165 125
Depreciation	-116 948	-46 843	-41 824	-395	-1 806	0	-207 816
Reclassifications	0	0	284 749	0	0	-287 252	-2 503
Other changes	-346 950	0		0	0	0	-346 950
31.12.2022							
Carried at cost	822 526	0	352 602	3 955	5 420	11 800	1 196 303
Accumulated depreciation	-116 948	0	-18 283	-2 097	-2 860	0	-140 188
Residual cost	705 578	0	334 319	1 858	2 560	11 800	1 056 115

Other changes in the amount of 346,950 euros during the reporting period are related to the adjustment of the goodwill and the equity reserve

due to the change in the conditions for fulfilling the terms of the share exchange agreement (see Appendix 5).

During the reporting period, an administrative portal was completed, which was taken into account as a fixed asset and is shown as a reclassification in the fixed assets table in the amount of 287,252 euros.

Note 8 Loan commitments

(In Euros)

	31.12.2022	Allocation by remaining maturity			Interest rate	Base currencies	Due date	Note
		Within 12 months	1 - 5 years	Over 5 years				
Current loans								
Related parties	70 000	70 000			3,5%-8,5%	EUR	01.08.2023	17
Current loans total	70 000	70 000						
Finance lease obligations total	7 484	3 659	3 825					
Loan commitments total	77 484	73 659	3 825					
	31.12.2021	Allocation by remaining maturity			Interest rate	Base currencies	Due date	Note
		Within 12 months	1 - 5 years	Over 5 years				
Current loans								
Credit institutions	26 061	26 061			5% + 6k euribor	EUR	15.09.2022	
Current loans total	26 061	26 061						
Finance lease obligations total	7 233	2 411	4 822					
Loan commitments total	33 294	28 472	4 822					

The deadline for repayment of the loan received from the related party is 01.08.2023. The loan interest was 3.5% per year until 12.08.2022 and 8.5% per year from 12.08.2022.

The capital lease agreements have been signed separately and their term is in December 2024 and March 2025.

Note 9 Payables and prepayments

(In Euros)

	31.12.2022	Within 12 months	Note
Trade payables	206 413	206 413	
Employee payables	82 748	82 748	
Tax payables	96 712	96 712	4
Other payables	25 128	25 128	
Interest payables	25 074	25 074	
Other accrued expenses	54	54	
Prepayments received	92 877	92 877	
Deferred income	92 877	92 877	
Other current liabilities	9 056	9 056	
Total payables and prepayments	512 934	512 934	
	31.12.2021	Within 12 months	Note
Trade payables	195 481	195 481	
Employee payables	96 821	96 821	
Related parties payables	345	345	17
Tax payables	146 238	146 238	4
Other payables	12 481	12 481	
Interest payables	12 379	12 379	
Other accrued expenses	102	102	
Prepayments received	42 244	42 244	
Deferred income	42 244	42 244	
Other current liabilities	9 056	9 056	
Total payables and prepayments	502 666	502 666	

Note 10 Grants

(In Euros)

	31.12.2020		Received	Recognized in the income statement	31.12.2021		Note
	Receivables	Liabilities			Receivables	Liabilities	
Grants for acquisition of non-current assets							
EAS development project EU51732	0	19 390	0	19 390	0	0	
Total grants for acquisition of non-current assets	0	19 390	0	19 390	0	0	
Grants for operating expenses							
Innovation Unit measure EU52657	0	3 920	0	3 920	0	0	
Grants for Green ICT	10 813	0	30 625	19 812	0	0	
H2020 EIC Accelerator measure	0	0	3 000	3 000	0	0	
mFund 19F1087D funding	0	0	4 971	4 971	0	0	
Total grants for operating expenses	10 813	3 920	38 596	31 703	0	0	
Total grants	10 813	23 310	38 596	51 093	0	0	
	31.12.2021		Received	Recognized in the income statement	31.12.2022		Note
	Receivables	Liabilities			Receivables	Liabilities	
Grants for operating expenses							
mFund 19F1087D funding	0	0	16 920	16 920	0	0	
Grants for Green ICT	0	0	0	8 160	8 160	0	2
Tallinna Teaduspark Tehnopol	0	0	7 000	0	0	7 000	
Total grants for operating expenses	0	0	23 920	25 080	8 160	7 000	
Total grants	0	0	23 920	25 080	8 160	7 000	

Within the framework of the EAS development project (EU51732) program, a decision was made in 2017 to support the realization and testing of the prototype of Bercman Technologies AS in the amount of 19,390 euros through targeted funding. The project was carried out in cooperation with Tallinn University of Technology (TalTech). The conditions related to the project have been fulfilled and the received target financing in the amount of 19,390 euros has been recorded as income in the profit and loss statement of the reference period.

As part of the Innovation Unit measure (EU52657), the product was tested in cooperation with the University of Tartu. The conditions related to the project have been met, and the received target financing in the amount of 3,920 euros has been recorded as income in the profit and loss statement of the reference period.

The goal of the Estonian-Norwegian cooperation program "Green ICT" is to support the sustainable development of Estonian entrepreneurs. The program is aimed at the development of three areas: industry and green technologies, ICT and health technologies.

Funding from the H2020 EIC Accelerator measure - Bercman Technologies AS applied for funding for product development in accordance with European Union directives with a total budget of 2.15 million euros, of which the self-financing rate is 30%. As part of the measure,

the company attended an interview convened by the European Commission in December 2021, which turned out to be unsuccessful, but the Estonian Science Agency compensated for the preparatory activities carried out for the interview, which are reflected in the profit statement of the comparison period.

Financing of the mFund innovation initiative project 19F1087D - during the reporting period, a cooperation project was written for the financing of the "Smartwalk" project, where, in addition to Bercman Technologies AS, Hamburg University of Technology, ARIC and Natix are project partners. The financing of the project was confirmed on 01.10.2021 (<https://view.news.eu.nasdaq.com/view?id=b9c0fb85aad5277cf88f9ac7d9c8d0d26&lang=en>) and preparatory activities started in the reference period. During the project, mFund compensates the expenses incurred by the project partners approximately once a quarter, which is reflected as income in the profit and loss statement.

Since target financing receipts are shown in the cash flows using the direct method, the operating profit has been adjusted to the target financing revenues of the reporting period through the line of other adjustments, taking into account changes in target financing requirements and liabilities.

Note 11 Share capital

(In Euros)

	31.12.2022	31.12.2021
Share capital	143 903	129 847
Number of shares (pcs)	1 439 031	1 298 471
Nominal value of shares	0.10	0.10

During the reporting period, 140,560 shares (2021: 548,471 shares) have been issued with a nominal value of 14,056 euros (2021: 54,847.10 euros) and a premium of 543,970 euros (2021: 1,868,788 euros). The shares were paid for with cash contributions.

Bercman Technologies AS has signed purchase option contracts for Bercman Technologies AS shares with its employees, based on which employees will have the right to acquire Bercman Technologies AS shares in the future. Based on these agreements, the amounts arising from the issuance of share options are recorded under equity reserves in the amount of 27,612 euros (31.12.2021: 11,322 euros) (see note 16). Cash flows have been adjusted by the same amount in the "Other adjustments" line.

In connection with the acquisition of Krakul OÜ's shareholding, Bercman Technologies AS shares to be issued in the future, which have been taken into account at fair value in the amount of 462,600 euros, have also been recorded under other reserves (see Appendix 5).

Note 12 Net sales

(In Euros)

	2022	2021
Net sales by geographical location		
Net sales in European Union		
Estonia	1 086 513	41 183
Finland	80 812	0
Latvia	40 320	3 115
Greece	11 654	19 488
Germany	3 222	0
Portugal	840	800
Lithuania	160	3 515
Croatia	0	7 995
Total net sales in European Union	1 223 521	76 096
Net sales outside of European Union		
Singapore	304 965	0
United States of America	141 370	0
Switzerland	64 535	0
United Kingdom	1 600	0
Total net sales outside of European Union	512 470	0
Total net sales	1 735 991	76 096
Net sales by operating activities		
Research and development	1 652 733	0
Sale of goods	74 033	74 835
Sale of services	9 225	1 261
Total net sales	1 735 991	76 096

Note 13 Other operating income

(In Euros)

	2022	2021	Note
Revenue from grants	25 080	51 093	10
Other	446	57	
Total other operating income	25 526	51 150	

Note 14 Goods, raw materials and services

(In Euros)

	2022	2021
Raw materials	-217 453	-139 534
Services purchased for resale	-12 258	-2 895
Subcontracting work	-345 842	0
Transportation expense	-9 404	-1 190
Logistics expense	-437	-2 726
Total goods, raw materials and services	-585 394	-146 345

Note 15 Miscellaneous operating expenses

(In Euros)

	2022	2021
Leases	-103 842	-22 819
Miscellaneous office expenses	-161 120	-1 345
Travel expense	-19 919	-5 497
Training expense	-9 691	-15 529
State and local taxes	-159	-109
Allowance for doubtful receivables	-539	0
Maintenance and common services of premises	-12 111	-5 333
Accounting and auditing services	-24 549	-29 350
Legal services	-48 033	-73 281
Consultation services	-10 752	-7 445
IT and communication services	-11 227	-5 621
Advertising and marketing costs	-22 797	-18 404
Car costs	-2 177	-6 101
Other services	-44 177	-38 921
Other	-55 906	-1 816
Total miscellaneous operating expenses	-526 999	-231 571

Note 16 Labor expense

(In Euros)

	2022	2021
Wage and salary expense	-987 008	-278 852
Social security taxes	-332 982	-94 172
Option costs	-16 290	-11 322
Other	-1 641	-509
Total labor expense	-1 337 921	-384 855
Average number of employees in full time equivalent units	31	10
Average number of employees by types of employment:		
Person employed under employment contract	31	10

The company has signed purchase option contracts for Bercman Technologies AS shares with employees, on the basis of which the employees have the right to acquire Bercman Technologies AS shares upon completion of the 3rd year from the signing of the contract. The cost arising from the issuance of share options is reflected in the "Option costs" line.

A total of 157,075 euros (130,178 euros in 2021) have been capitalized for fixed assets manufactured for own use from the labor costs of the reporting period (see appendix 7 for more details).

Note 17 Related parties

(In Euros)

Related party balances according to groups

SHORT TERM	31.12.2022	31.12.2021	Note
Receivables and prepayments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	5 500	0	2
Total receivables and prepayments	5 500	0	
Loan commitments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	70 000	0	8
Total loan commitments	70 000	0	
Payables and prepayments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	345	9
Total payables and prepayments	0	345	

LOAN COMMITMENTS	31.12.2020	Loans received	Loans received repayments	31.12.2021	Interest accrued for period	Note
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	48 350	48 350	0	21	
Legal person with material ownership interest and material influence of management and higher	0	100 000	100 000	0	1 041	
Total loan commitments	0	148 350	148 350	0	1 062	

LOAN COMMITMENTS	31.12.2021	Loans received	Loans received repayments	31.12.2022	Interest accrued for period	Note
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	216 900	146 900	70 000	8 385	
Total loan commitments	0	216 900	146 900	70 000	8 385	

BOUGHT	2022	2021
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	2 566	4 516
Total bought	2 566	4 516

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2022	2021
Remuneration	163 200	34 857

Note 18 Non consolidated statement of financial position

(In Euros)

	31.12.2022	31.12.2021
Assets		
Current assets		
Cash and cash equivalents	19 915	312 928
Receivables and prepayments	24 277	53 017
Inventories	68 966	92 929
Total current assets	113 158	458 874
Non-current assets		
Investments in subsidiaries and associates	889 111	1 233 600
Property, plant and equipment	12 135	12 536
Intangible assets	303 470	228 839
Total non-current assets	1 204 716	1 474 975
Total assets	1 317 874	1 933 849
Liabilities and equity		
Liabilities		
Current liabilities		
Loan liabilities	3 659	28 472
Payables and prepayments	245 575	291 568
Provisions	4 168	4 168
Government grants	7 000	0
Total current liabilities	260 402	324 208
Non-current liabilities		
Loan liabilities	3 825	4 822
Total non-current liabilities	3 825	4 822
Total liabilities	264 227	329 030
Equity		
Issued capital	143 903	129 847
Share premium	2 412 758	1 868 788
Other reserves	143 262	473 922
Retained earnings (loss)	-867 738	-274 486
Annual period profit (loss)	-778 538	-593 252
Total equity	1 053 647	1 604 819
Total liabilities and equity	1 317 874	1 933 849

Note 19 Non consolidated income statement

(In Euros)

	2022	2021
Revenue	83 259	76 096
Other income	25 526	51 150
Work performed by entity and capitalised	157 075	130 178
Raw materials and consumables used	-167 565	-146 345
Other operating expense	-232 933	-231 571
Employee expense	-546 001	-384 855
Depreciation and impairment loss (reversal)	-87 825	-75 938
Other expense	-3 309	-1 796
Total operating profit (loss)	-771 773	-583 081
Interest expenses	-6 445	-8 870
Other financial income and expense	-320	-1 301
Profit (loss) before tax	-778 538	-593 252
Annual period profit (loss)	-778 538	-593 252

Note 20 Non consolidated statement of cash flows

(In Euros)

	2022	2021
Cash flows from operating activities		
Operating profit (loss)	-771 773	-583 081
Adjustments		
Depreciation and impairment loss (reversal)	87 826	75 938
Other adjustments	-51 251	-39 770
Total adjustments	36 575	36 168
Changes in receivables and prepayments related to operating activities	36 901	-52 517
Changes in inventories	23 963	-19 994
Changes in payables and prepayments related to operating activities	-10 386	48 715
Interest received	13	24
Proceeds from government grants	23 920	38 596
Total cash flows from operating activities	-660 787	-532 089
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-158 312	-178 807
Total cash flows from investing activities	-158 312	-178 807
Cash flows from financing activities		
Loans received	63 175	156 100
Repayments of loans received	-89 236	-114 346
Repayments of finance lease liabilities	-3 492	0
Interest paid	-2 387	-3 642
Proceeds from issuing shares	558 026	975 985
Total cash flows from financing activities	526 086	1 014 097
Total cash flows	-293 013	303 201
Cash and cash equivalents at beginning of period	312 928	9 727
Change in cash and cash equivalents	-293 013	303 201
Cash and cash equivalents at end of period	19 915	312 928

Note 21 Non consolidated statement of changes in equity

(In Euros)

						Total
	Issued capital	Unregistered equity	Share premium	Other reserves	Retained earnings (loss)	
31.12.2020	75 000	100 592	0	0	-219 007	-43 415
Effect of correction of errors	0	0	0	0	-15 479	-15 479
Restated balance 31.12.2020	75 000	100 592	0	0	-234 486	-58 894
Annual period profit (loss)	0	0	0	0	-593 252	-593 252
Issue of equity	54 847	-100 592	1 868 788	0	0	1 823 043
Changes in reserves	0	0	0	473 922	0	473 922
31.12.2021	129 847	0	1 868 788	473 922	-827 738	1 644 819
Governing and material influence ownership interest value of financial position						-1 233 600
Governing and material influence on the value Of holdings under the e quity method						1 233 600
Restated non consolidated equity 31.12.2021						1 644 819
Effect of correction of errors	0	0	0	0	-40 000	-40 000
Restated balance 31.12.2021	129 847	0	1 868 788	473 922	-867 738	1 604 819
Annual period profit (loss)	0	0	0	0	-778 538	-778 538
Issue of equity	14 056	0	543 970	0	0	558 026
Changes in reserves	0	0	0	16 290	0	16 290
Other changes in equity	0	0	0	-346 950	0	-346 950
31.12.2022	143 903	0	2 412 758	143 262	-1 646 276	1 053 647
Governing and material influence ownership interest value of financial position						-889 111
Governing and material influence on the value Of holdings under the e quity method						893 423
Restated non consolidated equity 31.12.2022						1 057 959

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AS Bercman Technologies

Opinion

We have audited the consolidated financial statements of AS Bercman Technologies and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated 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) (ISAs (EE)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Code of Ethics for Professional Accountants (Estonia) (including 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 consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 of this other information, 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs (EE) 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

/ signature/



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31.03.2023