



**INTERIM REPORT FOR SIX-MONTH
PERIOD ENDED 30 JUNE 2023**

(UNAUDITED)

reporting period: 01.01.2023- 30.06.2023

financial year: 01.01.2023 - 31.12.2023

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Management Report

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 fast-growing and promising sectors with development services.

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 1 060 530 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.

Economic results

In the first half of 2023, the company's consolidated unaudited turnover was EUR 869 295. For the comparable period in 2022, turnover was EUR 793 435. The reporting period ended with a loss of 160 384 euros (the first half of 2022 a loss of EUR 440 173). As of 30.06.2023, the company's balance sheet total was 1 773 760 euros (30.06.2022: EUR 2 161 362). Current assets amounted to 475 867 euros (30.06.2022: EUR 633 827). Fixed assets amounted to 1 297 893 euros (30.06.2022: EUR 1 527 535). The company's equity as of 30.06.2022 was 1 204 433 euros (30.06.2022: EUR 1 470 490). As of 30.06.2023, the company had 72 023 euros in loan liabilities (30.06.2022: EUR 210 797).

Macroeconomically, the first six months of 2023 have been impacted by the volatile business environment in the technology sector, leading the company to adopt a more conservative stance in both revenue forecasting and cost management. The optimization of operating costs and the conservative approach to cost and development plans have contributed to reducing the company's losses compared to the previous year.

New markets and expansion in existing markets

In the first half of 2023, Bercman's proprietary smart city products, specifically smart pedestrian crosswalks, were delivered to export markets in Greece, the UK, Croatia, Bosnia and Herzegovina, and Australia. Additionally, smart safety systems were installed in Kohtla-Järve, Estonia. Procurements for smart transport infrastructure projects were participated in Greece, Croatia, Slovakia, Finland, and Estonia, the results of these procurements will be published in most cases during the second half of the year.

Krakul continued its work on long-term client projects and expanded its client portfolio to include development service clients from both Estonia and international markets. Services were exported during the first half of the year to Sweden, Switzerland, the United Kingdom, the United States, and Singapore.

To further expand our export network, we organized our participation in the world's largest B2B industrial fair in Hannover in April and the European Defence Fund programme networking event in Brussels in June.

Team

As of June 30, 2023, Bercman has one management board member, and three supervisory board members, and Krakul has one board member, with a total of 21 specialists in the Group's employ in their respective fields. The Group's labour costs, including labour taxes, amounted to 572 825 euros in the first half of 2023 (6 months in 2022: 714 707 euros).

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 board's assessment, the company's operations were still affected by the Ukraine-Russia war and an overall economic slowdown in the first six months of 2023. However, this reality has been considered, and efforts are being made daily to capitalize on new growth opportunities.

Plans for the second half of 2023

The company's strategic focus in 2023 is on providing product development services and expanding the customer and product portfolio. This direction will continue in the second half of the year.

The provision of smart city solutions through Bercman's proprietary product, the smart pedestrian crosswalk, continues in both Estonia and European countries through contractual partnerships. Participation in tenders to increase sales volumes continues in Greece, Croatia, and the United Kingdom. New markets for smart crosswalks include Bosnia and Herzegovina, Australia, and Finland, with negotiations ongoing with partners in Israeli and Saudi Arabian markets.

As a significant project within Estonia, the Põlva Smart Road project will be completed by the end of 2023. The contract for this project was signed in July following the reporting period. This innovation project will feature a 2.5 km stretch in Põlva city with 14 smart crosswalks and the capability to measure average speed, aiming to enhance traffic safety and pilot average speed measurement within the city. New smart safety system crosswalks are also planned for other Estonian municipalities. For instance, in August following the reporting period, a smart crosswalk was installed in Elva for a new pedestrian path.

In line with the company's priority to increase both export volumes of development services and proprietary product sales, participation in two major industry expos is planned for the second half of the year. In October, there is planned participation in the GITEX technology industry expo in Dubai, and in November, the company will participate in the Smart City Expo in Barcelona. The company is part of the Estonian delegation at these events.

Regarding new export markets, the focus is on the Scandinavian market, with the aim of expanding opportunities for development services primarily in Sweden and Norway, but also in Finland.

In parallel with offering development services, there is some focus on exploring opportunities for proprietary product development beyond the smart city and traffic safety sector. Mapping is underway for sectors with high innovation potential, such as the defence and medical industries and energy.

In the field of research and development, discussions are taking place with representatives from the University of Kaiserslautern-Landau in Germany, who are leading a project to improve cyclist safety in traffic. The project aims to establish a common understanding and interpretation of potential conflict points for cyclists to ensure safety for all parties.

To successfully serve both long-term and new client projects, there are plans to expand the team in terms of sales and engineering competencies in the current year.

Bercman adheres to the revenue forecasts published at the beginning of 2023 and does not make any changes. Bercman forecasts consolidated sales revenue of 2,1 million euros for the 2023 fiscal year and 2,5 million euros for 2024.

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

Financial ratio	Methodology for calculation	30.06.2023	30.06.2022
Current ratio	current assets/current liabilities	0,84	0,93
Debts to assets ratio	total liabilities/total assets	0,32	0,32

The annual accounts

Consolidated statement of financial position

(In Euros)

	30.06.2023	31.12.2022	30.06.2022	31.12.2021	Note
Assets					
Current assets					
Cash and cash equivalents	89 596	254 657	309 473	378 023	
Receivables and prepayments	322 265	221 986	239 958	158 412	2
Inventories	64 006	94 612	84 396	123 143	3
Total current assets	475 867	571 255	633 827	659 578	
Non-current assets					
Property, plant and equipment	27 966	32 175	39 092	37 110	6
Intangible assets	1 269 927	1 056 115	1 488 443	1 448 259	7
Total non-current assets	1 297 893	1 088 290	1 527 535	1 485 369	
Total assets	1 773 760	1 659 545	2 161 362	2 144 947	
Liabilities and equity					
Liabilities					
Current liabilities					
Loan liabilities	72 023	73 659	210 797	28 472	8
Payables and prepayments	482 311	512 934	430 882	462 666	9
Provisions	4 168	4 168	41 809	4 168	
Government grants	7 000	7 000			10
Total current liabilities	565 502	597 761	683 488	495 306	
Non-current liabilities					
Loan liabilities	3 825	3 825	7 384	4 822	8
Total non-current liabilities	3 825	3 825	7 384	4 822	
Total liabilities	569 327	601 586	690 872	500 128	
Equity					
Equity held by shareholders and partners in parent company					
Issued capital	143 903	143 903	134 135	129 847	11
Unregistered equity	0	0	0	0	11
Share premium	2 412 758	2 412 758	2 129 474	1 868 788	11
Other reserves	462 619	143 262	474 792	473 922	11, 16
Retained earnings (loss)	-1 654 463	-867 738	-827 738	-234 486	
Annual period profit (loss)	-160 384	-774 226	-440 173	-593 252	
Total equity held by shareholders and partners in parent company	1 204 433	1 057 959	1 470 490	1 644 819	
Total equity	1 204 433	1 057 959	1 470 490	1 644 819	
Total liabilities and equity	1 773 760	1 659 545	2 161 362	2 144 947	

Consolidated income statement

(In Euros)

	30.06.2023	30.06.2022	Note
Revenue	869 295	793 435	12
Other income	0	0	13
Work performed by entity and capitalised	0	103 126	7
Raw materials and consumables used	-162 076	-239 031	14
Other operating expense	-204 041	-288 989	15
Employee expense	-572 825	-714 707	16
Depreciation and impairment loss (reversal)	-84 016	-88 030	6,7
Other expense	-3 526	-1 214	
Operating profit (loss)	-157 189	-435 410	
Interest expenses	-3 300	-4 448	
Other financial income and expense	105	-315	
Profit (loss) before tax	-160 384	-440 173	
Annual period profit (loss)	-160 384	-440 173	
Profit (loss) from shareholders and partners in parent company	-160 384	-440 173	

Consolidated statement of cash flows

(In Euros)

	30.06.2023	31.12.2022	30.06.2022	31.12.2021	Note
Cash flows from operating activities					
Operating profit (loss)	-157 189	-759 185	-435 410	-583 081	
Adjustments					
Depreciation and impairment loss (reversal)	84 016	222 838	88 030	75 938	6,7
Profit (loss) from the sale of fixed assets	0	1 317	1 317	0	
Other adjustments	15 806	-46 286	870	-39 770	10,11
Total adjustments	99 822	177 869	90 217	36 168	
Changes in receivables and prepayments related to operating activities	-108 440	-55 415	-81 545	-52 517	
Changes in inventories	30 606	28 531	38 747	-19 994	
Changes in payables and prepayments related to operating activities	-30 623	37 580	2 558	48 715	
Interest received	106	26	16	24	
Proceeds from government grants	8 160	23 920	0	38 596	10
Total cash flows from operating activities	-157 558	-546 674	-385 417	-532 089	
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets	-1 368	-172 869	-127 853	-178 807	6,7
Received from property, plant and equipment and intangible assets	0	83	83	0	
Total cash flows from investing activities	-1 368	-172 786	-127 770	-178 807	
Cash flows from financing activities					
Loans received	0	216 900	200 000	156 100	
Repayments of loans received	0	-172 961	-17 265	-114 346	
Interest paid	-3 300	-2 379	-1 432	-3 642	
Repayments of finance lease liabilities	-2 835	-3 492	-1 591		
Proceeds from issuing shares	0	558 026	264 974	975 985	11
Other cash outflows from financing activities	0	0	-49	0	
Total cash flows from financing activities	-6 135	596 094	444 637	1 014 097	
Total cash flows	-165 061	-123 366	-68 550	303 201	
Cash and cash equivalents at beginning of period	254 657	378 023	378 023	9 727	
Change in cash and cash equivalents	-165 061	-123 366	-68 550	303 201	
Cash and cash equivalents at end of period	89 596	254 657	309 473	312 928	

Consolidated statement of changes in equity

(In Euros)

	Equity held by shareholders and partners in parent company					TOTAL
	Issued capital	Unregistered equity	Share premium	Other reserves	Retained earnings (loss)	
	31.12.2021	129 847	0	1 868 788	473 922	
Annual period profit (loss)					-456 403	-456 403
Issue of equity	4 288	0	260 686			264 974
Changes in reserves				870		870
30.06.2022	134 135	0	2 129 474	474 792	-1 284 141	1 454 260
Annual period profit (loss)					-357 823	-357 823
Issue of equity	9 768	0	283 284			293 052
Changes in reserves				15 420		15 420
Changes in equity				-346 950		-346 950
31.12.2022	143 903	0	2 412 758	143 262	-1 641 964	1 057 959
Annual period profit (loss)					-160 384	-160 384
Issue of equity						
Changes in reserves				15 806		15 806
Changes in equity				303 551	-12 499	291 052
30.06.2023	143 903	0	2 412 758	462 619	-1 814 847	1 204 433

Additional information on movements in equity can be found in Appendices 1 and 11.

Notes

Note 1 Accounting policies

General information

AS Bercman Technologies (hereinafter also the "Parent Company") and its subsidiary (hereinafter together with the "Group")

The consolidated annual accounts for 01.01.2023-30.06.2023 have been prepared in accordance with the Estonian Financial Reporting Standard, which is based on internationally recognized accounting and reporting standards.

Based on the category it belongs to, the company has prepared the abridged financial statements of a small undertaking.

The income statement of AS Bercman Technologies Group has been prepared on the basis of the income statement scheme No. 1 set out in Note 2 to the Accounting Act.

The financial statements have been prepared in euros.

Preparation of consolidated statements

The consolidated financial statements contain the financial indicators of AS Bercman Technologies and its subsidiary Krakul OÜ as consolidated line by line. The subsidiary is consolidated from the date of acquisition.

The subsidiary uses the same accounting policies as the Parent Company when preparing its statements. All intra-Group transactions, receivables, and liabilities, as well as unrealised profits and losses on transactions between the Group's companies, have been eliminated in full in the annual report.

The Parent Company's separate unconsolidated main reports are published in the notes. The Parent Company's main statements have been prepared in accordance with the same accounting policies that have also been applied to the preparation of the consolidated annual report, with the exception of investments in the subsidiary that are recognised in the unconsolidated report using the cost method.

Financial assets

A Financial asset 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); an equity instrument of another entity (e.g., investment in shares of another entity).

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

Cash and cash equivalents comprise cash on hand as well as bank account balances.

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

The company's functional currency is the euro. Transactions denominated in foreign currency are recorded on the basis of the foreign currency exchange rates of the European Central Bank officially valid on the transaction date. Assets and liabilities denominated in foreign currency have been translated into Euros on the basis of the currency exchange rates of the European Central Bank officially valid on the balance sheet date.

Foreign exchange gains and losses resulting from revaluation are recorded in the income statement of the reporting period.

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 for businesses under common control. Under the purchase method, the investment is recorded at cost.

According to the method of purchase, the assets, liabilities, and contingent liabilities of the acquired subsidiary are recognised at their fair value and the difference between the cost of the acquired interest and the fair value of the acquired net assets is recognised as positive or negative goodwill. Where the acquisition of interest is effected in exchange for shares of the acquirer issued for that purpose and to be issued in the future, the acquisition cost shall be taken to be the fair value of the shares issued and to be issued. The best indication of fair value is the market price of the shares.

From the date of acquisition, the assets, liabilities and contingent liabilities of the acquired subsidiary and the positive goodwill generated shall be recognised in the consolidated balance sheet and the participation in the income and expenses of the subsidiary shall be recognised in the consolidated profit and loss account.

Receivables and prepayments

Accrued income and other current and non-current receivables (including loan receivables, and deposits) are recognised at restated cost. The adjusted acquisition cost of short-term receivables is generally the same as their nominal value (less discounts), which is why short-term receivables are represented on the balance sheet at the amounts likely to be received.

Accounts receivable from buyers have been valued in the balance sheet on the basis of the amounts likely to be received. The requirements are assessed on a case-by-case basis. A claim shall be considered to be irrecoverable if, in the opinion of the management board, there is no possibility of collecting the claim. In the case of trade receivables whose collection is partly or fully doubtful, the impairment is recognised in the income statement under "other operating expenses". Trade receivables whose collection is not feasible or economically justified are considered uncollectible and written off. An improbable or irrecoverable receivable in the reporting period is recognised as a reduction in the amount and cost of the improbable receivables in the period in which the receivable was received.

Inventories

Inventories are initially recorded at their acquisition cost, which consists of purchase costs, production costs and other costs necessary to bring the inventories to their existing location and condition.

Cost of inventories is calculated using the FIFO method

Inventories are valued at the lower of the acquisition cost or net realisable value.

Net realisable value is the selling price forecast in the ordinary course of business, less the costs of completion, marketing and distribution.

Plant, property and equipment and intangible assets

Assets held for use in the production or supply of goods and services, or for administrative purposes in the company's 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.

An asset is an intangible asset when it has useful life of more than one year and is controlled by the Company, 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.

Both plant, property and equipment and intangible assets are recorded at cost, which consists of the purchase price and the costs directly related to the acquisition that are necessary to bring the asset to its working position and location. In the balance sheet, an item of property, plant and equipment is carried 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.

Assets are depreciated from the time they are taken into use and until the depreciable portion is fully depreciated or the asset is retired. If a fully depreciated asset is still in use, both the cost and accumulated depreciation are recognized in the balance sheet until the asset is permanently withdrawn from use.

Minimum threshold for the recognition of assets: 500 euros

Useful life by assets group (years)

Assets group name	Useful life
Computers and computer systems	4-5 years
Computers and computer systems	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 recognized 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 recognized 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 amortized cost. The amortized 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 amortized cost of long-term financial liabilities, they are initially recognized 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.

Liabilities expected to be settled during an entity's normal operating cycle (e.g., trade payables); held primarily for the purpose of trading; with the maturity date within 12 months after the reporting date (for example short-term loans) are classified as current liabilities. All other liabilities are classified as long-term liabilities.

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 in the balance sheet if the Group has a legal or operational obligation that is probable to materialise (more than 50%) and the amount of which can be measured reliably as a result of a mandatory event that occurred before the balance sheet date. Provisions are valued on the basis of the management's estimates, experience and, if necessary, independent experts' estimates and are recognised in the balance sheet in the amount necessary to satisfy the liabilities related to the provision as at the balance sheet date

Government grants and donations

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

Government grants received for supporting the 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

Revenue from the sale of services is recognized based on the stage of completion method, revenue and profit from the provision of services are

recognized proportionately in the same periods as the costs of providing the service.

Expenses

Expenses are recognized on an accrual basis in the period in which they are incurred or to which they have been substantially related.

A Related party

A related party is a person or a company that is related to AS Bercman Technologies (the Company) to such an extent that transactions between them may be conducted on terms not equivalent to those used in arm's length transactions. A person or a close member of that person's family (i.e., a family member who may be associated with significant influence such as the spouse or the domestic partner or a child) is a related party for the Company if that person:

- (a) is a member of the management of the Company or its parent company (i.e., a person having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly); or
- (b) has control of or significant influence over the Company (e.g., through an ownership interest).

A company is a related party for the Company if any of the following conditions apply:

- (a) the other company and the Company are under common control (i.e., they are members of the same group or controlled by the same person (or a close family member of that person));
- (b) one is under the control of a third party (that may be a company or a person) and the other is under the significant influence of that third party (if the third party is a person, then that person or a close family member of that person);
- (c) the other company has control of or significant influence over the Company;
- (d) the other company is under the control or significant influence of the Company;
- (e) a member of the management of the Company or the Company's parent company (i.e., a person having the authority and responsibility AS Bercman Technologies 2020 annual report for planning, directing and controlling the activities of the Company, directly or indirectly or its direct family member) has control of or significant influence over the other Company;
- (f) the other company's management includes persons (or close family members of those persons) that have control of or significant influence over the Company.

Note 2 Receivables and prepayments

(In Euros)

	30.06.2023	Within 12 months	Note
Accounts receivable	290 319	290 319	
Tax prepayments and receivables	46	46	4
Other receivables	5 500	5 500	
Prepayments	26 400	26 400	
Deferred expenses	26 400	26 400	
Total receivables and prepayments	322 265	322 265	
	30.06.2022	Within 12 months	Note
Accounts receivable	207 997	207 997	
Tax prepayments and receivables	5 480	5 480	4
Other receivables	1 126	1 126	
Accrued income	1 126	1 126	
Prepayments	25 355	25 355	
Deferred expenses	25 355	25 355	
Total receivables and prepayments	239 958	239 958	

Note 3 Inventories

(In Euros)

	30.06.2023	30.06.2022
Raw materials	35 834	55 961
Finished goods	20 451	16 688
Work in progress	7 348	5 096
Inventory prepayments	373	6 651
Total Inventories	64 006	84 396

Note 4 Tax prepayments and liabilities

(In Euros)

	30.06.2023		30.06.2022	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Corporate income tax		0		20
Value added tax		18 798	1 484	5 983
Personal income tax		16 621		29 161
Fringe benefit income tax		326		20
Social tax		45 247		54 182
Contributions to mandatory funded pension		1 476		3 069
Unemployment insurance tax		1 700		3 614
Interests		42		0
Prepayment account balance	46		3 996	0
Total tax prepayments and liabilities	46	84 210	5 480	96 049

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 (%)	
				30.06.2022	30.06.2023
12458980	Krakul OÜ	Estonia	Research and development	100	100
Acquired ownership interests					
Name of subsidiary	Acquired ownership interest %	Acquisition date	Cost of acquired ownership interest		
Krakul OÜ	100	23.12.2021	1 233 600		

In order to acquire 100% of the shareholding of Krakul OÜ, Krakul Holding OÜ and AS Bercman Technologies entered into a share swap agreement for a conditional private limited company and a share swap agreement for the acquisition of a shareholding in AS Bercman Technologies. The payment for the shareholding is made in several instalments and the second and third instalments are conditional. The management board has estimated that the additional conditions are met and are therefore included in the cost of the shareholding. Since the acquisition of the holding took place in exchange for AS Bercman Technologies shares issued for this purpose and to be issued in the future, the acquisition cost is the fair value of the shares issued over time, which is the market price for these shares. Shares to be issued in the future are recorded in equity in other reserves (see Note 11).

A positive goodwill of 1 169 476 EUR was created between the cost of the acquired interest and the fair value of the net assets acquired, which has been recognised as intangible fixed assets in the consolidated balance sheet (see Note 7).

Note 6 Property, plant and equipment

(In Euros)

								Total
	Transportation	Computers and computer systems	Other machinery and equipment	Other property, plant and equipment	Unfinished projects	Pre-payments	Unfinished projects and prepayments	
30.06.2021								
Carried at cost	3 500	2 681	0	58 374	0	51	51	61 106
Accumulated depreciation	-2 042	-279	0	-32 961	0	0	0	-33 240
Residual cost	1 458	2 402	0	25 413	0	51	51	27 866
Acquisitions and additions	0	7 943	2 294	0	523	0	522	10 760
Depreciation	-58	-4 721	-1 383	-1 215	0	0	0	-7 377
Reclassifications		0	0	0	0	0	-51	-51
Other reclassifications	-1 400	0	0	0	0	0	0	-1 400
30.06.2022								
Carried at cost	0	38 193	18 183	7 925	523	0	523	64 824
Accumulated depreciation	0	-11 878	-7 118	-6 734	0	0	0	-25 731
Residual cost	0	26 315	11 065	1 190	523	0	523	39 092
Acquisitions and additions	0	2 451	0	2 567	0	0	0	5018
Depreciation	0	-11 878	-2 837	-907	0	0	0	-15 622
Reclassifications								
Other reclassifications	0	0	0	0	-523	0	-523	-523
30.06.2023								
Carried at cost	0	28 766	11 065	3 757	0	0	0	43 588
Accumulated depreciation	0	-11 878	-2 837	-907	0	0	0	-15 622
Residual cost	0	16 888	8 228	2 850	0	0	0	27 966

Accounting period: 01.01-30.06.2023

Period of comparison: 01.01-30.06.2022

Note 7 Intangible assets

(In Euros)

							Total
	Goodwill	Development expenditures	Computer software	Concessions, patents, licenses, trademarks	Other intangible assets	Unfinished projects and prepayments	
30.06.2021							
Carried at cost	0	104 170	46 351	3 955	8 747	52 089	215 312
Accumulated depreciation	0	-48 065	-17 837	-1 503	-2 035	0	-69 440
Residual cost	0	56 105	28 514	2 452	6 712	52 089	145 872
Acquisitions and additions	0	0	17 229	0	0	103 607	120 836
Depreciation	-58 474	-9 264	-11 814	-197	-903	0	-80 653
30.06.2022							
Carried at cost	1 169 476	104 170	153 432	3 955	5 420	245 104	1 681 556
Accumulated depreciation	-58 474	-66 591	-64 193	-1 899	-1 957	0	-193 114
Residual cost	1 111 002	37 579	89 239	2 056	3 463	245 104	1 488 443
Acquisitions and additions	0	0	0	0	0	0	0
Depreciation	-58 474	-37 579	-35 332	-396	-1 806	0	-133 586
Other reclassifications	-114 371	0	262 746	0	0	-233 304	0
30.06.2023							
Carried at cost	996 631	37 579	351 985	2 056	3 463	11 800	1 403 514
Accumulated depreciation	-58 474	-37 579	-35 332	-395	-1 806	0	-133 586
Residual cost	938 157	0	316 653	1 660	1 657	11 800	1 269 927

As of 30.06.2023 unfinished projects and prepayments include prepayments for intangible assets in the amount of 11 800 EUR. (Accounting period: 01.01-30.06.2023; Period of comparison: 01.01-30.06.2022)

Note 8 Loan commitments

(In Euros)

	30.06.2023	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Current loans							
Current loan from related party	70 000	70 000	0	0	8,5 %	EUR	01.08.2023
Current loans total	70 000	70 000	0	0			
Finance lease obligations total	5 848	2 023	3 825	0			
Loan commitments total	75 848	72 023	3 825	0			
	30.06.2022	Allocation by remaining maturity			Interest rate	Base currencies	Due date
		Within 12 months	1 - 5 years	Over 5 years			
Current loans							
Current loan from related party	200 000	200 000	0	0	3,5 %	EUR	01.08.2023
Credit institutions	8 796	8 796	0	0	5% + 6k Euribor	EUR	
Current loans total	208 796	208 796	0	0			
Finance lease obligations total	9 385	2 001	7 384	0			
Loan commitments total	218 181	210 797	7 384	0			

The loan from the credit institution is backed by a KredEx guarantee, the amount of which is 80% of the outstanding loan amount to the bank and a personal guarantee from the members of the management board and supervisory board.

The finance lease agreements have been concluded in euros and are due in December 2024 and 2025.

Note 9 Payables and prepayments

(In Euros)

	30.06.2022	Within 12 months	Note
Trade payables	160 765	160 765	
Employee payables	106 302	106 302	
Tax payables	84 210	84 210	4
Other payables	64 294	64 294	
Interest payables	27 963	27 963	
Other accrued expenses	36 331	36 331	
Prepayments received	57 684	57 684	
Deferred income	57 684	57 684	
Other current liabilities	9 056	9 056	
Total payables and prepayments	482 311	482 311	

	30.06.2022	Within 12 months	Note r
Trade payables	196 039	196 039	
Employee payables	118 572	118 572	
Tax payables	71 601	71 601	4
Other payables	53 858	53 858	
Interest payables	15 686	15 686	
Other accrued expenses	38 172	38 172	
Prepayments received	19 397	19 397	
Deferred income	19 397	19 397	
Other current liabilities	9 056	9 056	
Total payables and prepayments	468 523	468 523	

Note 10 Grants

(In Euros)

	30.06.2022		Received	Recognized in the income statement	30.06.2023	
	Receivables	Liabilities			Receivables	Liabilities
Grants for acquisition of non-current assets						
Enterprise Estonia development project EU51732	0	0	0	0	0	0
Total grants for acquisition of non- current assets	0	0	0	0	0	0
Grants for operating expenses						
Green ICT funding	0	0	8160	8160	0	0
Tallinna Teaduspark Tehnopol	0	0	0	0	0	7 000
Total grants for operating expenses	0	0	8160	8160	0	0
Total grants	0	0	8160	8160	0	7000

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

Note 11 Share capital

(In Euros)

	30.06.2023	30.06.2022
Share capital	143 903	134 135
Number of shares (pcs)	1 439 031	1 341 350
Nominal value of shares	0,10	0.10

During the reporting period, 97 684 shares with a nominal value of 9 768 EUR and a share premium of 283 284 EUR have been issued.

AS Bercman Technologies has entered into share call option agreements with its employees under which the employees will be entitled to acquire shares in AS Bercman Technologies in the future. Based on these contracts, the amounts resulting from the granting of share options in the form of equity reserves amount to 15 806 EUR. The same amount has been adjusted for cash flows in the "Other adjustments" line.

Note 12 Net sales

(In Euros)

	30.06.2023	30.06.2022
Net sales by geographical location		
Net sales in European Union		
Estonia	488 323	441 889
Sweden	52 052	0
Croatia	10 150	0
Greece	688	230
Latvia	0	52 499
Lithuania	0	87
Portugal	0	825
Finland	0	68 754
Germany	0	2 570
Great Britain	0	1 600
Total net sales in European Union	551 213	568 454
Net sales outside of European Union		
Singapore	206 430	114 830
United States of America	50 416	67 279
Switzerland	7 380	42 872
Bosnia and Herzegovina	9 900	0
Australia	13 500	0
Total net sales outside of European Union	318 082	224 981
Total net sales	869 295	793 435
Net sales by operating activities		
Sale of goods	119 625	37 040
Sale of services	749 670	756 395
Total net sales	869 295	793 435

Note 13 Other operating income

(In Euros)

	30.06.2023	30.06.2022
Revenue from grants	0	0
Other	0	0
Total other operating income	0	0

Note 14 Goods, raw materials and services

(In Euros)

	30.06.2023	30.06.2022
Raw materials	-143 607	-215 924
Inventory write-off	0	-10 944
Services purchased for resale	-10 241	-9 321
Transportation expense	-8 228	-2 566
Logistics expense	0	-276
Total goods, raw materials and services	- 162 076	-239 031

Note 15 Miscellaneous operating expenses

(In Euros)

	30.06.2023	30.06.2022
Leases	-34 354	-52 896
Miscellaneous office expenses	-15 054	-6 370
Travel expense	-1 685	-18 139
Training expense	-413	-701
State and local taxes	0	-133
Maintenance and common services of premises	-10 261	-15 226
Accounting and auditing services	-25 485	-51 883
Legal services	-6 674	-14 615
Consultation services	-41 478	-17 990
IT and communication services	-11 098	-2 885
Advertising and marketing costs	-33 501	-37 947
Car costs	-470	-2 130
Other services	-23 568	-61 947
Other	0	-6 126
Total miscellaneous operating expenses	-204 041	-288 989

Note 16 Labor expense

(In Euros)

	30.06.2023	30.06.2022
Wage and salary expense	-416 667	-534 363
Social security taxes	-137 385	-175 603
Unemployment insurance costs	-2 743	-3 871
Option costs	-15 806	-870
Total labor expense	-572 792	-714 707
Average number of employees in full time equivalent units	23	33
Average number of employees by types of employment:	0	0
Person employed under employment contract	23	33

AS Bercman Technologies has entered into share call option agreements with its employees under which the employees will be entitled to acquire shares in AS Bercman Technologies in the future. The cost of issuing share options is included in the line "Option costs"

A total of 233 304 EUR has been capitalised until 30.06.2022 from labour costs in the reporting period for own-account fixed assets (see Note 7 for details).

Note 17 Related parties

(In Euros)

Related party balances according to groups

SHORT TERM	30.06.2022	30.06.2022
Receivables and prepayments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	5 500	10 424
Total receivables and prepayments	5 500	10 424

SHORT TERM	30.06.2023	30.06.2022
Payables and prepayments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	0
Total payables and prepayments	0	0

SHORT TERM	30.06.2023	30.06.2022
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Loan commitments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	70 000	200 000
Total loan commitments	0	0

LOAN COMMITMENTS	30.06.2022	Loans received	Loans received repayments	30.06.2023	Interest accrued for period	Note
Close family members and entities under their prevalent and material influence of management and higher	200 000	0	130 000	70 000	2 861	8
Total loan commitments	200 00	0	130 000	200 000	3 299	

SOLD	30.06.2023	30.06.2022
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	17 162
Total sold	17 162	17 162

BOUGHT	30.06.2023	30.06.2022
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	4 202	1 481
Total bought	4 202	1 481

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	30.06.2023	30.06.2022
Remuneration	31 120	86 654

Upon early termination of the contract of a member of the management board, which is on the initiative of the company, the members of the management board are entitled to severance pay at the threefold rate of the remuneration of the member of the management board. No other significant benefits for the members of the management board are foreseen or accounted for during the reporting period.

Note 18 Non-consolidated statement of financial position

(In Euros)

	30.06.2023	30.06.2022
Assets		
Current assets		
Cash and cash equivalents	15 391	127 452
Receivables and prepayments	13 299	31 128
Inventories	47 221	68 032
Total current assets	75 911	226 612
Non-current assets		
Investments in subsidiaries and associates	1 200 849	1 233 600
Property, plant and equipment	11 086	15 486
Intangible assets	288 006	315 066
Total non-current assets	1 499 941	1 564 152
Total assets	1 575 852	1 790 764
Liabilities and equity		
Liabilities		
Current liabilities		
Loan liabilities	2 023	10 797
Payables and prepayments	244 980	314 155
Provisions	4 168	4 168
Government grants	7 000	0
Total current liabilities	258 171	329 120
Non-current liabilities		
Loan liabilities	78 055	7 384
Government grants	0	0
Total non-current liabilities	78 055	7 384
Total liabilities	336 226	336 504
Equity		
Issued capital	143 903	134 135
Share premium	2 412 758	2 129 474
Other reserves	462 619	474 792
Retained earnings (loss)	-1 646 276	-827 738
Annual period profit (loss)	-133 378	-456 403
Total equity	1 239 626	1 454 260
Total liabilities and equity	1 575 852	1 790 764

Note 19 Non-consolidated income statement

(In Euros)

	30.06.2023	30.06.2022
Revenue	69 421	41 472
Other income	0	0
Work performed by entity and capitalized	0	103 126
Raw materials and consumables used	-55 088	-86 465
Other operating expense	-49 381	-156 991
Employee expense	-79 004	-336 096
Depreciation and impairment loss (reversal)	-17 713	-19 452
Other expense	-669	-527
Total operating profit (loss)	-132 434	-454 933
Interest expenses	-973	-1 149
Other financial income and expense	29	-321
Profit (loss) before tax	-133 378	-456 403
Annual period profit (loss)	-133 378	-456 403

Note 20 Non-consolidated statement of cash flows

(In Euros)

	30.06.2023	30.06.2022
Cash flows from operating activities		
Operating profit (loss)	-132 434	-454 933
Adjustments		
Depreciation and impairment loss (reversal)	17 713	19 452
Other adjustments	7 648	870
Total adjustments	25 361	20 322
Changes in receivables and prepayments related to operating activities	2 817	21 889
Changes in inventories	21 745	24 889
Changes in payables and prepayments related to operating activities	-368	62 588
Interest received	0	10
Proceeds from government grants	8 160	0
Total cash flows from operating activities	-74 719	-325 227
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-1 200	-104 886
Total cash flows from investing activities	-1 200	-104 886
Cash flows from financing activities		
Loans received	74 230	0
Repayments of loans received	0	-17 265
Interest paid	0	-1 432
Repayments of finance lease liabilities	- 2835	-1 591
Proceeds from issuing shares	0	264 974
Other cash outflows from financing activities	0	-49
Total cash flows from financing activities	71 395	244 637
Total cash flows	-4 524	-185 476
Cash and cash equivalents at beginning of period	19 915	312 928
Change in cash and cash equivalents	-4 524	-185 476
Cash and cash equivalents at end of period	15 391	127 452

Note 21 Non-consolidated statement of changes in equity

(In Euros)

	Equity held by shareholders and partners in parent company					Total
	Issued capital	Unregistered equity	Share premium	Other reserves	Retained earnings (loss)	
	31.12.2021	129 847	0	1 868 788	473 922	
Annual period profit (loss)					-456 403	-456 403
Issue of equity	4 288	0	260 686			264 974
Changes in reserves				870		870
Governing and material influence ownership interest value of financial position						-1 233 600
Governing and material influence on the value of holdings under the equity method						1 233 600
30.06.2022	134 135	0	2 129 474	474 792	-1 284 141	1 454 260
Annual period profit (loss)					-495 513	-495 513
Issue of equity	9768	0	283 284	0	0	293 052
Changes in reserves	0	0	0	-12 173	0	-12 173
Governing and material influence ownership interest value of financial position						-1 200 849
Governing and material influence on the value of holdings under the equity method						1 200 849
30.06.2023	143 903	0	2 412 758	462 619	-1 779 654	1 239 626