AS BERCMAN TECHNOLOGIES

2024 consolidated audited annual report

CONSOLIDATED AUDITED ANNUAL REPORT FOR 2024

Reporting period: 01.01.2024-31.12.2024
Financial year: 01.01.2024 - 31.12.2024

Business name: AS Bercman Technologies
Registry code: 14134425

Street, building: Riia tn 26
City: Tartu
Rural municipality: Tartu
County: Tartumaa
Postal code: 50405

Telephone: +372 5199 9255

E-mail address: info@bercman.com

TABLE OF CONTENTS

Management Report

About Bercman Group

AS Bercman Technologies (hereinafter "**Company**" or "**Bercman**") is a technology company founded in 2016 and traded on the Nasdaq First North alternative market, offering development services, proprietary products and comprehensive technology solutions.

Bercman's subsidiary Krakul OÜ ("**Krakul**"), is a leading product development company with more than twelve years of experience in hardware, software and electronics development.

Bercman's subsidiary **Bercman Energy OÜ** (hereinafter "**Bercman Energy**") is a technology company established in June 2024, specialising in the development, production, and marketing of fast chargers for electric vehicles.

Bercman, together with its subsidiaries Krakul and Bercman Energy, forms a consolidation group (hereinafter referred to as the "**Group**").

Together, the vision of being a catalyst for innovation in a rapidly evolving world will be implemented.

Groups's equity and holdings in other companies

Bercman's share capital amounted to 146,401 euros during the reporting period. The Company has issued 1,464,010 single class shares 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 350,179 euros.

Bercman owns a 100% stake in Krakul, i.e. a share with a nominal value of EUR 2,500 and a 100% shareholding in Bercman Energy, i.e. a share with a nominal value of EUR 2,500.

Financial results

Bercman's consolidated revenue in 2024 was 1,523,978 euros. In the comparable period of 2023, the revenue was 1,669,403 euros. The reporting period ended with a loss of 582,868 euros (the 12-month loss in 2023 was 253,796 euros).

As of 31.12.2024, the company's consolidated balance sheet total was 1,362,743 euros (31.12.2023: 1,827,929 euros).

Current assets amounted to 419,291 euros (31.12.2023: 391,881 euros). The value of fixed assets was 943,452 euros (31.12.2023: 1,436,048 euros). The company's equity as of 31.12.2024 was 496,580 euros (31.12.2023: 1,187,914 euros).

As of 31.12.2024, the company had loan liabilities of 135,250 euros (31.12.2023: 77,720 euros).

New markets and expansion in existing markets

In 2024, in addition to serving Estonian clients, development services were exported to Sweden, Finland, Singapore, Norway, Switzerland, the United States, and Ireland.

A focus on strategic development projects, particularly in the defence sector, increased the share of defence industry clients in overall revenue. The volume of development work related to the energy sector also grew.

The subsidiary Krakul signed a contract with Harju Elekter Group AS for the development of an alternating current (AC) charger for electric vehicles.

In terms of proprietary products, the main focus was on the development and sales of electric vehicle fast chargers. In connection with this, the subsidiary Bercman Energy was established in June 2024. In September, the 300-kilowatt fast charger was introduced at the ICNC24 conference held in Berlin.

By the end of the year, fast charger-related activities had reached a stage where preparations were underway to scale up sales activities and commence mass production. The sales team concluded initial agreements for supplying chargers to the Norwegian market.

Smart pedestrian crossings were exported to Greece and Croatia, and safety system installations were carried out in Croatia, Greece, and Estonia. To provide an overview of pedestrian and traffic statistics on the Põlva Smart Road, a public-facing website, nutitee.ee, was launched. The site displays anonymous numerical statistics about Smart Road users.

Additional submissions were made to the European Patent Office to protect the intellectual property of the monitoring and analysis methodology of the smart pedestrian crossing component.

Expansion of the sales network

To promote sales activities and showcase the company's development services, representatives participated in a high-level defence sector visit to Sweden, alongside the Estonian Minister of Defence and a delegation of defence industry companies, as well as the Elektronik electronics conference.

The company also took part in a Norwegian maritime and aquaculture industry networking event and the Estonian-Finnish electronics roundtable.

Participation extended to an Estonian-French defence industry joint event aimed at strengthening bilateral cooperation. In addition, the company took part in the EMS&Beyond 2024 seminar organised by the Estonian Electronics Industry Association and the annual conference of the Estonian Defence and Aerospace Industry Association in Tallinn.

To map out business opportunities and establish contacts for electric vehicle charging solutions in the Persian Gulf region, the company joined the Estonian Foreign Minister's business delegation visit to Qatar.

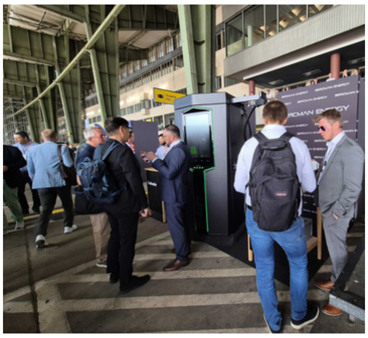
The Smart Road solution was presented at the ITS Estonia and Transport Administration's road safety roundtable, as well as at the Estonian Transport Infrastructure Construction Association's seminar.

For the development of a structured innovation strategy for development services, the company is taking part in the Top Innovators program organised by the Estonian Business and Innovation Agency, running until June 2025.

Team

As of 31.12.2024, there is one member of the Management Board, three of the Supervisory Board in Bercman, one of the Management Board in Krakul and one of the Management Board in Bercman Energy. In total, the Group employs 21 specialists in their field.

The group's labour costs, including labour taxes, amounted to EUR 1,181,103 in 2024 (12 months of 2023: EUR 1,166,156).



Management overview

The company's management board considers the past financial year as a strategically important period for the company's continued development and is confident that the decisions made have laid a strong foundation for the periods ahead. The sales results for 2024 fell short of the forecast made earlier in the year.

In the management board's view, this was primarily due to delays in the implementation schedules of awarded tenders for smart pedestrian crossings, caused by factors beyond Bercman's control. The realisation of these postponed product orders is expected during the current year.

In the provision of development services, long-term client projects are continuing, with increased focus on defence industry clients. An acceleration in sales activity is anticipated in connection with the development and production of electric vehicle fast chargers.

The activities planned for 2025, along with long-term strategic decisions and adaptability to market needs, are expected by the management board to ensure the company's long-term sustainability.

Plans for 2025

This year, one of Bercman's key focuses remains the provision of product development services. Work with long-term client projects continues, with an emphasis on acquiring new clients. Special attention is being given to offering development services to defence sector companies in Estonia and the Nordic countries.

On the proprietary products side, the sale of smart city solutions continues through the partner network, primarily within Europe. However, the first delivery of a pedestrian crossing detection system to the US market is also being realised.

Regarding smart pedestrian crossings, the company expects the realisation of sales orders in Greece and Croatia that were postponed from 2024, as well as the commencement of installation work for awarded tenders.

There is an increased focus on the development of electric vehicle charging solutions and on accelerating sales activities. Development continues on DC fast chargers for electric vehicles ranging from 30 to 300 kW, including both wall-mounted and mobile solutions.

In the EV charger sector, the primary target markets are the Nordic and Baltic countries and Spain. The first product deliveries have been completed for a client in Norway, where order fulfilment will continue during the 2025.

According to the stock exchange announcement published on 28 March 2025, Bercman forecasts consolidated sales revenue of €1.65 million for 2025, representing a 10% increase compared to the previous financial year. In the period after the balance sheet date, sales results have been better than expected, and it can be assumed that sales revenue growth may reach up to 30% compared to the previous financial year.

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

Financial ratio	Methodology for calculation	31.12.2024	31.12.2023
Current ratio	current assets/ current liabilities	0.57	0.68
Debts to assets ratio	total liabilities/ total assets	0.63	0.35

As at 31 December 2024, the Group's current liabilities exceeded its current assets by EUR 312 thousand, operating cash flows were negative in the amount of EUR 297 thousand, and the Group ended the 2024 financial year with a loss of EUR 583 thousand.

The management is aware of the potential impact of this situation on the going concern assumption and confirms that measures are being taken to mitigate the risks to ensure the company's continuity and long-term development.

This year, the company has continued to focus on offering product development services and on the development and sale of proprietary products in the energy sector.

In the area of development services, work continues on long-term customer projects, and growth in the energy and defence industries supports stable demand for development services.

On the proprietary products side, smart city solutions continue to be sold through a partner network, mainly to Europe. In Greece and Croatia, the company participated in smart city infrastructure tenders in 2024, with some contract awards already announced. Related agreements and sales orders are being realised this year, with plans to multiply the sales of the respective proprietary products. This year also saw the completion of the development of the first fast chargers and the start of their sales through the subsidiary Bercman Energy, primarily targeting the Norwegian market.

Active sales efforts are already underway in other European countries as well. Additional sales efforts are also focused on Canada and Qatar.

The Management Board has assessed potential risks related to the underperformance of sales forecasts and has planned actions to ensure continuity even under more conservative scenarios.

In the event that projected revenues are delayed or fall short of expectations, measures are foreseen to preserve the company's liquidity and operational capacity.

The Management Board is prepared, if necessary, to implement temporary cost-saving measures, including reductions in operating expenses and reassessment of development activity timelines. In addition, the Board is prepared to consider the possibility of raising additional capital, relying on existing partners and potential investors.

Efforts also continue to improve the efficiency of existing assets and resources to strengthen cash flow management and maintain operational flexibility.

These measures, combined with a continued strategic focus, provide a foundation for the company's sustainability even if part of the planned sales revenue is realised later or to a lesser extent than forecasted.

In the Management Board's assessment, the planned actions, long-term strategic decisions, and adaptation to market needs will ensure the company's long-term sustainability.

The action plan for ensuring going concern is disclosed in Note 22 to the annual report.

Annual financial statements

Consolidated statement of financial position
(In Euros)

	31.12.2024	31.12.2023	Note
Assets			
Current Assets			
Cash and cash equivalents	72 924	218 262	
Receivables and prepayments	296 844	122 922	2
Inventories	49 523	50 697	3
Total current assets	**419 291**	**391 881**	
Non-current assets			
Receivables and prepayments	0	32 293	2
Property, plant and equipment	12 666	23 161	6
Intangible assets	930 786	1 380 594	7
Total non-current assets	**943 452**	**1 436 048**	
Total Assets	**1 362 743**	**1 827 929**	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	60	49 920	8
Payables and prepayments	726 745	523 324	9
Provisions	4 168	4 168	
Total current liabilities	**730 973**	**577 412**	
Non-current liabilities			
Loan liabilities	135 190	27 800	8
Payables and prepayments	0	34 803	9
Total non-current liabilities	**135 190**	**62 603**	
Total liabilities	**866 163**	**640 015**	
Equity			
Equity held by shareholders and partners in parent company			
Issued capital	146 401	143 903	11
Share premium	2 451 603	2 412 758	
Other reserves	377 204	527 013	
Retained earnings (loss)	-1 895 760	-1 641 964	
Annual period profit (loss)	-582 868	-253 796	
Total equity held by shareholders and partners in parent company	**496 580**	**1 187 914**	
Total equity	**496 580**	**1 187 914**	
Total liabilities and equity	**1 362 743**	**1 827 929**	

Consolidated income statement
(In Euros)

	2024	2023	Note
Revenue	1 523 978	1 669 403	12
Other income	27 789	19 394	13
Work performed by entity and capitalised	0	132 010	
Raw materials and consumables used	-335 887	-373 815	14
Other operating expense	-386 973	-345 172	15
Employee expense	-1 181 103	-1 166 156	16
Depreciation and impairment loss (reversal)	-191 208	-167 783	6,7
Other expense	-7 810	-8 190	
Operating profit (loss)	**-551 714**	**-240 309**	
Interest expenses	-31 658	-14 070	
Other financial income and expense	502	583	
Profit (loss) before tax	**-582 870**	**-253 796**	
Annual period profit (loss)	**-582 870**	**-253 796**	
Profit (loss) from shareholders and partners in parent company	-582 868	-253 796	

Consolidated statement of cash flows
(In Euros)

	2024	2023	Note
Cash flows from operating activities			
Operating profit (loss)	-551 714	-240 309	
Adjustments			
Depreciation and impairment loss (reversal)	191 208	167 783	6, 7
Profit (loss) from the sale of fixed assets			
Other adjustments	-92 751	11 145	
Total adjustments	**98 457**	**178 928**	
Changes in receivables and prepayments related to operating activities	-141 629	66 771	
Changes in inventories	1 175	43 915	
Changes in payables and prepayments related to operating activities	268 620	45 193	
Interest received	503	583	
Proceeds from government grants	27 789	20 554	
Total cash flows from operating activities	**-296 799**	**115 635**	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-1 159	-135 100	6, 7
Total cash flows from investing activities	**-1 159**	**-135 100**	
Cash flows from financing activities			
Loans received	92 525	0	17
Repayments of loans received	-31 192	-8 859	
Repayments of principal on finance leases	-3 802	-4 819	
Interest paid	-8 411	-3 252	
Other cash inflows from financing activities	103 500	0	
Total cash flows from financing activities	**152 620**	**-16 930**	
Total cash flows	**-145 338**	**-36 395**	
Cash and cash equivalents at beginning of period	218 262	254 657	
Change in cash and cash equivalents	**-145 338**	**-36 395**	
Cash and cash equivalents at end of period	72 924	218 262	

Consolidated statement of changes in equity
(In Euro)

	Equity held by shareholders and partners in parent company				Total
	Issued capital	Share premium	Other reserves	Retained earnings (loss)	
31.12.2022	**143 903**	**2 412 758**	**143 262**	**-1 641 964**	**1 057 959**
Annual period profit (loss)				-253 796	-253 796
Changes in reserves			36 801		36 801
Changes in equity			346 950		346 950
31.12.2023	**143 903**	**2 412 758**	**527 013**	**-1 895 760**	**1 187 914**
Annual period profit (loss)				-582 868	-582 868
Issued share capital	2 498				2 498
Changes in reserves		38 845	-149 809		-110 964
31.12.2024	**146 401**	**2 451 603**	**377 204**	**-2 478 628**	**496 580**

NOTES

Note 1 Accounting policies

General information

AS Bercman Technologies (hereinafter also "parent company") and its subsidiary (hereinafter together "group") 2024 the consolidated annual accounts are prepared following the Accounting Act and Estonian Financial Reporting Standard. The Estonian Financial Reporting Standard complies 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.

Preparation of consolidated statements

The consolidated annual accounts include AS Bercman Technologies and its subsidiaries Krakul OÜ and Bercman Energy OÜ financial indicators consolidated line by line.

The subsidiary companies use the same accounting principles as the parent company when preparing its reports. All intra-group transactions, claims and liabilities and unrealised 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 costs directly attributable to the acquisition of financial assets, except financial assets acquired for trading.

Depending on their category, financial assets are subsequently measured at fair value, cost or amortised 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 for 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. Suppose the acquisition of the shareholding takes place for the acquirer's shares issued for this purpose and to be issued in the future. In that case, 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 recognised 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 a lower cost or net realisable value. The net realisable 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's 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 of 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 a useful life of more than one year and is controlled by the Group, the cost of the asset can be measured reliably and, probably, 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.

At the reporting date, an impairment test is carried out for assets for which there are indications of a possible decrease in value. To determine whether an impairment is necessary, an asset impairment test is performed to establish the asset's recoverable amount. A tangible or intangible asset is written down to its recoverable amount if the recoverable amount is lower than the asset's carrying amount. The recoverable amount is the higher of an asset's value in use and its fair value less costs to sell. If the recoverable amount determined using one method exceeds the carrying amount, there is no need to apply the other method.

For assets that have previously been impaired (excluding goodwill), it must be assessed at each subsequent balance sheet date whether there are any indications that the asset's recoverable amount may have increased. If such an indication exists, a new impairment test must be conducted. If the test indicates that the recoverable amount of the asset or cash-generating unit exceeds its carrying amount, the previously recognised impairment loss must be reversed and the carrying amount of the asset increased. The upper limit for such reversal is the carrying amount that would have been determined had no impairment been recognised and regular depreciation been applied in the meantime. The reversal of the impairment is recognised in the income statement as a reduction of the impairment loss on fixed assets.

Minimal acquisition cost : 500 euros

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	10 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 recognised 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 the unconditional right to postpone the payment of the obligation more than 12 months after the balance sheet date. Loan obligations with a repayment term 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, 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 organisations, 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 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 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.

Options

Bercman Technologies AS has entered into share option agreements with employees of the Group companies, under which the employees will have the right to acquire shares of Bercman Technologies AS in the future. The cost of the share options is measured at their fair value at the grant date, taking into account the terms and conditions of the options.

The fair value of the share options is determined based on the option price and actual transaction data, which may include the issue price in a new share offering or the sale price of shares in secondary market transactions between shareholders.

The determined fair value of the share options is recognised as an employee expense in the income statement over the vesting period, with a corresponding increase in other equity reserves.

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 annual report reflects significant circumstances affecting the valuation of assets and liabilities that emerged between the balance sheet date of 31 December 2024 and the date of preparation of the report, but which are related to transactions that occurred during the reporting period or in previous periods. Subsequent events that were not taken into account in the valuation of assets and liabilities but that may significantly affect the results of the next financial year are disclosed in the notes to the annual report.

Note 2 Receivables and prepayments

(In Euros)

	31.12.2024	Allocation by remaining maturity		Note
		Within 12 months	1-5 years	
Accounts receivable	251 497	251 497		
Accounts receivables	251 497	251 497		
Receivables from related parties	5 500	5 500		17
Tax prepayments and receivables	13 895	13 895		4
Other receivables	7 223	7 223		
Accrued income	7 223	7 223		
Prepayments	18 729	18 729		
Deferred expences	18 729	18 729		
Total receivables and prepayments	**296 844**	**296 844**		
	31.12.2023	**Allocation by remaining maturity**		**Note**
		Within 12 months	**1-5 years**	
Accounts receivable	129 181	96 888	32 293	
Accounts receivables	129 181	96 888	32 293	
Receivables from related parties	5 500	5 500		17
Other receivables	795	795		
Accrued income	795	795		
Prepayments	19 739	19 739		
Deferred expences	19 739	19 739		
Total receivables and prepayments	**155 215**	**122 922**	**32 293**	

Note 3 Inventories

(In Euros)

	31.12.2024	31.12.2023
Raw materials	15 819	29 205
Finished goods	20 451	20 451
Merchandise	12 891	1 041
Inventory prepayments	362	0
Total Inventories	**49 523**	**50 697**

Note 4 Tax prepayments and liabilities
(In Euros)

	31.12.2024		31.12.2023
	Tax prepayments	**Tax liabilities**	**Tax liabilities**
Corporate income tax			
Value added tax		29 428	19 235
Personal income tax		15 881	16 261
Fringe benefit income tax		1 962	62
Social tax		26 826	28 025
Contributions to mandatory funded pension		1 245	1 632
Unemployment insurance tax		1 928	1 782
Intress		6 223	
Other tax prepayments and liabilities		44 572	77 525
Prepayment account balance	13 895		
Total tax prepayments and liabilities	**13 895**	**128 065**	**144 522**

Note 5 Shares of subsidiaries
(In Euros)

Shares of subsidiaries, detaild information					
Subsidiary's registry code	**Name of subsidiary**	**Country of incorporation**	**Principal activity**	**Ownership interest (%)**	
				31.12.2023	**31.12.2024**
12458980	Krakul OÜ	Estonia	Research and Development	100	100
17007992	Bercman Energy OÜ	Estonia	Manufacture of other electrical equipment	0	100

Shares of subsidiaries, detaild information				
Name of subsidiary	**31.12.2023**	**Acquisition**	**Other changes**	**31.12.2024**
Krakul OÜ	1 254 642		-243 704	1 010 938
Bercman Energy OÜ		2 500		2 500
Total shares of subsidiaries, at end of previous period	**1 254 642**	**2 500**	**-243 704**	**1 013 438**

Acquired holdings			
Name of subsidiary	**% of holding acquired**	**Acquisition Date**	**Acquisition Cost of the Holding**
Bercman Energy OÜ	100	12.06.2024	2 500

To acquire 100% ownership of Krakul OÜ, Krakul Holding OÜ and AS Bercman Technologies entered into a conditional share and stock exchange agreement, whereby the ownership was to be acquired in exchange for shares in AS Bercman Technologies. During the reporting period, as the conditions of the agreement were not fulfilled, the acquisition cost was adjusted by EUR 275,509 (see Note 7).

On 12 June 2024, the subsidiary Bercman Energy OÜ was established.

Note 6 Property, plant and equipment
(In Euros)

	Computers and computer systems	Other machinery and equipment	Machinery and equipment	Other property, plant and equipment	Total
31.12.2022					
Carried at cost	38 324	18 183	56 507	5 697	62 204
Accumulated depreciation	-16 463	-8 537	-25 000	-5 029	-30 029
Residual cost	21 861	9 646	31 507	668	32 175
Acquisitions and additions	1 722		1 722	2 568	4 290
Depreciation	-9 841	-2 743	-12 584	-720	-13 304
31.12.2023					
Carried at cost	23 583	9 646	33 229	3 236	36 465
Accumulated depreciation	-9 841	-2 743	-12 584	-720	-13 304
Residual cost	13 742	6 903	20 645	2 516	23 161
Acquisitions and additions	1 159		1 159		1 159
Depreciation	-8 836	-2 312	-11 148	-231	-11 379
Other changes	-275		-275		-275
31.12.2024					
Carried at cost	24 467	9 646	34 113	3 236	37 349
Accumulated depreciation	-18 677	-5 055	-23 732	-951	-24 683
Residual cost	5 790	4 591	10 381	2 285	12 666

Note 7 Intangible assets
(In Euros)

	Goodwill	Computer Software	Concessions, patents, licenses, trademarks	Other intangible assets	Unfinished intangible assets	Total
31.12.2022						
Carried at cost	822 526	352 602	3 955	5 420	11 800	1 196 303
Accumulated depreciation	-116 948	-18 283	-2 097	-2 860		-140 188
Residual cost	705 578	334 319	1 858	2 560	11 800	1 056 115
Acquisitions and additions		132 010				132 010
Depreciation	-116 949	-35 330	-396	-1 806		-154 481
Other changes	346 950					346 950
31.12.2023						
Carried at cost	1 169 476	466 329	1 858	2 560	11 800	1 652 023
Accumulated depreciation	-233 897	-35 330	-396	-1 806		-271 429
Residual cost	935 579	430 999	1 462	754	11 800	1 380 594
Acquisitions and additions					5 530	5 530
Depreciation	-116 949	-61 732	-396	-753		-179 829
Other changes	-275 509					-275 509
31.12.2024						
Carried at cost	893 967	430 999	1 462	754	17 330	1 344 512
Accumulated depreciation	-350 845	-61 732	-396	-753		-413 726
Residual cost	543 122	369 267	1 066	1	17 330	930 786

Prepayments and unfinished projects include prepayments for intangible assets in the amount of EUR 17,330.

Other changes in the amount of EUR 275,509 during the reporting period are related to the non-fulfilment of the conditions of the share exchange agreement (Note 5).

As at the balance sheet date of 31 December 2024, an impairment test was carried out for the cash-generating unit AS Bercman Technologies.

As of 31 December 2024, the carrying amount of the cash-generating unit's property, plant and equipment was EUR 5,046, and the carrying amount of its intangible assets was EUR 248,198. In determining the recoverable amount, the cash flow projections were based on management's forecasts for the cash-generating unit for the periods 2025–2027. A long-term growth rate of 2% was used. For the present value calculation of cash flows, management applied a discount rate of 22.5%, representing the owners' required rate of return, taking into account the company's business sector and company-specific risks (including country and size).

As a result of the impairment test, no impairment losses were identified during the reporting period. Therefore, no write-down of the cash-generating unit's assets is necessary.

As at the balance sheet date of 31 December 2024, an impairment test was also carried out for the cash-generating unit Krakul OÜ.

The carrying amount of the cash-generating unit's assets as of 31 December 2024 was EUR 147,083. Goodwill in the amount of EUR 543,122 is related to the acquisition of the subsidiary Krakul OÜ by AS Bercman Technologies. This goodwill is associated with the subsidiary's ability to generate independent cash flows and therefore forms part of the Krakul OÜ cash-generating unit. In determining the recoverable amount, the cash flow projections were based on management's forecasts for the cash-generating unit for the periods 2025–2027. A long-term growth rate of 2% was used. For the present value calculation of cash flows, management applied a discount rate of 23.8%, representing the owners' required rate of return, taking into account the company's business sector and company-specific risks (including country and size).

As a result of the impairment test, no impairment losses were identified during the reporting period. Therefore, neither the value of the assets nor the goodwill included in the cash-generating unit needs to be written down.

Note 8 Loan commitments
(In Euros)

	31.12.2024	Allocation by remaining maturity			Interest rate	Bass currencies	Due date
		Within 12 months	1-5 years	üle 5 aasta			
Non-current loans							
Related party KH	73 857		73 857		8,5%	EUR	31.12.2026
Related party HB	61 333		61 333		8%	EUR	31.12.2026
Non-current loans total	135 190		135 190				
Finance lease obligations total	60	60					
Loan commitments total	**135 250**	**60**	**135 190**				
	31.12.2023	**Allocation by remaining maturity**			**Interest rate**	**Bass currencies**	**Due date**
		Within 12 months	**1-5 years**	**Over 5 years**			
Current loans							
Related parties	46 223	46 223			8,5%	EUR	13.10.2024
Current loans total	46 223	46 223					
Non-current loans							
Related parties	27 634		27 634		8,5%	EUR	13.06.2025
Non-current loans total	27 634		27 634				
Finance lease obligations total	3 863	3 697	166				
Loan commitments total	**77 720**	**49 920**	**27 800**				

Loans from related parties (see Note 17).

The loan received is due for repayment in 2026 and carries an annual interest rate of 8%-8.5%. The obligations are secured by the borrower's entire assets.

Note 9 Payables and prepayments

(In Euros)

	31.12.2024	Allocation by remaining maturity		Note
		12 kuu jooksul	1 - 5 aasta jooksul	
Trade payables	322 202	322 202		
Employee payables	78 474	78 474		
Tax payables	128 065	128 065		4
Other payables	60 828	60 828		
Interest payables	26 581	26 581		
Other accrued expenses	34 247	34 247		
Prepayments received	124 301	124 301		
Deferred income	124 301	124 301		
Other current liabilities	12 875	12 875		
Total payables and prepayments	**726 745**	**726 745**		

	31.12.2023	Allocation by remaining maturity		Note
		12 kuu jooksul	1 - 5 aasta jooksul	
Trade payables	186 355	186 355		
Employee payables	91 916	91 916		
Tax payables	144 522	109 719	34 803	4
Other payables	56 475	56 475		
Interest payables	19 265	19 265		
Other accrued expenses	37 210	37 210		
Prepayments received	69 670	69 670		
Deferred income	69 670	69 670		
Other current liabilities	9 189	9 189		
Total payables and prepayments	**558 127**	**523 324**	**34 803**	

Note 10 Grants

(In Euros)

	31.12.2022		Received	Recognised in the income statement	31.12.2023	
	Receivables	**Liabilities**			**Receivables**	**Liabilities**
Grants for operating expenses						
mFund 19F1087D funding			2 768	2 768		
Grants for Green ICT	8 160		8 160			
Tallinna Teaduspark Tehnopol		7 000	3 000	10 000		
Töötukassa			2 626	2 626		
Eurocluster			4 000	4 000		
Total Grants for operating expences	8 160	7 000	20 554	19 394		
Total Grants	8 160	7 000	20 554	19 394		

	31.12.2023		Received	Recognised in the income statement	31.12.2024	
	Receivables	**Liabilities**			**Receivables**	**Liabilities**
Grants for operating expenses						
Töötukassa			11 670	11 670		
Eurocluster			16 000	16 000		
Total Grants for operating expences			27 670	27 670		
Total Grants			27 670	27 670		

The support from the Töötukassa (Unemployment Insurance Fund) was received for hiring a young specialist – pursuant to § 18 (4) of the Labour Market Services and Benefits Act and the directive No. 50 of the Minister of Health and Labour dated 17 March 2022, “Provision of Labour Market Services to Young People for Recovery from the Impact of the COVID-19 Crisis”.

A targeted financing grant was received under the Eurocluster programme, the objective of which was to develop new capabilities for a wind farm inspection robot developed and produced by Aerones SIA. The project began in summer 2023 and concluded in summer 2024.

As targeted financing receipts are presented using the direct method in the cash flow statement, operating profit has been adjusted via the line for other adjustments to reflect the targeted financing income for the reporting period, taking into account changes in receivables and liabilities related to the targeted financing.

Note 11 Share capital
(In Euros)

	31.12.2024	31.12.2023
Share capital	146 401	143 903
Number of shares (pcs)	1 464 010	1 439 031
Nominal value of shares	0.10	0.10

Bercman Technologies AS has entered into share option agreements with its employees, under which the employees will have the right to acquire shares of Bercman Technologies AS in the future.

During the reporting period, 24,979 shares were issued through the exercise of options, for a total amount of EUR 2,498.

Note 12 Net sales
(In Euros)

	2024	2023
Net sales by geographical location		
Net sales in European Union		
Estonia	1 109 802	1 133 136
Finland	77 608	19 877
Greece	13 631	44 891
Germany		33 680
Lithuania	175	0
Croatia	47 205	10 617
Sweden	34 344	68 812
Sales to European Union countries, other	9 137	0
Total net sales in European Union	**1 291 902**	**1 311 013**
Net sales outside of European Union		
Singapore	162 724	234 223
United States of America	8 593	62 450
Switzerland	37 804	7 861
United Kingdom	-2 700	30 456
Bosnia and Herzegovina	568	9 900
Australia	0	13 500
Norway	24 587	0
Total net sales outside of European Union	**231 576**	**358 390**
Total net sales	**1 523 478**	**1 669 403**
Net sales by operating activities		
Research and development	1 380 642	1 355 772
Sale of goods	102 551	297 244
Sale of services	40 285	16 387
Total net sales	**1 523 478**	**1 669 403**

Note 13 Other operating income
(In Euros)

	2024	2023	Lisa nr
Revenue from grants	27 670	19 394	10
Other	119	0	
Total other operating income	**27 789**	**19 394**	

Note 14 Goods, raw materials and services
(In Euros)

	2024	2023
Raw materials	-311 137	-329 414
Services purchased for resale	-20 886	-29 347
Transportation expense	-3 864	-15 054
Total goods, raw materials and services	**-335 887**	**-373 815**

Note 15 Miscellaneous operating expenses
(In Euros)

	2024	2023
Leases	-59 355	-67 353
Miscellaneous office expenses	-12 572	-20 478
Travel expense	-15 488	-4 481
Training expense	-476	-943
State and local taxes	-664	-72
Allowance for doubtful receivables	-21 578	0
Maintenance and common services of premises	-16 311	-20 542
Accounting and auditing services	-16 327	-25 603
Legal services	-3 016	-9 244
Consultation services	-84 539	-77 426
IT and communication services	-59 754	-41 231
Advertising and marketing costs	-4 654	-39 015
Car costs	-9 945	-2 349
Other services	-82 294	-36 435
Total miscellaneous operating expenses	**-386 973**	**-345 172**

Note 16 Labour expense

(In Euros)

	2024	2023
Wage and salary expense	-834 576	-844 488
Social security taxes	-281 462	-284 401
Option costs	-64 546	-36 801
Other	-519	-466
Total labor expense	**-1 181 103**	**-1 166 156**
Average number of employees in full time equivalent units	21	24
Average number of employees by types of employment:		
Person employed under employment contract	21	24

Note 17 Related parties

(In Euros)

Related party balances according to groups

SHORT TERM	31.12.2024	31.12.2023	Note
Receivables and prepayments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	5 500	5 500	
Total receivables and prepayments	**5 500**	**5 500**	
Loan commitments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	0	46 223	8
Total loan commitments	**0**	**46 223**	
Payables and prepayments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	5 313	5 250	
Total payables and prepayments	**5 313**	**5 250**	

LONG TERM	31.12.2024	31.12.2023	Note
Loan commitments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	135 190	27 634	8
Total loan commitments	**135 190**	**27 634**	

LOAN COMMITMENTS	31.12.2022	Loans received	Loans received repayments	31.12.2023	Interest accrued for period	Note
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	70 000	12 716	8 859	73 857	6 084	
Total loan commitments	**70 000**	**12 716**	**8 859**	**73 857**	**6 084**	

LOAN COMMITMENTS	31.12.2023	Loans received	Loans received repayments	31.12.2024	Interest accrued for period	Note
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	73 857	92 525	-31 192	135 190	9 680	
Total loan commitments	**73 857**	**92 525**	**-31 192**	**135 190**	**9 680**	

BOUGHT	2024			2023		
	Goods	Services	Fixed Assets	Goods	Services	Fixed Assets
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher		24 800			11 967	
Total bought		24 800			11 967	

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2024	**2023**
Remuneration	136 656	124 481

Note 18 Non-consolidated statement of financial position

	31.12.2024	31.12.2023
Assets		
Current assets		
Cash and cash equivalents	1 947	101 277
Receivables and prepayments	81 104	10 930
Inventories	27 205	40 592
Total current assets	**110 256**	**152 799**
Non-current assets		
Investments in subsidiaries and associates	1 013 438	1 254 642
Property, plant and equipment	5 047	8 803
Intangible assets	248 199	272 543
Total non-current assets	**1 266 684**	**1 535 988**
Total assets	**1 376 940**	**1 688 787**
Liabilities and equity		
Liabilities		
Current liabilities		
Loan liablities	115 013	109 150
Payables and prepayments	481 836	328 978
Provisions	4 168	4 168
Total current liabilities	**601 017**	**442 296**
Non-current liabilities		
Loan liablities	61 333	166
Total non-current liabilities	**61 333**	**166**
Total liabilities	**662 350**	**442 462**
Equity		
Issued capital	146 401	143 903
Share premium	2 451 602	2 412 758
Other reserves	279 664	527 013
Retained earnings (loss)	-1 837 349	-1 646 276
Annual period profit (loss)	-325 728	-191 073
Total equity	**714 590**	**1 246 325**
Total liabilities and equity	**1 376 940**	**1 688 787**

Note 19 Non-consolidated income statement
(In Euros)

	2024	2023
Revenue	165 155	313 632
Other income	11 670	97 788
Raw materials and consumables used	-113 920	-278 994
Other operating expense	-99 180	-112 484
Employee expense	-230 617	-166 571
Depreciation and impairment loss (reversal)	-34 790	-35 458
Other expense	-1 071	-993
Total operating profit (loss)	**-302 753**	**-183 080**
Interest expenses	-23 040	-7 999
Other financial income and expense	65	6
Profit (loss) before tax	**-325 728**	**-191 073**
Annual period profit (loss)	**-325 728**	**-191 073**

Note 20 Non-consolidated statement of cash flows
(In Euros)

	2024	2023
Cash flows from operating activities		
Operating profit (loss)	-302 753	-183 080
Adjustments		
Depreciation and impairment loss (reversal)	34 790	35 459
Other adjustments	57 832	3 626
Total adjustments	**92 622**	**39 085**
Changes in receivables and prepayments related to operating activities	-70 177	13 346
Changes in inventories	13 387	28 374
Changes in payables and prepayments related to operating activities	104 465	67 365
Interest received	65	6
Interest paid	0	-1 589
Proceeds from government grants	11 670	16 554
Total cash flows from operating activities	**-150 721**	**-19 939**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-1 159	-1 200
Payments for acquisition of subsidiaries	-2 500	0
Total cash flows from investing activities	**-3 659**	**-1 200**
Cash flows from financing activities		
Loans received	118 215	116 233
Repayments of loans received	-49 792	-8 913
Repayments of finance lease liabilities	-4 962	-4 819
Interest paid	-8 411	0
Total cash flows from financing activities	**55 050**	**102 501**
Total cash flows	**-99 330**	**81 362**
Cash and cash equivalents at beginning of period	101 277	19 915
Change in cash and cash equivalents	**-99 330**	**81 362**
Cash and cash equivalents at end of period	1 947	101 277

Note 21 Non-consolidated statement of changes in equity
(In Euros)

	Issued capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings (loss)	Total
31.12.2022	**143 903**	**2 412 758**		**143 262**	**-1 646 276**	**1 053 647**
Restated balance 31.12.2022	**143 903**	**2 412 758**		**143 262**	**-1 646 276**	**1 053 647**
Annual period profit (loss)					-191 073	-191 073
Changes in reserves				36 801		36 801
Other changes in equity				346 950		346 950
31.12.2023	**143 903**	**2 412 758**		**527 013**	**-1 837 349**	**1 246 325**
Governing and material influence ownership interest value of financial position						-1 254 642
Governing and material influence on the value of holdings under the equity method						1 196 231
Restated non-consolidated equity 31.12.2023						**1 187 914**
Annual period profit (loss)					-325 728	-325 728
Issued share capital	2 498					2 498
Changes in reserves		38 844		-247 349		-208 505
31.12.2024	**146 401**	**2 451 602**		**279 664**	**-2 163 077**	**714 590**
Governing and material influence ownership interest value of financial position						-1 013 438
Governing and material influence on the value of holdings under the equity method						695 427
Restated non-consolidated equity 31.12.2024						**396 579**

Note 22 Sustainability of the business

As at 31 December 2024, the Group's current liabilities exceeded its current assets by EUR 312 thousand, operating cash flows were negative in the amount of EUR 297 thousand, and the Group ended the 2024 financial year with a loss of EUR 583 thousand. These circumstances may raise doubts about the Group's ability to continue as a going concern, which could result in the Group being unable to realise its assets and liabilities in the normal course of business.

The management is aware of the potential impact of this situation on the going concern assumption and confirms that measures are being taken to mitigate the risks to ensure the Group's continuity and long-term development. The Group's 2024 annual report has been prepared on the basis that the Group will continue as a going concern.

The management's measures to ensure the Group's continuity are as follows:

1. The Group's parent company has, by the time of preparing this report, entered into sales agreements for proprietary products in Greece and Croatia with a total value of approximately EUR 300 thousand, and contract awards amounting to EUR 150 thousand have been announced, which are expected to be realised as sales during the 2025 financial year.

2. The Group's subsidiary, Bercman Energy OÜ, has completed the development of its first fast chargers and has commenced sales to the Norwegian market. The projected turnover for 2025 is at least EUR 500 thousand, and active sales efforts are also ongoing in other European countries, as well as in Canada and Qatar.

3. After the balance sheet date, the Group's parent company has received additional financing in the amount of EUR 150 thousand, which has been used to cover current liabilities and to finance development activities.

4. The Group's consolidated turnover is expected to grow by at least 10% in 2025 (potentially up to 30%) compared to the previous financial year, and the Management Board forecasts a significant reduction in the loss.

The Management Board assesses that the planned measures are realistically achievable and that the Group will remain a going concern for at least the next 12 months from the date of preparation of the annual report.

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 subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Estonian financial reporting standard.

Basis for Qualified Opinion

1. The parent company of the Group is in a pending legal dispute, during which the parent company is required to return the advance payment together with late payment interest. The circumstances of the legal dispute have not been disclosed in the report and no provision has been made in the report to cover possible additional liabilities, which we estimate to be approximately 27 thousand euros. The impact of recognizing additional liabilities would increase liabilities in the consolidated statement of financial position and the loss for the financial year.
2. The parent company's unconsolidated statement of financial position includes the acquisition cost of the subsidiary in the amount of 1011 thousand euros, for which the company's management prepared an impairment test. In the past financial year and in the first half of 2025, the sales revenue and profit expectations have not been met, which is an indication that the forecasts used in the tests are too optimistic and the value of the subsidiary in the parent company's unconsolidated financial statements would require a write-down. We cannot determine the amount of the write-down. A possible write-down would reduce the value of the investment in the parent company's unconsolidated statement of financial position and increase the loss for the financial year.

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 the 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 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 other information is materially misstated in relation to what is provided above, we are required to report that fact. As described in the Basis for Qualified Opinion section above, not all liabilities are reflected in the consolidated financial statements and the cost of the subsidiary may be overstated in the parent company's separate financial statements. Therefore, we are unable to draw a conclusion as to whether or not other information is materially misstated in connection to this matter.

Material uncertainty regarding going concern

We draw attention to Note 22 to the consolidated financial statements, which shows that the Group had a loss for the year ended 31.12.2024 of 583 thousand euros, that as of that date the Group's current liabilities exceeded current assets by 312 thousand euros and that the Group's cash flows from operating activities were negative by 297 thousand. euros As stated in Note 22, these events indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in relation to this matter.

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.

Eve Leppik
Auditor´s number 230
Number RT OÜ
License 263
F.Tuglase 1, Põlva

14.08.2025