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AS BERCMAN TECHNOLOGIES

2023 II half-year and 12 months
consolidated unaudited interim
report

CONSOLIDATED
INTERIM REPORT
FOR SIX-MONTH PERIOD
ENDED 31 DECEMBER 2023
(unaudited)

Reporting period: 01.07.2023-31.12.2023

Financial year: 01.01.2023 - 31.12.2023

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Management Report

About company

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 is Krakul OÜ ("**Krakul**"), a leading product development company with more than a decade of experience in hardware and software development.

Together, we implement our vision to be the catalyst for innovation in a rapidly evolving world.

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.

Bercman together with its 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.

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 973 563 euros.

Economic results

Bercman's unconsolidated unaudited turnover in 2023 was EUR 1 669 403. For the comparable period in 2022, turnover was EUR 1 755 741 euro. The reporting period ended with a loss of 250 465 euros (12 months of 2022 the loss was EUR 731 282). As of 31.12.2023, the company's balance sheet total was 1 744 169 euros (31.12.2022: EUR 2 008 262). Current assets amounted to 391 881 euros (31.12.2022: EUR 557 671). Fixed assets amounted to 1 352 287 euros (31.12.2022: EUR 1 450 591). The Company's equity as of 31.12.2023 was 1 117 466 euros (31.12.2022: EUR 1 468 769). As of 31.12.2023, the Company had 54 398 euros in loan liabilities (31.12.2022: EUR 73 658).

The second half of the year was impacted by the reduction or suspension of development activities by existing clients in our client portfolio in response to the overall economic situation and difficulties in raising capital. In the context of the slowdown in client development activity, the focus was on optimising operating costs and improving the efficiency of the organisation's operations. The second half of the year was positively impacted by an increase in sales of proprietary products.

New markets and expansion in existing markets

In the second half of 2023, in addition to servicing Estonian customers, development services were exported to Sweden, Finland, Singapore, the United States, Germany and the United Kingdom, with development services being sold to the German market for the first time.

In cooperation with Aeronex, a Latvian developer of wind turbine maintenance robots, funding (for a total amount of EUR 80 000) was obtained for the development of a wind turbine lightning protection system maintenance robot within the framework of the European Union's Silicon Eurocluster initiative.



The focus in development services was on the defence sector, and two new defence clients were added to the client portfolio. The share of medical technology and energy in the service portfolio is also on an upward trend.

The strength of the service offering lies in the competencies of the team, which allows the company to be flexible and responsive to the diverse needs of its clients.



On the proprietary side, smart crosswalks were exported and installed in Finland, Bosnia and Herzegovina, Scotland and Greece. In Estonia, an additional smart crosswalk was installed in Elva.

Procurement of smart mobility infrastructure was carried out in Greece and Croatia, with the Croatian distributor focusing on the sale of hybrid energy-powered pedestrian crossings to be completed in Q2 2024. In Greece, tenders for the installation of smart pedestrian crosswalks in the cities of Lamia and Chaidar, were won. In addition to the existing markets, contacts were launched with the municipality of Barcelona for the installation of the first smart crosswalk.

At the beginning of the second half-year, a contract was signed for the construction of the Põlva smart road. The works under the contract were completed by the end of 2023. The Põlva smart road is a special solution for a 2.5 km stretch of road in the centre of Põlva, consisting of 14 Bercman smart crosswalks with statistics collection capabilities and an average speed measurement solution.



In addition, an innovation project between Tehnopol and the city of Kohtla-Järve in Estonia completed the testing of an innovative smart crosswalk solution with a hybrid power supply and anonymised data collection capability.

Growing sales network

In the second half-year, to promote sales and map new business opportunities, Bercman participated in Estonia's joint stand at the world's largest technology fair, Gitex Global, in Dubai and the world's largest smart city fair, Smart City Expo, in Barcelona.



The development team was visited by a delegation from the Gyeongnam Technology Park in Korea to map and promote opportunities for cooperation with South Korean high-tech companies.

In addition, the Company's team took part in the Oslo Innovation Week, the Eastern Sweden Innovation Week in Norrköping, the IPC EMS Day networking events in Tallinn and the Estonian Defence and Aerospace Industries Association's information day in Paldiski.



Team

As of 31.12.2022, there is one member of the Management Board, three of the Supervisory Board in Bercman, and one of the Management Board in Krakul. In total, the Group employs 23 specialists in their field, and two external experts provide business development and sales support.

The Group's labour costs with labour taxes amounted to 1 040 848 euros (12 months 2022: EUR 1 336 499).



Management assessment

At the end of the reporting period, the company had no pending legal, tax or other disputes. Based on the management assessment, the results for the second half of 2023 were impacted by the challenging economic environment.

In development services, the focus was on diversifying the client portfolio, with an additional focus on the Nordic countries.

To expand globally, Bercman recruited two sales-focused key-people from outside Estonia with extensive experience and a network in the product development services sector.

Bercman will continue to focus on providing product development services while continuing to sell smart city solutions through its network of partners.

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

Financial ratio	Methodology for calculation	31.12.2023	31.12.2022
Current ratio	current assets/ current liabilities	0,69	1,04
Debts to assets ratio	total liabilities/ total assets	0,36	0,27

Consolidated statement of financial position

(In Euros)

Consolidated statement of financial position

	31.12.2023	30.06.2023	31.12.2022	30.06.2022
Assets				
Current Assets				
Cash and cash equivalents	218 262	89 596	260 157	309 473
Receivables and prepayments	122 922	322 265	206 665	239 958
Inventories	50 697	64 006	90 849	84 396
Total current assets	391 881	475 867	557 671	633 827
Fixed Assets				
Receivables and prepayments	32 293	0	0	0
Property, plant and equipment	23 161	27 966	32 175	39 092
Intangible assets	1 296 833	1 269 927	1 418 416	1 488 443
Total non-current assets	1 352 287	1 297 893	1 450 591	1 527 535
Total Assets	1 744 168	1 773 760	2 008 262	2 161 362
Liabilities and equity				
Liabilities				
Current liabilities				
Loan liabilities	54 398	72 023	73 658	210 797
Payables and prepayments	510 011	489 311	417 715	430 882
Provisions	4 168	4168	44 295	41 809
Total current liabilities	568 577	565 502	535 668	683 488
Non-current liabilities				
Loan liabilities	23 323	3 825	3 825	7 384
Payables and prepayments	34 803	0	0	0
Total non-current liabilities	58 126	3 825	3 825	7 384
Total liabilities	626 703	569 327	539 493	690 872
Equity				
Equity held by shareholders and partners in parent company				
Issued capital	143 903	143 903	143 903	134 135
Share premium	2 412 758	2 412 758	2 412 758	2 129 474
Other reserves	486 076	462 619	486 169	474 792
Retained earnings (loss)	-1 663 864	-1 654 463	-827 738	-827 738
Annual period profit (loss)	-261 407	-160 384	-746 323	-440 173
Total equity held by shareholders and partners in parent company	1 117 466	1 204 433	1 468 769	1 470 490
Total equity	1 117 466	1 204 433	1 468 769	1 470 490
Total liabilities and equity	1 744 169	1 773 760	2 008 262	2 161 362

Consolidated income statement (In Euros)

Consolidated income statement

	2023	2023 II half-year	2022	2022 II half-year
Revenue	1 669 403	800 108	1 755 741	962 306
Other income	19 394	19 394	17 450	17 450
Work performed by entity and capitalised	0	0	157 075	53 949
Raw materials and consumables used	-373 815	-211 738	-587 847	-348 816
Other operating expense	-348 628	-144 587	-506 627	-217 638
Employee expense	-1 040 848	-468 091	-1 336 499	-621 792
Depreciation and impairment loss (reversal)	-167 783	-83 767	-224 870	-136 840
Other expense	-8 190	-4 391	-5 705	-4 491
Operating profit (loss)	-250 465	-93 071	-731 282	-295 872
Interest expenses	-11 524	-7 857	-14 741	-10 293
Other financial income and expense	583	3 318	-300	15
Profit (loss) before tax	-261 407	-100 656	-746 323	-306 150
Annual period profit (loss)	-261 407	-100 656	-746 323	-306 150
Profit (loss) from shareholders and partners in parent company	-261 407	-100 656	-746 323	-306 150

Consolidated statement of cash flows

(In Euros)

Consolidated statement of cash flows

	2023	2023 II half-year	2022	2022 II half-year
Cash flows from operating activities				
Operating profit (loss)	-250 467	-93 071	-731 282	-295 872
Adjustments				
Depreciation and impairment loss (reversal)	167 783	83 767	224 870	136 840
Profit (loss) from the sale of fixed assets	0	0	1 317	0
Other adjustments	-40 875	-149 257	-4 674	-5 496
Total adjustments	126 908	-65 490	221 513	131 344
Changes in receivables and prepayments related to operating activities	66 771	219 018	-48 253	33 293
Changes in inventories	43 915	13 309	32 294	-6 453
Changes in payables and prepayments related to operating activities	-16 479	57 376	-17 512	-20 070
Interest received	583	473	34	18
Proceeds from government grants	12 394	12 394	16 920	16 920
Total cash flows from operating activities	-16 375	144 008	-526 286	-140 820
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	-3 090	-1 721	-187 749	-59 896
Received from property, plant and equipment and intangible assets	0	0	83	0
Total cash flows from investing activities	-3 090	-1 721	-187 666	-59 896
Cash flows from financing activities				
Loans received	0	0	200 000	0
Repayments of loans received	-8 859	- 8 859	-156 061	-138 796
Interest paid	-3 252	-2 412	-2 387	-955
Repayments of finance lease liabilities	-4 819	-2 350	-3 492	-1 901
Proceeds from issuing shares	0	0	558 026	293 052
Total cash flows from financing activities	-16 930	- 13 621	596 086	151 400
Total cash flows	-36 395	128 666	-117 866	-49 316
Cash and cash equivalents at beginning of period	254 657	89 596	378 023	309 473
Change in cash and cash equivalents	-36 395	128 666	-117 866	-49 316
Cash and cash equivalents at end of period	218 262	218 262	260 157	260 157

Consolidated statement of changes in equity (In Euro)

Consolidated statement of changes in equity

	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	-827 738	1 644 819
Annual period profit (loss)					-440 173	-440 173
Issue of equity	4 288		260 686			264 974
Changes in reserves				870		870
30.06.2022	134 135	0	2 129 474	474 792	-1 267 911	1 470 490
Annual period profit (loss)					-306 150	-306 150
Issue of equity	9 768		283 284			293 052
Changes in reserves				11 377		11 377
31.12.2022	143 903	0	2 412 758	486 169	-1 574 061	1 468 769
Annual period profit (loss)					-160 384	-160 384
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
Annual period profit (loss)					-93 071	-93 071
Changes in reserves				23 457		23 457
Changes in equity				0	-17 353	-17 353
31.12.2023	143 903	0	2 412 758	486 076	-1 925 271	1 117 466