

BERCMAN®

AS BERCMAN TECHNOLOGIES

2023 consolidated audited
annual report

CONSOLIDATED AUDITED ANNUAL REPORT FOR 2023

Reporting period: 01.01.2023-31.12.2023

Financial year: 01.01.2023 - 31.12.2023

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	4
Consolidated statement of financial position	9
Consolidated income statement	10
Consolidated statement of cash flows	11
Consolidated statement of changes in equity	12
Notes	13
• Note 1 Accounting policies	13
• Note 2 Receivables and prepayments	19
• Note 3 Inventories	19
• Note 4 Tax prepayments and liabilities	20
• Note 5 Shares of subsidiaries	20
• Note 6 Property, plant and equipment	21
• Note 7 Intangible assets	22
• Note 8 Loan commitments	24
• Note 9 Payables and prepayments	25
• Note 10 Grants	26
• Note 11 Share Capital	27
• Note 12 Net sales	28
• Note 13 Other operating income	29
• Note 14 Goods, raw materials and services	29
• Note 15 Miscellaneous operating expenses	29
• Note 16 Labor expense	30
• Note 17 Related parties	30
• Note 18 Non-consolidated statement of financial position	32
• Note 19 Non-consolidated income statement	33
• Note 20 Non-consolidated statement of cash flows	34
• Note 21 Non-consolidated statement of changes in equity	35
• Note 22 Sustainability of the business	36
Sworn auditor's report	37

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

Bercman together with its subsidiary Krakul forms a consolidation group (hereinafter "**Group**").

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

Groups's equity and holdings in other companies

Bercman'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 1 044 011 euros.

Bercman has a 100% stake in Krakul, that is, a share with a nominal value of 2 500 EUR.

Economic results

Bercman's consolidated turnover in 2023 was EUR 1 669 403. For the comparable period in 2022, turnover was EUR 1 735 991 euro. The reporting period ended with a loss of 253 796 euros (12 months of 2022 the loss was EUR 774 226). As of 31.12.2023, the company's balance sheet total was 1 827 929 euros (31.12.2022: EUR 1 659 545). Current assets amounted to 391 881 euros (31.12.2022: EUR 571 255). Fixed assets amounted to 1 436 048 euros (31.12.2022: EUR 1 088 290). The Company's equity as of 31.12.2023 was 1 187 914 euros (31.12.2022: EUR 1 057 959). As of 31.12.2023, the Company had 77 720 euros in loan liabilities (31.12.2022: EUR 77 484).

The year 2023 economic results were 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 year was positively impacted by an increase in sales of proprietary products.

New markets and expansion in existing markets

In 2023, in addition to servicing Estonian customers, Krakul exported development services to Sweden, Finland, Singapore, the United States, Germany, Switzerland 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. In total, Krakul provided development services to six defence companies in 2023. The share of medical technology and energy in the service portfolio is also on an upward trend.

The strength of the development services 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, Bercman exported and installed smart crosswalks in Finland, Bosnia and Herzegovina, Scotland UK, Croatia, Greece and Australia. In Estonia, smart crosswalks were installed in Kohtla-Järve and 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.

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.



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

Growing sales network

In 2023, to promote sales and map new business opportunities, the Company participated in Estonia's joint stand at the world's largest B2B industry fair in Hannover, technology fair, Gitex Global, in Dubai and the world's largest smart city fair, Smart City Expo, in Barcelona.



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 Teknologija fair in Helsinki.

Meetings with defence stakeholders were held at the European Defence Fund networking event in Brussels and the

Estonian Defence and Aerospace Industries Association information days in Paldiski.



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.



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 1 166 156 euros (12 months 2022: EUR 1 337 921).



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 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 wide network in the product development services sector.

Plans for 2024

This year, Bercman will continue to focus on providing product development services. Work will continue on long-term client projects. In addition, as a result of the sales work started in 2023, new development projects have been launched with companies in Sweden, Norway, the US and elsewhere.

Cooperation has been initiated with several major international EMS companies to provide manufacturing and certification services to customers.

On the proprietary side, sales of smart city solutions will continue through a network of partners, mainly in Europe. In the area of smart pedestrian crosswalks, a dialogue with the municipality of Barcelona started in 2023 and is underway for the installation of the first safety systems.

At the end of the reporting period, the company's current liabilities exceed current assets. Management is aware of the potential impact of this situation on the going concern basis. It confirms that it is taking steps to mitigate the risks to ensure the continuity and long-term development of the business.

The activities planned for 2024, the long-term strategic decisions and the adaptation to market needs will, in the opinion of management, ensure the long-term sustainability of the business.

The Smart Road, a comprehensive infrastructure solution, will be introduced in target markets. In 2024, it is hoped that a comprehensive solution combining smart crosswalks and the possibility of measuring the average speed within the city will reach beyond Estonia.

For the 2023 smart city infrastructure tenders in Greece and Croatia, the contract awards have been partially announced, and the corresponding contracts and sales orders are about to materialise in the first half-year of 2024.

In addition to smart crosswalks, additional proprietary products in the smart and sustainable transport and energy field are in the planning process.

Bercman stays with the forecasts published at the beginning of 2023 and expects consolidated sales of EUR 2.5 million in 2024.

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

Financial ratio	Methodology for calculation	31.12.2023	31.12.2022
Current ratio	current assets/ current liabilities	0,68	0,95
Debts to assets ratio	total liabilities/ total assets	0,35	0,36

Consolidated statement of financial position

(In Euros)

Consolidated statement of financial position

	31.12.2023	31.12.2022	Note
Assets			
Current Assets			
Cash and cash equivalents	218 262	254 657	
Receivables and prepayments	122 922	221 986	2
Inventories	50 697	94 612	3
Total current assets	391 881	571 255	
Non-current assets			
Receivables and prepayments	32 293	0	2
Property, plant and equipment	23 161	32 175	
Intangible assets	1 380 594	1 056 115	7
Total non-current assets	1 436 048	1 088 290	
Total Assets	1 827 929	1 659 545	
Liabilities and equity			
Liabilities			
Current liabilities			
Loan liabilities	49 920	73 659	8
Payables and prepayments	523 324	512 934	9
Provisions	4 168	4 168	
Government grants	0	7 000	
Total current liabilities	577 412	597 761	
Non-current liabilities			
Loan liabilities	27 800	3 825	8
Payables and prepayments	34 803	0	9
Total non-current liabilities	62 603	3 825	
Total liabilities	640 015	601 586	
Equity			
Equity held by shareholders and partners in parent company			
Issued capital	143 903	143 903	11
Share premium	2 412 758	2 412 758	
Other reserves	527 013	143 262	11
Retained earnings (loss)	-1 641 964	-867 738	
Annual period profit (loss)	-253 796	-774 226	
Total equity held by shareholders and partners in parent company	1 187 914	1 057 959	
Total equity	1 187 914	1 057 959	
Total liabilities and equity	1 827 929	1 659 545	

Consolidated income statement (In Euros)

Consolidated income statement

	2023	2022	Note
Revenue	1 669 403	1 735 991	12
Other income	19 394	25 526	13
Work performed by entity and capitalised	132 010	157 075	
Raw materials and consumables used	-373 815	-585 394	14
Other operating expense	-345 172	-526 999	15
Employee expense	-1 166 156	-1 337 921	16
Depreciation and impairment loss (reversal)	-167 783	-222 838	
Other expense	-8 190	-4 625	
Operating profit (loss)	-240 309	-759 185	
Interest expenses	-14 070	-14 733	
Other financial income and expense	583	-308	
Profit (loss) before tax	-253 796	-774 226	
Annual period profit (loss)	-253 796	-774 226	
Profit (loss) from shareholders and partners in parent company	-253 796	-774 226	

Consolidated statement of cash flows

(In Euros)

Consolidated statement of cash flows

	2023	2022	Note
Cash flows from operating activities			
Operating profit (loss)	-240 309	-759 185	
Adjustments			
Depreciation and impairment loss (reversal)	167 783	222 838	6, 7
Profit (loss) from the sale of fixed assets	0	1 317	
Other adjustments	11 145	-46 286	11
Total adjustments	178 928	177 869	
Changes in receivables and prepayments related to operating activities	66 771	-55 415	
Changes in inventories	43 915	28 531	
Changes in payables and prepayments related to operating activities	45 193	37 580	
Interest received	583	26	
Proceeds from government grants	20 554	23 920	
Total cash flows from operating activities	115 635	-546 674	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-135 100	-172 869	6, 7
Proceeds from sales of property, plant and equipment and intangible assets	0	83	
Total cash flows from investing activities	-135 100	-172 786	
Cash flows from financing activities			
Loans received	0	216 900	17
Repayments of loans received	-8 859	-172 961	
Interest paid	-3 252	-2 379	
Repayments of finance lease liabilities	-4 819	-3 492	
Proceeds from issuing shares	0	558 026	11
Total cash flows from financing activities	-16 930	596 094	
Total cash flows	-36 395	-123 366	
Cash and cash equivalents at beginning of period	254 657	378 023	
Change in cash and cash equivalents	-36 395	-123 366	
Cash and cash equivalents at end of period	218 262	254 657	

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
Effect of correction of errors	0	0	0	0	-40 000	-40 000
Restated balance 31.12.2021	129 847	0	1 868 788	473 922	-867 738	1 604 819
Annual period profit (loss)	0	0	0	0	-774 226	-774 226
Issue of equity	14 056	0	543 970	0	0	558 026
Changes in reserves	0	0	0	16 290	0	16 290
31.12.2022	0	0	0	-346 950	0	-346 950
Annual period profit (loss)	143 903	0	2 412 758	143 262	-1 641 964	1 057 959
Changes in reserves					-253 796	-253 796
Changes in equity				36 801		36 801
31.12.2023				346 950		346 950
	143 903		2 412 758	527 013	-1 895 760	1 187 914

NOTES

Note 1 Accounting policies

General information

AS Bercman Technologies (hereinafter also "parent company") and its subsidiary (hereinafter together "group") 2023 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 subsidiary Krakul OÜ financial indicators consolidated line by line.

The subsidiary company uses 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.

In identifying whether an asset may be impaired, an impairment test shall be performed to determine the recoverable amount of an asset. An impairment test is performed to determine the recoverable amount of an asset, which is the higher of the two indicators – fair value of an asset (less costs to sell) and its value in use. A need for the asset's write-down exists only if both the asset's fair value (less costs to sell) as well as its value in use are smaller than its carrying amount. If the amount calculated first (either the asset's fair value less costs to sell or its value in use) exceeds the asset's carrying amount, it is not necessary to calculate the other amount as the asset's recoverable amount is in any case higher than its carrying amount.

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

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

Financial liabilities

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

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

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

A financial liability is classified as short-term if its payment term is within twelve months from the balance sheet date, or the group does not have 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.

Related parties

Parties are considered related if one party has significant influence by another, or one party has significant influence over another, including subsidiaries, shareholders, the members of the Supervisory Council and the Management Board, their families and the companies in which they hold majority interest or have significant influence.

Events after reporting date

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

Note 2 Receivables and prepayments (In Euros)

	31.12.2023	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	

	31.12.2022	Allocation by remaining maturity		Note
		Within 12 months	1-5 years	
Accounts receivable	190 249	190 249	0	
Accounts receivables	190 249	190 249	0	
Receivables from related parties	5 500	5 500		17
Tax prepayments and receivables	2 789	2 789		4
Other receivables	8 160	8 160		
Accrued income	8 160	8 160		
Prepayments	15 288	15 288		
Deferred expences	15 288	15 288		
Total receivables and prepayments	221 986	221 986		

Note 3 Inventories (In Euros)

	31.12.2023	31.12.2022
Raw materials	29 205	57 579
Finished goods	20 451	20 451
Merchandise	1 041	16 020
Inventory prepayments	0	562
Total Inventories	50 697	94 612

Note 4 Tax prepayments and liabilities

(In Euros)

	31.12.2023	31.12.2022	
	Tax liabilities	Tax prepayments	Tax liabilities
Corporate income tax	0	0	236
Value added tax	19 235	0	10 072
Personal income tax	16 261	0	29 385
Fringe benefit income tax	62	0	4
Social tax	28 025	0	50 656
Contributions to mandatory funded pension	1 632	0	2 921
Unemployment insurance tax	1 782	0	3 438
Other tax prepayments and liabilities	77 525		0
Prepayment account balance		2 789	
Total tax prepayments and liabilities	144 522	2 789	96 712

Note 5 Shares of subsidiaries

(In Euros)

Shares of subsidiaries, detailed information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2022	31.12.2023
12458980	Krakul OÜ	Eesti	Teadus- ja arendustegevus	100	100
Shares of subsidiaries, detailed information					
Name of subsidiary		31.12.2022	Other changes	31.12.2023	
Krakul OÜ		889 111	365 531	1 254 642	
Total shares of subsidiaries, at end of previous period		889 111	365 531	1 254 642	

In the reference period, Krakul Holding OÜ and AS Bercman Technologies signed an agreement to acquire 100% of Krakul OÜ's stake the exchange agreement of the share of the conditional limited liability company and the shares of the limited liability company, in which it was agreed to acquire a stake in the shares of AS Bercman Technologies for.

During the reporting period, in connection with the fulfillment of the conditions of the exchange agreement of the change, the acquisition cost has been adjusted for 346,950 euros (see appendix 7).

Note 6 Property, plant and equipment

(In Euros)

				Total	
	Computers and computer systems	Other machinery and equipment	Machinery and equipment		Other property, plant and equipment
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

Note 7 Intangible assets (In Euros)

	Goodwill	Development expenditures	Computer Software	Concessions, patents, licenses, trademarks	Other intangible assets	Unfinished intangible assets	Total
31.12.2021							
Carried at cost	1 169 476	104 170	136 203	3 955	5 420	141 497	1 560 721
Accumulated depreciation	0	-57 327	-52 379	-1 702	-1 054	0	-112 462
Residual cost	1 169 476	46 843	83 824	2 253	4 366	141 497	1 448 259
Acquisitions and additions	0	0	7 570	0	0	157 555	165 125
Depreciation	-116 948	-46 843	-41 824	-395	-1 806	0	-207 816
Reclassifications	0	0	284 749	0	0	-287 252	-2 503
Other changes	-346 950	0		0	0	0	-346 950
31.12.2022							
Carried at cost	822 526	0	352 602	3 955	5 420	11 800	1 196 303
Accumulated depreciation	-116 948	0	-18 283	-2 097	-2 860	0	-140 188
Residual cost	705 578	0	334 319	1 858	2 560	11 800	1 056 115
Acquisitions and additions			132 010				132 010
Depreciation	-116 949	0	-35 330	-396	-1 806	0	-154 481
Other changes	346 950						346 950
31.12.2023							
Carried at cost	1 052 528	0	466 329	1 858	2 560	11 800	1 535 075
Accumulated depreciation	-116 949	0	-35 330	-396	-1 806	0	-154 481
Residual cost	935 579	0	430 999	1 462	754	11 800	1 380 594

Advance payments of intangible fixed assets in the amount of 11,800 are recorded under unfinished projects and advances.

Other changes in the amount of 346,950 euros in the reporting period are related to the change in the terms of the share exchange agreement.

During the reporting period, an administrative portal was completed, which was taken into account as a fixed asset in the fixed assets table for 132 010 euros.

As of 31.12.2023, a recoverable amount test has been carried out for AS Bercman Technologies.

As of 31.12.2023, the balance sheet value of the tangible fixed assets of the cash-generating unit is 8803 euros, and the intangible fixed assets balance sheet value is 272 543 euros. When finding the recoverable amount, the cash flow projection is based on the management forecasts of the cash-generating unit for the periods 2024-2027.

The long-term growth rate is 19-130%.

When determining the present value of cash flows, management has used as a discount rate the rate of return required by the owners of 22.5%, taking into account the company's field of activity and company-specific risks (including country and size).

As a result of the recoverable amount test, no asset impairment was detected during the reporting period. Thus, the value of the assets of the cash-generating unit no need for a discount.

As of 31.12.2023, a recoverable amount test has been carried out for Krakul OÜ.

As of 31.12.2023, the balance sheet value of the tangible fixed assets of the cash-generating unit is 186 829 euros. When finding the recoverable amount, the cash flow projection is based on the management forecasts of the cash-generating unit for the periods 2024-2027.

The long-term growth rate is 20-30%.

When determining the present value of cash flows, management has used as a discount rate the rate of return required by the owners of 24.1%, taking into account the company's field of activity and company-specific risks (including country and size).

As a result of the recoverable amount test, no asset impairment was detected during the reporting period. Thus, the value of the assets of the cash-generating unit no need for a discount.

Note 8 Loan commitments

(In Euros)

	31.12.2023	Allocation by remaining maturity			Interest rate	Bass currencies	Due date
		Within 12 months	1-5 years	üle 5 aasta			
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	0	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				
	31.12.2022	Allocation by remaining maturity			Interest rate	Bass currencies	Due date
		Within 12 months	1-5 years	Over 5 years			
Current loans							
Related parties	70 000	70 000			3,5%-8,5%	EUR	01.08.2023
Current loans total	70 000	70 000					
Finance lease obligations total	7 484	3 659	3 825				
Loan commitments total	77 484	73 659	3 825				

Transactions with related parties (see Appendix 17)

The loan is repayable in 2025 at an interest rate of 8.5% per annum, and the borrower will be liable for its obligations with all its assets.

Note 9 Payables and prepayments

(In Euros)

	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	

	31.12.2022	Allocation by remaining maturity		Note
		12 kuu jooksul	1 - 5 aasta jooksul	
Trade payables	206 413	206 413		
Employee payables	82 748	82 748		
Tax payables	96 712	96 712		4
Other payables	25 128	25 128		
Interest payables	25 074	25 074		
Other accrued expenses	54	54		
Prepayments received	92 877	92 877		
Deferred income	92 877	92 877		
Other current liabilities	9 056	9 056		
Kokku võlad ja ettemaksud	512 934	512 934		

Note 10 Grants

(In Euros)

	31.12.2021		Received	Recognised in the income statement	31.12.2022	
	Receivables	Liabilities			Receivables	Liabilities
Grants for operating expenses						
mFund 19FI087D funding	0	0	16 920	16 920	0	
Grants for Green ICT	0	0	0	8 160	8 160	
Tallinna Teaduspark Tehnopol	0	0	7 000	0		7 000
Total Grants for operating expences	0	0	23 920	25 080	8 160	7 000
Total Grants	0	0	23 920	25 080	8 160	7 000
	31.12.2022		Received	Recognised in the income statement	31.12.2023	
	Receivables	Liabilities			Receivables	Liabilities
Grants for operating expenses						
mFund 19FI087D funding	0	0	2 768	2 768	0	0
Grants for Green ICT	8 160	0	8 160		0	0
Tallinna Teaduspark Tehnopol	0	7 000	3 000	10 000	0	0
Töötukassa	0	0	2 626	2 626	0	0
Eurocluster	0	0	4 000	4 000	0	0
Total Grants for operating expences	8 160	7 000	20 554	19 394	0	0
Total Grants	8 160	7 000	20 554	19 394	0	0

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

Financing of the mFund innovation initiative project 19FI087D - during the reporting period, a cooperation project was written for the financing of the "Smartwalk" project, where, in addition to Bercman Technologies AS, Hamburg University of Technology, ARIC and Natix are project partners. During the project, mFund compensates the expenses incurred by the project partners approximately once a quarter, which is reflected as income in the profit and loss statement.

Unemployment fund support is for recruiting a young specialist to work - § 18 subsection 4 of the Labor Market Services and Support Act, Minister of Health and Labor 17.03.2022 Directive No. 50 "Provision of labor market services for young people to recover from the effects of the COVID-19 crisis".

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.

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

Note 11 Share capital**(In Euros)**

	31.12.2023	31.12.2022
Share capital	143 903	143 903
Number of shares (pcs)	1 439 031	1 439 031
Nominal value of shares	0.10	0.10

Bercman Technologies AS has signed purchase option contracts for Bercman Technologies AS shares with its employees, based on which employees will have the right to acquire Bercman Technologies AS shares in the future. Based on these agreements, the amounts arising from the issuance of share options are recorded under equity reserves in the amount of 64 413 euros (31.12.2022: 16 290 euros) (see note 16). Cash flows have been adjusted by the same amount in the "Other adjustments" line.

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

Note 12 Net sales (In Euros)

	2023	2022
Net sales by geographical location		
Net sales in European Union		
Estonia	1 133 136	1 086 513
Finland	19 877	80 812
Latvia	0	40 320
Greece	44 891	11 654
Germany	33 680	3 222
Portugal	0	840
Lithuania	0	160
Croatia	10 617	0
Sweden	68 812	0
Total net sales in European Union	1 311 013	1 223 521
Net sales outside of European Union		
Singapore	234 223	304 965
United States of America	62 450	141 370
Switzerland	7 861	64 535
United Kingdom	30 456	1 600
Bosnia and Herzegovina	9 900	0
Australia	13 500	0
Total net sales outside of European Union	358 390	512 470
Total net sales	1 669 403	1 735 991
Net sales by operating activities		
Research and development	1 355 772	1 652 733
Sale of goods	297 244	74 033
Sale of services	16 387	9 225
Total net sales	1 669 403	1 735 991

Note 13 Other operating income (In Euros)

	2023	2022	Lisa nr
Revenue from grants	19 394	25 080	10
Other	0	446	
Total other operating income	19 394	25 526	

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

	2023	2022
Raw materials	-329 414	-217 453
Services purchased for resale	-29 347	-12 258
Subcontracting work	0	-345 842
Transportation expense	-15 054	-9 404
Logistics expense	0	-437
Total goods, raw materials and services	-373 815	-585 394

Note 15 Miscellaneous operating expenses (In Euros)

	2023	2022
Leases	-67 353	-103 842
Miscellaneous office expenses	-20 478	-161 120
Travel expense	-4 481	-19 919
Training expense	-943	-9 691
State and local taxes	-72	-159
Allowance for doubtful receivables	0	-539
Maintenance and common services of premises	-20 542	-12 111
Accounting and auditing services	-25 603	-24 549
Legal services	-9 244	-48 033
Consultation services	-77 426	-10 752
IT and communication services	-41 231	-11 227
Advertising and marketing costs	-39 015	-22 797
Car costs	-2 349	-2 177
Other services	-36 435	-100 083
Total miscellaneous operating expenses	-345 172	-526 999

Note 16 Labor expense**(In Euros)**

	2023	2022
Wage and salary expense	-844 488	-987 008
Social security taxes	-284 401	-332 982
Option costs	-36 801	-16 290
Other	-466	-1 641
Total labor expense	-1 166 156	-1 337 921
Average number of employees in full time equivalent units	24	31
Average number of employees by types of employment:		
Person employed under employment contract	24	31

Note 17 Related parties**(In Euros)****Related party balances according to groups**

SHORT TERM	31.12.2023	31.12.2022	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	46 223	70 000	8
Total loan commitments	46 223	70 000	
Payables and prepayments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	5 250	0	
Total payables and prepayments	5 250	0	

LONG TERM	31.12.2023	31.12.2022	Note
Loan commitments			
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	27 634	0	8
Total loan commitments	27 634	0	

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

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	

BOUGHT	2023	2022
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	11 967	2 566
Total bought	11 967	2 566

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2023	2022
Remuneration	124 481	163 200

Note 18 Non-consolidated statement of financial position

	31.12.2023	31.12.2022
Assets		
Current assets		
Cash and cash equivalents	101 277	19 915
Receivables and prepayments	10 930	24 277
Inventories	40 592	68 966
Total current assets	152 799	113 158
Non-current assets		
Investments in subsidiaries and associates	1 254 642	889 111
Property, plant and equipment	8 803	12 135
Intangible assets	272 543	303 470
Total non-current assets	1 535 988	1 204 716
Total assets	1 688 787	1 317 874
Liabilities and equity		
Liabilities		
Current liabilities		
Loan liabilities	109 150	3 659
Payables and prepayments	328 978	245 575
Provisions	4 168	4 168
Government grants	0	7 000
Total current liabilities	442 296	260 402
Non-current liabilities		
Loan liabilities	166	3 825
Total non-current liabilities	166	3 825
Total liabilities	442 462	264 227
Equity		
Issued capital	143 903	143 903
Share premium	2 412 758	2 412 758
Other reserves	527 013	143 262
Retained earnings (loss)	-1 646 276	-867 738
Annual period profit (loss)	-191 073	-778 538
Total equity	1 246 325	1 053 647
Total liabilities and equity	1 688 787	1 317 874

Note 19 Non-consolidated income statement

(In Euros)

	2023		2022
Revenue	313 632		83 259
Other income	97 788		25 526
Work performed by entity and capitalised	0		157 075
Raw materials and consumables used	-278 994		-167 565
Other operating expense	-112 484		-232 933
Employee expense	-166 571		-546 001
Depreciation and impairment loss (reversal)	-35 458		-87 825
Other expense	-993		-3 309
Total operating profit (loss)	-183 080		-771 773
Interest expenses	-7 999		-6 445
Other financial income and expense	6		-320
Profit (loss) before tax	-191 073		-778 538
Annual period profit (loss)	-191 073		-778 538

Note 20 Non-consolidated statement of cash flows

(In Euros)

	2023	2022
Cash flows from operating activities		
Operating profit (loss)	-183 080	-771 773
Adjustments		
Depreciation and impairment loss (reversal)	35 459	87 826
Other adjustments	3 626	-51 251
Total adjustments	39 085	36 575
Changes in receivables and prepayments related to operating activities	13 346	36 901
Changes in inventories	28 374	23 963
Changes in payables and prepayments related to operating activities	67 365	-10 386
Interest received	6	13
Interest paid	-1 589	0
Proceeds from government grants	16 554	23 920
Total cash flows from operating activities	-19 939	-660 787
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-1 200	-158 312
Total cash flows from investing activities	-1 200	-158 312
Cash flows from financing activities		
Loans received	116 233	63 175
Repayments of loans received	-8 913	-89 236
Repayments of finance lease liabilities	-4 819	-3 492
Interest paid	0	-2 387
Proceeds from issuing shares	0	558 026
Total cash flows from financing activities	102 501	526 086
Total cash flows	81 362	-293 013
Cash and cash equivalents at beginning of period	19 915	312 928
Change in cash and cash equivalents	81 362	-293 013
Cash and cash equivalents at end of period	101 277	19 915

Note 21 Non-consolidated statement of changes in equity

(In Euros)

Notes

	Issued capital	Unregistered equity	Share premium	Treasure shares	Statutory reserve capital	Other reserves	Retained earnings (loss)	Total
31.12.2021	129 847	0	1 868 788			473 922	-827 738	1 644 819
Effect of correction of errors	0	0	0			0	-40 000	-40 000
Restated balance 31.12.2021	129 847	0	1 868 788			473 922	-867 738	1 604 819
Annual period profit (loss)	0	0	0			0	-778 538	-778 538
Issue of equity	14 056	0	543 970			0	0	558 026
Changes in reserves	0	0	0			16 290	0	16 290
Other changes in equity	0	0	0			-346 950	0	-346 950
31.12.2022	143 903	0	2 412 758			143 262	-1 646 276	1 053 647
Governing and material influence ownership interest value of financial position								-889 111
Governing and material influence on the value of holdings under the equity method								893 423
Restated non-consolidated equity 31.12.2022								1 057 959
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

Note 22 Sustainability of the business

As of 31.12.2023, the Group's current liabilities exceed current assets by EUR 185 531. The management is aware of the potential impact of this situation on the continuity of the business. It confirms that it is working to mitigate the risks to ensure the continuity and long-term development of the business.

This year, the Group will continue to focus on providing product development services. Work will continue on long-term client projects. In addition, as a result of the sales work started in 2023, new development projects have been launched with companies in Sweden, Norway, the US and elsewhere.

Cooperation has been initiated with several major international EMS companies to provide manufacturing and certification services to customers.

On the proprietary side, sales of smart city solutions will continue through a network of partners, mainly in Europe. In the area of smart pedestrian crosswalks, a dialogue with the municipality of Barcelona started in 2023 and is underway for the installation of the first safety systems.

The Smart Road, a comprehensive infrastructure solution, will be introduced in target markets. In 2024, it is hoped that a comprehensive solution combining smart crosswalks and the possibility of measuring the average speed within the city will reach beyond Estonia.

For the 2023 smart city infrastructure tenders in Greece and Croatia, the contract awards have been partially announced, and the corresponding contracts and sales orders are about to materialise in the first half-year of 2024.

In addition to smart crosswalks, additional proprietary products in the smart and sustainable transport and energy field are in the planning process.

The activities planned for 2024, the long-term strategic decisions and the adaptation to market needs will, in the opinion of management, ensure the long-term sustainability of the business.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AS Bercman Technologies

Opinion

We have audited the consolidated financial statements of AS Bercman Technologies and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Estonian financial reporting standard.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia) (ISAs (EE)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Code of Ethics for Professional Accountants (Estonia) (including Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the management report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (EE) will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/ signature/



Eve Leppik
Auditor's number 230
Number RT OÜ
License 263
Linnu tee 21a, Tallinn 11317
28.03.2024