

Registre de Commerce et des Sociétés

Numéro RCS : B154428

Référence de dépôt : L250128703

Déposé et enregistré le 22/04/2025

BGERGUP20250411T15435801_002

RCSL Nr. : B154428

Matricule : 2010 2423 993

eCDF entry date : 11/04/2025

BALANCE SHEET**Financial year from** ⁰¹ 01/01/2023 **to** ⁰² 31/12/2023 (in ⁰³ EUR)

ARTEC EUROPE S.à r.l.

4, rue Lou Hemmer
L-1748 Senningerberg**ASSETS**

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid			
I. Subscribed capital not called	1101 _____	101 _____	102 _____
II. Subscribed capital called but unpaid	1103 _____	103 _____	104 _____
	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets			
I. Intangible assets	1109 _____	109 <u>13.711.639,33</u>	110 <u>11.155.946,88</u>
1. Costs of development	1111 _____	111 <u>11.835.035,78</u>	112 <u>9.432.785,19</u>
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1113 _____	113 <u>7.923.287,71</u>	114 <u>5.956.800,67</u>
a) acquired for valuable consideration and need not be shown under C.I.3	1115 _____	115 <u>133.945,38</u>	116 <u>207.028,31</u>
b) created by the undertaking itself	1117 _____	117 <u>133.945,38</u>	118 <u>207.028,31</u>
	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible assets under development	1123 _____	123 <u>3.777.802,69</u>	124 <u>3.268.956,21</u>
II. Tangible assets	1125 _____	125 <u>1.161.698,55</u>	126 <u>1.056.276,82</u>
1. Land and buildings	1127 _____	127 <u>453.346,26</u>	128 <u>19.259,53</u>
2. Plant and machinery	1129 _____	129 <u>453.314,81</u>	130 <u>521.638,01</u>

The notes in the annex form an integral part of the annual accounts

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	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	143.519,11	143.115,49
4. Payments on account and tangible assets in the course of construction	1133	111.518,37	372.263,79
III. Financial assets	1135	714.905,00	666.884,87
1. Shares in affiliated undertakings	1137	110.127,69	69.871,23
2. Loans to affiliated undertakings	1139		
3. Participating interests	1141		
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		
5. Investments held as fixed assets	1145		
6. Other loans	1147	604.777,31	597.013,64
D. Current assets	1151	12.253.101,03	10.975.184,92
I. Stocks	1153	8.469.225,64	6.759.979,14
1. Raw materials and consumables	1155	6.496.373,65	5.481.052,28
2. Work in progress	1157		
3. Finished goods and goods for resale	1159	1.874.231,71	951.688,51
4. Payments on account	1161	98.620,28	327.238,35
II. Debtors	1163	3.597.614,44	3.328.873,90
1. Trade debtors	1165	69.741,38	29.056,54
a) becoming due and payable within one year	1167	69.741,38	29.056,54
b) becoming due and payable after more than one year	1169		
2. Amounts owed by affiliated undertakings	1171	1.252.917,80	1.188.067,25
a) becoming due and payable within one year	1173	1.252.917,80	1.188.067,25
b) becoming due and payable after more than one year	1175		
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	468.562,01	490.457,04
a) becoming due and payable within one year	1179	468.562,01	490.457,04
b) becoming due and payable after more than one year	1181		
4. Other debtors	1183	1.806.393,25	1.621.293,07
a) becoming due and payable within one year	1185	865.010,05	387.797,25
b) becoming due and payable after more than one year	1187	941.383,20	1.233.495,82

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Matricule : 2010 2423 993

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____	197 <u>186.260,95</u>	198 <u>886.331,88</u>
E. Prepayments	1199 _____	199 <u>264.055,82</u>	200 <u>154.057,34</u>
TOTAL (ASSETS)		201 <u>26.228.796,18</u>	202 <u>22.285.189,14</u>

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301 _____	301 <u>7.225.265,08</u>	302 <u>9.699.011,22</u>
I. Subscribed capital	1303 _____	303 <u>1.700.000,00</u>	304 <u>1.700.000,00</u>
II. Share premium account	1305 _____	305 _____	306 _____
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 <u>133.608,71</u>	310 <u>27.960,00</u>
1. Legal reserve	1311 _____	311 <u>133.608,71</u>	312 <u>27.960,00</u>
2. Reserve for own shares	1313 _____	313 _____	314 _____
3. Reserves provided for by the articles of association	1315 _____	315 _____	316 _____
4. Other reserves, including the fair value reserve	1429 _____	429 _____	430 _____
a) other available reserves	1431 _____	431 _____	432 _____
b) other non available reserves	1433 _____	433 _____	434 _____
V. Profit or loss brought forward	1319 _____	319 <u>7.865.402,51</u>	320 <u>5.858.077,04</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>-2.473.746,14</u>	322 <u>2.112.974,18</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 <u>667.322,32</u>	332 <u>667.322,32</u>
1. Provisions for pensions and similar obligations	1333 _____	333 _____	334 _____
2. Provisions for taxation	1335 _____	335 <u>667.322,32</u>	336 <u>667.322,32</u>
3. Other provisions	1337 _____	337 _____	338 _____
C. Creditors	1435 _____	435 <u>18.336.208,78</u>	436 <u>11.918.855,60</u>
1. Debenture loans	1437 _____	437 _____	438 _____
a) Convertible loans	1439 _____	439 _____	440 _____
i) becoming due and payable within one year	1441 _____	441 _____	442 _____
ii) becoming due and payable after more than one year	1443 _____	443 _____	444 _____
b) Non convertible loans	1445 _____	445 _____	446 _____
i) becoming due and payable within one year	1447 _____	447 _____	448 _____
ii) becoming due and payable after more than one year	1449 _____	449 _____	450 _____
2. Amounts owed to credit institutions	1355 _____	355 <u>7.117.666,67</u>	356 <u>3.748.183,29</u>
a) becoming due and payable within one year	1357 _____	357 <u>4.567.666,67</u>	358 <u>3.162.210,10</u>
b) becoming due and payable after more than one year	1359 _____	359 <u>2.550.000,00</u>	360 <u>585.973,19</u>

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	Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361	503.142,12	362	306.775,71
a) becoming due and payable within one year	1363	363	503.142,12	364	306.775,71
b) becoming due and payable after more than one year	1365	365		366	
4. Trade creditors	1367	367	5.057.412,79	368	2.357.167,27
a) becoming due and payable within one year	1369	369	5.057.412,79	370	2.357.167,27
b) becoming due and payable after more than one year	1371	371		372	
5. Bills of exchange payable	1373	373		374	
a) becoming due and payable within one year	1375	375		376	
b) becoming due and payable after more than one year	1377	377		378	
6. Amounts owed to affiliated undertakings	1379	379	2.741.022,40	380	2.628.187,74
a) becoming due and payable within one year	1381	381	2.737.964,00	382	2.625.129,34
b) becoming due and payable after more than one year	1383	383	3.058,40	384	3.058,40
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385		386	499.030,00
a) becoming due and payable within one year	1387	387		388	499.030,00
b) becoming due and payable after more than one year	1389	389		390	
8. Other creditors	1451	451	2.916.964,80	452	2.379.511,59
a) Tax authorities	1393	393	626.930,42	394	577.739,24
b) Social security authorities	1395	395	1.031.707,33	396	535.669,02
c) Other creditors	1397	397	1.258.327,05	398	1.266.103,33
i) becoming due and payable within one year	1399	399	1.029.433,78	400	836.849,19
ii) becoming due and payable after more than one year	1401	401	228.893,27	402	429.254,14
D. Deferred income	1403	403		404	

TOTAL (CAPITAL, RESERVES AND LIABILITIES)

405 26.228.796,18

406 22.285.189,14

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eCDF entry date : 11/04/2025

PROFIT AND LOSS ACCOUNT**Financial year from** ⁰¹ 01/01/2023 **to** ⁰² 31/12/2023 (in ⁰³ EUR)

ARTEC EUROPE S.à r.l.

4, rue Lou Hemmer
L-1748 Senningerberg

	Reference(s)	Current year	Previous year
1. Net turnover	1701	701 24.139.957,25	702 28.116.241,75
2. Variation in stocks of finished goods and in work in progress	1703	703 56.598,71	704 47.168,71
3. Work performed by the undertaking for its own purposes and capitalised	1705	705	706
4. Other operating income	1713	713 2.907.429,02	714 2.400.878,23
5. Raw materials and consumables and other external expenses	1671	671 -17.775.704,31	672 -18.040.261,99
a) Raw materials and consumables	1601	601 -6.146.414,75	602 -5.919.998,80
b) Other external expenses	1603	603 -11.629.289,56	604 -12.120.263,19
6. Staff costs	1605	605 -7.401.321,45	606 -6.300.434,79
a) Wages and salaries	1607	607 -6.691.597,28	608 -5.585.977,22
b) Social security costs	1609	609 -709.610,02	610 -586.413,46
i) relating to pensions	1653	653 -368.805,43	654 -305.377,18
ii) other social security costs	1655	655 -340.804,59	656 -281.036,28
c) Other staff costs	1613	613 -114,15	614 -128.044,11
7. Value adjustments	1657	657 -3.502.764,09	658 -3.616.867,62
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	659 -3.492.130,29	660 -3.474.629,85
b) in respect of current assets	1661	661 -10.633,80	662 -142.237,77
8. Other operating expenses	1621	621 -406.176,91	622 -322.284,48

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
11. Other interest receivable and similar income	1727	254.705,32	486.579,95
a) derived from affiliated undertakings	1729	729	137.180,02
b) other interest and similar income	1731	254.705,32	349.399,93
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663	664
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665	666
			-59.390,62
14. Interest payable and similar expenses	1627	627	628
		-698.199,74	-548.349,98
a) concerning affiliated undertakings	1629	629	630
		-2.921,97	-89.460,04
b) other interest and similar expenses	1631	631	632
		-695.277,77	-458.889,94
15. Tax on profit or loss	1635	635	636
			-20.874,98
16. Profit or loss after taxation	1667	667	668
		-2.425.476,20	2.142.404,18
17. Other taxes not shown under items 1 to 16	1637	637	638
		-48.269,94	-29.430,00
18. Profit or loss for the financial year	1669	669	670
		-2.473.746,14	2.112.974,18

Registre de Commerce et des Sociétés

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Référence de dépôt : L250128703

Déposé le 22/04/2025

**Artec Europe S.à r.l.
Société à responsabilité limitée**

Audited annual accounts

**for the financial year ended 31 December 2023
(with the report of the Réviseur d'Entreprises Agréé thereon)**

Registered office:

4, rue Lou Hemmer
L-1748 Serningerberg

R.C.S. Luxembourg:

B 154.428

Capital social de EUR 1,700,000.00

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**Shape the future
with confidence**

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg
Tél : +352 42 124 1
www.ey.com/en_lu

B.P. 780
L-2017 Luxembourg
R.C.S. Luxembourg B47771
TVA LU 16063074

Autorisations d'établissement :
00117514/13, 00117514/14, 00117514/15, 00117514/17, 00117514/18, 00117514/19

Independent auditor's report

To the Shareholders of
ARTEC EUROPE S.à r.l.
4, rue Lou Hemmer,
L-1748 Senningerberg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ARTEC EUROPE S.à r.l. (the "Company"), which comprise the balance sheet as at 31 December 2023, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Managers is responsible for assessing the Company'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 the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

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- Conclude on the appropriateness of Board of Managers' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Petar Dionissiev

Luxembourg, 2 April 2025

MANAGEMENT REPORT

I. Statement

The board of managers (the **Board of Managers**) of Artec Europe S.à r.l., hereinafter also referred to as "**Artec Europe**" or the "**Company**", hereby presents the annual accounts of the Company (composed of the balance sheet, the profit and loss account, and the notes to the annual accounts) (the **Accounts**) for the financial year which began on 1 January 2023 and ended on 31 December 2023 (the **FY 2023**).

The Board of Managers states that the Accounts have been prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the Accounts give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the main risks and uncertainties that it faces.

II. General

Artec Europe is a global leader in handheld 3D scanners that has been at the forefront of innovative 3D technology since years.

The Company prides itself on developing and manufacturing the high quality, yet easy to use portable 3D scanners, smart, user-friendly 3D software and a software development kit (SDK) that provides the best integration possibilities, whatever the application. With a worldwide presence and a large number of global clients, it supplies state of the art 3D technology to these respective areas. The products are used in wide range of applications in multiple sectors, including:

- Industrial Design & Manufacturing
- Science and Education
- 3D Scanning & Printing
- Healthcare
- Art & Design
- Computer Graphics & Animation

The Company is also developing, manufacturing and selling biometric solutions. The technology is based on constructing a three-dimensional image of a human face uses projection of a structured light pattern on a scanned surface at a parallax angle. The technology is implemented in Broadway 3D product line, Artec Intercom 3D and Artec Welcome SDK.

Most of Company's products are manufactured and assembled in Luxembourg under the "Made in Luxembourg" label.

III. Development and Strategy

The Company is a leading supplier of professional handheld 3D scanners and 3D face recognition solutions. The Company's strategic aim is to further extend its leadership positions in the industry. The key focus areas of strategy are to: (i) simplify user experience, (ii) increase precision of scanning results and (iii) improve integration with third party professional software.

The Company aims to continue to increase revenue, profits and cash flows across all business segments by further focusing on regions and sectors where the Company has a room to grow, by entering into new markets and by releasing new products and solutions.

The Company has a balanced market share in United States of America, Europe and Asia where the Company has a strong commercial presence. The Company believes that independent resellers are most effective sales channel, and it will focus to improve and support existing resellers as well as moderately expand distribution network.

Also the Company collaborates with different 3D software to improve the user experience, for example, Geomagic Software.

The Company has established its presence in the People Republic of China and aims at increase of the market share in that geographic zone.

The Company plans to continue its business activities as explained here before.

The result for the financial year 2023 is a loss of EUR 2,473,746.14 compared to a profit of EUR 2,112,974.18 for the financial year 2022. The Company's financial situation is stable and the Company's net equity position amounts to EUR 7,225,265.08 as at 31 December 2023 (2022: EUR 9,699,011.22).

The Company does not own its own shares.

IV. Risks

The Company considers Risk Management to be a key part of effective management and control. The goal of the Risk Management is to help the Company to operate more effectively by providing a framework for a systematic approach to Risk Management and exploring opportunities with an acceptable level of risk. The Board of Managers discusses on a regular basis the operational and financial result as well as the related risks.

Financial Risks

In the course of its business the Company is exposed to a number of financial risks: credit risk, liquidity risk, market risk (mainly including foreign currency risk and exchange rate risk) and interest rate risk. Financial risk management is an integral part of the way the Company is managed. The Board of Managers establishes the Company's financial policies, and the CEO establishes objectives in lines of these policies.

Operational Risks

Operational or business risk can be defined as the risk of losses or damage resulting from inadequacies or short-comings in in-house processes, staff or systems, or stemming from external events. Operational risk also covers legal and compliance risks.

For customers, one of the determining factors in purchasing the Company's components and systems is the high quality of the Company's products and manufacturing processes.

Management teams for each business line are responsible for identifying, assessing, managing, monitoring and controlling those operational risks specific to their area of business.

A process of identifying and assessing operational risks throughout the Company is performed on a regular basis. If deemed necessary, action plans are instigated to lessen risks that are assessed to exceed limits set according to the appetite for risk.

Credit Risk

The Company mostly works on prepayment basis, which reduces credit risk.

Company tries to purchase capital goods in large batches, which enables to fix the better prices in a long-term prospective.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Liquidity Risks

The Company has established an appropriate liquidity risk management framework including the short/medium/long-term funding and liquidity requirements. Management of the Company regularly reviews the cash position as well as open credit lines. In order to mitigate the liquidity risk the Company mostly works on prepayment basis.

Exchange rate and currency risk

The Company operates worldwide and, therefore, is exposed to financial risks arising from exchange rates fluctuations. However, those risks are monitored and controlled by the Company's management during the weekly top-management meetings, which cover various questions including the fluctuation of currencies.

The Company has transactional currency exposures, which arise from sales, or purchases in currencies other than the functional currency. Mostly involved USD and JPY. In order to mitigate the impact of currency exchange rate fluctuations for the operating business, the Company continually assesses its exposure and attempts to balance its receivables and payables currency positions to thus reduce the currency risk.

Interest rate risk

The Company is exposed to variable interest rate risks, which mainly relate to debt obligations, as the Company financing is based on Euribor-related credit agreements.

The interest rate risk is monitored by using the cash flow sensitivity of the Company's cash flows due to floating interest loans.

V. Research and Development

The Company considers R&D activities as its competitive advantage. The Company employs and retains engineers with related experience in the field.

The Company's key areas of the R&D are:

- (i) Optoelectronics;
- (ii) Mathematic algorithms (computer vision);
- (iii) Artificial intelligence.

The Company plans to continue and expand its R&D activities.

VI. Corporate Governance

The Company is being managed by the Board of Managers and the Shareholders.

The Board of Managers is vested with the broadest powers to perform or cause to be performed any actions necessary or useful in connection with the purpose of the Company. All powers not expressly reserved by the Luxembourg Companies Law or by the Articles of Association to the General meeting of Shareholders fall within the authority of the Board of Managers.

VII. Branches & Subsidiaries

The Company does not have any branches.

At 31 December 2023 the Company has wholly owned subsidiaries which are listed as follows:

- Artec Global Sarl incorporated on 26 September 2014 and Located in Luxembourg.
- Artec (Shanghai) Trading Co. Ltd incorporated on 20 February 2021 and located in Shanghai, the People's Republic of China.
- Artec 3D Adriatica Doo incorporated on 8 March 2022 and located in Maršala Tita 10, Bar, the People's Republic of Montenegro.
- Artec 3D Japan G.K. on 13 March 2023 and located in Gran Biz Shibadaimon 1F, 1-2-4 Shibadaimon, Minato-ku, Tokyo 105-0012, Japan
- Alternativangle – Unipessoal LDA on 16 December 2023 and located in Avenida da Liberdade N 204 3 DTO, 1250-147 Lisboa, Portugal

VIII. The financial statements have been prepared using the going concern basis of accounting. In making their assessment on the appropriateness of using the going concern basis, the Managers have considered the following events and circumstances:

- While the Company incurred a net loss of EUR 2,473,746.14 for the year ended 31 December 2023 and had a negative current assets position of EUR 3,301,156.11 as at that date, the actual unaudited results for 2024 are materially positive both from net result and working capital standpoint
- During 2024, new products have been launched which are either gradually replacing the existing ones or winning new markets
- The business plan approved by management confirms strong growth in the key products, the net margins per product and positive cash flow in the foreseeable future
- Hard commitments with customers have been achieved for FY25 securing a large portion of the current work of business
- New subsidies for EUR 7,299,947.55 have been granted by the Government for the period of three years (FY24 - FY27).
- The Company is actively engaging with lenders and investors to renew the existing funding and secure additional funding and has implemented strategic initiatives to improve its overall cash flow and financial position.

Consequently, the Managers believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Based on these considerations, management believes that the Company will be able to meet its obligations as they fall due and, accordingly, the financial statements have been prepared on a going concern basis.

/A. Yukhin/

/S. Sukhovey/

Artec Europe S.à r.l.
Société à responsabilité limitée
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NOTE 1 - GENERAL INFORMATION

The Company was incorporated on 14 July 2010 and is organised under the laws of Luxembourg as a "société à responsabilité limitée" for an unlimited period and is registered with the Luxembourg Register of Commerce and Companies under n° B 154.428.

The registered office of the Company is located in Luxembourg.

The financial year of the Company starts on 1 January and ends on 31 December of each year.

The main activity of the Company is :

- carry out in the Grand Duchy of Luxembourg or abroad, all transactions pertaining directly or indirectly to the production of 3D scanners and their parts, biometry security and 3D human recognition technology products and their parts as well as any IT products.
- carry out in the Grand Duchy of Luxembourg or abroad, all transactions pertaining directly or indirectly to the acquiring, marketing and selling of 3D scanners and their parts, biometry security and 3D human recognition technology products and their parts as well as any IT products,
- carry out in the Grand Duchy of Luxembourg or abroad, all transactions pertaining directly or indirectly to the after-sale servicing of 3D scanners, biometry security and 3D human recognition technology products as well as any IT products,
- carry out all transactions pertaining directly or indirectly to the acquiring of participating interests in any enterprises in whatever form and the administration, management, control and development of those participating interests,
- In particular, may use its funds for the establishment, management, development and disposal of a portfolio consisting of any securities and patents of whatever origin, and participate in the creation, development and control of any enterprise, the acquisition by way of investment, subscription, underwriting or option, of securities or patents, to realise them by way of sale, transfer, exchange or otherwise develop such securities and patents, grant to other companies or enterprises in which the company has a participating interest or which form a part of the group of companies to which the company belongs any assistance, such as loans, advances and guarantees,
- carry out any commercial, industrial or financial operations, any transactions in respect of real estate or moveable property, which the corporation may deem useful to the accomplishment of its purposes.

NOTE 2 - CONSOLIDATED ACCOUNTS

Based on the criteria defined by Luxembourg law of the commercial law of 10 August 1915, as subsequently amended and by the way of application of Article 1711-4, the Company is exempted from the obligation to draw up consolidated accounts and a consolidated management report for the year ended 31 December 2022 and 31 December 2023. Therefore, in accordance with the legal provisions, these annual accounts are presented on a non-consolidated basis to be approved by the shareholders during the annual general meeting.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION METHODS

Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. The accounting policy and valuation rules are determined by the amended Law of December 19, 2002.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and result fairly.

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Foreign exchange

The Company maintains its accounting records in euro (EUR) and the balance sheet and the profit and loss accounts are expressed in this currency.

At the balance sheet date:

- The acquisition price of participations shown under Financial fixed assets as well as loans granted to them, expressed in a currency other than EUR remain converted at the rate of exchange applicable as at the date of the transaction.
- All liabilities which are not economically related to the financial fixed assets, expressed in a currency other than EUR, are valued individually at the higher of the historical value or the value determined on the basis of the exchange rate applicable.
- All liabilities which are economically related to the financial fixed assets, expressed in a currency other than EUR remain converted at the rate of exchange applicable as at the date of the transaction.
- Income and expenses expressed in currencies other than EUR are converted at the exchange rate applicable at the date of the transactions.

Consequently, realised gain and losses are recorded in the profit and loss account together with unrealised losses. Unrealised gains are recorded to Deferred revenue account and will be regulated.

Intangible assets

Intangible asset are composed of development costs eligible for capitalisation (Calibrator, Artec Software), software(s), patent(s) and are valued at purchase price including the expenses incidental thereto or at production cost, less accumulated amortization amounts written off and value adjustments. These value adjustments are not continued if the reasons for which the value adjustment were made have ceased to apply.

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The amortization rate and methods applied as follows:

	Rate of amortization (years)	Amortization method
Patents	5	straight line
Software	3	straight line
Calibrator	10	straight line
Cloud software	5	straight line
Internally developed technology	5	straight line
Internally developed Software	3	straight line

Payment on account and intangible assets under development:

Amounts related to the development of software and technology and other related expenses are included in the balance sheet when incurred. Development expenditure is capitalised when its future recoverability can be regarded as assured. The expenditure is transferred to assets in use, and depreciation commences when the resulting asset is put into service.

Tangible assets

Tangible assets are composed of plant and machinery valued at purchase price including the expenses incidental thereto or at production cost.

Tangible assets are depreciated over their estimated useful economic lives.

Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The depreciation rate and methods applied as follows:

	Rate of depreciation (years)	Depreciation method
Buildings	9	straight line
Plant and Machinery	5	straight line
Computer equipment	3	straight line
Other fixtures and fittings	3	straight line

Financial assets

Shares in affiliated undertakings or participating interests are valued respectively at purchase price and nominal value (loans and claims) including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Acquisition costs include the purchase price and ancillary expenses.

An interest-bearing loan is granted to a shareholder and is stated at their nominal values. This is disclosed as other loans.

Inventories of raw materials and consumables

Inventories of raw materials and consumables are valued at the lower of purchase price calculated on the basis of weighted average prices method or market value. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustment were made have ceased to apply.

Inventories of finished goods

Inventories of finished goods are valued at the lower of production cost including the purchase price of the raw materials and consumables, the costs directly attributable to the product/contract in question and in a proportion of the costs indirectly attributable to the product/contract in question, and market value. A value adjustment is recorded where the market value is below the production cost. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Stocks - Payments on account

Payments on account for stocks represent advance payments on stock and are recorded at their normal value. They are subject to value adjustments when their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Receivables are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year. (i.e. advances given to suppliers).

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Investments

Investments held as current assets are valued at the lower of acquisition cost or the market value at the end of the accounting year. The valuation is done individually without net off between valuation gains and losses.

A value adjustment is made when the market value or net realisable value is estimated to be lower than the acquisition cost.

Acquisition costs include the purchase price and ancillary expenses.

Provision for liabilities and charges

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provision for taxation

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has been filed or not are recorded under the caption "Other creditors: tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other debtors", if applicable.

Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt.

Advances received

Advances received from customers for outstanding deliveries at valued at their reimbursement value.

Net turnover

The net turnover comprises amounts derived from the sale of products and the provision of services falling within the Company's ordinary activities, after deductions of sales rebates and of value added tax and other taxes directly linked to the turnover.

NOTE 4 - INTANGIBLE ASSETS

The movements of the year are as follows:

	Cost of development		Intangible assets under development		Concessions, patents, licences and trademarks	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Gross book value - opening balance	14,735,999.95	12,938,301.92	3,268,956.21	664,815.17	376,597.88	165,907.38
Increases - additions for the year	-	-	5,510,258.85	4,594,799.57	8,517.00	18,000.00
Transfers during the year	5,001,412.37	1,797,698.03	(5,001,412.37)	(1,990,658.53)		192,690.50
(Decreases - disposals for the year)	-	-	-	-	-	-
Gross book value - closing balance	19,737,412.32	14,735,999.95	3,777,802.69	3,268,956.21	385,114.88	376,597.88
Value adjustment - opening balance	(8,779,199.28)	(5,619,174.34)	-	-	(169,569.57)	(145,585.14)
Value adjustment during the year	(3,034,925.33)	(3,160,024.94)	-	-	(81,599.93)	(23,984.43)
Transfers during the year	-	-	-	-	-	-
(Reversals of the year)	-	-	-	-	-	-
Value adjustment - closing balance	(11,814,124.61)	(8,779,199.28)	-	-	(251,169.50)	(169,569.57)
Net book value at the end of the year	7,923,287.71	5,956,800.67	3,777,802.69	3,268,956.21	133,945.38	207,028.31

Costs of development include internally developed technologies and internally developed software. Intangible assets under development include internally developed technologies and internally developed software.

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NOTE 5 - TANGIBLE ASSETS

The movements of the year are as follows:

	2023	2022
	EUR	EUR
Gross book value - opening balance	1,911,805.00	1,707,633.32
Increases - additions for the year	257,243.51	480,905.98
Transfers during the year	484,528.67	
(Decreases - disposals for the year)		(276,734.30)
Gross book value - closing balance	2,653,577.18	1,911,805.00
Value adjustment - opening balance	(1,227,791.97)	(937,440.33)
Value adjustment during the year	(375,605.03)	(290,351.64)
Value adjustment - closing balance	(1,603,397.00)	(1,227,791.97)
Payments on account and tangible fixed assets under development - opening balance	372,263.79	-
Increases - additions for the year	223,783.25	372,263.79
Transfers during the year	(484,528.67)	
(Decreases - disposals for the year)	-	-
Payments on account and tangible fixed assets under development - closing balance	111,518.37	372,263.79
Net book value at end of the year	1,161,698.55	1,056,276.82

The Company also has equipment under the leasing agreements in total amount of EUR 1.483,044.21 (2022: EUR 1,971,429.23)

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NOTE 6 - FINANCIAL ASSETS

6.1. Shares in affiliated undertakings	2023 EUR	2022 EUR
Acquisition cost - opening balance	141,761.85	141,760.85
Increases - additions for the year	40,256.46	1.00
(Decreases - disposals for the year)	-	-
Acquisition cost - closing balance	182,018.31	141,761.85
Value adjustment - opening balance	(71,890.62)	(12,500.00)
Value adjustment during the year	-	(59,390.62)
Reversals of the year	-	-
Value adjustment - closing balance	(71,890.62)	(71,890.62)
Net book value at the end of the year	110,127.69	69,871.23

In 2023 Company didn't recognize value adjustment for subsidiary Artec 3D Trading (Shanghai) (2022: EUR 59,360.62).

Undertakings in which the Company hold at least 20% in their share capital are as follows:

Name	Registered office	%	Total equity including result as at 31 December 2023 (unaudited) EUR	Net result for the year 2023 (unaudited) EUR	Carrying value as at 31 December 2023 EUR
Artec Global S.à r.l.	4 rue Lou Hemme, L-1748 Senningerberg	100	(1,131,273.59)	(5,583.10)	-
ARTEC 3D TRADING (SHANGHAI)	Room 1410, 14/F, South Building of Merchants Plaza 333, Chengdu North Road 200041, Jingan District, Shanghai, PEOPLE'S REPUBLIC OF CHINA	100	29,969.29	(35,516.08)	69,870.23
ARTEC 3D ADRIATICA D.o.o.	Petovica Zabio bb, 85000, Utjeha, Montenegro	100	(373,050.00)	(236,178.00)	1
ARTEC 3D JAPAN G.K.	Gran Biz Shibadaimon 1F, 1-2-4 Shibadaimon, Minato-ku, Tokyo 105-0012, Japan	100	35,747.25	3,763.62	35,256.46
ALTERNATIVANGLE - UNIPessoal LDA	Rua Poeta Bocage, 15F, Escritório M, Lisboa, Portugal	100	5,000.00	-	5,000.00
			(1,433,607.05)	(273,513.56)	110,127.69

No impairment of subsidiaries has been recognised in 2023

6.2. Other Loans

Name	Total amount at 31.12.2023 (for loans including interests), EUR	Total amount at 31.12.2022 (for loans including interests), EUR	The interest rate
Shareholders loans	548,887.21	534,442.21	3%
Other loans	55,890.10	62,571.43	3%
Total:	604,777.31	597,013.64	

Handwritten initials: A, GG, SS

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NOTE 7 - STOCKS

	2023 EUR	2022 EUR
Raw materials	6,496,373.62	5,481,052.28
Finished goods and goods for resale	1,874,231.71	951,688.51
Payments on account	98,620.28	327,238.35
Total:	8,469,225.61	6,759,979.14

The main reason of increase in Raw Materials in 2023 due to additional purchases of materials for the development and production of a new version of the Spider scanner in 2024.

The main reason of increase in Finished goods and goods for resale in 2023 due to received a goods for resale to the warehouse at the end of the year.

NOTE 8 - DEBTORS

	2023 EUR	2022 EUR
Trade debtors	69,741.38	29,056.54
Customers	67,256.01	8,630.15
Suppliers with a debit balance	2,485.37	20,426.39
Amount owed by affiliated undertakings	1,252,917.80	1,188,067.25
Becoming due and payable within one year	1,252,917.80	1,188,067.25
Becoming due and payable after more than one year	-	-

The balances with affiliated undertakings for FY 2023 and FY 2022 are further disclosed in Note 16.

Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	468,562.01	490,457.04
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The balances with affiliated undertakings for FY 2023 and FY 2022 are further disclosed in Note 16.

Other debtors

Staff - Advances and down payments	7,374.41	320.00
Direct Tax Authority	64,930.00	64,478.60
Amounts owed by the Social Security and other social bodies	-	0.00
VAT receivables	770,205.64	322,998.65
Property guarantee	941,383.20	1,233,495.82
Other miscellaneous receivables	22,500.00	-
	1,806,393.25	1,621,293.07

Total DEBTORS

	3,597,614.44	3,328,873.90
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In March 2024 VAT was fully recovered by Tax Authorities.

The decrease in the property guarantee is associated with the return of the guarantee under the lease agreement for administrative and production premise that ended in 2022

NOTE 9 - CASH AT BANK AND IN HAND

	2023 EUR	2022 EUR
Bank accounts	186 260.95	754 331.88
Other cash amounts		132,000.00
Total:	186,260.95	886,331.88

NOTE 10 - PREPAYMENTS

	2023 EUR	2022 EUR
Other prepayments	264,055.82	154,057.34
Total:	264,055.82	154,057.34

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NOTE 11 - CAPITAL AND RESERVES

	2023 EUR	2022 EUR
Subscribed share capital:	1,700,000.00	1,700,000.00

As at 31 December 2023, the Company has an issued and fully paid up capital of EUR 1,700,000.00 represented by 3,400,000 shares of a par value of EUR 0.50 each.

	2023 EUR	2022 EUR
Legal reserve:	133,608.71	27,960.00

Under Luxembourg law, a company is required to transfer to a legal reserve a minimum of 5% of its net profit each year until this reserve amounts to 10% of the issued share capital.

Movements for the year on the reserves and profit/loss items:

	Capital EUR	Legal reserve EUR	Profit or loss brought forward EUR	Result for the year EUR	Total EUR
As at the beginning of the year	1,700,000.00	27,960.00	5,858,077.04	2,112,974.18	9,699,011.22
Allocation of the prior year's result:	-	-	2,112,974.18	(2,112,974.18)	-
Other movements: capital decrease	-	-	-	-	-
Other movements: capital increase	-	-	-	-	-
Other movements: reserve increase	-	105,648.71	(105,648.71)	-	-
Result for the year	-	-	-	(2,473,746.14)	(2,473,746.14)
As at the end of the year	1,700,000.00	133,608.71	7,865,402.51	(2,473,746.14)	7,225,265.08

NOTE 12 - PROVISIONS

	2023 EUR	2022 EUR
Provision for taxation:		
Provisions for corporate income tax	466,219.95	466,219.95
Provisions for municipal tax	177,261.98	177,261.98
Provisions for net wealth tax	23,840.39	23,840.39
Total:	667,322.32	667,322.32

At 30/05/23

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NOTE 13 - CREDITORS

	2023 EUR	2022 EUR
Amounts owed to credit institutions		
Becoming due and payable within one year	4,567,666.67	3,162,210.10
Becoming due and payable after more than one year	2,550,000.00	585,973.19
Total:	7,117,666.67	3,748,183.29

Loans principal balance

Name of bank	Redemption date	Credit line amount	Currency	Interest rate	Loan balance	EUR	EUR
						2023	2022
BGL BNP Paribas	11.01.2024	2,000,000.00	EUR	EURIBOR 3month+1.5%	loan principal	685,117.63	1,289,141.02
					accrued interest at 31.12	9,860.27	9,139.09
Banque Internationale a Luxembourg (BIL)	31.03.2024	3,000,000.00	USD	Overnight SOFR month + 2,30%	overdraft	2,714,932.13	2,449,903.18
					accrued interest at 31.12	52,283.90	-
Banque Internationale a Luxembourg (BIL)	15.01.2029	3,000,000.00	EUR	6%	Guaranteed Invertment Loan	3,000,000.00	-
					accrued interest at 31.12	46,015.13	-
Banque Raiffeisen	28.09.2024	600,000.00	EUR	EURIBOR 3month+1,8%	loan principal	595,562.00	-
					accrued interest at 31.12	7,702.63	-
ING VISA cards credit balance						6,192.98	-
Total:						7,117,666.67	3,748,183.29

	2023 EUR	2022 EUR
Payments received in advance	503,142.12	306,775.71
becoming due and payable within one year	503,142.12	306,775.71
	2023 EUR	2022 EUR

Trade creditors	5,057,412.79	2,357,167.27
	2023 EUR	2022 EUR

Amounts owed to affiliated undertakings	2,741,022.40	3,127,217.74
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The balances with affiliated undertakings for FY 2023 and FY 2022 are further disclosed in Note 16.

Other creditors

Tax authorities	626,930.42	577,739.24
Social Security office (CCSS)	1,031,707.33	535,669.02
Other miscellaneous debts	1,258,327.05	1,266,103.33
Total:	2,916,964.80	2,379,511.59

The Other miscellaneous debts are related to a EUR 446,091.49 loan received from Ministère de l'Economie during the COVID-19 pandemic period with simple interest rate 0,5% and maturity date 30.04.2026 (2022: EUR 628,615.89), accrual related to unused vacation days in amount EUR 587,765.63 (2022: EUR 627,176.33) and loan of shareholder with accrued interest in total amount EUR 202,657.57 (2022:EUR 0.00)

Total CREDITORS	18,336,208.78	11,918,855.60
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NOTE 14 - NET TURNOVER

Sales and services	2023 EUR	2022 EUR
Europe	10,451,906.23	11,956,450.62
Americas	7,901,169.36	9,049,050.58
Asia and Oceania	5,256,487.44	6,618,303.08
Middle East and Africa	530,394.22	492,437.47
Total:	24,139,957.25	28,116,241.75

Decline in revenues in Y2023 was due to the reduction in production volumes which was caused by supply chain disruption and unplanned delay of the components delivery.

NOTE 15 - VARIATION IN STOCK ON FINISHED GOODS AND WORK IN PROGRESS

	2023 EUR	2022 EUR
Variation in stock of Finished goods (Scanners)	56,598.71	47,168.71

NOTE 16 - RELATED PARTIES TRANSACTIONS

2023 related parties are Artec Group Inc. ("Artec Group"), Artec 3D Trading (Shanghai), Artec 3D Adriatica (Montenegro), ARTEC 3D JAPAN G.K., ALTERNATIVANGLE - UNIPESOAAL LDA (ALTERNATIVANGLE), which are controlled by the same shareholders and the shareholders themselves.

Artec Group acts as distributor for the entire American market.

Artec 3D Trading provides marketing services and support to clients in China.

Artec 3D Adriatica is a partner in development technology, marketing and support.

Artec Ventures LLC stopped all its operations and was disposed from related parties in 2023.

Artec 3D Japan provides marketing services and support to clients in Japan

ALTERNATIVANGLE - is a partner in development technology, marketing and support. Started activities in June 2024

Transactions with the affiliated undertakings during 2023:

	2023		2022	
	Sales/services provided, EUR	Goods, Services received, EUR	Sales/services provided, EUR	Services received, EUR
Artec Ventures	-	-	144,753	4,806,434.12
Artec Group	7,889,918	214,735.49	9,006,561	-
Artec 3D Trading	-	281,523.89	42,754	180,776.12
Artec 3D Adriatica	10,920	5,256,000.00	444,453	2,808,500.00
Artec 3D Japan	-	108,192.87	-	-
ALTERNATIVANGLE	-	-	-	-
Total:	7,900,837.51	5,860,452.25	9,638,522.11	7,795,710.24

The amount of development expenses received from Artec Adriatica capitalised during FY 2023 is EUR 2,116,102.60 (2022 : EUR 2,708,230.00).

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Receivable and payables amounts at the 31.12.2023 and 31.12.2022:

Amounts owed by/to affiliated undertakings	31.12.2023					31.12.2022			
	Artec 3D Japan, EUR	Artec Group, EUR	Artec 3D Trading, EUR	Artec 3D Adriatica, EUR	ALTERNATIVANGLE, EUR	Artec Ventures, EUR	Artec Group, EUR	Artec 3D Trading, EUR	Artec 3D Adriatica, EUR
- receivable within one year	-	1,252,917.81	13,189.01	455,373.00		-	1,188,067.26	46,004.04	444,453.00
- payable within one year	(5,717.44)	(2,384,438.68)	(11,257.88)	(331,550.00)	(5,000.00)	(75,075.00)	(2,550,054.34)	-	(499,030.00)

The Company made available to the shareholder interest bearing loan to the amount of EUR 481,500.00 with the interest rate of 3 % per year on 30.06.2018

The Company was provided with a loan of EUR 200,000.00 by a shareholder with the interest rate of 5% per year on 26.09.2023

NOTE 17 - OTHER OPERATING INCOME

	2023 EUR	2022 EUR
Other operating income	202,780.21	82,578.96
Government subsidies	2,704,648.81	2,318,299.27
Total:	2,907,429.02	2,400,878.23

The increase in the Other operating income is due to increase in subsidies received from the government as a grant for innovation.

NOTE 18 - RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES

	2023 EUR	2022 EUR
Consumption of merchandise and raw material:	(6,146,414.78)	(5,919,998.80)
<u>Other external expenses :</u>		
Marketing and communication costs	(3,598,642.08)	(2,828,714.67)
Subcontracting	(3,177,408.70)	(4,620,043.09)
Commission and professional fees	(2,452,941.10)	(2,594,079.06)
Rents and rental expenses	(2,115,214.88)	(1,652,390.37)
Other external charges	(250,004.47)	(383,588.06)
Insurance premiums	(35,078.33)	(41,447.94)
Total:	(11,629,289.56)	(12,120,263.19)

Subcontracting includes research and development expenses in the amount of EUR 2,943,643.11 (2022: EUR 4,329,105.00).

TOTAL - RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES	(17,775,704.34)	(18,040,261.99)
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NOTE 19 - STAFF COSTS

As of 31 December 2023, the Company has a total of 109 full time employees (2022: 92 full time employees).

	2023	2022
	EUR	EUR
Wages and salaries	(6,691,597.28)	(5,585,977.22)
Social security costs	(709,610.02)	(586,413.46)
Other staff costs (outstanding vacations)	(114.15)	(128,044.11)
Total:	(7,401,321.45)	(6,300,434.79)

	2023	2022
	EUR	EUR
Wages, fees and salaries granted to the members of the management	1,228,241.22	1,289,596.48

Additionally for remuneration of Management in FY 2023 and 2022 please see Note 6.2 - the interest-bearing loan granted.

The Company does not have commitments in respect of retirement pensions for former members of the management.

NOTE 20 - VALUE ADJUSTMENT

	2023	2022
	EUR	EUR
a) In respect of tangible and intangible fixed assets		
Value adjustment on intangible fixed assets	(3,116,525.26)	(3,184,278.78)
Value adjustment on tangible fixed assets	(386,238.83)	(290,351.07)
b) In respect of current assets		
Value adjustment on stocks	-	(130,695.68)
Value adjustment on debts receivable of current assets	-	(11,542.09)
TOTAL - VALUE ADJUSTMENTS	(3,502,764.09)	(3,616,867.62)

NOTE 21 - OTHER OPERATING EXPENSES

	2023	2022
	EUR	EUR
Royalties for concessions, patents, licences, trademarks and similar rights and assets	(349,371.90)	(258,525.89)
Trade and other receivables write-off	-	(32,456.16)
Fines and similar expenses	(46,398.32)	(31,172.76)
Other extraordinary charges	(10,406.69)	(129.67)
Total:	(406,176.91)	(322,284.48)

NOTE 22 - INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	EUR	EUR
Bank interest and similar interest	(384,214.25)	(130,995.97)
Exchange losses	(313,985.49)	(329,726.59)
Trade and other receivables write-off	-	(87,627.42)
Total:	(698,199.74)	(548,349.98)

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NOTE 23 - TAX ON PROFIT OR LOSS

		2023 EUR	2022 EUR
The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.			
Corporate income tax			
	Corporate income taxes current financial year	-	-
	Adjustment of tax positions from prior years	-	(46,030.22)
	Total:	-	(46,030.22)
Municipal business tax			
	Municipal business tax current financial year	-	-
	Adjustment of tax positions from prior years	-	25,155.24
	Total:	-	25,155.24
	Tax on profit or loss total	-	(20,874.98)

NOTE 24 - OTHER TAXES

		2023 EUR	2022 EUR
Net wealth tax			
	Current financial year	(48,269.94)	(29,430.00)
	Total:	(48,269.94)	(29,430.00)
	Other tax adjustments related to prior years	-	-
	Other Taxes total	(48,269.94)	(29,430.00)

NOTE 25 - OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Commitments regarding the rents not yet paid correspond to future periods amount to EUR 917913.8 at the end of the financial year (2022: EUR 945,312.01).
They are related to leasing contracts of production equipment.
The Company does not have any other off balance sheet commitments or contingencies at the end of the financial year.

NOTE 26 - RUSSO-UKRAINIAN WAR

On 24 February 2022, Russia invaded Ukraine in a major escalation of the Russo-Ukrainian War. The EU has adopted a number of packages of sanctions in response to Russia's unprecedented and unprovoked military attack against Ukraine.

The Company have taken all the measures to limit the impact of the Russo-Ukrainian War by transferring the know-how to a location not affected by the war or sanctions.

NOTE 27 SUBSEQUENT EVENTS

- On 03.06.2024 Artec Europe prolonged USD 3,000,000 overdraft contract with BIL SA for partial financing of the working capital until 31.03.2025.
- On 01.07.2024 the share capital increase occurred due to new shareholder by an amount of EUR 17,272.00 together with the payment of a share premium of EUR 982,708.
The Company's share capital is set at EUR 1,717,292.00 divided into 3,434,584.00 shares with a nominal value of EUR cents 50 each fully paid up and share premium of EUR 982,708.00.
- On 24.06.2024 Artec Europe signed a new EUR 1,000,000.00 interest-bearing loan agreement with shareholder. The purpose of the loan is inventory and working capital of the Company. The maturity date is 24.06.2029.
- On 30.12.2024 the State of the Grand Duchy of Luxembourg and Artec Europe have agreed for public co-financing valued at EUR 14,144,633.00 for the period of three years (FY24-FY27). The cash grant may maximum amount EUR 7,299,947.55.