

Annual report of financial year 1.1. – 31.12.2023

General information

Swappie Oy is the parent company of the Swappie group. The company has four subsidiaries, Swappie AB, Eippa WSOperations OÜ, Swappie B.V. and Swappie Germany GmbH.

The company's operational activities were located in Finland, Germany and Estonia during the financial year 2023.

The company's organization, management and auditors

The chair of the company's board was Juha Lindfors. Other board members were Mengmeng Du, Lauri Kokkila, Sami Marttinen, Jiri Heinonen, Ville Vesterinen and Daniel Ahlstrand. Miikka Patteri acted as a deputy member of the board until the annual general meeting of 27 June 2023 and thereafter Nadia Söderling acted as a deputy member of the board. The company's auditor has been the auditing firm KPMG Oy Ab, the responsible auditor is Kirsi Aromäki, KHT. The CEO of the company has been Sami Marttinen.

The group's financial situation

The group's net sales remained fairly stable (-0.3%) in 2023. The group's relative operating loss decreased materially, mainly due to implemented efficiency improvement initiatives. The group restructured its operations in the early 2023 due to changes in the market environment, and the profitability improved significantly towards the end of the year.

The group strengthened its financial position in 2023 via a convertible capital loan arrangement of €16.4 million. In addition, the group's short-term external financial package was renewed and related maturity extended until 2025.

mEUR	Group			Parent company		
	2023	2022	2021	2023	2022	2021
Net sales	207.3	208.0	195.6	150.4	91.1	137.6
Operating profit	-19.7	-38.9	-26.1	-22.4	-42.3	-28.8
Operating profit %	-9.5%	-18.7%	-13.4%	-14.9%	-46.5%	-20.9%
Equity ratio	15.4%	40.9%	65.4%	3.5%	22.3%	66.3%
Return on equity	-114.1%	-80.3%	-62.6%	-143.4%	-89.4%	-69.4%

Significant risks and uncertainties

Key risks include competitive situation, product availability and operational risks. The company's management team manages operational risks in connection with quarterly and annual planning through preparation and monitoring. The company's financial risks are managed in accordance with the risk management policies, e.g. with cash limit solutions and equity financing rounds.

Market environment

Swappie is a technology company whose business is based on the circular economy. The company buys, refurbishes, recycles and sells used electronics and offers consumers and businesses a sustainable alternative to buying a new device. Swappie's customers can reduce their own carbon footprint by choosing a smartphone refurbished by Swappie. A smartphone refurbished by Swappie has up to 78% smaller carbon footprint than a new phone.

Employees

Group	31/12/2023	31/12/2022	31/12/2021
Average number of personnel during the financial year	818	1 266	726
Salaries of the financial year	18 789 429	27 224 801	17 981 368
Parent company	31/12/2023	31/12/2022	31/12/2021
Average number of personnel during the financial year	300	721	503
Salaries of the financial year	9 546 751	18 894 822	15 277 462

Shares of the parent company

The Company has the following separate classes of shares: non-preferred common shares (the Common Shares), preferred Seed shares (the Seed Shares), the series A-shares (the A-Shares), the series B-Shares (the B-Shares) and the series C-Shares (the C-Shares). The shares differ from each other as follows:

- 1) Seed Shares are preferred to the Common Shares, the A-Shares are preferred to the Common Shares and Seed Shares, the B-Shares are preferred to the Common Shares, Seed Shares and A-Shares, and the C-Shares are preferred to the Common Shares, Seed Shares, A-Shares and B-Shares.
- 2) C-Shares, B-Shares, A-Shares and Seed Shares shall be considered as preferred shares in a Liquidation Event in accordance with the Articles of Association
- 3) each holder of C-Shares, B-Shares and A-Shares and/or Seed Shares has the right, at any time, to convert its C-Shares, B-Shares, A-Shares and/or Seed Shares into Common Shares.
- 4) Each holder of Common Shares has the right, at any time, to convert its Common Shares into C-Shares. The conversion requires unanimous approval of the Board of Directors. In all other respects, the conversion procedure shall be carried out in such manner as the Board of Directors deems appropriate. The conversion rate shall be 1:1 taking into account any share split, consolidation or other similar reorganisation.

5) Each C-Share, B-Share, A-Share, Seed Share and Common Share shall carry one vote.

	Jan 1st, 2023	New share issues, share count	Share class transfers, share count	31st Dec, 2023
<u>Classes:</u>				
Common shares:	1 973 213	1 055	0	1 974 268
Seed shares:	1 492 400	0	0	1 492 400
A-Shares:	1 361 182	0	0	1 361 182
B-Shares:	2 217 131	0	0	2 217 131
C-Shares:	1 925 557	0	0	1 925 557
Total	8 969 483	1 055	0	8 970 538

Option plans

The Company has four option option plans in force. The shareholders have authorized the board of directors to issue options under the below option plans as

Option plan 2017: 339.000 options, subscription period

Option plan 2019: 270.000 options, subscription period

Option plan 2020: 466.500 options, subscription period

Option plan 2022: 345.000 options, subscription period

Each option granted under option plans 2017, 2019, 2020 and 2022 entitles to subscribe for one common share of the Company.

The subscription period for shares under the option plans begins upon registration of the plan with the Finnish Trade Register.

Remaining options in the option plans as of 31.12.2023:

Option plan 2017: 11.898 options

Option plan 2019: 49.576 options

Option plan 2020: 120.301 options

Option plan 2022: 166.860 options

Share issue and financial arrangements

Commons shares subscribed for based on shares:

Based on an authorization by shareholders, the board of directors converted 577 options to common shares on 15.2.2023.

Based on an authorization by shareholders, the board of directors converted 478 options to common shares on 26.9.2023.

Share issue and share class transfers:

During the financial year 2023 no new shares have been issued or share class transfers made.

Capital loans

The principal of the capital convertible loan amounted to 16 397 737.77 euros as per 31.12.24. The term of the loan is until the 1st of February 2025 and the loan accrues annual interest of 8 %. The off-balance accrued interest per 31.12.2023 was 453 342.43 euro.

Significant events after the review period

The company executed a 1.1 mEUR convertible loan arrangement in February 2024 to fulfill the remaining part of Senior Bank's additional financing requirement. In addition, the company entered into a new venture debt agreement of 17.0 million during spring 2024. The first loan tranche disbursement is expected to take place in June 2024. There have been no significant changes in the company's financial position since the end of the financial year. The geopolitical situation and increased inflation will continue to cause uncertainties until in 2024. In addition to the factors mentioned earlier, the prolongation of the prevailing market situation may have a negative effect on the company's stakeholders, personnel and the company's cost structure. The company has taken measures to minimize the operational risks related to the aforementioned issues and to ensure sufficient liquidity situation. The board of directors sees that the measures taken will allow the company to overcome the financial uncertainty caused by the geopolitical situation and the prevailing high inflation.

The board of directors has with the authorization of the general meeting held on 30 January 2024 converted 847 options into shares.

The company sold its subsidiary Swappie AB in the spring of 2024. The sale of the subsidiary has no significant impact on the group's financial situation.

Future outlook

The company anticipates that revenue will increase significantly in 2024 and relative profitability will improve slightly.

The board's proposal regarding allocation of the company's profit and proposal regarding potential allocation of funds for invested unrestricted equity

The parent company's distributable assets are 4 167 567.87 euros of which the loss for the financial year is -21 523 226.24 euros. The board proposes to the general meeting that no dividend will be distributed and the result of the financial year will be transferred to accumulated profits.

Profit and loss statement

	Group		Parent company	
	1.1.–31.12.2023	1.1.–31.12.2022	1.1.–31.12.2023	1.1.–31.12.2022
NET SALES	207 321 651.15	207 994 821.60	150 391 893.68	91 066 840.45
Other operating income	52 034.37	0.00	52 034.37	0.00
Materials and services				
Materials and services				
Purchases	-152 823 687.90	-161 407 878.91	-117 345 915.08	-62 242 300.22
Change in inventory	-10 712 635.48	227 264.62	2 783 595.99	-2 088 547.28
External services	-2 482 714.68	-2 397 848.66	-13 648 146.43	-3 007 353.00
	<u>-166 019 038.06</u>	<u>-163 578 462.95</u>	<u>-128 210 465.52</u>	<u>-67 338 200.50</u>
Personnel costs				
Wages and salaries	-18 789 428.94	-27 224 801.28	-9 546 751.43	-18 894 822.26
Social costs				
Pension costs	-2 323 737.71	-4 413 158.49	-2 307 517.25	-4 409 274.93
Other social costs	-3 304 407.22	-3 599 149.63	-488 165.81	-834 157.45
	<u>-24 417 573.87</u>	<u>-35 237 109.40</u>	<u>-12 342 434.49</u>	<u>-24 138 254.64</u>
Depreciation and amortization	-4 337 854.13	-3 440 376.67	-3 973 134.17	-3 226 037.24
	<u>-4 337 854.13</u>	<u>-3 440 376.67</u>	<u>-3 973 134.17</u>	<u>-3 226 037.24</u>
Other operating expenses	-32 259 010.41	-44 604 522.65	-28 339 287.46	-38 690 530.78
	<u>-32 259 010.41</u>	<u>-44 604 522.65</u>	<u>-28 339 287.46</u>	<u>-38 690 530.78</u>
EBIT	-19 659 790.95	-38 865 650.07	-22 421 393.59	-42 326 182.71
Financial income and expenses				
Financial income	819 761.38	759 170.05	7 987 499.59	1 661 893.05
Financial expenses	-2 554 353.38	-1 379 980.61	-7 089 332.24	-939 984.53
	<u>-1 734 592.00</u>	<u>-620 810.56</u>	<u>898 167.35</u>	<u>721 908.52</u>
Profit before tax	-21 394 382.95	-39 486 460.63	-21 523 226.24	-41 604 274.19

Corporate income tax	-425 211.00	-309 521.00	0.00	0.00
Deferred taxes	215 318.58	0.00	0.00	0.00
NET PROFIT/LOSS	-21 604 275.37	-39 795 981.63	-21 523 226.24	-41 604 274.19

Balance sheet

	Group		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Assets				
NON-CURRENT ASSETS				
Intangible rights	9 025.43	8 255.37	9 025.43	8 255.37
Other long-term intangible assets	9 515 909.53	8 157 124.12	9 361 424.79	8 075 347.92
Advance payments	-7 242.00	131 925.29	-7 242.00	129 363.29
	<u>9 517 692.96</u>	<u>8 297 304.78</u>	<u>9 363 208.22</u>	<u>8 212 966.58</u>
Machinery and equipment	4 366 027.40	2 890 250.43	3 700 227.76	2 113 732.34
Advance payments and construction in progress	450 556.63	1 774 907.65	174 488.00	1 767 633.06
	<u>4 816 584.03</u>	<u>4 665 158.08</u>	<u>3 874 715.76</u>	<u>3 881 365.40</u>
Investments				
Holdings in group undertakings	0.00	0.00	36 919.03	36 919.03
Other shares and similar rights of ownership	10.00	10.00	10.00	10.00
	<u>10.00</u>	<u>10.00</u>	<u>36 929.03</u>	<u>36 929.03</u>
NON-CURRENT ASSETS TOTAL	14 334 286.99	12 962 472.86	13 274 853.01	12 131 261.01
CURRENT ASSETS				
Inventory				
Raw materials and consumables	1 230 865.84	1 850 337.52	1 230 865.84	1 106 199.20
Work in progress	6 131 865.20	10 053 225.13	6 131 865.20	4 962 815.77
Finished goods	4 863 962.04	11 035 765.91	4 863 962.04	3 374 082.12
Advance payments	1 275 410.00	4 550 013.96	1 275 410.00	1 827 522.00
	<u>13 502 103.08</u>	<u>27 489 342.52</u>	<u>13 502 103.08</u>	<u>11 270 619.09</u>
Long-term receivables				
Intra-group loan receivables	0.00	0.00	20 055 121.35	44 869 357.83
Other long-term receivables	265 420.56	142 907.07	61 282.07	60 632.07
	<u>265 420.56</u>	<u>142 907.07</u>	<u>20 116 403.42</u>	<u>44 929 989.90</u>
Short-term receivables				
Accounts receivable	4 161 242.74	2 385 075.56	4 158 665.91	1 442 286.82
Intra-group receivables	0.00	0.00	51 310 954.46	30 006 952.80
	215 318.58	0.00	0.00	0.00
Other short-term receivables	4 124 413.06	11 702 350.79	4 108 976.34	5 100 383.60
Prepayments and accrued income	676 694.64	942 118.17	621 332.34	918 203.17
	<u>9 177 669.02</u>	<u>15 029 544.52</u>	<u>60 199 929.05</u>	<u>37 467 826.39</u>
Cash in hand and at banks	15 355 414.19	17 085 667.52	14 377 389.64	9 816 794.42
CURRENT ASSETS TOTAL	38 300 606.85	59 747 461.63	108 195 825.19	103 485 229.80
Assets total	52 634 893.84	72 709 934.49	121 470 678.20	115 616 490.81

Balance sheet

	Group		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Equity and liabilities				
EQUITY				
Share capital	57 497.60	57 497.60	57 497.60	57 497.60
Share issue	30 501.69	18 535.14	30 501.69	18 535.14
Fund for invested unrestricted equity	113 071 867.75	113 071 867.75	113 071 867.75	113 071 867.75
Retained earnings	-83 424 878.29	-43 628 896.66	-87 381 073.64	-45 776 799.45
Net income/loss	-21 604 275.37	-39 795 981.63	-21 523 226.24	-41 604 274.19
EQUITY TOTAL	8 130 713.38	29 723 022.20	4 255 567.16	25 766 826.85
PROVISIONS				
Other mandatory provisions	1 076 592.88	1 166 138.12	1 076 592.88	376 518.30
PROVISIONS TOTAL	1 076 592.88	1 166 138.12	1 076 592.88	376 518.30
Liabilities				
Long-term liabilities				
Capital loan	16 397 737.77	0.00	16 397 737.77	0.00
Loans from financial institutions, long-term	2 722 499.74	4 129 999.82	2 722 499.74	4 129 999.82
Intra-group loans	0.00	0.00	0.00	41 788 136.70
	19 120 237.51	4 129 999.82	19 120 237.51	45 918 136.52
Short-term liabilities				
Loans from financial institutions, short-term	1 407 500.08	11 000 000.08	1 407 500.08	11 000 000.08
Accounts payable	8 615 334.87	6 763 367.64	8 254 025.48	5 104 337.38
Intra-group liabilities	0.00	0.00	74 467 423.04	17 414 289.37
Other liabilities	5 233 865.99	9 228 385.76	6 275 739.64	2 827 057.63
Accrued liabilities	9 050 649.13	10 699 020.87	6 613 592.41	7 209 324.68
	24 307 350.07	37 690 774.35	97 018 280.65	43 555 009.14
LIABILITIES TOTAL	43 427 587.58	41 820 774.17	116 138 518.16	89 473 145.66
Equity and liabilities total	52 634 893.84	72 709 934.49	121 470 678.20	115 616 490.81