FOM TECHNOLOGIES

H1 Report 2023



The Board of Directors adopted the H1 Report on:
August 30, 2023

FOM Technologies A/S
Bryggergården 2-12
2770 Kastrup
CVR No. 34715726

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COMPANY DETAILS

Company
FOM Technologies A/S
Bryggergaarden 2
2770 Kastrup

Central Business Registration no. 34 71 57 26

Registered in: Copenhagen

Board of Executives
Michael Henrik Stadi
Martin Kiener

Board of Directors
Peter Andreas Nielsen, chairman
Birgitte Jespersen Skade
Karina Rothoff Brix

Company auditors
BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
DK-1561 København V
Central Business Registration no. 20 22 26 70

MANAGEMENT'S STATEMENT

Today the Board of Directors and the Executive Board have discussed and approved the Half year Report of 2023 for the period 1 January – 30 June 2023.

The Report is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 30 June 2023 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January – 30 June 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary. The interim report has not been audited nor reviewed by the Company's auditor.

Copenhagen, August 30, 2023

Executive Board:

Michael Henrik Stadi	Martin Kiener
CEO	CIO - Head of Innovation & Founder

Board of Directors:

Peter Andreas Nielsen	Birgitte Jespersen Skade	Karina Rothoff Brix
Chairman	Board member	Board member

FINANCIAL HIGHLIGHTS OF THE GROUP

- Total revenue for H1 2023 at T.DKK 36.572 (+69% from T.DKK 21.584 in H1 2022)
- Staff cost for H1 2023 at T.DKK -9.328 (+38 % from T.DKK -6.754 in H1 2022)
- EBITDA for H1 2023 at T.DKK -611 (+37% from T.DKK -977 in H1 2022)
- Net cash flow for H1 2023 at T.DKK 430 (T.DKK 14.348 in H1 2022).
- Cash and cash equivalents of 20.3m.DKK
- Total number of full-time employees 30 (+88%) from 16 full-time employees in H1 2022.
- Equity increased to T.DKK 29.571 (+12 % from T.DKK 26.388 in H1 2022).
- Pipeline looks promising for the rest of 2023.

MANAGEMENT COMMENTARY

Primary activities
FOM Technologies A/S's primary activities are sale of machinery and equipment for material research and production.

Development in the company's activities and financial conditions:
Following a very strong 2022 financial report, the company's activity continues to develop as the business case and commercial journey described in the IPO memorandum is materializing. FOM Technologies significantly increased total revenue in the first half of 2023 compared to the first half of 2022, with EBITDA at roughly the same level as the same period last year, despite heavy investment in staff, new HQ, digitalisation and innovation. The company's equity remains strong and solid.

The expected future development
The company expects that H2 2023 will follow the same development and trend as H1 2023. As previously announced, FOM Technologies expects to apply for admission to trading on the Nasdaq Main Market – Small Cap during 2023. This is still the company's ambition and time horizon, and the initial discussions with relevant players have been initiated. As a part of the process towards the Nasdaq Main Market, FOM Technologies published the Annual Report 2022 in accordance with International Financial Reporting Standards (IFRS). Naturally, this also applies to this H1 report that is the first half-year report published in accordance with the IFRS. Financial guidance for the 2023 Revenue and EBITDA has been estimated to the best of our abilities taking into consideration all the risks and uncertainties from our risk management assessment. As per 30th June 2023 the Company's guidance was:

The company's previous guidance for 2023:
Revenue: In the range of DKK 55 million to DKK 60 million
EBITDA: In the range of DKK 2 million to DKK 5 million

Due to a receival of a large customer order in July month the Company has changed its guidance. At the time of the adoption of the H1 2023 report the Company has the following guidance:

The company's guidance for 2023:
Revenue: In the range of DKK 65 million to DKK 75 million
EBITDA: In the range of DKK 2 million to DKK 5 million

Additional information

	H1 2023	H1 2022
Full-Time Employees	30	16
Total Issued Shares	7.798.914	7.778.914

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note		2023 H1 DKK	2022 H1 DKK
4	Revenue	36.572.249	21.583.782
	Other operating income	828.100	257.293
	Total income	**37.400.349**	**21.841.075**
	Costs of goods sold	-19.137.584	-13.282.610
	Other external expenses	-9.546.122	-2.781.239
	Gross Profit	**8.716.643**	**5.777.226**
	Staff costs	-9.327.909	-6.753.898
	Profit before depreciation, interest, and tax	**-611.266**	**-976.672**
	Amortisation, depreciation, and impairment	-782.095	-77.018
	Operating Profit	**-1.393.361**	**-1.053.690**
	Financial income	98.037	302.385
	Financial expenses	-319.891	-196.836
	Profit before tax	**-1.615.215**	**-948.141**
	Tax on profit/loss for the year	-	-
	Profit for the year	**-1.615.215**	**-948.141**

Other comprehensive income	2023 H1 DKK	2022 H1 DKK
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	6.744	-
Total comprehensive income for the period, net of tax	**-1.608.471**	**-948.141**

Total comprehensive income for the period is attributable to:	2023 H1 DKK	2022 H1 DKK
Owners of FOM Technologies A/S	-1.597.399	-922.174
Non-controlling interests	-11.072	-25.967
	-1.608.471	**-948.141**

Earnings per share for profit attributable to the ordinary equity holders of FOM

	2023 H1 DKK	2022 H1 DKK
Outstanding shares	7.798.914	7.778.914
Basic earnings per share	-0,21	-0,12
Diluted earnings per share	-0,20	-0,12

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note		30.06.2023 DKK	31.12.2022 DKK
	Software	340.031	201.105
	Acquired licenses	-	144.732
	Acquired trademarks	412.846	260.087
	Development projects completed	890.373	633.356
	Development projects in progress	204.793	560.734
	INTANGIBLE ASSETS	**1.848.043**	**1.800.014**
	Other fixtures and fittings, tools, and equipment	1.478.350	74.332
5	Right- of- use assets	8.976.333	-
6	**PROPERTY, PLANT AND EQUIPMENT**	**10.454.683**	**74.332**
	Deposits	984.000	1.125.500
	FINANCIAL ASSETS	**984.000**	**1.125.500**
	TOTAL NON-CURRENT ASSETS	**13.286.726**	**2.999.846**
	Raw materials	705.560	472.250
	Work-in-progress	6.191.119	6.807.666
	Finished Goods	6.726.759	5.528.506
	INVENTORIES	**13.623.438**	**12.808.422**
	Trade receivables	3.935.095	14.775.532
	Contract work in progress	3.502.412	576.930
	Other receivables	863.288	1.286.915
	Prepayments	1.805.949	899.510
	Cash	20.349.670	19.919.258
	TOTAL CURRENT ASSETS	**44.079.852**	**50.266.567**
	TOTAL ASSETS	**57.366.578**	**53.266.413**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *continued*

Note		30.06.2023 DKK	31.12.2022 DKK
	Share capital	779.891	777.891
	Retained earnings	23.897.112	25.400.587
	Reserve for development costs	1.095.166	1.194.090
	Other capital reserve	3.849.736	3.347.288
	Non-controlling interests	-51.188	-40.116
	EQUITY	**29.570.717**	**30.679.740**
	Deferred Tax Liability	126.816	126.816
	Other payables	283.739	283.739
	Other provisions	250.000	250.000
	Deferred income	4.931.164	2.422.831
7	Lease liability	7.602.718	-
	NON-CURRENT LIABILITIES	**13.194.437**	**3.083.386**
	Other credit institutions	449.975	313.403
	Trade payables	3.741.534	5.543.504
	Tax payables	-	6.624
	Other payables	29.038	2.367.375
	Other provisions	521.952	-
7	Lease liability	1.450.118	-
	Deferred income	793.682	1.621.782
	Contract work in progress	-	2.285.732
	Prepayments	7.615.125	7.364.867
	CURRENT LIABILITIES	**14.601.424**	**19.503.287**
	LIABILITIES	**27.795.861**	**22.586.673**
	TOTAL EQUITY AND LIABILITIES	**57.366.578**	**53.266.413**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Retained earnings	Other Capital reserve	Total	Non-controlling interests	Total Equity
							DKK
Equity at 1/1 2023	**777.891**		**25.400.587**	**4.541.378**	**30.719.856**	**-40.116**	**30.679.740**
Profit for the year			-1.604.143		-1.604.143	-11.072	-1.615.215
Other comprehensive income			6.744		6.744		6.744
Total comprehensive income for the period			**-1.597.399**		**-1.597.399**	**-11.072**	**-1.608.471**
Transactions with owners in their capacity as owners:							
Capital increase	2.000	398.000			400.000		400.000
Transfers		-398.000	398.000		-		-
Costs related to equity transactions			-3.000		-3.000		-3.000
Development costs			98.924	-98.924	-		-
Share-based payments				102.448	102.448		102.448
Equity at 30/6 2023	**779.891**	**-**	**24.297.112**	**4.544.902**	**29.621.905**	**-51.188**	**29.570.717**

	Share Capital	Share Premium	Retained earnings	Other Capital reserve	Total	Non-controlling interests	Total Equity DKK
Equity at 1/1 2022	**741.941**		**10.822.299**	**2.519.028**	**14.083.268**	**4.101**	**14.087.369**
Profit for the period January – June 2022			-922.174		-922.174	-25.967	-948.141
Other comprehensive income			-		-		-
Total comprehensive income for the period			**-922.174**		**-922.174**	**-25.967**	**-948.141**
Transactions with owners in their capacity as owners:							
Capital increase	35.950	13.265.624			13.301.574		13.301.574
Transfers		-13.265.624	13.265.624		-		-
Costs related to equity transactions			-775.301		-775.301		-775.301
Development costs			-397.900	397.900	-		-
Share-based payments				722.010	722.010		722.010
Equity at 30/6 2022	**777.891**	**-**	**21.992.548**	**3.638.938**	**26.409.377**	**-21.866**	**26.387.511**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	H1 2023 DKK	H1 2022 DKK
Profit/loss before financial items and tax (EBIT)	-1.393.361	-1.053.690
Depreciation and amortization	782.095	77.018
Share-based payments	102.448	722.010
Change in inventories	-815.016	-4.290.636
Change in receivables	7.432.143	4.703.494
Change in trade payables	-3.980.220	2.154.218
CASH FLOWS FROM PRIMARY ACTIVITIES	**2.128.089**	**2.312.414**
Financial income received	98.037	302.385
Financial costs paid	-313.145	-184.294
CASH FLOW FROM OPERATION ACTIVITIES	**1.912.981**	**2.430.505**
Acquisition of intangible assets including payments of development costs	-307.813	-601.683
Acquisition of property, plant and equipment	-1.498.885	-
Acquisition of fixed asset investments	141.500	-79.000
CASH FLOW FROM INVESTING ACTIVITIES	**-1.665.198**	**-680.683**
Proceeds from capital increase	400.000	13.301.574
Principal repayments on leases	-350.943	-
Costs incurred during changes of contributed capital	-3.000	-775.301
Other credit institutions	136.572	72.239
CASH FLOW FROM FINANCING ACTIVITIES	**182.629**	**12.598.512**
Currency adjustments		
NET CASH FLOW FOR THE PERIOD	**430.412**	**14.348.334**

	H1 2023 DKK	H1 2022 DKK
Cash and cash equivalents - beginning of the year	19.919.258	4.848.843
Net cash flow for the period	430.412	14.348.334
CASH AND CASH EQUIVALENTS BY END OF PERIOD	**20.349.670**	**19.197.177**
Cash and cash equivalents	20.349.670	19.197.177
TOTAL CASH AND CASH EQUIVALENTS BY END OF PERIOD	**20.349.670**	**19.197.177**

NOTES

1. Accounting policies and basis for preparation
1.1 New and amended standards adopted by the Group
1.2 Impact of standards issued but not yet applied by the Group
2. Significant judgments
3. Operating segments
4. Revenue from contracts with customers
5. Financial assets and financial liabilities
6. Property Plant & Equipment
7. Interest-bearing liabilities
8. Events after the reporting date

Note 1 Accounting policies and basis for preparation

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022.

The annual report for the year 31 December 2022 provides a full description of the Group's accounting policies. The accounting policies applied in this H1 2023 report are consistent with those of the annual report for the year ended 31 December 2022, with the following exception:

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

Note 1.1 New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Note 1.2 Impact of standards issued but not yet applied by the Group

The IASB has issued several new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the H1 2023 interim financial report. None of these are currently expected to have any significant impact on the financial statements of the Group when implemented.

Note 2 Significant judgments

As part of the preparation of the financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognizing and measuring the Groups assets, liabilities, income, and expenses as well as judgements made in applying the Group's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered sensible by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

Significant accounting estimates, judgements, and expenses made in applying the Group's accounting policies are disclosed in Note 2 in the consolidated financial statements for the year ended 31 December 2022.

Note 3 Operating segments

The Group serves one segment, comprising the parent company FOM Technologies A/S, which is inherent to how the Executive Management considers and operates the Group. The main nature of the business is development and production of machinery equipment for material research entities worldwide.

The segment performance is evaluated by the CODM monthly based on profit or loss for the single segment and is measured consistently with profit or loss in the financial statements of the Group.

Profit or loss of the single reporting segment (FOM Technologies A/S) are shown below:

	H1 2023	H1 2022
Profit/Loss before tax	-1.488.572	-1.419.543

Executive Management is the Chief Operating Decision Maker (CODM). Executive Management, which is made up of the senior leadership across the respective divisions, are responsible for the strategic decision making and for the monitoring of the operating results of the single operating segment for the purpose of performance assessment.

The CODM furthermore monitors revenue based on product lines. Refer to note 4 for a disaggregation of revenue on this basis. The Group has not reported revenue attributed to foreign countries as the costs to develop this information would be excessive.

Non-current operating assets are all geographically located in Denmark.

Note 4 Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following revenue categories:

		2023 H1 DKK	2022 H1 DKK
Revenue recognized at a point in time:	Machines	22.792.292	17.892.516
	Additional products	7.600.483	1.242.530
	Total	**30.392.775**	**19.135.046**
Revenue recognized over time:	Machines	5.091.213	2.333.649
	Services & Other	1.088.261	115.087
	Total	**6.179.474**	**2.448.736**
	Total Revenue	**36.572.249**	**21.583.782**

Sale of standardized machinery and equipment
Revenue related to the sale of standardized machinery and equipment is recognized at a point in time. This is usually when the customer has received the machinery. However, if a contract includes a customer acceptance clause, revenue is not recognized before the customer acceptance is received. Payments follow a payment schedule, for which a portion is paid upfront.

Sale of customized machinery and equipment
Revenue related to the sale of customized machinery is recognized over time using a cost-to-cost measure. Revenue is recognized over time because the machinery being transferred is highly specialized to the customer's specifications (that is, the machinery has no alternative use).
For contracts for customized machinery, the Group always has an enforceable right to payment for performance completed to date. The consideration is paid in accordance with a contract specific payment schedule, for which a portion is paid upfront.

Note 5 Financial assets and financial liabilities

	30.6.2023 DKK	31.12.2022 DKK
Financial assets at amortized cost:		
Trade receivables	3.935.095	14.775.532
Other receivables	863.288	1.286.915
Deposits	984.000	1.125.500
Cash and cash equivalents	20.349.670	19.919.258
Total	**26.132.053**	**37.107.205**
Financial liabilities at amortized cost:		
Trade payables	3.741.534	5.543.504
Debt to credit institutions	449.975	313.403
Other payables	29.038	2.367.375
Total	**4.220.547**	**8.224.282**

The carrying amounts are assessed as equivalent to the fair value of the assets and liabilities.

Note 6 Property Plant & Equipment

Property, Plant and Equipment	Right-of-Use assets DKK	Other fixtures and fittings, tools and equipment	Total
Cost at 1/1 2023	-	167.762	167.762
Additions for the period	9.403.779	1.498.885	10.902.664
Disposals for the period	-	-	-
Cost at 30/6 2023	9.403.779	1.666.647	11.070.426
Depreciations and impairment as at 1/1 2023	-	93.429	93.429
Depreciations for the period	427.446	94.868	522.314
Reversal regarding disposals for the period	-	-	-
Depreciations and impairment at 30/6 2023	427.446	188.297	615.743
Carrying amount at 30/6 2023	**8.976.333**	**1.478.350**	**10.454.683**

The Group's leasing activities and how these are accounted for

During the first half year 2023, the Group entered into a number of lease agreements, involving leasing of office premises and parking spots. The average lease maturity is 5.5 years, but may have extensions options.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Note 7	Interest-bearing liabilities	30.06.2023 DKK	31.12.2022 DKK
	Lease liabilities*	9.052.836	-
	Other payables	29.038	2.367.375
	Tax payables	-	6.624
	Other credit institutions	449.975	313.403
	Total other payables	**9.531.849**	**2.687.402**
	***Lease liabilities maturity**		
	Within 1 year	1.450.118	-
	From 1 to 5 years	6.568.182	-
	More than 5 years	1.034.536	-
	Total lease liability	**9.052.836**	**-**

When measuring the lease liability, FOM Technologies has applied an incremental borrowing rate to discount future lease payments on 6 % p.a.

Note 8 Events after the reporting date

No events of material importance for the Group have occurred after the end of the half year 2023.