

# UNAUDITED INTERIM REPORT FOR THE FINANCIAL YEAR

**beginning of financial year:** 01.01.2022

**end of the financial year:** 31.12.2022

**business name:** Estonian Japan Trading Company AS

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## Management report

The organizational structure of Estonian Japan Trading Company AS (EJTC) consists of EJTC and its 100% subsidiary Estonian Japan Trading Company NIPPON, Inc. registered in Japan. EJTC board members are Cätlyn Toomere and Toji Kato. EJTC council members are Ka Po Shum, Toyokazu Nishimura and Masatoshi Takasaki.

The management of EJTC recognizes that things have continued in the old way. The management's activities are still aimed at implementing the shareholder's originally formulated visions and developing the targeted business lines in both Estonia and Japan.

EJTC's main activity in the past financial year has been related to the management of the Japanese subsidiary and its operations. EJTC has also prepared the necessary background structure and network for bringing various creative products of Japanese origin to Estonia and marketing them here and in the surrounding region. By the above, EJTC means, for example, well-known entertainment programs in Japan and related products, as well as completely separate design and fashion products. Due to the uniqueness of Japanese culture, the creative industry there is a perfect blend of exoticism and attractiveness to make waves in this region as well.

The main activity of Estonian Japan Trading Company NIPPON, Inc., a subsidiary of EJTC, is the operation, management and collection of rental income of the residential real estate Renovar Kobe in Japan.

The fact is that larger investments in any field require additional capital. The company has no plans to raise additional capital from the stock exchange, so the development and growth of business depends primarily on the wishes of EJTC's shareholders. EJTC's business is not overly seasonal or cyclical, and as mentioned, the future is very much closely tied to shareholder motivation and goals. Regarding the above, the impact of global instability, the war in Ukraine and the difficulty of making any kind of forecasts cannot be underestimated.

The goals of the EJTC management for 2023 are to continue with the development of previously prioritized business lines. Since the mentioned lines are in quite different fields, the management's field of work is undoubtedly wide! The activities of the EJTC subsidiary in Japan will certainly continue and, compared to before, the aim is to market and sell Japanese products in Estonia more and more.

## The annual accounts

### Statement of financial position

(In Euros)

	31.12.2022	31.12.2021
Assets		
Current assets		
Cash and cash equivalents	1 702	6 962
Receivables and prepayments	3 497	15 265
<b>Total current assets</b>	<b>5 199</b>	<b>22 227</b>
Non-current assets		
Investments in subsidiaries and associates	2 370	2 370
Receivables and prepayments	981 746	981 746
<b>Total non-current assets</b>	<b>984 116</b>	<b>984 116</b>
<b>Total assets</b>	<b>989 315</b>	<b>1 006 343</b>
Liabilities and equity		
Liabilities		
Current liabilities		
Loan liabilities	1 100	0
Payables and prepayments	5 796	5 664
<b>Total current liabilities</b>	<b>6 896</b>	<b>5 664</b>
<b>Total liabilities</b>	<b>6 896</b>	<b>5 664</b>
Equity		
Issued capital	121 000	121 000
Share premium	999 000	999 000
Retained earnings (loss)	-119 321	0
Annual period profit (loss)	-18 260	-119 321
<b>Total equity</b>	<b>982 419</b>	<b>1 000 679</b>
<b>Total liabilities and equity</b>	<b>989 315</b>	<b>1 006 343</b>

## Income statement

(In Euros)

	2022	2021
Revenue	11 156	0
Other operating expense	-16 550	-10 108
Employee expense	-71 820	-93 100
Other expense	-3	0
<b>Operating profit (loss)</b>	<b>-77 217</b>	<b>-103 208</b>
Interest income	60 807	14 894
Other financial income and expense	-1 850	-31 007
<b>Profit (loss) before tax</b>	<b>-18 260</b>	<b>-119 321</b>
<b>Annual period profit (loss)</b>	<b>-18 260</b>	<b>-119 321</b>

## Notes

### Note 1 Accounting policies

#### General information

The financial statements of Estonian Japan Trading Company OÜ (the "Company") for the period 16.09.2021-31.12.2021 have been prepared in accordance with Estonian Financial Reporting Standards based on the IFRS for Small and Medium-sized Enterprises (IFRS) issued by the International Accounting Standards Board sized entities or SME IFRS).

The basic requirements of the Estonian Financial Reporting Standard are established in the Accounting Act of the Republic of Estonia, which is supplemented by guidelines issued by the Accounting Standards Board.

The income statement has been prepared in accordance with the income statement scheme no. 1 basis.

The financial statements have been prepared in euros.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and current account balances.

#### Foreign currency transactions and assets and liabilities denominated in a foreign currency

Transactions denominated in foreign currencies are translated at the official exchange rates of the European Central Bank ruling at the dates of the transactions. Monetary financial assets and liabilities denominated in foreign currencies and non-monetary financial assets and liabilities carried at fair value are retranslated to the functional currency at the exchange rates of the European Central Bank ruling at the balance sheet date. Gains and losses on foreign currency transactions are recognized in the income statement as income and expenses for the period.

#### Shares of subsidiaries and associates

A subsidiary is any entity over which another entity (the parent) has a controlling influence. Control is presumed to exist when the parent owns, directly or through subsidiaries, more than 50% of the voting power of a subsidiary.

Business combinations are accounted for using the purchase method. The cost of an acquisition is the fair value of the consideration given for the acquisition (ie the assets given up for the acquisition, the liability assumed and the equity instruments issued by the acquirer) and the costs directly attributable to the acquisition.

Subsidiaries and associates are included in the separate financial statements of the parent companies cost method.

#### Receivables and prepayments

The probability of collection of receivables is assessed, if possible, separately for each buyer. If individual assessment of receivables is not possible due to the number of receivables, only significant receivables are assessed individually. The remaining receivables are assessed as a whole, taking into account the experience of previous years regarding uncollected receivables. Receivables from previously written-down doubtful receivables are recognized as a reduction of the cost of doubtful receivables.

#### Financial liabilities

All financial liabilities (trade payables, borrowings, accrued liabilities and other current and non-current liabilities) are initially recognized at cost, which includes all costs directly attributable to the acquisition. Subsequent recognition is based on the adjusted cost method.

The adjusted acquisition cost of short-term financial liabilities is generally equal to their nominal value, therefore short-term financial liabilities are recognized in the balance sheet in the amount payable. Adjusted cost of long - term financial liabilities

For the purpose of accounting, they are initially recognized at the fair value of the consideration received (net of transaction costs), with interest expense being recognized on the liabilities in subsequent periods using the effective interest method.

A financial liability is classified as current if it is due to be settled within twelve months after the balance sheet date; or the entity does not have an unconditional right to defer settlement of the liability for more than 12 months after the balance sheet date. Borrowings that fall due within 12 months after the balance sheet date but are refinanced as non-current after the balance sheet date but before the annual accounts are authorized for issue are classified as current. Short-term borrowings that the lender had the right to cancel on the balance sheet date due to a breach of the terms and conditions of the loan agreement are also recognized.

#### Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable, taking into account any discounts and rebates granted. Revenue from the sale of goods is recognized when all significant risks and rewards of ownership have been transferred from the seller to the buyer, the revenue and transaction costs can be measured reliably and it is probable that the transaction will be received. Revenue from the sale of a service is recognized when the service is provided, or when the service is provided over a longer period of time, based on the stage of completion method.

**Expense recognition**

Expenses are recognized in the same period as the related revenue. Expenses that are likely to contribute to economic benefits in future periods are recognized as an asset when incurred and are expensed in the period in which they generate economic benefits (for example, expenditure on property, plant and equipment). Expenses that contribute to the generation of economic benefits during the reporting period or do not contribute to the generation of economic benefits are recognized as an expense in the period in which they are incurred.

**Taxation**

According to the current legislation, corporate profits are not taxed in Estonia, therefore there are no deferred income tax assets or liabilities. Instead of profit, dividends paid out of retained earnings in Estonia are taxed on dividends calculated at a tax rate of 20/80. From 01.01.2019, under certain conditions, the preferential income tax rate of 14/86 will apply to the payment of dividends.

When applying the reduced tax rate, an additional 7% income tax at the level of a natural person is withheld upon payment of a dividend to a natural person. The corporate income tax related to the payment of dividends is recognized in the income statement as an income tax expense in the same period as the dividends are declared, regardless of the period for which they are declared or when they are actually paid.

**Related parties**

The related parties of the company are:

- a. owners;
- b. executive and senior management;
- c. close family members of the persons listed above and companies controlled or significantly influenced by them.

**Note 2 Cash and cash equivalents**

(In Euros)

	31.12.2022	31.12.2021
Cash in bank	1 702	6 962
<b>Total cash and cash equivalents</b>	<b>1 702</b>	<b>6 962</b>

## Note 3 Receivables and prepayments

(In Euros)

	31.12.2022	Allocation by remaining maturity	
		Within 12 months	Over 5 years
Tax prepayments and receivables	200	200	
Loan receivables	981 746		981 746
Other receivables	3 297	3 297	
Interest receivables	3 297	3 297	
<b>Total receivables and prepayments</b>	<b>985 243</b>	<b>3 497</b>	<b>981 746</b>

  

	31.12.2021	Allocation by remaining maturity	
		Within 12 months	Over 5 years
Tax prepayments and receivables	358	358	
Loan receivables	981 746		981 746
Other receivables	14 907	14 907	
Interest receivables	14 907	14 907	
<b>Total receivables and prepayments</b>	<b>997 011</b>	<b>15 265</b>	<b>981 746</b>

## Note 4 Tax prepayments and liabilities

(In Euros)

	31.12.2022		31.12.2021	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Value added tax	93		235	
Personal income tax		588		588
Social tax		990		990
Contributions to mandatory funded pension		60		60
Other tax prepayments and liabilities	107		123	
<b>Total tax prepayments and liabilities</b>	<b>200</b>	<b>1 638</b>	<b>358</b>	<b>1 638</b>

## Note 5 Shares of subsidiaries

(In Euros)

Shares of subsidiaries, general information					
Subsidiary's registry code	Name of subsidiary	Country of incorporation	Principal activity	Ownership interest (%)	
				31.12.2021	31.12.2022
	Estonian Japan Trading Company NIPPON	Japan	real estate rental	100	100

Shares of subsidiaries, detailed information:			
Name of subsidiary	31.12.2021	31.12.2022	
Estonian Japan Trading Company NIPPON	2 370	2 370	
<b>Total shares of subsidiaries, at end of previous period</b>	<b>2 370</b>	<b>2 370</b>	

## Note 6 Loan receivables

(In Euros)

	31.12.2022	Over 5 years	Interest rate	Base currencies
<b>Loan receivables</b>	<b>981 746</b>	<b>981 746</b>		<b>JPY</b>
	31.12.2021	Over 5 years	Interest rate	Base currencies
Estonian Japan Trading Company NIPPON	981 746	981 746	floating	JPY
<b>Loan receivables</b>	<b>981 746</b>	<b>981 746</b>		

## Note 7 Payables and prepayments

(In Euros)

	31.12.2022	Within 12 months
Trade payables	168	168
Employee payables	2 352	2 352
Tax payables	1 638	1 638
Other payables	1 638	1 638
Other accrued expenses	1 638	1 638
<b>Total payables and prepayments</b>	<b>5 796</b>	<b>5 796</b>
	31.12.2021	Within 12 months
Trade payables	36	36
Employee payables	2 352	2 352
Tax payables	1 638	1 638
Other payables	1 638	1 638
Other accrued expenses	1 638	1 638
<b>Total payables and prepayments</b>	<b>5 664</b>	<b>5 664</b>

## Note 8 Employee payables

(In Euros)

	31.12.2022	31.12.2021
Remuneration liability	2 352	2 352
<b>Total employee payables</b>	<b>2 352</b>	<b>2 352</b>

## Note 9 Miscellaneous operating expenses

(In Euros)

	2022	2021
Miscellaneous office expenses	-417	-601
Accounting fee	-2 310	-1 583
Costs Nasdaq/ shares operations	-3 606	-7 921
Rentals	-3 717	0
Legal fee/audit	-6 500	0
Other	0	-3
<b>Total miscellaneous operating expenses</b>	<b>-16 550</b>	<b>-10 108</b>

## Note 10 Labor expense

(In Euros)

	2022	2021
Wage and salary expense	54 000	70 000
Social security taxes	17 820	23 100
<b>Total labor expense</b>	<b>71 820</b>	<b>93 100</b>
Average number of employees in full time equivalent units	1	1
Average number of employees by types of employment:		
Member of management or controlling body of legal person	1	2

## Note 11 Other financial income and expense

(In Euros)

	2022	2021
Gains on foreign currency	91	36
Losses on foreign currency	-1 941	-31 043
<b>Total other financial income and expense</b>	<b>-1 850</b>	<b>-31 007</b>

## Note 12 Related parties

(In Euros)

Name of accounting entity's parent company	O'Pen Eesti OÜ
Country where accounting entity's parent company is registered	Estonia

### Related party balances according to groups

SHORT TERM	31.12.2022	31.12.2021
<b>Receivables and prepayments</b>		
Subsidiaries	14 907	14 907
<b>Total receivables and prepayments</b>	<b>14 907</b>	<b>14 907</b>

LONG TERM	31.12.2022	31.12.2021
Receivables and prepayments		
Subsidiaries	981 746	981 746
<b>Total receivables and prepayments</b>	<b>981 746</b>	<b>981 746</b>

GIVEN LOANS	Given loans	Interest accrued for period
Subsidiaries	981 746	14 907
<b>Total given loans</b>	<b>981 746</b>	<b>14 907</b>

GIVEN LOANS	31.12.2021	Interest accrued for period
Subsidiaries	981 746	60 807
<b>Total given loans</b>	<b>981 746</b>	<b>60 807</b>

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	<b>2022</b>	<b>2021</b>
Remuneration	54 000	93 100